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Pennaeth Gwasanaethau Cyfreithiol a Democraataidd



To: ALL MEMBERS OF THE COUNCIL

CS/NG

22 February 2013

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Dear Sir / Madam

A meeting of the **FLINTSHIRE COUNTY COUNCIL** will be held in the **COUNCIL CHAMBER, COUNTY HALL, MOLD CH7 6NA** on **FRIDAY, 1ST MARCH, 2013** at **2.00 PM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

AGENDA

1 **APOLOGIES FOR ABSENCE**

2 **PUBLIC QUESTION TIME**

3 **DECLARATIONS OF INTEREST**

To receive any declarations of interests from Members.

4 **COUNCIL MINUTES** (Pages 1 - 14)

To confirm as a correct record the minutes of the meeting held on the 29 January, 2013 (copy enclosed).

5 **CHAIR'S COMMUNICATIONS**

6 **PETITIONS**

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www.flintshire.gov.uk
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The Council welcomes correspondence in Welsh or English
Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

7 **NOTICE OF MOTION**

8 **QUESTIONS**

To note the answers to any questions submitted in accordance with County Council Standing Order No. 9.4(A).

9 **COUNCIL FUND REVENUE BUDGET 2013/14** (Pages 15 - 76)

Report of Head of Finance enclosed.

10 **COUNCIL TAX SETTING FOR 2013-14** (Pages 77 - 90)

Report of Head of Finance enclosed.

11 **COUNCIL FUND CAPITAL PROGRAMME 2013/14 - 2022/23** (Pages 91 - 130)

Joint report of Head of Finance, Chief Executive and Director of Environment enclosed.

12 **TREASURY MANAGEMENT POLICY & STRATEGY STATEMENT 2013/14** (Pages 131 - 198)

Report of Head of Finance enclosed.

13 **PRUDENTIAL INDICATORS 2013/14 - 2015/16** (Pages 199 - 208)

Report of Head of Finance enclosed.

14 **MINIMUM REVENUE PROVISION 2013/14** (Pages 209 - 216)

Report of Head of Finance enclosed.

15 **PAY POLICY STATEMENT** (Pages 217 - 234)

Report of Head of Human Resources and Organisational Development enclosed.

FLINTSHIRE COUNTY COUNCIL
29 JANUARY 2013

Minutes of the Meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Tuesday 29 January 2013

PRESENT: Councillor A. Minshull (Chair)

Councillors: L.A. Aldridge, J.B. Attridge, G. Banks, G.H. Bateman, M. Bateman, R.C. Bithell, A. Bragg, H. Brown, D. Butler, C.S. Carver, D.L. Cox, P.J. Curtis, R. Davies, A. Davies-Cooke, C.J. Dolphin, R. Dolphin, I. Dunbar, C.A. Ellis, E.F. Evans, J.E. Falshaw, V. Gay, R.J.T. Guest, A.M. Halford, G. Hardcastle, P.G. Heesom, R. Hughes, H.D. Hutchinson, H.T. Isherwood, J. Johnson, C.M. Jones, R.B. Jones, R.K. Jones, S. Jones, C. Legg, B. Lloyd, R. Lloyd, M. Lowe, R.P. Macfarlane, D.I. Mackie, N.M. Matthews, W. Mullin, T. Newhouse, M.J. Peers, N. Phillips, M.A. Reece, H.G. Roberts, L.A. Sharps, A.P. Shotton, P. Shotton, N.R. Steele-Mortimer, C.A. Thomas, W.O. Thomas, S. Williams, D.E. Wisinger, A. Woolley and M.G. Wright

APOLOGIES:

Councillors: G.D. Diskin, A. Diskin, B. Dunn, D. Evans, C. Hinds, H.T. Howorth, P. Lightfoot, H.J. McGuill, I.B. Roberts, I. Smith and D.T. Williams

IN ATTENDANCE:

Chief Executive, Director of Community Services, Director of Environment, Director of Lifelong Learning, Head of Finance, Head of Legal and Democratic Services, Head of Customer Services and ICT, Head of Planning, Interim Benefits Manager and Committee Officers

101. PUBLIC QUESTION TIME

The Chair confirmed that no questions had been received.

102. DECLARATIONS OF INTEREST

The following Members declared a personal interest in agenda item number 14 – Annual Report for 2013/14 of the Independent Remuneration Panel for Wales as they were in receipt of a Member's Allowance:-

Councillors: L.A. Aldridge, J.B. Attridge, G. Banks, G.H. Bateman, M. Bateman, R.C. Bithell, A. Bragg, H. Brown, D. Butler, C.S. Carver, D.L. Cox, P.J. Curtis, R. Davies, A. Davies-Cooke, C.J. Dolphin, R. Dolphin, I. Dunbar, C.A. Ellis, E.F. Evans, J.E. Falshaw, V. Gay, R.J.T. Guest, A.M. Halford, G. Hardcastle, R. Hughes, H.D. Hutchinson, H.T. Isherwood, J. Johnson, C.M. Jones, R.B. Jones, R.K. Jones, S. Jones, C. Legg, B. Lloyd, R. Lloyd, M. Lowe, R.P. Macfarlane, D.I. Mackie, N.M. Matthews, A. Minshull, W. Mullin, T. Newhouse, M.J. Peers, N. Phillips, M.A. Reece, H.G. Roberts, L.A. Sharps, A.P. Shotton, P. Shotton, N.R. Steele-Mortimer, C.A. Thomas, W.O. Thomas, S. Williams, D.E. Wisinger, A. Woolley and M.G. Wright

Councillor D. Butler declared a personal interest in agenda item number 12 – Service Review Decisions of the Betsi Cadwaladr University Health Board (BCUHB) as his wife was employed by BCUHB.

103. COUNCIL MINUTES

25 October 2012

Councillor M.J. Peers referred to the sixth paragraph on page 6 of the minutes and asked that the words 'North East England' be replaced with the words 'North West England'.

Councillor M.G. Wright said that page 7 of the minutes did not accurately reflect his comments. He said that the concerns he had raised had been around General Practitioners reluctance to transfer patients across the border to England as they were unsure whether payment for any treatment provided would be received. He also asked the Leader of the Council whether he had sought a meeting with the Minister for Health and Social Services to outline Flintshire County Council's concerns.

Councillor A.P. Shotton, Leader of the Council, responded that reasons why he had not met with the Minister for Health and Social Services would be explained later on in the meeting during consideration of agenda item 12.

Councillor R.B. Jones referred to page 10 of the minutes and explained that his concerns had been around how regional collaboration projects should be reviewed by Overview & Scrutiny and how this should be approached.

Councillor Shotton shared the concerns of Councillor Jones and said that there was a need for a mechanism to be agreed on how regional collaboration projects were scrutinised. He suggested that this could be achieved through an agreed approach with all Overview & Scrutiny Chair's and said that he would raise it during the next meeting of Group Leaders.

RESOLVED:

That subject to the amendments listed above, the minutes be approved as a correct record and signed by the Chair.

104. CHAIR'S COMMUNICATIONS

A copy of the Chair's communication had been circulated to all Members before the meeting.

The Chair commented on the number of schools visits she had carried out together with the number of school children who had visited her at County Hall. She also thanked the Vice-Chair for attending a number of functions on her behalf due to unforeseen changes in her own personal circumstances.

Councillor H.D. Hutchinson praised the work of the Director of Environment and the Highways Gritting Team for their work during the recent bad weather. He said that he had been contacted by a local business, Scania, who had asked that their thanks also be passed to the team for keeping the roads throughout Flintshire clear.

Councillor J.B. Attridge, Deputy Leader and Cabinet Member for Environment thanked Councillor Hutchinson for his comments and said that he had received a number of letters and e-mails from members of the public praising the work of the Highways Gritting Team. The thanks of Members and members of the public would be passed to the team.

105. PETITIONS

Councillor R. Lloyd submitted a petition on behalf of Owen Butler aged 11, requesting a skate park located centrally in the Saltney area.

106. NOTICES OF MOTION

The following Notices of Motion has been received from Councillors: A. Bragg, C.S. Carver, C.J. Dolphin, R. Dolphin, R.J.T. Guest, N.M. Matthews, H.J. McGuill and N. Phillips:-

(i) Statement of Accounts – Councillor C.S. Carver

The following Notice of Motion had been submitted by Councillor C.S. Carver:-

“In the interests of openness and transparency, this Motion calls for the Council to publish a separate supplementary report to coincide with and accompany the presentation to Council of Annual Statement of Accounts.

This supplementary report to contain in the same style and presentation as the existing Senior Employee Emoluments – Salary over £150,000 per year and Salary over £60,000 per year, the same financial information for all the non schools individuals listed in the table which shows remuneration of £60,000 or more per year”.

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

In speaking to his motion, Councillor Carver commented on the Statement of Accounts 2011/12 which was presented to the County Council on the 25 September 2012 and detailed officers’ remuneration. He reported that following the County Council meetings he had received information on officer posts where their salary had been between £60,000 and £150,000 and that this figure had been 21. This information had not been shown in the Statement of Accounts as 14 of the posts did not fall into the category of Senior Officer and the remaining 7 post were non-permanent. He explained that the notice of motion was seeking the creation of a supplementary report

in future to coincide with and accompany the presentation to Council of the Annual Statement of Accounts.

Councillor A.P. Shotton, Leader of the Council thanked Councillor Carver for the notice of motion and explained that the Statement of Accounts for 2011/12 had been presented in line with the guidelines of the Wales Audit Office. He said that the information requested was available to Members and supported providing this information as a supplementary report in future.

In response to a question from Councillor Shotton, the Head of Finance confirmed that the Statement of Accounts for 2011/12 presented to the County Council meeting held on the 25 September, 2012 had included more information than was expected of the Council to report. The information requested by Councillor Carver could be provided in future years.

The Head of Legal and Democratic Services advised Councillor Carver not to identify those officers whose salaries had not been included within the Statement of Accounts 2011/12. They would be advised that this information would be provided alongside future reports.

In summing up, Councillor Carver asked the Council to support his notice of motion and said that he was happy to provide details salaries of officers not contained within the Statement of Accounts 2011/12 to Members following the meeting.

RESOLVED:

That the Council publish a separate supplementary report to coincide with and accompany the presentation to Council of the Annual Statement of Accounts. This supplementary report to contain in the same style and presentation as the existing Senior Employee Emoluments – Salary over £150,000 per year and Salary over £60,000 per year, the same financial information for all the non schools individuals listed in the table which shows remuneration of £60,000 or more per year.

(ii) **Switching Energy Scheme – Councillors: A. Bragg, C.J. Dolphin, R. Dolphin, R.J.T. Guest, N.M. Matthews, H.J. McGuill and N. Phillips**

The following Notice of Motion has been submitted by Councillors: A. Bragg, C.J. Dolphin, R. Dolphin, R.J.T. Guest, N.M. Matthews, H.J. McGuill and N. Phillips:-

“Council notes:

1. The relentless increase in domestic energy costs and the consequence similar increase in instances of foul poverty in Flintshire.
2. The Switching Energy Scheme operated by South Lakeland District Council for the benefit of residents of that Council.

Accordingly, Council requests the Director of Environment to investigate the advantages and disadvantages of introducing a similar scheme in Flintshire and to bring a report to the Environment Overview and Scrutiny Committee as soon as practical”.

Councillor C.J. Dolphin formally proposed the motion and this was duly seconded.

In speaking to his motion, Councillor Dolphin said that the motion provided an opportunity for the Council to work together and assist residents of Flintshire in targeting increasing domestic energy costs. He highlighted the Switching Energy Scheme operated by South Lakeland District Council which had assisted more than 1600 residents financially through a grant from National Government. The motion was seeking the Director of Environment to investigate the advantages and disadvantages of introducing a similar scheme which could be introduced in collaboration with neighbouring North Wales Authorities. Councillor Dolphin urged the Council to support the motion.

Councillor J.B. Attridge, Deputy Leader and Cabinet Member for Environment thanked the signatories for the notice of motion and reported that he had asked the Director of Environment to submit a report, as soon as practically possible, to the Environment Overview & Scrutiny Committee, detailing the advantages and disadvantages of introducing a similar scheme.

Councillor M.G. Wright, Chairman of the Environment Overview & Scrutiny Committee spoke in support of the notice of motion and welcomed a report being submitted to the Committee in due course.

Councillor H.T. Isherwood asked if a similar scheme was introduced by the Council could the VAT on domestic energy costs be re-claimed. The Head of Finance confirmed that she would provide a response on this matter following the meeting.

In seconding the motion, Councillor R.J.T. Guest reported that more than five million households were currently benefiting from the introduction of such schemes across England and Wales with more than 25 Local Authorities introducing or in the process of introducing a variety of schemes since June, 2012.

Councillor R.B. Jones spoke in support of the motion and suggested that similar schemes should be offered to Council tenants where a financial benefit may improve the impact of the Welfare Reform.

The Head of Legal and Democratic Services reported that a report on the Switching Energy Scheme had been included on the Environment Overview & Scrutiny Forward Work Programme and was due to be submitted to the Committee on the 6 March, 2013.

RESOLVED:

That the Council requests the Director of Environment to investigate the advantages and disadvantages of introducing a similar scheme to the Switching Energy Scheme operated by South Lakeland District Council and to bring a report to the Environment Overview & Scrutiny Committee as soon as practical.

107. QUESTIONS

The Chair confirmed that no Questions had been received.

108. QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES

The Chair confirmed that no Questions had been received.

109. FLINTSHIRE COMMUNITY COVENANT

The Chief Executive welcomed Tanya Clancy, Military Civil Integration Officer for 160 (Wales) Brigade to the meeting and invited her to provide a presentation on the Community Covenant for Wales.

Ms. Clancy provided a detailed presentation on the following areas:-

- Why are we here?
- What is a Community Covenant?
- Aim of the Community Covenant
- What does it do?
- Focus Areas
- Who is involved?
- The Facts v Media Myth
- Service Leavers
- Who has signed up to the Community Covenant in Wales?
- What is the Aim of the Community Covenant Grant Scheme
- Grants

Councillor N.R. Steele-Mortimer thanked Tanya Clancy for the presentation and spoke in support of the report. He proposed that the County Council support the recommendations as outlined within the report. In seconding the proposal, Councillor P.J. Curtis also spoke in support of the report and said that as a member of the Nannerch Royal British Legion he would be pleased to report to them Flintshire County Council's commitment to the Community Covenant.

Councillor A.P. Shotton, Leader of the Council thanked Tanya Clancy for her presentation and Sharron Jones for preparing the report. He spoke in support of the report and commented on the opportunity that the Community Covenant presented to reaffirm the Authority's commitment to the Armed

Forces. He reported that Flintshire would be hosting the North Wales Armed Forces Day event on the 22 June, 2013.

Councillor M.J. Peers outlined his and all Member's appreciation for the work of the Armed Forces. He commented on the 'practical steps' shown at Appendix 3 of the report and asked that a timetable on when the steps would be completed be provided to Members to ensure that the Community Covenant be introduced as soon as practically possible.

In response to a question from Councillor Aldridge, Tanya Clancy advised that the term 'Veteran' applied to any person who had spend one day or more in the Armed Forces.

Councillor R.J.T. Guest spoke in support of the report and commented on the need for effective communication with Armed Forces personnel to ensure that the Flintshire Community Covenant met with their needs.

Councillor C. Legg said that the word 'compliments' as shown in paragraph 2.03 of the report should be amended to read 'complements'.

The Chief Executive reported that following formal adoption of the Flintshire Community Covenant a formal public event will be organised with the participation of agencies, as listed within the Community Covenant. Details of the public event will be provided to all Members in due course.

RESOLVED:

- (a) That the adopted of a Community Covenant for Flintshire be approved;
- (b) That the signatories as proposed within the report be approved; and
- (c) That the launch of the Community Covenant.

110. ADOPTION OF THE COUNCIL TAX SUPPORT SCHEME – APRIL 2013

The Head of Finance introduced a report which explained the change from Council Tax Benefit to the Council Tax Reduction Scheme, addressed the funding implications and the requirement to adopt the scheme by the 31 January 2013.

The report had been considered by the Corporate Resources Overview & Scrutiny Committee on the 17 January 2013 prior to the announcement by Welsh Government (WG) to increase the maximum level of support from 90% to 100%. This meant that claimants would receive the full amount of support for their council tax bills to which they were eligible. The report had also been considered by Cabinet on the 22 January 2013 and the recommendations of Cabinet which incorporated the changes announced by WG were shown at Appendix 3 of the County Council report.

The Cabinet Member for Corporate Management proposed that the County Council support the recommendations as shown in the report and thanked the Head of Finance and her team for the work undertaken in preparing the report. This proposal was seconded by Councillor J.B. Attridge.

The Chief Executive advised that a letter to all Council Tax benefit claimants would be sent out within the next week and a short briefing note would also be circulated to all Members.

Councillor R.J.T. Guest asked that a briefing note also be sent to all Town and Community Council Clerks to explain the changes to the Council Tax Reduction Scheme as a result of the announcement by WG.

RESOLVED:

- (a) That the endorsements of Corporate Resources Overview & Scrutiny Committee on the 17 January and Cabinet on the 22 January 2013 with regard to the Prescribed Regulations and the Discretions for 2013/14 be noted;
- (b) That the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations, (“the Prescribed Requirement Regulations”) by the National Assembly for Wales on the 19 December 2012 be noted;
- (c) That the outcome of the consultation exercise undertaken by the Council on the introduction of the Council Tax Reduction Scheme, as set out at Appendix 2 of the report be noted;
- (d) That the written statement by the Minister for Local Government and Communities on the 17 January 2013 which sets out the intention to increase the maximum level of support from the current 90% to 100%, as shown at Appendix 1 of the report, be noted;
- (e) That the Prescribed Requirement Scheme as set out at Appendix 2 of the report be adopted, subject to any changes in prescribed limits set by Welsh Government and the consequential detail; and
- (f) That the proposed Discretionary Elements as set out at Appendix 2 of the report be adopted for 2013/14.

111. SERVICE REVIEW DECISIONS OF THE BETSI CADWALADR UNIVERSITY HEALTH BOARD

The Chief Executive provided a verbal update on the implementation of the decisions of the Betsi Cadwaladr University Health Board (Board) on the service review reports presented to it on the 18 January, and on the arrangements for service transition. The decisions of the Board and the background reports were available on the Board’s website.

The County Council considered and recommended its formal response to the BCUHB review at its meeting on the 25 October, 2012. The areas of concern outlined within the formal response were as follows:-

- Neonatal Intensive Care Services
- Vascular Services
- Homes Enhanced Care (HEC)
- Hospitals in our community
- Transport

The Chief Executive reported that the Community Health Council (CHC) was now the key statutory consultee on the Board decisions and the Council must await their response to the board and any objections to be made to Ministers. A response from the CHC was expected around the 1 March, 2013.

Assuming that the proposals of the Board were approved all North Wales Local Authorities would be working with the Board on a number of risks/assumptions which may have financial implications for the Council. It was not clear at this stage what the full costs of introducing HEC would be. On the proposals for Community Hospitals, consideration would also need to be given to ensuring that no changes would be put in place until suitable services were available.

The Chief Executive confirmed that Members could submit their own comments/concern on the proposals directly to the CHC.

Councillor L.A. Aldridge thanked the Chief Executive for the detailed update. He proposed that the Chief Executive and Leader of the Council commence urgent dialogue with the BCUHB to identify land in Flint for the creation of a Primary Health Care Facility. Two nominated representatives from Flint Town Council should also be invited to participate in those discussions and pressure should be put on the BCUHB to seek capital funding through the Welsh Government (WG) to deliver the facility. This proposal was seconded by Councillor C.A. Ellis.

The Chief Executive commented on the Board's previous commitment in delivering a Primary Health Care Facility in Flint and said that the proposal would enable a debate to begin on how this could be achieved, taking into account lessons learnt in delivering the health facilities in Connah's Quay and Buckley.

Councillor C.A. Ellis confirmed that she was the representative of the Council on the CHC but explained that the decisions on the proposals of the Board would be made by the Executive Committee of the CHC. She also confirmed that as the Chair of the Social & Health Care Overview & Scrutiny Committee she had asked the Chief Executive to invite representatives of the BCUHB to a special meeting of the Committee to discuss the proposed changes.

Councillor P. Shotton outlined his disappointment on the decision to reverse the original proposal to open the un-commissioned minor injuries unit at Deeside Community Hospital. His comments were echoed by Councillor Dunbar who was also disappointed with this decision.

Councillor M.J. Peers outlined his concerns around referrals being made to transfer patients across the border to England uncertainty remained on whether payments for treatment provided would be received. He felt that clarification on this matter had not been forthcoming from the BCUHB.

Councillor H.G. Roberts outlined his concerns around the proposals for Neonatal Intensive Care Services and was disappointed that this service, under the current proposals, would be lost from both the Wrexham Maelor and Glan Clwyd Hospitals.

Councillor A.P. Shotton, Leader of the Council congratulated residents of Mold and Flint for the campaigns they had fought on the proposals for their community hospitals and recognised that Flintshire County Council had put forward the views of all residents across Flintshire as part of the consultation process. He also commended all Members for the way in which they had worked together in formulating the Councils response to the proposals. He said that many of the Councils questions around HEC and Neonatal Intensive Care Services remained unanswered. On the proposals for Deeside Community Hospital he was also disappointed that the original proposals had been removed but said that the Council had previously made clear that the service to be provided at Deeside should not be at the expense of the current Minor Injuries Services provided at Mold Community Hospital.

In response to Councillor M.G. Wright's previous question, Councillor Shotton explained that given that CHC was now the key statutory consultee on the proposals it was not appropriate at this time for him to meet with the Minister for Health and Social Services to outline the concerns of Flintshire County Council.

The Chief Executive confirmed that responses would be provided on all questions and issues previously raised where a response had not already been provided.

RESOLVED:

- (a) That the verbal update be noted; and
- (b) That the Chief Executive and Leader of the Council commence urgent dialogue with the BCUHB to identify land in Flint for the creation of a Primary Health Care Facility. Two nominated representatives from Flint Town Council should also be invited to participate in those discussions and pressure should be put on the BCUHB to seek capital funding through the Welsh Government (WG) to deliver the facility.

112. FLINTSHIRE LOCAL HOUSING STRATEGY

The Director of Community Services introduced a report seeking County Council support to adopt the Local Housing Strategy.

The Welsh National Housing Strategy 2010: Improving Lives and Communities – Homes in Wales had three objectives and Flintshire's strategy had adopted these as it's, which were shown below:-

- Providing more housing, more choice
- Improve homes and communities
- Improve housing-related services and support

Details of the objectives of each of the three strategies and how they would be met were highlighted within the report.

Councillor H. Brown, Cabinet Member for Housing thanked the Members of the Housing Overview & Scrutiny Committee for their input in preparing the Local Housing Strategy and proposed that the County Council adopt the Local Housing Strategy. Councillor J.B. Attridge seconded the proposal.

Councillor N.R. Steele-Mortimer proposed an amendment to the proposal that an independent body be invited to hold a workshop for all Members on the impacts of the Welfare Reform. He said that there had been misinformation given to Council tenants in Flintshire but confirmed that this information had not been provided by the Council. He said that a workshop would assist Members in addressing questions raised by Council tenants. This amendment was seconded by Councillor W.O. Thomas.

Councillor J.B. Attridge, in speaking to the amendment, reported that all Group Leaders had been invited to sit on the Welfare Reform Board and that information considered during meetings of the Board should be cascaded down to all Members. Home visits had been carried out to all Council tenants in order to explain to them how the Welfare Reform would affect them personally. Councillor H. Brown added that a number of workshops on Welfare Reform had been held for all Members and that a briefing note on the proposed bedroom tax had been circulated to all Members before the meeting.

A number of Members confirmed that they had received a great deal of information on Welfare Reform. Councillor C.A. Ellis confirmed that the Social & Health Care Overview & Scrutiny Committee had requested that Paul Neave attend a future meeting of the Committee to address concerns of Members on how Welfare Reform could impact disabled people, carers and foster parents. All Members were welcome to attend and observe this discussion.

Councillor R. Dolphin confirmed that housing officers had visited the Council tenants within her ward but raised concern that the creation of 740

new homes as outlined within the report would not be sufficient to meet the needs of Council tenants affected by Welfare Reform.

Councillor A.M. Halford spoke in support of the amendments and commented on a number of questions which had been raised during a meeting of the Housing Overview & Scrutiny Committee which had been difficult to answer. The amendment was seeking a further workshop to ensure that Members were fully aware of the impact for all aspects of the Welfare Reform. Councillor H.T. Isherwood sought clarification on whether a person born before the 1 October, 1995 would be exempt from the bedroom tax as would disabled persons requiring full time carers.

The Chief Executive explained that the Welfare Reform was a major issue for the Council and full debate would continue to be undertaken with all Members. He said that responses would be provided to all Members on specific questions relating to Welfare Reform following the meeting.

When put to the vote, the amendment was lost.

RESOLVED:

That the Local Housing Strategy be adopted.

113. ANNUAL REPORT FOR 2013/14 OF THE INDEPENDENT REMUNERATION PANEL FOR WALES

The Democracy and Governance Manager introduced a report to inform County Council of the annual report issued by the Independent Remuneration Panel for Wales (IRPW) for 2013/14.

The Council currently pays a mileage rate of 40p per mile to Member and co-opted Members when using their own vehicle to travel to meetings and on other approved duties. The annual report withdraws the ability for Councils to pay less than 45p per mile and at the annual meeting the Council's schedule of member remuneration would have to be amended to increase this rate to 45p per mile in future.

In relation to co-opted members the annual report makes two changes to the current arrangements. Firstly, it had been recognised that time spent on attending authorised training events, conferences and pre-meetings with officers qualify for payment to a co-optee. This change was one that the Council had suggested when responding to consultation on the draft report. Secondly, the annual report removed the limit of 10 days which currently was the maximum number of days for which a co-opted member may be paid in any one year and left it to individual Councils to decide a maximum number of days.

Councillor W. Mullin proposed that the County Council support the recommendation as shown in the report. This proposal was seconded by Councillor J.B. Attridge.

Councillor A.M. Halford thanked the Democracy and Governance for the report. She outlined the work of the co-opted member for the Audit Committee, Mr. Paul Williams, who was the Vice-Chair of the Committee and was pleased that he would be reimbursed for the work he carried out.

RESOLVED:

That the contents of the annual report and the decisions that will need to be made at the Council's annual meeting be noted.

114. BUILDINGS OF LOCAL INTEREST PROCEDURE

The Deputy Leader and Cabinet Member for Environment introduced a report to seek approval for the adoption of a procedure for designating and protecting Buildings of Local Interest (BLIs). He proposed that the County Council support the recommendations as outlined within the report.

In seconding the proposals, Councillor R.C. Bithell welcomed the report which he said would protect important BLIs in the future. He asked if all Members could be provided with a list of current BLIs as there could be additional buildings that Members may wish to suggest for inclusion in the list. He also asked if consideration could be given to providing a grant to owners of BLIs who may find it financially difficult to restore such buildings. A number of Members concurred with the comments on providing financial assistance which was currently unavailable.

Councillor N.M. Matthews commented on the designation and recording procedure outlined within Appendix 1 of the report and sought confirmation that local knowledge would be given sufficient consideration before a decision was taken.

The Head of Planning responded to the questions and comments made and reported that the need to publish and formalise the Councils procedure for designating BLIs arose from a case at Gelli Farm, Whitford where a BLI was made on a property that was the subject of a planning application. The applicant sought to challenge the BLI and the Council had been criticised for not having a published procedure. He confirmed that local Member(s) and Town and Community Councils would be consulted for their views when sites within their area were being considered and took on board the comments of available funding to restore BLIs in the future.

RESOLVED:

- (a) That the Buildings of Local Interest (BLI) procedure not, shown at Appendix 1 of the report, including the establishment of the (BLI) Advisory Panel be approved;
- (b) That a review of the current list of BLI's be supported; and

- (c) That delegated authority be granted to the Director of Environment following consultation with the Deputy Leader and Cabinet Member for Environment to format (and where necessary typographically correct) the wording of the procedure note into the appropriate house style for publication.

115. CHINESE LANTERNS

The Chief Executive provided a brief update on guidance which had been issued by the Department for Business, Innovation and Skills (BIS) and the Department for Environment, Food and Rural Affairs (DEFRA) following representations made by the Council to Westminster Government calling for Parliament to introduce legislation to ban the sale and use of Chinese lanterns.

Councillor R.J.T. Guest welcomed the representations made following a notice of motion which had been submitted by Councillor Q.R.H. Dodd to County Council on the 13 September, 2011. He also welcomed the response from DEFRA and looked forward to their report following their review of Chinese lanterns.

Councillor M.J. Peers commented on the Council’s decision to advise some market traders on the issues surrounding the lanterns and suggested that the Council also advise local shops, known to sell the lanterns, to encourage them not to stock them in future.

RESOLVED:

That the update be noted.

116. DURATION OF MEETING

The meeting commenced at 2.00 p.m. and ended at 4.12 p.m.

117. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

There were two members of the press present.

.....
Chair

FLINTSHIRE COUNTY COUNCIL

REPORT TO: FLINTSHIRE COUNTY COUNCIL
DATE: FRIDAY, 1 MARCH 2013
REPORT BY: HEAD OF FINANCE
SUBJECT: COUNCIL FUND REVENUE BUDGET 2013/14

1.00 PURPOSE OF REPORT

1.01 To provide Members with the recommendations of the Cabinet for the Council Fund Revenue Budget 2013/14.

2.00 BACKGROUND

2.01 A report was considered by Cabinet on 18 December 2012 which presented a first draft of the Council Fund Revenue Budget for 2013/14 for initial approval.

2.02 The Cabinet's initial budget proposals for 2013/14, which at that stage identified a budget gap of £1.480m, were also referred to Overview and Scrutiny for consideration.

2.03 The Overview and Scrutiny meetings were held between 22 and 31 January 2013 where Members offered comments and asked a number of questions to clarify issues. A summary of these, together with Officer responses is included in Appendix 9 of the February report.

2.04 The final budget proposals for 2013/14, which show a balanced position, were considered by Cabinet on 19 February and were recommended to County Council. A copy of this report is attached as Appendix A.

3.00 CONSIDERATIONS

3.01 The recommendations of the Cabinet to County Council are set out in Section 8 of the February report.

3.02 Section 3 of the February report provides an overview of the budget strategy for 2013/14, feedback from the Overview and Scrutiny meetings and details of other budget adjustments made to enable a balanced position to be reached. The Section also provides further information on the proposed Schools Budget for 2013/14.

