



## CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday, 30 November 2016
<b>Report Subject</b>	2017/18 Council Fund Budget – Stage 2
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Chief Executive and Corporate Finance Manager
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

The annual Council Fund budget for 2017/18 is being developed in two stages:

- Stage One: which covers Part 1 of our Medium Term Financial Strategy (MTFS) – service reform based on the service portfolio plans; and
- Stage Two: which covers Parts 2 and 3 of our Medium Term Financial Strategy (MTFS) - corporate financial stewardship and working with Welsh Government.

On the recommendation of Cabinet, the Council at its recent meeting (15 November) approved Stage One of the budget in advance of the completion and presentation of the full and final budget in February 2017.

Both Cabinet and Council considered, in the same series of November meetings, the working proposals for Stage Two of the budget. These working proposals have been referred to the Corporate Resources Overview and Scrutiny Committee for review, scrutiny and comment.

This report sets out the Stage Two proposals in more detail and provides a statement of risk on each proposal. The commentary of the Committee will be reported back to Cabinet for consideration on 6 December. Cabinet will make recommendations on Stage Two, having taken into account the comments and advice of the Committee, to Council later that day.

## RECOMMENDATIONS

1	To review, scrutinise and comment on the Corporate Financial Stewardship proposals.
2	To offer any other options for consideration for balancing the budget as part of Stage Two.

## REPORT DETAILS

<b>1.00</b>	<b>Financial Strategy and Forecast</b>
1.01	The Council has recently updated its three year Medium Term Financial Strategy (MTFS) for the period 2016/17 – 2018/19 The new summary is available in hard copy on request and can be accessed by following the hyperlink: <a href="http://www.flintshire.gov.uk/en/PDFFiles/Medium-Term-Financial-Strategy/2016-19-summary-document/Medium-Term-Financial-Strategy-Summary-2016-2019.pdf">http://www.flintshire.gov.uk/en/PDFFiles/Medium-Term-Financial-Strategy/2016-19-summary-document/Medium-Term-Financial-Strategy-Summary-2016-2019.pdf</a>
1.02	In April this year the Cabinet re-adopted the three part approach for financial planning set out within the MTFS. This three part strategy forms the basis for planning the annual budget for 2017/18 and the financial years immediately thereafter:- <ul style="list-style-type: none"><li>• Service Reform (Part 1)</li><li>• Corporate Financial Stewardship (Part 2)</li><li>• Working with Welsh Government (Part 3)</li></ul>
1.03	The annual budget is being developed in two stages: <ul style="list-style-type: none"><li>• Stage One: which covers Part 1 of our Medium Term Financial Strategy (MTFS) – service reform based on the service portfolio plans; and</li><li>• Stage Two: which covers Parts 2 and 3 of our Medium Term Financial Strategy (MTFS) - corporate financial stewardship and working with Welsh Government.</li></ul>
1.04	<b>The Financial Forecast</b> <p>The original forecast for the 2017/18 financial year, the third and final year of this edition of MTFS, set a likely 'gap' of £13.7m. This forecast was updated and reported to the Overview and Scrutiny Committees in July 2016 as set out in Table 1 below.</p>

