

TO: ALL MEMBERS OF THE COUNCIL

Your Ref /
Eich Cyf

Our Ref / Ein NG
Cyf

Date / Dyddiad 26/11/2008

Ask for / Mike Thomas
Gofynner am

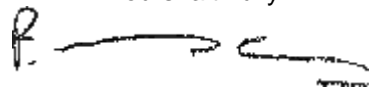
Direct Dial / 01352 702324
Rhif Union

Fax / Ffacs

Dear Sir / Madam,

A **SPECIAL MEETING OF THE FLINTSHIRE COUNTY COUNCIL** will be held in the **COUNCIL CHAMBER, COUNTY HALL, MOLD** on **TUESDAY, 02 DECEMBER 2008** at **14:00** to consider the following items.

Yours faithfully



Assistant Director (Democratic Services)

AGENDA

1. **PRAYERS**
2. **APOLOGIES FOR ABSENCE**
3. **DECLARATIONS OF INTEREST**
4. **MINUTES**

To confirm as a correct record the minutes of the following meetings:-

- (a) 28 October 2008
- (b) 6 November 2008

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5. **AWARDS**

TIDY WALES AWARD 2008

(a) LARGE PARTNERSHIP AWARD CATEGORY

Big Dee Day Won This Award

(b) SCHOOLS CATEGORY

Dell Project Management, Hawarden High School, won this award

6. **COMMUNITY SAFETY AND POLICING**

The Council will be invited to consider and debate:-

- The work and priorities of the Community Safety Partnership
- The Policing Green Paper
- The Government 'Contest' Anti-Terrorism Strategy

Chief Superintendent Ruth Purdie of North Wales Police has been invited to present to Council.

Background information on these 3 themes will be made available for the meeting.

7. **ANNUAL LETTER FLINTSHIRE COUNTY COUNCIL 2007/08**

Report of the Chief Executive.

8. **NOTICES OF MOTION**

To consider the following Notice of Motion submitted in accordance with County Council Standing Order No. 11.1 of Part 4 of the Constitution.

(a) Procurement of Products and Services from Local Suppliers

The following Notice of Motion has been received from Councillor M. Wright.

"That this Council should increase the number of local suppliers it procures products and services from and that we should settle payment for those services, where that business has less than 250 employees (i.e. it is a small business), within 15 working days maximum.

FLINTSHIRE COUNTY COUNCIL
28TH OCTOBER 2008

Minutes of the Meeting of Flintshire County Council held in County Hall, Mold on Tuesday 28th October 2008.

PRESENT: **Councillor Q. R. H. Dodd (Chairman)**
Councillor C. Legg (Vice-Chairman)

Councillors: A. Aldridge, J.B. Attridge, S.R. Baker, D. Barratt, G.H. Bateman, R.C. Bithell, C. S. Carver, Mrs J.C. Cattermoul, E.G. Cooke, D.L. Cox, P.J. Curtis, R. Davies, Mrs A.J. Davies-Cooke, A.G. Diskin, Mrs G.D. Diskin, B. Dunn, Mrs C.A. Ellis, E.F. Evans, J.E. Falshaw, Ms E.V. Gay, F. Gillmore, R.J.T. Guest, Miss A.M. Halford, R.G. Hampson, G. Hardcastle, P.G. Heesom, M. Higham, Mrs C. Hinds, H.T. Howorth, R. Hughes, Mrs N. Humphreys, H.D. Hutchinson, H.T. Isherwood, G. James, R. Johnson, Mrs N. M. Jones, R.B. Jones, Mrs S. Jones, R.P. MacFarlane, D.I. Mackie, Mrs D.L. Mackie, Mrs N.M. Matthews, D. Mcfarlane, Mrs A. Minshull, W. Mullin, T. Newhouse, E.W. Owen, M.J. Peers, P.R. Pemberton, N. Phillips, M.A. Reece, H.G. Roberts, I.B. Roberts, L.A. Sharps, A.P. Shotton, N.R. Steele-Mortimer, Mrs C.A. Thomas, W.O. Thomas, D.T. Williams, A. Woolley, M.G. Wright and Ms H. Yale.

APOLOGIES:

Councillors: C.J. Dolphin, Mrs R. Dolphin, Mrs C.M. Jones, Mrs H.J. McGuill and D.E. Wisinger

IN ATTENDANCE:

Director of Community Services, Director of Environment, Director of Lifelong Learning, County Legal and Democratic Services Officer, County Finance Officer, Assistant Director (Democratic Services), Assistant Director (Financial Management), Acting Chief Planning Services Officer, Head of Overview and Scrutiny and Head of Committee, Members and Electoral Services.

At the commencement of the meeting Councillor B. Attridge expressed his disappointment that the Chief Executive was not present particularly as there were a number of reports for which he was the author. The Leader of the Council explained that the Chief Executive was unfortunately absent due to family circumstances.

51. PRAYERS

The Reverend Martin Batchelor conducted prayers at the commencement of the meeting.

52. **AWARDS**

(a) Community Safety

The Chairman presented Sian Jones (Corporate Strategy) with a Divisional Commander's Commendation for Partnership Working for her contribution to community safety. He congratulated her on achieving this Certificate and presented her with a bouquet of flowers. Members from all Political Groups on the Council offered their congratulations to Sian and paid tribute to the excellent work that she did for community safety.

(b) Clwyd Pension Fund

The County Finance Officer introduced Mr Phil Latham Head of Pensions and Funds, who had been recently been presented by the "Professional Pensions" which was a leading investment publication, with an award to the Clwyd Pension Fund for the best "Trustee Development Programme" in the Public Sector.

The Chairman represented the award to Mr Latham.

(c) Wales Charter for Members Support and Development

Councillor Mrs G. Diskin reported that she and Councillors N. Philips, R.C. Bithell and V. Gay together with Peter Evans, Graham Connah and Steve Hughes had attended the Member Development Annual Conference at Llandrinod Wells the previous Friday. She was pleased to announce that Flintshire County Council had received the Wales Charter for Members Support and Development and became one of only six Local Authorities in Wales to receive the Charter award. Councillor Mrs Diskin explained that a number of years hard work had gone into achieving this award and paid tribute to the work undertaken by Peter Evans, Graham Connah, Steve Hughes and the staff in Members Services.

Councillor A.P. Shotton referred to the late Derek Darlington who as a Flintshire Member had been very instrumental in developing the Member Charter in his role at the WLGA. He also emphasised the amount of work that had been necessary over a long period of time to achieve this award and paid tribute to the work of the Member Development Working Group, the Members Services Team and Graham Connah.

The Chairman referred to a WLGA press release that had been issued following the annual conference which had highlighted Flintshire's achievements.

53. **PUBLIC QUESTION TIME**

There were no public questions.

54. COUNCIL MINUTES

RESOLVED:

- (a) That the minutes of the meeting held on 22nd July 2008 be approved as a correct record and signed by the Chairman.
- (b) That the minutes of the meeting held on 25th September 2008 be approved as a correct record and signed by the Chairman.

Matter Arising

Minute 45 – Post Office Closures – North Wales

Councillor B. Attridge referred to resolution (e) that the Council commit to undertake a scoping study to access the possibility of providing post office services within Flintshire County Council premises and asked if this had been undertaken. The County Legal and Democratic Services Officer reported that a limited response had been received from the Post Office but no formal response had been received to the letter sent by the Chief Executive. Councillor A. Shotton asked that all Members be provided with the information on the work undertaken in-line with the recommendation of the Council Meeting and this was agreed.

55. DECLARATIONS OF INTEREST

All Members present declared an interest in Agenda Item No. 12 – Members Allowances – the initial report of the Independent Remuneration Panel for Wales and Councillors B. Attridge, R.C. Bithell, Mrs C.A. Ellis, Mrs C. Hinds, Mrs N. Matthews, Mrs A. Minshull, Mrs S. Jones and A.P. Shotton all declared interest in respect of Agenda Item No. 16 – Clwyd Pension Fund Update as Members of the Pension Fund.

The County Legal and Democratic Services Officer advised Members who were members of the Pension Fund that they may wish to seek dispensation from the Standards Committee.

56. NOTICES OF MOTION

(a) Castle Park Industrial Estate, Flint

The following Notice of Motion had been received from Councillor L.A. Aldridge:-

“We call upon the Council to draw together the expertise and financial resources of both the public and private sector to create a situation that can exploit the vast development potential that exists on land formerly owned by Courtaulds on the Castle Park Industrial Estate”.

Councillor Aldridge formally proposed the motion and this was duly seconded.

In speaking to his motion, Councillor Aldridge referred to the unemployment situation of the late 1970's and early 1980's following the downturn in employment in the steel and textile industries. He paid tribute to the work undertaken by the former Delyn Borough Council and Alyn & Deeside District Council and paid tribute to the leadership of the former Leader of Delyn Borough Council, Councillor L.A. Sharps. A bridge had been provided into the Greenfield Park area and had provided access to further economic regeneration. In putting forward this Notice of Motion he considered this to be the final piece of the jigsaw which would provide development on the Castle Park Industrial Estate. He asked that Economic Development Officers and entrepreneurs to consider developing this vast area of land which would require a grade separated junction to the West of Flint and would link to the Flintshire Bridge and other adjoining areas.

Councillor P.G. Heesom seconded the Notice of Motion and supported the views expressed on the role of the previous Authorities. This Notice of Motion had the potential for bringing in a considerable amount of land for future economic use. Other Members supported the views expressed.

Councillor L.A. Sharps referred to the work undertaken by the former Alyn & Deeside District Council, Delyn Borough Council and Clwyd County Council and the provision of the Flintshire Bridge. This bridge was now ten years old and was now proving to be a worthwhile investment but it needed to be adopted as a trunk road otherwise Flintshire County Council would be liable for its future maintenance which would jeopardise other highway schemes. He moved this as an addition to the proposal. Councillor L.A. Aldridge and P.G. Heesom as mover and seconder of the Notice of Motion agreed to the addition. It was agreed that the following addition be made to the Notice of Motion that the Council inform the Deputy First Minister that it was Flintshire County Council's first priority for the A548 to be trunked and for the bridge to be adopted.

The Notice of Motion, as amended, was put to the meeting and was agreed unanimously.

RESOLVED:

- (a) That the Council draw together the expertise and financial resources of both the public and private sector to create a situation that can exploit the vast development potential that exists on land formerly owned by Courtaulds on the Castle Park Industrial Estate.
- (b) That the Council informs the Deputy First Minister the Council's first priority was for the A548 to be classified as a trunk road and that the Flintshire Bridge be adopted.

(b) **Mobility Benefits for Blind Residents in Flintshire**

The following Notice of Motion had been submitted by Councillor S.R. Baker.

“This Council notes that:-

- (1) Blind people experience significant barriers to independent mobility.
- (2) Blind people are often isolated and find it difficult to access basic services without mobility assistance.
- (3) Many blind residents in this Authority area find it difficult to access shops: supermarkets, doctors, dentists and community facilities and centres.
- (4) Our blind residents find it difficult to access many Council services ranging from housing to voting with mobility support and face additional costs as a result, such as using taxis or private hire vehicles.

This Council further notes that:-

- (1) Blind people are not entitled to the higher rate mobility component of disability living allowance.
- (2) Loss of usable sight clearly causes significant independent mobility problems and incurs significant additional and unmet costs.
- (3) Blind people are, in many parts of Wales, excluded from social care support because their needs are not considered “critical” or “substantial”.

This Council resolves to:-

- (1) Ask the Chief Executive and Leader of the Council to write to the Secretary of State for Work and Pensions, the Right Honourable James Purnell MP expressing these concerns.
- (2) Ask the Chief Executive and Leader of the Council to write to our local Members of Parliament requesting that they write to the Secretary of State expressing these concerns.
- (3) To support the Royal National Institute of Blind People’s campaign on securing the higher rate mobility component of disability living allowance for blind people”.

Councillor S.R. Baker formally proposed the motion and this was duly seconded.

In speaking to his motion, Councillor S.R. Baker outlined his own personal experience and that his father had been blind and read out a statement in support of the Notice of Motion. He hoped that the Government could be persuaded to pay the higher rate mobility component of the disability living allowance as this would considerably benefit blind people and he was seeking equality and fair play for blind people.

Councillor P. Curtis welcomed the Notice of Motion and thanked Councillor Baker for bringing this forward on behalf of the RNIB. He also referred to difficulties that blind people and partially sighted people experienced in their normal day to day life and he asked the County Council to support the Notice of Motion.

RESOLVED:

- (a) That the Council asks the Chief Executive and Leader of the Council to write to the Secretary of State for Work and Pensions, The Right Honourable James Purnell MP expressing these concerns.
- (b) That the Chief Executive and Leader of the Council be asked to write to the local Members of Parliament requesting that they write to the Secretary of State expressing these concerns.
- (c) That the Royal National Institute of blind people's campaign on securing the higher rate mobility component of disability living allowance for blind people be supported.
- (c) **Social Housing Provision – Affordability**

The following Notice of Motion had been submitted by Councillor L.A. Aldridge:-

“We call upon the Government both here and in Cardiff and Westminster to remove the requirement upon Local Authorities to seek under Section 106 Agreement a percentage relating to “affordability” in regard to social housing developments and move towards the more practical policy of social housing provision”

Councillor Aldridge formally proposed the motion and this was duly seconded. Councillor Aldridge spoke in support of his Notice of Motion and sought support to explore this with the Government to create real affordability.

