

2019/20 Council Fund Budget

Council

20 November 2018



Content Today

- » Presentation of Stages 1 and 2 of the 2019/20 Budget for approval and forward planning
- » Updates on:
 - » The local budget forecast for 2019/20
 - » National budget position based of the Provisional Local Government Settlement
 - » The strategy for dealing with the shortfall
- » Next Steps and Timelines
- » Launch of the **#BacktheAsk** Campaign



Local Budget Forecast and our Funding Position



Update on National Budget Position

- » Welsh Provisional Local Government Settlement was announced on 9 October:
 - » Reduction of 1% in Aggregate External Finance (AEF) when adjusted for transfers (£1.897m)
 - » Flintshire one of the authorities supported by the 'floor' so that no-one has a reduction of over 1%
 - » Cash reduction of £1.339m before the need to account for 'transfers in' for Teachers' Pay Award and Free School Meals
 - » Teacher's Pay Award of £0.694m only accounts for 1% of the actual pay award of 2%+



Update on National Budget Position

- » Provisional Settlement also notified of some additional grants with further details to come later:
 - » Social Care – Additional funding of £30m
 - » Education (Schools) – Additional funding of £15m
 - » Health and Social Care – Additional funding of £30m to be allocated to the regions



Chancellor's UK Budget Statement

- » UK Chancellor announced his budget statement on 29 October
- » Reference to a potential additional £554m for Wales (£486m Revenue and £68m Capital)
- » Potential 'consequentials' for Wales:-
 - » Welsh Government commitment for Local Government to be 'first in the queue'
 - » Range of £33m to £59m for Local Government

Budget Forecast 2019/20 1/2

	£m
September Forecast Gap	13.7
Changes to Pressures:	
- Removal of ILF Pressure	(0.321)
- Removal of CTRS Pressure	(0.380)
- Reduction of Inflation Pressure	(0.447)
- Increase in Education NJC Pay	0.152
- Additional Contribution MEAG (from Service)	(0.016)
New Pressures:	
- Teachers Pay 1%	0.694
- Free School Meals	0.261
- CLIA Pressure	0.226
- Independent Review Panel Wales (IRPW)	0.030
- Universal Credit funding transfer to DWP	0.019
- Energy Efficiency pressure	0.050
Revised Forecast Gap	13.9

Updated Budget Forecast 2019/20 2/2

Revised Budget Gap £13.9m

Add:

» cash reduction in AEF £1.3m

Less:

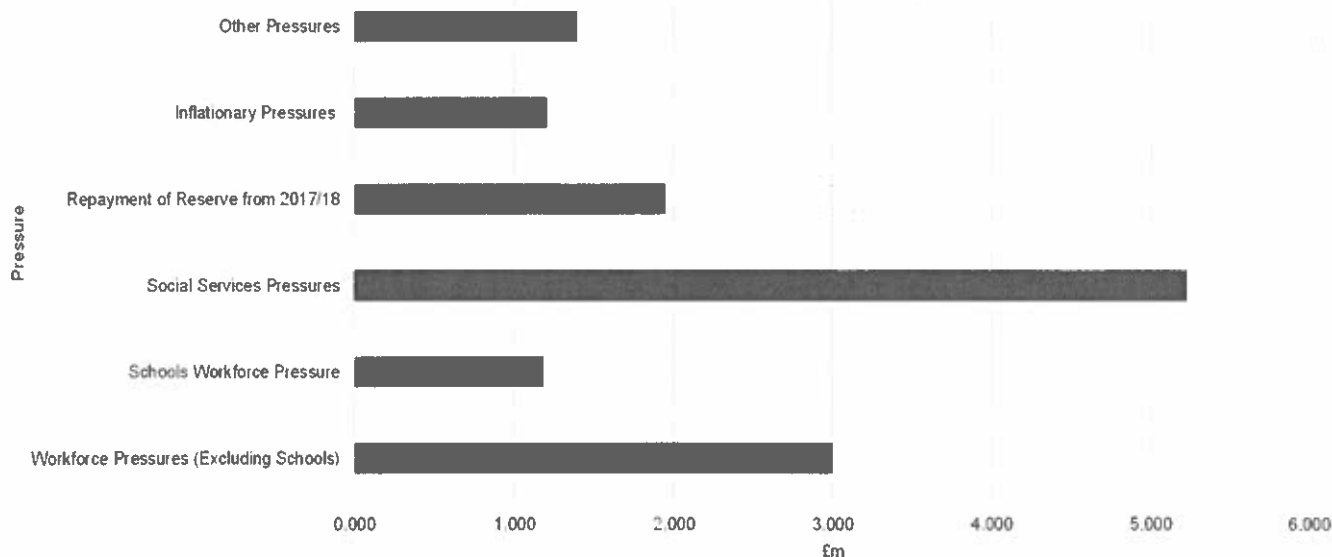
» Stage 1 corporate budget proposals (£7.9m)

