

## CABINET

<b>Date of Meeting</b>	Tuesday, 16 <sup>th</sup> February 2021
<b>Report Subject</b>	Council Fund Revenue Budget 2021/22 – Final Closing Stage
<b>Cabinet Member</b>	Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager and Chief Executive
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

Council has received full reports on previous stages of the budget setting process for 2021/22 and previous reports and appendices are attached.

Cabinet in January set an upper minimum budget additional requirement for 2021/22 of £16.750m and a lower minimum budget requirement of £13.818m. The upper figure includes provision for national pay awards at 2% across the board, and the lower figure makes no provision for pay. We are using the lower figure for the purposes of balancing the budget as there is no provision within the UK Government budget statement for any public sector annual pay awards with the exception of pay awards for employees with salaries of under £24k per annum. As a consequence of this, Welsh Government has had no uplift in funding to support any annual pay awards for local government employees and teachers which the recognised trade unions and employers might engage in negotiations over at a later point in the financial year.

Cabinet in January also considered the issues which remained to be closed as part of the budget-setting process. This report recommends solutions to all of those issues and sets out recommendations for the Council to be able to reach a legal and balanced budget.

The formal response of the Council to the Welsh Government consultation on the Provisional Local Government Settlement 2021/22 is attached. This response fully takes into account the views expressed by Cabinet as a collective and those of the body of elected members.

This report also sets out the Council Tax resolution for setting taxation levels for 2021/22. We are also able to propose the formal resolution to Council when it meets later on 16 February as we have received notification of the precepts of the Police and Crime Commissioner and all town and community councils within Flintshire.

Cabinet is invited to make final recommendations to Council to set a legal and balanced budget based on the detail as set out in this report.

A full presentation will be made at both Cabinet and Council.

The report includes the following tables:

- Table 1: Revised Minimum Additional Budget Requirement 2021/22
- Table 2: Proposed Budget Solutions 2021/22
- Table 3: Proposed Budget 2021/22
- Table 4: Medium Term Forecast 2022/23 – 2023/24

The Corporate Resources Overview and Scrutiny Committee will receive and consider this report on 11<sup>th</sup> February and any advice or recommendation the Committee offers will be reported verbally at the Cabinet meeting.

## RECOMMENDATIONS

1	That Cabinet notes and approves the revised budget requirement for 2021/22.
2	That Cabinet approves the final proposals for the corporate efficiencies which will contribute to the budget.
3	That Cabinet recommends to Council a legal and balanced budget based on the calculations as set out within this report.
4	That Cabinet notes the open risks which remain to be managed in the course of 2021/22.
5	That Cabinet recommends an annual increase in Council Tax for 2021/22 of 3.95%, and invites Council to pass the formal Council Tax resolution now that we have had notification of the precepts of the Police and Crime Commissioner and all town and community councils within Flintshire.
6	That Cabinet notes the medium-term forecast as a basis for the next revision of the Medium-Term Financial Strategy (MTFS).

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE COUNCIL FUND REVENUE BUDGET 2021/22</b>
1.01	<p><b>The Financial Forecast</b></p> <p>The forecast has been continuously revised to take into account the latest available information, and has been presented to members at stages throughout the budget planning and setting process.</p> <p>In December, the minimum additional budget requirement of £14.740m was uplifted to make additional financial provision for Schools Funding, Additional Learning Needs and for Reserves. The revised minimum additional budget requirement was set at £16.750m.</p> <p>The position reported in January included a number of outstanding issues that would need to be resolved as part of closing the budget. These are set out within the report.</p>
	<b>Changes to the Financial Forecast</b>
1.02	<p><b>Funding for Pay Awards</b></p> <p>The Chancellor of the Exchequer's UK Spending Review Announcement made no provision for public sector pay awards other than some specific allowances for lower paid workers and the NHS.</p> <p>Within the Provisional Local Government Settlement announcement Welsh Government confirmed their position on pay provision as set out below.</p> <p>"The Minister was clear in the draft budget that one of the hard choices we have faced in setting our spending plans for next year is our approach to public sector pay. The reality is that we did not receive any additional funding through the Barnett formula to provide for public sector-wide pay awards next year given the UK Government's decision to pause public sector pay increases with the exception of the NHS and those on the lowest wages. The implications of pay awards in 2021-22 will therefore need to be accommodated within your budget planning in the light of this Settlement."</p> <p>As a consequence, the upper minimum additional budget requirement has been reduced to remove any provision for annual cost of living pay awards other than a provision to meet the cost of (potentially non-consolidated and 'one-off') pay awards for employees with salaries of under £24k per annum. A provision £0.604m has been included within the budget for this specific award. The minimum additional budget requirement has been reduced by £2.928m in total.</p>
1.03	<p><b>Council Tax Reduction Scheme (CTRS)</b></p> <p>A cost pressure of £1.172m had previously been included in the budget requirement based on increases in demand for benefits caused by the socio-economic impacts of the pandemic situation. Demand has since stabilised and Welsh Government has also reimbursed councils for the additional spend</p>

