

Councillor/Cynghorydd Ian Roberts
Leader of the Council
Arweinyddi Cyngor



Mark Drakeford AM, First Minister
 Rebecca Evans AM, Minister for Finance &
 Trefnydd
 Julie James AM, Minister for Housing &
 Local Government

Your Ref/Eich Cyl

Our Ref/Ein Cyf

Date/Dyddiad 24th January 2020

Ask for/Gofynner am Ian Roberts

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Dear First Minister and Fellow Ministers,

Local Government Provisional Settlement 2020/21

Thank you for the invitation to make comment on the Provisional Settlement for Local Government for 2020/21.

The response which follows is consistent with the letter we sent to Ministers in October, signed by all group leaders on the Council as a collective, and with the public statement made on 17th December by the Council Cabinet.

We have engaged with Welsh Government on the unsustainability of our budget position in a series of correspondence, meetings and delegations over recent years. Our response here is consistent with this position.

Our Response in Summary

- The Settlement is a much improved position which is welcomed
- The reversal of reductive annual budgets is a big step forward but is not in itself enough to meet need and help us reach a legal and balanced budget
- Our budget can only be balanced through a combination of (1) the fruits of a well-crafted MTFS and years of careful planning and innovation (2) the improvement in the Settlement and (3) the outstanding performance of a well-stewarded Clwyd Pension Fund which, at the conclusion of the timely triennial actuarial review, will return 'dividends' to the Council as an employer to make a major contribution to closing the remaining budget gap for 2020/21.

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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.

We had forewarned in our October letter of the probability that we would be unable to set a legal and balanced budget without a much improved Settlement. Without the intervention of (2) above, the Settlement as announced would not in itself have been sufficient for us to set our budget

- We asked Welsh Government in our October letter for a £10M uplift clear of any employer contributions to teachers' pay awards and employer pension contributions. The Settlement has fallen around £3.6M short given the inclusion of a proportion of the teacher employment costs in the Settlement
- We have to question the policy position of Welsh Government on the sustainability of Council Tax as a substitute for full national funding settlements. The Welsh Government notional guideline for Council Tax Wales was 6.5% last year and is 7.1% this year. This needs open and public debate. It is not productive that there are 22 local debates on this subject – all held in isolation - with no clear national guidance or protective support from Welsh Government. The public is reaching a level of intolerance over any Council Tax rises much above inflation levels
- A funding 'floor' should be continued on principle and precedent, and funded directly by Welsh Government over and above the Settlement quantum. The North Wales Leaders and the Welsh Local Government Association (WLGA) have written in support. We propose that the funding floor is set at 4%
- We re-request the continuation of all specific grants with indexation and without reduction with 'no surprises' to come. We challenge the counter-intuitive position on a reduction in the Sustainable Waste Management Grant – which conflicts with Welsh Government policy – a decision which will create a hidden local cost pressure which has to be met from within
- We refer you to our public statement on the Settlement, which says – *'Looking ahead, Flintshire and all other councils in Wales now need certainty over future budgets. We cannot continue with 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'*.
- We suggest that Welsh Government and Welsh Local Government work together to press the case for an improved settlement for Wales as the first Chancellor's Budget Statement of the new Parliament draws near, and for an uplift in funding for Wales within 2020/21 as a direct and positive consequence

- We again make the case for a fully-funded policy on devolved annual pay awards, specifically teachers' pay, and some additional funding for the impending 2020/21 annual pay award

We request, with some urgency, that any in-year underspends within Welsh Government in the final quarter of this financial year are prioritised for local government - 'without strings'- to help with current budget pressures such as social care, special educational needs, and Out of County placement costs.

We re-raise the need for a longer-term review of the local government funding formula by Welsh Government and Local Government together. We would ask for the recommendations of the Independent Commission on Local Government Finance (2016) and the outcomes of our own local cross-party group on local government finance to be drawn upon to help frame a terms of reference for this review. We would welcome an informal discussion on this.

We ask that you give thoughtful consideration to our response.

Yours sincerely



Councillor Ian Roberts
Leader and Cabinet Member for Education



Councillor Glyn Banks
Cabinet Member for Finance



Colin Everett
Chief Executive Officer



Gary Ferguson
Corporate Finance Manager

Cc Reg Kilpatrick, Director of Local Government
Judith Cole, Deputy Director Local Government Finance and Workforce
Partnerships Division
Debra Carter, Head of Local Government Finance at Welsh Government