» Stage 2 Portfolio Business Plans (£0.6m)

Remaining Budget Gap £6.7m

Funding Gap Make-up Pre-Settlement

Financial Forecast 2019/20 - £14m



MTFS Budget Setting Approach

- » Three co-dependent stages to budget-setting: corporate; service portfolio; national solutions
- » **Stage 1 – Corporate Finance:** workforce numbers, conditions and pay; debt and borrowing; treasury management; assets; procurement; inflation management; charging policy; local taxation; cost pressure management; reserves and balances; organisational change
- » **Stage 2 - Service Portfolios:** service business plan efficiencies; alternative delivery models; collaborative models
- » **Stage 3 - National:** RSG; specific investments; specific grants
- » Our objective for the budget is to maximise corporate and service options before relying on national support and reprieve
- » The objective for the organisation is to protect front-line services as far as possible



The Context for Local Decision-Making

- » Service Portfolio risk and resilience statements show beyond doubt that we are close to being 'maxed out' on cost efficiencies (portfolio savings of 30-45% achieved)
- » The mandatory v discretionary debate has limited value
- » Our low-funded position per head of population places us in a position of high risk
- » We have completed major transformational programmes of organisational change and transfers of services to alternative delivery models – options of scale are largely exhausted
- » The pendulum has to swing towards fairer national funding for local government

The Position we are in

- » A unified position is critical
- » Balancing the challenges of our fiduciary duty, mandatory and legal duties, and duty of care to the workforce is a question of ethical leadership
- » Not prepared to pass an unsafe budget which places services, the workforce or the corporate organisation in a compromised position
- » Shift the emphasis to national funding and expose the Council Tax v Welsh Government funding tension
- » The politicians and the public can be galvanised to go with us in campaigning and in making choices
- » High Council Tax rises are a resort of choice



Stage 1 – Corporate Finance



Stage 1 – Corporate Budget Solutions

» Council Tax (illustrative 4.5%)	£3.635m
» New Income Streams	£0.100m
» Reserves and Balances	£1.900m
» ADM Subsidies	£0.400m
» Reduction in Corporate Management	£0.250m
» HRA – Council Fund Recharges	£0.158m
» Transport Anomalies	£0.100m
» Cost Pressure Management	
» Inflation / Pensions	£1.144m
» Other workforce Costs	£0.250m

Total of £7.937M

Stage 2 – Service Portfolios



Stage 2 – Summary of Portfolio Business Plan Proposals

Portfolio	£m
Corporate	0.360
Social Services	0.315
Education & Youth	0.076
Streetscene & Transportation	0.065
Planning, Environment & Economy	0.111
Housing & Assets	0.035
Total	0.963
Budget Strategy	
Less:	
Income	0.143
Targeted Post Reductions	0.190
Balance of Operational Efficiencies	0.630