1.05	<p><b>Table 1: Financial Forecast 2017/18-2018/19</b></p> <table border="1" data-bbox="359 181 1345 640"> <thead> <tr> <th></th> <th>2017/18</th> <th>2018/19</th> </tr> <tr> <th><b>Expenditure</b></th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>National Pressures</td> <td>0.7</td> <td>0.3</td> </tr> <tr> <td>Local Pressures</td> <td>6.2</td> <td>1.6</td> </tr> <tr> <td>Inflation</td> <td>3.1</td> <td>3.2</td> </tr> <tr> <td>Workforce Pressures</td> <td>4.1</td> <td>0.7</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <th><b>Income</b></th> <td></td> <td></td> </tr> <tr> <td>Reduction in Revenue Support Grant</td> <td>2.8</td> <td>2.7</td> </tr> <tr> <td>Council Tax increase</td> <td>(2.5)</td> <td>(2.3)</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Projected Gap</td> <td>14.40</td> <td>6.20</td> </tr> </tbody> </table> <p><b>Footnotes to Table 1:</b></p> <ol style="list-style-type: none"> <li>1. Revenue Support Grant for 2017/18 and 2018/19 is modelled on an illustrative reduction of 1.5%</li> <li>2. National and local pressures are working estimates based on latest information. The latest revision includes initial estimates of the sizeable increase in care sector costs, and insurance costs</li> <li>3. Pay inflation is assumed at 1% for 2017/18 and 2018/19</li> <li>4. Limited provision is made for price inflation</li> <li>5. Workforce pressures include the ongoing impact of Single Status, Auto-enrolment, the Apprentice Tax Levy and the outcome of the Clwyd Pension Fund Actuarial Review</li> <li>6. Council Tax is illustrated at a 3% annual increase for 2017/18 and 2018/19</li> </ol>		2017/18	2018/19	<b>Expenditure</b>	£m	£m	National Pressures	0.7	0.3	Local Pressures	6.2	1.6	Inflation	3.1	3.2	Workforce Pressures	4.1	0.7				<b>Income</b>			Reduction in Revenue Support Grant	2.8	2.7	Council Tax increase	(2.5)	(2.3)				Projected Gap	14.40	6.20
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1.06	<p><b>Stage 1 – Service Reform</b></p> <p>This part of the budget planning for 2017/18 is now complete following the resolution passed by Council on 15 November.</p>																																				
1.07	<p><b>Stage 2 - Part 2 Corporate Financial Stewardship</b></p> <p>As the second part of the budget strategy, detailed work has been undertaken to offset or reduce cost pressures through corporate financial stewardship. The outcomes of this work is summarised in Table 2 below.</p>																																				
1.08	<p><b>Table 2: Corporate Financial Stewardship</b></p> <table border="1" data-bbox="311 1608 1393 2063"> <thead> <tr> <th>Description</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Council Tax Base Increase</td> <td>0.345</td> </tr> <tr> <td>Independent Living Fund (ILF)</td> <td>0.412</td> </tr> <tr> <td>Transition to Adulthood</td> <td>0.162</td> </tr> <tr> <td>Flint Extra Care Scheme</td> <td>0.170</td> </tr> <tr> <td>Schools Investment</td> <td>0.400</td> </tr> <tr> <td>Apprentice Tax Levy</td> <td>0.470</td> </tr> <tr> <td>Central Loans and Investment Account (CLIA)</td> <td>2.690</td> </tr> <tr> <td><b>Total</b></td> <td><b>4.649</b></td> </tr> </tbody> </table>	Description	£m	Council Tax Base Increase	0.345	Independent Living Fund (ILF)	0.412	Transition to Adulthood	0.162	Flint Extra Care Scheme	0.170	Schools Investment	0.400	Apprentice Tax Levy	0.470	Central Loans and Investment Account (CLIA)	2.690	<b>Total</b>	<b>4.649</b>																		
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	<p>Each of these budget proposals is explained in detail in the paragraphs which follow.</p>
1.09	<p><u>Council Tax Base</u></p> <p>The original forecast for 2017/18 estimated an increase in the Tax Base of 0.75% in growth. Latest projections on number of new builds coupled with the requirement to build into the Tax Base the number of households that will be liable for the Council Tax Premium (bringing Council Tax on these properties to 150%) results in Tax Base growth of 1.25%.</p> <p>The change in the forecast to the tax base has resulted in an increased level of income of £0.345m.</p> <p>Risk statement: The level of risk to achieving this income target is low. Treatment is in accordance with guidance issued in October and a report on the Council Tax base was reported to Cabinet in November.</p>
1.10	<p><u>Independent Living Fund (ILF)</u></p> <p>UK Government had previously announced that the ILF would cease and that the responsibility for service users in the future would rest with devolved administrations.</p> <p>Flintshire supports a number of clients whose living care and support needs are funded via the ILF. This represents around 8.3% of the total ILF recipients living in Wales. The Social Services budget does not have the capacity to cater for this need in the event of there being no other alternative funded service framework to meet the ongoing needs of Flintshire residents who are current ILF clients.</p> <p>An amount of £0.412m had previously been included as a pressure to reflect the negative impact of this specific grant transferring into the main revenue support grant and the direct funding being lost. It has since been confirmed that the specific grant will continue at the same level for a further year. This means that the pressure can now be removed.</p> <p>Risk statement: The level of risk is low for 2017/18 with the continuation of specific funding for an additional year. The risk remains that the grant will be withdrawn in future years.</p>
1.11	<p><u>Transition to Adulthood</u></p> <p>Each year an assessment is made of the future pressures on Adult Social Services budgets based on the numbers of clients who are expected to have ongoing Social Care needs as they enter adulthood from childhood support. Such clients, who will become future school leavers, are assessed individually for future care needs.</p> <p>The original forecast for 2017/18 included a budget pressure of £0.640m for transition costs of social care clients moving into adulthood from Children's Services.</p>

