

Mark Drakeford AM
Cabinet Secretary for Finance
Welsh Assembly Government

Alun Davies AM
Cabinet Secretary for Public Services
Welsh Assembly Government

Your Ref/Eich Cyf

Our Ref/Ein Cyf

Date/Dyddiad

28 November, 2017

Ask for/Gofynner am

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Direct Dial/Rhif Union

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Dear Cabinet Secretaries,

Provisional Local Government Settlement 2018/19

Thank you for the opportunity to be consulted on the Provisional Local Government Settlement for 2018/19.

Flintshire held a special meeting of its full Council on 14 November to debate the Provisional Settlement such is our position of financial risk. The following is the resolution the Council passed. We had waited for the Chancellor of the Exchequer's budget statement last week, as critical context, before submitting this response to you:

"The Settlement is inadequate for the Council's needs. In re-supporting the case made to Welsh Government in our letter of 22 August the Council supports:-

- the case made for local freedoms to levy a maximum weekly charge of £100 for domiciliary care from 1 April 2018; guaranteed continuity of the £0.5M Intermediate Care Fund funding provided through the regional partnership machinery for specialist care in Council managed residential care homes to prevent admissions to hospital and to accelerate discharges; a return of 50% of our employer contribution to the Apprentice Tax Levy to sustain our own internal apprenticeship and trainee scheme;*
- the call for the reversal of the planned reductions in the Education Improvement Grant and the Single Environment Grant;*
- a return to a 'cash-flat' Settlement and real additional investment in social care and education;*
- the proven case that Flintshire is exposed to high risk due to its low funding base as shown in the set of published resilience statements;*
- an invitation to the respective Cabinet Secretaries to meet with senior representatives of Flintshire urgently to review our special case; and*
- Flintshire being considered for a supplementary funding package to assist in reaching a balanced budget should the local government funding position not be restored in the Final Settlement."*

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The Council welcomes correspondence in Welsh or English
Mae'r Cyngor yn croesawu gohebiaeth yn y Gymraeg neu'r Saesneg

Following the publication of the Provisional Settlement our Council Fund forecast deficit for 2018/19 has deteriorated from £11.7M to £13.6M with other risks and volatile cost pressures still to be fully costed as part of our final budget forecast. It is unrealistic to expect the Council to bridge a gap of this scale without assistance. We have made our case well that as a low funded council we are highly exposed to risk. We are pragmatists and do not expect a meaningful review of the distribution formula in the near future. We are not therefore arguing for a redistribution of funding amongst peer councils. We are arguing for an increased quantum of finance for distribution to the whole local government family based on the principles that social care should be given parity with health, and that education should be adequately funded.

We have made big strides to reduce this daunting financial gap. In the first stage of a three stage budget process we have approved a combination of further efficiencies and income sources of £3.1M with the principal income source being the introduction of charging for the green waste collection service in line with Welsh Government's 'blueprint' for waste. In the second stage, which is under review, we have worked up options worth a further £7.6M including a cash-flat budget for schools, a risk based approach to fee negotiation with the independent sector care providers, a risk based approach to bearing the pressures of inflation, and a probable 5% increase in Council Tax. Beyond this we have few if any options to balance the budget without compromising service continuity and performance, and the very integrity of Council governance.

We are not a 'reserve rich' authority. This rules out a reliance on reserves as a medium term option as is the case in some other councils. Beyond our base reserves (2% of Council net budget) we only have £4.4M of un-earmarked reserves remaining. Earmarked reserves have reduced from £20.33M to £11.95M in one year.

We have produced and published a set of resilience statements for each portfolio of services. These are attached. The statements show the level of risk at which services are currently operating. The majority of risk assessments are at amber status. The resilience statements are evidence that we are at risk of service discontinuity and failure if we are forced to reduce base budgets further.

Over the past 3-4 years the Council has secured base budget reductions of between 30% and 45% in all public facing and corporate services except commissioned social care and schools, and has innovated with one of the most expansive programmes of organisational restructure and change, alternative delivery models, social enterprise, and community asset transfers in Wales.

There is little scope for further transformation and budget reduction. The organisation is now under an unacceptable level of anxiety and stress, and we appeal for some reprieve.

We repeat the point that Governments have a duty to fund public bodies adequately for them to be able to discharge their duties and responsibilities.

We request an urgent meeting with you both to review our position and case. We have asked the Welsh Local Government Association (WLGA) to facilitate this meeting.

We are open to advice and support from Welsh Government officials on ideas and options for efficiency and income generation. The same applies to the Wales Audit Office as our principal regulatory body. We are not closed-minded and wish to work with Welsh Government in a true spirit of partnership to find a solution. A solution has to be found - we cannot find it alone.

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The situation is urgent and we would welcome an early meeting in December. Whilst we share a disappointment at the content of the Chancellor's statement and the failure to recognise the proven case for social care we should not relent in making the Welsh case to the UK Government. We do need Welsh Government to work within its own financial flexibilities to assist the Council. We ask for your immediate support in granting the Council the local freedoms:-

- to levy a weekly charge of £100 for domiciliary care from 1 April 2018 – two years ahead of schedule to raise further income of £0.490M;
- to guarantee continuity of the Intermediate Care Fund support provided through the regional partnership machinery for specialist care in Council managed residential care homes to prevent admissions to hospital and to accelerate discharges at a value of £0.5M; and
- a return of 50% of our employer contribution to the Apprentice Tax Levy to sustain our own internal apprenticeship and trainee scheme at a value of £0.320.

These flexibilities would release a further £1.310M towards closing the budget gap.

Please note that this letter will be circulated openly as it follows a Council debate and resolution which was held in public session.

The WLGA has issued a collective statement to follow its Council meeting held last Friday and the bilateral discussions held in and around the Association's Autumn Seminar.

We look forward to meeting with you shortly.

Yours sincerely,



Councillor Aaron Shotton
Leader of the Council



Colin Everett
Chief Executive