Councillor P.G. Heesom referred to the lack of supply of housing and the current arrangements of 106 Agreements which had not met supply. He welcomed and supported Councillor Aldridge's Notice of Motion but did suggest

a minor amendment that this motion should be taken into account in the early work of the Local Development Plan.

Councillor R.C Bithell emphasised the importance of continuing with the Section 106 Agreement and emphasised that there were various means and models that could achieve the aim of affordability.

Councillor Mike Peers said that as a Member of the Planning Committee he saw many applications with Section 106 Agreements and affordability was in the main how much discount a developer would give. He supported the Notice of Motion and noted that a previous planning application had proposed 30% affordability in the Buckley area but this had been reduced to 15% at an Inquiry.

RESOLVED:

That the Government both here and in Cardiff and Westminster be called upon to remove the requirement upon local authorities to seek under Section 106 Agreement a percentage related to affordability in regard to housing developments and move towards the more practical policy of “social housing provision” and that this principle be taken into account in the early work of the Local Development Plan.

(d) **Alcohol Control Zones**

The following Notice of Motion had been submitted by Councillors R.C. Bithell, R.G. Hampson, R.P. MacFarlane, A.P. Shotton and J.B Attridge:-

“We the undersigned call upon Flintshire County Council to introduce alcohol control zones in all public places within the County”.

Councillor R.C. Bithell formally proposed the motion and this was duly seconded.

The Chairman referred to a briefing note prepared by the County Legal and Democratic Services Officer which had been prepared for Members information and tabled at the commencement of the meeting.

Councillor R.C. Bithell spoke in support of the Notice of Motion and referred to the areas in the County which had already been designated alcohol control zones and to a number of requests that had been made for further designations. In designating particular areas it was considered that this would just move the problem to other areas and Town and Community Council’s were all concerned on this matter as it was considered to be both an urban and rural problem. The Notice of Motion sought to introduce a zone for all of the County and whilst he appreciated the work that would be involved it would create a more effective Countywide solution.

The County Legal and Democratic Services Officer spoke to his briefing note which referred to the legal background, provided details of the current

designated alcohol control zones, the process that the Council was required to undertake before making an order, the cost of making such orders and the list of requests that had been made for further designations. In the light of the large number of requests received, the position had been discussed by the Flintshire Joint Action Group which commissioned a report from the Police to assess where the problems in relation to alcohol related issues were in the County and had agreed not to have a Countywide zone.

The County Legal and Democratic Services Officer then referred to the forthcoming Queen's speech and that it may be that this would include reference to legislation which may resolve this current problem but would make preparatory work on proposed zones redundant. Therefore, the options for the Council to consider were to pass the Notice of Motion, defer it until the results of the Queen's speech were known and thirdly to amend the Notice of Motion to agree it in principle and for the County Legal and Democratic Services Officer to undertake further consultation across the County and to present the evidence back to the County Council. He could start this process off by writing to all Town and Community Council's as well as the North Wales Police and to consult with licensed premises which were close to open spaces and then report back to the County Council. He also added that there may be a budget pressure in relation to this issue and this may have to be considered as part of the budget process. The proposer, and seconder of the Notice of Motion agreed to the third option put forward by the County Legal and Democratic Services Officer being considered as amended Notice of Motion.

On being put to the vote the amended Notice of Motion was agreed.

RESOLVED:

That Flintshire County Council agree in principle to introducing alcohol control zones in all appropriate public places within the County and calls upon the County Legal and Democratic Services Officer to commence a consultation procedure and present the evidence to a future meeting.

(e) **Temporary Council Discount on Second Homes which are Presently "For Sale"**

The following Notice of Motion had been submitted by Councillors R. Jones and G. James:-

"This Council notes the ongoing impact of the global credit crunch and its impact on the housing markets in the UK were the vast majority of properties for sale in the UK have now been on the market for more than 90 days without finding a buyer, according to recent research.

Council also notes – the proportion of properties unsold after 90 days has risen across the UK from 25% at the start of the year to 53% in August, while in Wales the figure is even worse at 64%.

The UK's largest mortgage lender, the Halifax, said that UK house prices had dropped by 11% in the past year.

The weakness in the housing market is being exacerbated by the sharp slow down in the UK economy, while unemployment is rising, growth is falling and retail sales are weak – with the British Retail Consortium reporting that sales have been flat throughout the summer.

Council also recognises it has a duty and moral obligation to consider what assistance it can provide to local residents affected by this economy downturn, particularly those saddled with mortgage debt and properties unable to be sold in the current climate. Council therefore resolves to provide residents with a temporary discount of 25% on their Council Tax on a second home that is presently “for sale” while the current housing market difficulties prevail with the budget for the proposed ward grant scheme being utilised to fund this proposed initiative”.

Councillor R. Jones referred to his Notice of Motion and proposed to amend the final paragraph and replace it with:-

“Council therefore resolves that in view of the current housing market difficulties, it supports the principle that, subject to budgetary pressures arising from the developing financial crisis, the Council, in the next financial year, allow residents a temporary discount of 25% on their Council Tax on second homes that are unoccupied, unfurnished and for sale”.

The Chairman asked the Council to consider accepting the revised Notice of Motion and this was agreed.

Councillor R. Jones formally proposed the motion and was duly seconded.

The County Finance Officer referred to the current Council Tax discount policy which had been considered in April 2006 and reaffirmed in April 2007 and that no discounts have been available on empty properties since 2006. She referred to the three classes of property on which exemption could be granted and said that it needed to be made clear on which property the Notice of Motion was to be applied for. She gave examples of second homes which were classed as holiday homes or inherited properties. The County Finance Officer referred to the preparation of the 2009/10 budget and to a draft report which would be made to the Executive in November 2008 which would be in relation to the Council Tax base and this Notice of Motion, if agreed, would need to be taken into consideration at that time.

A number of Members spoke against the Notice of Motion following which, Councillor R. Jones with the agreement of his seconder, agreed to withdraw the Notice of Motion.

RESOLVED:

That the Notice of Motion be withdrawn.

(f) **Fuel Duty Regulator**

The following Notice of Motion had been submitted by Councillor A. Woolley:-

“Flintshire County Council stresses its extreme concerns at the rapidly escalating costs of fuel and energy which is forcing individuals to meet ever increasing costs at the pumps and public services and industry to finance vast increases over and above what any organisation could reasonably expect to budget for.

The Council notes that its budget for 2008-09 included an assumption that energy and transport costs would increase by £1.069m but that latest projections suggest costs will increase by an additional £0.341m that is not included in the budget; and that these increases far exceed the 2.3% increase in revenue support grant provided by the Welsh Assembly Government for 2008-09.

The Council notes that, excluding UK duty on fuel, petrol would be 41.2p per litre and diesel would be 48.8p per litre. It further notes that statistics show that the UK’s taxation of petrol is the third highest out of all EU Member states and that, as a result of the escalating fuel prices, the UK Treasury is netting substantially increased levels of VAT in excess of the budgeted figures.

There is a temporary downward move in petrol and diesel prices, however, coal, gas and electricity continue, remorselessly to rise whilst the present situation of international financial uncertainty and the ‘credit crunch’ can only emphasise the difficulty created for Councils and residents in the outline above.

In light of this, Flintshire County Council now calls on the UK Government to act decisively to protect the interests of families, public services and industry by immediately introducing a Fuel Duty Regulator which will use the increasing revenues from VAT to fund a reducing in Fuel Duty levels and hence the price per litre of petrol and diesel for consumers.

In addition, the Council calls upon the Welsh Assembly Government to address this issue by creating a transparent element within future local government settlements to show how the Assembly Government is funding and fuel and energy price increases. Failure to provide an adequate level of funding could well result in adverse effects on local services such as leisure centres, bus services, health living etc.

The Council resolves to circulate this motion to all Flintshire MPs and AMs seeking their support for the above actions.”

Councillor A. Woolley formally proposed the motion and this was duly seconded.

Councillor Woolley speaking in support of his Notice of Motion and the need to bring this matter to the attention of the Government and emphasised that this was more than just the issue of fuel charges. He explained that the Council bought fuel in bulk and when the current contracts were due for renewal it was anticipated that there would be a 100% increase. The Council had previously made a prudent provision in the current years budget to meet increases in fuel supplies but it could not have foreseen the current increases which were being experienced. The Notice of Motion was intended to put pressure on the Welsh Assembly Government and Westminster to address this issue by creating elements within future over Government settlements to fund fuel and energy price increases.

Councillor L.A. Aldridge proposed an amendment to the Notice of Motion that the final paragraph be amended to read as follows:-

“In light of this, Flintshire County Council now calls on Government of the day to introduce windfall taxation methods against speculators who have again created artificially high oil prices as recently witnessed. And in equal measure apply the same methodology to oil companies. Furthermore, when it is clear that energy supplies fail to reduce the domestic price to the general consumer then we call upon the Government to take all necessary action to ensure that, as in high price times, drops in commodity prices follow at the same rate”. This amendment was seconded.

A discussion ensued when Members vote in support for both of the original Notice of Motion and the amended Notice.

The amendment was put to the meeting and with the majority voting against it the amendment was lost.

The Council then considered the Notice of Motion as proposed by Councillor A. Woolley and on being put to the vote it was duly carried.

RESOLVED:

- (a) that Flintshire County Council calls on the UK Government to act decisively to protect the interest of families, public services and industry by immediately introducing a fuel duty regulator which will use the increase in revenues from VAT to fund a reduction in fuel duty levels and hence the price per litre of petrol and diesel for consumers.
- (b) that the Council calls upon the Welsh Assembly Government to address this issue by creating a transparent element within future Local Government settlements to show how the Assembly Government is funding fuel and energy price increases. Failure to provide an adequate level of funding could well result in adverse effects on local services such as leisure centres, bus services, health living etc.

- (c) that Council resolves to circulate this motion to all Flintshire MP's and AM's seeking their support for the above actions.

57. CHAIRMAN'S COMMUNICATIONS

Details of the Chairman and Vice Chairman's engagement were circulated to all Members.

58. PETITIONS

Councillor R.G. Hampson presented a petition which requested the County Council to provide a pedestrian crossing on Mold Road near the entrance to Bod Offa Drive, Buckley to reduce risks to residents crossing the busy main road.

It was agreed that the petition be forwarded to the Director of Environment.

59. QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES

No questions had been submitted.

60. ANNUAL PERFORMANCE REPORT 2007/08

A report of the Chief Executive, copies of which have been previously circulated to Members was submitted.

Councillor P.G. Heesom proposed that in the absence of the Chief Executive, this report be deferred.

The Chairman referred to the report and that it was required to be published by 31st October. Councillor H.T. Howorth emphasised the importance of the report and suggested that it be agreed in principle subject to consideration by the Overview and Scrutiny Committee to allow the Chief Executive to be present. The County Legal and Democratic Services Officer confirmed that it was appropriate for the report to be approved in principle which would enable the publication requirement to be met.

RESOLVED:

That the report be approved in principle but be submitted to Overview and Scrutiny Committee for consideration.

61. MEMBER ALLOWANCES – THE INITIAL REPORT OF THE INDEPENDENT RENUMERATION PANEL FOR WALES

A report of the Assistant Director (Democratic Services), copies of which have been previously circulated to Members, was submitted. The Assistant Director presented the report the purpose of which was to consider the

determinations made by the Independent Remuneration Panel for Wales on its initial report sent to the Council on 29th August and to amend the Council's scheme of allowances appropriately.

The Assistant Director referred to the Annual Meeting of the Council held on 13th May, 2008 which had received a report explaining that the Welsh Assembly Government had recommended that the rates of all allowances remain unchanged until such time as the Independent Remuneration Panel had made their recommendations when any increases could be backdated to the start of the current financial year.

The Welsh Assembly Government on 29th August, 2008 had sent to all Local Authorities in Wales copies of the initial report of the Independent Remuneration Panel for Wales and a copy of the letter was attached to the report. A copy of the Executive summary of the initial report was also attached and copies of the full report had been placed in the Members library and in group rooms. The Panel's report recommended that Basic and Special Responsibility Allowances increase by 2.45%. It also recommended that all Authorities in Wales pay the maximum guidance figures. The Panel's report also included other recommendations which were detailed in the report of the Assistant Director.

The Leader of the Council referred to the recommendations and that it was a matter for the Council to confirm this increase but stated that he personally would not be taking the increase and would be donating the increase to charity. He also referred to a meeting of Leaders of the WLGA the previous Friday which had been addressed by the Independent Remuneration Panel for Wales.