	<p>A detailed and rigorous review of current client information has identified a reduction in the previous estimate. This results in a saving of £0.162m in 2017/18 with the overall pressure for transition being revised to £0.478m.</p> <p>Risk statement: The level of risk is low as the current estimate is based on a rigorous review of the care needs of current clients. However, any changes to the specific needs of clients, or any increase in the number of clients presenting for support, could increase the costs pressures.</p>
1.12	<p><u>Flint Extra Care Scheme</u></p> <p>The 2017/18 forecast currently includes a six month pressure of £0.250m for the costs of the above scheme together with a further pressure of £0.250m in 2018/19 - bringing the total pressure included in the MTFS to £0.500m.</p> <p>The cost pressure is based on the running costs of an new extra care facility, mainly employee and premises costs.</p> <p>The opening of the new facility is now set to be in early 2018. Therefore, the pressure for 2017/18 has been reduced by £0.170m to reflect the revised project timeframe.</p> <p>Risk Statement: The level of risk for 2017/18 is low. However, there will be a need to increase the amount required in the 2018/19 base budget to reflect the full annual operating costs of the new facility. Extra care is an improvement objective priority of the Council.</p>
1.13	<p><u>Schools Investment</u></p> <p>A full review of the level of school investment, including the levels of reserves held in the primary and secondary sector has been completed. The outcome of this work is that an uplift of 1.34% has been included for the overall schools budget. The level of uplift is £0.400m lower than first set out in the budget forecast.</p> <p>The options for distributing this funding to schools will need to take account of changes in demography, identified cost pressures, and the level of balances held across each sector.</p> <p>The level of reserves held by schools at the end of the 2015/16 financial year was as follows; primary schools £2.6m, secondary schools in deficit by £0.455m, and specialist schools £0.197m. The current forecasts for secondary schools shows a worsening financial position. The method for distributing the funding across schools is currently being worked through. The aim is to provide a base level of funding across all three sectors with a proportion of funding targeted to meet the identified need. There is ongoing consultation with the Heads Federations and the Schools Budget Forum.</p> <p>Risk Statement: The level of risk for 2017/18 is medium as the Council cannot meet the inflationary pressure being faced by schools in full. The ongoing sustainability of school budgets remains a concern.</p>

1.14	<p><u>Apprentice Tax Levy</u></p> <p>The Apprenticeship Levy will be a levy on UK employers to fund new apprenticeships. In England, control of apprenticeship funding will be put in the hands of employers through the Digital Apprenticeship Service.</p> <p>Welsh Government is yet to confirm arrangements for the use of the new levy which is due to be implemented at UK level from 1<sup>st</sup> April 2017. Use of the levy will be devolved in Wales. Updated guidance of the levy was received in October. This set out in more detail the basis on which the levy is to be calculated. This in turn led to further detailed modelling of the potential impact.</p> <p>The outcome of this calculation is that the levy of the Council, based on its workforce size, will be £0.699m. This is £0.229m higher than the original forecast of £0.470m following the publication of the guidance.</p> <p>In view of the Council's commitment to apprenticeships it is reasonable to press for full or part cost recovery through any distribution methodology set up by Welsh Government.</p> <p>For 2017/18 it is recommended that the levy is paid from reserves. A future funding strategy will be needed from 2018/19. For 2017/18 temporary funding from reserves will have a positive impact on the budget forecast of £0.470m.</p> <p>Risk Statement: The level of risk is low for 2017/18 due to the planned use of reserves. The risk level for future years is, in the absence of any working proposals for the use of the levy funds in Wales, high.</p>
1.15	<p><u>Central Loans and Investment Account (CLIA)</u></p> <p>The CLIA is the budget that brings together the costs and income generated from all the Council's borrowing and investing activity. Two of the biggest features are interest on debt, and provision for debt repayment called the Minimum Revenue Provision (MRP).</p> <p>Regulations require a local authority to each year set aside some of their revenue resources, as provision for the repayment of debt. This should be done in a way which is considered to be 'prudent'. There is a requirement to prepare an annual statement on the authority's policy for making minimum provision (MRP Policy). The Regulations do not define 'prudent' provision. Whilst Welsh Government have issued guidance - it is a judgement for the authority to make.</p> <p>A review of the Council's MRP Policy has been completed with advice from a standing external and independent advisor with wide experience of similar reviews with other authorities across England and Wales. The advice has centred on the options for accounting for this annual charge. A comprehensive report detailing all of the considerations was given to Cabinet in the last meeting cycle. This is attached as Appendix 1.</p>

The report recommends that the MRP Policy broadly remains the same - with a change in the provision made for outstanding capital expenditure funded from supported borrowing. The prudence of all options was critically appraised with the tests of affordability and sustainability applied. The 'straight line' method of calculation is considered to be the most prudent option.