	<p>for the first half of the year, and recently agreed to continue this financial support for the second half of the financial year. The Council will need to make budgetary provision for CTRS entitlement arising from the annual Council Tax increase. Following a review of this cost pressure, and based on current and projected demand the budget provision has been reduced by £0.284m to £0.888m</p>
1.04	<p><b>Council Tax</b></p> <p>A cost pressure of £0.600m had previously been included in the budget requirement to mitigate the impacts of a significant reduction in collection levels caused by the socio-economic impacts of the pandemic situation. The purpose of this provision is to absorb any increase in bad debt from non-collected tax. A review of the bad debt provision has been concluded and, taken together with an improvement in the levels of income collected the budget provision has been reduced by £0.500m to £0.100m. Welsh Government has recently announced new funding to make good projected reductions in target Council Tax collection rates and this funding will be set aside as protection against any failure to recover to target collection rates over coming months.</p>
1.05	<p><b>Out of County Placements</b></p> <p>Additional funding of £2.7m was included in the budget for 2020/21 to reflect the projected increase in service demand. As at the Month 9 2020/21 Budget Monitoring Report there is a net projected in-year overspend of £0.631m. This will continue into 2021/22 with increased costs for a full year effect of case placements.</p> <p>Therefore, additional budget provision within the budget estimate will be required for 2021/22 and £0.750m has been set aside. This service area poses an open risk as demand can and often does increase in-year.</p>
1.06	<p><b>Sustainable Waste Management Grant</b></p> <p>Welsh Government have notified in the Provisional Settlement a further reduction in the Sustainable Waste Management Grant for Wales of £1.1m. This will result in a cost pressure of £0.050m for the Council. This additional pressure has been included in the final budget estimate as no further cost efficiencies are possible, and service standards must be maintained.</p>
1.07	<p><b>Regional Education Improvement - GwE</b></p> <p>The annual inflationary uplift for GwE has to be met as per the regional Inter Authority Agreements. A total of £0.035m has been included in the budget estimate to consolidate the increase for 2020/21 which was notified after we had set the annual budget for that year and the new increase for 2021/22.</p>