- 3.03 Details of the final proposed budget and its funding are set out in Section 4 of the February report.
- 3.04 Section 5 of the February report sets out details of earmarked and unearmarked reserves.
- 3.05 Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to report to the Authority when it is considering its Budget and Council Tax on the robustness of the estimates and adequacy of reserves. Section 6 of the February report provides this statement in detail.
- 3.06 Section 7 of the February report provides detail on the Council's arrangements for managing its finances over the next few years, by the development of its Medium Term Financial Plan (MTFP), which will be produced within the framework of the Council's Medium Term Financial Strategy (MTFS).

4.00 RECOMMENDATIONS

- 4.01 That the Council approves the recommendations of the Cabinet as set out in Section 8 of the attached report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 As set out in the report

6.00 ANTI POVERTY IMPACT

- 6.01 Individual growth and efficiency items may have specific anti-poverty impacts.

7.00 ENVIRONMENTAL IMPACT

- 7.01 Individual growth and efficiency items may have specific environmental impacts.

8.00 EQUALITIES IMPACT

- 8.01 Individual growth and efficiency items may have specific equalities impacts.

9.00 PERSONNEL IMPLICATIONS

- 9.01 Individual growth and efficiency items may have specific personnel implications.

10.00 CONSULTATION REQUIRED

10.01 Overview and Scrutiny, Business Ratepayers, School Budget Forum, Flintshire Joint Trades Union Committee.

11.00 CONSULTATION UNDERTAKEN

11.01 Overview and Scrutiny as set out in the February report.

School Budget Forum and Flintshire Joint Trades Union have been updated throughout the process.

No responses received to the formal consultation with business ratepayers.

No objections received from proposals shared with Local Service Board and Regional Partners.

12.00 APPENDICES

12.01 Appendix A - Report to Cabinet 19 February 2013 - Council Fund Budget 2013/14

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**
DATE: **TUESDAY, 19 FEBRUARY 2013**
REPORT BY: **CHIEF EXECUTIVE AND HEAD OF FINANCE**
SUBJECT: **COUNCIL FUND REVENUE BUDGET 2013/14**

1.00 **PURPOSE OF REPORT**

1.01 To present the finalised Council Fund Revenue budget strategy and detailed proposals for 2013/14 for recommendation to County Council on 1 March 2013.

2.00 **BACKGROUND**

2.01 A report was considered by Cabinet on 18 December 2012 which presented a first draft of the Council Fund Revenue Budget for 2013/14 for initial approval. Further work was to follow and the draft was to be presented to Overview and Scrutiny Committees throughout January for consultation.

2.02 The budget strategy and proposals were considered by the five Overview and Scrutiny Committees between 22 and 31 January 2013 and feedback is detailed in sections 3.07 – 3.11.

2.03 The budget strategy and proposals and their implications for school budgets were discussed with the School Budget Forum on 31 January 2013. The budget strategy and proposals were shared with the Flintshire Joint Trades Union Committee on 23 January 2013.

2.04 The formal Council Fund budget setting for 2013/14 and setting of the Council Tax for the year will take place at County Council on 1 March 2013.

3.00 **DEVELOPING THE BUDGET STRATEGY AND CLOSING THE GAP**

National and Local Context

3.01 The national and local financial context in which the budget is being set was shared and explored at Cabinet in December and with the Overview and Scrutiny Committees throughout January.

3.02 The budget strategy has been developed within the context of the Council's Medium Term Financial Strategy (MTFS). The aims of the developing strategy are:-

- To ensure revenue and capital resources are targeted to support Council priorities and to achieve their outcomes
- To fully integrate revenue and capital plans
- To maintain Council Tax increases at affordable levels for the tax payer
- To optimise opportunities for income generation from fees, charges and grants
- To maintain appropriate level of reserves and provisions
- To ensure strong financial services, systems and processes to underpin the strategy and balance annual budgets

Budget Strategy 2013/14

3.03 The objectives of the budget strategy for 2013/14 have been:-

- To respond to the reduced level of funding available to local government and the wider public sector and the ongoing impacts of the economic position
- To protect 'front line' public services despite the scale of the fiscal challenge
- To minimise the effects on communities
- To reinvest in new, expanded or improved services to meet Council Priorities wherever possible

3.04 We have sought to achieve these objectives by:-

- Challenging and 'compressing' identified service/budget pressures by drawing on evidence-based forecasting and a risk management approach
- Reviewing service/budget pressures and efficiencies identified in previous years and revising them to meet current need
- Taking a targeted approach to inflation – providing additional resources only where necessary
- Ongoing review and challenge of the in-year budget position to identify challenges and opportunities for the 2013/14 budget year
- Reviewing reserves and balances to ensure they are at the level needed
- Progressing the work streams within the Flintshire Futures Programme to achieve our efficiency savings targets.

Budget 'Headlines'

3.05 The budget headlines are:-

- The draft budget as recommended is now balanced
- There are no significant cuts to services or new job reductions
- There is additional investment in Council Priorities. The investment in Schools and Social Care budgets both meets Council Priorities and exceeds the levels set by Ministers as expectations
- Core services are protected where national grant is reducing
- Provision is made to prepare communities for the impacts of Welfare Reform
- Resources are provided to invest-to-save
- The budget is protected for inflationary, economic and demographic impacts on a measured basis
- The recommended increases in council tax and fees and charges and the recommended new charges for introduction, meet the test of reasonableness and affordability

3.06 On Council Priorities specific additional investment is made in:-

- Council Priority 1: Modern and Efficient Organisation
- Council Priority 3: Modern Employer
- Council Priority 4: Customer Services
- Council Priority 5: Safeguarding the Vulnerable
- Council Priority 7: Independent and Healthy Living
- Council Priority 8: Meeting Housing Need (in conjunction with the separate report on the Housing Revenue Account Budget 2013/14)
- Council Priority 9: Learning, Play and Leisure

Overview and Scrutiny Considerations

3.07 The report to Cabinet on 18 December 2012 identified a budget shortfall at that stage of £1.480m made up of £0.417m for one-off costs and £1.063m for ongoing base budget items. This report formed the basis of the Overview and Scrutiny meetings held during January:-

1.	Housing (inc HRA)	22 January
2.	Environment	24 January
3.	Lifelong Learning	25 January
4.	Social & Health Care	28 January
5.	Corporate Resources	28 January

A further Corporate Resources meeting, open to all members was held on 31 January. The purpose of the meeting was to summarise the key issues discussed for consideration by the Cabinet within this report and to resolve specific information requests from members.

- 3.08 Each of the meetings began with a corporate overview of the whole budget and the national and local strategic context jointly presented by the Chief Executive and Head of Finance. This was followed by a portfolio specific presentation by Directors on the service strategies behind the service specific budget proposals along with details of the proposed budget growth, pressures and efficiencies for 2013/14, the investment in the service area arising from the budget proposals and a forward look at the key service issues for the medium term. Cabinet members were present to explain their priorities and the reasoning behind decisions on the draft budget.
- 3.09 In addition, members were advised of a number of “live issues” which had arisen since the initial budget proposals were made and which were still under consideration. These are summarised as follows and are covered in Section 3.10 to 3.20:-

Environment

- Energy generation at landfill sites

Lifelong Learning

- Senior Management Restructure
- Music Service
- Out of County Placements
- Leisure Service
- Play Schemes
- Play Areas
- Reduction in Schools Service Level Agreement pressure

Social and Health Care

- Out of County Placements

Corporate Resources

- Council Tax Support Scheme
- Council Fund improving in-year budget projection
- Level of reserves and balances
- Municipal Mutual Insurance Risk
- Profiling of investment and organisational change needs

Outcome from Scrutiny Meetings

- 3.10 The outcomes from the Overview and Scrutiny meetings round were:-
- The budget proposals were noted by each committee
 - A specific request the from Lifelong Learning Committee for the Task and Finish Group’s recommendation for additional funding of £0.012m for Play Schemes to allow the programme to meet local demand from Town and Community Councils

- There was a request for information on the whole budget as context for investment or efficiency proposals. This was provided at the Corporate Resources meeting on 31 January.
 - Social and Health Care requested detail of £1.9m investment in the service.
- 3.11 Members offered comments and asked a number of questions to clarify issues and a summary of these observations and questions, together with the response of accountable officers, is attached as Appendix 9.

Closing the Gap

- 3.12 At the final Corporate Resources Scrutiny meeting on 31 January, members were advised that following the Final Local Government Settlement and the ongoing work to refine efficiencies and pressures, the revised shortfall stood at £1.400m (0.362 for one-off costs and £1.038m for ongoing base budget items).
- 3.13 It was noted that to reduce the budget for Out of County Placements in 2013/14 to 60% of the projected underspend in 2012/13, would reduce the shortfall to £0.745m (further detailed work following the meeting has enabled a further reduction of £0.128m in this area). However, the cost of including new pressures raised through the Overview and Scrutiny round was in the region of £0.300m. Inclusion of these pressures would therefore increase the shortfall to an estimated £1m.

Achieving a Balanced Budget

- 3.14 Key events since the initial budget proposals were presented were:-
- Notification of the Final Local Government Finance Settlement for 2013/14 from Welsh Government
 - A decision of the Board of Municipal Mutual Insurance (MMI) to 'trigger' the scheme of arrangement
 - An improved estimate of the projected out-turn in 2012/13 from a previously projected overspend to an under-spend of £0.611m
 - Revised regulations laid out by Welsh Government in January amending the level of Council Tax Support in 2013/14 from 90% to 100%
 - Full consideration of service investment and protection needs

Final Local Government Finance Settlement 2013/14

- 3.15 The Final Local Government Settlement was received from the Welsh Government on 11 December 2012. This included details of the final Standard Spending Assessment (SSA), Aggregate External Finance (AEF) and Outcome Agreement Grant.

A briefing note on the changes included compared to the provisional settlement stage was sent to all members in December and is attached as Appendix 1.

Insurance Provision following MMI Scheme of Arrangement

- 3.16 The Board of Municipal Mutual Insurance (MMI) has decided to 'trigger' the scheme of arrangement. This was identified in the 2011/12 accounts as a contingent liability, which did not require financial provision to be made. However, the impact of the decision is to require, under the Accounts and Audit regulations, the making of provision in the 2012/13 accounts. A separate report on this agenda provides further information on this issue and recommends that provision is made from the contingency reserve in 2012/13.

Projected Outturn for 2012/13

- 3.17 The 2012/13 Month 8 Budget Monitoring report (reported separately on this agenda) shows an estimated balance of £0.497m in the Contingency Reserve as at 31st March 2013, after provision is made for the additional insurance costs with MMI (see 3.16). There is the opportunity to meet one-off items of expenditure (from the under-spend in 2012/13) and to review the level of budget required in 2013/14 for those services contributing to the under-spend, most notably the provision of Out of County Placements.

Council Tax Support Scheme 2013/14

- 3.18 In anticipation of the combined impact of Welfare Reform changes and the ongoing economic situation, the initial budget proposals assumed a reduction in the Council Tax Collection Rate to 97.5% (from 99%).
- 3.19 The announcement in January of Council Tax support for 2013/14 being at 100% (instead of 90%) enables a more optimistic view to be taken of income to be collected. Whilst a revised collection rate cannot be used in setting the budget, it is reasonable to assume that there will be a surplus in-year in 2013/14. At this stage there is no indication of the level of support in future years of the funding.
- 3.20 At a 98.5% collection rate, there would be an in year surplus of £0.750m, although the final amount will depend on the collection rate achieved. It is proposed therefore to fund the costs associated with Council Tax support (£0.215m) from this in-year and to make a further contribution of £0.205m to base level of reserves to bring this up to 2% of turnover which now includes £9.6m for Council Tax support. This additional income will also provide protection against fluctuating caseloads when the level of funding is fixed. The one-off pressure of £0.027m to fund additional temporary resources within council tax has also been removed.

Council Tax Level

- 3.21 The Council has a policy commitment to maintain Council Tax at an affordable rate for the payer. The Council has to balance the need to maintain its Council Tax base to meet cost pressures and inflation, through annual rises in Council Tax, with this commitment. In recent years the Council has set an annual Council Tax rise of between 3.0% and 3.5% to achieve this balance. The Medium Term Financial Strategy needs to profile a revenue base including local taxation income.
- 3.22 For 2013/14 the Council has to be mindful of the financial pressures on Council Tax payers which come from the economic position, welfare reform and high energy and fuel costs. For some Council Tax payers these pressures will be acute. Therefore, the Council should aim to set the lowest possible Council Tax rise to achieve the 'balancing act' explained above. A Council Tax rise of 2.9% for 2013/14 is recommended.

Answering the Requests of Overview and Scrutiny

- 3.23 Following the round of Overview and Scrutiny Committee meetings the following is proposed to answer the requests for service investment or protection.
- **Music Service:** maintain the service at current levels without change to the charging policy and subsidised transport policy pending completion of the review of the service. The investment in service continuity pending the review, which will be completed and reported by 30 June 2013, is a maximum of £0.130m.
 - **Play Schemes:** the equitable minimum provision to be provided per area as recommended. The requests for local service enhancements, above the minimum provision, to match town and community council requests to be met in full at £0.012m. Given the risks of the continuity of national grant beyond 2013/14 and the pressure on available resources, the on-going review of future provision to be completed as part of a Cabinet-led review of priorities by 30 September 2013. The initial outcomes of the Task and Finish Group on Play is a valuable source of advice for both this annual budget recommendation and the on-going review.
 - **Play Areas:** the additional requests for town and community councils for matching funds for the renewal of play equipment in local play areas/parks to be met in full at £0.035m. The future capital and revenue needs for play areas and the scale and purpose of the annual budget to be set aside for the matching scheme to be reviewed and reported by 30 September 2013.

Further Budget Adjustments

- 3.24 During the budget discussions it has been reported that there was ongoing refinement to pressures and efficiencies to reflect the latest position. These have been reflected in the final draft and the significant items are:-
- **Denominational Transport:** the efficiency has been re-profiled for implementation from the 2014/15 academic year. Entitlement will be maintained in 2013/14 pending the outcome of the consultation process.
 - **Out of County Placements:** the efficiency has been increased to reflect current levels of provision with an allowance for two additional high cost placements within the year. This is seen as a minimum requirement to respond to anticipated demand.
 - **Car Park Management:** the efficiency has been revised in line with the report to Cabinet (also on this agenda) following consideration by Overview and Scrutiny.
 - **Investment Costs:** the revised amount included reflects available funding for investment in change which adds to funds remaining from previous investment allocations.
 - **Landfill Sites:** a new pressure has been included in relation to reduced energy income generation as a result of the deteriorating quality of gas as a consequence of contamination and the age of the sites.
 - **Senior Management Restructure:** an additional efficiency has been included in relation to a senior management restructure within Lifelong Learning (see separate report on this agenda)
 - **Insurance Contingency:** a refinement in the efficiency in light of the MMI issue
 - **Fire Levy:** a reduction in the levy amount following final notification from NW Fire and Rescue Authority.
- 3.25 Taking into account the issues in 3.14 to 3.24 above, and the continuing work to review new and existing pressures and efficiencies and inflation assumptions, a balanced budget position for recommendation has been achieved. A summary of how the total budget gap has been eliminated is detailed in Appendix 12.

Risk Assessment and Budget Management

- 3.26 The approach to the budget has been to take a risk based approach. This has applied to new costs and efficiencies and also to assessing the on-going impacts of pressures and efficiencies in the current year's budget to ensure the robustness of the budget.
- 3.26 Inevitably in managing a budget of this scale across a large and diverse organisation, variances will occur and will be reported, along with management action to correct in monthly budget monitoring.
- 3.27 During the year, the Council will be implementing its Single Status Agreement. Where previous year or new budget proposals link with the implementation (e.g. part 3 terms and conditions efficiencies), the impact of any delay in implementation will be met from the Single Status/Equal Pay Reserve in line with the approach adopted for 2012/13.

Schools Budget

- 3.28 Under the School Funding (Wales) Regulations 2010 local authorities are required to notify Welsh Government of the proposed budget for schools for the forthcoming year by 14 February each year.
- 3.29 To fulfil the First Minister's commitment of protecting school budgets by 1% above the Welsh Government revenue block grant, councils need to ensure that their net (i.e. excluding specific grants) Individual School Budget is adjusted by one percent more than the WG block grant adjustment. For 2013/14 this equates to an increase of 2.08%. The equivalent increase for 2014/15 is 1.27%. It should be noted that the protection expectation is relative to WG's funding from the UK Treasury and not the level of Individual Council settlements from WG.
- 3.30 The Council is committed to increase the level of school budget and the amount of the school budget delegated to schools. We aim to do this progressively over a number of years. This is within the strategic framework which embraces the school modernisation programme, numbers of children in school (demographic change) and investment through the 21st Century Schools Programme.
- 3.31 The proposed schools budget, as notified to WG, increases from £91.874m to £96.510m, an increase of £4.636m (4.8%). This includes grant transfers into settlement of £2.258m. The budget has been uplifted for the estimated impact of inflationary increases for both pay and non-pay costs.
- 3.32 Throughout 2012/13 there has been an ongoing review of the schools funding formula. The Specialist School formula review has been completed and this identified a shortfall of funding in this sector of £0.250m which has been addressed in the 2013/14 budget. A significant amount of analysis has been undertaken to date on the primary and secondary formulas and the objective is to have a revised formula in place for 2014/15. Any funding issues identified will be fed through into the medium term financial plan.

- 3.33 The Assembly has just notified authorities of their Post 16 Special Education Needs allocation for 2013/14. The allocations for Mainstream Schools with Sixth Forms, Special Educational Needs in Mainstream and Adult Community Learning will increase by 1%. The Welsh Government is intending to introduce a new funding formula for post 16 education in Wales by 2014/15; for 2013/14 the post 16 funds will continue to be delegated to schools on the basis of a locally agreed formula.

Equality Impact Assessment

- 3.34 The Council has an obligation to assess the potential equalities impacts of its budget proposals.
- 3.35 An initial equalities impact assessment has been undertaken for all proposed efficiencies and no major risks have been identified through this work.
- 3.36 Further and more detailed impact assessments are being undertaken on a small number of efficiencies to ensure that there is no discriminatory impact in their implementation.

4.00 FINAL BUDGET PROPOSALS

- 4.01 As a result of the changes outlined above total expenditure and funding now equates to £293.346m and the total budget build up is outlined below. Details of the figures making up the total budget are attached as Appendices 2-8.

It is recommended that the 2013/14 Council Fund Revenue Budget Requirement be set at £258,284,539 (which is £1,720,145 below the calculated Standard Spending Assessment).

<u>Funding</u>		£m
Revenue Support Grant (RSG)		152.733
Additional Allocation (Council Tax Support Scheme)		0.869
National Non Domestic Rates (NDR)		46.872
Council Tax		57.809
Budget Requirement		<u>258.285</u>
<u>Unhypothecated Grants</u>		
Outcome Agreement Grant		1.467
Planned Use of Contingency Reserve		0.297
Specific Grants (Estimated)		33.297
Total Funding		<u>293.346</u>
<u>Expenditure</u>		
Total Budget 2012/13		280.991
Previous Year's Growth / Items Dropping Out	Appendix 2	1.336
Pay & Price Inflation	Appendix 3	2.900
New Responsibilities and Transfers into the Settlement	Appendix 4	14.042
Pressures and Investments - Ongoing	Appendix 5	3.261
Pressures and Investments - One-off and Time Limited	Appendix 6	0.297
Efficiencies	Appendix 7	(5.437)
Less Specific Grants 2012/13	Appendix 8	(37.341)
Plus Specific Grants 2013/14 (Estimated)	Appendix 8	33.297
Total Expenditure		<u>293.346</u>
Shortfall		<u>(0.000)</u>

Income

- 4.02 The budget proposals in this report set a budget requirement of £258,284,539. At this level of spend, the increase on the Band D Council Tax Rate (excluding Police and Town/Community Councils' precepts) is 2.9%. This equates to an increase of £27.04 on 2012/13 and a Band D rate of £959.43.

The Council Tax system in Wales contains nine property bands ranging from Band A to Band I. In order to ensure consistency between councils when reporting Council Tax information it is agreed practice that all related information is expressed in terms of Band D equivalents.

Members are requested to confirm that there be a 2.9% increase in Council Tax at Band D and an assumed 97.5% collection rate.

- 4.03 The amount of Outcome Agreement Grant available for 2013/14 has been advised by the Assembly. Achievement of this is subject to performance. The Council has been successful in achieving 100% of its grant in previous years and so it is a reasonable assumption for 2013/14.

Members are requested to confirm the inclusion of the Outcome Agreement Grant of £1,467,158 in the budget.

- 4.04 The specific grants figure is provisional, and based on the latest information known at this time. Expenditure levels will be managed within the final figures announced by the Assembly.

Members are requested to confirm that the budget will be adjusted to reflect the actual level of specific grant received.

Expenditure

Inflation

- 4.05 Pay and Price Inflation of £2.900m is included in the budget proposals as detailed in Appendix 3. The proposals include pay inflation of £1.279m which assume a 1% increase for teaching staff from September 2013 and 1% for non-teaching staff from April 2013.

- 4.06 Price inflation of £0.988m has been included which represents a targeted 1%-2% increase for all services as required. In addition to the standard level of price inflation outlined above, central non-standard inflation of £0.766m has been included, as detailed in Appendix 3, to reflect the increasing costs of energy, fuel, business rates and food for which inflation is anticipated to be at higher levels based on national intelligence. This sum will be held centrally until it is demonstrated that there is a requirement for the funding to be released. This will be reported in budget monitoring reports during the year.

It is recommended that items of non-standard inflation are only allocated out to services when the actual increase in cost is known.

- 4.07 Inflation on income amounting to £0.133m has been assumed on the yield from existing fees and charges which has generally been applied at 3%. Appendix 7a also details service areas where existing charges have been increased or new charges introduced (including inflation).

Members are requested to confirm the levels of inflation assumed in the budget.

- 4.08 The final settlement included various transfers in totalling £4.400m of funding previously received through a specific grant and an additional new responsibility for the Council Tax Support Scheme of £9.642m as detailed in Appendix 4.

Members are requested to confirm the amounts included in the budget relating to transfers into and out of the settlement.

- 4.09 Appendix 5 a-d sets out recurring pressures totalling £3.261m recommended for inclusion in the budget. These pressures are proposed to be funded from the base budget.

Members are requested to confirm the inclusion of £3.261m of pressures in the budget.

It is recommended that the Council's adopted practice continues that resource to fund new pressures be approved for the purposes set out. Any proposals to vary the use of the sums allocated are to be the subject of a further report to Cabinet.

- 4.10 In addition, Appendix 6 details estimated one-off costs of £0.297m which will be funded by way of a contribution from the Contingency Reserve.

Members are requested to confirm the inclusion of estimated one-off costs totalling £0.297m in the budget.

- 4.11 Appendix 7a-e sets out the efficiencies, totalling £5.437m, recommended for inclusion in the budget.

Members are requested to confirm the inclusion of efficiencies of £5.437m in the budget.

It is recommended that if it should become apparent that achievement of any of the savings (in full or in part) is proving to be not as anticipated, that this is dealt with corporately, with the Corporate Management Team bringing options to Cabinet for consideration.

- 4.12 Full details of the total budget will be included in the 2013/14 Budget Book which will be made available early in the new financial year.

5.00 UNEARMARKED BALANCES AND EARMARKED RESERVES

- 5.01 Under the Local Authority Accounting Panel (LAAP) Bulletin 55, the level and utilisation of all reserves must be determined formally by the Council, informed by the advice and judgement of the Chief Finance Officer. As part of the budget process, officers have reviewed all of the reserves and balances held as detailed below. This is to ensure that any reserves held are at a reasonable level for the purpose for which they are intended and, if no longer required, are released back into useable funding.

- 5.02 Total Revenue Reserves comprise both the Council Fund Unearmarked balance and various Earmarked Council Fund Reserves, as reported annually in the Statement of Accounts.

- 5.03 The total value of the Council Fund reserves as at 1st April 2012 was £44.520m as outlined below:

Council Fund (Unearmarked) Balance	£m
Base Level of Unearmarked Reserves	5.564
Contingency Reserve	<u>0.992</u>
Sub -Total	6.556
Earmarked Council Fund Reserves	
Service Balances	6.479
Corporate Balances	24.156
Schools' Balances	2.658
Other Specific Reserves	<u>4.671</u>
Total	44.520

Council Fund (Unearmarked) Balance

Base Level of Reserves

- 5.04 The Council's Medium Term Financial Strategy includes a commitment to achieving a base level of reserves of 2% of turnover. The base level of reserves as at 1st April 2012 was £5.564m and it is proposed to increase this by £0.065m in 2013/14 taking the base level of reserves to £5.629m. In addition it is planned to make a further contribution in-year from the anticipated council tax collection fund surplus (see para 3.20).

Contingency Reserve

- 5.05 When the 2012/13 budget was set, the Contingency Reserve was estimated to be £0.414m at 31st March 2012. As a result of the net under-spend reported in the final outturn for 2011/12 the actual amount in the Contingency Reserve at the year end was £0.992m.
- 5.06 Cabinet on 18 September 2012, agreed to utilise £0.361m of this additional funding to support the new leisure facilities in its first year of operation.
- 5.07 The 2012/13 Month 8 Budget Monitoring report which is also on this agenda, shows an estimated balance of £0.497m in the contingency as at 31st March 2013 after setting aside provision for the MMI trigger of the Scheme of Arrangement (see 3.16).

- 5.08 The 2013/14 budget proposals include a recommendation to utilise £0.297m of the contingency reserve to fund one-off costs which would leave an estimated amount remaining at the end of the current financial year of £0.200m.
- 5.09 Whilst the base level of reserves is a known sum which is set aside, the level of Contingency reserve is based on the current estimate and is subject to change at the end of the financial year. The level of contingency reserve will continue to be reported through the monthly budget monitoring reports.

Earmarked Council Fund Reserves

- 5.10 Earmarked Council Fund Reserves include service balances/corporate balances, specific reserves and schools' balances.
- 5.11 Service balances are made up of those balances held by departments which Cabinet has agreed can be carried forward. Corporate Balances are held to meet commitments which fall in future years on specific items of expenditure.
- 5.12 The Council also holds Specific Reserves which are set aside for a specific future purpose.
- 5.13 Appendix 10 details the estimated closing balances for 2012/13 and 2013/14 in respect of all reserves and balances. The Head of Finance is satisfied that the level of these reserves is appropriate.

6.00 CHIEF FINANCE OFFICER REPORT ON ESTIMATES AND RESERVES

- 6.01 Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to report to the Authority when it is considering its Budget and Council Tax on the robustness of the estimates and the adequacy of reserves. The Act requires the Council to have regard to this report in making its decisions (the reference to the first person which follows is to the Head of Finance in this role).
- 6.02 Consideration of the budget has been within the framework of the Medium Term Financial Strategy 2011/15. The specific strategy for 2013/14 has been to target inflation, robustly review the ongoing impacts of in-year pressures, challenge and compress new pressures and optimise efficiency options.
- 6.03 I confirm the reasonableness of the estimates contained in the proposed budget, having regard to the Council's spending needs in 2013/14. Inevitably in managing a budget of this scale across and large and diverse organisation variances will occur, but I believe that the budget assumptions represent a measured and acceptable level of risk.
- 6.04 Effective and disciplined in-year financial management will be key to ensuring that budgets are managed effectively and prompt action taken to mitigate the impacts should variances occur.

- 6.05 The 2013/14 budget has been prepared within the context of reduced funding available to local government and the ongoing impacts of the economic downturn. Economic forecasts show that this will be the case for some years to come. Future rises in spending need (choice and demand led) and real terms cuts in funding mean that the Council needs not only to plan ahead, but also to carefully safeguard its levels of balances.
- 6.06 The level of reserves and balances is set out in Section 5.00. Within the context described above, I recommend that the Council should maintain the level of general balances of £5.629m and the further planned in-year contribution of £0.205m in 2013/14 (alongside other specific reserves as outlined) to safeguard its position and be in a strong position to plan ahead to meet the continuing period of constraint in public sector funding, the impacts of the economic downturn and be able to invest in its priorities for the future.

7.00 2014/15 AND THE MEDIUM TERM

- 7.01 The national and local financial context which was shared and explored with members through Cabinet and Overview and Scrutiny meetings during the budget process, sets the backdrop to the likely financial position over the medium term. Significant pressure on public sector finances is expected to continue to the end of the decade through a combination of UK Fiscal Policy, a flat economy and increasing demands and expectations for key services.
- 7.02 Whilst the Council has had indications of its level of funding for 2014/15 by Welsh Government, its funding forecast from the UK Treasury has subsequently been reduced. As a consequence it is highly probable that the projected budget gap of £29m over 5 years will be increased. The impacts of any WG decisions on the allocation of funding to other areas of the public sector would have a significant additional bearing.
- 7.03 In this context the Medium Term Financial Plan (MTFP) continues to be under review. The next version will be published in mid 2013, by which time the Council will have a clearer picture of a number of the investment options for key priorities including Single Status and Equal Pay, School Modernisation, School Funding Formula Review, Social Care and Capital Strategy.
- 7.04 The updated MTFP will model:-
- possible medium-term fiscal outcomes and impacts from the forthcoming comprehensive spending review and potential levels of future funding from Welsh Government
 - local taxation and income from fees and charges and other income streams
 - necessity-led and priority local choice-led budget revenue and capital needs
 - efficiency needs and opportunities

- 7.05 This work will inform a challenging and evidence based review of priorities for investment and priorities for disinvestment/efficiency and be a true basis and impetus for the next phase of big organisational change within the council.
- 7.06 The latest position on our MTFP, prior to the inclusion of this work is detailed in Appendix 11.

8.00 RECOMMENDATIONS

- 8.01 That the Cabinet makes the following recommendations to County Council on 1 March 2013:-
1. That the 2013/14 Council Fund Revenue Budget Requirement be set at £258,284,539 (which is £1,720,145 below the calculated Standard Spending Assessment) (4.01).
 2. That there be a 2.9% increase in Council Tax at Band D and an assumed 97.5% collection rate (4.02).
 3. The inclusion of the Outcome Agreement Grant of £1.467m in the budget (4.03).
 4. The levels of inflation assumed in the budget (4.05-4.07).
 6. That items of non-standard inflation are only allocated out to services when the actual increase in cost is known (4.06).
 7. The amounts included in the budget relating to transfers into and out of the settlement (4.08).
 8. The inclusion of £3.261m of pressures in the budget (Appendix 5 a-d).
 9. That the Council's adopted practice continues that resources to fund new pressures be approved for the purpose set out. Any proposals to vary the use of the sums allocated are to be the subject of a further report to Cabinet (4.09).
 10. The inclusion of estimated one-off costs totalling £0.297m in the budget (Appendix 6), to be funded from the contingency reserve.
 11. The inclusion of efficiencies of £5.437m in the budget (4.11 and Appendix 7 a-e).
 12. That if it should become apparent that achievement of any of the savings (in full or part) is proving to be not as anticipated that this is dealt with corporately, with the Corporate Management Team bringing alternatives to Cabinet for consideration (4.11).