The recommendation is twofold:

- To fix the balance of outstanding capital expenditure funded from supported borrowing at the 31<sup>st</sup> March 2016, and transfer the method for calculating the MRP to a straight line method over a 50 year period. (The asset register was used to calculate, broadly, the useful life of assets as at 31<sup>st</sup> March as a proxy.)
- For capital expenditure funded from supported borrowing incurred from the 1<sup>st</sup> April 2016 onwards change to a straight line method of calculating MRP over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits for the tax payer.

The impact will provide an initial benefit to the 2016/17 budget of £2.924m, and a net impact on the 2017/18 forecast of £2.520m. The benefits gradually reduce each year and the difference in charges for the next 100 years are outlined in full in Appendix 1. The change would result in a net annual benefit for the next two five year terms of the Council.

Risk Statement: The level of is risk is low for 2017/18 as the bulk of the provision charged to revenue has been transferred to a fixed amount (for the next 50 years). Whilst there will be greater provision required for some years of the 50 year planning period the variations are reasonable in scale, and therefore affordable. The recommended method will lead to an eventual settlement of all historic debt and is a more sustainable method than the current method. The risk to the revenue budget in future year's centres around how the Council utilises its supported borrowing allocation from Welsh Government. When used to fund capital expenditure with a short period of benefit the charge to the revenue account will be higher than if used to fund capital expenditure with a longer period of benefit - for example, ICT equipment depreciates quicker and has a shorter asset life compared with a newly constructed school building.

1.16

The projected costs of interest on debt has also been reviewed. Interest rates, and the timing of borrowing was considered, with the impact of changing the MRP policy included. This has resulted in a reduction of £0.170m on the forecast previously included, mainly due to the interest rate on new debt being lower than originally forecast as a result of the UK's decision to leave the European Union.

Risk Statement: The level of risk is medium for 2017/18, as interest on prior years debt is charged at fixed rates which forms the bulk of the interest costs. However, the interest rates on new debt is difficult to predict due to the level of volatility in financial markets that Brexit is causing.

1.17	<p><b>New and Emerging Pressures</b></p> <p>As reported to Cabinet and Council in November, new and emerging pressures totalling £0.597m are now included in the budget proposals and further details on these are included in section 1.18 – 1.22.</p>
1.18	<p><u>Non – Domestic Rates Revaluation</u></p> <p>The Valuation Office Agency (VOA) has recently published the national results of a National Domestic Rates revaluation of rateable values for business properties which takes effect from 1<sup>st</sup> April 2017.</p> <p>The financial impact for the Council has been analysed as many of our own commercial properties are seeing rateable value increases particularly, schools, car parks and Council buildings. Overall, this has resulted in additional costs of £0.127m for Council properties.</p>
1.19	<p><u>Welsh Language Standards</u></p> <p>In order to comply with the new Welsh Language Standards an additional cost requirement of £0.035m is required for translation services.</p>
1.20	<p><u>Members' Allowances</u></p> <p>Each year, the Independent Remuneration Panel for Wales (IRPW) determines the rates of payment which are to be made to elected and co-opted members of Welsh Local Authorities for the following municipal year.</p> <p>The recommended annual increase from Independent Remuneration Panel for member allowances requires additional budgetary provision of £0.007m (an increase of 0.75%)</p>
1.21	<p><u>Landfill Sites - Gas Engine Income</u></p> <p>Due to the reducing level of methane gas at the former landfill sites at Standard and Brookhill, the level of electricity generated has reduced further and income targets can no longer be achieved. This has caused an additional pressure (through loss of planned income) of £0.150m.</p>
1.22	<p><u>Workforce costs– unachieved efficiency</u></p> <p>An efficiency of £0.500m was included in the 2016/17 budget to reflect a managed further round of voluntary redundancies and other workforce costs.</p> <p>As reported in the budget monitoring report an amount of £0.222m has been achieved.</p> <p>The remaining £0.278m can no longer be achieved. All service business plans have maximised their workforce reduction cost targets. As reported previously to Cabinet and Overview and Scrutiny Committees the resilience of many services is rated as an 'amber' risk as a result of the reduction of workforce size and capacity. There is limited scope for further workforce reductions without compromising service resilience and continuity.</p>



