

FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 28 th January 2020
Report Subject	Council Fund Revenue Budget 2020/21 Stage Two
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

Council received a report on stage one of the budget-setting process for the 2020/21 financial year at its December meeting. At that time, we were awaiting the announcement of the Provisional Local Government Budget Settlement 2020/21 by Welsh Government. The announcement followed on 16th December.

At the December meeting, Council noted the updated budget forecast for 2020/21, noted the completed first stage of solutions to meet the budget requirement for 2020/21, and noted the limited range of local options which were available to reach a balanced budget alongside the outcome of the Provisional Settlement.

This stage two report sets out the strategy for reaching a legal and balanced budget now that we have the main details of the Provisional Settlement. The Settlement is out for public consultation and will be finalised on 25th February prior to the approval of the Welsh Government Budget for all public services.

This report covers: -

- the latest local financial forecast for 2020/21
- a summary of the stage one work on the budget
- an assessment of the Provisional Settlement and the impacts and implications for the Council
- the work in hand on the limited range of local options at stage two to contribute to reaching a balanced budget for 2020/21
- the open risks which need to be taken into account in setting the budget
- the steps to close the budget and ongoing work for the medium-term

Council meets again on 18th February to conclude the budget process.

This report advises that there is a high degree of confidence that a legal and balanced budget can be recommended to Council at the February meeting.

The report includes the following tables:

- Table 1: Financial Forecast 2020/21 (as at December)

RECOMMENDATIONS

1	That Council re-notes the budget forecast for 2020/21, and also notes the open risks which need to be taken into account in setting the budget.
2	That Council notes the impacts and the implications of the Provisional Local Government Budget Settlement.
3	That Council notes the work in hand on the remaining local options to contribute to reaching a balanced budget for 2020/21.
4	That Council notes the professional advice that, based on the financial strategy we have been working to, there is a high degree of confidence that a legal and balanced budget can be recommended to Council at the February meeting.
5	That Council receives a full and final report with recommendations to set a legal and balanced budget at its February meeting.

REPORT DETAILS

1.00	EXPLAINING THE FINANCIAL FORECAST														
1.01	<p>The Financial Forecast</p> <p>The forecast has been continuously revised to take into account both changes to the pressures included in the original April forecast, and new pressures which were either unknown at the time or had been identified and were still being evaluated. The impact of the latest changes (reported in December) had been to increase the budget gap to meet our expenditure requirement for 2020/21 by £0.181M to £16.355M.</p>														
1.02	The last reported forecast for 2020/21 is shown in Table 1 below.														
1.03	<p>Table 1: Updated Financial Forecast 2020/21 (as at December)</p> <table border="1"> <thead> <tr> <th>Cost Pressure Groups: November Figures</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> <tr> <td>Pay Inflation</td> <td>5.456</td> </tr> <tr> <td>Non-pay Inflation</td> <td>0.759</td> </tr> <tr> <td>Social Care Pressures</td> <td>5.574</td> </tr> <tr> <td>Education Pressures (non-pay)</td> <td>0.788</td> </tr> <tr> <td>Other Service Pressures</td> <td>1.376</td> </tr> </tbody> </table>	Cost Pressure Groups: November Figures	£M			Pay Inflation	5.456	Non-pay Inflation	0.759	Social Care Pressures	5.574	Education Pressures (non-pay)	0.788	Other Service Pressures	1.376
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	Repayment of Reserve from 2019/20	2.221
	Total	16.174
	Additional Fixed Cost Pressures	
	North Wales Fire and Rescue Levy (see 1.04 below)	0.156
	Members Allowances (see 1.04 below)	0.025
	Revised Budget Requirement Total	16.355
1.04	A breakdown of the annual cost pressures per service portfolio, and under corporate financing, has been reported to and reviewed by the respective Overview and Scrutiny Committees. There were no recommended changes to the list of cost pressures made by the Committees. Two additional known fixed cost pressures were included since this Committee review as shown in Table 1 above.	
1.05	The solutions available to the Council to balance the 2020/21 budget have been grouped as follows in the series of reports to Cabinet and the Overview and Scrutiny Committees, as per our adopted financial strategy:- <ul style="list-style-type: none"> - National Funding - Portfolio Business Plans - Corporate Finance - Local Taxation and Income - Organisational Change 	
1.06	At the December meeting the forecast budget requirement of £16.355M was revised downwards to £15.629M on the basis that Welsh Government might fully fund the next annual teachers' pay award which will take effect from September 2020 (and will require 7/12 th funding for the 2020/21 financial year). The level of this next pay award is yet to be negotiated and confirmed. This was a calculable risk in adjusting the forecast which Council supported at that time.	
1.07	The forecast from December has been re-included in this report as the baseline for sizing the task we face to close the budget for 2020/21. The forecast is still accurate in so far as it lists the cost risks that we have calculated with confidence for the new financial year. However, there is a set of open risks which need to also be taken into account in setting the budget. These are assessed towards the end of the report.	