1.08	<p>The changes in the budget requirement are summarised below:</p> <p><b>Table 1: Revised Minimum Additional Budget Requirement 2021/22</b></p> <table border="1" data-bbox="300 264 1225 952"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Budget Requirement December 2020</td> <td>16.750</td> </tr> <tr> <td><b>Less:</b></td> <td></td> </tr> <tr> <td>Adjustment for 21/22 Pay increase</td> <td>(2.928)</td> </tr> <tr> <td><b>Revised Budget Requirement December 2020</b></td> <td><b>13.822</b></td> </tr> <tr> <td><b>Reductions in Cost Pressures:</b></td> <td></td> </tr> <tr> <td>Council Tax Debt</td> <td>(0.500)</td> </tr> <tr> <td>Council Tax Reduction Scheme (CTRS)</td> <td>(0.284)</td> </tr> <tr> <td><b>New Costs Pressures:</b></td> <td></td> </tr> <tr> <td>Out of County Placements</td> <td>0.750</td> </tr> <tr> <td>Sustainable Waste Management Grant</td> <td>0.050</td> </tr> <tr> <td>GwE Indexation</td> <td>0.035</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td><b>Total Revised Budget Requirement</b></td> <td><b>13.873</b></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>		£M	Budget Requirement December 2020	16.750	<b>Less:</b>		Adjustment for 21/22 Pay increase	(2.928)	<b>Revised Budget Requirement December 2020</b>	<b>13.822</b>	<b>Reductions in Cost Pressures:</b>		Council Tax Debt	(0.500)	Council Tax Reduction Scheme (CTRS)	(0.284)	<b>New Costs Pressures:</b>		Out of County Placements	0.750	Sustainable Waste Management Grant	0.050	GwE Indexation	0.035			<b>Total Revised Budget Requirement</b>	<b>13.873</b>		
	£M																														
Budget Requirement December 2020	16.750																														
<b>Less:</b>																															
Adjustment for 21/22 Pay increase	(2.928)																														
<b>Revised Budget Requirement December 2020</b>	<b>13.822</b>																														
<b>Reductions in Cost Pressures:</b>																															
Council Tax Debt	(0.500)																														
Council Tax Reduction Scheme (CTRS)	(0.284)																														
<b>New Costs Pressures:</b>																															
Out of County Placements	0.750																														
Sustainable Waste Management Grant	0.050																														
GwE Indexation	0.035																														
<b>Total Revised Budget Requirement</b>	<b>13.873</b>																														
	<p><b>Proposed Solutions to meet the Revised Budget Requirement</b></p>																														
1.09	<p><b>The Welsh Local Government Provisional Settlement</b></p> <p>The Welsh Local Government Provisional Settlement was announced on 22 December and full details were included in the January report.</p> <p>The provisional AEF represents a cash uplift of £7.392m over the 2020/21 amount of £199.386m (3.7%).</p> <p>The formal response of the Council to the Welsh Government consultation on the Provisional Local Government Settlement 2021/22 is attached at Appendix 7. This response fully takes into account the views expressed by Cabinet as a collective and those of the body of elected members</p>																														
1.10	<p><b>Council Tax</b></p> <p>The level of annual increase in Council Tax is a decision for Full Council.</p> <p>Council has set a clear direction that any annual increase should be at 5% or less.</p> <p>Based on the final minimum additional budget requirement an annual increase of 3.95% is required on Council tax. This amounts to an annual increase of £52.99 to £1394.50 on a Band D equivalent (£1.02 per week equivalent).</p>																														