1.23	<p><b>Further ongoing considerations – Corporate Financial Stewardship</b></p> <p>Work is ongoing in the following areas as detailed in paragraphs 1.24 to 1.28 below. This work, when complete, will need to form part of the final balancing considerations for the annual budget.</p>
1.24	<p><u>Actuarial Review</u></p> <p>As part of the triennial review of the Clwyd Pension Fund work is ongoing with the actuary to agree the employer pension contributions over the next three years. This work is nearing its conclusion. An increase in employer contributions costs of £1.3m has already been provided within the MTFs.</p>
1.25	<p><u>Auto Enrolment</u></p> <p>The Council's staging date for auto enrolment to the Pension Fund has been set as October 2017. A cost pressure of £0.558m is currently included in the forecast based on an assumption that 60% of eligible employees will remain in the scheme. There is an option to take a more risk based approach to this estimate and assume a lower level of take up and this will be subject to further consideration.</p>
1.26	<p><u>Income Strategy</u></p> <p>Work is also continuing on developing a corporate income policy covering all potential fees and charges, and the levels at which they are set. External expertise has been commissioned to guide this work with access to extensive information on charging policy and practice in other local authorities across the UK.</p>
1.27	<p><u>Local Taxation levels</u></p> <p>The forecast already assumes a Council Tax increase of 3% for 2017/18. The final level of Council Tax increase will be a decision for Members and will need to be considered in the context of the wider financial position at that time, including any changes proposed by other bodies such as the North Wales Fire and Rescue Authority whose levy is funded from Council Tax.</p>
1.28	<p><u>Use of Reserves</u></p> <p>There is the option for the prudent use of reserves to assist in the budget for 2017/18. The use of any reserves will only provide a one year solution.</p>

1.29	<p><b>Part 3 – Working with Welsh Government</b></p> <p>The Council continues to be actively involved in national discussions over the Welsh Government Budget for 2017/18 with the key issues under debate including:-</p> <ul style="list-style-type: none"> <li>• the need for medium term financial planning at national level;</li> <li>• sufficient and sustainable levels of Revenue Support Grant (RSG)</li> <li>• reform of specific grants and retention of sufficient current grant funding levels to maintain services;</li> <li>• relaxing charging levels for services including domiciliary care;</li> <li>• meeting cost pressures of national legislative and public demand in key services such as social care;</li> <li>• recognition of the workforce cost impacts of the Living Wage in both directly provided services and commissioned services; and</li> <li>• local retention of Non Domestic Rate Relief (NNDR) growth by the collecting authority. (Growth is defined as the annual inflation in the NNDR yield for existing businesses plus additional contributions from new or expanding businesses within a County.</li> </ul> <p>The areas under debate are a mixture of short-term or (immediate) issues and longer term issues. An update follows in 1.31 – 1.35.</p>
1.30	<p><u>Welsh Local Government Provisional Settlement 2017/18</u></p> <p>The Provisional Settlement was received on 19 October and a separate report to update Council which set out all of the details and the impact on our overall budget position was considered on 15<sup>th</sup> November.</p>
1.31	<p>In headline terms the settlement was broadly ‘flatline’ when taking account of adjustments which has a positive impact on the forecast reduction of 1.5% of £2.8m.</p>
1.32	<p>The provisional settlement received from Welsh Government was welcomed and is in line with the lobbying expectations of both the Council and the Welsh Local Government Association.</p>
1.33	<p>The Settlement amount included an additional amount of £25m across Wales in recognition of increasing pressures in social care.</p>
1.34	<p><u>Domiciliary Care - Charging Levels</u></p> <p>There has been no confirmation from Welsh Government of policy intentions for raising the charging cap from the current amount of £60 per week. An announcement is expected shortly with an expectation that the cap may be raised to in the region of £80 per week. For Flintshire this would generate additional income in the region of £0.500m.</p>

1.35 The table below summarises the projected closing budget position taking into account the updates included in the report:

**Table 4. Projected Budget Closing Position for 2017/18**

Description	£m
Projected Budget "gap"	14.4
<b>Less:</b>	
Portfolio Business Plans	(5.7)
Corporate Financial Stewardship	(4.6)
Provisional Settlement	(2.8)
<b>Add:</b>	
New and Emerging Pressures	0.6
<b>Remaining Budget "Gap"</b>	<b>1.9</b>

1.36 **Budget Setting Process and Timetable**

Cabinet 15 November	Stage 1 and 2 Budget Proposals
Council 15 November	Approval of Stage 1 Proposals
Corporate Resources Overview & Scrutiny Committee 30 November	Review of corporate financial stewardship (Stage 2) proposals
Council 6 December	Approval of corporate financial stewardship proposals (Stage 2)
Cabinet / Council Feb 2017	Final Approval of Budget 2017/18
March 2017	Formal council tax setting

1.37 **Conclusions**

The report summarises the significant progress made to date to close the annual budget process and achieve a balanced budget, whilst continuing to ensure service continuity and investing in Council priorities (as set out in the Improvement Plan), through the Three Part Strategy adopted by the Cabinet. The Stage One service reform proposals from the service portfolio business plans were considered and approved by Cabinet and Council on 15 November.

This report sets out the Stage Two proposals on Corporate Financial Stewardship which will, if approved, contribute an additional £4.6m of efficiencies at low and manageable levels of risk. Stage Two is a major step forward in closing in on eliminating the budget gap.

Work continues on the projected budget position which shows a remaining gap of £1.9m. The remaining corporate financing options, income and taxation levels, recovering a higher proportion of the cost of domiciliary care (subject to national agreement) and the final level of investment to be made in the local schools funding formula, are the only issues under active consideration. All other avenues have been closed.

1.38	<p><b>The Future</b></p> <p>The Council has published a summary of an updated Medium Term Financial Strategy (MTFS) for the current three year term. The Welsh Government has not been in a position to provide an indicative three year Provisional Settlement at such an early stage of its new term and in advance of the new Chancellor's first budget statement. Detailed work on a new version of the MTFS cannot be completed until there is more national information and guidance. In the meantime the forecast for 2018/19 onwards is being updated, with initial work on the scope which remains for local efficiencies and budget options.</p>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As set out in the report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultation with Group Leaders, Overview and Scrutiny Committees, senior officers and service teams, and external partners have been held in the development of the business plans, budget proposals and financial resilience assessments.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	All parts of the budget planning process are risk assessed stage by stage. An overall risk assessment and risk management statement will be produced for the annual budget for 2017/18. Services have already been assessed against efficiency, value for money and resilience with the assessment reported to the Overview and Scrutiny Committees in July 2016.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1: Report to Cabinet on 15 <sup>th</sup> November 2016 – Review of Minimum Revenue Provision

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Council Fund Budget 2017/2018 Stages 1 and 2 – Agenda Item 10</b></p> <p><a href="http://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=143&amp;Mid=3964&amp;LLL=0">http://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=143&amp;Mid=3964&amp;LLL=0</a></p>

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## 7.00 GLOSSARY OF TERMS

**7.01 Medium Term Financial Strategy (MTFS):** a written strategy 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.

**Revenue Support Grant:** the annual amount of money the Council 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 services although their freedom to allocate according to local choice can be limited by guidelines set by Government.

**Specific Grants:** An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

**Central Loan and Investment Account (CLIA):** brings together the revenue costs of all Council's borrowing and investment activity. Contains; interest on debt, MRP (see below), Treasury Management costs (staff, advisors, software etc., charges for debt rescheduling undertaken in earlier years and income generated from investments. Also referred to as Capital Financing Charges.

**Minimum Revenue Provision (MRP):** method for charging (debt-funded) capital expenditure to the revenue account in local authority accounts. Full Council sets an MRP policy annually selecting from a range of options contained with Welsh Regulations set by Welsh Government.

**Supported Borrowing:** funding is provided by Welsh Government through the Revenue Support Grants to cover the revenue debt financing costs of interest and provision for debt repayment.

**Council Tax Premium:** The introduction of the Housing (Wales) Act 2014 now gives local authorities in Wales the discretion to charge up to a 100% council tax premium on long term empty properties and/or second homes/holiday homes from April 2017 (in addition to the standard level of Council Tax paid). For the purpose of charging the Premium, long term empty properties are defined as those which are both unoccupied and unfurnished for a continuous period of at least one year. Second homes are defined as properties which are not a person's sole or main residence and substantially furnished.

**Welsh Local Government Association:** the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

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