13. That additional income derived from the anticipated collection fund surplus be utilised to fund welfare reform costs and increase the base level of reserves (3.20)

9.00 FINANCIAL IMPLICATIONS

- 9.01 As set out in the report.

10.00 ANTI POVERTY IMPACT

- 10.01 Individual growth and efficiency items may have specific anti-poverty impacts.

11.00 ENVIRONMENTAL IMPACT

- 11.01 Individual growth and efficiency items may have specific anti-poverty impacts.

12.00 EQUALITIES IMPACT

- 12.01 Individual growth and efficiency items may have specific equality impacts.

13.00 PERSONNEL IMPLICATIONS

- 13.01 Individual growth and efficiency items may have specific personnel impacts.

14.00 CONSULTATION REQUIRED

- 14.01 Overview and Scrutiny, Business Ratepayers, School Budget Forum, Flintshire Joint Trades Union Committee.

15.00 CONSULTATION UNDERTAKEN

- 15.01 Overview and Scrutiny as set out in the report.

School Budget Forum and Flintshire Joint Trade Union have been updated throughout the process.

No responses received to the formal consultation with business ratepayers.

No objections received from proposals shared with Local Service Board and Regional Partners.

16.00 APPENDICES

- 16.01 Appendices 1-12

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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Briefing Note on the Final Local Government Settlement 2013/14

Revenue

Aggregate External Finance (AEF)

- Flintshire's AEF has decreased by £0.045m compared to the provisional settlement (from £199.651m to £199.606m) as detailed below:-

	£m
Transfers Into Settlement:	
<i>Increase in Post 16 SEN Special Schools Transfer</i>	0.013
Less Council Tax Support Scheme funding	(0.050)
Distributional Changes	<u>(0.008)</u>
Total	(0.045)

Standard Spending Assessment (SSA)

Flintshire's calculated SSA has decreased by £0.120m compared to the provisional settlement (from £259.255 to £259.135m)

Transfers into the Settlement

The transfers into the settlement remain the same as per the provisional settlement with the exception of an increase of £0.013m in relation to Post 16 SEN Special Schools.

Council Tax Support Scheme

This new responsibility has been confirmed with a revised amount identified of £8.773m, a reduction of £0.050m on the provisional settlement figure. The Minister has also announced in the Final Settlement an additional £4.6m of additional funding across Wales in the current financial year to assist local authorities with the costs of introducing this new scheme and to help mitigate the wider impact of welfare reforms. Work is underway to assess the specific implications for Flintshire of this complex area.

Specific Grants

Only limited information at an All Wales level has been received to date.

Outcome Agreement Grant

Flintshire's allocation is £1.465m, a reduction of £0.002m than at the provisional stage.

Regional Collaboration Fund

The Provisional Settlement advised that £10.174 million (All Wales) had been taken out of the settlement to form a new specific grant for regional collaboration. The Final Settlement advised of a North Wales indicative allocation of £2.293m and some guidance on eligibility criteria.

Capital

General Capital Funding

- Flintshire's general capital funding has reduced by £0.002m compared to the provisional settlement of £6.868m.

Gary Ferguson – Corporate Finance Manager (12th Dec 12)

Budget 2013/14
Council Fund - Revenue

Previous Years' Growth / Items Dropping Out

	2013/14 £m	2013/14 £m
<u>APPROVED 2011/12 BUDGET</u>		
<u>Community Services</u>		
Transition to Adulthood	0.910	
Supporting People	0.200	
Provision of Hired Transport	(0.617)	
	<hr/> 0.493	
<u>Environment</u>		
Additional energy cost as a result of new street lighting	0.060	
Land searches Income	(0.020)	
Building Control Income	(0.010)	
Planning Fees Income	(0.010)	
Landfill Tax Adjustment	0.032	
	<hr/> 0.052	
<u>Lifelong Learning</u>		
Development of Broadband	(0.019)	
Transport policy review - rationalisation of non statutory entitlement	(0.072)	
Rationalisation of LEA run Music Service	(0.118)	
	<hr/> (0.209)	
<u>Corporate Services</u>		
Employers' Pension - LGPS	0.362	
Intrusion Detection & Prevention System Options	(0.040)	
Changes to Housing Benefit/Council Tax Benefit Administration Grant	0.062	
ISA Registration	0.030	
	<hr/> 0.414	
		<hr/> 0.750

Budget 2013/14
Council Fund - Revenue

Previous Years' Growth / Items Dropping Out

	2013/14 £m	2013/14 £m
<u>APPROVED 2012/13 BUDGET</u>		
<u>Community Services</u>		
Increase in Homelessness costs	0.106	
Homecare - Increased complexity of care	0.100	
Transition to Adulthood	0.067	
Occupational Therapy Service	(0.020)	
Safeguarding for Adults	0.046	
Housing Renewal Agency - income	(0.013)	
Transfer of Responsibility for Community Centres from HRA	0.001	
Shortfall in achievement of Provision of Hired Transport efficiency	0.617	
Management Efficiencies Through Collaborative Working	(0.026)	
Team Manager's Post Efficiency	(0.051)	
Mold Extra Care Scheme	0.300	
	<hr/> 1.127	
<u>Environment</u>		
Rental Income Shortfalls and NNDR charges for vacant properties	0.050	
Environmental Waste Management - reduction in grant funding	0.047	
Revenue Lost due to phased disposal of Agricultural Estates	0.026	
Implementation of Highways Asset Management Plan (HAMP)	0.225	
Continuation of 2011/12 Landfill Tax efficiency	0.145	
Food Waste - increased diversion from landfill	0.128	
	<hr/> 0.621	
<u>Lifelong Learning</u>		
Extension of the centrally hosted school Moodle VLE virtual server farm and supporting infrastructure	0.050	
Transport Policy Review - rationalisation of non statutory entitlement	(0.276)	
Music Service - Adjustment to reflect decision in 2011/12 budget	0.118	
Saltney Library - Lease	0.010	
	<hr/> (0.098)	
<u>Corporate Services</u>		
Internal Insurance Fund Recharge	0.150	
Business Systems - Software Maintenance Costs	0.019	
Prudential Borrowing Requirement for Capital Investment	0.112	
Methods of Payment	(0.075)	
Review of Admin and Support (Council-wide)	(0.300)	
Procurement Review	(0.022)	
Changes to Housing Benefit/Council Tax Benefit Administration Grant	0.122	
	<hr/> 0.006	
<u>Council-Wide</u>		
Asset Management - planned closure of externally leased properties	(0.097)	
	<hr/> (0.097)	
		<hr/> 1.559

Budget 2013/14**Council Fund - Revenue****Previous Years' Growth / Items Dropping Out**

	2013/14 £m	2013/14 £m
ONE OFF AND TIME-LIMITED PRESSURES		
<u>Lifelong Learning</u>		
Review of Kitchens	(0.150)	
Play Areas Additional Allocation for Match Funding	(0.022)	
Flint Leisure Centre - loss of income due to effects of redevelopment	(0.076)	
School Maternity Costs	(0.060)	
Redundancy and early retirement costs from schools	(0.219)	
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.527)	
<u>Environment</u>		
Local Transport Services Grant	(0.149)	
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.149)	
<u>Corporate Services</u>		
Public Sector Broadband Aggregation	(0.098)	
Base Level of Reserves - 'Top-Up to 2% of Turnover	(0.088)	
Telephone Maintenance	(0.031)	
County Elections - May 2012	(0.080)	
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.297)	
		<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.973)
Total Previous years items		<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> 1.336 <hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/>

Budget 2013/14
Council Fund - Revenue

Inflation

	£m	£m
<u>Pay</u>		
Non-Teachers Pay Inflation from April 2013 (1%)	0.914	
Teachers Pay Inflation from September 2013 (1%)	<u>0.365</u>	
		1.279
<u>Price</u>		
Targeted General Price Inflation (1-2%)	<u>0.988</u>	
		0.988
<u>Non Standard</u>		
Energy - Street Lighting (10%)	0.079	
Energy - Other (8%)	0.285	
Fuel (11.2%)	0.187	
Food (5.8%)	0.141	
Non-Domestic Rates (2.3%)	<u>0.074</u>	
		0.766
<u>Income (3% - see also Fees and Charges Efficiencies)</u>		(0.133)
Total Inflation		<u><u>2.900</u></u>

Budget 2013/14

Council Fund - Revenue

New Responsibilities and Transfers Into the Settlement

	£m	£m
<u>New Responsibilities</u>		
Council Tax Support Scheme	8.773	
Additional Support (100% from 90%)	<u>0.869</u>	
		9.642
<u>Transfers In From Specific Grant Funding</u>		
Blue Badge Scheme Grant	0.018	
Appetite for Life Grant	0.121	
School Counselling Grant	0.224	
School Breakfasts Grant	0.560	
Local Government Borrowing Initiative Grant	0.385	
Post 16-SEN in Mainstream Grant	0.126	
Post 16-SEN Special Schools and Out of County Grant	1.348	
Learning Disabilities Resettlement Grant	<u>1.618</u>	
		4.400
Total New Responsibilities and Transfers Into the Settlement		<u><u>14.042</u></u>

Budget 2013/14
Council Fund - Revenue

Summary of Pressures and Investments

		2013/14 £m	2014/15 £m	2015/16 £m
Economic Impact	Appendix 5a	0.347	0.347	0.847
Welsh Government Policy / Legislative	Appendix 5b	0.078	0.088	0.088
Other Pressures and Investments	Appendix 5c	2.545	2.676	3.918
Council Priority / Invest to Save	Appendix 5d	0.291	1.888	2.804
Total		<u>3.261</u>	<u>4.999</u>	<u>7.657</u>

Budget 2013/14

Council Fund - Revenue

Pressures and Investments - Economic Impact

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Environment</u>			
Rental Income Shortfalls for vacant Properties	0.050	0.050	0.050
Income reduction due to Power Station closures	0.120	0.120	0.120
	<u>0.170</u>	<u>0.170</u>	<u>0.170</u>
<u>Lifelong Learning</u>			
Reduced income - Deeside Ice Rink	0.177	0.177	0.177
	<u>0.177</u>	<u>0.177</u>	<u>0.177</u>
<u>Corporate Services</u>			
Income reduction - Vacation of former Council Offices , Ewloe	-	-	0.500
	<u>-</u>	<u>-</u>	<u>0.500</u>
Total	<u>0.347</u>	<u>0.347</u>	<u>0.847</u>

Budget 2013/14
Council Fund - Revenue

Pressures and Investments - Welsh Government Policy / Legislative

	2013/14	2014/15	2015/16
	£m	£m	£m
<u>Community Services</u>			
Mental Health - Additional Social Work support	0.032	0.042	0.042
Learning Disability resettlement grant - impact of transfer into RSG	0.046	0.046	0.046
Total	<u>0.078</u>	<u>0.088</u>	<u>0.088</u>

Budget 2013/14
Council Fund - Revenue

Other Pressures and Investments

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
Transition to Adulthood	0.138	0.267	1.506
Family Placement team (Children's Services)	0.110	0.110	0.110
Disabled Facility Grants / Aids and Adaptations	0.046	0.062	0.062
Independent Sector residential fees	0.115	0.115	0.115
	0.409	0.554	1.793
<u>Council Wide</u>			
Closure of externally leased properties - revision to previous efficiency	0.097	0.097	0.097
	0.097	0.097	0.097
<u>Corporate Services</u>			
Criminal Records Bureau (CRB) checks	0.070	0.070	0.070
Methods of Payment - delayed efficiency	0.075	0.075	0.075
	0.145	0.145	0.145
<u>Environment</u>			
Landfill Sites - reduced income generation - energy	0.144	0.144	0.144
	0.144	0.144	0.144
<u>Lifelong Learning</u>			
Review of Schools kitchens - revision to previous efficiency	0.300	0.300	0.300
Cleaning Services - Loss of contract income	0.050	0.050	0.050
Staffing Budget Shortfall following restructure	0.120	0.103	0.103
Music Licensing - increased costs	0.037	0.037	0.037
Health & Safety issues - Deeside Leisure Centre	0.025	0.025	0.025
Transport Policy review - previous efficiency unachieved - replaced by new efficiencies	0.348	0.348	0.348
Free School Meals - increased demand	0.144	0.147	0.150
School Remissions - increased demand	0.085	0.085	0.085
Schools redundancy / early retirement costs	0.219	0.219	0.219
Schools maternity pay costs	0.060	0.060	0.060
Special Schools Investment - Formula Review	0.250	0.250	0.250
Play Schemes - Match Funding	0.012	0.012	0.012
Music Service	0.100	0.100	0.100
	1.750	1.736	1.739
Total	2.545	2.676	3.918

Budget 2013/14
Council Fund - Revenue

Pressures and Investments - Council Priority / Invest to Save

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Council Wide</u>			
Investment in Organisational Change and Priorities	0.420	2.000	2.000
Revised Effect of Prudential Borrowing costs for agreed Capital Projects (change due to revised interest rates and receipt of grant funding)	(0.129)	(0.112)	0.804
Total	<u>0.291</u>	<u>1.888</u>	<u>2.804</u>

Budget 2013/14

Council Fund - Revenue

Pressures and Investments - One-Off and Time Limited

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Corporate Services</u>			
Base Level of Reserves - 2% of Turnover	0.065	0.000	0.000
	<hr/>	<hr/>	<hr/>
	0.065	0.000	0.000
<u>Lifelong Learning</u>			
School Modernisation Programme	0.025	0.000	0.000
Schools Service Level Agreements (SLA's)	0.172	0.000	0.000
Play Areas - Match Funding	0.035	0.000	0.000
	<hr/>	<hr/>	<hr/>
	0.232	0.000	0.000
Total	<hr/>	<hr/>	<hr/>
	0.297	0.000	0.000

Budget 2013/14
Council Fund - Revenue
Summary of Efficiencies

		2013/14	2014/15	2015/16
		£m	£m	£m
Fees & Charges	Appendix 7a	0.586	0.723	0.760
Service Change	Appendix 7b	1.631	1.569	1.344
Procurement	Appendix 7c	1.803	1.949	2.005
Organisational Design	Appendix 7d	0.531	0.574	0.574
Other Efficiencies	Appendix 7e	0.886	0.913	0.963
Total		<u>5.437</u>	<u>5.728</u>	<u>5.646</u>

Budget 2013/14

Council Fund - Revenue

Efficiencies - Fees & Charges

	2013/14 £m	2014/15 £m	2015/16 £m
<u>EXISTING CHARGES</u>			
<u>Community Services</u>			
Residential Charging - increased income from demand	0.100	0.100	0.100
	<hr/>	<hr/>	<hr/>
	0.100	0.100	0.100
<u>Environment</u>			
Agricultural Estate rentals	0.008	0.008	0.008
Public Protection - increase to market rates	0.025	0.025	0.025
Markets Service - increased lettable space	0.019	0.019	0.019
	<hr/>	<hr/>	<hr/>
	0.052	0.052	0.052
<u>Lifelong Learning</u>			
Library Service - Fines	0.001	0.001	0.001
Library - Hire charges increase	0.001	0.001	0.001
Leisure Services - increased charges	0.175	0.175	0.175
	<hr/>	<hr/>	<hr/>
	0.177	0.177	0.177
<u>Finance - Corporate Services</u>			
Revenues - increased number of Council Tax fines	0.027	0.027	0.027
	<hr/>	<hr/>	<hr/>
	0.027	0.027	0.027
<u>ICT & Customer Services - Corporate Services</u>			
Registrars - increased fees	0.019	0.019	0.019
	<hr/>	<hr/>	<hr/>
	0.019	0.019	0.019
Total	<hr/> 0.375 <hr/>	<hr/> 0.375 <hr/>	<hr/> 0.375 <hr/>

Budget 2013/14
Council Fund - Revenue
Efficiencies - Fees & Charges

	2013/14 £m	2014/15 £m	2015/16 £m
<u>NEW CHARGES</u>			
<u>Community Services</u>			
Mental Health Service users	0.018	0.018	0.018
	<u>0.018</u>	<u>0.018</u>	<u>0.018</u>
<u>Environment</u>			
Traffic Regulation order Notices	0.013	0.013	0.013
Streetscene - leachate processing	0.075	0.075	0.075
Car Park Management	0.056	0.102	0.109
	<u>0.144</u>	<u>0.190</u>	<u>0.197</u>
<u>Lifelong Learning</u>			
Review of post 16 distance limit	0.030	0.051	0.051
Review of Denominational transport provision	0.000	0.070	0.100
	<u>0.030</u>	<u>0.121</u>	<u>0.151</u>
<u>Legal & Democratic - Corporate Services</u>			
External Fees - conveyancing / S106 agreements	0.015	0.015	0.015
	<u>0.015</u>	<u>0.015</u>	<u>0.015</u>
<u>ICT & Customer Services - Corporate Services</u>			
Network Services - income from hosting PSBA equipment	0.004	0.004	0.004
	<u>0.004</u>	<u>0.004</u>	<u>0.004</u>
Total	<u>0.211</u>	<u>0.348</u>	<u>0.385</u>
Grand Total	<u>0.586</u>	<u>0.723</u>	<u>0.760</u>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Service Change

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
Reablement in the level of extra care	0.100	0.100	0.100
Preserved Rights - reduced activity levels	0.053	0.053	0.053
External funding for existing post - Children's Services	0.043	0.043	0.043
Family Placement team - revision of existing practices	0.040	0.040	0.040
Early retirement - non replacement of staff - CSA	0.015	0.015	0.015
General Office Administration review	0.021	0.021	0.021
Housing efficiency savings	0.028	0.028	0.028
Homelessness - timing of presentations	0.106	0.000	0.000
Youth Justice - appropriate adult service	0.010	0.010	0.010
Legal Fees - use of solicitors / barristers	0.010	0.010	0.010
Children's Services - Transport costs efficiency	0.015	0.015	0.015
Children's Services - FAST team budget reduction	0.010	0.010	0.010
Preventative foster care service - day care	0.005	0.005	0.005
	<hr/> 0.456	<hr/> 0.350	<hr/> 0.350
<u>Chief Executive's - Corporate Services</u>			
Corporate Comms - reduced workforce bulletins	0.003	0.003	0.003
Emergency Planning - collaborative working	0.000	0.025	0.025
	<hr/> 0.003	<hr/> 0.028	<hr/> 0.028
<u>Corporate Finance - Corporate Service</u>			
Clwyd Theatr Cymru - Agreed reduction to	0.015	0.015	0.015
	<hr/> 0.015	<hr/> 0.015	<hr/> 0.015
<u>ICT & Customer Services - Corporate Services</u>			
Information & Business services - use of LLPG	0.000	0.014	0.014
	<hr/> 0.000	<hr/> 0.014	<hr/> 0.014

Budget 2013/14
Council Fund - Revenue

Efficiencies - Service Change

	2013/14 £m	2014/15 £m	2015/16 £m
<u>HR & OD - Corporate Services</u>			
CRB checks - review of options	0.035	0.035	0.035
	0.035	0.035	0.035
<u>Legal & Democratic - Corporate Services</u>			
Democratic Services - reduced paper usage	0.010	0.010	0.010
Members Allowances (Basic Allowance) - no inflationary increase	0.010	0.010	0.010
Members Allowances - Special Responsibility Allowances - reduction of number allocated	0.070	0.070	0.070
Members Allowances - NI contributions reduction linked to reduced number of Special Responsibility allowances	0.010	0.010	0.010
	0.100	0.100	0.100
<u>Environment</u>			
Street Lighting - non-residential areas post midnight turn-off	0.050	0.050	0.050
Highways Asset Management Plan (HAMP) - rephasing of full implementation	0.225	0.225	0.000
Public Conveniences - revisit of strategy	0.050	0.050	0.050
Streetscene - implementation of Part III agreement	0.300	0.300	0.300
Waste Services - vehicle savings from full roll out of Saturday collection	0.140	0.140	0.140
Business Development team - agile working	0.004	0.004	0.004
Staff travel - reduced mileage payments	0.003	0.003	0.003
Directorate Support & Performance - Supplies and Stationery - Streamline current processes	0.008	0.008	0.008
	0.780	0.780	0.555

Budget 2013/14
Council Fund - Revenue

Efficiencies - Service Change

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Lifelong Learning</u>			
Operational efficiencies	0.025	0.025	0.025
Youth Service - reduction of senior area workers	0.032	0.032	0.032
Youth Service - term time only contracts	0.026	0.026	0.026
Youth Service - Service reconfiguration	0.012	0.012	0.012
Youth Service - Building costs savings	0.011	0.011	0.011
Youth Service - Building rationalisation	0.005	0.010	0.010
Facilities - Management / Central Office - structure review	0.015	0.015	0.015
Facilities - County Hall revised opening hours - reduced energy / overtime costs	0.025	0.025	0.025
LL ICT - Interim Service review - post reduction	0.025	0.025	0.025
Leisure Services - removal of swimming subsidy	0.023	0.023	0.023
Directorate Management Team Restructure	0.043	0.043	0.043
	<u>0.242</u>	<u>0.247</u>	<u>0.247</u>
Total	<u><u>1.631</u></u>	<u><u>1.569</u></u>	<u><u>1.344</u></u>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Procurement

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
PARIS - post implementation expenditure review	0.030	0.030	0.030
Housing Services - Supplies and Services	0.003	0.003	0.003
Social Care - Supplies and Services	0.075	0.075	0.075
Procurement Hub - regional procurement of high cost low volume placements	0.020	0.020	0.020
Children's Services - out of county placements - improved procurement practice	0.533	0.533	0.533
Transport Review - revised contracts	0.025	0.025	0.025
	<u>0.686</u>	<u>0.686</u>	<u>0.686</u>
<u>Chief Executive's - Corporate Services</u>			
Employee / Residents Consultations - reduction in number	0.003	0.003	0.003
Supplies and Services	0.010	0.000	0.000
Joint Working - costs reduction	0.002	0.000	0.000
Alterations / Improvements reductions - future agile working	0.002	0.000	0.000
Employee Safety Measures - reduced demand on budget	0.010	0.015	0.015
Community Strategy / LSB partnership - reduction in planned requirements	0.000	0.005	0.005
Conferences/Seminars/Lectures - reduced attendance	0.001	0.001	0.001
	<u>0.028</u>	<u>0.024</u>	<u>0.024</u>
<u>ICT & Customer Services - Corporate Services</u>			
Training Budget - Procurement via new solutions	0.001	0.001	0.001
Reduced maintenance costs due to new security equipment	0.025	0.025	0.025
Networking Hardware - reduced procurement	0.002	0.002	0.002
ICT Cabling - reduction enabled by IPT solution	0.002	0.002	0.002
Leasing - budget adjustment	0.006	0.006	0.006
Software Licensing - Microsoft licences procured through other agreements	0.010	0.010	0.010
Hardware Maintenance - letting of MFD contracts	0.001	0.001	0.001
Reduce influencable spend by 3%	0.004	0.004	0.004
Reduced ICT Expenditure	0.003	0.003	0.003
Rationalisation of third party software costs	0.013	0.013	0.013
Avoidance of inflationary rises - software maintenance costs	0.020	0.020	0.020
Reduced licence costs - via renegotiation	0.018	0.018	0.018
Supplies and Services	0.061	0.061	0.061
Training budget reduction - build around training solutions	0.001	0.001	0.001
Alterations & Improvements - Datacentres	0.004	0.004	0.004
Other Consumables - reduction in expenditure	0.001	0.001	0.001
Hardware Maintenance - new technology with warranty	0.015	0.015	0.015
Listing Paper - More use of electronic means	0.002	0.002	0.002
Enterprise Servers - hardware	0.003	0.003	0.003
Services work and Consultancy	0.004	0.004	0.004
	<u>0.196</u>	<u>0.196</u>	<u>0.196</u>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Procurement

	2013/14 £m	2014/15 £m	2015/16 £m
<u>HR & OD - Corporate Services</u>			
Supplies & Services	0.009	0.009	0.009
	0.009	0.009	0.009
<u>Finance - Corporate Services</u>			
Supplies & Services	0.012	0.012	0.012
	0.012	0.012	0.012
<u>Environment</u>			
Waste Services - Tender Transport arrangements for waste disposal	0.050	0.050	0.050
Transportation Services - Review of subsidised Bus Service Contracts and re-tender	0.036	0.036	0.036
Reduction in use of consultants	0.013	0.013	0.013
Reduction in influencable spend	0.025	0.025	0.025
Streamline current processes within Directorate Support	0.020	0.020	0.020
	0.144	0.144	0.144
<u>Lifelong Learning</u>			
Reduction of Postage within the Library Service	0.001	0.002	0.002
Out of County - Improved procurement through framework agreements and monitoring of placements.	0.385	0.385	0.385
School Transport Service - Operational efficiencies	0.080	0.120	0.120
	0.466	0.507	0.507
<u>Flintshire Futures Programme</u>			
E-Procurement and Improved Processes	0.102	0.211	0.267
Internal Fleet Review	0.160	0.160	0.160
	0.262	0.371	0.427
Total	1.803	1.949	2.005

Budget 2013/14

Council Fund - Revenue

Efficiencies - Organisational Design

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Chief Executive - Corporate Services</u>			
Reduction in mileage travelled - Emergency Planning	0.001	0.001	0.001
	<u>0.001</u>	<u>0.001</u>	<u>0.001</u>
<u>Community Services</u>			
Review of Supported Living Service	0.350	0.350	0.350
Service Review of Warden Service	0.018	0.018	0.018
Children's Services - Removal of one team manager post	0.040	0.053	0.053
Development and Resources - Rationalisation of Management Team	0.050	0.100	0.100
	<u>0.458</u>	<u>0.521</u>	<u>0.521</u>
<u>Environment</u>			
Review Management Recharge to the Communities First Programme	0.020	0.000	0.000
	<u>0.020</u>	<u>0.000</u>	<u>0.000</u>
<u>Lifelong Learning</u>			
Libraries - Flexible retirement	0.015	0.015	0.015
Libraries - Library Service Review	0.037	0.037	0.037
	<u>0.052</u>	<u>0.052</u>	<u>0.052</u>
Total	<u>0.531</u>	<u>0.574</u>	<u>0.574</u>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Other

	2013/14	2014/15	2015/16
	£m	£m	£m
<u>Flintshire Futures Programme</u>			
Assets Workstream - Facilities Management	0.060	0.060	0.060
Assets Workstream - Office Rationalisation	0.000	0.077	0.077
Customer Workstream - Contact Centre	0.100	0.100	0.100
Customer Workstream - Face to Face Customer Contact	0.100	0.100	0.100
Customer Workstream - Channel Shift	0.100	0.100	0.150
	<hr/> 0.360	<hr/> 0.437	<hr/> 0.487
<u>Corporate Financing - Corporate Services</u>			
Reduced contingencies - one-off investment costs	0.240	0.240	0.240
Reduced contingencies - NDR	0.077	0.077	0.077
Reduction in Fire Levy due to formula changes	0.027	0.027	0.027
	<hr/> 0.344	<hr/> 0.344	<hr/> 0.344
<u>Environment</u>			
Agricultural Estates - balance not required	0.025	0.000	0.000
Licensing / Health & Safety - balance not required	0.025	0.000	0.000
	<hr/> 0.050	<hr/> 0.000	<hr/> 0.000
<u>Lifelong Learning</u>			
Demographic Change in Schools (pupil numbers)	0.132	0.132	0.132
	<hr/> 0.132	<hr/> 0.132	<hr/> 0.132
Total	<hr/> 0.886 <hr/>	<hr/> 0.913 <hr/>	<hr/> 0.963 <hr/>

Budget 2013/14
Council Fund - Revenue

Specific Grants

		<i>Budget 2012-13 £</i>	<i>Projection 2013-14 £</i>	<i>Variance to 2012-13 £</i>	<i>Confirmed (C) or Estimated (E)</i>
Lifelong Learning	Appetite For Life (1)	128,233		(128,233)	C
	Basic Skills	316,000	316,000	0	E
Non Delegated	Community Learning	3,278	3,311	33	E
	Families First	1,676,539	1,735,118	58,579	E
	Post 16 SEN provision in schools (1)	1,484,465		(1,484,465)	C
	Education of Travellers	81,534	89,687	8,153	E
	Flying Start	1,566,170	1,652,623	86,453	E
	Foundation Phase	4,818,344	5,021,196	202,852	E
	Foundation Phase Pilot/Early Start Funding	39,581	39,581	0	E
	Free School Milk	179,773	179,773	0	E
	Free Swimming 60+	60,000	60,000	0	E
	Free Swimming Children/Young People	104,807	104,807	0	E
	Funding for Youth Work Training in Wales	22,000	22,000	0	E
	Learning Pathways 14-19	664,080	664,080	0	E
	Minority Ethnic Achievement	101,822	106,913	5,091	E
	National Exercise Referral	0	125,000	125,000	C
	NE Wales Play Forum	61,660	61,660	0	E
	Primary School Free Breakfast Initiative (1)	707,382		(707,382)	C
	School Effectiveness Grant	1,078,580	1,078,580	0	E
	School Uniform Financial Assistance Scheme	30,080	30,080	0	E
	School-based counselling services (1)	228,134		(228,134)	C
	Unlocking the Potential of Special Schools	45,572	45,572	0	E
	Welsh Language (Athrowen Bro and WEG)	218,568	226,611	8,043	E
	Welsh Medium Bilingual Grant	46,940	46,940	0	E
	Welsh Network of Healthy School Schemes	87,320	87,320	0	E
	Youth Service Revenue Grant	90,330	90,330	0	E
		13,841,192	11,787,182	(2,054,010)	
Delegated	DCELLS (Post 16 provision in schools)	6,025,131	6,025,131	0	E
		6,025,131	6,025,131	0	
Community Services	Funding to Implement the Mental Health Act 2007	12,770	12,770	0	E
	LD Strategy Resettlement (1)	1,649,536	0	(1,649,536)	E
	Social Care Workforce Development Programme	346,969	346,969	0	E
	Supporting People	7,109,307	6,824,935	(284,372)	E
	Well Being Activity	25,000	25,000	0	E
	Youth Service Community Safety Grants	60,851	60,851	0	E
	YOT / Youth Justice Board	327,280	327,280	0	E
		9,531,713	7,597,805	(1,933,908)	
Environment	Communities First	873,205	708,911	(164,294)	E
	Concessionary Travel	1,917,131	1,970,427	53,296	E
	Crime Reduction and Anti Social Behaviour	144,461	144,461	0	E
	Domestic Abuse Co-ordinator Funding	27,500	27,500	0	E
	Local Transport Services	397,572	399,062	1,490	E
	Planning - Delivering for Wales	70,000	70,000	0	E
	Safer Communities Fund	205,446	221,882	16,436	E
	Substance Misuse	833,165	926,141	92,976	E
	Sustainable Waste Management	3,334,303	3,287,189	(47,114)	E
	Tidy Towns	90,233	81,742	(8,491)	E
		7,893,016	7,837,315	(55,701)	
Corporate Services	LSB Development Support Grant	50,000	50,000	0	E
		50,000	50,000	0	
Total		37,341,051	33,297,433	(4,043,618)	

1 Transferring into settlement

OVERVIEW & SCRUTINY
Social & Health - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.0	<p><u>Social & Health Comments / Issues</u></p>	
1.1	<p><u>General Comments / Issues</u></p>	
1.1.1	<ul style="list-style-type: none"> ▪ Will equality impact assessments be completed before any changes are made to the service e.g. review of Supported Living service? 	<ul style="list-style-type: none"> ▪ Yes. Equality impact assessments will be completed prior to any changes being made to services.
1.1.2	<ul style="list-style-type: none"> ▪ What impact will Welfare Reform have on the current budget proposals, what provisions are being made, and will current charges have to increase? 	<ul style="list-style-type: none"> ▪ There will be impacts particularly for services where charges are made. Where families are on reduced income or benefits in particular there will be an impact. Although no specific provision is being made for the direct impacts, Social & Health service managers are working closely with the corporate team looking at the impacts of Welfare reform for the whole of the Council, and a holistic approach will be taken to help families. Provision is being made for additional staff to help with preventative work liaising closely with families and the Welfare Rights team. There will also be intensive training for all staff dealing at the front line with clients affected by the impacts of welfare reform. There is also the wider perspective of the Council's work with the Welfare Reform Board involving a cross-directorate approach and also engaging with other stakeholders and representatives from other support networks. No increases will be made to charges as a consequence and there is a ceiling of £50 per week.