	<p><b>Police Precept/Town and Community Councils</b></p> <p>The Police Precept and Town and Community Council Precepts for 2021/22 have all been notified to the Council as the Council Tax collection authority.</p>																								
1.11	<p><b>Service Transformation and Efficiencies</b></p> <p>As consistently reported, no new efficiencies of scale are possible. A minimum target of £1.0m was built into the original budget estimate for newly identified service efficiencies. This was reset at £1.75m in December following further work. This work has now been concluded and a final efficiencies total of £1.933m has been set to help close the budget (See Appendix 4).</p>																								
1.12	<p><b>Social Care Workforce Grant</b></p> <p>The Provisional Settlement included an additional £10.0m for social care with the Council expected to receive a share of £0.430m. Welsh Government has confirmed that there will not be significant changes to the existing terms and conditions of the current grant to which this additional amount has been attached. Therefore, the funding can be used to offset some additional Social Care cost pressures already included in the budget.</p>																								
1.13	<p><b>Reserves Uplift</b></p> <p>Within the upper minimum additional budget requirement £0.510m was included to replenish reserves as a safeguard against known and open risks. As part of the final balancing position, this provision has been reduced by £0.039m to £0.471m.</p>																								
1.14	<p><b>Table 2: Summary of Proposed Budget Solutions</b></p> <table border="1"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> <tr> <td><b>Revised Minimum Additional Budget Requirement (as in Table 1)</b></td> <td><b>13.873</b></td> </tr> <tr> <td><b>Less:</b></td> <td></td> </tr> <tr> <td>Provisional Settlement</td> <td>(7.392)</td> </tr> <tr> <td>Corporate Efficiencies</td> <td>(1.933)</td> </tr> <tr> <td>Social Care Workforce Grant</td> <td>(0.430)</td> </tr> <tr> <td>Council Tax (3.95%)</td> <td>(4.079)</td> </tr> <tr> <td>Reduction to reserves contribution</td> <td>(0.039)</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td><b>Amount Remaining</b></td> <td><b>0.000</b></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>		£M			<b>Revised Minimum Additional Budget Requirement (as in Table 1)</b>	<b>13.873</b>	<b>Less:</b>		Provisional Settlement	(7.392)	Corporate Efficiencies	(1.933)	Social Care Workforce Grant	(0.430)	Council Tax (3.95%)	(4.079)	Reduction to reserves contribution	(0.039)			<b>Amount Remaining</b>	<b>0.000</b>		
	£M																								
<b>Revised Minimum Additional Budget Requirement (as in Table 1)</b>	<b>13.873</b>																								
<b>Less:</b>																									
Provisional Settlement	(7.392)																								
Corporate Efficiencies	(1.933)																								
Social Care Workforce Grant	(0.430)																								
Council Tax (3.95%)	(4.079)																								
Reduction to reserves contribution	(0.039)																								
<b>Amount Remaining</b>	<b>0.000</b>																								
1.15	<p><b>SUMMARY AND CONCLUSIONS</b></p> <p>A legal and balanced budget for 2021/22 can be recommended by Cabinet to Council based on (1) the calculations and assumptions set out above and (2) the detailed proposed budget as set out below.</p>																								

1.16 **Table 3: Proposed Budget 2021/22**

<b>Funding</b>	<b>£m</b>
Aggregate External Funding (AEF) / RSG NNDR	206.778
Council Tax	90.679
<b>SSA/Budget Requirement</b>	<b>297.457</b>
Specific Grants (Estimated)	34.508
<b>Total Funding</b>	<b>331.965</b>
<b>Expenditure</b>	<b>£m</b>
Base Budget Rolled Forward	317.942
Previous Years Growth/Items Dropping Out (Appendix 1)	0.969
Inflation (Appendix 2)	2.894
Pressures & Investments(Appendix 3)	9.971
<b>Efficiencies</b>	
Corporate Efficiencies (Appendix 4)	(1.933)
Social Care Workforce Grant	(0.430)
<b>Grants</b>	
Less Specific Grants 2020/21	(31.955)
Plus Specific Grants 2021/22 (Estimated Appendix 5)	34.508
<b>Total Expenditure</b>	<b>331.965</b>
<b>BALANCE</b>	<b>0.000</b>

	<b>Open Risks 2021/22</b>
1.17	<p><b>Pay</b></p> <p>The Chancellor of the Exchequer's UK Spending Review Announcement made no provision for public sector pay awards other than some specific allowances for lower paid workers and for the NHS.</p> <p>The Council's position on pay is clear. We believe as an employer that there should be annual cost of living pay awards each and every year and that they should be fully funded at source by Governments. As there is no specific provision within the Provisional Settlement for annual pay awards for 2021/22, then there can be none. Both Governments are lacking a public sector pay strategy. The cost burdens of annual pay awards cannot fall on public sector employers. This remains an open risk in 2021/22 as the recognised trade unions and employers may still enter into negotiations in-year.</p>
1.18	<p><b>Out of County Placements</b></p> <p>This remains an open risk as set out in 1.05 above.</p>
1.19	<p><b>Ongoing Impact of the National Emergency</b></p> <p>The national emergency situation will continue into 2021/22. There is no new provision within the 2021/22 budget for additional emergency expenditure or lost income. However, we are holding the balance of the £3.0m emergency reserve set aside at the outset of the emergency.</p> <p>Welsh Government continues to hold specific funding for the pandemic and has had new funding from the UK Government for 2021/22. It is expected that national hardship and income loss compensatory funding will continue into the new financial year. This is based on the advice of Welsh Government, and is consistent with the budget planning position of the Welsh Local Government Association and all peer Welsh councils.</p> <p>Risks remain over the continuity of Government funding if the emergency situation is a protracted one, and should the recovery of fee earning services be a slow process.</p>
1.20	<p><b>School Budgets</b></p> <p>Within this budget the Council plans to make a significant investment in schools with an increase of 3.6% in funds for education and schools. We face (1) additional and more complex service demands in Additional Learning Needs and (2) a deteriorating position on licenced school deficits in secondary schools.</p> <p>The level of balances in the primary school sector are also reducing. This trend reflects the cost pressures in schools, and re-exposes the inadequacy of the current level of funding within the schools funding formula for the medium-term. In the review of the Medium Term Financial Strategy we will need to continue to address these risks with stepped increases in the quantum invested in the schools funding formula.</p>