Councillor R.C. Bithell referred to the Member Development Conference held in Llandrinod Wells on the same day when the conference had been joined in the afternoon by the Leader of the WLGA and other Authority Leaders. The view expressed by the conference was that the Panel should determine what Members allowances were paid nationally and the annual increase which would avoid individual Councils having to consider this on an annual basis and the resultant media coverage.

Councillor M.G. Wright on behalf of the Conservative group proposed that the 2.45% increase be not implemented and this was duly seconded. He referred to the current economic situation and the difficulties being experienced and this would be a gesture to the general public and Council Tax payer.

Councillor R. Baker proposed an amendment that the recommendations of the report to increase the basic allowance and Special Responsibility allowance by 2.45% be implemented as this represented only half the current rate of inflation and in effect was a decrease and this was duly seconded.

Councillor L.A. Aldridge gave notice of a further amendment.

The amendment proposed by Councillor R. Baker was then put to the vote and was defeated.

Councillor L.A. Aldridge expressed his disappointment that the Leader of the Council was not providing a lead to the Council on this matter. He called upon the Leader of the Council to ask the County Finance Officer to calculate the total increase on the proposed Special Responsibility Allowances and basic allowance elements and to total them together and divide by 70. This would ensure that all Members were treated the same with the increase limited to the maximum guidance figure for Basic Allowances as recommended in the Panel's report. He moved this as an amendment and this was duly seconded.

A discussion ensued when Members spoke in support of the amendment and in support of the recommendation in the officer's report.

On being put to the vote the amendment proposed by L.A. Aldridge was defeated.

Councillor Mrs. C.A. Ellis then proposed a further amendment that the recommendations in the officer's report be accepted and the 2.45% increase be implemented but Members had the individual option not to take the increase in allowances if they so wished. The Assistant Director of Democratic Services confirmed that Members individually could write to him as the Proper Officer to confirm that they did not wish to take the proposed increase.

Councillor P.G. Heesom supported Councillor Mrs. C.A. Ellis and the advice of the Assistant Director of Democratic Services that Members had the option not to accept the increase by putting this in writing to the Proper Officer and duly seconded her amendment.

On being put to the vote the amendment was carried. This then became the substantive motion and on being put to the vote was agreed.

- (a) That the basic allowance for 2008/09 be increased by 2.45% to £12,867 with effect from 13th May, 2008.
- (b) That all existing Special Responsibility Allowance be increased by 2.45% with effect from 13th May, 2008.
- (c) That the care allowance be increased by 2.45% to a maximum of £384 per month with effect from 13th May, 2008.
- (d) That the provisions in the scheme for travel and subsistence be amended to reflect the various determinations of the Panel as indicated in paragraphs 3.05 and 3.06 of the report.
- (e) That Flintshire's scheme of allowances be amended to incorporate payment of co-optees allowance as recommended by the Panel with effect from 13th May, 2008 or when co-opted if later.

- (f) That other recommendations of the Panel contained in paragraphs 3.04 and 3.09 in the officer's report be implemented.

62. OVERVIEW AND SCRUTINY ANNUAL REPORT

A report of the County Legal and Democratic Services Officer, copies of which have been previously circulated to Members, was submitted.

Councillor J. Falshaw as Vice Chairman of the Overview and Scrutiny Co-Ordinating Committee presented the report the purpose of which was for the Council to receive the annual report of the Overview and Scrutiny function for 2007/08.

RESOLVED:

That the Overview and Scrutiny annual report for 2007/08 municipal year be received.

63. RECOMMENDATIONS OF THE CONSTITUTION COMMITTEE

A report of the County Legal and Democratic Services Officer, copies of which have been previously circulated to Members, was submitted. Councillor R.J.T. Guest, as Chairman of the Constitution Committee, presented the report the purpose of which was for the Council to consider the recommendations of the Constitution Committee.

RESOLVED:

That the recommendations of the Constitution Committee be agreed.

64. TREASURY MANAGEMENT/BANKING/INVESTMENT UPDATE

A report of the County Finance Officer, copies of which have been previously circulated to Members, was submitted.

The County Finance Officer presented the report the purpose of which was to provide information on the Council's Treasury Management Policy and Strategy, the investment of £3.7m with Landsbanki and the Council's short term investment portfolio. Secondly, to seek approval to an increase in the counter party investment limit from £5m as approved in the Treasury Management Policy statement 2008/09 to a maximum £7m. Thirdly, to seek approval of a temporary increase in the sector limit for investments in the Governments Debt Management Office account from 20%, as stated in the Treasury Management Policy statement, to 100% with immediate effect.

The County Finance Officer referred to sections of the report and firstly that the Council had adopted the CIPFA Treasury Management in the Public

Sector Code of Practice 2001 from 1st April, 2002 and its requirements were set out in Financial Procedure Rules.

The Council had £3.7m invested with the UK subsidiary of Landsbanki and the investments were detailed in paragraph 3.01. The three investments had been prior to the 30th September, 2008 and made as short term investments and before the credit rating for this bank had been reduced. On 7th October, 2008 Landsbanki had been placed in receivership which gave it temporary protection from payment of debts and obligations as they fell due. £1.2m of the £3.7m was due to mature on 17th October, 2008 and had not been repaid at this stage. Flintshire was one of nine Welsh Councils' to be caught up in the collapse of the Icelandic banking system along with three Police Authorities and three Universities in Wales. Flintshire's £3.7m was within the figure of some £70m for Councils' in Wales and £860m across England and Wales. Council Officers had been and continued to provide information to assist the Local Government Association, Welsh Local Government Association and other bodies. The WLGA was working closely with the Welsh Assembly Government, the Westminster Government and the Local Government Association in seeking to recover all investments and to guarantee Government support for Councils' if required.

The County Finance Officer referred to the position of Landsbanki which was in receivership rather than in administration. It was not possible at this time to present a clear picture on assets. The UK Treasury had made a £100m loan to a London division of Landsbanki to secure the banks position and continued operation. She also reported that a considerable number of enquiries had been answered on this situation in recent weeks and that a press release would be issued following the Council meeting which would also be made available to staff.

The County Finance Officer referred to Section 4 of the report and drew the distinction between the Council's cash investments and Council reserves. In particular she referred to paragraph 4.03 of the report which provided a summary of the Council's investments as at 9th October, 2008 in the sum of £67m.

Section 5.00 of the report set out recommended changes to the Council's Treasury Management Policy Statement. It was recommended that in order to safely manage the Council's investments in these unprecedented times of financial turmoil that two be made to the Council's Treasury Management Policy statement to maximise the opportunities available to invest monies. These were to increase the counter party limit from £5m to £7m (permanent change) and an increase in the percentage of cash invested which could be placed with the Government Debt Management office from 20% to 100% (temporary change). The report set out the options which had been considered in coming to these two recommendations.

The Leader of the Council as the Executive Member for Finance and Asset Management said that he was confident that Flintshire's reserves and its

approach to financial management was in safe hands. All operational matters were guided by instructions from the UK Government and he moved the recommendations of the report.

Councillor A. Shotton expressed his concerns and referred to the questions being asked by members of the public on the confidence in the Council's banking arrangements. He referred to the timing of events from February when an Icelandic bank had had its credit rating down graded. However, from the information contained in the report investments had been made through July and September. At the same time, Wrexham County Borough Council had been able to rescue their investment from this bank and he questioned how their Leader of that Council had received advice and had been able to take the appropriate remedial action. He questioned when the Flintshire Leader of the Council had been advised on the investment of the £3.7m in an Icelandic bank in his capacity as Executive Member for Finance. In conclusion, he asked for clarification as to whether other reserves were held in foreign investments and how this would affect other projects such as single status.

A discussion ensued when other Members sought clarification on the investments made and the impact this would have on the Council.

The County Finance Officer replied to the questions raised and referred in the first instance to the Wrexham County Borough Council situation and confirmed that their investment had come to maturity before Landsbanki went into receivership and was not as a result of any specific action taken by the Council. A full list of all the Council's investments was available and this could be shared with all Members. On the issue of increasing the counter party limit with any one financial institution from £5m to £7m this was the least risk option in the current circumstances. In conclusion, she referred to media coverage on the Council's reserves and to the misunderstanding that resulted from it. The actual figure of investment in the general fund reserves was £30m and not £9m as reported in the press.

RESOLVED:

- (a) That the current position in relation to the Council's Treasury Management Policy and Strategy be noted.
- (b) The current position in relation to the Council's investment £3.7m in Landsbanki, be noted.
- (c) That the current position in relation to the Council's short term investments be noted.
- (d) That the increase in the counter party investment limit as stated in the Treasury Management Policy and Strategy statement 2008/09 from £5m to a maximum of £7m with immediate effect, be agreed.

- (e) That the temporary increase in the sector limit for the DMO from 20% as stated in the Treasury Management Policy and Strategy statement to 100% with immediate effect be agreed.

65. CLWYD PENSION FUND UPDATE

A report of the County Finance Officer (Treasurer and Administrator to the Fund), copies of which have been previously circulated to Members, was submitted.

The Chairman of the Clwyd Pension Fund, Councillor Brian Dunn, presented the report the purpose of which was to provide an update on issues relating to the Clwyd Pension Fund.

RESOLVED:

That the report be noted.

66. ENFORCEMENT POLICY – HEALTH & SAFETY SECTION, PUBLIC PROTECTION

A report of the Director of Environment, copies of which have been previously circulated to Members, was submitted. The purpose of the report was to present to the Council recommendations of the Executive in relation to the Enforcement Policy (Health and Safety section, Public Protection).

RESOLVED:

That the recommendations of the Executive be agreed.

67. EMERGING FLINTSHIRE UNITARY DEVELOPMENT PLAN: CLOSE OF PUBLIC INQUIRY AND TIMETABLE FOR ADOPTION

A report of the Director of Environment, copies of which have been previously circulated to Members, was submitted.

The purpose of the report was to inform Members on the closure of the Unitary Development Plan Inquiry, to advise on the procedures for the Adoption of the UDP and to seek approval of the “additional further proposed changes” to the UDP, for development control purposes. Members were also asked to note that this report had been considered and endorsed by the Executive at its meeting on 16th September, 2008.

RESOLVED:

That the content of the report be noted and the UDP “additional further proposed changes”, July 2008 be approved for development control purposes.

68. QUESTIONS

The Council noted that no questions had been submitted in accordance with the County Council's Standing Order number 9.4 (a).

69. SEALING OF DOCUMENTS

RESOLVED:

- (a) That the Chairman and Vice Chairman, County Legal and Democratic Services Officer and Principal Solicitors be authorised to affix the Common Seal of the County Council between meetings of the County Council.
- (b) That the action of the Chairman and Vice Chairman, the County Legal and Democratic Services Officer and Principal Solicitors in affixing the Common Seal of the County Council as set out in the Seal Register Number 11027-11183, be noted.

70. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – TO CONSIDER THE EXCLUSION OF PRESS AND PUBLIC

The Council was asked to consider excluding the press and public for the following agenda item which was considered to be exempt by virtue of paragraphs 12 and 15 of Part 1 of Schedule 12 A of the Local Government Act 1972 (as amended).

Councillor A. Shotton referred to the following report which was the Chief Executive's report on the 2nd Tier Pay and Grading Review. He explained that there were a number of questions that he wished to raise on the report and in the absence of the Chief Executive proposed that the report be deferred to the next County Council or to a special meeting of the County Council.

The Director of Community Services explained that she and the other members of the Senior Management Team intended to present the Chief Executive's report on his behalf.

Councillor P.G. Heesom spoke against deferring the Chief Executive's report as there was a need to commence the recruitment process for a number of senior appointments.

The Chairman suggested that the report be deferred to a special meeting of the County Council to be held as a matter of urgency and to enable the Chief Executive to be present, and this was agreed.

RESOLVED:

That the press and public be not excluded for the remainder of the meeting.

71. SECOND TIER PAY AND GRADING REVIEW

A report of the Chief Executive, copies of which had been circulated to Members previously, was submitted,

The report of the Chief Executive was deferred to a special meeting of the County Council to be arranged as a matter of urgency.

RESOLVED:

That a special meeting of the County Council be arranged as a matter of urgency.

72. DURATION OF MEETING

The meeting commenced at 2.00 pm and finished at 6.05 pm.

73. MEMBERS OF THE PRESS AND PUBLIC PRESENT

There were two members of the public and three press in attendance.

.....
Chairman

**SUMMARY OF DECLARATIONS MADE BY MEMBERS
IN ACCORDANCE WITH FLINTSHIRE COUNTY COUNCIL'S
CODE OF CONDUCT**

FLINTSHIRE COUNTY COUNCIL	DATE:	28th OCTOBER 2008
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MEMBER	ITEM	MIN. NO. REFERS
All Members of the Council present for the item on Members allowances	Agenda Item No. 12 - Members Allowances – The Initial Report of the Independent Remuneration Panel for Wales	61
Councillors B. Attridge, R.C. Bithell, Mrs. C.A. Ellis, Mrs. C. Hinds, Mrs. N. Matthews, Mrs. S. Jones and A.P. Shotton	Agenda Item No. 16 - Clwyd Pension Fund update	65

FLINTSHIRE COUNTY COUNCIL
6TH NOVEMBER 2008

Minutes of the Special Meeting of Flintshire County Council held in County Hall, Mold on Thursday 6th November 2008.