OVERVIEW & SCRUTINY
Social & Health - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.1.3	<ul style="list-style-type: none"> ▪ A concern was raised about provision for clients with dementia conditions. The concern related to possible future impacts on Flintshire of decisions made by the Betsi Cadwaladr University Health Board (BCUHB) resulting in additional burdens being placed on the Council for clients with dementia care needs. 	<ul style="list-style-type: none"> ▪ This was acknowledged to be a major risk area. Urgent review will be a key priority, including a meeting with representatives from BCUHB. It is a national issue and there are UK studies on sustainability. It is also intended to hold a forum of representatives from Flintshire and neighbouring Authorities to discuss the risks as the extent of impacts is unclear. There was expected to be an additional demand on services. Acknowledgement was made of the level of support within Flintshire for dementia related services including extra care facilities and Living Well. Retaining people within local communities is considered to be the best solution.
1.1.4	<ul style="list-style-type: none"> ▪ Clarification was sought on the quoted figure of £1.9m for investment in protection of key front-line Social Care services. 	<ul style="list-style-type: none"> ▪ The figure reflects the value of new pressures and efficiencies in 2013/14, impacts of previous years budget decisions, provision for possible pay awards and non pay inflation.
1.1.5	<ul style="list-style-type: none"> ▪ A concern was raised about future increases in population putting pressure on Council services recognising that there are major new housing developments currently under way within Flintshire. 	<ul style="list-style-type: none"> • Confirmation was given that population growth has been factored in for future years.
1.1.6	<ul style="list-style-type: none"> ▪ New charges for Mental Health service users - who will this impact upon? 	<ul style="list-style-type: none"> • Historically mental health service users have not been charged. This brings mental health service users in line with other service users but will not affect individuals supported under Section 117.

OVERVIEW & SCRUTINY
Social & Health - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
2.0		
2.1	<p><u>Pressures</u></p> <ul style="list-style-type: none"> ▪ An explanation was requested regarding the increase in the pressure amount from £0.138m in 2013/14 to £1.506m in 2015/16 for Transition to Adulthood. 	<ul style="list-style-type: none"> ▪ The budget process is a three year cycle. The figures don't reflect investment already approved in previous years, but the additional growth requirement in 2013/14 as a result of new factors and influences on service demand which couldn't have been foreseen previously.
2.2	<ul style="list-style-type: none"> ▪ Disabled Facility Grants - the pressure amount of £0.046m rising to £0.062m in 2014/15 and 2015/16 seems a small amount considering the increasing number of referrals month by month. 	<ul style="list-style-type: none"> ▪ The pressure bid will provide additional Disability Support Officer provision for ½ post per locality area which should release capacity in the case load for the occupational therapists. Work is also progressing to encourage clients to be signposted to support their own low level adaptation needs.
2.3	<ul style="list-style-type: none"> ▪ Mental Health (Additional Social Work support) £0.032m as a result of policy / legislative changes made by Welsh Government - has any additional funding been made available to support this pressure ? 	<ul style="list-style-type: none"> ▪ No additional funding has been allocated from Welsh Government. There is an overall accumulation of additional costs to the Council as a result of the introduction of Welsh Government measures.
3.0		
3.1	<p><u>Efficiencies</u></p> <ul style="list-style-type: none"> ▪ Review of the Supported Living Service (£0.350m) - This is a very large efficiency - how will this be achieved ? 	<ul style="list-style-type: none"> ▪ Changes proposed include reviewing the management structure, applying organisational design principles to the in-house supported living service, reviewing care packages to ensure consistency with other services and further use of telecare as appropriate.

OVERVIEW & SCRUTINY
Corporate Services - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
PART ONE - Corporate Services		
1.0	<u>Corporate Comments / Issues</u>	
1.1	<ul style="list-style-type: none"> Can the reduction in the budget gap from £11m in July to £1.5m at 18th December be explained? 	<ul style="list-style-type: none"> The £11m budget gap as at July was the starting point prior to a rigorous examination of pressures. This include a lengthy review and challenge process leading to identification of efficiencies totalling £5m and a reduction of £4.5m in the value of pressures.
1.2	<ul style="list-style-type: none"> Has the recent Welsh Government announcement on Welfare Reform relating to the removal of the need for some people who previously received 100% Council Tax benefit to pay 10% in the future changed the Council tax base for those Town and Community Councils which had made provision for bad debt? 	<ul style="list-style-type: none"> Although the Council Tax base cannot be changed, there will be a beneficial impact for Flintshire in terms of bad debt. We had made provision for collecting 97.5 % of Council Tax as opposed to our customary 99 %, so it is possible that there will now be a surplus achieved on Council Tax collection in 2013/14.
1.3	<ul style="list-style-type: none"> Please clarify the difference between this being a “stepping stone” budget between the previous and the new Council as stated in the report to Cabinet on 18th December. 	<ul style="list-style-type: none"> At a time of volatility we are aware of potential pitfalls and we need to ensure that we prepare properly for the future. Flintshire Futures is a key part of our strategy to protect front line services. The status quo is not an option and we will need to become more radical in aligning finances with the new challenges.
1.4	<ul style="list-style-type: none"> Is the assumption of a 3% increase in a Band D property a new proposal? 	<ul style="list-style-type: none"> This is consistent with the approach which has been adopted in previous years and the Council's Medium

OVERVIEW & SCRUTINY
Corporate Services - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.5	<ul style="list-style-type: none"> • Why is there an assumption that we will budget at £1.738m below Standard Spending Assessment (SSA)? 	<p>Term Financial Strategy (MTFS).</p> <ul style="list-style-type: none"> • This is because if we were to spend up to our standard spending assessment, we would actually need to increase Council Tax by 6% rather than 3% to achieve it because of the amount of Revenue Support Grant (RSG) we receive from Welsh Government.
1.6	<ul style="list-style-type: none"> • Is a 1% pay award realistic? 	<ul style="list-style-type: none"> • Yes. However, the amount of budget provision doesn't necessarily influence the amount of any pay award. The amount of any pay award will be determined by national negotiations.
1.7	<ul style="list-style-type: none"> • Do we use our office space as efficiently as possible? 	<ul style="list-style-type: none"> • We have done some rationalisation but we have to recognise that our buildings are old and reworking them for modern use is costly. We are bringing more people into County Hall to free up other buildings.
1.8	<ul style="list-style-type: none"> • How much does the Council contribute to Clwyd Theatr Cymru (CTC)? 	<ul style="list-style-type: none"> • The Council currently contributes £1.034m to CTC which is around 40% of their running costs. The remaining 60% comes from the Arts Council. CTC is the only local authority producing house in Wales and one of only two in the UK.
1.9	<ul style="list-style-type: none"> • Why are we making provision for the former Municipal Mutual Insurance company (MMI)? 	<ul style="list-style-type: none"> • MMI faced bankruptcy in 1992. The run-off arrangements which were put in place at the time were intended to ensure that the company would still be able to meet its

OVERVIEW & SCRUTINY
Corporate Services - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.10	<ul style="list-style-type: none"> When we have previously received a specific (hypothesized) grant, which is subsequently subsumed into the non-hypothesized settlement, do we honour the notional amount? 	<p>historic obligations. However, the extent of recent claims has shown that this is no longer possible. Those Authorities which were covered by MMI (most in the UK including Flintshire's constituent Authorities) are effectively being asked for a retrospective premium payment to enable the insurer to meet the needs of former insurance holders.</p> <ul style="list-style-type: none"> Yes we do. The transfer of the finance which was previously a specific grant into the settlement means that its use now becomes an issue of local choice as to how that money is spent. One of the principles contained within our Medium Term Financial Strategy is that we "passport" and thus protect formerly hypothecated sums.
2.0 2.1 2.1.1	<p><u>Corporate Services Comments / Issues</u> <u>Human Resources and Organisational Development</u></p> <p><u>Pressures</u></p> <ul style="list-style-type: none"> Why are we showing a budget pressure of £0.070m for Criminal Records Bureau (CRB) checks and also an efficiency of £0.035m? 	<ul style="list-style-type: none"> This could have been netted off as a pressure of £0.035m but was shown as it has been for the sake of transparency.

OVERVIEW & SCRUTINY
Environment - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.0	<u>Corporate Comments / Issues</u>	
1.1	<ul style="list-style-type: none"> • Why are teachers and non-teachers receiving a pay rise? 	<ul style="list-style-type: none"> • Pay rises are subject to national negotiations and the 1% included in the budget proposals is a provision only.
1.2	<ul style="list-style-type: none"> • What steps are we taking to inform communities about Welfare Reform? 	<ul style="list-style-type: none"> • The Welfare Reform Board meets regularly and includes local partners such as the Citizens Advice Bureau and Job Centre Plus. Around 1,100 Council Tenants have been contacted about the 'bedroom tax'
1.3	<ul style="list-style-type: none"> • How do we track and monitor achievement of savings? 	<ul style="list-style-type: none"> • During 2011/12, monitoring of efficiencies was reflected in budget monitoring reports throughout the year. At final outturn 89 % of the efficiencies reflected in the budget had been realised. There is now a wider ownership of Flintshire Futures efficiencies due to revised governance arrangements and Members are now represented on the Flintshire Futures Board.
1.4	<ul style="list-style-type: none"> • When will we get more detail on fees and charges? 	<ul style="list-style-type: none"> • All proposals are included within the budget report and will be discussed at each Scrutiny committee meeting.
1.5	<ul style="list-style-type: none"> • What are the criteria for the North Wales element of the Regional Collaboration Fund? 	<ul style="list-style-type: none"> • It needs to be for new and significant changes involving a number of public bodies - 3 priority bids are currently being worked on.

OVERVIEW & SCRUTINY
Environment - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.6	<ul style="list-style-type: none"> How confident are we around inflation predictions? 	<ul style="list-style-type: none"> Budget provision for non standard inflation is held corporately and is only released to Directorates as and when required. Historically predictions have been reasonably accurate.
1.7	<ul style="list-style-type: none"> Apprenticeships - Not all schools link into colleges / local businesses. 	<ul style="list-style-type: none"> Agree pathways with Lifelong Learning and Stakeholders. Keep focussed on apprenticeship opportunities across Flintshire.
2.0	<u>Environment Comments / Issues</u>	
2.1	<u>General Comments/Issues</u>	
2.1.1	<ul style="list-style-type: none"> Assurance was sought that a detailed plan would be put in place for closing the public conveniences - Members did not want to see buildings left empty. 	<ul style="list-style-type: none"> Officers will investigate alternative uses and if none are found then the buildings will be demolished.
2.1.2	<ul style="list-style-type: none"> Which are the 4 public conveniences that will close? 	<ul style="list-style-type: none"> Cilcain, Caerwys, Central Shotton and Holywell (Tower Gardens).
2.1.3	<ul style="list-style-type: none"> Is re-organisation now complete within the Environment Directorate? 	<ul style="list-style-type: none"> The Streetscene service review is now complete, but the other reviews are still ongoing, each at different stages of completion.
2.1.4	<ul style="list-style-type: none"> Have flood issues affecting Saltney been considered in the budget? 	<ul style="list-style-type: none"> Allocations are included in the core capital programme and WG grants. The emerging Flood and Water Management Strategy is to be included in the Forward

OVERVIEW & SCRUTINY
Environment - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
2.1.5	<ul style="list-style-type: none"> Local Transport Grant for Bus services - is this part of the discussion at the February Environment Overview and Scrutiny committee? 	<p>Work Programme for the Environment Overview & Scrutiny Committee.</p> <ul style="list-style-type: none"> This will be considered at the February meeting of the Environment Overview and Scrutiny committee. Taith are tasked with creating a Regional Bus Strategy.
3.0	<p><u>Pressures</u></p>	
3.1	<ul style="list-style-type: none"> Regarding the pressure item of £0.144m for energy generation at landfill sites - Weren't the gas engines bought a year ago, why are they failing? How were they acquired? 	<ul style="list-style-type: none"> The gas engines were bought a number of years ago. A detailed report into the output of the engines has been carried out to inform the new pressure. The engines were part of the asset transferred from the former AD Waste Ltd. being transferred into the Council.

OVERVIEW & SCRUTINY
Environment - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
4.0	<u>Efficiencies</u>	
4.1	<ul style="list-style-type: none"> A business plan was requested to back up the notion that switching lights off is cheaper than dimming them and that local members and the public would be consulted on all proposals? 	<ul style="list-style-type: none"> The matter will be looked at again as part of the emerging Street Lighting Policy. Savings comparisons will be included in the Street Lighting report to Cabinet in March 2013.
4.2	<ul style="list-style-type: none"> Car Parking management efficiency of £0.085m - Is this based on the proposals which were considered at Cabinet, or do they include revisions following consideration at the Environment Overview and Scrutiny committee? 	<ul style="list-style-type: none"> A revised Appendix D is being worked on following the comments made at the Environment Overview and Scrutiny committee.

OVERVIEW & SCRUTINY
Housing Council Fund - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.0	<p><u>Corporate Comments / Issues</u></p> <ul style="list-style-type: none"> • The overall picture given is too optimistic. Why does it appear to be so healthy in a time of reduced grant funding? 	<ul style="list-style-type: none"> • The Council is encountering reduced grant levels in some areas which are being dealt with, but grant applications have been maximised in order to protect the Council's position as much as possible.
2.0	<p><u>Housing Council Fund Comments / Issues</u></p> <p><u>General Comments/Issues</u></p> <ul style="list-style-type: none"> • Have we budgeted sufficiently for our Homelessness responsibilities, and is there also a potential for problems with private sector rents due to the impact of benefit reductions? <p><u>Efficiencies</u></p> <ul style="list-style-type: none"> • Information was sought on the efficiency of £0.018m arising from the Service Review on the Resident Wardens service. 	<ul style="list-style-type: none"> • Adequate provision has been made for potential increased demand on the Homelessness service as we recognise that this is an emerging pressure as a consequence of Welfare Reforms. There is a potential for problems with private sector rents and the Council will need to be flexible in dealing with both the public and private sector. • The proposal to delete one of the current vacant posts will leave sufficient resources for ongoing service delivery.

OVERVIEW & SCRUTINY
Lifelong Learning - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
1.0	<u>Corporate Comments / Issues</u>	
1.1	<ul style="list-style-type: none"> Will fees and charges be increased by 3 % across the board with consequent implications for users of the Council's youth centres? 	<ul style="list-style-type: none"> There will be a general 3 % increase on fees and charges but also targeted increases resulting from specific proposals. The Youth Service is currently subsidising other users of its premises from within its own budget.
1.2	<ul style="list-style-type: none"> Does the Leisure Services budget have to cover the loan repayments for the new developments? 	<ul style="list-style-type: none"> Yes. The loan repayments are paid for out of the Leisure Services budget on the basis that these additional costs to the service will be covered by the increase in facilities charges.
1.3	<ul style="list-style-type: none"> A query was raised regarding the effects of inflation on schools energy budgets. 	<ul style="list-style-type: none"> This is included within the delegation to schools, however, we are aiming to target energy inflation at those schools with higher inflationary pressures on energy we are also working with colleagues in Energy Services with a view to encouraging alternative forms of energy to replace oil, e.g. woodchips.
2.0	<u>Lifelong Learning Comments / Issues</u>	
2.1	<u>General Comments/Issues</u>	
2.1.1	<ul style="list-style-type: none"> Is the budget for schools ever top-sliced within a financial year? 	<ul style="list-style-type: none"> No. The Council doesn't top-slice the schools budget in-year.
2.1.2	<ul style="list-style-type: none"> Feedback was given on the Play schemes Task and 	<ul style="list-style-type: none"> This will be considered alongside other bids within the

OVERVIEW & SCRUTINY
Lifelong Learning - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
2.1.3	<p>Finish group, with a request that £11,700 be added as a budget pressure to facilitate match funding to increase the new base provision of 3 weeks and 2 sites.</p> <ul style="list-style-type: none"> • How will faster broadband be delivered to schools as promised by Welsh Government? 	<p>budget process.</p> <ul style="list-style-type: none"> • New grant funding of £39m across all Wales for 3 years has been approved by Welsh Government. This funding is to improve the broadband connections in schools and for the schools to purchase additional hardware.
2.1.4	<ul style="list-style-type: none"> • Will increasing the fees and charges in Leisure Centres only lead to less people attending? 	<ul style="list-style-type: none"> • Careful benchmarking has been undertaken. Fees were increased in January and there was no drop-off in income.
2.1.5	<ul style="list-style-type: none"> • Regarding Play Areas - can we look at meeting the higher number of requests from Town and Community Councils? 	<ul style="list-style-type: none"> • This request will be looked at.
2.1.6	<ul style="list-style-type: none"> • Does it cost the Council extra money when a teacher retires? 	<ul style="list-style-type: none"> • This can depend on the individual circumstances of individual cases. Where this occurs for a school with a delegated budget the school would be able to capitalise the cost whereas the Council would be unable to.
2.1.7	<ul style="list-style-type: none"> • Is there a lack of marketing for new developments at Deeside Leisure Centre? 	<ul style="list-style-type: none"> • Members and Officers are conscious of the need for marketing and are currently using a targeted approach including development of a strategy with Alliance Leisure.
2.1.8	<ul style="list-style-type: none"> • Clarification was sought on the delegation of Schools 	<ul style="list-style-type: none"> • An amount is included in the Council's budget to stabilise

OVERVIEW & SCRUTINY
Lifelong Learning - Initial Budget Proposals 2013/14

No.	Comments and Questions:	Responses:
2.1.9	<p>maternity pay costs.</p> <ul style="list-style-type: none"> There are currently problems with parking at Buckley Leisure Centre which could perhaps be overcome by using additional parking at Ysgol Elfed subject to the need for CCTV. Is CCTV included within the budget? 	<p>the funding. The Directorate is currently working with schools to come up with an agreed scheme.</p> <ul style="list-style-type: none"> A capital bid is being prepared relating to a number of issues at the Buckley Leisure Centre site.
2.1.10	<ul style="list-style-type: none"> A query was raised regarding schools paying for the costs of swimming lessons for pupils. 	<ul style="list-style-type: none"> Children have an entitlement to swimming lessons under the Curriculum Entitlement (Wales) Regulations.
2.2 2.2.1	<p><u>Pressures</u></p> <ul style="list-style-type: none"> Are we giving Special Schools extra funding for the extra work that they are doing, which is proving invaluable in reducing the number and costs of our Out of County placements? 	<ul style="list-style-type: none"> A pressure amount of £0.250m has been included in the budget proposals to help improve staffing levels. The special schools are proving to be a real success story for Flintshire.

Budget 2013/14 Council Fund - Revenue

Summary of Council Fund Earmarked Reserves

	Estimated Balance 01/04/13 £m	Estimated Balance 31/03/14 £m
<u>Service Balances</u>		
Community Services	0.317	0.000
Environment	1.177	0.200
Lifelong Learning	0.025	0.000
Corporate Services	0.658	0.000
Total	2.177	0.200
<u>Corporate Balances</u>		
Equal Pay / Single Status	25.700	Note 1
Total	25.700	
<u>Specific Reserves</u>		
Insurance Fund - Asbestos	0.160	0.160
Benefits Equalisation	0.489	0.489
Supporting People	1.493	1.493
Building Control	0.159	0.109
Milk Quotas	0.076	0.080
Waste Disposal	0.612	0.500
Transfer Facility Pad	0.069	0.000
Flintshire Business Services	0.087	0.000
Winter Maintenance	0.245	0.245
County Elections	0.092	0.092
Third Party Insurance Claims	0.087	0.080
Flintshire Insurance	0.674	0.674
Minor Reserves under £0.050m	0.037	0.037
Total	4.280	3.959

Note 1 :

The use of this balance is subject to the outcome of a negotiated settlement on Single Status and agreement on an Equal Pay settlement, scheduled for conclusion in 2013/14.

Budget 2013/14
Council Fund - Revenue

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Funding					
Revenue Support Grant (RSG)	152,733	154,098	154,098	154,098	154,098
Additional Allocation (Council Tax Support)	869	869	869	869	869
NNDR	46,872	46,872	46,872	46,872	46,872
Council Tax	57,809	59,751	61,697	63,707	65,782
SSA / Budget Requirement	258,285	261,590	263,537	265,547	267,622
Unhypothecated Grants	1,467	1,467	1,467	1,467	1,467
Specific Grants	33,297	33,297	33,297	33,297	33,297
Use of Contingency Reserve	297				
Total Funding	293,346	296,355	298,302	300,311	302,387
Expenditure					
Base Budget	280,991	298,344	308,686	319,511	328,040
Inflation:					
Pay	1,279	1,549	1,565	1,581	1,596
Price	(0)	2,360	2,407	2,455	2,504
Price - targeted	1,062	0	0	0	0
Price - NSI Energy	285	308	332	359	388
Price - Street Lighting	79	0	0	0	0
Price - NSI Fuel	187	210	232	258	287
Price - NSI Food	141	149	158	167	176
Fees & Charges	(133)	(549)	(565)	(582)	(600)
Other known items:					
Effect of Previous Years Budget Decisions	1,336	1,544			
Movement in Specific Grants	(4,043)				
New Responsibilities	9,642				
Transfers into/out of Settlement	4,400				
Base Level of Reserves - 2% Turnover		130	39	40	42
NEW PRESSURES:					
Economic Impact	347		500		
WG Policy / Legislative	78	10			
Other Pressures	2,545	131	1,242		
Council Priority / Invest to Save	291	1,597	916	252	29
One off and Time Limited	297	(297)	0	0	0
Est of future investment in Council Priorities		4,000	4,000	4,000	4,000
Total Expenditure	298,783	308,686	319,511	328,040	336,463
Funding Shortfall / (Available)	5,437	13,354	22,233	28,753	35,099
Annual increase/(decrease) in shortfall		7,917	8,879	6,520	6,347
Efficiencies carried forward:		(5,437)	(5,728)	(5,646)	(5,646)
Detailed plans in place:					
Other	(886)	(27)	(50)	0	0
Procurement	(1,803)	(146)	(56)	0	0
Service Change	(1,631)	62	225	0	0
Fees and Charges	(586)	(137)	(37)	0	0
Organisational Design Savings	(531)	(43)	0	0	0
Total Efficiencies (incremental effect)	(5,437)	(291)	82	0	0
Possible revised shortfall	0	7,626	16,587	23,107	29,453

Budget 2013/14
Council Fund - Revenue

Reconciliation of Budget Position December to Balanced Position

	Ongoing £m	One-Off £m	Total £m
Shortfall as per December Report	1.063	0.417	1.480
Adjustments arising from Final Settlement	0.008	0.000	0.008
Shortfall following Final Settlement	1.071	0.417	1.488
<u>Removal / Reduction in Investment/ Pressures</u>			
Reprofile of Investment needs	(0.581)		(0.581)
Welfare Reform Pressures	(0.215)	(0.027)	(0.242)
School SLA		(0.053)	(0.053)
Methods of Payment (change to ongoing)	0.075	(0.075)	0.000
<u>Additional Investment / Pressures</u>			
Landfill Sites - reduced energy income generation	0.144	0.000	0.144
Music Service	0.100	0.000	0.100
Play Schemes -Match Funding	0.012	0.000	0.012
Play Areas - Match Funding		0.035	0.035
Shortfall after Investment/Pressures Adjustments	0.606	0.297	0.903
<u>Removal / Reduction of Efficiency Items</u>			
Music Service - Transport	0.030	0.000	0.030
Denomination transport	0.070	0.000	0.070
Car Park Management	0.029	0.000	0.029
Insurance Contingency	0.061	0.000	0.061
<u>Additional Efficiency Items</u>			
Out of County Placements	(0.783)	0.000	(0.783)
Senior Management Restructure (Lifelong Learning)	(0.042)	0.000	(0.042)
Reduction in Fire Levy	(0.027)	0.000	(0.027)
Shortfall after Efficiency Adjustments	(0.056)	0.297	0.241
Contribution from Contingency Reserve	0.000	(0.297)	(0.297)
Reduction in Council Tax to 2.9%	0.056	0.000	0.056
Revised Position	0.000	(0.000)	0.000

FLINTSHIRE COUNTY COUNCIL

REPORT TO: FLINTSHIRE COUNTY COUNCIL
DATE: FRIDAY, 1 MARCH 2013
REPORT BY: HEAD OF FINANCE
SUBJECT: COUNCIL TAX SETTING FOR 2013-14

1.00 PURPOSE OF REPORT

1.01 For Council to agree the statutory and other necessary resolutions for the purpose of administering Council Tax and Non-Domestic Rates for 2013-14.

2.00 BACKGROUND

2.01 Also on this agenda is consideration of the Council Fund Revenue Budget for 2013-14. The recommendation of the Cabinet is that the Council Fund Budget Requirement for 2013-14 be set at £258,284,539 which will result in Council Tax charges as detailed in this report.

3.00 CONSIDERATIONS

3.01 The Council Tax resolution includes elements relating to Flintshire, North Wales Police Authority and all Town/Community Councils.

3.02 The proposed resolutions as detailed in Appendix A to this report are split into the following sections :-

Section 1 details the Council Tax Base set for 2013-14, which shows the number of properties (shown in total and for each specific Town/Community Council) expressed as Band 'D' equivalents, taking into account appropriate adjustments for statutory discounts and exemptions.

Section 2 (a) to 2 (i) details the expenditure and income of Flintshire County Council and Town/Community Councils. It also sets out details of the amount of Council Tax to be charged across the various Valuation Bands in respect of the County Council precept and each Town/Community Council precept.

Section 3 details the amount of Council Tax to be charged in each Valuation Band in respect of the Police & Crime Commissioner – North Wales as resolved at a meeting Police and Crime Panel on the 21st January 2013.

Section 4 details the overall amount of Council Tax that taxpayers will be required to pay from April 2013. This is made up of three chargeable precepts, Flintshire County Council, Police & Crime Commissioner – North Wales, and the Town/Community Councils.

Section 5 re-affirms the Councils policy for 2013-14 not to grant discounts on second and long term empty properties which are defined by Regulations under three Prescribed Classes of Dwellings - Class A dwellings are second home which are unoccupied and furnished with a restriction on occupancy for a period of at least 28 consecutive days in any 12 month period. Class B dwellings are second homes which are unoccupied and furnished, with no restriction on occupancy. Class C dwellings are long empty and unfurnished dwellings and have been such for a period of over 6 months in most cases.

Section 6 gives the Head of Finance the authority to make payments to the Police and Crime Commissioner – North Wales in twelve equal instalments payable on the 15th day of each month from April 2013 (adjusted to the next working day as necessary) to March 2014.

Section 7 provides authority to specified officers to issue legal proceedings for non payment of Council Tax and to appear on behalf of the Council to prosecute in cases of non payment.

Section 8 provides similar authority to specified officers to collect Non-Domestic Rates .

Section 9 provides for the advertisement of the Council Tax for 2013-14 in the local press, as defined by Regulations.

3.03 The result of these resolutions would be that Council Tax is levied across all areas of the County as set out in Appendix A and further analysed in Appendix B by amounts and percentage increases.

4.00 RECOMMENDATIONS

4.01 For members to agree all resolutions as detailed in Appendix A.

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

6.01 None

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Appendix A to this report details all resolutions necessary to set the 2013-14 Council Tax charges.

12.02 Appendix B to this report provides Members with some statistical information relating the breakdown of Council Tax charges for 2013-14 by Town & Community Council area.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Local Government Finance Act 1992

Local Government Act 1972 and 2003

Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations

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**STATUTORY & OTHER NECESSARY COUNCIL TAX
RESOLUTIONS FOR 2013-14**

1. That it be noted that at its meeting on 20th November 2012 the Council calculated interim amounts, subsequently modified as follows, for the year 2013-14 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

60,254 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Wales Regulations 1995, as its Council Tax base for the year, broken down into the following Town/Community areas :-

Argoed	2,417.48
Bagillt	1,441.25
Broughton & Bretton	2,363.13
Brynford	459.07
Buckley	6,086.98
Caerwys	601.33
Cilcain	729.47
Connahs Quay	5,900.81
Flint	4,389.63
Gwernaffield	1002.20
Gwernymynydd	549.88
Halkyn	1,338.51
Hawarden	6,005.87
Higher Kinnerton	780.22
Holywell	3,168.95
Hope	1,760.07
Leeswood	813.11
Llanasa	1,874.27
Llanfynydd	814.02
Mold	4,069.91
Mostyn	694.77
Nannerch	265.77
Nercwys	301.99
Northop	1,489.52
Northop Hall	703.36
Penyffordd	1,661.43
Queensferry	680.64
Saltney	1,742.89
Sealand	1,104.91
Shotton	2,138.58
Trelawnyd & Gwaenysgor	412.67
Treuddyn	701.42
Whitford	1,131.53
Ysceifiog	658.36

TOTAL BAND "D" PROPERTIES

60,254.00

being the amounts calculated in accordance with regulation 6 of the Regulations as the amounts of its Council Tax base for the year for dwelling in those parts of its area to which special items relate.