1.21	<p><b>RESERVES AND BALANCES</b></p> <p><b>Earmarked Reserves</b></p> <p>The Council holds earmarked reserves which are set aside for specific purposes. Some are restricted in their use by, for example, the terms and conditions of grant where their source is Government funding. An update on current projected levels of earmarked reserves shows that the amount is likely to reduce from £10.2M to £9.4M by the end of the 2021/22 financial year as these reserves are ‘drawn down’ (See Appendix 6).</p> <p>The Council reviews its remaining earmarked reserves on an ongoing basis, and only those for which there is a strong business case will be retained with the remainder being released for use as part of the Medium-Term Financial Strategy.</p>
1.22	<p><b>Un-earmarked Reserves</b></p> <p>The Council holds a base level of reserve of £5.769m and this position remains unchanged for 2021/22. Levels of unearmarked reserves over and above this figure are referred to as the Contingency Reserve. This reserve is projected to be at £1.787m at year end based on the Month 9 Budget Monitoring Report.</p> <p>In addition, the Council set aside £3.0m as an emergency fund at the outset of the pandemic and in advance of confirmation of support from Welsh Government. There are still a number of outstanding claims to Welsh Government and the balance of the fund will be reduced if any of the claims are not approved in whole or in part. This fund should remain in place as a safeguard against the financial impacts of the ongoing pandemic situation.</p> <p>The Contingency Reserve is the Council’s main ‘defence’ against in-year cost pressures. It is used to meet the impact of an overall overspend in any given financial year and to mitigate against potential financial risks. The main open risks that the Council will face in 2021/22 are detailed in paras 1.17 – 1.20.</p>
1.23	<p><b>Formal Advice of the Corporate Finance Manager</b></p> <p>Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer (for Flintshire this is the Corporate Finance Manager) to report to the Council when it is considering its budget and Council Tax setting on the robustness of the estimates and the adequacy of reserves. The Act requires the Council to have regard to this report in making its decisions on its budget.</p>
1.24	<p>The 2021/22 budget has again been set within the context of the Medium Term Financial Strategy and during a year which has seen the Council adapt to meet the challenges of a national emergency. The emergency situation – in scale and length - has posed significant financial challenges, and this will continue to be the position as we go into the new financial year. The welcome essential support from the Welsh Government’s Hardship Fund and Income Loss Fund is likely to continue. However, the willingness and financial capacity of Governments to continue this funding beyond the early stages of the new financial year is unknown. The Council’s budget strategy for dealing</p>