2.00	THE STAGE ONE BUDGET SOLUTIONS
2.01	The following is a summary of the stage one budget solutions reported to the Council in December in line with our financial strategy as set out in 1.05 above.

2.02	<p>Stage One Budget Solutions: Portfolio Business Plan Efficiencies and Income from Fees and Charges</p> <p>The total efficiencies recommended from service portfolio plans for 2020/21 amount to £1.034M of which £0.270M will come from income. These have been reviewed in full by the Corporate Resources Overview and Scrutiny Committee and by all specific Overview and Scrutiny Committees, according to their terms of reference and remits, and were reported to Council in December.</p>
2.03	<p>Stage One Budget Solutions: Corporate Finance Efficiencies</p> <p>Corporate finance efficiencies which total £0.750M were also reported to Council in December. These efficiencies were reviewed in full by the Corporate Resources Overview and Scrutiny Committee.</p> <p>A second contribution was expected to become available from within the base budget provision for our employer contributions to the Clwyd Pension Fund deficit as the triennial actuarial review of the Fund came to its completion. As at December, it was predicted that a minimum of £2.0M could be taken out of the base budget provision for employer contributions - taking the contribution from portfolios and corporate financing up to £3.784M.</p>
2.04	<p>Stage One Budget Solutions: Local Taxation and Income</p> <p>For budget planning purposes a maximum Council Tax rate of 5% has been used in our calculations. An increase of 5% would yield an additional £4.380M in income net of a deduction for an increase in the Council Tax Reduction Scheme - Council Tax Benefits - to be paid out.</p> <p>All agreed changes to fees and charges for 2020/21 have already been included in the service portfolio efficiencies and income total shown above.</p>
2.05	<p>Stage One Budget Solutions: Organisational Change</p> <p>There are no new cashable efficiencies to be reported from the next phase of work on organisational change and Alternative Delivery Models (ADMs). No immediate yield can be relied upon from this ongoing programme for the 2020/21 financial year. This is a medium-term programme which will impact positively on the budget in 2021/22 at the earliest.</p>
2.06	<p>Stage One Conclusion</p> <p>At the conclusion of stage one, Council was advised that a combination of corporate finance portfolio efficiencies and income, the income derived from an indicative level of Council Tax increase, and the 'dividend' from the actuarial review of the Clwyd Pensions Fund summarised above would generate a significant contribution to the budget of £8.164M.</p> <p>Council was advised that the only remaining local options which could be further reviewed to build on this stage one contribution, dependent on the outcome of the Welsh Government budget were (1) further review of the</p>