2. That the following amounts be now calculated by the Council for the year 2013-14 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 and Alteration of Requisite Calculations (Wales) Regulations 2013 :-
 - (a) Aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a)-(d) (including Community Council precepts totalling £2,323,166). £389,386,864
 - (b) Aggregate of the amounts which the Council estimates for items set out in Section 32 (3) (a) and 32 (3) (c). £128,779,159
 - (c) Amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above calculated in accordance with Section 32 (4) as the budget requirement for the year. £260,607,705
 - (d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant or Additional Grant. £200,475,044
 - (e) The amount at 2(c) above less the amount at 2(d) above, all divided by the amount at section 1 above, calculated in accordance with Section 33 (1) as the basic amount of Council Tax for the year. £997.99
 - (f) Aggregate amount of all special items referred to in Section 34 (1). £2,323,166
 - (g) Amount at 2(e) above less the result given by dividing the amount at 2(f) above by the amount at section 1 above calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate. £959.43
 - (h) The amounts given by adding to the amount at 2(g) above the amounts of special items relating to dwellings in those part of the Council's area mentioned below, divided in each case by the amount at 1(b) above, calculated in accordance with Section 34(3) as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which special items relate. £0.00

**FLINTSHIRE COUNTY COUNCIL CHARGES (BAND D) 2013-14
(Including Community/Town Councils)**

	<u>£</u>
Argoed	984.12
Bagillt	987.48
Broughton & Bretton	1,000.48
Brynford	994.43
Buckley	1,005.50
Caerwys	997.68
Cilcain	986.71
Connahs Quay	1,007.17
Flint	997.36
Gwernaffield	975.39
Gwernymynydd	984.89
Halkyn	989.31
Hawarden	996.89
Higher Kinnerton	994.04
Holywell	1,004.56
Hope	981.59
Leeswood	1,000.01
Llanasa	991.98
Llanfynydd	993.83
Mold	1,010.75
Mostyn	996.85
Nannerch	995.43
Nercwys	1,005.46
Northop	973.43
Northop Hall	988.92
Penyffordd	987.12
Queensferry	1,010.85
Saltney	1,002.40
Sealand	1,007.40
Shotton	1,006.25
Trelawnyd & Gwaenysgor	990.93
Treuddyn	1,003.16
Whitford	995.43
Ysceifiog	988.41

- (i) The amounts given by multiplying the amounts at 2(h) above by the number which in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D calculated in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

APPENDIX A

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	656.08	765.42	874.78	984.12	1,202.82	1,421.50	1,640.20	1,968.24	2,296.28
Bagillt	658.32	768.04	877.76	987.48	1,206.92	1,426.36	1,645.80	1,974.96	2,304.12
Broughton & Bretton	666.99	778.15	889.32	1,000.48	1,222.81	1,445.13	1,667.47	2,000.96	2,334.45
Brynford	662.95	773.44	883.94	994.43	1,215.42	1,436.40	1,657.38	1,988.86	2,320.34
Buckley	670.33	782.05	893.78	1,005.50	1,228.95	1,452.39	1,675.83	2,011.00	2,346.17
Caerwys	665.12	775.97	886.83	997.68	1,219.39	1,441.09	1,662.80	1,995.36	2,327.92
Cilcain	657.81	767.44	877.08	986.71	1,205.98	1,425.24	1,644.52	1,973.42	2,302.32
Connahs Quay	671.45	783.35	895.27	1,007.17	1,230.99	1,454.80	1,678.62	2,014.34	2,350.06
Flint	664.91	775.72	886.55	997.36	1,219.00	1,440.63	1,662.27	1,994.72	2,327.17
Gwernaffield	650.26	758.63	867.02	975.39	1,192.15	1,408.89	1,625.65	1,950.78	2,275.91
Gwernymynydd	656.59	766.02	875.46	984.89	1,203.76	1,422.62	1,641.48	1,969.78	2,298.08
Halkyn	659.54	769.46	879.39	989.31	1,209.16	1,429.00	1,648.85	1,978.62	2,308.39
Hawarden	664.59	775.36	886.13	996.89	1,218.42	1,439.95	1,661.48	1,993.78	2,326.08
Higher Kinnerton	662.69	773.14	883.59	994.04	1,214.94	1,435.83	1,656.73	1,988.08	2,319.43
Holywell	669.71	781.32	892.95	1,004.56	1,227.80	1,451.03	1,674.27	2,009.12	2,343.97
Hope	654.39	763.46	872.53	981.59	1,199.72	1,417.85	1,635.98	1,963.18	2,290.38
Leeswood	666.67	777.78	888.90	1,000.01	1,222.24	1,444.46	1,666.68	2,000.02	2,333.36
Llanasa	661.32	771.54	881.76	991.98	1,212.42	1,432.86	1,653.30	1,983.96	2,314.62
Llanfynydd	662.55	772.98	883.41	993.83	1,214.68	1,435.53	1,656.38	1,987.66	2,318.94
Mold	673.83	786.14	898.45	1,010.75	1,235.36	1,459.97	1,684.58	2,021.50	2,358.42
Mostyn	664.57	775.32	886.09	996.85	1,218.38	1,439.89	1,661.42	1,993.70	2,325.98
Nannerch	663.62	774.22	884.83	995.43	1,216.64	1,437.84	1,659.05	1,990.86	2,322.67
Nercwys	670.31	782.02	893.75	1,005.46	1,228.90	1,452.33	1,675.77	2,010.92	2,346.07
Northop	648.95	757.11	865.27	973.43	1,189.75	1,406.06	1,622.38	1,946.86	2,271.34
Northop Hall	659.28	769.16	879.04	988.92	1,208.68	1,428.44	1,648.20	1,977.84	2,307.48
Penyffordd	658.08	767.76	877.44	987.12	1,206.48	1,425.84	1,645.20	1,974.24	2,303.28
Queensferry	673.90	786.21	898.54	1,010.85	1,235.49	1,460.11	1,684.75	2,021.70	2,358.65
Saltney	668.27	779.64	891.03	1,002.40	1,225.16	1,447.91	1,670.67	2,004.80	2,338.93
Sealand	671.60	783.53	895.47	1,007.40	1,231.27	1,455.13	1,679.00	2,014.80	2,350.60
Shotton	670.83	782.64	894.45	1,006.25	1,229.86	1,453.47	1,677.08	2,012.50	2,347.92
Trelawnyd & Gwaenysgor	660.62	770.72	880.83	990.93	1,211.14	1,431.34	1,651.55	1,981.86	2,312.17
Treuddyn	668.77	780.23	891.70	1,003.16	1,226.09	1,449.01	1,671.93	2,006.32	2,340.71
Whitford	663.62	774.22	884.83	995.43	1,216.64	1,437.84	1,659.05	1,990.86	2,322.67
Ysceifiog	658.94	768.76	878.59	988.41	1,208.06	1,427.70	1,647.35	1,976.82	2,306.29

3. That it be noted that for the year 2013-14 the Police and Crime Panel have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below :-

Precept	Valuation Bands								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
	148.74	173.53	198.32	223.11	272.69	322.27	371.85	446.22	520.59

4. Having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2013-14 for each of the categories of dwellings shown below:

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	804.82	938.95	1,073.10	1,207.23	1,475.51	1,743.77	2,012.05	2,414.46	2,816.87
Bagillt	807.06	941.57	1,076.08	1,210.59	1,479.61	1,748.63	2,017.65	2,421.18	2,824.71
Broughton & Bretton	815.73	951.68	1,087.64	1,223.59	1,495.50	1,767.40	2,039.32	2,447.18	2,855.04
Brynford	811.69	946.97	1,082.26	1,217.54	1,488.11	1,758.67	2,029.23	2,435.08	2,840.93
Buckley	819.07	955.58	1,092.10	1,228.61	1,501.64	1,774.66	2,047.68	2,457.22	2,866.76
Caerwys	813.86	949.50	1,085.15	1,220.79	1,492.08	1,763.36	2,034.65	2,441.58	2,848.51
Cilcain	806.55	940.97	1,075.40	1,209.82	1,478.67	1,747.51	2,016.37	2,419.64	2,822.91
Connahs Quay	820.19	956.88	1,093.59	1,230.28	1,503.68	1,777.07	2,050.47	2,460.56	2,870.65
Flint	813.65	949.25	1,084.87	1,220.47	1,491.69	1,762.90	2,034.12	2,440.94	2,847.76
Gwernaffield	799.00	932.16	1,065.34	1,198.50	1,464.84	1,731.16	1,997.50	2,397.00	2,796.50
Gwernymynydd	805.33	939.55	1,073.78	1,208.00	1,476.45	1,744.89	2,013.33	2,416.00	2,818.67
Halkyn	808.28	942.99	1,077.71	1,212.42	1,481.85	1,751.27	2,020.70	2,424.84	2,828.98
Hawarden	813.33	948.89	1,084.45	1,220.00	1,491.11	1,762.22	2,033.33	2,440.00	2,846.67
Higher Kinnerton	811.43	946.67	1,081.91	1,217.15	1,487.63	1,758.10	2,028.58	2,434.30	2,840.02
Holywell	818.45	954.85	1,091.27	1,227.67	1,500.49	1,773.30	2,046.12	2,455.34	2,864.56
Hope	803.13	936.99	1,070.85	1,204.70	1,472.41	1,740.12	2,007.83	2,409.40	2,810.97
Leeswood	815.41	951.31	1,087.22	1,223.12	1,494.93	1,766.73	2,038.53	2,446.24	2,853.95
Llanasa	810.06	945.07	1,080.08	1,215.09	1,485.11	1,755.13	2,025.15	2,430.18	2,835.21
Llanfynydd	811.29	946.51	1,081.73	1,216.94	1,487.37	1,757.80	2,028.23	2,433.88	2,839.53
Mold	822.57	959.67	1,096.77	1,233.86	1,508.05	1,782.24	2,056.43	2,467.72	2,879.01
Mostyn	813.31	948.85	1,084.41	1,219.96	1,491.07	1,762.16	2,033.27	2,439.92	2,846.57
Nannerch	812.36	947.75	1,083.15	1,218.54	1,489.33	1,760.11	2,030.90	2,437.08	2,843.26
Nercwys	819.05	955.55	1,092.07	1,228.57	1,501.59	1,774.60	2,047.62	2,457.14	2,866.66
Northop	797.69	930.64	1,063.59	1,196.54	1,462.44	1,728.33	1,994.23	2,393.08	2,791.93
Northop Hall	808.02	942.69	1,077.36	1,212.03	1,481.37	1,750.71	2,020.05	2,424.06	2,828.07
Penyffordd	806.82	941.29	1,075.76	1,210.23	1,479.17	1,748.11	2,017.05	2,420.46	2,823.87
Queensferry	822.64	959.74	1,096.86	1,233.96	1,508.18	1,782.38	2,056.60	2,467.92	2,879.24
Saltney	817.01	953.17	1,089.35	1,225.51	1,497.85	1,770.18	2,042.52	2,451.02	2,859.52
Sealand	820.34	957.06	1,093.79	1,230.51	1,503.96	1,777.40	2,050.85	2,461.02	2,871.19
Shotton	819.57	956.17	1,092.77	1,229.36	1,502.55	1,775.74	2,048.93	2,458.72	2,868.51
Trelawnyd & Gwaenysgor	809.36	944.25	1,079.15	1,214.04	1,483.83	1,753.61	2,023.40	2,428.08	2,832.76
Treuddyn	817.51	953.76	1,090.02	1,226.27	1,498.78	1,771.28	2,043.78	2,452.54	2,861.30
Whitford	812.36	947.75	1,083.15	1,218.54	1,489.33	1,760.11	2,030.90	2,437.08	2,843.26
Ysceifiog	807.68	942.29	1,076.91	1,211.52	1,480.75	1,749.97	2,019.20	2,423.04	2,826.88

5. In line with the existing policy of the Council, that for 2013-14, in accordance with Section 12 of the Local Government Finance Act 1992 (as amended by Section 75 of the Local Government Act 2003 and the Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004, no discounts shall be granted to second homes subject to Council Tax which are unoccupied and furnished, (defined as Prescribed Classes A and B) and long term empty and unfurnished properties (defined as Prescribed Class C)

6. That the Head of Finance be authorised to make payments under section 38(9) Local Government (Wales) Act 1994 and the Local Authorities (Precepts) (Wales) Regulations 1995 from the Council Fund by equal instalments on the 15th day of each month from April 2013 (adjusted to the next working day as necessary) to March 2014 in respect of the precept levied by the Police and Crime Panel in the sum of £13,443,270

7. Authorisations - Council Tax
 - a) That the holders of the posts of Head of Finance, Revenues & Benefits Manager, Revenues Manager, Revenues Team Leaders, Court/Prosecutions Officer, Revenues Officers within Finance for the time being be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings and to appear on behalf of the County Council at the hearing of any legal proceedings in the Magistrates Court by way of an application for the issue of a Liability Order in respect of unpaid Council Taxes and penalties under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; by way of an application for the issue of a warrant of commitment to prison under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; to require financial information to make an Attachment of Earnings Order; to levy the appropriate amount by distress and sale of goods; and to exercise all other enforcement powers of the County Council under the Council Tax (Administration and Enforcements) Regulations 1992 and any subsequent amendments of such Regulations.
 - b) That the Head of Finance be authorised to engage the services of bailiffs for the levying of distress and sale of goods where Liability Orders are awarded, obtaining financial information where necessary and enforcing warrants of arrest and warrants of commitment in certain cases on behalf of the Courts and in accordance with the provisions of the Local Government Finance Act 1992 and any Regulations made there under.

8. Authorisations - National Non-Domestic Rates
 - a) That the holders of the posts of Head of Finance, Revenues & Benefits Manager, Revenues Manager, Revenues Team Leaders, Court/Prosecutions Officer, Revenues Officers within Finance for the time being be authorised under Section 223 of the Local Government Act 1972, to institute legal proceedings and to appear on behalf of the Council at the hearing of any legal proceedings in the Magistrates Courts by way of application for the issue of a liability order in respect of unpaid rates; by way of an application for the issue of a warrant of commitment; and to exercise all other powers of enforcement of the County Council under the Non-Domestic (Collection and Enforcement) (Local Lists) Regulations 1989 and any amendment thereto.
 - b) That the Head of Finance be authorised to engage the services of bailiffs to levy distress, sale of goods as may be necessary and to enforce warrants of arrest and warrants of commitment on behalf of the Courts as may be necessary to recover outstanding rates.

9. That notices of the making of the said Council Taxes for 2013-14, signed by the Head of Finance, be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.

Appendix B

2013-14 Council Tax Charges

Lowest to Highest Amounts by Town/Community Council

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Northop	14.00	959.43	223.11	1,196.54
Gwernaffield	15.96	959.43	223.11	1,198.50
Hope	22.16	959.43	223.11	1,204.70
Argoed	24.69	959.43	223.11	1,207.23
Gwernymynydd	25.46	959.43	223.11	1,208.00
Cilcain	27.28	959.43	223.11	1,209.82
Penyffordd	27.69	959.43	223.11	1,210.23
Bagillt	28.05	959.43	223.11	1,210.59
Ysceifiog	28.98	959.43	223.11	1,211.52
Northop Hall	29.49	959.43	223.11	1,212.03
Halkyn	29.88	959.43	223.11	1,212.42
Trelawnyd & Gwaenysgor	31.50	959.43	223.11	1,214.04
Llanasa	32.55	959.43	223.11	1,215.09
Llanfynydd	34.40	959.43	223.11	1,216.94
Higher Kinnerton	34.61	959.43	223.11	1,217.15
Brynford	35.00	959.43	223.11	1,217.54
Nannerch	36.00	959.43	223.11	1,218.54
Whitford	36.00	959.43	223.11	1,218.54
Mostyn	37.42	959.43	223.11	1,219.96
Hawarden	37.46	959.43	223.11	1,220.00
Flint	37.93	959.43	223.11	1,220.47
Caerwys	38.25	959.43	223.11	1,220.79
Leeswood	40.58	959.43	223.11	1,223.12
Broughton & Bretton	41.05	959.43	223.11	1,223.59
Saltney	42.97	959.43	223.11	1,225.51
Treuddyn	43.73	959.43	223.11	1,226.27
Holywell	45.13	959.43	223.11	1,227.67
Nercwys	46.03	959.43	223.11	1,228.57
Buckley	46.07	959.43	223.11	1,228.61
Shotton	46.82	959.43	223.11	1,229.36
Connahs Quay	47.74	959.43	223.11	1,230.28
Sealand	47.97	959.43	223.11	1,230.51
Mold	51.32	959.43	223.11	1,233.86
Queensferry	51.42	959.43	223.11	1,233.96

Appendix B

2013-14 Council Tax Charges

Amounts in Town / Community Council order

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Argoed	24.69	959.43	223.11	1,207.23
Bagillt	28.05	959.43	223.11	1,210.59
Broughton & Bretton	41.05	959.43	223.11	1,223.59
Brynford	35.00	959.43	223.11	1,217.54
Buckley	46.07	959.43	223.11	1,228.61
Caerwys	38.25	959.43	223.11	1,220.79
Cilcain	27.28	959.43	223.11	1,209.82
Connahs Quay	47.74	959.43	223.11	1,230.28
Flint	37.93	959.43	223.11	1,220.47
Gwernaffield	15.96	959.43	223.11	1,198.50
Gwernymynydd	25.46	959.43	223.11	1,208.00
Halkyn	29.88	959.43	223.11	1,212.42
Hawarden	37.46	959.43	223.11	1,220.00
Higher Kinnerton	34.61	959.43	223.11	1,217.15
Holywell	45.13	959.43	223.11	1,227.67
Hope	22.16	959.43	223.11	1,204.70
Leeswood	40.58	959.43	223.11	1,223.12
Llanasa	32.55	959.43	223.11	1,215.09
Llanfynydd	34.40	959.43	223.11	1,216.94
Mold	51.32	959.43	223.11	1,233.86
Mostyn	37.42	959.43	223.11	1,219.96
Nannerch	36.00	959.43	223.11	1,218.54
Nercwys	46.03	959.43	223.11	1,228.57
Northop	14.00	959.43	223.11	1,196.54
Northop Hall	29.49	959.43	223.11	1,212.03
Penyffordd	27.69	959.43	223.11	1,210.23
Queensferry	51.42	959.43	223.11	1,233.96
Saltney	42.97	959.43	223.11	1,225.51
Sealand	47.97	959.43	223.11	1,230.51
Shotton	46.82	959.43	223.11	1,229.36
Trelawnyd & Gwaenysgor	31.50	959.43	223.11	1,214.04
Treuddyn	43.73	959.43	223.11	1,226.27
Whitford	36.00	959.43	223.11	1,218.54
Ysceifiog	28.98	959.43	223.11	1,211.52

Appendix B

2013-14 Council Tax Charges

Lowest to Highest % amounts by Town / Community Council

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Leeswood	-13.64	2.90	3.98
Penyffordd	-0.50	2.90	3.98
Brynford	0.00	2.90	3.98
Northop	0.00	2.90	3.98
Nercwys	0.07	2.90	3.98
Llanasa	0.71	2.90	3.98
Higher Kinnerton	0.96	2.90	3.98
Sealand	1.22	2.90	3.98
Flint	1.28	2.90	3.98
Saltney	1.49	2.90	3.98
Queensferry	1.66	2.90	3.98
Gwernymynydd	1.72	2.90	3.98
Treuddyn	2.20	2.90	3.98
Connaahs Quay	2.69	2.90	3.98
Argoed	2.83	2.90	3.98
Nannerch	2.86	2.90	3.98
Cilcain	3.37	2.90	3.98
Holywell	3.51	2.90	3.98
Shotton	3.63	2.90	3.98
Buckley	3.95	2.90	3.98
Mold	3.99	2.90	3.98
Caerwys	4.28	2.90	3.98
Llanfynydd	4.94	2.90	3.98
Gwernaffield	7.69	2.90	3.98
Hawarden	8.49	2.90	3.98
Whitford	9.09	2.90	3.98
Trelawnyd & Gwaenysgor	9.19	2.90	3.98
Halkyn	9.21	2.90	3.98
Broughton & Bretton	10.11	2.90	3.98
Mostyn	10.25	2.90	3.98
Ysceifiog	10.74	2.90	3.98
Bagillt	17.61	2.90	3.98
Northop Hall	17.63	2.90	3.98
Hope	35.62	2.90	3.98

Appendix B**2013-14 Council Tax Charges****% Amounts in Town / Community Council order**

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Argoed	2.83	2.90	3.98
Bagillt	17.61	2.90	3.98
Broughton & Bretton	10.11	2.90	3.98
Brynford	0.00	2.90	3.98
Buckley	3.95	2.90	3.98
Caerwys	4.28	2.90	3.98
Cilcain	3.37	2.90	3.98
Connahs Quay	2.69	2.90	3.98
Flint	1.28	2.90	3.98
Gwernaffield	7.69	2.90	3.98
Gwernymynydd	1.72	2.90	3.98
Halkyn	9.21	2.90	3.98
Hawarden	8.49	2.90	3.98
Higher Kinnerton	0.96	2.90	3.98
Holywell	3.51	2.90	3.98
Hope	35.62	2.90	3.98
Leeswood	-13.64	2.90	3.98
Llanasa	0.71	2.90	3.98
Llanfynydd	4.94	2.90	3.98
Mold	3.99	2.90	3.98
Mostyn	10.25	2.90	3.98
Nannerch	2.86	2.90	3.98
Nercwys	0.07	2.90	3.98
Northop	0.00	2.90	3.98
Northop Hall	17.63	2.90	3.98
Penyffordd	-0.50	2.90	3.98
Queensferry	1.66	2.90	3.98
Saltney	1.49	2.90	3.98
Sealand	1.22	2.90	3.98
Shotton	3.63	2.90	3.98
Trelawnyd & Gwaenysgor	9.19	2.90	3.98
Treuddyn	2.20	2.90	3.98
Whitford	9.09	2.90	3.98
Ysceifiog	10.74	2.90	3.98

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **FRIDAY, 1 MARCH 2013**

REPORT BY: **HEAD OF FINANCE, CHIEF EXECUTIVE, DIRECTOR OF ENVIRONMENT**

SUBJECT: **COUNCIL FUND CAPITAL PROGRAMME 2013/14 - 2022/23**

1.00 PURPOSE OF REPORT

1.01 To present the annual Council Fund Capital Programme for 2013/14 and the indicative Capital Programme for 2014/15 to 2022/23 for consideration.

2.00 BACKGROUND

2.01 The draft annual Council Fund Capital Programme for 2013/14, and the indicative Capital Programme for 2014/15 to 2022/23 were presented to the Corporate Resources Overview and Scrutiny Committee on 31 January for consultation (a session to which all members of the Council were invited) and to the Cabinet on 19 February for review and agreement. The attached report is the full report as presented to Cabinet.

2.02 Cabinet approved the recommendations set out at 4.01 of the attached report in full for recommendation to Council. It is normal Council practice to approve the annual Capital Programme at the annual budget-setting meeting alongside the annual Council Fund Revenue Budget.

3.00 CONSIDERATIONS

3.01 As discussed at the Overview and Scrutiny meeting, and as explained in the report to Cabinet, the financial value of the annual Capital Programme is, in part, dependent on the sale of assets and the availability of the capital receipts from those sales to add to the Council's supported capital borrowing approval and general and specific capital grants. The Asset Strategy sets out a programme of intended disposals and the capital receipts from these disposals are planned into the Capital Programme year by year. Sale of assets need to both occur during or before the financial year for which their capital receipt is needed, and at the financial value estimated, for there to be sufficient funds available for the total Capital Programme approved for that year.

- 3.02 As discussed at Overview and Scrutiny there is a degree of risk in planning capital receipts due to the unpredictability of market interest in purchase and variations in land valuations. Given that the Council is in negotiation for the sale of assets on which the Capital Programme in part relies, the attached report refers to the core service allocations for capital spend being approved up to the maximum levels shown in Appendix 2. This is a safeguard; the Council could only spend up to those levels as maxima should it achieve the level of capital receipts of £3.910m set out in the report.
- 3.03 Since the Cabinet meeting on 19 February the Council has concluded negotiations for the sale of a key site and this is the principal capital receipt needed for the Capital Programme for 2013/14. The gross value of the land has been the subject of intense discussion. Also, due to the need to reclaim the site and decontaminate it for future use, and the costs involved with that work, the negotiated sale price will be less than the original site valuation. Therefore, there will be a reduction in the total capital resources available unless further disposals can be brought forward during the year.
- 3.04 Accordingly, the allocation of funds within and across the core services will need to be reviewed. Until this review is completed and further decisions are made by the Council the allowable capital spend in each core service would be limited to 80% of the maximum level shown in Appendix 2 to avoid the risk of the Council over-spending against available resources.
- 3.05 The Council is advised that the Cabinet has the objective of maximising the capital investment in the core service allocation for school buildings as a priority. The level of investment which can be made in schools will be reassessed as part of the review referred to in 3.04 above.

4.00 RECOMMENDATIONS

- 4.01 The Council is recommended to approve the recommendations listed within the attached report from Cabinet at 4.01, with the additional recommendation that pending certainty of the level of capital receipts to be available for 2013/14 an initial spending limit of 80% be set for each of core service allocations listed at Appendix 2.

5.00 FINANCIAL IMPLICATIONS

- 5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

- 6.01 Individual capital programme schemes may have specific anti-poverty impacts.

7.00 ENVIRONMENTAL IMPACT

7.01 Individual capital programme schemes may have specific environmental impacts.

8.00 EQUALITIES IMPACT

8.01 Individual capital programme schemes may have specific equalities impacts.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 All Members, and Overview & Scrutiny.

11.00 CONSULTATION UNDERTAKEN

11.01 An initial capital workshop was held on 22 November 2012 for all Members; a public consultation survey was open between 21 December 2012 and 20 January 2013; Overview and Scrutiny on 31 January 2013.

12.00 APPENDICES

12.01 Appendix A – Report to Cabinet 19th February 2013 : Council Fund Capital Programme 2013/14 to 2022/23.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

2013/14 budget papers, including Welsh Government papers.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 19 FEBRUARY 2013**

REPORT BY: **HEAD OF FINANCE, CHIEF EXECUTIVE AND
DIRECTOR OF ENVIRONMENT**

SUBJECT: **COUNCIL FUND CAPITAL PROGRAMME 2013/14 TO
2022/23**

1.00 **PURPOSE OF REPORT**

1.01 To propose the Council Fund Capital Programme for 2013/14 and provide indicative details for 2014/15 to 2022/23, following consultation with the Corporate Resources Overview and Scrutiny Committee. As in all years, the capital programme relies upon the availability of budgeted capital funding resources in order to meet its objectives.

2.00 **BACKGROUND**

2.01 Proposals for the Council Fund Capital Programme 2013/14 to 2022/23, together with details of the continuing work in developing a capital strategy were reported to Cabinet on 18th December 2012.

2.02 The proposals included in the report of 18th December took account of Welsh Government's Provisional Finance Settlement for 2013/14, together with indicative allocations for forward years. A verbal update regarding the Final Settlement was provided to Cabinet, indicating a final figure of £6.866m, which was £0.002m less than that notified at the provisional stage, but £0.007m more than previous planning assumptions (and £0.007m more in each of the forward years than previous planning assumptions).

2.03 At its meeting of 31st January 2013, the Corporate Resources Overview and Scrutiny Committee was consulted on the Cabinet's recommendations. The key issues arising from the meeting are:-

- The anticipated future availability of information regarding the extended Local Government Borrowing Initiative (LGBI), and its likely impact on schools' funding.

- The possibility of a feasibility study for the purpose of establishing the full cost of replacing mobile classrooms, and the financial impact of such.
- Early determination of the cost implications (and funding plans) of any required future works to the Flintshire Bridge.
- A need for greater focus and pace in the move towards the use of more creative capital access options such as asset backed vehicles – a more ambitious and less risk averse approach.
- Re-affirmation of the forward unsupported (prudential) borrowing commitment particularly in respect of 21st Century Schools (by way of the approved 2012/13 Capital Programme), and its recognition in the Medium Term Financial Plan.
- The significance of the review of Council assets (which is currently underway) and the market risks in predicting accurate land sale capital receipts as one form of income to support the capital programme, in informing future capital programme planning and delivery.

2.04 The Corporate Resources Overview and Scrutiny Committee endorsed the recommendations of the 18th December report. A number of comments were made at the meeting and a number of questions asked; details of these, together with the responses provided are included in Appendix 4.

3.00 CONSIDERATIONS

3.01 The development of the Capital Strategy and Capital Programme 2013/14 was set out in detail in the report to Cabinet on 18th December 2012 (as provided at Appendix 5).

3.02 The report to Cabinet on 18th December identified the core capital programme requirements over the ten year capital programme period in key service programme areas including School Buildings and Highways Infrastructure. Details are set out in Appendix 2 attached.

3.03 The allocation of resources to core service programmes in 2013/14 amounting to £10.528m (which includes the second year funding requirement of £1.688m in respect of those schemes funded from 'headroom' as part of the approved 2012/13 Capital Programme) leaves 2013/14 'headroom' of just £0.248m after taking account of the projected general funding available, as set out in Appendix 1 attached. A funding shortfall of £0.142m is projected for 2014/15; on this basis it is prudent to consider a two year programme (2013/14/15), which provides a net £0.106m available to meet minor contingencies, as necessary.

- 304 The total capital availability for 2013/14 is predictive at this stage given the inclusion of targets for capital receipts. The service programme capital allocations are set as maximum allocations subject to the targets being met.
- 3.05 In addition to those programme schemes financed through general capital funding sources, the overall capital programme is supplemented by those schemes funded through specific grants and those ongoing schemes approved in 2012 as part of the Capital Programme and Capital Strategy 2012/13 to 2021/22) funded through unsupported (prudential) borrowing.
- 3.06 The full programme for 2013/14, which includes the core service programmes (as referred to in 3.03), and those schemes financed by way of (indicative) specific grants of £12.785m, unsupported (prudential) borrowing of £3.895m and Local Government Borrowing Initiative (LGBI) funding of £2.700m, amounts to £29.908m, as shown in Appendix 3.

4.00 RECOMMENDATIONS

- 4.01 Taking account of the detail contained in the report to Cabinet on 18th December 2012 and the positive response from Corporate Resources Overview and Scrutiny, Cabinet is asked to recommend to Council on 1st March that they:
- (a) Note the work that has been undertaken (and continues) to develop a Council Fund Capital Strategy and 10 year capital programme.
 - (b) Note the estimated capital funding available over the 10 year period 2013/14 to 2022/23 (as shown in Appendix 1).
 - (c) Approve the inclusion in the programme of the core service allocations to the maximum levels shown for 2013/14 (as detailed in Appendix 2), which takes account of the second year funding requirement (and funding through to completion in 2015/16) in respect of those schemes funded from 'headroom' as part of the approved 2012/13 Capital Programme.
 - (d) Approve the allocation of resources on the basis of a two year programme (2013/14/15), which provides a net £0.106m available to meet minor contingencies, as necessary.
 - (e) Note the total Council Fund Capital Programme for 2013/14 (as set out in Appendix 3) which includes those schemes funded from specific grants, unsupported (prudential) borrowing and LGBI, over and above the general funding detailed in Appendix 1.