PRESENT: **Councillor Q. R. H. Dodd (Chairman)**
Councillor C. Legg (Vice-Chairman)

Councillors: J.B. Attridge, D. Barratt, R.C. Bithell, C. S. Carver, E.G. Cooke, D.L. Cox, R. Dolphin, B. Dunn, Mrs C.A. Ellis, E.F. Evans, Ms V. Gay, F. Gillmore, R.J.T. Guest, Miss A.M. Halford, R.G. Hampson, G. Hardcastle, P.G. Heesom, M. Higham, Mrs C. Hinds, R. Hughes, H.T. Isherwood, Mrs. C.M. Jones, Mrs N. M. Jones, R.B. Jones, Mrs S. Jones, R.P. MacFarlane, D.I. Mackie, Mrs D.L. Mackie, Mrs H.J. McGuill, W. Mullin, E.W. Owen, P.R. Pemberton, N. Phillips, H.G. Roberts, L.A. Sharps, N.R. Steele-Mortimer and Ms H. Yale.

APOLOGIES:

Councillors: L.A. Aldridge, G.H. Bateman, J.C. Cattermoul, P.J. Curtis, R. Davies, A.G. Diskin, Mrs G.D. Diskin, C.J. Dolphin, H.T. Hutchinson, G. James, Mrs. R. Johnson, Mrs. N.R. Matthews, D. Macfarlane, Mrs A. Minshull, M.J. Peers, I.B. Roberts, A.P. Shotton, Mrs C.A. Thomas, D.T. Williams and A. Woolley.

IN ATTENDANCE:

Chief Executive, Director of Community Services, Director of Environment, Director of Lifelong Learning, H R Operations Manager and Head of Committee, Member and Electoral Services.

1. PRAYERS

At the commencement of the meeting, the Chairman's Chaplain, the Reverend Anthapurusha conducted prayers.

2. DECLARATIONS OF INTEREST

No declarations of interest were made.

3. LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 – TO CONSIDER THE EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED:

That the press and public be excluded from the meeting for the following agenda item which was considered to be exempt by virtue of paragraphs 12

and 15 of the Part 1 of Schedule 12A of the Local Government Act 1972 (As Amended).

4. SECOND TIER PAY AND GRADING REVIEW

The Council considered a report of the Chief Executive on the outcome of the Second Tier Pay and Grading Review which had been deferred to this meeting from the County Council at its meeting held on 28th October 2008.

Councillor L.A. Sharps introduced the report of the Chief Executive, the purpose of which was to report the outcomes of the Second Tier Pay and Grading Review and to seek approval of the recommended pay and grading structure. He moved the recommendations of the report which were duly seconded.

The Chief Executive thanked Members for attending this special meeting and proceeded to make a presentation in support of the written report. The review had followed Phase I of the organisational change and redesign which had approved Directorate structures and first tier posts. The pay and grading of second tier posts had been considered previously by the County Council (last in early 2007) and the review had been suspended pending the review of the directorates and wider senior management structure.

In making the presentation, the Chief Executive outlined the objectives of the review which were: to consolidate and modernise job descriptions and person specifications for second tier posts; to provide a pay and grading structure which recruited and retained senior employees with the requisite skills, experience and capability; elimination of the need for interim and temporary appointments. The structure would support the newly introduced first tier management structure, provide a framework for effective appraisal, management and development of the second tier postholders, and resolve a number of outstanding claims from those postholders who claimed second tier status.

The Chief Executive then outlined the outcome of the review which recommended modernised job descriptions and person specifications and a set of generic leadership and management competencies. The review had defined the criteria for second tier posts as follows:

- (i) to report directly to either the Chief Executive or Director and
- (ii) to deputise for the Chief Executive or Director across the entire range of their duties and
- (iii) to have the requisite "know how" score under the Hay Job Evaluation model.

There were 22 posts which had been included in the review. As a result of the job evaluation, 13 posts were now defined as second tier, 2 further posts which did not meet the definition for second tier were to be reviewed and expanded, and 7 posts did not meet the definition for second tier. The 13 posts

now defined at second tier level were listed and these would now be known as Head of Service rather than by variable titles. The remaining posts which were not now regarded as second tier were also listed.

The Chief Executive then referred to the projected costs of the proposals in the first and subsequent years. He reminded Members that he had given a commitment to the Council that the objective should be to make all planned management structural change cost neutral year-on-year (following initial costs e.g. redundancy, early retirement) with the aim of generating savings and efficiencies where possible. This review was not a planned review but was incomplete work he had inherited. The Council had set funds aside previously to meet the costs of the suspended review on the assumption that there would be an enhancement of grade and had uplifted salaries by an equal lump sum in the interim.

The year-on-year costs of the pay and grading structure from year 2 onwards would be met from a combination of a further rationalisation of senior management posts within the second and third tiers and savings and efficiencies in management, structure and overhead costs generated by the reviews being/to be undertaken as part of the second phase of organisational change and redesign. In this regard, he drew Members' attention to the current interim arrangements. The recruitment of permanent employees to these positions, following the adoption of a pay and grading structure, would provide a more cost effective and sustainable management structure. Elimination of the market costs of interim appointments would generate substantial savings not referred to or costed in his presentation.

The Chief Executive, in concluding his presentation, referred to the action points that would be required from this review. This would include an appeals process to be notified to all postholders. Posts which had not achieved the second tier status which would be job evaluated as part of the single status arrangement. Further work would be undertaken on the 2 posts to be considered for role expansion and elevation to the second tier. The 11 second tier postholders within the single grade would have their status confirmed and their new pay and grading introduced as at the implementation date. Temporary occupants of the 2 special graded posts which had significant statutory responsibilities would be considered for post matching. A recruitment exercise would be undertaken without delay for the priority second tier posts for example the post of Head of Planning Services.

The Chief Executive referred to representations that had been made by postholders for the outcomes of the review to be implemented with immediate effect.

Councillor B. Attridge read out a statement following which he moved an amendment that this item be deferred until such time as further savings were identified and the report be brought back to the County Council with clear plans to make this proposal cost neutral.

The Chief Executive referred to his presentation which he considered had answered all the points raised by the Member and emphasised his position made at the July meeting of the Council when he had explained that it would be difficult to pre-empt the level of expenditure on second tier posts until the salary review had been completed. However, he had always maintained that it would be necessary to find efficiency savings to finance any organisational change with the objective of either being cost neutral or deriving efficiencies. He gave examples of recurring efficiencies that were already being made in specific areas under his guidance totalling £600,000 per annum. The senior management structure had been reduced from 6 directors to 3 and it was now being proposed that the second tier officers be reduced from 22 to 13 with an additional two posts to be subject to further review.

The Chief Executive then answered specific questions raised by Members following which Councillor J.B. Attridge with the support of his seconder, having had the answers from the Chief Executive to the points he had raised, withdrew his amendment.

The Chairman then asked the Council to consider the recommendations of the report which had been moved, and seconded, earlier in the meeting and on being put to the vote, the recommendations were AGREED unanimously.

RESOLVED:

That the outcomes of the pay and grading review be received and the revised pay and grading structure as set out in the report be adopted with immediate effect.

5. DURATION OF MEETING

The meeting commenced at 2.00 pm and finished at 2.40 pm.

6. MEMBERS OF THE PRESS AND PUBLIC PRESENT

There were no members of the public and press in attendance.

.....
Chairman

**SUMMARY OF DECLARATIONS MADE BY MEMBERS
IN ACCORDANCE WITH FLINTSHIRE COUNTY COUNCIL'S
CODE OF CONDUCT**

FLINTSHIRE COUNTY COUNCIL	DATE:	6TH NOVEMBER 2008
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MEMBER	ITEM	MIN. NO. REFERS
NO DECLARATIONS WERE MADE		

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 7

REPORT TO: **SPECIAL MEETING OF THE FLINTSHIRE COUNTY COUNCIL**
DATE : **02 DECEMBER 2008**
REPORT BY: **CHIEF EXECUTIVE**
SUBJECT : **ANNUAL LETTER FLINTSHIRE COUNTY COUNCIL 2007/08**

1.00 PURPOSE OF REPORT

1.01 To present to the County Council the annual letter of the Appointed Auditor and Relationship Manager, which summarises the work of the Wales Audit Office and PricewaterhouseCoopers during 2008.

2.00 BACKGROUND

2.01 Under the Code of Audit and Inspection Practice, the Relationship Manager is required to produce an annual letter summarising the work undertaken by the various regulators. That letter incorporates a summary of the work undertaken by the external auditor.

3.00 CONSIDERATIONS

3.01 The contents of the 2007/08 Annual Letter will be presented at the meeting. Representatives from the Wales Audit Office and PricewaterhouseCoopers will be present at the meeting.

3.02 The Annual Letter has been presented to Audit Committee on 27 November; their views will be reported to the meeting. Representatives from the Wales Audit Office and PricewaterhouseCoopers will be present at the meeting.

4.00 RECOMMENDATIONS

4.01 That the County Council is requested to note this report.

5.00 FINANCIAL IMPLICATIONS

5.01 There are no financial implications explicitly stated in this report.

6.00 ANTI POVERTY IMPACT

6.01 There are no anti poverty implications explicitly stated in this report.

7.00 ENVIRONMENTAL IMPACT

7.01 There are no environmental implications explicitly stated in this report.

8.00 EQUALITIES IMPACT

8.01 There are no financial implications explicitly stated in this report.

9.00 PERSONNEL IMPLICATIONS

9.01 There are no personnel implications explicitly stated in this report.

10.00 CONSULTATION REQUIRED

10.01 Any response from the County Council will be sent to the Wales Audit Office.

11.00 CONSULTATION UNDERTAKEN

11.01 The draft report has been considered by Directors and responses made prior to the final report being considered.

12.00 APPENDICES

Appendix 1: 2008 Annual Letter

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

Annual Letter Flintshire County Council 2006/07.

Contact Officer: Chief Executive
Telephone: 01352 702100
E-Mail: chief_executive@flintshire.gov.uk



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

2007-08

November 2008

Authors: Alan Morris and PricewaterhouseCoopers LLP

Ref: 910A2008

Annual Letter

Flintshire County Council

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We have not yet been able to express an opinion on the Council's 2007-08 Financial Statements as we are awaiting the completion of the audit of A D Waste Limited by its auditors	9
An examination of the Council's significant financial systems did not identify any material weaknesses in internal control but there are areas where continued improvement is required	10
We have yet to certify that the audit has been completed in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice and there were no formal questions or objections to the financial statements	12
The Council's improvement planning arrangements complied with statutory requirements but we identified areas where further work is required	12
The Council's Annual Performance Report has been delivered appropriately and represents a balanced picture of performance in the last year	12
Our audit of the National Strategic Indicators highlights that the Council has satisfactory arrangements in place for the collection and validation of performance information in most areas	13
The Council's performance management reporting arrangements have very recently been overhauled and appear much improved but need to be tested against the emerging Council Plan and Community Strategy	14
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The Council had satisfactory arrangements in 2007-08 to help it achieve economy, efficiency and effectiveness in its use of resources	15
There are opportunities for the Council to secure the best use of resources and further improvement in its delivery of services	16
Our certification of the Council's 2007-08 grant claims and returns is nearing completion	20

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The annual joint risk assessment validated the Council's strategic improvement priorities and effective action has been taken in response to many of the recommendations in previous audit and inspection reports	21
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The Council has made a sound start in developing its medium term financial strategy	23
Performance of the Council's contractor functions is mixed. However, there is no clear case at present for consolidating the service providers into a single unit but a programme of detailed review is required	24
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Service reviews identified notable strengths and progress, however there are areas where further improvement is required	27
The Council continues to make good progress on planning for the future waste management requirements	27
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Progress continues to be made with changes to the structure, management and working practices within the Planning and Development Control Section although some of the intended enhancements have yet to be fully realised	28
The new HR/Payroll System should, when fully operational, provide enhanced management information on a range of HR issues	29
The Council now has a good strategic planning framework for tackling school organisation and education capital issues, but further work is still required to bring together all of the information and to develop and implement the required strategies	30
An Estyn Inspection of the quality of adult community-based learning concluded that learners attain well and, overall, the quality of teaching, training and assessment in the Council is good	30
The Council has engaged positively with the Wales Audit Office's initiatives to promote improvement	31

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Status of this document

This document has been prepared for the internal use of Flintshire County Council as part of work performed in accordance with statutory functions, the Code of Audit and Inspection Practice and the 'Statement of Responsibilities' issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under Section 45 of the Freedom of Information Act 2000. The Section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

Summary

1. This Annual Letter sets out the key messages arising from work undertaken over the last twelve months up to the point when it was written by:
 - the Auditor General's Appointed Auditor, PricewaterhouseCoopers LLP under the Code of Audit and Inspection Practice (the Code); and
 - the Relationship Manager (RM) on behalf of the Auditor General under the studies and inspection powers of the Auditor General.
2. The Annual Letter includes a summary of audit and inspection work and reports progress against improvement actions. It draws on published reports of other inspectorates to provide an annual summary to Flintshire County Council (the Council). The work planned for the year was set out in the Regulatory Plan 2007-08 and more detail on the specific aspects of the work undertaken can be found in the separate reports that have been issued during the year.
3. The Annual Letter will be presented to all members at the meeting of Council on 2 December 2008.
4. The Appointed Auditor has not yet completed the audit of accounts in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice. It is not possible to conclude the audit at present as issues remain over A D Waste Limited that have prevented that company's auditors from reaching an opinion on its accounts. Our views at this stage are:
 - although we have not yet expressed an opinion on the Council's Financial Statements we have not identified any material weaknesses in internal control;
 - the Council's improvement planning arrangements complied with statutory requirements but we identified areas where further work is required;
 - the Council had satisfactory arrangements in 2007-08 to help it achieve economy, efficiency and effectiveness in its use of resources; and
 - there are opportunities for the Council to secure the best use of resources and further improvement in its delivery of services.
5. The Appointed Auditor also notes that the Council faces potential difficulty and delay in recovering its investments of £3.7 million in Landsbanki, the Icelandic bank, but comments that the investments were consistent with the Treasury management policy in operation at the time and form only a modest proportion of the total value of the Council's investments as at 31 March 2008.