National Budget Position and Stage 3 of the Budget-setting



Summary of the Welsh Budget Position

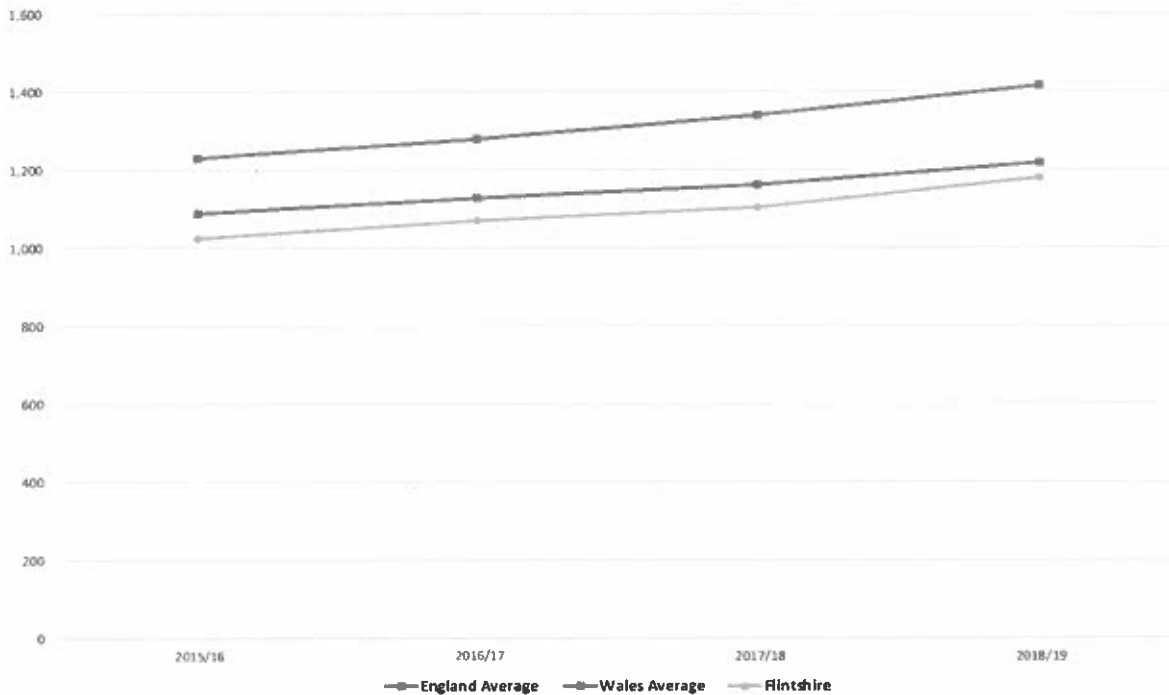
- » Provisional Local Government Settlement – out for consultation – grossly inadequate to meet need
- » Health and other Welsh budgets given priority at the expense of local government
- » £30m being held back for social care, £30m for health and social care, and £15m for schools
- » No pay-out of the additional £15m allocated to Wales by UK Government for 50% of the teachers' pay award
- » £60m new revenue given to Wales from the Chancellor's recent budget yet to be allocated
- » Only £13m is needed to protect all councils from a reduction in their Revenue Support Grant

Flintshire is a Low Tax Raising Council



National v Council Tax

Band D Average Charges



Council Tax Analysis

	15/16	16/17	17/18	18/19
» Flintshire Band D	1,025	1,071	1,104	1,178
» Wales Average Band D	1,088	1,127	1,162	1,219
» Comparison	-63	-56	-58	-41
» Flintshire Band D %	3.7	4.5	3.0	6.7
» Wales Avg. Band D %	4.3	3.7	3.1	5.0
» Comparison	-0.6	0.8	-0.1	1.7

Council Tax Analysis

	15/16	16/17	17/18	18/19
Flintshire Band D	1,025	1,071	1,104	1,178
NW England Band D	1,231	1,279	1,339	1,414
Comparison	-206	-208	-235	-236