	<p>Clwyd Pension Fund employer contributions in liaison with the Fund Actuary e.g. re-phasing the agreed strategy to reach a fully funded position over a longer period of years (2) sharing of schools cost pressures with schools themselves e.g. teachers' pay and removing budget uplifts included in the forecast e.g. inflation indexation – a fall-back position of which schools are aware (3) a limited set of other corporate finance provisions such as the Council Tax predicted yield and Single Person Discount recovery rates (4) a reduction in the provision for the uplift in commissioning fees for social care providers as annual negotiations continue and (5) a higher level of Council Tax than the working assumption of 5%.</p> <p>An update on this work follows a summary of the Provisional Settlement.</p>
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<p>3.00</p>	<p>BUDGET POSITION – STAGE TWO: THE PROVISIONAL LOCAL GOVERNMENT BUDGET SETTLEMENT AND IMPACTS ON THE FORECAST</p>
<p>3.01</p>	<p>As set out earlier in the introductions to this report the Council had a budget gap of £15.629M – as at December - to reach a legal and balanced budget based on the forecast for the expenditure requirement for 2020/21. With stage one solutions of £8.164M, an amount of £7.465M remained to be found prior to the announcement of the Provisional Settlement and the conclusion of the stage two work on the set of ongoing local solutions. Council has been advised previously that a significantly improved Settlement would be required if a legal and balanced budget were to be possible.</p>
<p>3.02</p>	<p>The Provisional Local Government Budget Settlement was announced by Welsh Government on 16th December. The Provisional Settlement, and its impacts and implications, is summarised from 3.03 onwards. A statement was made at the meeting of the Cabinet the day following the national announcement, as follows: -</p> <p><i>‘Flintshire County Council welcomes the Provisional Local Government Settlement for 2020/21 announced yesterday. Whilst Flintshire continues to face financial risks, and we must continue with our strong financial stewardship of the Authority, this Settlement is an important first step towards ending a decade of punitive budget settlements for local government.</i></p> <p><i>Flintshire welcomes the renewed central-local government relationship in Wales – one based on mutual trust and respect. The voice of local government – and the communities we represent - is once again being heard. The case for improved funding for schools, social care and other essential local public services has been won.</i></p> <p><i>Under this Settlement Flintshire will receive an additional £10.406M of Aggregate External Finance (AEF) in 2020/21. This is an uplift of 3.7% on the previous year’s Settlement. Having allowed for the significant additional costs of teachers’ pay and teachers’ pensions employer contributions - which total £3.76M – we will have £6.54M of new funds to help towards balancing our budget for 2020/21. We will also see uplifts in</i></p>

some of the specific grants we receive for key services such as social care and education.

The budget gap to be bridged for 2020/21 – as reported at our Council meeting last week – stood at around £15.630M. We had already achieved £8.164M of efficiencies and new income to contribute to the gap at the first stage of budget planning work. Once we take into account the new funds of £6.54M, and complete our second stage work on the final efficiency options, we are confident that we will be in a position to set a legal and balanced budget. As part of this balancing act we aim to set some funds aside to protect us against some of the ongoing cost pressures which could otherwise upset our budget in-year.

This is a significant achievement given the position of risk the Council has been in for so long. We have stood our ground on protecting local services and local jobs, and have been one of the most vocal councils in pressing the case for an end to austerity.

We have been particularly concerned at the financial sustainability of our local schools. Whilst we have avoided making the cuts to delegated schools budgets that some other councils have been forced to make, we have been very aware that if schools were to have to share the costs of increases in teachers' pay and employer pension contributions then some might soon reach breaking-point. We are relieved to be able to confirm that schools will be shielded from these cost pressures, and will have small uplifts in their budgets for utilities and other costs. We now wish to plan ahead so that schools might see some growth in their budgets in future years. We are very mindful that the amount we spend per pupil in Flintshire needs to be increased, and that some schools need more funds for the repair and maintenance of their buildings.

We have spoken out against Council Tax payers having to pay more local tax to substitute for annual reductions in Government funding in the recent past. We have had no choice but to set Council Tax at a higher level than we had planned in each of the last two years. This worrying trend of big annual increases in Council Tax has to end. We plan to keep the Council Tax rise for Flintshire under 5% this year.

Looking ahead, Flintshire and all other councils in Wales now need certainty over future budgets. We cannot go through this annual cycle of planning for the unknown – with all the worry and anxiety that this brings to so many people who depend on us.

We now call on the new UK Government to set out a three year forecast for public expenditure plans, to work with the devolved nations to mutually agree realistic growth plans for their devolved budgets, to prioritise finding a national solution to funding social care, and to set out a national strategy for funding public sector annual pay awards.