-
6. The Relationship Manager has concluded that:
- The annual joint risk assessment validated the Council's strategic improvement priorities and effective action has been taken in response to many of the recommendations in previous audit and inspection reports.
 - The first phase of the Council's organisational transformation has been completed in line with the original plan, timeframe and within budget;
 - The Council has made a sound start in developing its medium term financial strategy;
 - Performance of the Council's contractor functions is mixed. However, there is no clear case at present for consolidating the service providers into a single unit but a programme of detailed review is required;
 - Priorities and actions have been identified to improve the effectiveness of the Community Safety Partnership but better management will enable these to be realised;
 - Service reviews identified notable strengths and progress, however there are areas where further improvement is required;
 - The Council continues to make good progress on planning for the future waste management requirements;
 - Members must agree the Housing Strategy by January 2009 to avoid the possibility of financial penalties and damage to the Council's reputation;
 - Progress continues to be made with changes to the structure, management and working practices within the Planning and Development Control Section although some of the intended enhancements have yet to be fully realised;
 - The new HR/Payroll System should, when fully operational, provide enhanced management information on a range of HR issues;
 - The Council now has a good strategic planning framework for tackling school organisation and education capital issues, but further work is still required to bring together all of the information and to develop and implement the required strategies; and
 - An Estyn inspection of the quality of adult community-based learning concluded that learners attain well and, overall, the quality of teaching, training and assessment in the Council is good.
 - The Council has engaged positively with the Wales Audit Office's initiatives to promote improvement.
7. In recent years the Council has faced a number of significant risks and challenges which we have highlighted in previous Annual Letters. These have included building maintenance, housing strategy, planning, corporate management, performance management and risk management. We have been encouraged by the energy with which many of these issues have been addressed in 2007-08. Nevertheless, given the number of new senior officers and the extent of the issues that remain to be faced, the challenge of the further changes required should not be underestimated.

We recommend no statutory inspections this year

8. The Appointed Auditor is required each year to recommend whether, on the basis of audit work undertaken, the Auditor General should carry out a Best Value Inspection of the Council or whether Welsh Ministers should recommend a course of action, referred to as 'a direction' under Section 15 of the Local Government Act 1999 (the 1999 Act). On the basis of audit work undertaken.
9. The Appointed Auditor:
 - does not recommend that the Auditor General should carry out a Best Value Inspection of the Council under Section 10A of the 1999 Act; and
 - does not recommend that Welsh Ministers should give a direction under Section 15 of the 1999 Act.

The Appointed Auditor's report

10. The Financial Statements are an essential means by which the Council accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. The Code identifies that it is the Council's responsibility to:
 - put systems of internal control in place to ensure the regularity and lawfulness of transactions;
 - maintain proper accounting records; and
 - prepare Financial Statements in accordance with relevant requirements.
11. As auditors we are required to audit the Financial Statements and to issue an auditor's report which includes an opinion on whether the Financial Statements present fairly the financial position and transactions of the Council. The auditor's report also refers to compliance with relevant legislation, directions, regulations, and applicable accounting standards.

Although we have not yet expressed an opinion on the Council's Financial Statements we have not identified any material weaknesses in internal control

We have not yet been able to express an opinion on the Council's 2007-08 Financial Statements as we are awaiting the completion of the audit of A D Waste Limited by its auditors

12. International Standard on Auditing (ISA) 260 requires auditors to report to 'those charged with governance' the findings of our accounts audit. The Appointed Auditor's report Audit of the Financial Statements – reporting to those charged with governance was presented to the Audit Committee on 24 September 2008. A summary of the findings is set out in Exhibit 2.

Exhibit 2: ISA 260 reporting to the Council

Reporting requirement	Auditor's response
Modifications to the auditor's report.	At the time of writing the auditor's report has not been issued. This is due to the delay in receiving an opinion from Deloitte on the accounts of A D Waste Limited, a material subsidiary of the Council and a review of the implications of the collapse of Icelandic Banks.
Unadjusted misstatements.	There were no unadjusted material misstatements. A number of adjustments were not processed on the grounds of materiality (both individually and in aggregate). These totalled 18 unadjusted misstatements, netting to a credit of £272,000 to the Income and Expenditure account.
Material weaknesses in the accounting and internal control systems identified during the audit.	No material weaknesses were noted in the accounting and internal control systems identified during the audit. We have made a number of control recommendations which have been agreed and considered by the Council.
Views about the qualitative aspects of the entity's accounting practices and financial reporting.	A number of significant reclassification adjustments were made again this year after reporting similar issues in previous years.
Matters specifically required by other auditing standards to be communicated to those charged with governance.	No matters arose.
Any other relevant matters relating to the audit.	No matters arose.

13. We have yet to issue our auditor's report on the Financial Statements.

An examination of the Council's significant financial systems did not identify any material weaknesses in internal control but there are areas where continued improvement is required

14. Our review of the Council's financial systems has involved documenting them and where necessary testing the operation of the internal controls. We have concluded that the Council's significant financial systems can be relied upon to produce materially correct outputs. We have however identified scope to improve controls in some areas and reported these to management.

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15. In summary, the improvements required are:
- The basis for calculating the bad debts provision needs to be reviewed.
 - The overall bank reconciliation should be completed on a monthly basis although the individual income and expenditure reconciliations are completed regularly.
 - The carrying figure for Probation of £320,000 should be investigated further by the Council, and should be cleared from the ledger, if necessary.
 - All Account Payable control account reconciliations should be signed and dated as reviewed. The proforma reconciliation should be amended to include a 'Completed by' and 'Reviewed by' section to act as a prompt to the systems and performance team.
 - All virements with a budget line impact should be completed and retained.
 - Arrangements should be made in the event of significant staff absence to preserve the segregation of duties required for virements with a budget line impact, to ensure the proper level of review is maintained.
 - Proforma budget virement notification forms should be amended to include a budget line impact section.
 - A manager in each directorate should periodically run a manual journal report. These should be reconciled to the authorised journal request forms held on file.
 - The Council should liaise with Assembly Government and come to a resolution on the amounts set aside in order to meet the anticipated obligations from a change in the use of capital assets funded by the former Welsh Development Agency grant.
 - The Council should undertake a detailed review of its asset records to ensure all assets that belong to the Council are included on the asset register.
 - The quarterly capital monitoring working papers should be supported by a ledger screen print as information on the ledger is live and moves.
 - The Council should review its coding of payroll on implementation of the new payroll/HR system.

We have yet to certify that the audit has been completed in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice and there were no formal questions or objections to the financial statements

16. In accordance with the Accounts and Audit (Wales) Regulations 2005 the Council has advertised the rights of local electors to:
- inspect and make copies of the Annual Return;
 - question the auditor about the accounts; and
 - attend before the auditor and make objections to the accounts or any item in them.
17. These rights have not been exercised. Although we continue to receive letters on a range of issues from members of the public and other interested parties, none of these have been regarded as formal questions or objections to the financial statements.

The Council's improvement planning arrangements complied with statutory requirements but we identified areas where further work is required

The Council's Annual Performance Report has been delivered appropriately and represents a balanced picture of performance in the last year

18. Under the Local Government Act 1999 and subsequent guidance issued by the Assembly Government in Circular 28/2005, an Improvement Plan must be published by 31 October each year. We are required to audit the Improvement Plan in accordance with statutory requirements and guidance, and to report our findings, including on the completion of the joint risk assessment, our audit of the Council's Performance Indicators (PIs) and on its performance measurement arrangements.
19. The Council's statutory obligation is discharged by the preparation of an annual performance report, of which a summary this year will appear in 'Your Community, Your Council.' The report was approved by the Council on 28 October 2008, and from a review of the draft complied fully with the guidance in Circular 28/2005.

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20. Other matters include:
- the detailed Plan and the Summary are concise, well written documents which report a balance of good performance and areas for improvement; and
 - the 'Stage 1' Improvement Plan compiled in October 2008 complies with the guidance in Circular 28/2005.
21. Detailed responsibilities, the scope of our work and the audit certificate are set out in Appendix 3.

Our audit of the National Strategic Indicators highlights that the Council has satisfactory arrangements in place for the collection and validation of performance information in most areas

22. The Annual Performance Report 2007-08 reports performance during 2007-08 against the relevant PIs. It shows 45 per cent of the PIs as having met or exceeded their target. In terms of comparative performance against the PIs for 2006-07, 47 per cent demonstrate some measure of improvement. Overall, the report comments that the Council ranks as the fourth highest performing authority in Wales.
23. The Welsh Local Government Association (WLGA) October performance briefing notes that nationally more than 70 per cent of indicators showed improvement in 2007-08, continuing the overall trend. It drew attention to a number of excellent social services joint reviews, and Estyn inspections, and commented amongst other areas on lower levels of bed-blocking, increased waste recycling and higher levels of secondary school attendance. However it notes continuing difficulties around homelessness, staff sickness levels and the speed of processing disabled facilities grants.
24. The Council continues to out-perform other Welsh authorities in a majority of areas. The Council scores highly in many areas of social care, education and public protection. The areas of concern are well understood; they continue to include the speed of housing repair, and the processing of disabled facilities grants. It is pleasing to see that even in these areas there are positive plans in place to address the shortfall.
25. In August 2008 the Council introduced three categories of target. As set out in a report to Executive they are:
- improvement targets, where current performance is judged unsatisfactory;
 - incremental targets, where marginal improvement is sought; and
 - maintenance targets, where performance is currently good and needs to continue.

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26. We welcome this development which will help drive organisational performance through the concentration of effort.
 27. Turning to the mechanics of collection of data, there remain some gaps in the arrangements for the collection and validation of performance information in some service areas – notably for homelessness and carbon dioxide emissions, which we have drawn to the attention of officers.
 28. We did note reservations in five areas of data collection, largely the result of an inadequate audit trail. We also made changes to the Council’s initial performance indicator figures in another five cases, although the changes were relatively minor.

The Council’s performance management reporting arrangements have very recently been overhauled and appear much improved but need to be tested against the emerging Council Plan and Community Strategy

29. The Council’s Executive noted in October that there is a variety of reporting arrangements in place and much detailed information, but that there remains a need to distil the key messages from this raw data. Executive then set out a detailed report that set and categorised targets, with the aim of informing the work programmes of Overview and Scrutiny committees.
30. We see this development as sound and helpful, especially as it clarifies those service areas which require particular attention. We note the next stage is to develop further a set of political priorities to help direct resources; the two should form complementary strands of the Council’s strategy. In due course these assumptions will underpin a Council Plan that articulates members’ aspirations and indeed those set out in the Community Strategy. Ultimately it would also be helpful for there to be a clearer relationship with the strategic risk assessment, so that the organisational and strategic priorities can be seen together.
31. We have been concerned about the extent of the information that is available. We note however that the Council is aiming to reduce information through concentrated reporting using the new categorisation of targets and through exception reporting.

Whole of Government Returns were completed appropriately

32. In accordance with the Government and Resources and Accounts Act 2000 and relevant guidance issued by the Assembly Government, a Consolidated Pack (C-Pack) is prepared annually by the Council to assist HM Treasury with its production of the Whole of Government Accounts (WGA).
33. On behalf of the National Audit Office (NAO) as auditor of the WGA, the Wales Audit Office is required to audit the C-Pack in accordance with statutory requirements and NAO audit instructions.
34. From our audit, which has yet to be completed, of the Council’s return this year we found:

- arrangements are in place to ensure satisfactory production of the WGA C-Pack;
 - the C-Pack was consistent with the audited statutory accounts;
 - material transaction streams and balances with other WGA bodies were identified completely and correctly; and
 - transaction streams and balances with the Assembly Government in excess of £5 million were formally agreed as required.
35. We recommend that the Council ensure its final return is updated as soon as possible to reflect the final audited statutory accounts.