	with this has been clearly set out in detail in previous budget reports, supported by Member briefings and updates.
1.25	For the estimates contained within the budget, all figures are supported by a clear and robust methodology with the efficiency proposals considered achievable, but not without risk. The cost pressures are supported by evidenced method statements.
1.26	The Council's Reserves and Balances Protocol sets out how the Council will determine, manage and review the level of its Council Fund Balance and Earmarked Reserves taking into account legislation and professional guidance. An outcome of this protocol was to report to both Cabinet and Corporate Resources Overview and Scrutiny Committee the level of Earmarked Reserves held on a quarterly basis. This has been continued throughout 2020/21 through the monthly budget monitoring report with a detailed challenge of earmarked reserves undertaken throughout January 2021. This process ensures that members can have a good understanding of all the reserves held by the Council.
1.27	I can confirm the reasonableness of the estimates contained in the proposed budget having regard to the Council's spending needs in 2021/22 and the financial context within which the budget is being set. It is clear that there are still some significant and open risks within the 2021/22 budget proposals - particularly around pay provision, social care demands, and the ongoing impact of the pandemic. Therefore, it is important that the Council protects its current level of reserves as far as possible to safeguard against these risks. A robust programme for the delivery of the efficiencies within the budget and to the timescales set together with effective and disciplined in-year financial management is essential to ensure that budgets are managed effectively - with prompt action taken to mitigate any impacts should variances occur.
1.28	I recommend that Council should maintain sufficient general balances of £5.769M and retain its Contingency Reserve in full as a safeguard to manage any in-year cost pressures and variances as detailed in paragraph 1.17 – 1.20.
1.29	The budget proposals do not require the use of temporary reserves which builds on our approach last year where for the first time in many years the proposed budget is funded on a predominantly recurrent and sustainable basis. Due to the level of financial risk including the continuing emergency situation a further contribution to reserves of £0.471m is built into this budget as a prudent additional safeguard.
1.30	<b>Formal Advice of the Chief Executive</b>  My professional advice complements that of the Corporate Finance Manager, as set out above.
1.31	The draft budget as presented follows the Medium-Term Financial Strategy adopted by the Council. It has been developed according to the budget setting model which has been adopted by the Council, and our principles and values.

1.32	We have taken a prudent and balanced approach to our annual budget, as required by law and the principles of good governance, whilst protecting the improvement objectives and public service duties and obligations of the Council. Our budget-setting process is an intricate one with all decisions being carefully risk-assessed.									
1.33	We have advised Council throughout that there are no new cost reductions or cost efficiencies of scale beyond those reported in stages one and two of the budget-setting process. Council, as advised by Cabinet and the six Overview and Scrutiny Committees, has concurred with this advice and has not asked for any further reviews of corporate or service portfolio budgets to be undertaken to reduce cost provisions. Our strategy for achieving a legal and balanced budget is heavily reliant on the sufficiency of Government funding for local government and public services as noted by Audit Wales in their most recent commentary on the financial resilience and sustainability of the Council.									
1.34	A number of 'open risks' remain to be managed and we will again be challenged to manage our budget in-year throughout 2021/22. Our advice on risk management and how it affects setting a prudent budget needs to be carefully heard.									
1.35	It is important that we continue to plan for the medium-term and work with Governments on a sustainable funding model for local government – seeing beyond the emergency situation and a recovery from it – and avoiding an over-reliance on Council Tax as a form of local income. We set out our expectations clearly in our response to the consultation on the Provisional Settlement (Appendix 7).									
1.36	<p><b>Concluding Advice to Close the Budget</b></p> <p>Council is able to set a legal and balanced budget for 2021/22 based on the calculations and advice set out in this report, and can fulfil its collective legal responsibility. All calculations are based on a Council Tax rise of 3.95% (3.45% for Council purposes and 0.50% for the regional contributions to the North Wales Fire and Rescue Service, the Coroners Service and the North Wales Economic Ambition Board).</p>									
1.37	<p><b>Medium Term Financial Forecast</b></p> <p>The financial forecast for the medium-term, for the financial years– 2022/23 – 2023/2024, has been reviewed in readiness to update the Medium-Term Financial Strategy (MTFS). A high-level estimate on the major cost pressures predicted over the next two years following this budget is included in Table 4. The forecast includes (1) potential annual pay awards (2) similar levels of commissioning cost pressures within Social Services and (3) other known cost pressures.</p> <p><b>Table 4: Medium Term Forecast</b></p> <table border="1" data-bbox="300 1962 1366 2107"> <thead> <tr> <th data-bbox="300 1962 836 2002">Cost Pressure Group</th> <th data-bbox="836 1962 1102 2002">2022/23 (£M)</th> <th data-bbox="1102 1962 1366 2002">2023/24 (£M)</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 2036 836 2076">Pay Inflation</td> <td data-bbox="836 2036 1102 2076">4.145</td> <td data-bbox="1102 2036 1366 2076">4.029</td> </tr> <tr> <td data-bbox="300 2076 836 2107">Non-Pay Inflation</td> <td data-bbox="836 2076 1102 2107">0.380</td> <td data-bbox="1102 2076 1366 2107">0.395</td> </tr> </tbody> </table>	Cost Pressure Group	2022/23 (£M)	2023/24 (£M)	Pay Inflation	4.145	4.029	Non-Pay Inflation	0.380	0.395
Cost Pressure Group	2022/23 (£M)	2023/24 (£M)								
Pay Inflation	4.145	4.029								
Non-Pay Inflation	0.380	0.395								

