

FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 12 th December 2017
Report Subject	Financial Forecast and Stage Two of the Budget 2018/19
Report Author	Corporate Finance Manager and Chief Executive

EXECUTIVE SUMMARY

The annual budget for 2018/19 is being developed in three stages:

Stage One - Portfolio Business Plan proposals endorsed by Cabinet were reviewed by the respective Overview and Scrutiny Committees throughout October before approval by Council on 14 November.;

Stage Two - Options were shared with Members initially at a workshop in November and then considered at Corporate Resources Overview and Scrutiny Committee on 6 December. Verbal feedback will be provided at the meeting on the views of the Committee; and

Stage Three - Final Balancing options will be need to be considered through January and February for the Council to be able to approve a balanced budget to meet its statutory duty.

Stage One budget proposals of £3.1m were approved by Council 14 November 2017 reducing the budget gap from £13.6m to £10.5m, excluding the impact of any in-year risks and pressures which might continue into the new financial year.

Council is invited to consider the advice and recommendations of Cabinet on Stage Two of the budget strategy as summarised in the Scrutiny report presented to Corporate Resources Overview and Scrutiny Committee on 6 December. This advice will be given verbally.

RECOMMENDATIONS

1	Consider the Stage Two Portfolio Budget options within the Scrutiny report included as Appendix A with the advice and recommendations of Cabinet.
2	Note the remaining stages of the budget process and the timescales.

REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION ON THE BUDGET 2018/19
	Budget Process and Timeline
1.01	The annual budget for 2018/19 is being developed in three stages.
1.02	<p>The stages are:-</p> <p>Stage One - Portfolio Business Plan proposals endorsed by Cabinet were reviewed by the respective Overview and Scrutiny Committees throughout October before approval by Council on 14 November.;</p> <p>Stage Two - Options were shared with Members initially at a workshop in November and then considered at Corporate Resources Overview and Scrutiny Committee on 6 December. Verbal feedback will be provided at the meeting on the views of the Committee; and</p> <p>Stage Three - Final Balancing options will be need to be considered through January and February for the Council to be able to approve a balanced budget to meet its statutory duty.</p>
	Stage One budget proposals
1.03	Stage One budget proposals of £3.1m were approved by Council in November reducing the forecast budget gap from £13.6m to £10.5m, excluding the impact of any in-year risks and pressures which might continue into the new financial year.
	Stage Two – Portfolio Budget Options
1.04	Stage Two budget options were shared at a Member workshop in November where initial feedback was sought on proposals. These proposals were also considered by Corporate Resources Overview and Scrutiny Committee at its meeting on 6 December.
	Emerging Issues Affecting the forecast
1.05	In 2017/18 there is a projected budget Council Fund overspend of £1.3m which will impact, to some extent, on the forecast gap for 2018/19. The variances in expenditure which are at the cause of the over-spend are under critical examination. Any carry-forward of any recurring overspend in the

	base budget will increase the budget gap for 2018/19 and will be considered within Stage Three of the budget.
	Next Steps and Timescales
1.06	The Final Local Government Settlement, due to be received on 20 December, will determine the amount of grant funding to be received from Welsh Government for 2018/19.
1.07	Stage Three of the budget – the closing stage in January and February – will be the most challenging.

2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	All Member Workshops in July, September and November.
3.02	Overview and Scrutiny Meetings in October
3.03	School Budget Forum in October.
3.04	Public Engagement Sessions throughout October and November

4.00	RISK MANAGEMENT
4.01	The Settlement is provisional only at this stage. The Final Settlement is due to be announced on 20 December 2017.
4.02	Within the Settlement there is limited information on specific grants. Proposed reductions in and change to specific grants pose a significant risk. The Education Improvement Grant and Single Environment Grant are of particular concern.

5.00	APPENDICES
5.01	Appendix A – Corporate Resources Overview and Scrutiny Committee report 6 December 2017

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Gary Ferguson Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to the Council for a given period, and sets out plans for how best to deploy those resources to meet our priorities, duties and obligations.</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 education and waste collection.</p> <p>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.</p> <p>Budget: a statement expressing the Council’s policies and service levels in financial terms for a particular financial year. 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>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Office of Budget Responsibility: created in 2010 to provide independent and authoritative analysis of the UK public finances.</p> <p>Institute of Fiscal Studies: formed in 1969 and established as an independent research institute with the principal aim of informing public debate on economics in order to promote the development of effective fiscal</p>

policy.

Independent Commission on Local Government Finance in Wales: established to examine how local government funding can be made more sustainable with a view to providing specific recommendations for improvement and reform.

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