The Council had satisfactory arrangements in 2007-08 to help it achieve economy, efficiency and effectiveness in its use of resources

36. The Public Audit (Wales) Act 2004 requires auditors to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This requirement is reflected in the Code.
37. Our conclusion has been reached as part of our annual audit of the accounts. We examined evidence of the existence of the Council's corporate performance management and financial management arrangements. In this work we do not comment on or provide assurance on the effectiveness of those arrangements during the year.
38. Separate Value-for-money work does consider where arrangements or their operation could be improved. The results of such work carried out during 2007-08 are set out later in this Annual Letter. This work informs our conclusion on the existence of arrangements but is not essential to it.
39. The auditor's report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources during 2007-08 is set out in Appendix 1. The criteria used to assess this are set out in Appendix 2.
40. We have concluded that in 2007-08 the Council had satisfactory arrangements in place to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. The detailed results of our assessment are summarised in Exhibit 3.

Exhibit 3: Assessment of proper arrangements

Aspect	Arrangement	Yes or no
Strategic and operational objectives	Has the Council put in place arrangements for establishing, reviewing and implementing its strategic and operational objectives?	Yes
Meeting the needs of users and taxpayers	Has the Council put in place arrangements to ensure that services meet the needs of users and taxpayers, and for engaging with the wider community?	Yes

Aspect	Arrangement	Yes or no
Internal controls	Has the Council put in place arrangements to ensure compliance with established policies, procedures, laws and regulations?	Yes
Risk management	Has the Council put in place arrangements for identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and other forms of joint working or contracting?	Yes
Resource Management	Has the Council put in place arrangements for managing its financial and other resources, including arrangements to safeguard its financial standing?	Yes
Reviewing Performance	Does the Council have arrangements in place to monitor and review performance, including arrangements to ensure data quality?	Yes
Standards of Conduct	Has the Council ensured that its affairs are managed in accordance with proper standards of conduct and to prevent and detect fraud and corruption?	Yes
Overall Conclusion	Has the Council put in place proper arrangements to secure 'economy, efficiency and effectiveness' in its use of resources?	Yes

41. Whilst we found no issues leading us to qualify the Value for Money opinion, areas were identified where improvements could be made:
- The Council has conducted an extensive review of its own organisational needs with good involvement from members and chief officers. Organisational priorities for change and improvement have been set however priorities from the new administration have not yet been clarified.
 - The intention is for individual services to have primary responsibility for enhancing their own effectiveness. A key element will be the critical review that is provided through the broadly based assessment of Scrutiny Committees.
 - The Council wide restructuring has been undertaken to ensure that there is appropriate focus on strategic risks and developments. There will be greater capacity for individuals to operate strategically and we would expect to see improvements as a result of this.
 - The plan for the introduction of the medium term financial strategy is sound in principle.
 - The performance system needs further integration into the service plans and the day to day activity of service directorates.

There are opportunities for the Council to secure the best use of resources and further improvement in its delivery of services

The Council has a good record of achieving its revenue budget and has appropriate arrangements in place to manage and use its financial reserves. However, it faces increasing financial pressures in several areas

42. We are responsible for assessing whether the Council has put in place adequate arrangements to monitor, control and report on its financial standing. Our audit was based on a review of:
- setting the revenue budget and capital programme;
 - financial monitoring and reporting;
 - meeting financial targets; and
 - financial reserves.
43. We have examined budget reports and procedures and we are satisfied that:
- suitable arrangements are in place;
 - the Council's revenue and capital budgets cover all relevant areas of income and expenditure and are based on realistic assumptions;
 - the Council has in place sound arrangements for financial monitoring and reporting which should ensure that any potential material misstatements and variances will be identified; and
 - the Council has achieved its efficiency targets for the year
44. The Council has a good track record of operating within its revenue budget and this continued in 2007-08 with a small underspend. The most recent budget monitoring reports indicate that the Council is again on target to achieve its budget in 2008-09. There are, however, a number of financial pressures that will need to be considered and managed over the next few years. These are described at Exhibit 4.

Exhibit 4: Financial pressures

Financial pressures	Implications
Job evaluation and Single Status	The job evaluation process is nearing completion and the Council is well advanced in estimating the future impact on budgets. We have been pleased to provide a limited level of support. A number of equal pay claims have been received. The Council has formed a specialist team to consider its response and is currently considering its options.
Wales Housing Quality Standard	The Council is re-examining its options for meeting the Quality Standard and is discussing those options with the Assembly Government. The Council's current estimate is that it will need some £455 million over 30 years to achieve the Standard and to maintain the stock at that level.

Financial pressures	Implications
Local Government Settlement	The local government settlement for 2009-10 has resulted in a 2.7 per cent increase in Assembly Government funding compared with a Wales average of 2.9 per cent. The settlement represents a significant challenge to the Council in respect of setting a balanced budget. In addition to the pressure from the local government settlement, the economic downturn will also represent a challenge to the Council, particularly in areas such as capital receipts and general price inflation.

45. Members and officers continue to review reserves annually to ensure that the reasons they were established remain valid and that the amount reserved is based on realistic assumptions of need. Exhibit 5 identifies that, as at 31 March 2008, the Council had some £34.895 million in cash-backed capital and revenue reserves (including school reserves) which is a £10.2 million increase compared to last year. It is very pleasing to see that in a single year the Council has achieved the level of increase in such reserves that it had aspired to over a three year period.

Exhibit 5: the Council's cash-backed reserves, 2006-07 and 2007-08

	2006-07 £ million	2007-08 £ million
Capital earmarked	1.305	2.695
Revenue earmarked	1.329	4.397
General:		
General balances	6.977	6.723
Earmarked balances	10.970	17.076
Other service areas	0.433	0
Total	18.380	23.799
Housing Revenue Account (HRA)	1.347	1.428
Schools	2.334	2.576
Total	24.695	34.895

Source: Flintshire County Council Draft Accounts 2007-08

46. Earmarked reserves have been set aside for known commitments such as waste disposal and winter maintenance. At £23.799 million general reserves are at a prudent level. As part of the budget setting approval process the Council must continue to ensure that these reserves are appropriate and taken into account. The Council must also continue to work with primary and secondary schools to ensure that their reserves are appropriate.

47. As described in Exhibit 6, the Actuary identified a deficit of £186.484 million on the Council's Pension Fund (using the methodology within Financial Reporting Standard (FRS) 17) compared with £148.320 million in 2006-07. The main reason for the increase in the net pension liability is primarily due to changes in the assumptions used by the actuary. As reported last year, the Council intends to increase the contributions over the remaining working life of employees as assessed by the scheme's actuary. This will impact on future revenue expenditure and will require careful planning and continued monitoring and incorporation into the Council's medium term financial plan.

Exhibit 6: The Council's Pension Fund valuation

	2006-07 £ million	2007-08 £ million
Estimated value of assets in the scheme	317.325	314.870
Estimated liabilities	465.645	501.354
Net liability	148.320	186.484

Source: Flintshire County Council Draft Accounts 2007-08

The Council has appropriate financial management arrangements in place but has deposits in a bankrupt Icelandic Bank

48. The Council's significant financial systems are effective.
49. To demonstrate financial stewardship, the Council needs to ensure effective financial management including:
- effective internal financial controls, such as robust standing orders and financial regulations, strong budgetary control and effective Internal Audit;
 - recognised standards of financial conduct;
 - appropriate arrangements to ensure that the Council only enters into transactions where there is specific legal provision for it to do so; and
 - effective arrangements to prevent and detect fraud and corruption.
50. Our review of these areas found:
- that the arrangements to maintain the systems of internal control were effective;
 - that, as in previous years, Internal Audit has met the required professional standards and we have been able to place reliance on its work;
 - that effective arrangements were in place to ensure that the Council enters into transactions only where there is specific provision for it to do so; and
 - as in previous years, the ethical framework of the Council was operating effectively as were the arrangements for preventing and detecting fraud and corruption.

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51. In October 2008 the Council was informed of difficulties over its three investments totalling £3.7 million in the Icelandic bank, Landsbanki. Those investments were consistent with the Council's treasury management policy, and total investments at 31 March 2008 amounted to £52 million. In common with a number of other public sector bodies, the Council should monitor the position in light of advice from the WLGA and HM Treasury.
52. We have therefore concluded that effective financial management arrangements are in place.

The Council made effective use of the National Fraud Initiative

53. The National Fraud Initiative (NFI) is a biennial computerised data matching exercise conducted across England and Wales. The Audit Commission is responsible for the exercise in England and the Auditor General is responsible for the exercise in Wales through his appointed auditors at local government bodies.
54. The exercise is designed to identify overpayments to suppliers and benefit claimants and to detect fraud perpetrated on public bodies. The referrals from the 2006-07 exercise were released in January 2007 to participating bodies including local councils. The matches have been investigated and resulted in the identification of £4.7 million of fraud and overpayment across Wales. In May 2008, the Auditor General published a national report on the overall findings of the 2006-07 exercise.
55. The Council reported savings of £68,050 in respect of NFI in 2006-07. However, we believe that after taking into account a projection of the savings that result from stopping further payment of erroneous claims the figure should be £218,628. The Council took appropriate action to investigate the matches and to address instances of suspected fraud and error.
56. Data extractions for the 2008-09 exercise commenced in October 2008 and authorities should receive data matches in early 2009. The Auditor General is undertaking the 2008-09 exercise in accordance with the powers set out in the Serious Crime Act 2007 to conduct data matching exercises to assist in the prevention and detection of fraud in Wales. The Auditor General has recently published a Code of Data Matching Practice to help ensure that people's information is protected and processed appropriately during data matching exercises such as NFI.

Our certification of the Council's 2007-08 grant claims and returns is nearing completion

57. The main issues we have identified in conducting the work set out by the Auditor General relate to:
- A continuing high percentage of grant claims missing Authority submission deadlines. It is an appropriate time for the Council to review how the grant claim submission arrangements should be revised to secure improved compliance with deadlines. There appears a need to clarify and strengthen the role of the grant claim coordinators based within services and make

them more accountable to those with grant coordination responsibilities within central finance.

- The variable quality of grant claims presented for certification. The number of grant claims which were either amended by us or subject to audit reservation or qualification remains too high. Officers are currently reviewing the arrangements with a view to securing minimum standards in the quality of grants produced.
 - The completeness and accuracy of the grant claims register. A number of grants, predominantly project based ones, have been presented for audit certification with minimal or no notice, such claims not featuring in the grants register. We have suggested that officers should regularly liaise with Assembly Government or The Welsh European Funding Office to determine that certification is statutorily required and what the relevant submission dates are.
58. We anticipate producing a further detailed report on our grant work for officers early in 2009.

The Relationship Manager's report on behalf of the Auditor General

The annual joint risk assessment validated the Council's strategic improvement priorities and effective action has been taken in response to many of the recommendations in previous audit and inspection reports

The Council's risk assessment and risk management arrangements have improved significantly over the last year with staff and elected members now more fully engaged in the process and its outcomes. It is, however, vital that the priorities identified by this process are fully supported by members if real and sustained improvements are to be achieved

59. The Council has completed, and agreed with its regulators, a risk assessment of its services and corporate functions. The outcomes of the risk assessment are summarised in the Strategic Assessment of Risks and Challenges (SAoRaC), which now contains a full summary of the Council's organisational priorities.
60. The improvement to the risk assessment process has resulted in much greater clarity in the identification of the Council's strategic priorities. These will need to be agreed by members, and augmented with their political priorities, as they will provide the foundation for the Council Plan due for publication in early 2009.
61. We have noted further improvements in the Council's arrangements for monitoring its strategic risks with the SAoRaC subject to regular review by the Corporate Management Team, Executive, Audit Committee and the Overview and Scrutiny Committees. The recently completed mid-year review provides a commentary on progress against planned actions and makes an assessment of

the revised level of risk. This has indicated a reduced level of risk in a number of areas. The Council will meet with its regulators to discuss and agree an updated joint risk assessment early in the New Year.

The Council has responded positively to the recommendations of previous inspection work but needs to ensure that all final reports and agreed actions are presented to Executive and scrutiny committees in accordance with the required timescales

- 62. We have followed up the implementation of recommendations arising from our work on Highway Infrastructure, Homelessness and Affordable Housing, to ensure that the Council has appropriate mechanisms in place to respond to external challenge. In addition we looked at a sample of reports from other inspection bodies to see if there is a consistent approach across the Council to considering and addressing issues that are raised in regulators' reports.
- 63. We found that the Council has a formal means to report, manage and respond to recommendations contained in regulators reports. This has resulted in clear ownership of the reports in regards to the governance and scrutiny function and means that some, but not all, the important issues that are raised in the regulators reports have been addressed by the Council.
- 64. There are, however, a number of areas for improvement to ensure that all final reports and agreed actions are presented on time. We found that although there is clear ownership of reports in regards to the governance and scrutiny function at a corporate level, more streamlining of the progress could ensure that the Council's targets for receiving reports are consistently met.
- 65. Recommendations in regulators reports effectively address the issues identified from the work. In the reports that we followed up the staff that we interviewed had evidence that the recommendations had helped to improve Council services. The recommendations are clear, concise and are focused on improving outcomes for citizens.