- (f) Note the indicative core programme details for 2014/15 to 2022/23 (as set out in Appendix 2).

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

6.01 Individual Capital Programme Schemes may have specific anti-poverty impacts.

7.00 ENVIRONMENTAL IMPACT

7.01 Individual Capital Programme Schemes may have specific environmental impacts.

8.00 EQUALITIES IMPACT

8.01 Individual Capital Programme Schemes may have specific equality impacts.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 All Members and Overview & Scrutiny.

11.00 CONSULTATION UNDERTAKEN

11.01 An initial workshop on capital was held on 22nd November 2012 for all Members. A public consultation survey was open between 21st December 2012 and 20th January 2013.

12.00 APPENDICES

Appendix 1 - Available Funding

Appendix 2 - Core Capital Programme Schemes

Appendix 3 - Capital Programme 2013/14 (including specific funding sources – Specific Grants, Unsupported Borrowing and LGBI).

Appendix 4 - Responses from Overview and Scrutiny

Appendix 5 - Cabinet Report 18th December 2012.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

2013/14 budget papers, including Welsh Government papers.

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APPENDIX 1

ESTIMATED AVAILABLE FUNDING 2013/14 - 2022/23

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financing (Excluding Specific Grants)											
Unhypotheated Supported Borrowing (USB)	4.263	4.263	4.263	4.263	4.263	4.263	4.263	4.263	4.263	4.263	42.630
General Capital Grant (GCG)	2.603	2.603	2.603	2.603	2.603	2.603	2.603	2.603	2.603	2.603	26.030
Capital Receipts	3.910	3.475	5.537	4.555	1.320	4.344	4.200	4.200	4.200	4.095	39.836
Total	10.776	10.341	12.403	11.421	8.186	11.210	11.066	11.066	11.066	10.961	108.496
Expenditure											
Core Capital Programme Schemes - Appendix 2	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961
Total	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961
AVAILABLE/(SHORTFALL)	0.248	(0.142)	3.508	2.556	(0.679)	2.345	2.201	2.201	2.201	2.096	16.535
Cumulative	0.248	0.106	3.614	6.170	5.491	7.836	10.037	12.238	14.439	16.535	

* WG funding assumptions - USB

2013/14 per Final Settlement
 2014/15 ref (2013/14) Final Settlement
 2015/16 → as 2014/15

2012/13 = USB £5.141m

WG funding assumptions - GCG

2013/14 per Final Settlement
 2014/15 ref (2013/14) Final Settlement
 2015/16 → as 2014/15

2012/13 = GCG £2.603m

CORE CAPITAL PROGRAMME SCHEMES

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	Estimate	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIFELONG LEARNING											
Education - General											
Various School Buildings Repairs and Maintenance	2.350	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	23.275
Various Disability Discrimination Act - Individual Pupils	0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
Various Furniture and Equipment	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
Primary Schools											
Various Learning Environments (Foundation Phase)	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
TOTAL - LIFELONG LEARNING	2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240

CORPORATE SERVICES											
ICT and Customer Services											
General ICT Infrastructure	0.200	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	2.450
* General Agile Working Investment	0.150	0.100									0.250
* General EDRMS Implementation	0.125	0.105	0.030								0.260
* General ICT Infrastructure	0.210	0.210									0.420
* General Microsoft Enterprise Agreement	0.353	0.353									0.706
Flintshire Connects											
* Various Flintshire Connects	0.500	0.500									1.000
Corporate Finance											
General Minor Capital Works - Health & Safety	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
General Corporate Provision - Feasibility Studies	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
Clwyd Theatr Cymru											
General Provision	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
TOTAL - CORPORATE SERVICES	1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	0.450	7.086
TOTAL - COUNCIL FUND	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961

* Schemes funded from 'headroom' as part of the approved 2012/13 Capital Programme

	Estimate 2013/14 £m
SUMMARY	
COUNCIL FUND	
COMMUNITY SERVICES	3.350
ENVIRONMENT	16.565
LIFELONG LEARNING	8.255
CORPORATE SERVICES	1.738
TOTAL - COUNCIL FUND	29.908

		Estimate 2013/14 £m
COMMUNITY SERVICES		
Grants		
Various	Private Sector Renewal and Improvements	2.500
General	Housing Renewal Area Support	0.550
Children's Services		
General	Flying Start Capital Expansion Programme	0.150
Travellers' Sites		
Queensferry	Riverside Caravan Site	0.150
TOTAL - COMMUNITY SERVICES		3.350

		Estimate 2013/14 £m
ENVIRONMENT		
Administrative Buildings		
Various	Disability Discrimination Act (DDA) Works	0.180
Various	Energy Efficiency Measures	0.275
Various	Renewable Energy Installations	0.350
Various	Asbestos Removal	0.075
Various	Legionella Monitoring	0.075
Various	Upgrading Fire and Intruder Alarms	0.060
Various	Fire Safety Order Works	0.100
Various	Corporate Property Maintenance	0.500
Alltami	Depot Rationalisation	2.275
Engineering		
Various	Land Drainage Works - General	3.080
Various	Coast Protection Works - General	0.120
Highways		
Various	Highways Infrastructure	0.600
Various	Bridge Assessments and Replacement	0.160
Various	Street Lighting Replacement	0.200
Various	Structural Maintenance	0.200
Various	Local Government Borrowing Initiative (LGBI)	2.700
Regeneration		
Flint	Townscape Heritage Initiative	0.349
Various	Town Centre Regeneration	3.330
Transportation		
Various	Regional Transport Plan	1.700
Various	Local Road Safety Schemes	0.000
Ranger Services		
Connahs Quay	Wepre Park Development	0.236
TOTAL - ENVIRONMENT		16.565

		Estimate 2013/14 £m
LIFELONG LEARNING		
Education - General		
Various	School Buildings Repairs and Maintenance	2.350
Various	Disability Discrimination Act - Individual Pupils	0.275
Various	Furniture and Equipment	0.060
School Modernisation		
Shotton	Taliesin Junior/Shotton Infant	3.437
Various	21st Century Schools	1.308
Primary Schools		
Various	Learning Environments (Foundation Phase)	0.075
General	Flying Start Capital Expansion Programme	0.750
TOTAL - LIFELONG LEARNING		8.255

		Estimate 2013/14 £m
CORPORATE SERVICES		
ICT and Customer Services		
General	ICT Infrastructure	0.410
General	Agile Working Investment	0.150
General	EDRMS Implementation	0.125
General	Microsoft Enterprise Agreement	0.353
Corporate Finance		
General	Minor Capital Works - Health & Safety	0.075
General	Corporate Provision - Feasibility Studies	0.100
Flintshire Connects		
Various	Flintshire Connects Centres - Development Works	0.500
Clwyd Theatr Cymru		
General	Provision	0.025
TOTAL - CORPORATE SERVICES		1.738
TOTAL - COUNCIL FUND		29.908
FINANCING		
Unhypothecated Supported Borrowing (USB)		4.263
General Capital Grant		2.603
Capital Receipts		3.910
Specific Capital Grants		12.785
Unsupported (Prudential) Borrowing		3.895
Local Government Borrowing Initiative (LGBI)		2.700
(Unallocated) / Under Financing - Headroom		(0.248)
TOTAL - FINANCING		29.908

OVERVIEW & SCRUTINY
Corporate Resources – Council Fund Capital Programme

No.	Comments and Questions:	Responses:
<p>1.0 <u>School Modernisation</u></p> <ul style="list-style-type: none"> • 21st Century Schools allocation £64.2m - what is this for? • Can this funding be used for other education priorities? • Should the replacement of mobile classrooms be given greater priority? • What is the basis of the 21st Century Schools allocation? Is it deprivation led? • Why has the school buildings repair and maintenance allocation in 2013/14 reduced by £0.205m when the call on the budget is increasing? 	<ul style="list-style-type: none"> • Prioritised schemes in Holywell and Connah's Quay, (with some flexibility in respect of works at John Summers High School, Queensferry); 50% of the £64.2m to be funded by Welsh Government (WG). • The WG funding is a specific grant awarded for the above schemes only. The Council awaits details of the extended Local Government Borrowing initiative (LGBI) and its likely impact on school funding (although the funding is not due to commence until 2014/15). • A feasibility study would assist in assessing the financial impact of replacing mobile classrooms (approximate build cost of £0.300m to replace each 30 place mobile unit). The use of associated Section 106 monies could contribute funding towards it. • It is based upon the number of surplus places. • The budget was trimmed (as with other core programme allocations) due to reduced available funding, but increases by £0.025m each year over the next 10 years. 	

OVERVIEW & SCRUTINY
Corporate Resources – Council Fund Capital Programme

No.	Comments and Questions:	Responses:
2.0	<p><u>Leisure</u></p> <ul style="list-style-type: none"> There's no reference within the paperwork as provided to any budgetary provision for works at leisure centres – funding for painting etc. 	<ul style="list-style-type: none"> There's some scope for funding capital works from the Corporate Property Maintenance budget (within Environment). Painting works would however be a charge to revenue not capital.
3.0	<p><u>Administrative Buildings</u></p> <ul style="list-style-type: none"> Energy Efficiency Measures - Renewable energy installations; tariffs have reduced and thereby the return for energy efficiency purposes will fall - has this been recognised in setting the core programme budget? What was the business case for renewable energy? 	<ul style="list-style-type: none"> Photovoltaics (PVs) are now less expensive and more efficient in energy production as technology moves on, and general energy consumption is reducing through efficient working, thus compensating for the fall off in feed in tariffs. A copy of the business case will be provided.
4.0	<p><u>Highways</u></p> <ul style="list-style-type: none"> Land Drainage – Why is budget only £0.080m and who funds culverts? Bridge Assessments – Budget is only £0.160m, what does this cover? 	<ul style="list-style-type: none"> The Council's budget levers in substantial specific grants from WG (on top of the core programme) to fund land drainage priorities. Funding for culvert works is provided from within the core programme (for capital works), and from within the revenue budget (StreetScene) for routine repairs and maintenance. The allocation covers all bridges (including the Flintshire bridge) and footbridges. A survey is currently

OVERVIEW & SCRUTINY
Corporate Resources – Council Fund Capital Programme

No.	Comments and Questions:	Responses:
<p>5.0 <u>General</u></p> <ul style="list-style-type: none"> • Unsupported (Prudential) Borrowing – How does the 2012/13 (and forward) commitment impact on the Council's revenue position? • Capital Programme – I'm struggling to understand why we have a 10 year core programme when the figures across the various programme areas are merely repeated for each year of the 10 years. • Why do unspent programme budgets automatically roll forward when there are other potential schemes left without funding? 	<p>underway in order to assess the full extent of future liabilities in respect of the Flintshire Bridge; the survey costs are funded from the 2012/13 £2.7m LGBI (Highways) monies. If future liabilities become unaffordable, the Council will move to lobby WG for funding.</p> <ul style="list-style-type: none"> • All borrowings have been factored into the Medium Term Financial Plan – borrowing costs rise to approximately £1.5m per annum once the full impact of the 21st Century Schools Programme feeds through. • The core programme is one element only of the total capital programme; the total capital programme includes those schemes funded by way of grants, Capital Expenditure financed from Revenue Account (CERA) and more significantly unsupported (prudential) borrowing. These additional elements are key considerations in the strategic work undertaken in developing the overarching capital strategy, and the linked Medium Term Financial Strategy. • Budgets do not automatically roll forward – this is the clear message from Scrutiny. The Quarter 3 Capital Programme report to Cabinet on 19th March will 	

OVERVIEW & SCRUTINY
Corporate Resources – Council Fund Capital Programme

No.	Comments and Questions:	Responses:
	<ul style="list-style-type: none"> • Disposal of Assets – Some clarification is required regarding the asset disposal policy. Is there a level of speculation in the list of anticipated sale receipts? 	<p>provide the updated position regarding schemes not yet started.</p> <ul style="list-style-type: none"> • A detailed asset review is to be carried out in order to assess the status of assets held – those which can be disposed of and those which are required for future service delivery. The Council will be looking into more creative ways to raise capital finance including Asset Backed Vehicles.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 18 DECEMBER 2012**

REPORT BY: **HEAD OF FINANCE, CHIEF EXECUTIVE, DIRECTOR
OF ENVIRONMENT**

SUBJECT: **CAPITAL STRATEGY AND CAPITAL PROGRAMME
2013/14 TO 2022/23**

1.00 **PURPOSE OF REPORT**

- 1.01 The purpose of the report is to –
- (a) Propose the allocation of funding to the core capital programme in 2013/14 (with indicative allocations for future years).
 - (b) Set out the work that has been undertaken (and continues), to develop a Council Fund Capital Strategy and 10 year Capital Programme for the Council.

2.00 **BACKGROUND**

- 2.01 The Council plans on a 4 year capital programme timescale. In June 2011, the Council formally adopted its Medium Term Financial Strategy (MTFS). Two of the key objectives of the MTFS are to ensure that revenue and capital resources are used to achieve the Council's priorities and objectives, and to fully integrate revenue and capital expenditure plans. The co-planning of revenue and capital budgets is essential, for example, to meet the repayment of unsupported borrowing to support the core capital programme for investment in infrastructure.
- 2.02 One of the Council's 10 priorities is to 'Be a modern, efficient and cost effective public organisation through our four resource strategies - MTFS, People, Asset Management and ICT'. The Asset Management Strategy is key to determining which assets the Council wishes to hold in its portfolio for future service delivery. From this, plans can be drawn up as to where capital investment is required (in new or upgraded facilities), and where there are opportunities to release resources through asset disposals. Asset decisions are based on priority to support services, asset condition and deterioration, asset growth to suit service purpose and health and safety and other requirements.

2.03 This report covers the Council Fund only. The Housing Revenue Account (HRA) capital programme will be considered alongside the HRA revenue budget proposals for 2013/14. This will be reported to Cabinet and Scrutiny in January 2013 prior to the final proposals being recommended by Cabinet to County Council in February 2013.

2.04 The Local Government Final Settlement is due to be announced on 11th December 2012, and an update will be provided on the detail at the meeting.

3.00 CAPITAL STRATEGY

3.01 The aim of the Capital Strategy is to have in place a 10 year affordable, prioritised programme of all capital needs.

3.02 Due to the impacts on public expenditure constraint of National UK Government economy management decisions, the Council's core capital programme is constrained and is coming under severe pressure to maintain our assets portfolio from schools to roads. Welsh Government specific funding sources for capital investment in particular services are limited and are being directed to a small number of policy priorities.

3.03 This position means that the Council will:-

- Need to be more strategic and decisive over the asset portfolio it needs to retain to support service priorities and the portfolio it can release.
- Need to be more creative about partnering, e.g. Flintshire Connects, Community Asset Transfer.
- Be more creative over capital access options and models (e.g. directing its own investment, asset backed vehicles.)
- Rely on more unsupported borrowing to fund priorities, e.g. schools.

3.04 The challenges and opportunities were explored at a recent Member Workshop which was well attended. The work programmes of Cabinet and Overview and Scrutiny, and the MTFs, will need to reflect these actions.

3.05 A significant impact will be the School Modernisation Programme as part of the Capital Strategy and Capital programme 2012/13 to 2021/22. Funding support of 50% towards estimated costs of £64.2m will come from Welsh Government through 21st Century Schools finance for the preferred options in the three schools area reviews.

- 3.06 There will be significant pressure on the block allocations for core services in the 'static' programme. Careful decision making on allocations across and within these blocks is required to best match resources to priorities. Council officials, both client and contractor, must ensure that value for money is obtained in service design specifications and contract tendering.

4.00 LOCAL GOVERNMENT BORROWING INITIATIVE (LGBI)

- 4.01 A further £4m is to be made available across Wales by Welsh Government in 2013/14 under the Local Government Borrowing Initiative (on top of the £4m provided in 2012/13) to support the borrowing charges (revenue) of highways capital works. This equates to £2.7m for Flintshire in both 2013/14 and 2014/15. Proposals on how this funding will be utilised in 2012/13 are included in a separate report on this agenda.
- 4.02 In addition to the above, Welsh Government has recently announced an extension of the LGBI to include schools; this will bring forward funding (between 2014/15 and 2016/17) of £200m across Wales, in relation to their share of the 21st Century Schools Programme.

5.00 CAPITAL FUNDING AVAILABLE

- 5.01 Capital funding comes from a variety of sources –

General -

- Unhypothecated Supported Borrowing (USB)
- General Capital Grant (GCG)
- Capital Receipts

Specific -

- Specific Capital Grants
- Unsupported (Prudential) Borrowing
- Capital Expenditure financed from Revenue Account (CERA)

- 5.01.1 USB and GCG are as advised by Welsh Government through the Finance Settlement, and are available for the Council to determine their use. Specific Grants are also received from Welsh Government (and other funding bodies), but allocated for specific purposes as defined by the relevant funding body.
- 5.01.2 Capital Receipts are the proceeds from asset disposals - land and buildings, and again are available for the Council to determine their use.
- 5.01.3 Unsupported (Prudential) Borrowing is that borrowing which, as the name implies, is not supported by Welsh Government - borrowing costs (principal and interest) have to be met by the Council from the revenue budget.

- 5.01.4 Capital Expenditure financed from Revenue Account (CERA) is capital expenditure paid for by way of a direct charge to the service revenue account.
- 5.02 The total projected funding available over the 10 year period 2013/14 to 2022/23, by way of the above general sources, amounts to £108.516m as detailed in Appendix 1 (attached); the proposed Core Programme Scheme expenditure (as referred to in Section 6.01 below) amounts to £91.961m (as included in Appendix 1), which produces an available total of £16.555m to fund other programme schemes over the period.
- 5.02.1 In view of the projected shortfall in 2014/15 (£0.140m), which follows a 2013/14 available funding figure of just £0.250m, it may be prudent to consider a consolidated two year programme (2013/14/15). On this basis a cumulative total of £0.110m would be available to provide some headroom for variances.
- 5.03 It can be seen that, taking account of the funding information provided in 5.02 above, there is currently no general funding available to support new capital investment outside of the core programme schemes (see Section 6.00 below) during the consolidated two year programme period (2013/14/15), without the introduction of new and creative ways of delivering capital investment (as described in Section 3.00).

6.00 CORE CAPITAL SCHEMES

- 6.01 'Core' schemes are those that require capital works on an on-going basis in order to ensure life and use enhancement; such schemes include Energy Efficiency Measures, Highways Infrastructure Works, and School Building Works. The proposed Core schemes (as outlined at the Capital Workshop on 22nd November 2012), are detailed in Appendix 2 as attached.
- 6.02 The Appendix 2 information reflects a reviewed position (from that incorporated in the Capital Strategy and Capital Programme 2012/13 to 2021/22) in terms of the listed values, which takes account of the revised available funding projections as referred to in Section 5.02 above. Also included within the Appendix 2 totals are those new schemes approved in 2012/13, funded from the headroom available at the time; these schemes drop out of the analysis in entirety, by the end of 2015/16. The impact on the available funding resources of financing these schemes is recorded in Appendix 1.
- 6.03 A request was received at the Capital Workshop (22nd November 2012) for a reconciliation between the Appendix 2 figures and the indicative Core Programme Schemes list that formed part of the aforementioned Capital Strategy and Capital Programme 2012/13 to 2021/22; this reconciliation is included as Appendix 3. The adjusted

figures reflect those changes referred to in Section 6.02 above, and as noted in the key to Appendix 3; in most cases the 'trimmed' 2013/14 programme scheme budgets are reinstated across the subsequent 9 years (2014/15 to 2022/23).

7.00 CONSULTATION

7.01 A meeting of the Corporate Resources Overview and Scrutiny Committee has been scheduled for 31st January 2013, at which the capital programme proposals as set out in this paper will be considered. The scrutiny meeting will be open to all Members of the Council. Final capital proposals for 2013/14 will be considered by Cabinet in February prior to a recommendation to Council on 1st March 2013.

7.02 A public consultation survey which covers aspects of the Council's Revenue and Capital Budget Strategies is due to open between 21st December 2012 and 20th January 2013.

8.00 RECOMMENDATIONS

8.01 Members are recommended to:

- (a) Note the work which has been undertaken (and continues) to develop a Council Fund Capital Strategy and 10 year capital programme.
- (b) Approve the allocation of funding to the core capital programme in 2013/14 as shown in Appendix 2 (and note the indicative allocations for future years), subject to input by Overview & Scrutiny.

9.00 FINANCIAL IMPLICATIONS

9.01 As set out in the report.

10.00 ANTI-POVERTY IMPACT

10.01 Individual Capital Programme Schemes may have specific anti-poverty impacts.

11.00 ENVIRONMENTAL IMPACT

11.01 Individual Capital Programme Schemes may have specific environmental impacts.

12.00 EQUALITIES IMPACT

12.01 Individual Capital Programme Schemes may have specific equality impacts.

13.00 PERSONNEL IMPLICATIONS

13.01 None directly as a result of this report.

14.00 CONSULTATION REQUIRED

14.01 All Members and Overview & Scrutiny.

15.00 CONSULTATION UNDERTAKEN

15.01 An initial workshop on capital was held on 22nd November 2012 for all Members. A public consultation survey is due to open between 21st December 2012 and 20th January 2013.

16.00 APPENDICES

16.01 Appendix 1 – Available Funding

Appendix 2 – Core Capital Programme Schemes

Appendix 3 - Core Programme Schemes (Reconciliation to 2012/13 Budget Figures)

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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ESTIMATED AVAILABLE FUNDING 2013/14 - 2022/23

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financing (Excluding Specific Grants)											
Unhypotheated Supported Borrowing (USB)	* 4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	42.700
General Capital Grant (GCG)	# 2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	25.980
Capital Receipts	3.910	3.475	5.537	4.555	1.320	4.344	4.200	4.200	4.200	4.095	39.836
Total	10.778	10.343	12.405	11.423	8.188	11.212	11.068	11.068	11.068	10.963	108.516
Expenditure											
Core Capital Programme Schemes - Appendix 1	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961
Total	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961
AVAILABLE/(SHORTFALL)	0.250	(0.140)	3.510	2.558	(0.677)	2.347	2.203	2.203	2.203	2.098	16.555
Cumulative	0.250	0.110	3.620	6.178	5.501	7.848	10.051	12.254	14.457	16.555	

* WG funding assumptions - USB

2013/14 per Provisional Settlement
 2014/15 ref (2013/14) Provisional Settlement
 2015/16 → as 2014/15

2012/13 = USB £5.141m

WG funding assumptions - GCG

2013/14 per Provisional Settlement
 2014/15 ref (2013/14) Provisional Settlement
 2015/16 → as 2014/15

2012/13 = GCG £2.603m

CORE CAPITAL PROGRAMME SCHEMES

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	Estimate	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
SUMMARY											
COUNCIL FUND											
COMMUNITY SERVICES	2.750	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	26.825
ENVIRONMENT	3.280	3.370	3.020	3.020	3.020	3.020	3.020	3.020	3.020	3.020	30.810
LIFELONG LEARNING	2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240
CORPORATE SERVICES	1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	0.450	7.086
TOTAL - COUNCIL FUND	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961
FINANCING											
Unhypotheated Supported Borrowing (USB)	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	42.700
General Capital Grant	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	25.980
Capital Receipts	3.910	3.475	5.537	4.555	1.320	4.344	4.200	4.200	4.200	4.095	39.836
Specific Capital Grants	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unsupported (Prudential) Borrowing	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(Unallocated - Headroom) / Under Financing	(0.250)	0.140	(3.510)	(2.558)	0.677	(2.347)	(2.203)	(2.203)	(2.203)	(2.098)	(16.555)
TOTAL - FINANCING	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961

CORE CAPITAL PROGRAMME SCHEMES

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	Estimate £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	
COMMUNITY SERVICES											
Grants											
Various	2.500	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	24.550
Shotton	0.250	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	2.275
TOTAL - COMMUNITY SERVICES	2.750	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	26.825

ENVIRONMENT											
Administrative Buildings											
Various	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
Various	0.275	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	2.975
Various	0.350	0.350									0.700
Various	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
Various	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
Various	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
Various	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
Various	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
Engineering											
Various	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
Various	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
Highways											
Various	0.600	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	7.350
Various	0.160	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	1.510
Various	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
Various	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
Regeneration											
Flint	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	1.150
Various	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	1.900
TOTAL - ENVIRONMENT	3.280	3.370	3.020	3.020	3.020	3.020	3.020	3.020	3.020	3.020	30.810

CORE CAPITAL PROGRAMME SCHEMES

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	Estimate	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIFELONG LEARNING											
Education - General											
Various	2.350	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	23.275
Various	0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
Various	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
Primary Schools											
Various	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
TOTAL - LIFELONG LEARNING											
	2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240

CORPORATE SERVICES											
ICT and Customer Services											
D General	0.200	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	2.450
General	0.150	0.100									0.250
General	0.125	0.105	0.030								0.260
General	0.210	0.210									0.420
General	0.353	0.353									0.706
Flintshire Connects											
Various	0.500	0.500									1.000
Corporate Finance											
General	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
General	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
Ciwyd Theatr Cymru											
General	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
TOTAL - CORPORATE SERVICES											
	1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	0.450	7.086
TOTAL - COUNCIL FUND											
	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961

**CORE PROGRAMME SCHEMES 2013/14 - SUMMARY
(RECONCILIATION TO 2012/13 BUDGET FIGURES)**

	2013/14	2013/14	Variance
	Indicative * £m	Estimate £m	£m
SUMMARY			
COUNCIL FUND			
COMMUNITY SERVICES	2.950	2.750	(0.200)
ENVIRONMENT	3.155	3.280	0.125
LIFELONG LEARNING	2.965	2.760	(0.205)
CORPORATE SERVICES	0.930	1.738	0.808
TOTAL - COUNCIL FUND	10.000	10.528	0.528

FINANCING			
Unhypothecated Supported Borrowing (USB)	4.254	4.270	0.016
General Capital Grant	2.605	2.598	(0.007)
Capital Receipts	5.360	3.910	(1.450)
Specific Capital Grants	0.000	0.000	0.000
Unsupported (Prudential) Borrowing	0.000	0.000	0.000
TOTAL - FINANCING	12.219	10.778	(1.441)

AVAILABLE HEADROOM	(2.219)	(0.250)	1.969
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Analysis (from above)	£m
Increased Net Budget	0.528
Reduced Funding	1.441
Reduced Headroom	1.969

* as per 2012/13 Budget

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

KEY BUDGET 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 TOTAL
 (See below) £m £m £m £m £m £m £m £m £m £m £m

COMMUNITY SERVICES		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Grants	Various	1											
		12/13	2.700	2.425	2.425	2.425	2.425	2.425	2.425	2.425	2.425	2.425	24.525
		13/14	2.500	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	24.550
	Variance	(0.200)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	
Shotton	Private Sector Renewal and Improvements	12/13	0.250	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	2.275
		13/14	0.250	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	2.275
		Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - COMMUNITY SERVICES	Housing Renewal Area Support	12/13	2.950	2.650	2.650	2.650	2.650	2.650	2.650	2.650	2.650	26.800	
		13/14	2.750	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	26.825	
		Variance	(0.200)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

KEY BUDGET 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 TOTAL
 (£m) (£m) (£m) (£m) (£m) (£m) (£m) (£m) (£m) (£m) (£m)

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
ENVIRONMENT												
Administrative Buildings												
Various	Disability Discrimination Act (DDA) Works	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
	12/13	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
	13/14	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Energy Efficiency Measures	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	3.000
	12/13	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	3.000
	13/14	0.275	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	2.975
	Variance	(0.025)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.025)
Various	Renewable Energy Installations	0.350	0.350	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	12/13	0.350	0.350	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	13/14	0.350	0.350	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.700
	Variance	0.350	0.350	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.700
Various	Asbestos Removal	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	12/13	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	13/14	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Legionella Monitoring	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	12/13	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	13/14	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Upgrading Fire and Intruder Alarms	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
	12/13	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
	13/14	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Fire Safety Order Works	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
	12/13	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
	13/14	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Corporate Property Maintenance	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
	12/13	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
	13/14	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Engineering Various	Land Drainage Works - General	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
	12/13	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
	13/14	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Coast Protection Works - General	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
	12/13	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
	13/14	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

KEY BUDGET		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
(See below)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Highways	1											
	Various											
	Highways Infrastructure											
Various	12/13	0.800	0.725	0.725	0.725	0.725	0.725	0.725	0.725	0.725	0.725	7.325
	13/14	0.600	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	7.350
	Variance	(0.200)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Various	12/13	0.160	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	1.510
	13/14	0.160	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	1.510
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	12/13	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
	13/14	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	12/13	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
	13/14	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Regeneration Flint	12/13	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	1.150
	13/14	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	1.150
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	12/13	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	1.900
	13/14	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	1.900
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - ENVIRONMENT	12/13	3.155	2.995	2.995	2.995	2.995	2.995	2.995	2.995	2.995	2.995	30.110
	13/14	3.280	3.370	3.020	3.020	3.020	3.020	3.020	3.020	3.020	3.020	30.810
	Variance	0.125	0.375	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.700

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

KEY BUDGET		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
(See below)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIFELONG LEARNING												
Education - General												
Various	1	2.555	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	23.255
		2.350	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	23.275
	Variance	(0.205)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.020
Various		0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
		0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various		0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
		0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Primary Schools												
Various		0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
		0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
	Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - LIFELONG LEARNING												
		2.965	2.695	2.695	2.695	2.695	2.695	2.695	2.695	2.695	2.695	27.220
		2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240
	Variance	(0.205)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.020

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

KEY	BUDGET	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
CORPORATE SERVICES												
ICT and Customer Services												
General	ICT Infrastructure	12/13	0.255	0.230	0.230	0.230	0.230	0.230	0.230	0.230	0.230	2.325
		13/14	0.200	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	2.450
		Variance	(0.055)	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.125
General	Agile Working Investment	12/13	0.150	0.100								0.000
		13/14										0.250
		Variance	0.150	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.250
General	EDRMS Implementation	12/13	0.125	0.105	0.030							0.000
		13/14	0.125	0.105	0.030	0.000	0.000	0.000	0.000	0.000	0.000	0.260
		Variance	0.125	0.105	0.030	0.000	0.000	0.000	0.000	0.000	0.000	0.260
General	ICT Infrastructure	12/13	0.210	0.210	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
		13/14	0.210	0.210	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.420
		Variance	0.210	0.210	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.420
General	Microsoft Enterprise Agreement	12/13	0.353	0.353								0.000
		13/14	0.353	0.353								0.706
		Variance	0.353	0.353	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.706
Flintshire Connects	Flintshire Connects	12/13	0.500	0.500								0.000
		13/14	0.500	0.500								1.000
		Variance	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
Corporate Finance	Minor Capital Works - Health & Safety	12/13	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
		13/14	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
		Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General	Corporate Provision - Feasibility Studies	12/13	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	2.000
		13/14	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
		Variance	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(1.000)
General	Housing Stock Options (Subject to Housing Review) *	12/13	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	3.750
		13/14										
		Variance	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(3.750)

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

KEY BUDGET 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 TOTAL
 (See below) £m £m £m £m £m £m £m £m £m £m £m

CORPORATE SERVICES (Cont.)											
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Clwyd Theatr Cymru											
General	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
Provision	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - CORPORATE SERVICES	0.930	0.905	0.905	0.905	0.905	0.905	0.905	0.905	0.905	0.905	9.075
13/14	1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	0.450	7.086
Variance	0.808	0.813	(0.425)	(0.455)	(0.455)	(0.455)	(0.455)	(0.455)	(0.455)	(0.455)	(1.989)
TOTAL - COUNCIL FUND	10.000	9.245	9.245	9.245	9.245	9.245	9.245	9.245	9.245	9.245	93.205
13/14	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961
Variance	0.528	1.238	(0.350)	(0.380)	(0.380)	(0.380)	(0.380)	(0.380)	(0.380)	(0.380)	(1.244)

VARIANCE Figures in brackets indicate a reduced budget, unbracketed an increased/additional budget.

