

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **TUESDAY 25 NOVEMBER 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **PROVISIONAL LOCAL GOVERNMENT SETTLEMENT
CONSULTATION: A COUNCIL RESPONSE**

1.00 PURPOSE OF REPORT

1.01 To advise Council on an outline response to the consultation on the Local Government Provisional Settlement 2015/16.

2.00 BACKGROUND

2.01 The Local Government Provisional Settlement was announced by Welsh Government on 8th October 2014. A summary report on the Settlement was taken to Cabinet on the 16th October. This report is attached as Appendix 1.

2.02 The formal consultation period runs from 8 October 2014 until 19th November 2014.

2.03 The Welsh Local Government Association is also preparing a response on behalf of the local government family. A copy of their response will be shared with members.

2.04 The Final Settlement is due to be announced on 10th December 2014. The outline of a response as set out in this report was endorsed by Cabinet on 18 November and is presented to Council for its full support.

3.00 CONSIDERATIONS

Context

3.01 Due to the immediate funding pressures across the public services, which Welsh Government has to balance, it would be unrealistic to expect any significant change between the provisional and the final settlements irrespective of the strength of argument made by local government and other consultees in response to the consultation.

3.02 Whilst the 2015-16 budget position is extremely challenging for local government and the public services the spotlight needs to be turned onto the funding position from 2016-17 given the level of uncertainty over future resources and the limitations this places on planning

ahead.

Budget Position 2015/16

- 3.03 Due to the national funding position it is inevitable that reaching a balanced draft budget for 2015-16 in Flintshire, and elsewhere, is proving more challenging than any other past financial year. In addition, the secondary impact of reductions in specific grants for core services is adding to the primary impacts of the major reductions in the Revenue Support Grant
- 3.04 The next annual budget should be seen as a step in our medium term plan for organisational change which aims to continue to make fundamental changes in the way the organisation is structured and functions to generate significant savings to protect local services.
- 3.05 The organisational change programme is underpinned by fundamental business planning reviews for each service which in turn will markedly change and in some cases reduce services. Welsh Government needs to be made acutely aware of these risks in considering the prioritisation of its resources for future years.
- 3.06 The unfinished work in achieving the ambitious targets set for efficiencies to be achieved in 2014-15, specifically around reducing the scale of the workforce, adds to the challenge for 2015-16.
- 3.07 Welsh Government should be aware of the significant risks posed to local public services from 2016-17 as a consequence of the above points.

Looking to the Medium and Longer Term

- 3.08 The level of reductions in Revenue Support Grant experienced in 2014-15 and proposed for 2015-16 is not sustainable in the medium to longer term.
- 3.09 Welsh local government should have a sufficient level of financial surety for the medium term to be able to plan ahead with purpose and a sufficient measure of certainty. The current annualised budget review and setting process is short-termist and prevents the longer term planning for priorities and performance outcomes which should be expected of public bodies. Welsh Government should make a commitment to an outline medium term financing plan for local government for the electoral term of Councils.
- 3.10 Councils are also likely to need access to national resources to invest in organisational change and to fund the considerable and ongoing costs of workforce reduction. For some councils their diminishing reserves may be inadequate to meet these costs. Urgent national discussion over funding needs including capitalisation is required.

- 3.11 The review and reform of specific grants needs to be more ambitious and accelerated and a wider, open and more involving review of the Welsh Government budget and its prioritisation is needed in the face of such a financial challenge. The affordability of current Welsh Government policy priorities, and universal services, should be included within this review to safeguard against a mismatch between ambition and resources.
- 3.12 Alongside the above points local government and the partner public services would support a more constructive and partnership based approach to national budget planning based on shared assessments of social need and policy priorities. The current budget reviewing and setting approach can be fragmented and divisive e.g in the fields of partnership working in preventative services.
- 3.13 The financial impacts of the legislative programme of Welsh Government need to be more fully understood and planned as part of the legislative drafting/planning, scrutiny and implementation process in partnership with the public bodies charging with delivering on the objectives of new legislation.
- 3.14 The opportunities for more local flexibility and freedoms in funding resources as a consequence of increasing devolution should be explored. Retention of a share on NNDR in Wales by local authorities as part of taxation review and reform should be a priority for review similarly to developments in England.

4.00 RECOMMENDATIONS

- 4.01 Council is invited to support the response of the Cabinet to the consultation of the Welsh Government on the Provisional Settlement based on outline provided in this report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The implications of the continued reduction in local government spending in Wales are significant.

6.00 ANTI POVERTY IMPACT

- 6.01 Council services are coming under increasing budget pressure alongside high public demand. There will be impacts on the quality of life of local communities and the extent to which the most vulnerable can be supported and protected.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None directly

8.00 EQUALITIES IMPACT

- 8.01 The Council is undertaking Equality Impact Assessments on its

budget options.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly

10.00 CONSULTATION REQUIRED

10.01 None further at this stage.

11.00 CONSULTATION UNDERTAKEN

11.01 This report is presented as part of the public consultation of the Welsh Government on its budget proposals.

12.00 APPENDICES

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

None

Contact Officer: Chief Executive

Telephone: 01352 702101

Email: chief_executive@flintshire.gov.uk