We invite Welsh Government to work even more closely with local government to protect and grow the public services which are key to the future of a vibrant, healthy and prosperous Wales.

	<p><i>The Council will review the budget position at its full meeting on 28th January, and then formally approve its final budget and set the Council Tax for 2020/21 at its meeting on 18th February.'</i></p> <p>Members will recall that the Group Leaders, as a collective, wrote to Welsh Government Ministers in October requesting that the Settlement guarantee the Council a minimum uplift of £10M to put us in a position of being able to set a legal and balanced budget. The £10M would need to be over and above the costs of any new responsibilities such as annual teachers' pay awards and teacher pension employer contributions. This letter is attached at Appendix A.</p> <p>The Provisional Settlement is open for consultation. The Council is making a full consultation response and this will be circulated in advance of this meeting. The Final Settlement will be published in late February.</p>
3.03	<p>The Provisional Settlement Explained</p> <p>Aggregate External Finance (AEF)</p> <p>The provisional AEF (Revenue Support Grant and share of National Rates Pool) for 2020/21 is £199.386M which, when compared to the adjusted 2019/20 figure of £192.212M, represents an increase of 3.7%. The all-Wales average increase is 4.3%.</p> <p>The provisional allocation represents a cash uplift of £10.406M over the 2019/20 allocation of £188.980M.</p>
3.04	<p>Funding Per Capita</p> <p>The AEF allocation provides an amount of £1,283 per capita compared to the Welsh average of £1,426. The Council's ranking is 19th out of the 22 Welsh councils on the per capita comparator. This is an unchanged position.</p>
3.05	<p>Transfers Into the Settlement</p> <p>There are the following transfers into the Settlement:</p> <ul style="list-style-type: none"> • Teacher Pension Grant (£1.978M) • Nursing Care (£0.081M) • Teacher Pay (£0.608M)
3.06	<p>Transfers Out of the Settlement</p> <p>There are no transfers out of the Settlement.</p>
3.07	<p>Additional Funding to Provide a 'Floor'</p> <p>There is no additional funding confirmed at this stage to support a funding 'floor'. A funding floor is a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years. Given the variations in the annual uplift from council to council as set out in the</p>

	<p>Settlement - from 3% (Monmouthshire) to 5.4% (Newport) – a floor has been called for by a number of councils. If granted, it would be funded by Welsh Government over and above the quantum it has committed to invest in the Settlement for 2020/21 thus far. The group of North Wales Leaders have made the case for a floor to be set at 4%. If granted, this would improve Flintshire’s position by 0.3%. The Welsh Local Government Association has supported the call for a floor. A decision is awaited and there can be no assumption at this stage, prior to the finalisation and approval of the Welsh Government budget.</p>
3.08	<p>Specific Grants</p> <p>Announcements have been made on the annual levels of the specific grants awarded to local government. Most grants will be at the same level as 2019/20 or will be increased for indexation. There is one exception – the Sustainable Waste Management Grant – which is explained in 3.13 below. There are also to be several significant uplifts to specific grants within Education and Social Care. At this stage we do not know the precise allocations for Flintshire or whether the terms and conditions of grant will be sufficiently flexible for the Council to be able to allocate the funds against planned budget expenditure to assist in the closure of the remaining budget gap.</p>
3.09	<p>New Pressures to be Funded from the Settlement</p> <p>Teacher Pensions Employer Contributions</p> <p>Teacher Pensions employer contributions have increased by 7.2% for teachers from September 2019, as part of a national review and agreement. The additional costs in 2019/2020 for the period September-March have been funded by way of a one-off specific grant from Welsh Government, aided by additional funding from UK Government</p> <p>The full year impact of this increase of £3.391M will now need to be included in our budget calculations and met from the uplift in funding we will receive in the Settlement. This cost pressure has not been funded at source from within the base budgets of Governments as requested.</p>
3.10	<p>Teacher Pay</p> <p>The additional costs incurred in 2019/20 from the annual pay award effective from September 2018 have been part-funded by a one-off specific grant from Welsh Government. This grant was made for the current financial year only. The grant is not set to be continued into 2020/21.</p> <p>This additional cost of £0.375M now needs to be included in our budget calculations and met from the uplift in funding we will receive in the Settlement. This cost pressure has not been funded at source from within the base budgets of Governments as requested. The option remains to share this cost burden with schools, as the employers of teachers, as a fall-back position.</p>