Balance of RSG and Council Tax Income

	14/15	15/16	16/17	17/18	18/19
Budget Requirement (£)	253,718	249,979	251,983	255,156	264,328
RSG %	76	76	74	73	72
Council Tax %	24	25	26	27	28

Workforce Sessions Feedback

- » Two workshops held in late October: 234 attendees
- » When asked *Should Governments and austerity and fund councils properly?* - 217 said yes and 5 said no
- » When asked *How concerned are you that you and your team are under stress with workload and resource pressures* - 96 were very concerned, 108 felt it was becoming an issue, and only 11 felt comfortable
- » 129 left feeling that the budget gap could not be closed year after year, 85 were apprehensive, and only 3 felt confident it could be done
- » 129 people left the sessions feeling angry about the financial situation with a further 77 feeling anxious

#BacktheAsk – Campaigning Position

Welsh Government is holding some large funds which it could pass out to councils now to ease the chronic financial situation. Together, Welsh councils have made a compelling case for this money which we call our 'ask'.

Our 'ask' is for:-

- » An extra £13m so that no council will face a reduction in their government grant – Flintshire is one of the councils at the bottom of the Welsh funding table and stands to lose £1.9m (1%) of its grant



#BacktheAsk – Campaigning Position

- » The extra £30m being held back for social care in Wales to be paid out to councils – this is worth £1.3m for Flintshire
- » The extra £15m being held back for schools to be paid out to councils – this is worth £0.8m for Flintshire schools
- » The extra £33m Wales has been given in the recent Chancellor's budget to be paid out to councils as promised by the First Minister – this is worth £1.6m for Flintshire

We are asking Welsh Government to #BacktheAsk for £5.6m more funding for Flintshire





#BacktheAsk – Messages of Support

I will be supporting - and will come in and sign the Campaign Wall **David Hanson, MP**

Save me a space on the wall ... **Arfon Jones, PCC**

Flintshire County Unison Branch wholeheartedly supports the #BacktheAsk campaign. The Council is at breaking point. Unison commits to work with the Council to address the budget situation with Welsh Government **Unison**



#BacktheAsk – Messages of Support

I wish to make the expression of my full support for the campaign **Cllr Tudor Jones** (from New Zealand)

I fully back the #BacktheAsk campaign and invite our AMs and MPs to join us **Cllr Bernie Attridge**

It is time to end austerity not in words and rhetoric but by properly funding councils who are at #breakingpoint. Since 2008 councils across Wales, like Flintshire, have done all the heavy lifting on cuts. WLGA believes that Welsh Government has the resources available to it. WLGA fully supports Flintshire's #BacktheAsk campaign
WLGA





#BacktheAsk – Council Tax

£1.9m (1%) of our RSG grant = 2.90% Council Tax (£34 per year or £0.65 per week on a Band D property)

£1.3m for social care = 2.00 % (£24/£0.46)

£0.8m for Flintshire schools = 1.2% (£14/£0.27)

£1.6m of Budget 'consequentials' = 2.5% (£29/£0.56)

Total = 8.6% (£101 per year/£1.94 per week)



#BacktheAsk –Public Debate

If our 'ask' is backed by Welsh Government **in full** then we can protect local services and keep Council Tax down. Even with the 'ask' we could be looking at a **Council Tax rise of 7%**. If we are given **nothing** then we would either have to close local services or ask the public to foot a far higher Council Tax bill. **Who should pay** for local services – Governments or Council Tax Payers? Governments are very aware that by reducing their funding to councils the responsibility for paying for local services is being shifted to the local tax payer. If you **#BacktheAsk** you will be helping our council to get their fair share of national funds and be protecting your own pocket.



#OurDay 20 November



#OurDay 2018

A day for local government to come together for the biggest ever online celebration of the people who keep our communities running.



Next Steps and Timelines

- » County Council to approve Stages 1 and 2 of the 2019/20 Budget today
- » The **#BacktheAsk** Campaign goes live today
- » Final Local Government Settlement due on 19 December
- » The final budget due to be approved by Council in February 2019