The first phase of the Council's organisational transformation has been completed in line with the original plan, timeframe and within budget

- 66. The Council has now completed the first phase of its organisational transformation with the establishment of three directorates and a review of its first tier officer structure. A business case for organisational change was developed and agreed by Council between December 2007 and February 2008. Director roles and responsibilities have been redefined and two new chief officers in the Lifelong Learning and Environment Directorates have been appointed. The main objective of the changes is to enable the Council to focus more clearly on the formulation and delivery of its strategic priorities.
- 67. Structures and processes are now beginning to be implemented to support this objective. These include the establishment of the newly constituted Corporate and Senior Management Teams and the introduction of a new scheme of delegation

that will enable Heads of Service to take decisions which would previously have been the preserve of Directors.

- 68. The second tier pay and grading review has also been completed which should facilitate the appointment of permanent staff to all key posts. This phase has also reviewed the roles and responsibilities of Heads of Service to enable more consistent alignment with the Director level changes. The next phase of the organisational transformation has recently been agreed with the Trade Unions.
- 69. We wholly support the Council's efforts to enhance its strategic capacity and focus and identify efficiencies from the review of its organisational and officer structure. The Council has tackled a very difficult area with energy and enthusiasm.

The Council has made a sound start in developing its medium term financial strategy

- 70. The Council has launched a wide ranging initiative to guide the development of its future financial strategy. The immediate value of this initiative is already being seen in the greater rigour with which the 2009-10 budget is being compiled. The principal elements are set out in the Table below:

Principle	Description
Corporate Approach	A corporate rather than departmental approach to the revenue budget and capital programme planning processes.
Financial and Business Planning	Financial planning linked to corporate business planning processes which take account of performance and strategic risks issues.
Efficiencies	The need to develop an environment where maximising efficiencies is an automatic on-going process to increase resources and for the effectiveness of service provision.
Procurement	The need to adopt a corporate approach to procurement linked to the drive for efficiencies.
Fees & Charges	Current levels to be reviewed and compared with market rates whilst taking account of client affordability.
Use of Reserves	The use of unallocated reserves to be limited to one-off, and not on-going, revenue expenditure.
Specific Grants	The need to consider the funding implications of specific grants transferring into the Revenue Settlement.
Prudential Borrowing	The need to explore the possibility of increasing the capital programme by the use of prudential borrowing.
Capital Receipts	The need to align capital receipt assumptions with the Asset Management Plan and Capital Strategy.

- 71. We welcome this initiative, and are in the process of assisting with the elements relating to fees and charges and prudential borrowing, as well as commenting on the overall design. We will report in due course.

Performance of the Council's contractor functions is mixed. However, there is no clear case at present for consolidating the service providers into a single unit but a programme of detailed review is required

There is no clear case for structural change

72. One of the main issues we addressed was the case for drawing together all of the service providers into a single unit. In principle such a move might support senior management, encourage economies of scale and introduce skills that no one service can justify, such as marketing.
73. Overall we do not advocate such a move at present. In many areas there is no clear split between client and contractor, nor do we believe there should be one. Centralizing the services would thus force a number of employees to make unwelcome choices. Communication between the client and contractor is often enhanced by co-location, and there are difficult location issues. The disadvantages outweigh the benefits.

The performance of the Housing Repairs service needs significant further improvement

74. Much work has been completed over the last eighteen months to improve the performance of this service, not least in response to the issues raised in the report in the public interest. We believe many of these initiatives are sound; in particular the phased introduction of a market tested schedule of rates should, in due course, demonstrate whether the costs of the private sector are being matched. There is much to be done before productivity levels meet the standard required, and the performance of the housing repairs service needs further significant improvement.
75. Given the uncertainty over the Council's Housing Strategy, we do not believe that it would be opportune to consider alternatives at this point. However, regardless of the outcome of members' deliberations it will still be necessary to show that the service is functioning effectively. We recommend that the schedule of rates be fully implemented as soon as possible, linked to appropriate quality and performance measures, and that the year to 31 March 2010 should be seen as critical. If the service can not make a satisfactory return, alternative methods of delivery should be explored.

The performance of the Highways/Street Scene service is generally sound

76. Some limited market testing has already taken place which reinforces the message from other available measures that performance in this service is generally sound. The re-design of this function in any case means a more fundamental review would not be timely. We recommend the development of an explicit service specification and a programme of soft market testing.

The role of the Lifelong Learning Directorate as a client agent for school services, including catering, should be clarified

77. A very small number of schools have begun to exercise their rights as the end user of certain Council provided services. We see this leading to a more general debate on the role that the Lifelong Learning Directorate should play as a client agent, and it emphasises the need for greater clarity over the respective responsibilities of school, contractor and local authority.
78. The potential advantages of change would be a greater clarity in the role of the customer, a more explicit specification of what is to be provided and, through appropriate terms in the contract, greater security for the provider.

The variety of charging bases is too wide and should be reduced and the recharging of central service costs is unduly complex and lacks transparency

79. The financial results of any trading activity say little about underlying efficiency unless they are supported by a basis of charging that fairly reflects the value of the work performed. At present, a wide variety of bases is employed. Also, the recharging of central costs is highly complex and lacks any real transparency.

The current location of depots is unsatisfactory although there are disadvantages with the alternatives

80. The limitations of the current depots have been widely explored in recent years and plans are in place for the disposal of Canton. The location of the various depots needs to reflect operational factors, as well as organisational structures, but services such as winter maintenance and education catering obviously have very different needs.
81. Ideally the number of depots should be minimised to afford economies of scale but, those remaining should meet the operational needs of the services that operate from them. Our review has pointed to the need to consider carefully the potential expansion of Alltami and the closure of Queensferry.

Priorities and actions have been identified to improve the effectiveness of the Community Safety Partnership but better management will enable these to be realised

- 82.** A review of the Community Safety Partnership has recently been undertaken. In order to identify a consensus of issues, priorities and actions for the Partnership, we agreed that the review would use Open Space Technology, a consultation and engagement process, facilitated by the Wales Audit Office. A two day event was held which was attended by a large cross section of representatives from the Partnership. The following key issues for the Partnership were identified:
- The establishment of a Community Safety Unit to ensure a cohesive and coordinated approach, maximising existing resources and expertise in order to make the Council a safer place to live work and visit and the identification of a plan for implementation and addressing potential barriers to success.
 - A review of the role of the Community Safety Partnership in addressing community cohesion as a means to building a safe secure environment that embraces diversity, race, faith and spans generations.
 - Support for vulnerable people to enable them to be safe and feel safe, secure and respected.
 - Identification of a process for developing community safety priorities which compared the different drivers between local and national priorities.
 - Involve children and young people in community safety solutions, a key area for future development of the Partnership.
 - A greater emphasis on youth provision with greater communication between organisations, working together and funding as integral issues.
- 83.** Some of these proposals will be challenging. The Council and its partners should identify what can realistically be further developed and incorporated into a formal action plan. It was clear that some of the issues from our previous audit on Community Safety were still apparent within the Partnership and better management could more effectively direct and co-ordinate its future activities.

Service reviews identified notable strengths and progress, however there are areas where further improvement is required

The Council continues to make good progress on planning for the future waste management requirements

84. Waste management is a significant corporate risk for the Council. The Council's Waste Strategy seeks to meet the performance targets in the European Community Landfill Directive (the Directive), for the diversion of municipal waste away from disposal at landfill sites. The Council will incur considerable penalties if it fails to meet these targets which escalate towards 2020. The National Waste Strategy 'Wise About Waste' contains milestone targets for recycling and composting that aim to guide councils to meet the requirements of the Directive.
85. The Council has developed a strategic approach to waste management with the other councils of North Wales. The Council is the lead authority for the North Wales Waste Partnership which also comprises the Councils of the Isle of Anglesey, Gwynedd, Conwy and Denbighshire. The partnership has been set up to provide a regional approach to the treatment and disposal of residual waste in North Wales and thus assist in meeting waste minimisation, recycling and landfill reduction targets.

Members must agree the Housing Strategy by January 2009 to avoid the possibility of financial penalties and damage to the Council's reputation

86. Members are aware of the need to identify a Housing Strategy and Business Plan to achieve the requirements of the Wales Housing Quality Standard (WHQS). In last year's letter we made the following comments in relation to the Housing Strategy:
- Implementation is likely to consume a significant proportion of senior officers' time in the forthcoming year, particularly given the various changes in structure that are likely to emerge. Capacity for further developments will be limited.
 - There are significant implications for the level of financial support that will be available for other areas of need, particularly capital, which members will wish to take into account.
 - At an operational level the recent decision to bring in house the services currently provided by A D Waste Ltd will require careful management.

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87. The Assembly Government expects all social landlords in Wales to devise realistic programmes for bringing their properties up to the WHQS by the end of 2012. During 2008, the Council established a Local Strategic Housing Review Board to develop a strategy by, at the latest, January 2009, to achieve this goal. During a recent visit to the Council the Minister emphasised the importance of adhering to the timetable. The Council is fully aware of possible sanctions by the Assembly Government if an acceptable Business Plan is not submitted in accordance with the agreed timetable. The principal sanction is the suspension and/or reclamation of the Major Repairs Allowance.
88. This is a highly complex issue which generates strong views but we emphasise:
- the risk to the Council of not reaching a decision by the January 2009 meeting;
 - the extent of the work required to compile business plans especially if a partial transfer is contemplated as that would require the cost implications for both the retained and the transferred stock to be assessed; and
 - the limited level of officer support available.

Progress continues to be made with changes to the structure, management and working practices within the Planning and Development Control Section although some of the intended enhancements have yet to be fully realised

89. Members will recall the substantial report that we presented in the summer of 2006, and the resulting consideration by Overview and Scrutiny Committee. We have recently performed some follow up work to assess the response to the areas of concern that had arisen. The main points are set out below:

Departmental issues

90. We made a number of recommendations regarding the structure, management and ways of working of the current workforce within the Planning and Development Control Section. From discussions with officers, progress has been made against most of these recommendations, to the point that the backlog of applications is falling. A small number of issues remain, such as vacancies and members of staff 'acting up' to fill a position in a role above their own.

Members

91. We expressed some concern over what we perceived as a high level of substitute members. Following review by the Constitution Working Group, a protocol has now been established allowing substitutes only in the case of illness and annual leave and when agreed in advance with the Chair of the Planning Committee. Three members per party are trained as Planning Committee substitutes. While this is a welcome development, we note that at the latest Planning Committee meeting three substitutes were used, and we consider this to be an area that warrants further review in due course.

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92. We had a number of concerns regarding the robustness and compliance with the decision process. A new protocol has been put in place to refer decisions where members wish to depart from policy either to Executive Committee, Council, or the next meeting of the Planning Committee. This process has been activated on two occasions, but it remains unclear whether it is proving effective.
93. Finally, our review identified a number of occasions when the provisions of the scheme of delegation were not followed. We subsequently recommended that a local target should be established to monitor the number of times on which the provisions of the scheme of delegation are not followed, with the medium term aim of limiting its use. Whilst the Committee disagreed on this point we noted there was a complaint following the September planning meeting at which 30 applications were considered. This was both time consuming in terms of paperwork for the members to read as well as the actual time taken in Committee. A number of members left the Committee before the end resulting in a number of decisions being made without full Committee approval.

The new HR/Payroll System should, when fully operational, provide enhanced management information on a range of HR issues

94. During the year we have maintained a watching brief over the development of the new HR/Payroll System. In principle this is an initiative we very much welcome as it should improve management information on a variety of HR issues.
95. The new system went live in November 2008, following a period of parallel running. We understand that a quarterly report on employee numbers and costs will be produced that should remedy the deficiencies that have been identified previously both in determining the number of employees of the Council, and in budgeting for their cost. Furthermore the process of confirming the base budget for employee cost should provide an opportunity to re-visit the numbers and basis of employment of those concerned, which is also welcome.
96. We should like to commend the contract that has been introduced in recent months, MASS, which is designed to improve the value for money obtained when agency staff are recruited. Some 326 individuals are engaged through various agencies, at an annual cost of £6.6 million. It has been found that there is widespread variation in the mark-up charged by the 32 agencies involved. To rationalise this, a further agency has been engaged in conjunction with two other councils, its role being to drive down the costs associated with agency staff. At the same time a series of challenges has been introduced to encourage managers to think more broadly before going down this route. In particular a maximum period of six months has been enforced in the contract. Total savings of between three and eight percent are envisaged. We think this is an excellent example of how savings and efficiencies can be generated, and would like to suggest it be put forward in the Wales Audit Office Good Practice Exchange so other councils can benefit.