3.11	<p>Funded Nursing Care</p> <p>An amount of £0.081M was transferred into the Settlement for funded nursing care which was previously the responsibility of the Health Board. This responsibility now transfers to the Council, so has to be included in our budget calculations and met from the uplift in funding we will receive in the Settlement.</p>
3.12	<p>Adjustments to Cost Pressures Included in the Forecast</p> <p>Additional Learning Needs (ALN) /Special Educational Needs (SEN) Support</p> <p>A cost pressure of £0.400M was previously included in the forecast for ALN/SEN support in schools. As we plan to protect and increase the level of funding we allocate to schools for their delegated budgets under the School Funding Formula, it is a reasonable position to expect schools to absorb these additional costs pending a review of predicted demand and costs for this specialist area of support for vulnerable learners for the future. As part of the announcement on the Provisional Settlement there was an indication of a new specific grant across Wales for Additional Learning Needs of £7.2M. At this stage we do not know the precise allocation for Flintshire or whether the terms and conditions of grant will be sufficiently flexible for the Council to be able to allocate any new funds against planned budget expenditure to assist in the closure of the remaining gap.</p>
3.13	<p>Sustainable Waste Management Grant</p> <p>The Sustainable Waste Management Grant has been reduced by £1.8M across Wales. The proportionate loss of grant to Flintshire is an estimated £0.093M. As this grant directly funds our recycling and waste collection services, we have no option but to build a new cost pressure into our budget forecast to compensate for this loss of funding.</p>
3.14	<p>North Wales Fire and Rescue Authority Levy</p> <p>The levy for 2020/21 has been set at £7.968M. This is an increase of £0.178M from the previous year. The confirmed levy requirement is £0.022M above the provisional figure included in our adjusted budget forecast as reported in December.</p>

4.00	BUDGET POSITION – STAGE TWO AND THE ONGOING WORK ON LOCAL SOLUTIONS
4.01	<p>As reported to Council in December work was ongoing on a limited range of local solutions to contribute to closing the remaining budget gap alongside the contribution to be made by an improved Local Government Settlement. An update on the potential solutions which can yield a further contribution follows.</p> <p>Employer Pension Contributions</p>

	<p>The triennial actuarial valuation of the Clwyd Pension Fund has now been completed and employer contribution rates agreed for the period 2020/21 – 2022/23. Due to the overall improved position on the Clwyd Pension Fund, the reduction in the employer contributions for Flintshire were estimated to be a minimum of £2M when reported in December.</p> <p>Following more detailed assessment of the actuarial valuation, a further reduction in contributions of £0.430M should be possible. In addition, it has been agreed with the Actuary that the deficit recovery period for the scheme to become fully funded can be extended by one year. This decision to spread deficit payments over a longer period will further reduce contributions by £0.370M.</p> <p>The latest budget monitoring report for 2019/20 advises of an in-year underspend on employer annual pension contributions of £0.800M. £0.500M of this estimate has already been taken at Stage One of the budget. Therefore, a further £0.300M can be taken at Stage Two.</p> <p>These calculations are subject to verification before being finalised.</p>
4.02	<p>Social Care Commissioning</p> <p>The costs for commissioned social care in residential, nursing and specialist care, and domiciliary care, are set annually following consultation with providers. Following negotiations this year there is a surplus of £0.100M in the amount set aside in the draft budget. This can be taken as a contribution to balancing the budget.</p>
4.03	<p>Single Person Discount – Review of Entitlement</p> <p>The ongoing review of Council Tax payers in Flintshire who claim single occupancy discount has generated tax income surpluses over a period of time. The next stage of the review is expected to generate additional tax income of £0.300M in the current financial year. This additional income can now be included to support the 2020/21 budget on a one-off basis. For future years this updated calculation will be included in the Council Tax Base.</p>
5.00	REACHING A LEGAL AND BALANCED BUDGET AT THE CLOSING STAGE
5.01	<p>Council will meet on 18th February to set its annual budget.</p> <p>Flintshire had notified Welsh Government Ministers in October that the Settlement would need to guarantee the Council a minimum uplift of £10M to put us in a position of being able to set a legal and balanced budget for 2020/21. This £10M would need to be over and above the costs of any new responsibilities such as annual teachers’ pay awards and teacher pension employer contributions. The Provisional Settlement betters previous Settlements and is a much improved position. Whilst we are set to receive an uplift of £10.406M, we do though need to set aside £3.76M to fund the transferred responsibilities for employer contributions to teacher pensions and a proportion of the cost of the annual teacher pay award.</p>