	Social Care Pressures	3.776	2.772
	Other Pressures	1.347	2.003
	<b>Total</b>	<b>9.648</b>	<b>9.199</b>
1.38	<p>From Table 4 it can be seen that the Council will continue to need to rely on improved financial settlements from Welsh Government in future years. The MTFS is being fully reviewed for reporting in the coming months. The Council will continue to press the need for forward planning of budgets by Governments, and certainty over future local government settlements which would enable the Council to plan ahead with a sufficient degree of confidence.</p>		
1.39	<p>The timetable for the closing stages of the annual budget setting process is as follows: -</p> <p>16th February Council Meeting: Final budget-setting decisions including final agreement on the level of Council Tax and the passing of the Council Tax Resolution</p> <p>2 March 2021: Announcement of the Final Welsh Local Government Settlement.</p> <p>It is not anticipated, based on past years, that there will be any significant changes within the Final Settlement when it is announced on 2 March. However, if there are any minor changes it is recommended that the level of contribution to reserves is adjusted up or down to accommodate any such change.</p>		

<b>3.00</b>	<b>RESOURCE IMPLICATIONS</b>
3.01	<p><b>Revenue:</b> the revenue implications for the 2021/22 budget are set out in the report.</p> <p><b>Capital:</b> there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p> <p><b>Human Resources:</b> there are no implications for additional capacity or for any change to current workforce structures or roles at this stage.</p>

<b>4.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>		
4.01	<p><b>Ways of Working (Sustainable Development) Principles Impact</b></p> <table border="1"> <tr> <td>Long-term</td> <td>Negative – the absence of longer-term funding settlements from Welsh</td> </tr> </table>	Long-term	Negative – the absence of longer-term funding settlements from Welsh
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 Impact
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.

**Well-Being Goals Impact**

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 encourages 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 impact.

<b>5.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
5.01	Overview and Scrutiny Committees in November 20. Member Briefing December 2020. Consultation with the principle NNDR payers has been undertaken

<b>6.00</b>	<b>APPENDICES</b>
6.01	Appendix 1: Prior Year Decisions Appendix 2: Inflation Appendix 3: Pressures & Investments Appendix 4: Efficiencies Appendix 5: Specific Grants 2021/22 Appendix 6: Balances & Reserves Appendix 7: Council Response to the Provisional Settlement

<b>7.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
7.01	The series of preparatory budget reports for the 2021/22 financial year. The series of presentations made to Cabinet and Council for the 2021/22 financial year.

<b>8.00</b>	<b>CONTACT OFFICER DETAILS</b>
8.01	<b>Contact Officer:</b> Gary Ferguson, Corporate Finance Manager <b>Telephone:</b> 01352 702271 <b>E-mail:</b> <a href="mailto:gary.ferguson@flintshire.gov.uk">gary.ferguson@flintshire.gov.uk</a>

<b>9.00</b>	<b>GLOSSARY OF TERMS</b>
9.01	<p><b>Medium Term Financial Strategy (MTFS):</b> 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><b>Revenue:</b> 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><b>Budget:</b> 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>

**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.

**Specific Grants:** An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

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

**Financial Year:** the period of 12 months commencing on 1 April.

**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.

**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.

**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.

**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.