- KEY 1 2013/14 budget reduced in line with reduced funding projections but re-profiled over future years.
 2 New to 2013/14 onwards as a result of schemes approved in 2012/13 (From Headroom).
 3 No longer needed as a result of the Housing Ballot.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: COUNCIL

DATE: 1 MARCH 2013

REPORT BY: HEAD OF FINANCE

SUBJECT: TREASURY MANAGEMENT STRATEGY 2013/14,
TREASURY MANAGEMENT POLICY STATEMENT
2013 – 2016 AND TREASURY MANAGEMENT
PRACTICES 2013 – 2016.

1.00 PURPOSE OF REPORT

- 1.01 To present to Council the recommendations of Cabinet in relation to the Treasury Management Strategy 2013/14 in conjunction with:-
- Draft Treasury Management Policy Statement 2013 – 2016,
 - Draft Treasury Management Practices 2013 – 2016.

2.00 BACKGROUND

- 2.01 The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.
- 2.02 The Council adopted the 2011 edition of The CIPFA Code of Practice in March 2012 which requires:-
- The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities.
 - The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled.
 - The Council to receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

- Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Standard of Professional Practice on Treasury Management*.

A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.

3.00 CONSIDERATIONS

- 3.01 At a meeting of the Audit Committee on 30th January 2013, Members reviewed the Treasury Management Policy Statement 2013 - 2016, Treasury Management Strategy 2013/14 and Treasury Management Practices 2013 - 2016. The Audit Committee recommended to Cabinet that the Council approves the Policy Statement, Strategy and Practices.
- 3.02 A meeting of the Cabinet on 19th February 2013 received the recommendation from the Audit Committee and resolved to recommend the Treasury Management Policy Statement 2013 - 2016, Treasury Management Strategy 2013/14 and Treasury Management Practices 2013 - 2016 to Council.
- 3.03 The Cabinet report, which includes the Treasury Management Policy Statement 2013 - 2016, Treasury Management Strategy 2013/14 and Treasury Management Practices 2013 – 2016, is attached appendix 1.
- 3.04 A training session open to all Members on treasury management was run by Arlingclose, the Council's treasury management advisors on the 29th January 2013.

4.00 RECOMMENDATIONS

- 4.01 Council approves the Treasury Management Strategy 2013/14 in conjunction with:-
- Treasury Management Policy Statement 2013 – 2016,
 - Treasury Management Practices 2013 -16.

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 Arlingclose Limited.

11.00 CONSULTATION UNDERTAKEN

11.01 Arlingclose Limited.

12.00 APPENDICES

Appendix 1 – Report to Cabinet – 19th February 2013

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Background Papers: Treasury Management Policy Statement 2013 -
2016
Treasury Management Practices 2013 – 2016
Treasury Management Strategy 2013/14

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REPORT TO: CABINET
DATE: 19 FEBRUARY 2013
REPORT BY: HEAD OF FINANCE
SUBJECT: TREASURY MANAGEMENT STRATEGY 2013/14, TREASURY MANAGEMENT POLICY STATEMENT 2013 – 2016 AND TREASURY MANAGEMENT PRACTICES 2013 – 2016.

1.00 PURPOSE OF REPORT

- 1.01 To present the draft Treasury Management Strategy 2013/14 for approval to the Council in conjunction with:-
- Draft Treasury Management Policy Statement 2013 – 2016,
 - Draft Treasury Management Practices 2013 -16.

2.00 BACKGROUND

- 2.01 The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.
- 2.02 The Council adopted the 2011 edition of The CIPFA Code of Practice in March 2012 which requires:-
- The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities.
 - The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled.
 - The Council to receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
 - Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Standard of Professional Practice on Treasury Management*.

- A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.

3.00 CONSIDERATIONS

- 3.01 At a meeting of the Audit Committee on 30th January 2013, Members reviewed the Treasury Management Policy Statement 2013 - 2016, Treasury Management Strategy 2013/14 and Treasury Management Practices 2013 - 2016. Any comments from the Audit Committee will be reported verbally at Cabinet.
- 3.02 The Audit Committee report, which includes the Treasury Management Policy Statement 2013 - 2016, Treasury Management Strategy 2013/14 and Treasury Management Practices 2013 – 2016, and an explanation of changes from previous years, is attached appendix 1.
- 3.03 A training session open to all Members on treasury management was run by Arlingclose, the Council's treasury management advisors on the 29th January 2013.

4.00 RECOMMENDATIONS

- 4.01 Cabinet approves and recommends to the Council the draft Treasury Management Strategy 2013/14 for approval in conjunction with:-
- Draft Treasury Management Policy Statement 2013 – 2016,
 - Draft Treasury Management Practices 2013 -16.

5.00 FINANCIAL IMPLICATIONS

- 5.01 As set out in the report.

6.00 ANTI-POVERTY IMPACT

- 6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

- 8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

- 10.01 Arlingclose Limited.

11.00 CONSULTATION UNDERTAKEN

- 11.01 Arlingclose Limited.

12.00 APPENDICES

12.01 Appendix 1 – Report to Audit Committee – 30th January 2013

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: Treasury Management Policy Statement 2013 – 2016
Treasury Management Practices 2013 - 2016
Treasury Management Strategy 2013/14

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **30 JANUARY 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **TREASURY MANAGEMENT STRATEGY 2013/14, TREASURY MANAGEMENT POLICY STATEMENT 2013 – 2016, TREASURY MANAGEMENT PRACTICES 2013 – 16 AND TREASURY MANAGEMENT UPDATE 2012/13,**

1.00 PURPOSE OF REPORT

1.01 To present the draft Treasury Management Strategy 2013/14 for review prior to recommending to Cabinet in conjunction with:-

- Draft Treasury Management Policy Statement 2013 – 2016,
- Draft Treasury Management Practices 2013 -16.

1.02 To provide members with a quarterly update on matters relating to the Council's 2012/13 Treasury Management Policy and Strategy Statement up to the end of December 2012.

1.03 This report will be supplemented with training available to all Members of the Council on treasury management on 29th January 2013.

2.00 BACKGROUND

2.01 The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.

2.02 The Council adopted the 2011 edition of The CIPFA Code of Practice in March 2012 which requires:-

- The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities.
- The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled.
- The Council to receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

- Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Standard of Professional Practice on Treasury Management*.
- A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.

2.03 The Welsh Government guidance on Local Authority investments requires that the Council prepares an Investment strategy before the start of each financial year which sets out the Council's policies for the prudent management of its investments, giving priority, firstly to the security of those investments (protecting the capital sum from loss), and secondly liquidity (keeping money readily available for expenditure). The generation of investment income is distinct from these prudential objectives, however provided that proper levels of security and liquidity are achieved, it may (but only then) be reasonable to seek the highest yield consistent with those priorities.

The guidance stipulates that the investment strategy must also include the following:

- Specified Investments
- Non-specified Investments
- Credit Risk Assessment
- Investment Consultants
- Investment Training
- Investment of money borrowed in advance of need

2.04 On 1st March 2012 the Council approved the Treasury Management Policy and Strategy Statement for 2012/13, following the recommendation of the Cabinet and consideration by Audit Committee.

2.05 The Council's treasury management advisors have changed to Arlingclose Ltd, as detailed in paragraph 3.06.

3.00 CONSIDERATIONS

2013/14 and onwards Treasury Management Documentation

3.01 In previous years members have been asked to approve a combined Treasury Management Policy and Strategy Statement which included the Policy Statement, the annual Strategy and as an appendix, detailed Treasury Management Practices and accompanying Schedules.

3.02 Following discussions with Arlingclose, the Council's Treasury Management advisors, the conclusion was drawn that it would be clearer if separate treasury management documents were provided.

- 3.03 Attached in Appendix 1 for review and discussion is the Treasury Management Policy Statement to cover the 3 year period from 2013/14 to 2015/16. Once approved, this document will only be reported to members during its lifetime in the event of any significant changes. The content of the Policy Statement remains unchanged from its approval in 2012/13; defining the Council's treasury management activities, setting out the Council's criteria to measure the effectiveness of treasury management activities and includes the Council's high level policies for borrowing and investments.
- 3.04 The Treasury Management Practices (TMPs) and accompanying schedules to cover the 3 year period from 2013/14 to 2015/16 are attached in Appendix 2 and Appendix 3 for review and discussion. Again, once approved, this document will only be reported to members during its lifetime in the event of any significant changes.

The TMPs and schedules state how treasury management policies and objectives will be achieved and give specific details of the systems and routines employed and the records to be maintained including:-

- TMP 1 Risk Management
- TMP 2 Performance measurement
- TMP 3 Decision-making
- TMP 4 Approved instruments, methods and techniques
- TMP 5 Organisation, clarity and segregation of responsibilities and dealing Arrangements
- TMP 6 Reporting requirements and management information arrangements
- TMP 7 Budgeting, accounting and audit arrangements
- TMP 8 Cash and cash flow management
- TMP 9 Money laundering
- TMP 10 Training and qualifications
- TMP 11 Use of external service providers
- TMP 12 Corporate Governance

The contents of the practices and schedules have been changed to reflect the transfer of responsibility of the treasury management function from the Funds section to the Strategy and Technical section of Corporate Finance following the Finance Function Review.

Treasury Management Strategy 2013/14

- 3.05 The 2013/14 Treasury Management Strategy is attached in Appendix 4 for review and discussion. The Strategy will be updated and reported annually to members in accordance with the CIPFA Code of Practice and the Welsh Government guidance.

The Treasury Management Strategy details the approach the Council will take for investing and borrowing over the next year, including the budgetary implications of the planned investment and borrowing strategy and a number of treasury management indicators that the CIPFA Code requires.

The contents of the 2013/14 Strategy has not materially changed from that of the 2012/13 Strategy. Following the transfer of the treasury management function as described in paragraph 3.03 above and discussions with Arlingclose, the Council's Treasury Management advisors, the layout of the Strategy has been amended to make plans clearer and easier to follow.

The few minor changes that have been made to the 2013/14 Treasury Management Strategy and the rationale behind the changes made are listed below:-

- In defining 'high credit quality' investments the Council will only use Long Term credit ratings and will no longer use Short Term ratings to simplify and strengthen the Council's counterparty list.
- Time limits on investments have been introduced to differentiate between the grades awarded by the credit rating bodies. For example, previously there was no distinction made between an investment made with a counterparty rated as the highest credit quality AAA, and high credit quality A. The Strategy now reflects the lower credit risk associated with counterparties awarded higher credit quality by placing a higher time limit on investments with those counterparties. An investment could be made for up to 4 years for a counterparty rated as AA / Aa2, but only up to 1 year for a counterparty rated as A / A2.
- Following discussion with Arlingclose, the Council's Treasury Management advisors, investments rated as A-/A3 will be defined as high credit quality. This is a reduction from the A/A2 current position, which does introduce a higher level of credit risk; however this has been mitigated by placing a time limit of 6 months on such investments and is considered to be a measured risk that will introduce more counterparties to spread the risk.

3.06 A training session open to all Members on treasury management will be run by Arlingclose, the Council's treasury management advisors on the morning of the 29th January. Further explanation of the content of the Policy Statement, Practices and Strategy will be covered in this training session.

Treasury Management 2012/13 Update

3.07 A statement setting out the Council's investments as at 31st December 2012 is attached as Appendix 5. Members are requested to note the following:

- The investment balance was £66.4m across 22 counterparties.
- Our self-imposed low risk strategy of investing for a maximum of 3 months with banks and building societies, with consideration given to suitable longer term investments as appropriate, continued.
- Given sustained improvements in monitored credit risk, with credit ratings being more stable and some banks' profitability improving, steps banks have taken towards strengthening their balance sheets, and central bank intervention both in the UK and the Eurozone increasing liquidity the risk of a bank that the council deals with defaulting has reduced and consideration was given to relaxing the self imposed rule of investing for a maximum of 3 months with banks and building societies. Discussions took place with Arlingclose, the Council's treasury management advisors. All though the economic outlook is somewhat mixed, with significant risks still being posed by the US public finance 'fiscal cliff' and a sustainable solution to the Eurozone crisis being somewhat off, as can be see from the economic context in Appendix 4 – 2013/14 Treasury Management Strategy, the decision has been made that the time is right to invest with banks and building societies for longer.
- One long-term investment was made - £3 million with Bank of Scotland at an interest rate of 1.6%, maturing on 5th December 2013.

- The Council's treasury management advisor, Sterling Consultancy Services was acquired by Arlingclose Limited in October 2012. The terms of the contract remain unchanged and Arlingclose continues to provide advice and information on the Council's investments and borrowing activities.
- Arlingclose revised their base interest rate forecast from that included in the 2012/13 Strategy, with the rate now remaining at 0.50% until at least the end of 2015. The financial implications of this change of rate will be reported in the Central Loans and Investment Account in the revenue budget monitoring report.
- A £1.5 million PWLB loan matured on 22nd November 2012, and due consideration was given to either repay or refinance the loan with new borrowing. Given the Council's high level of cash balances, the current cost of debt being higher than returns on investments the prudent decision was made, following discussion with the Arlingclose, to reduce interest risk and credit risk and repay the loan.
- The transfer of responsibility for the treasury management function from the Funds section to Strategy and Technical team in Corporate Finance continues, and is expected to be completed by the end of the 2012/13 financial year.

Landsbanki

- 3.08 Previous reports to the Audit Committee have updated members with the latest position regarding the reimbursement of our investments with Landsbanki and an estimate of associated legal costs.
- 3.09 A further £217k was received from Landsbanki on 9th October 2012. The total received to date is now £1.76 million. The total outstanding is £1.94 million, approximately 52.4%. In March 2012, the Winding up Board announced that recoveries in the Landsbanki administration would now likely be 100% of deposits, subject to potential future exchange rate fluctuations, although this is only a forecast and not guaranteed. The pattern of future distributions is not yet known.
- 3.10 The Local Government Association have recently written to advise that Flintshire's share of the associated legal costs between 18th December 2011 and 17th December 2012 is £2,607. A budget of £3,700 has been set to cover our anticipated legal fees for 2012/13 within the Central Loans and Investment Account.

4.00 RECOMMENDATIONS

- 4.01 That members review the draft Treasury Management Strategy 2013/14 and identify any matters to be drawn to the attention of Cabinet on 19/02/2013.
- 4.02 That members review the draft Treasury Management Policy Statement 2013-2016 and identify any matters to be drawn to the attention of Cabinet on 19/02/2013.
- 4.03 That members review the draft Treasury Management Practices 2013-2016 and identify any matters to be drawn to the attention of Cabinet on 19/02/2013.
- 4.04 That members note the Treasury Management 2012/13 quarterly update.

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI-POVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 Arlingclose Limited.

11.00 CONSULTATION UNDERTAKEN

11.01 Arlingclose Limited.

12.00 APPENDICES

12.01 Appendix 1 – Draft Treasury Management Policy Statement 2013 – 2016
Appendix 2 – Draft Treasury Management Practices 2013 - 2016
Appendix 3 – Draft Treasury Management Practices Schedules 2013 - 16
Appendix 4 – Draft Treasury Management Strategy 2013/14
Appendix 5 – Investments as at 31/12/2012

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: Treasury Management Policy Statement 2013 – 2016
Treasury Management Practices 2013 - 2016
Treasury Management Strategy 2013/14

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FLINTSHIRE COUNTY COUNCIL

DRAFT
**TREASURY MANAGEMENT
POLICY STATEMENT**

2013 - 2016

1.0 TREASURY MANAGEMENT POLICY STATEMENT

The Council defines the policies and objectives of its treasury management activities as follows: -

- 1.1 "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
- 1.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.4 The Council greatly values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.
- 1.5 The Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003*, and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes to interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.
- 1.6 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.
- 1.7 The Council will have regard to Welsh Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations in which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.
- 1.8 The Council has adopted the 2011 edition of the Chartered Institute of Public

Finance and Accountancy's Treasury Management in Public Services: Code of Practice and has included the Code's required clauses in its Financial Procedure Rules.

DRAFT
**TREASURY MANAGEMENT
PRACTICES**

Part 1: Main Principles

2013 - 2016

Flintshire County Council

TREASURY MANAGEMENT PRACTICES

Treasury Management Practices (TMPs) set out the manner in which this organisation will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

	Page
Treasury Management Practices (TMPs)	2
TMP 1 Treasury risk management	3- 4
TMP 2 Performance Measurement	5
TMP 3 Decision-making and analysis	5
TMP 4 Approved instruments, methods and techniques	5
TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements	5 – 6
TMP 6 Reporting requirements and management information arrangements	6 - 7
TMP 7 Budgeting, accounting and audit arrangements	7
TMP 8 Cash and cash flow management	7
TMP 9 Money laundering	7
TMP 10 Staff training and qualifications	7 - 8
TMP 11 Use of external service providers	8
TMP 12 Corporate governance	8

TMP1 TREASURY RISK MANAGEMENT

The Head of Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

[1] Credit and counterparty risk management

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirement and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject at all times to the consideration and, if required,

Treasury Management Practices 2013/14

approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

[6] Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1.1 credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

[7] Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

[8] Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of

Treasury Management Practices 2013/14

such fluctuations.

TMP2 PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP3 DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1, Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged

Treasury Management Practices 2013/14

with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Head of Finance will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Head of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The Head of Finance will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The Head of Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Head of Finance in respect of treasury management are set out in the schedule to this document. The Head of Finance will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on treasury management.

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The County Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

In addition to the above, the Audit Committee will receive regular monitoring reports on treasury management activities and risks. Audit Committee will also have

Treasury Management Practices 2013/14

responsibility for the scrutiny of treasury management policies and practices.

Treasury Management Indicators will be reported in the Strategy.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Head of Finance will prepare, and this organisation will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance Measurement, and TMP4 Approved instruments, methods and techniques. The Head of Finance will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Head of Finance, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Head of Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [1] liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP9 MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP10 STAFF TRAINING AND QUALIFICATIONS

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are

Treasury Management Practices 2013/14

both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Head of Finance will recommend and implement the necessary arrangements.

The Head of Finance will ensure that committee/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Head of Finance, and details of the current arrangements are set out in the schedule to this document.

TMP12 CORPORATE GOVERNANCE

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Head of Finance will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

DRAFT
**TREASURY MANAGEMENT
PRACTICES**

Part 2: Schedules

2013 - 2016

Flintshire County Council

Treasury Management Practice Schedules 2013/14

TREASURY MANAGEMENT PRACTICES - SCHEDULES

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by this organisation.

	Page
Treasury Management Practices – Schedules	2
TMP 1 Risk management	3-7
TMP 2 Performance Measurement	8 - 9
TMP 3 Decision-making and analysis	9 - 10
TMP 4 Approved instruments, methods and techniques	11 -12
TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements	12 -16
TMP 6 Reporting requirements and management information Arrangements	16 -18
TMP 7 Budgeting, accounting and audit arrangements	19
TMP 8 Cash and cash flow management	19 -20
TMP 9 Money laundering	20
TMP 10 Staff training and qualifications	20 -21
TMP 11 Use of external service providers	21-22
TMP 12 Corporate governance	22
Appendix A – Definition of ratings	23-24

TMP1 RISK MANAGEMENT

1 Credit & Counterparty Policies

1. Criteria to be used for creating/managing approved counterparty lists/limits -

- The Head of Finance will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.
- Treasury Management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties. The complete list is available in the Strategy & Technical Section. It should be noted that not all of these counterparties will be used. This depends on whether they are in the market at the time of investment and whether they are offering competitive rates.
- The Council will use credit criteria in order to select creditworthy counterparties for placing investments.
- Credit ratings will be used as supplied from Fitch, Moody's and Standard & Poors credit rating agencies.
- The minimum level of credit rating for an approved counterparty will be as follows: -

	Fitch	Moody's	S & P	Cash Limit	Time Limit
Banks, Building Societies and other organisations whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	Aaa	AAA	£7m each	5 years
	AA+	Aa1	AA+		5 years
	AA	Aa2	AA		4 years
	AA-	Aa3	AA-		3 years
	A+	A1	A+		2 years
	A	A2	A		1 year
	A-	A3	A-	£5m	6 months
The council's current account bank (NatWest Bank plc) if rated below A-				£5m	next day
UK Building Societies with assets greater than £1bn, which are either unrated by the credit rating agencies or have a minimum rating of BBB or equivalent and above.				£5m each	1 year
Money Market Funds ¹ and similar pooled vehicles whose lowest published credit rating is AAA				£7m each	1 year
UK Central Government (irrespective of credit rating)				unlimited	5 years
UK Local Authorities ²				£7m each	5 years

¹ as defined in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 ² as defined in the Local Government Act 2003

Treasury Management Practice Schedules 2013/14

A definition of the ratings can be found in appendix A.

- In addition, UK Building Societies without credit ratings or those which are lower rated will be considered to be of 'high credit quality', but subject to a lower cash limit (£5m) and shorter time period than higher rated building societies in the table above. The minimum asset size of the building society must be £1bn. However, no investments will be made with building societies that hold a long term credit rating lower than BBB Fitch and Standard & Poors or Baa2 Moody's, due to the increased likelihood of default implied by this rating. Due to the strong regulatory framework to which building societies must adhere, the additional risk is minimised and widening the scope for investment will maximise the investment return available.
- The Council also has access to all UK local authorities, the Governments Debt Management Office (DMO) and AAA rated Money Market Funds (MMFs)
- The maximum period for investments will be 5 years.
- For rated banks and building societies, the maximum value for any one investment transaction will be £7 million or 25% of the total portfolio if balances fall below £30 million. For non-rated the limit will be £5 million or 10% of the total portfolio if balances fall below £30 million. The aim is to spread any risk over as many Counterparties as are available within the credit rating criteria.
- A group of financial institutions under the same ownership will be treated as a single organisation for limit purposes with a maximum limit of £7m.
- The maximum percentage of the portfolio which may be invested in the building society sector will be 60%.
- The approved counterparty list may include non UK registered counterparties from foreign countries with a minimum sovereign rating of AA+. The individual overseas country limit will be £10 million. Total Overseas % of investment portfolio will be 25% (Overseas banks do not include UK incorporated banks e.g. Clydesdale. Although they are subsidiaries of foreign banks they are incorporated in the UK, have substantial domestic operations and are subject to full oversight by the FSA.)
- The sector limits are shown below –

UK banks	100%
Building Societies	60%
Overseas Banks	25%
Money Market Funds	100%
Debt Management Office (DMO)	100%

2. Approved methodology for changing limits and adding/removing counterparties

Credit ratings for individual counterparties can change at any time. The Head of Finance is responsible for applying the stated credit rating criteria in 1.1 for

Treasury Management Practice Schedules 2013/14

selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or take-overs. The Head of Finance will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or take-overs in accordance with the criteria in 1.1.

3. Details of Credit Rating Agencies' services or other services which provide current credit ratings and updates on changes.
 - Ratings from the three agencies are updated monthly by Arlingclose; however, they will provide immediate notification of any changes which affect Flintshire County Council counterparties. If a counterparty no longer meets the investment criteria, no further investments will be made with that counterparty and consideration will be given to recalling the monies. If a counterparty is being reviewed for a possible downgrade outside the criteria no more investments will be made.
 - Arlingclose will also inform the Head of Finance of any other market information that they have (e.g. Credit Default Swap prices, news reports and opinion, balance sheet analysis in the absence of credit ratings) which may require credit ratings to be overridden and no further investment to be made with that counterparty.

1.2 Liquidity

1. Amounts of approved minimum cash balances and short-term investments
 - The Council manages its cash balances on a daily basis, dependent upon cash flow demands. The objective is to achieve a balance of +/- £300,000 each day by means of temporary investments and borrowing. Temporary investments are cash flow driven with the objective of ensuring that future temporary borrowing is minimised.
2. Details of:
 - Standby facilities - Short-term borrowing undertaken.
 - Bank overdraft arrangements - authorised arrangement up to £300,000 overdrawn.
 - Short-term borrowing facilities - short term borrowing will be arranged for any overdrawn balance in excess of £200,000 through the money market if no call money is available.
 - Insurance/guarantee facilities - not required.
 - Other contingency arrangements - negotiations with the Council's bankers.
 - Call Accounts with limits of £7 million each (subject to ratings and sector limits).

1.3 Interest Rate

1. Details of approved interest rate exposure limits -
 - The upper limit on fixed interest rate exposures is £200 million.
 - The upper limit on variable interest rate exposures is £40 million.
2. Trigger points and other guidelines for managing changes to interest rate levels –
 - This is monitored in conjunction with the Council's treasury advisers, Arlingclose and through the London money market on a daily basis.
 - The management of a balanced investment portfolio which retains a mix of long term investments (fixed rate) and shorter term (variable rate) investments which are variable to protect against interest risk.

1.4 Exchange Rate

Approved criteria for managing changes in exchange rate levels -

- The Council does not make payments or receive foreign currency in sufficient levels that warrant currency management e.g. hedging

1.5 Refinancing

1. Debt/other capital financing maturity profiling, policies and practices.
 - To manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing.
2. Projected capital investment requirements.
 - The borrowing requirement is determined as part of the Capital Programme.
3. Policy concerning limits on revenue consequences of capital financing.
 - This is part of the ongoing budget monitoring process

1.6 Legal & Regulatory

References to relevant statutes and regulations

- Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Head of Finance to be satisfied, by reference to the Monitoring Officer, the Authority's legal

Treasury Management Practice Schedules 2013/14

department and external advisors as appropriate, that the proposed transaction does not breach statute, external regulations or the Authority's Financial Procedures.

- The Council's legal powers and regulatory requirements come from –
 - ❖ Local Government Act 2003
http://www.opsi.gov.uk/acts/acts2003/pdf/ukpga_20030026_en.pdf
 - ❖ Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (and subsequent amending regulations)
http://www.opsi.gov.uk/legislation/wales/wsi2003/wsi_20033239_en.pdf
 - ❖ Welsh Government "Guidance on Local Government Investments"
<http://wales.gov.uk/topics/localgovernment/publications/guideinvest/:jsessionid=mp3KKnDTyn91SG3PQvIFrpqnBVTnlXvyGH1pynJcCpJg5n9hL0tPl514291769?lang=en>
 - ❖ CIPFA "Treasury Management in the Public Services Code of Practice"
 - ❖ CIPFA "Prudential Code for Capital Finance in Local Authorities"

Hard copies are available in the Strategy & Technical Section.

1.7 Fraud, error and corruption, and contingency management

1. Details of systems and procedures to be followed, including internet services.
 - These are documented in the Treasury Management Operational Guidelines.
2. Emergency and contingency planning arrangements
 - This process is currently under review.
3. Fraud, Error & Corruption.
 - There is a system of internal control in place to prevent and identify fraud and error.
 - Any issue identified will be immediately reported to the Head of Finance and Head of Internal Audit and subsequently to Audit Committee and Council.

1.8 Market Value of Investments

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Government Issue Long Term Stock - GILTS, Certificates of Deposit - CDs, etc.)

- No current investments are held where capital values may be influenced by market movements and fluctuate.

TMP 2 PERFORMANCE MEASUREMENT

2.1 Performance Measurement

1. The Council's Treasury Management Consultants recommended the following for use as benchmarks against which to compare performance. For investments, the most commonly used benchmark is the 3 month London Inter-Bank Bid (LIBID) rate.
2. In the annual Treasury Management Out-turn Report, investment and borrowing rates are analysed against the above recommended rates and with previous years.
3. Health checks are undertaken by the Council's Treasury Management Consultants.
4. The Council is a member of CIPFA's benchmarking club on Treasury Management

2.2 Value for Money

Frequency for reviewing and tendering for the following services:

- Banking services - tendered every 5 years.
- Money-broking services - annual review.
- Treasury Consultant services – tendered every 3 years.
- External Cash Managers - none currently employed but this will be analysed as part of a continuous review.

2.3 Methods to be employed for measuring the performance of the organisation's Treasury Management activities

1. The Head of Finance will receive a monthly update on Treasury Management from the Finance Manager (Strategy & Technical).
2. The performance of treasury management will be reported quarterly to the Audit Committee and then to Cabinet and Council in the Mid-year Report and Annual Out-turn Report using the performance measures outlined in 2.1.

2.4 Benchmarks and calculation methodology:

1. Debt management:
 - Average rate on all external debt.
 - Average rate on external debt borrowed in previous financial year.
 - Average rate on internal borrowing.
 - Average period to maturity of external debt.
 - Average period to maturity of new loans in previous year.

Treasury Management Practice Schedules 2013/14

2. Investment:

The performance of investment earnings will be measured against the following benchmarks: -

- 3 month LIBID rate.
- Indicative rates provided by the CIPFA Benchmarking Club on Treasury Management.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 Funding, borrowing, lending and new instruments/techniques:

1. Records to be kept:

- These are documented in the Treasury Management Operational Guidelines. All records are kept to provide a full audit trail for all Treasury decisions.