	<p>The Settlement, which has derived a net uplift of £6.54M, whilst much-improved, is insufficient to bridge the remaining budget gap of £7.465M alone.</p> <p>Council is advised that we are confident that we can recommend a legal and balanced budget in February once we have completed the ongoing work on local solutions set out in 4.01 – 4.03 above, most notably the evaluation of the outcome of the actuarial review of the Clwyd Pension Fund. This work will be completed in good time for the February meeting.</p> <p>For the February meeting we expect to have more detailed information on any benefit from the announced uplift in specific grants in education and social care as explained in 3.08. A positive decision by Welsh Government on the introduction of a funding ‘floor’ would also improve our budget position.</p> <p>These calculations assume a maximum increase in Council Tax of 5% as per the guideline discussed at Council previously. It should be noted that Welsh Government has set a guideline of an average Council Tax increase of 7.1% across Wales as part of its budget calculations for a sufficiency of funding for local government.</p> <p>As a note of caution, these calculations are based on the budget forecast as set out in December. There a number of significant open risks for which we will need to have sufficient reserves and balances in hand for the 2020/21 financial year. Council is advised that we should aim to both balance the budget for the budget requirement set out in the December forecast and accrue sufficient additional reserves to increase the Contingency Fund as a protection against these risks. The open risks are summarised in 5.02-5.05 below. More detailed information and advice will be given at the February meeting.</p>
5.02	<p>Open Risks</p> <p>Charging for Post-16 School Transport</p> <p>The introduction of new PSVAR regulations for school transport and disability access to vehicles might prevent councils for charging for certain school transport services from 2021/22. This is under review and we, like other councils, have applied for an exemption from these regulations. Whilst we plan to introduce charges for post-16 transport from September 2020, as per Council policy, we cannot be guaranteed that we will be able to continue with these charges in future years. This would be a major loss of income of £0.770M in a full financial year (and £0.449M for the part year 2020/21), an increase in income which is built into our base budget.</p>
5.03	<p>Teacher Pay Award 2020/21</p> <p>As explained earlier in the report the current forecast does not include any additional inflationary uplift for teachers’ pay from September 2020 and the new academic year (an uplift of 2% would cost £0.726M). We contend that annual pay awards should be fully funded by Welsh Government. We will continue to press this case. We have the fall-back position to cost-share</p>

	with schools any unfunded national pay award for the 7/12ths of this financial year.
5.04	<p>Out of County Placements</p> <p>This remains a principal risk. The draft budget for 2020/21 already includes an uplift of £2.5M in funding for Out of County Placements. However, the current level of demand shows that this increased budget is unlikely to be sufficient and a continuing overspend is likely to be a major consideration in managing the budget in 2020/21. A further budget pressure in the region of £0.5M is forecast at this stage of service planning.</p>
5.05	<p>Additional Learning Needs / Special Educational Needs</p> <p>The levels and complexities of demand for support within school settings is increasing. This is a challenging area of operational budget management within schools. A review of funding needs may require a later injection of additional funding to assist schools. We await confirmation off the details of a new specific grant in this service areas from Welsh Government.</p>