The Council now has a good strategic planning framework for tackling school organisation and education capital issues, but further work is still required to bring together all of the information and to develop and implement the required strategies

97. Progress in tackling the issues identified in the October 2007 report is now better planned strategically and co-ordinated operationally, and since summer 2008 there has been a greater drive to tackle the issues.
98. A good strategic planning framework has been developed and was approved by the Executive in August 2008. It identifies the actions required and contains a clear timetable for bringing together all of the information needed and for developing a capital strategy by spring 2009. Consultation is then planned on specific proposals to take place during summer 2009. The Council has provided increased staff resources to tackle the workload involved in delivering this strategy. Expenditure on repairs and maintenance in schools has also been increased from £800,000 to £4 million per year for the next four years, and a prioritised capital programme has been published for all schools in 2008-09. This will be repeated in 2009-10. Work is on-track to complete two new special schools by April 2009.
99. The Council still faces key decisions in terms of its future schools provision which includes those in relation to sixth form provision to meet the 14-19 transformation agenda. The Council has also to fully identify the capital resources required to make all schools 'fit for purpose'. As a result, it is important that momentum is maintained and the necessary decisions are taken based on clear evidence. The Council rightly identifies that school asset management remains a key strategic risk pending completion of the work.

An Estyn Inspection of the quality of adult community-based learning concluded that learners attain well and, overall, the quality of teaching, training and assessment in the Council is good

100. Most learners make good progress, are well motivated and attend class regularly. Many learners use their skills to extend their learning or to improve their daily lives.
101. Almost all tutors respond effectively to learners' needs. Many tutors plan their sessions well and use a good variety of teaching methods. However, a few tutors do not plan all their sessions effectively and miss opportunities for learners to assess their own learning and to identify their own progress.

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102. All providers in the Flintshire Community Learning Network work well together. The network draws its membership from a range of providers and key strategic organisations. It has a good structure for the strategic and operational management of the provision. It works well to prepare, agree and deliver strategic and operational plans for adult community-based learning. However, the network does not monitor progress well enough or maximise the use of all its facilities and resources. The Council's departmental managers work well within the network to organise courses and learning activities.
103. The network's jointly produced Self-Assessment report (SAR) is honest, self-critical and strongly evidence-based. However, one provider is not fully involved in the process. All providers have a very good quality assurance system in place. The quality development plan is a very good, useful document. However, this is not used well enough by the network across all provision.

The Council has engaged positively with the Wales Audit Office's initiatives to promote improvement

The Council is committed to using the Good Practice Exchange through shared learning

104. In 2007, the Wales Audit Office embarked on a long-term programme of promoting improvement across public services through the capture, evaluation and dissemination of good practice. Web-based facilities to support improvements in sickness absence management, fleet management, occupational health and grants management have been launched and the ability to access Wales Audit Office case studies and facilities to share learning across public services have been developed.

The Council is committed to delivering the Making the Connections agenda and overall its approach to fleet management is making best use of resources to support improvements in service delivery

105. The Wales Audit Office is committed to an ongoing programme of work focusing on the Making the Connections (MtC) agenda across the public sector in Wales. In 2007 we completed a baseline assessment of progress made in implementing that agenda, following which we concluded that a phased review of asset management would provide a framework for future work.
106. The first phase of that work – on fleet management – was designed to identify whether public sector organisations' arrangements made the best use of resources to support improvement in service delivery. The Welsh public sector collectively uses approximately 16,000 vehicles which cost some £200 million per annum to run. We estimate that these vehicles drive some 250 million miles per annum which generates some 110,000 tonnes of carbon dioxide (CO₂). Effective fleet management can improve service delivery, reduce operating costs and minimise the environmental impact of the fleet.

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107. The Council's fleet of 404 vehicles costs £2.7 million to run each year. We estimate that these vehicles travel 3.5 million miles each year and produce 2,800 tonnes of CO₂.
108. The Council does not have a clear corporate strategy for fleet management. We believe that it would be useful to develop such a strategy, which should have clear links to other areas of asset management planning such as buildings and ICT equipment.
109. The Council has effective procurement arrangements for its fleet. Procurement decisions are based on robust cost calculations for vehicle selection and financing. Factors like residual and maintenance costs are explicitly recognised and in future emission factors will be included. Central contracts are used extensively. The Council is a voluntary member of Value Wales, and the Head of Fleet Services regularly meets with his Welsh colleagues to specifically discuss joint purchasing opportunities and share good practice and knowledge.
110. Effective arrangements are in place to ensure the efficient use of the Council's fleet. Vehicle maintenance, which is primarily provided in-house, appears under control and up to date. The Council uses the DfT produced 'Guide to Maintaining Roadworthiness' to determine maintenance schedules. An external auditing agency has been commissioned to randomly externally audit 120 vehicles annually to monitor compliance. The results of these audits feature as one of the performance indicators for fleet management.
111. Administrative systems to support fleet management appear soundly based. Fleet administration is included in the Council's ISO 9001 accreditation which is externally audited twice a year.
112. More needs to be done in relation to driver training. The Council is currently reviewing its driver licensing checking system but does not have sufficient resources to undertake the number of checks best practice would dictate:
- the drivers handbook needs to be updated; and
 - a policy relating to drivers of fleet vehicles needs to be produced, clarifying drivers' responsibilities.
113. Our review also highlighted a number of issues in relation to vehicle disposal. While the policy on disposal, integral within replacement policy, is clear, a focus meeting in which the views of vehicle users were canvassed, revealed a number of concerns. These are linked to what the users believe are inconsistent and unreasonably high penalty costs incurred by them under the lease when the vehicles are returned to the lease companies who handle most disposals having funded the original vehicle purchase.
114. We have made a series of recommendations about these issues that the Council should take into account which can improve service delivery, reduce operating costs and minimise the environmental impact of the fleet.

Appendix 1

Auditor's report on the arrangements for securing economy, efficiency and effectiveness in its use of resources in 2007-08

Conclusion on the Council's arrangements for the year ended 31 March 2008 for securing economy, efficiency and effectiveness in its use of resources	
The Council's responsibilities	
The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance. The Council is also responsible for regularly reviewing the adequacy and effectiveness of these arrangements.	
Auditor's responsibilities	
<p>We have a responsibility under Section 17(2)(d) of the Public Audit Wales Act 2004, to conclude from our audit of the Council's annual accounts and other relevant information whether we are satisfied that it has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. For the purposes of our work in this area, we have assessed 'proper arrangements' as principally comprising an organisation's corporate performance management and financial management arrangements, significant elements of which are defined in paragraph 48 of the Auditor General's Code.</p> <p>We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. In carrying out our work, we have not considered whether the arrangements in place represent all those that could be in place. We are also not required to consider, nor have we considered as part of this aspect of our work, the effectiveness of the arrangements in place in securing Value for Money during the year under review.</p>	
Conclusion	
<p>The following conclusion has been based on, and limited to, work carried out as part of our audit of the 2007-08 accounts, together with any other information that we have considered to be relevant to our examination, to establish, in all significant respects, what arrangements the Council had in place during the year to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources.</p> <p>Based on the Council's Annual Governance Statement and as a result of the work carried out, as described above, as part of our audit of the 2007-08 accounts, and all other information that we have considered to be relevant, we are satisfied overall as to the existence of the arrangements that the Council had in place during the year to support the achievement of its responsibility for securing economy, efficiency and effectiveness in its use of resources. We have also raised various issues with the Council, and made recommendations to improve its arrangements. These matters are further discussed and explained in the Annual Letter.</p>	
PricewaterhouseCoopers LLP Cardiff Appointed Auditor November 2008	Wales Audit Office 24 Cathedral Road Cardiff CF11 9LJ

Appendix 2

Criteria for assessing the Council's arrangements during 2007-08 for securing economy, efficiency and effectiveness in its use of resources

Corporate performance management and financial management arrangements	Questions on arrangements
Establishing objectives, determining policy and making decisions	Has the Council put in place arrangements for setting, reviewing and implementing its strategic and operational objectives?
Meeting needs of users and taxpayers	Has the Council put in place channels of communication with users and taxpayers, and other stakeholders including partners, and are there monitoring arrangements to ensure that key messages about services are taken into account?
Compliance with established policies	Has the Council put in place arrangements to maintain a sound system of internal control, including those for ensuring compliance with laws and regulations, and internal policies and procedures?
Managing operational and financial risks	Has the Council put in place arrangements to manage its significant business risks?
Managing financial and other resources	Has the Council put in place arrangements to evaluate and improve the Value for Money it achieves in its use of resources?
	Has the Council put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities?
	Has the Council put in place arrangements to ensure that its spending matches its available resources?
	Has the Council put in place arrangements for managing and monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior management and the Council?
	Has the Council put in place arrangements for the management of its asset base?
Monitoring and reviewing performance	Has the Council put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to the Council?
	Has the Council put in place arrangements to monitor the quality of its published performance information, and to report the results to Council members?
Proper standards of conduct etc	Has the Council put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business?

Appendix 3

Audit of the 2008-09 Improvement Plan

Certificate

We certify that we have audited the Council's Improvement Plan in accordance with Section 7 of the 1999 Act and the Auditor General's Code. We also had regard to supplementary guidance issued by the Assembly Government such as Circular 28/2005.

Respective responsibilities of the Council and the auditors

Under the 1999 Act the Council is required to prepare and publish a Best Value Performance Plan summarising:

- its assessments of performance; and
- its position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This was supplemented by further guidance on how the WPI will be implemented under Sections 3, 5 and 6 of the 1999 Act as set out in the National Assembly' Circular 18/2002. Under this guidance, the statutory Best Value Performance Plan has been replaced by a statutory Improvement Plan.

Assembly Government circular 28/2005 superseded Circular 18/2002 and requires the Plan to be published no later than 31 October of the financial year to which it relates.

The Council is responsible for preparing the Plan and for the information and assessments set out within it. The Council's future work programme set out in the Plan should connect to the outcomes of the updated risk assessment.

The Council is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its Plan are derived, and for ensuring that it provides sufficient capabilities and capacity needed to manage change and improvement. The form and content of the Plan are prescribed in Section 6 of the 1999 Act and the statutory guidance issued by the Assembly Government.

As the Council's appointed auditors, we are required under Section 7 of the 1999 Act to carry out an audit of the Plan, to certify that we have done so, and to report whether we believe that the Plan has been prepared and published in accordance with statutory requirements set out in Section 6 of the 1999 Act and statutory guidance and, where appropriate, recommending how the Plan should be amended so as to accord with statutory requirements; and to recommend:

- Where appropriate, procedures to be followed in relation to the Plan.
- Whether the Auditor General should carry out an inspection of the Council under Section 10A of the 1999 Act.

- Whether the Assembly Government should give a direction under Section 15 of the 1999 Act – eg, directing the Council to amend its Plan, carry out a review of a specific function or hold a local inquiry. Details of all possible directions can be found in the 1999 Act.

Scope of the Improvement Plan audit

We planned and performed our work to obtain all the information and explanations that we considered necessary in order to report and make recommendations in accordance with Section 7 of the 1999 Act.

For the purposes of our report, we have interpreted compliance with the statutory guidance issued by the Assembly Government in the document, *Wales Programme for Improvement: Guidance for Local Authorities*, as being sufficient to meet the statutory requirements under Section 6 of the 1999 Act.

We are not required to form a view on the completeness or accuracy of the information, or realism and achievement, of the Plan published by the Council. Our work therefore comprised a review and assessment of the Plan and, where appropriate, an examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance.

For the purpose of determining whether or not to make recommendations on procedures to be followed in relation to the Plan, our work included:

- a review and assessment and, where appropriate, examination on a test basis of evidence relevant to the adequacy of the systems set in place by the Council for collecting and recording specified performance information; and
- the testing of specific NSPIs selected on the basis of criteria set out by the Wales Audit Office.

The work we have carried out in order to report and make recommendations in accordance with Section 7 of the 1999 Act cannot be relied upon to identify all weaknesses or opportunities for improvement.

We planned our work so as to collect sufficient evidence to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance, and the arrangements for publishing the Plan, complied with the requirements of legislation and statutory guidance.

PricewaterhouseCoopers LLP
Cardiff

Appendix 4

Audit and inspection fees

Your 2007-08 audit and inspection fees were based on the risks identified and an assessment of the work needed to address those risks. They are currently expected to be in line with those set out in your Regulatory Plan as summarised below.

Audit and Inspection fees 2007-08 (excluding VAT)

	2007-08 planned (£)	2007-08 expected actual (£)
Accounts	195,900	195,900
Performance audit	139,100	139,100
Performance inspection	92,565	92,565
Total	427,565	427,565

In addition to the fee above, we are required to certify your government grant claims and returns for which we must charge the actual time taken to undertake the work at skill related fee rates. This work is not complete: at this stage we anticipate this work will cost approximately £140,000 plus VAT.



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