

Colin Everett
Chief Executive
Prif Weithredwr



Simon Edwards
Local Government Funding and Performance
Branch
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Your Ref/Eich Cyf

Our Ref/Ein Cyf

Date/Dyddiad 30th November 2016

Ask for/Gofynner am Colin Everett

Direct Dial/Rhif Union 01352 702101

Email/Ebost:
chief.executive@flintshire.gov.uk

Dear Simon

Local Government Provisional Settlement

Thank you for the opportunity to comment on the Local Government Provisional Settlement for 2017/18. We appreciate the timely announcement of the Provisional Settlement following the lateness of the respective announcement last year.

We have grouped our comments under four headings as set out below.

Medium-Term Planning

We do understand the difficulty in being able to plan ahead for the medium term with any certainty as the Cabinet Secretary thoughtfully explained both privately when we met, and in public statements. The absence of a medium-term indicative settlement does seriously compromise our ability to plan ahead for sustainable services, and service continuity, with sufficient confidence.

Given that the Chancellor has now made his Autumn Statement, and that civil servants will be analysing and advising on the immediate and medium-term implications of the Statement, we would request a statement of medium-term commitments to local government and the public services at the earliest possible point in the New Year. Deferral of medium-term commitments by Welsh Government to this time next year would seriously compromise future planning. New council administrations will need to plan ahead their priorities and investment choices for their five year term with some confidence as they settle in May post-elections.

County Hall, Mold. CH7 6NB
www.flintshire.gov.uk
Neuadd y Sir, Yr Wyddgrug. CH7 6NB
www.siryfflint.gov.uk



We welcome correspondence in Welsh. We will respond to correspondence received in Welsh without delay.

Rydym yn croesawu gohebiaeth Gymraeg. Ymatebwn yn ddi-oed i ohebiaeth a dderbynnir drwy gyfrwng y Gymraeg.

Overview of the Provisional Settlement

We appreciate that the case made by local government on the impacts of compounded reductions in Revenue Support Grant over a series of years, and the need for some relief to protect critical public services, has been heard.

We recognise the need for a form of annual funding 'floor' to protect the councils most exposed to a reduction in Revenue Support Grant and support the initiative of Welsh Government in funding the floor rather than requiring other councils to support the subsidy from a reduction in their own Grant. As a Council which has not benefited from a funding floor in any previous financial years this is an important point for us to make.

We share the concern at the relatively late emergence of considerable demography-led budget distribution changes from the Distribution Sub-Group. Many of us were unsighted on these changes. We appreciate and support the action taken to mitigate the impacts of these proposed changes as the consequences of their full introduction would have been de-stabilising for some councils.

Specific Comments on the Provisional Settlement

As a Council which has made a strong case for a 'cash-flat' settlement we support the Provisional Settlement as one which gives a minimum of protection to local government and to Flintshire. As a council which is poorly and unfairly funded under the Local Government Funding Formula we are particularly exposed to the risks and compound impacts of successive annual reductions in the Revenue Support Grant. Retention of our Grant at the 2016/17 level was our minimum expectation of the Provisional Settlement. The recent summary revision of our Medium Term Financial Strategy (MTFS) sets out our position and our need for Revenue Support Grant to be maintained at current levels, as a minimum, for future years.

We welcome the recognition of the escalating cost pressures in social care. However, the current Government investment levels are not sufficient to sustain critical care services - both directly provided and commissioned. The additional investment of £24M assumed in the Provisional Settlement calculations method is an under-estimate. The additional costs pressures for commissioned residential and domiciliary care services in 2017/18 are £2.7M for Flintshire alone. Social care and health should be given parity of esteem in funding decisions as co-dependent parts of the wider care sector. If a crisis in social care is to be avoided additional and continued investment is required in the short-term. We would request that Welsh Government increases the level of support for social care and that a proportion of the additional funds announced for health, including the Winter Pressures investment, is made available for shared cost pressures.

We remain concerned at the continuation of an excessive number of specific grants, the reduction in funding for certain specific grants specifically the Single Environment Grant, and the parallel announcement of the cessation of the Communities First

Programme with no transition plan or succession plan yet in place. We urge re-consideration, and the reinstatement of the Single Environment Grant to the current funding level. This Grant directly funds waste collection and recycling services, and any reduction will threaten the continuation of key services which are essential for councils to achieve their waste diversion and recycling targets. The proposal to reduce the Grant undermines Welsh Government's own environmental policy objectives and is contrary to the principles of the Well-being of Future Generations Act 2015. Further information is being shared with Welsh Government by the family of local government on the risks to environmental services posed by the proposed reduction in Grant.

Flintshire is one of the councils which has been pressing for a relaxation of the Domiciliary Care Fee Cap both on the principle that councils should have the freedom to set local charging schemes for services, and from necessity to recover a fuller proportion of service costs to ensure the sustainability of domiciliary care services. We appreciate that a decision on the relaxation of the Cap and/or additional investment to subsidise commissioning councils is imminent. We request a positive decision for 2017/18 supported by a plan for the revised Cap to be raised by a minimum of £10 per year in successive financial years.

Future Work

The case for a review of local government funding in Wales – the quantum of funding, the distribution method of funding, and local freedoms and flexibilities to act including income charging, taxation and the retention of Non Domestic Business Rates growth – has been well made, most recently by the Independent Commission on Local Government Funding in Wales. We urge Welsh Government to commit to an urgent review.

Flintshire is one of the councils with an evidential case for a review of the Local Government Funding Formula as part of this wider review. The disparity in funding per capita across councils is unfair and no longer justifiable. Low funded councils such as Flintshire are being exposed to a high level of risk with an unsustainable funding base which is not based on a balanced assessment of local need and does not recognise some of the greatest local cost pressures, such as workforce costs, in its calculation and distribution methodologies.

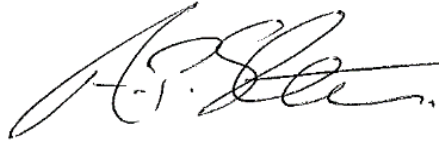
The reduction of specific grants should be included within this review.

Flintshire is keen to contribute to this review. The urgency of our case is expressed in the latest summary of our Medium Term Financial Strategy (MTFS) which is attached.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Everett', written in a cursive style.

Colin Everett
Chief Executive

A handwritten signature in black ink, appearing to read 'A. Shotton', written in a cursive style.

Aaron Shotton
Leader