6.00	STEPS TO CLOSE THE BUDGET AND ONGOING WORK FOR THE MEDIUM-TERM
6.01	<p>The timetable for the closing stages of the annual budget setting process is as follows: -</p> <p>18th February Council Meeting: Final budget-setting decisions including final agreement on the level of Council Tax</p> <p>25th February: Announcement of the Final Welsh Local Government Settlement</p> <p>27th February Council Meeting: Passing of the formal Council Tax resolution</p> <p>4th March: National Assembly for Wales passing of the final budget for Wales and the public services</p>
6.02	<p>A full review of the Council's Medium Term Financial Strategy is underway. This will set out the budget forecast and our budget requirements for 2021/22-2023/24, and our funding strategy. The update will be reported to members in the early summer with early engagement planned in a series of workshops.</p>

7.00	RESOURCE IMPLICATIONS
7.01	<p>Revenue: The revenue implications for the 2020/21 budget are set out in the report.</p> <p>Capital: there are no direct implications for the approved capital programme for either the current financial year or for future financial years – the capital programme for 2020/21 onwards is the subject to a separate report on this agenda.</p> <p>Human Resources: none.</p>

8.00	IMPACT ASSESSMENT AND RISK MANAGEMENT												
8.01	The risks to the Council being able to set a legal and balanced budget for 2020/21 have decreased, A full risk assessment on the budget position will be presented to Council at its February meeting.												
8.02	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term</td> </tr> <tr> <td>Prevention</td> <td>As above</td> </tr> <tr> <td>Integration</td> <td>Neutral</td> </tr> <tr> <td>Collaboration</td> <td>Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts</td> </tr> <tr> <td>Involvement</td> <td>Communication with Members, residents and other stakeholders throughout the budget process</td> </tr> </table> <p>Well-Being Goals Impact</p> <table border="1"> <tr> <td>Prosperous Wales</td> <td>Longer term funding settlements from Welsh Government that provide additional funding for Indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate.</td> </tr> </table>	Long-term	Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term	Prevention	As above	Integration	Neutral	Collaboration	Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts	Involvement	Communication with Members, residents and other stakeholders throughout the budget process	Prosperous Wales	Longer term funding settlements from Welsh Government that provide additional funding for Indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate.
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Prosperous Wales	Longer term funding settlements from Welsh Government that provide additional funding for Indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate.												

	Resilient Wales	Continuation of services to support communities and social cohesion will have a positive impact. The opposite will be true if settlements are inadequate.
	Healthier Wales	An appropriate level of funding will ensure that communities are supported and will have a positive impact. The opposite will be true if settlements are inadequate.
	More equal Wales	A positive impact with greater parity of funding from Welsh Government for all Welsh Local Authorities. The opposite will be true if settlements are inadequate.
	Cohesive Wales	Appropriate level of funding will support services working alongside partners. The opposite will be true if settlements are inadequate.
	Vibrant Wales	As Healthier and Cohesive Wales above
	Globally responsible Wales	Neutral

9.00	CONSULTATIONS REQUIRED/CARRIED OUT
9.01	Consultation with Group Leaders, Overview and Scrutiny Committees, external partners, external advisors and representative bodies, local schools, the workforce and trade unions have been ongoing. An interactive feature has been launched on the Council's website – this shows how our budget works, the efficiencies we have made over the years and our budget situation, and how our resources are used.

10.00	APPENDICES
10.01	Appendix 1 – Council Letter to Ministers, October 2019 Appendix 2 – Response to the Consultation on the Provisional Settlement – to follow

11.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
11.01	December 2019 Council report http://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=143&MId=4476&Ver=4&LLL=0

12.00	CONTACT OFFICER DETAILS
12.01	<p>Contact Officer: Gary Ferguson, Corporate Finance Manager</p> <p>Telephone: 01352 702271</p> <p>E-mail: gary.ferguson@flintshire.gov.uk</p>

13.00	GLOSSARY OF TERMS
13.01	<p>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.</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>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 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>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>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.</p> <p>Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.</p> <p>Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.</p>

<p>Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.</p>
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