

CABINET MEETING

Date of Meeting	Tuesday, 15 November 2016
Report Subject	Local Government Provisional Settlement 2017/18
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Chief Executive and Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

This report gives a summary of the Provisional Welsh Local Government Financial Settlement announced as part of the draft budget of the Welsh Government for 2017/18 on 19th October 2016. The consultation period for the Provisional Settlement is open until 30th November 2016. At this stage the figures are provisional with the Final Settlement expected to be received on 21 December 2016.

The detailed impacts of the Provisional Settlement for Flintshire are analysed in an accompanying Cabinet report on the Council Fund Budget for 2017/18.

The Council has campaigned for an improved settlement than that forecast and has pressed for a 'flat line' or 'cash flat' settlement for 2017/18 with no reduction in core grant.

A full presentation will be made at Cabinet and Council.

RECOMMENDATIONS

1	Members are requested to note the details of the Provisional Settlement.
2	Members are requested to note the impact on the budget for 2017/18 (which will be reported in more detail as a separate item on the Cabinet agenda) and advise on a consultation response to Welsh Government.

REPORT DETAILS

1.00	EXPLAINING THE LOCAL GOVERNMENT PROVISIONAL SETTLEMENT
1.01	<p>The Local Government Provisional Settlement was announced by Welsh Government on 19th October 2016. A full presentation will be made at Cabinet and Council on both the benefits and impacts thus far and on the ongoing campaigning on specifics where the Council has been making a case for change. The headlines are set out in 1.02 – 1.13 below:</p>
1.02	<p><u>Standard Spending Assessment (SSA)</u></p> <p>The provisional SSA for Flintshire for 2017/18 is £256.492m which is an increase of 1.1% over the SSA for 2016/17 of £253.738m.</p>
1.03	<p><u>Aggregate External Finance (RSG & NDR)</u></p> <p>The provisional Aggregate External Finance (AEF) for Flintshire for 2017/18 combining Revenue Support Grant and contribution from the National Rates Pool is £184.989m. This represents an increase of 0.1% when compared to the adjusted 2016/17 AEF figure of £184.835m. This is at the same level as the all Wales figure.</p>
1.04	<p><u>Transfers into the Settlement</u></p> <p>The following specific grants will be transferred into the settlement:-</p> <ul style="list-style-type: none"> • Delivering transformation (£0.123m), • Deprivation of Liberty Standards (£0.009m) • Food hygiene rating (£0.002m).
1.05	<p><u>Transfers out of the Settlement</u></p> <p>There was one transfer out of the Settlement:</p> <ul style="list-style-type: none"> • Education Workforce Council Teachers Registration Fees (£0.050m).
1.06	<p><u>New Responsibilities</u></p> <p>There were two new responsibilities built into the settlement:</p> <ul style="list-style-type: none"> • Increased capital limits for residential care (£0.195m) and • War disablement pension disregard (£0.013m).
1.07	<p><u>Features of the Settlement</u></p> <p>Announcements made as part of the national Settlement (for the whole of Wales) included:</p> <ul style="list-style-type: none"> • £25m in recognition of Social Services pressures (included in the

	<p>settlement)</p> <ul style="list-style-type: none"> • £4.8m for new responsibilities as set out in 1.06 above (included within the settlement) • £1m for school transport (further details awaited) • £3m for town centre car parking (further details awaited)
1.08	The figure includes additional funding of £2.3m, called 'floor funding' to ensure that no local authority would see a funding reduction greater than 0.5% of its 2016/17 allocation.
1.09	Flintshire's General Capital Funding has reduced from a 2016/17 total of £6.728m to £6.634m, a net decrease of £0.094m. Within the total, General Capital Grant has decreased by £0.035m from its 2016/17 level to £2.510m and Un-hypothecated Supported Borrowing has decreased by £0.059m from its 2016/17 level to £4.124m.
1.10	Only limited information on specific grants has been received at this time with further information to be included within the Final Settlement.
1.11	<p><u>Impact on the Budget Position 2017/18</u></p> <p>Within the Medium Term Financial Strategy the Council has been projecting a 1.5% reduction in AEF for 2017/18. The increase of 0.1% in AEF equates to an additional £0.239m in cash terms which is a positive impact of £3.017m on the MTFS forecast.</p>
1.12	However, there are new responsibilities of £0.208m identified in the settlement (see paragraph 1.06) together with net transfers in of £0.084m (see para 1.04-1.05). Once these adjustments are made the Settlement overall has an impact of reducing our funding provision by £0.053m.
1.13	The consultation on the Provisional Local Government Settlement closes on 30 th November 2016.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Welsh Local Government Provisional Settlement is open until the 30 th November. Council will make a response as advised by Cabinet.

4.00	RISK MANAGEMENT
4.01	The Settlement is provisional only at this stage with the Final Settlement not due until December 2016.

4.02	Within the settlement there is limited information on specific grants with further information to be included in the final settlement. There is a risk that any reduction in specific grants will impact on the MTFs. The Single Environment Grant is of particular concern.
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5.00	APPENDICES
5.01	Appendix 1 WLGA Briefing

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Gary Ferguson Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Capital: Expenditure on the acquisition or enhancement of Non-current Assets or expenditure that extends the life or value of an existing asset.</p> <p>Annual Settlement: the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p>Aggregate External Finance (AEF): the total amount of support the Welsh Government provides to councils each year. The total is made up of Revenue Support Grant, a share of the national "pool" of National Non-Domestic Rates and a number specific grant where funds are provided for councils to spend on specified services to achieve pre-set outcomes for example in education or waste collection.</p> <p>Revenue Support Grant: the annual amount of money the Council</p>

receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across other services although their freedom to allocate according to local choice can be limited by guidelines set by Government.

Medium Term Financial Strategy (MTFS): a written statement which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.