

## CABINET

<b>Date of Meeting</b>	Tuesday, 21 <sup>st</sup> September 2021
<b>Report Subject</b>	Flintshire Financial Sustainability Assessment Final Report
<b>Cabinet Member</b>	Cabinet Member for Finance, Social Value and Procurement
<b>Report Author</b>	Chief Executive and Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

A Financial Sustainability Assessment across all Welsh Councils has been undertaken by Audit Wales and the report for Flintshire is attached as Appendix 1.

Audit Wales worked with Welsh Government, Welsh Local Government Association and the Society of Welsh Treasurers in planning the review. The project is the second part (Phase 2) of their review into financial sustainability in Welsh Councils - Phase 1 was a baseline assessment of the initial impact of COVID-19 on local Councils' financial position.

The summary and findings in the report outlines a fair reflection of the Council's financial position and there are no new issues to report. Therefore, a formal response has not been prepared as per usual practice.

The report will also be presented to Corporate Resources Overview and Scrutiny Committee on 16 September and Governance and Audit Committee on 27 September.

### RECOMMENDATIONS

1	That Cabinet note the report from Audit Wales.
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## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE FINANCIAL SUSTAINABILITY ASSESSMENT</b>
1.01	A Financial Sustainability Assessment across all Welsh Councils has been undertaken by Audit Wales and the report for Flintshire is attached as Appendix 1.
1.02	Audit Wales worked with Welsh Government, Welsh Local Government Association and the Society of Welsh Treasurers in planning the review. The project is the second part (Phase 2) of their review into financial sustainability in Welsh councils - Phase 1 was a baseline assessment of the initial impact of COVID-19 on local Councils' financial position.
1.03	<p>The aims of the project were:</p> <ul style="list-style-type: none"><li>• to explain from an independent perspective the initial impact of COVID-19 on local authorities' financial position and anticipated impact going forward (including identifying key risks to financial sustainability over the short and medium term).</li><li>• to gain assurance that local authorities are putting in place proper arrangements to maintain financial sustainability in view of the ongoing COVID-19 pandemic.</li><li>• to identify notable practice in meeting the financial challenges associated with COVID-19 both from within Wales and elsewhere that may be replicable in other local authorities in Wales.</li></ul>
1.04	A local report has been prepared for each Council and a national summary report is also being prepared and will be issued later in the year.
1.05	The summary and findings in the report outlines a fair reflection of the Council's financial position and there are no new issues to report. Therefore, a formal response has not been prepared as per usual practice.
1.06	The report will also be presented to Corporate Resources Overview and Scrutiny Committee on 16 September and Governance and Audit Committee on 27 September.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None directly arising from the report.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	As set out in the reports.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	The report will be shared with Corporate Resources Overview and Scrutiny Committee on 16 September and Governance and Audit Committee on 27 September.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Audit Wales Financial Sustainability Assessment.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<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>8.00</b>	<b>GLOSSARY OF TERMS</b>
	<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> <p><b>Capital:</b> Expenditure on the acquisition of <b>non-current assets</b> or expenditure which extends the useful life of an existing asset.</p> <p><b>Revenue Support Grant:</b> 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>

**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.