2. Processes to be pursued:

- All reports on Treasury Management issues are submitted to the Head of Finance for decision making

3. Issues to be addressed:

- In respect of every decision made the Council will:
 - a. Above all be clear about the nature and extent of the risks to which the Council may become exposed
 - b. Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
 - c. Be content that the documentation is adequate both to deliver the Council's objectives and protect the organisation's interests, and to deliver good housekeeping
 - d. Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
 - e. Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.
- In respect of borrowing and other funding decisions, the Council will:
 - a. Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
 - b. Consider the merits and demerits of alternative forms of funding,

Treasury Management Practice Schedules 2013/14

- including funding from revenue, leasing and private partnerships.
- c. Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
 - d. Consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets.
- In respect of investment decisions, the organisation will:
 - a. Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
 - b. Consider the alternative investment products and techniques available, especially the implications of using any which may expose the organisation to changes in the value of its capital.
4. Considerations to be made before each temporary borrowing and investment decision.
- Borrowing
 - a. Are funds available in call accounts?
 - b. Arrange temporary borrowing through a broker for the shortest period of time at the lowest rate of interest available.
 - Investing
 - a. Establish funds available to be invested
 - b. Establish a maturity date using cash flow and Arlingclose's monthly investment strategy
 - c. Using the Ratings spreadsheet –
Check the limit for building societies (60% of portfolio)
Headroom available with each counterparty
 - d. Check the credit ratings and other market information available for the chosen counterparty.
 - e. Use a broker to find the highest rate of interest for the requirements above
 - f. If after the above, funds still cannot be placed and call accounts are full, then invest with DMO.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved activities of the Treasury Management operation

All borrowing is undertaken in accordance with the Local Government Act 2003 section 1 and all investments undertaken in accordance with section 12.

The approved activities are:

Treasury Management Practice Schedules 2013/14

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- leasing.

4.2 Approved Instruments for Borrowing

All borrowings are undertaken in line with the following approved loan instruments -

- Public Works Loan Board (PWLB)
- European Investment Bank (EIB)
- Local Authorities
- Banks
- Building Societies
- Pension Funds
- Negotiable Bonds
- Stock Issues
- Internal sources
- Sterling commercial paper (for 7 days to 1 year)
- Sterling medium term notes (for 1 to 5 years)

4.3 Approved Instruments for Investments

The annual Treasury Management Strategy provides details of specified and non-specified investments and the maximum limits for each, as is required under Guidance issued by the Welsh Government. The approved investment instruments are -

- Fixed Term Deposits
- Certificates of Deposit
- Bank Accounts (Instant Access & Notice Accounts)
- Pooled Investment Vehicles (Such as Money Market Funds)
- U.K. Treasury Bills
- U.K. Government Bonds (Gilts)

4.4 Approved Techniques

- Forward dealing up to 364 days;
- Callable deposits.

4.5 Approved methods and sources of raising capital finance

Treasury Management Practice Schedules 2013/14

Finance will only be raised in accordance with the Prudential Code for Capital Finance, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet

Public Works Loan Board (PWLB)
European Investment Bank (EIB)
Local Authorities
Banks
Building Societies
Pension Funds
Stock issues
Negotiable Bonds
Internal sources (capital receipts & revenue balances)
Sterling commercial paper
Sterling medium term notes
Finance Leases

Off Balance Sheet

Deferred Purchase

Other Methods of Financing

Government and EC Capital Grants
Lottery monies
Private Finance Initiative (PFI)

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Head of Finance has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from approved sources.

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Limits to Responsibilities/Discretion at Committee/Cabinet levels

1. County Council

The Council is responsible for:-

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of annual policy and strategy.
- Approval of/amendments to the organisation's adopted clauses, treasury management policy and strategy.
- Budget consideration and approval.
- Approval of the division of responsibilities.

Treasury Management Practice Schedules 2013/14

2. Cabinet

The Cabinet is responsible for:

- Receiving reports from the Head of Finance informed by the deliberations of the Audit Committee on the implementation and regular monitoring of its treasury management policy, strategy and practices.
- Consideration of Treasury Policy and Strategy for approval by Council.

3. Audit Committee

The Audit Committee is responsible for –

- Reviewing the treasury management policy and practices and making recommendations to Cabinet.
- Receiving and reviewing regular monitoring reports.

5.2 Principles and practices concerning segregation of duties

Procedure	Regular	Trained in Absence
Cash Balances	Accounting Technician	Accounting Technician
Dealing and Limit Calculations	Accounting Technician	Accountancy Technician
Logotech	Accounting Technician	Accounting Technician
Dealing Check	Accounting Technician	Accounting Technician /Finance Assistant
Dealing Authorisation	5 Authorised Bank Signatories (Head of Finance, Corporate Finance Manager, 3 Finance Managers)	
Funds Transfer Operators	Finance Assistant	Finance Assistant
Funds Transfer Approval	Accountants	
Bankline System Administrators	Administration Manager	Business Support Officer

5.3 Statement of duties/responsibilities of each Treasury post

1. Head of Finance / Corporate Finance Manager –

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy and strategy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.

Treasury Management Practice Schedules 2013/14

- Reviewing the performance of the treasury management.
- Ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit and liaising with external audit.
- Approving the selection of external service providers (within the Council's Contract Procedure Rules) and agreeing terms of appointment.

2. Finance Manager (Strategy & Technical)

- To deputise for the Head of Finance.
- To advise the Head of Finance in the discharge of his/her duties.
- Regularly review the Treasury Management function.
- Submitting management information reports to the Head of Finance.
- Drafting reports for Audit Committee, Cabinet and Council.
- Review a monthly report from the Technical Accountant on the performance of the Treasury Management function.

3. Technical Accountant

- Supervise treasury management staff.
- Review the draft report on the performance of the Treasury Management function.
- Identify and recommend opportunities for improved practices.
- Ensure that the day to day activities accord with the Treasury Management Policy Statement and Practices.

4. Accounting Technician

- Execution of transactions.
- Adhere to agreed policies and practices on a day-to-day basis.
- Maintain relationships with counterparties and external service providers.
- Draft reports for Audit Committee, Cabinet and Council.
- Produce cash flow projections and monitor performance.
- Report on the performance of the treasury management function.

5. Other Officers

- To deputise as necessary for the above posts, adhering to their duties and responsibilities.

5.4 Dealing Limits

As outlined in 1 - Credit and Counterparty Policies

5.5 List of Approved Brokers

Treasury Management Practice Schedules 2013/14

Five approved brokers are currently used by the Council (see 11.2).

- Garban Intercapital Limited
- Martin Brokers (UK) Plc
- Prebon Marshall Yamane (UK) Limited
- Tradition (UK) Ltd
- Sterling International Brokers Ltd

5.6 Policy on Brokers' Services

Reviewed annually.

5.7 Policy on taping conversations

No conversations are currently taped

5.8 Direct Dealing Practices

This is undertaken as and when required to maximise investment return

5.9 Settlement transmission procedures

Standard Settlement Instructions

5.10 Documentation Requirements

- Flintshire CC Treasury Management Policy Statement.
- Flintshire CC Treasury Management Annual Strategy.
- Flintshire CC Treasury Management Annual Outturn Report.
- Treasury Management Health checks.
- Loans and Treasury Management System Manual (LOGOTECH).
- Manual Diary and Cash Flow Statement (LOGOTECH).
- Money Market Dealing Form.
- Loans Outstanding Form / Limit Calculations.
- List of Brokers and Telephone Numbers.
- Approved Counterparties (Regular update from Arlingclose).
- Outstanding and Matured Investments/Borrowing File.
- Previous TM Consultants Correspondence Files.
- Arlingclose Consultancy Services Correspondence File (TM Consultants).
- Treasury Management Operational Guidelines.
- Treasury Management (Long Term Borrowing) Operational Guidelines.

5.11 Arrangements concerning the management of third-party funds.

Third party funds are included in the net daily bank balance and the funds are utilised by the Council on that basis. Interest is paid as follows -

Treasury Management Practice Schedules 2013/14

- Education Trust Funds – base rate, annually.
- Optec Youth Exchange Fund – average monthly rate, quarterly.
- Insurance Fund – average seven day rate, annually.
- Education Delegated Fund – average seven day rate, annually.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This Strategy will be scrutinised by Audit Committee, submitted to the Cabinet and then to the County Council Committee for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this organisation may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy is concerned with the following elements:
 - the prospects for interest rates;
 - the limits placed by this organisation on treasury activities
 - the expected borrowing strategy;
 - the expected investment strategy;
 - the expectations for debt rescheduling;
 - any extraordinary treasury issue.
 - Treasury Management Indicators.
4. The Treasury Management Strategy will establish the expected move in interest rates (using all available information such as published interest rate forecasts where applicable).

6.2 Prudential Code for Capital Finance

1. In accordance with legislation, the Council is required to approve key indicators and limits for the Prudential Code for Capital Finance. These are listed below and reported in the Prudential Indicators Report.
 - Estimates of Capital Expenditure
 - Ratio of financing costs to net revenue stream
 - Incremental impact of capital investment decisions on council tax/housing rents
 - Capital financing requirement

Treasury Management Practice Schedules 2013/14

- Authorised limit for external debt
- Operational Boundary for external debt

The following are within the Treasury Management Code.

- Upper limit on fixed interest rate exposures
- Upper limit on variable interest rate exposures
- Upper and lower limits for maturity structure of borrowing
- Limit for principal sums invested for periods longer than 364 days

2. The Head of Finance is responsible for incorporating the relevant limits for the Treasury Management Code into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Head of Finance shall submit the changes for scrutiny by the Audit Committee and recommendation by the Cabinet before submission to County Council for approval.

6.3 Annual Investment Strategy

The Welsh Government requires the documentation of an Annual Investment Strategy including the following:

- Specified Investments – Investments offering high security and liquidity
- Non-specified Investments – Investments with greater potential risk
- Investments which can be prudently committed for longer than 1 year.
- Credit Risk Assessment.
- Use of Investment Consultants.
- Investment Training.
- Investment money borrowed in advance of need.

6.4 Annual Report on Treasury Management Activity

An annual report will be presented to the Audit Committee, Cabinet and then the County Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

- a comprehensive picture for the financial year of all treasury policies, plans, activities and results
- transactions executed and their revenue (current) effects
- report on risk implications of decisions taken and transactions executed
- monitoring of compliance with approved policy, practices and statutory / regulatory requirements
- monitoring of compliance with powers delegated to officers
- degree of compliance with the original strategy and explanation of deviations
- explanation of future impact of decisions taken on the organisation
- measurements of performance

Treasury Management Practice Schedules 2013/14

- report on compliance with CIPFA Code recommendations

The report will be subject to review by the Audit Committee

6.5 Mid-Year Review

A mid-year report will be presented to the Audit Committee, Cabinet and Council, which will include the following:

- activities undertaken
- variations (if any) from agreed policies/practices
- interim performance report
- regular monitoring
- monitoring of treasury management indicators for local authorities.

The report will be subject to review by the Audit Committee

6.6 Management Information Reports

The Technical Accountant will report management information to the Finance Manager (Strategy & Technical) monthly for review. The Finance Manager (Strategy & Technical) will report monthly to the Head of Finance/Corporate Finance Manager.

6.7 Presentation of Reports

As a minimum:

The County Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

In addition to the above, the Audit Committee and Cabinet will receive regular monitoring reports on treasury management activities and risks. Audit Committee will also have responsibility for the scrutiny of treasury management policies and practices.

Treasury Management Indicators will be reported in the strategy.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/ Regulatory Requirements

The Treasury Management part of the statement of accounts has been prepared in accordance with the accounting policies applicable to local authorities.

7.2 Accounting Practices and Standards

The accounts are prepared in accordance with the CIPFA Treasury Management in the Public Sector Code of Practice, supported by guidance notes on the application of accounting standards.

7.3 Budget Monitoring

The budget for treasury management activities is monitored on a monthly basis through the Central Loans and Investment Account (CLIA).

TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 Arrangements for preparing/submitting cash flow statements

Annual cash flow prepared before the start of the financial year and updated throughout the year.

8.2 Content and frequency of cash flow budgets

All known cash flow factors are included for the coming financial year.

8.3 Listing of sources of information

Correspondence from external organisations and internal departments, together with various information extracted from the Annual Budget Book.

External –

- Welsh Government
- North Wales Police Authority
- North Wales Fire Authority

Internal –

- Payroll
- Pensions

Treasury Management Practice Schedules 2013/14

- Council Tax
- Creditors

8.4 Bank statement procedures

All bank statement information is obtained electronically from the NatWest Bankline website.

8.5 Procedures for banking of funds

All day to day treasury management transactions are paid and received by the Clearing House Automated Payments System (CHAPS).

8.6 Cash Flow Management

Arrangements as detailed in section 3.1.4

8.7 Debtors and Creditors

Debtors and Creditors are monitored so that any significant moves can be prepared for. Creditors provide warning of payments 2 days in advance.

TMP 9 MONEY LAUNDERING

9.1 Procedures for establishing identity/authenticity of Lenders

1. The Council does not accept loans from individuals. All loans are obtained from the PWLB or from authorised institutions on the FSA Register which is a public record of financial service firms, individuals and other bodies which fall under its regulatory jurisdiction as defined in the Financial Services & Markets Act 2000 (FSMA). This Act came into force on 1st December 2001.
2. Any borrowing undertaken from the money markets is through money brokers, who are also authorised and regulated by the Financial Services Authority. This adds a further layer of protection as the broker vets the institutions involved in any transactions.

TMP 10 STAFF TRAINING AND QUALIFICATIONS

10.1 Details of approved training courses

1. Reviewed as part of the annual Employee Appraisal process. Arlingclose also provide training on treasury issues to staff when required.
2. Flintshire County Council is a member of the CIPFA Treasury Management Network. Treasury officers receive weekly updates from the Network and attend seminars organised by the Network, as required.

10.2 Records of training received by Treasury staff

Treasury Management Practice Schedules 2013/14

All training is recorded on a departmental database.

10.3 Approved qualifications for Treasury staff

All treasury officers are qualified to AAT Technician level as a minimum.

10.4 Training of Members

Audit Committee Members will receive a quarterly Treasury Management report and training will be given as required. Other Members will be invited to attend training and receive treasury reports as outlined in these practices.

10.5 Statement of Professional Practice (SOPP)

1. Where the Head of Finance is a member of CIPFA, there is a professional need for the Head of Finance to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 Details of contracts with Service Providers, including Bankers, Brokers, Consultants & Advisers

1. Banking services:
 - National Westminster Bank Plc
 - Contract commenced June 2008 to run for 5 years.
 - Cost of core service - £35,000 p.a.
 - Payments due on an ongoing basis throughout the year

2. Money-broking services:

The following money market brokers services are utilised for day to day transactions as and when required.

- Garban Intercapital plc
- Martin Brokers (UK) plc
- Prebon Marshall Yamane (UK) Limited
- Tradition UK Limited

3. Treasury Consultant services:

- Arlingclose Consultancy Services

Treasury Management Practice Schedules 2013/14

- Contract commenced 1st May 2010 for 3 years with the option to extend for a further 2 years.
- Cost of service - £8,800 plus VAT per annum
- Payments due quarterly

11.2 Procedures and frequency for tendering services

See TMP2 Performance Measurement section (2.2) for full details of services tendered. The process must comply with the Council's Contract Procedure rules.

TMP 12 CORPORATE GOVERNANCE

12.1 List of documents to be made available for public inspection

- 12.1.1 Treasury Management Policy Statement
- 12.1.2 Treasury Management Strategy
- 12.1.3 Treasury Management Practices
- 12.1.4 Treasury Management Mid Year Report
- 12.1.5 Treasury Management Annual Out-turn Report

APPENDIX A

Definition of Ratings

Fitch Long Term

- **AAA** -Highest credit quality. Rating denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. The capacity is highly unlikely to be adversely affected by foreseeable events.
- **AA** - Very high credit quality. Rating denotes expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
- **A** - High credit quality. Rating denotes expectation of low credit risk. The capacity for payment of financial commitments is considered strong. The capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
- **BBB** - Good quality rating. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

The modifiers "+" & "-" may be appended to any of the ratings above to denote a relative status within major categories.

Treasury Management Practice Schedules 2013/14

Moody's Long Term

- **Aaa** - Judged to be one of the highest quality, with minimal credit risk
- **Aa** - Judged to be of high quality and are subject to very low credit risk
- **A** - Considered upper-medium grade and are subject to low credit risk
- **Baa** - Offers adequate credit quality. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.

Moody's appends numerical modifiers 1, 2 and 3 to each rating classification. 1 indicates that the obligation ranks in the higher end of its category, 2 mid-range and 3 a ranking in the lower end of that category.

Standard & Poors Long Term

- **AAA** - An obligor rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
- **AA** - An obligor rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
- **A** - An obligor rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- **BBB** - An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Plus (+) or minus (-) The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories



FLINTSHIRE COUNTY COUNCIL

DRAFT
**TREASURY MANAGEMENT
STRATEGY**

2013/14

CONTENTS

<u>Section</u>		<u>Page</u>
1.0	Introduction	1
2.0	Economic Context	1
3.0	Interest Rate Forecast	2
4.0	Current and Expected Treasury Portfolios	3
5.0	Investment Strategy	3
6.0	Borrowing Strategy	9
7.0	Policy on the use of Financial Derivatives	11
8.0	Treasury Management Indicators	12
9.0	Other Matters	13
APPENDIX A – Debt Maturity Profile		15

Treasury Management Strategy Report 2013/14

The Council is recommended to:

- **approve the Treasury Management Strategy for 2013/14**
- **approve the Treasury Management Indicators for 2013/14**

1.0 Introduction

In April 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the Welsh Government (WG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.

2.0 Economic Context – as provided by Arlingclose Ltd

Despite some stronger economic growth data towards the end of 2012, consumers are yet to loosen their purse strings and businesses are still reticent to make long-term investment decisions. The momentum in GDP growth is therefore unlikely to be sustained while uncertainty over the economic outlook persists. Consumer Price Inflation has picked up from the low of 2.2% in September to 2.7% in December and it is expected to be affected by volatility in energy and commodity prices throughout 2013.

The Bank of England's Monetary Policy Committee is monitoring current economic conditions after voting not to extend quantitative easing in November. Policymakers appear to be hoping the Funding for Lending Scheme (FLS), which started in August, is more effective at easing restricted credit conditions. Although HSBC has opted out of the scheme, most of the UK's biggest lenders have now signed up. There has been some indication in recent data that the FLS is beginning to boost lending to the household sector, but business lending remains relatively subdued. Further asset purchases remain a distinct possibility, although above target inflation may constrain the MPC in the near future. Based on the last Inflation Report, Bank of England policymakers believe there is a good chance that the CPI rate will remain above target throughout 2013.

The US Federal Reserve has responded to the slowdown in growth and employment with large scale asset purchases of \$85bn a month until the outlook for the labour market improves substantially. The US public finance 'fiscal cliff' remains a serious risk despite the last minute deal reached before

the deadline at the end of December. The political turmoil is likely to return in February when the talks on increasing the debt ceiling will create a stage for further political brinkmanship, no doubt prompting further volatility in financial markets unless a political solution is reached soon.

The Eurozone is making slow headway, with the European Stability Mechanism now operational, announcements on the Outright Monetary Transactions programme well received, and some progress being made towards banking union. These have placated markets and curtailed some of the immediate risks to the stability of the monetary union. A sustainable solution to the Eurozone crisis is some way off though, as fiscal integration and mutualisation of Eurozone sovereign debt liabilities remain politically unpalatable.

3.0 Interest Rate Forecasts

The Council's treasury management adviser, Arlingclose, believes that it could be 2016 before official UK interest rates rise. The US Federal Reserve has signalled it will keep interest rates "at exceptionally low levels" until at least 2015. The UK's safe haven status and the minimal prospect of short-term rate rises, should maintain gilt yields near their current lows.

Arlingclose central interest rate forecast – December 2012

	Bank Rate	3 month LIBID	12 month LIBID	20-year gilt yield *
Q1 2013	0.50	0.40	0.90	2.80
Q2 2013	0.50	0.40	0.90	2.80
Q3 2013	0.50	0.40	0.95	2.80
Q4 2013	0.50	0.45	0.95	2.80
H1 2014	0.50	0.50	1.00	2.90
H2 2014	0.50	0.50	1.00	2.90
H1 2015	0.50	0.55	1.10	3.00
H2 2015	0.50	0.60	1.10	3.00

* The Council can currently borrow from the PWLB at 0.80% above gilt yields

HM Treasury Survey of Forecasts – November 2012

	Average annual Bank Rate %			
	2013	2014	2015	2016
Highest	0.60	1.60	2.80	3.60
Average	0.50	0.65	1.30	1.80
Lowest	0.25	0.25	0.50	0.50

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.60%, and that new long-term loans will be borrowed at an average rate of 4.1%.

4.0 Current and Expected Treasury Portfolios

Current portfolio

The Council's treasury portfolio as at 31st December 2012 was as follows.

	Principal amount £m	Interest rate %
Investments:		
Call accounts	3.3	0.40
Money market funds	30.9	0.36
Short-term deposits	30.3	0.99
Long-term deposits	-	-
Total Investments	64.5	0.66
Borrowing:		
Short-term loans	-	-
Long-term PWLB loans (fixed)	143.16	5.86
Long-term PWLB loans (variable)	10.00	0.55
Long-term market loans (LOBOs)	18.95	4.53
Total Borrowing	172.11	5.42
Net Borrowing	107.61	

Expected changes in portfolio

According to current cash flow forecasts, net borrowing is expected to increase to £117.11 million by 31st March 2013. Net borrowing will remain at a fairly constant level throughout 2013/14, until the single status agreement is implemented and the reserve created specifically is used.

This forecast increase in net borrowing may be achieved by reducing investment balances, as discussed in the borrowing strategy below.

Budget implications

The budget for investment income in 2013/14 is £380K, based on an average investment portfolio of £64 million at an interest rate of 0.60%. The budget for loan interest paid in 2013/14 is £9.3 million, based on an average debt portfolio of £172.11 million at an average interest rate of 5.42%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

5.0 Investment Strategy

The Council holds surplus funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £51.8 and £80.1 million, and similar levels are expected to be maintained in the forthcoming year.

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

Investment criteria and limits

The Council defines the following as being of “high credit quality” (as per the WG Guidance), subject to the monetary and time limits shown.

	Fitch	Moody's	S & P	Cash Limit	Time Limit
Banks, Building Societies and other organisations whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	Aaa	AAA	£7m each	5 years
	AA+	Aa1	AA+		5 years
	AA	Aa2	AA		4 years
	AA-	Aa3	AA-		3 years
	A+	A1	A+		2 years
	A	A2	A		1 year
	A-	A3	A-	£5m	6 months
The council's current account bank (NatWest Bank plc) if rated below A-				£5m	next day
UK Building Societies with assets greater than £1bn, which are either unrated by the credit rating agencies or have a minimum rating of BBB or equivalent and above.				£5m each	1 year
Money Market Funds ¹ and similar pooled vehicles whose lowest published credit rating is AAA				£7m each	1 year
UK Central Government (irrespective of credit rating)				unlimited	5 years
UK Local Authorities ²				£7m each	5 years

¹ as defined in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003

² as defined in the Local Government Act 2003

To manage the risk of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £7 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Current account bank

Following a competitive tender exercise held in 2008, the Council's current accounts are held with NatWest Bank plc, which does not currently meet the above credit rating criteria. The Council will treat NatWest as “high credit quality” for the purpose of making investments that can be withdrawn on the next working day, even if it does not meet the above criteria, subject to the bank maintaining a credit rating no lower than BBB-.

Building societies

UK building societies without credit ratings, but with an asset size of at least £1bn will be considered to be of “high credit quality”, but subject to a lower cash limit and shorter time limit than rated societies. The Council takes

additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council's deposits would be paid out in preference to retail depositors. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.

However, no investments will be made with building societies that hold a long-term credit rating lower than BBB or equivalent, due to the increased likelihood of default implied by this rating.

The limit for building society investments is 60% of the total investment portfolio.

Money market funds

Money market funds are pooled investment vehicles consisting of instruments similar to those used by the Council. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Council.

Investments in money market funds involve the acquisition of share capital, and are therefore counted as capital expenditure under WG regulations. However, since withdrawals from funds count as capital receipts, these will be used to fund the capital expenditure, leaving no overall impact on the Council's capital programme.

Foreign countries

Investments in foreign countries will be limited to those that hold an AAA or AA+ / Aa1 sovereign credit rating from all three major credit rating agencies, and to a maximum of £10 million per foreign country. Investments in countries whose lowest sovereign rating is not AAA will be limited to one year's duration. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

Overseas subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) and Clydesdale Bank plc (a subsidiary of National Australia bank) will be classed as UK banks due to their substantial UK franchises and the arms-length nature of the parent-subsidary relationships.

Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

Risk assessment and credit ratings

The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings Ltd, Moody's Investors Service Inc and Standard & Poor's Financial Services LLC to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is unlikely that the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it is likely to fall below the above criteria, then no further investments will be made in that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks.

The Council's investments are normally senior unsecured liabilities of the borrower, and the credit rating of the investment is therefore normally identical to the credit rating of the counterparty. However, where a credit rating agency awards a different rating to a particular class of investment instruments, the Council will base its investment decisions on the instrument credit rating rather than the counterparty credit rating.

Other information on the security of investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the

required level of security. The extent of these restrictions will be in line with prevailing financial market conditions.

If these restrictions mean that insufficient commercial organisations of “high credit quality” are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Non-specified investments

The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will therefore be limited to money market funds (which are defined as capital expenditure in Wales) and long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement.

The total limit for money market funds is £30 million, the total limit on long-term investments is £20 million and the total limit on non-specified investments is £50 million.

Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

Limits on long-term investments are set by reference to the Council’s medium term financial plan and cash flow forecast.

Planned investment strategy for 2013/14

The economic climate in 2012/13 meant it was necessary for the strategic approach to centre on placing money “on call” with banks, depositing with other local authorities and extensive use of AAA rated Money Market Funds.

With the exception of two longer term fixed rate deposits, investments operated within a self-imposed maximum 3 month term for deposits with banks & building societies, unless economic conditions deteriorate.

Following discussions with the Council's treasury management advisors amid an improvement in the credit risk environment, the 3 month self imposed limit will not be applied during 2013/14.

Treasury management staff will continue to seek out investments that meet the criteria detailed within this strategy whilst having full regard for the Council's cash flow requirements, in particular the expectancy to meet single status and equal pay obligations during the 2013/14 financial year.

The cash flow forecast will be used to divide surplus funds into three categories:

- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
- Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
- Long-term – cash not required to meet cash flows, and used primarily to generate investment income.

Short-term funds are required to meet cash flows occurring in the next month or so, and the preservation of capital and liquidity is therefore of paramount importance. Generating investment returns is of limited concern here, although it should not be ignored. Instant access AAA-rated money market funds and bank deposit accounts will be the main methods used to manage short-term cash. It is estimated that about 35% of surplus monies will be short term for cash flow purposes, although this may vary depending on changes to the interest rate yield curve.

Medium-term funds which may be required in the next one to twelve months will be managed concentrating on security, with less importance attached to liquidity but a slightly higher emphasis on yield. The majority of investments in this period will be in the form of fixed term deposits with banks and building societies. A wide spread of counterparties and maturity dates will be maintained to maximise the diversification of credit and interest rate risks. It is estimated that about 55% of surplus funds will be medium term. However, again this may vary depending on changes to the interest rate yield curve.

Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on achieving returns that will support spending on local authority services. Security remains important, as any losses from defaults will impact on the total return, but fluctuations in price and even occasional losses can be managed over the long term within a diversified portfolio. Liquidity is of lesser concern, although it should still be possible to sell investments, with due notice, if large spending commitments

arise unexpectedly. A wider range of instruments, including structured deposits, certificates of deposit, gilts and corporate bonds will be used to diversify the portfolio. The Council will consider employing external fund managers that have the skills and resources to manage the risks inherent in a portfolio of long-term investments. However, in the current economic and financial environment it is likely that only a small percentage, about 10% will be invested longer term, probably over two years in fixed term deposits or callable deposits.

With short-term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long-term borrowing. In addition to the savings on the interest rate differential, this strategy will also reduce the Council's exposure to credit risk and interest rate risk.

6.0 Borrowing Strategy

The Council currently holds £172.11m of long-term loans, as part of its strategy for funding previous years' capital programmes. The Council's capital financing requirement (CFR, or underlying need to borrow for capital purposes) as at 31st March 2013 is expected to be £175m, and is forecast to rise to £176m by March 2014 as capital expenditure is incurred.

Given the Council's latest cash flow forecast, and the forecast pattern of interest rates during the year, the Council does not anticipate undertaking any long term borrowing during 2013/14, considering it to be more cost effective to defer borrowing until later years, and to temporarily reduce the size of the Council's investment balance instead.

In addition, the Council may borrow for short periods of time (normally for up to two weeks) to cover unexpected cash flow shortages.

The Council's debt portfolio position as at 31st December 2012 is:

	Type	Principal £m	Average Interest Rate %
Fixed Rate Funding	PWLB	143.16	5.86%
Variable Rate Funding	PWLB	10.00	0.55%
	Market	18.95	4.53%
Total Long Term Debt		172.11	5.42%

The efficient management of cash flow should mean that no short term borrowing is required unless as a short term measure during debt restructuring, so it is assumed the cost of short term borrowing will be zero. The Council has an overdraft limit with the bank of £300,000.

The Council has £172.11m of long term borrowing. Most of these loans are

with the Public Loans Works Board (£153m of PWLB debt). Loans of £143.16m are at a fixed rate of interest which has the advantage of providing budget certainty. The interest payment on this debt is £8.4m per annum. A loan of £10 million is at a variable rate (currently 0.55%), which cost the Council £70k in 2012/13. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a formula based on current interest rates. There may be opportunities to re-structure debt in 2013/14 by replacing some higher rate loans with new loans at a lower rate where this will lead to an overall saving or reduce risk. However, given current expectations of interest rates, this is unlikely.

The remainder of the long term debt (£19m) has been borrowed from banks in the form of three LOBOs (Lenders Option, Borrowers Option). These have a short fixed interest rate period (which has now passed for these loans) followed by a longer variable rate period. There is an option for the Council to repay the loan during the variable rate period if the lender increases the interest rate. The advantage of using these loans is that the interest rate, during the fixed rate period especially, can be lower than the PWLB.

The interest cost on these loans is estimated to be £860K in 2013/14 but they are all in their variable rate period and the lender could increase the interest rate, albeit given the current expectations for interest rates this is unlikely.

The total estimated interest cost for 2013/14 is £9.3m.

For a number of years the Council has not taken any new long term borrowing and used cash reserves to fund capital expenditure. The Council's Capital Programme, including Prudential Borrowing will be reviewed to consider the most financially advantageous method of financing future debt. The situation is monitored on an on-going basis by the Head of Finance.

Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board
- any institution approved for investments above
- any other bank or building society approved by the Financial Services Authority
- capital market bond investors
- special purpose companies created to enable joint local authority bond issues.

Planned borrowing strategy for 2013/14

The Head of Finance will:

- Manage the Council's debt maturity profile, i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix A analyses the debt portfolio of the Council, as at 31st December, 2012.
- To effect any borrowing that maybe required in 2013/14 at the cheapest

cost commensurate with future risk based on interest rate forecasts.

- To monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

The Head of Finance will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances, reporting any decisions and actions taken under delegated powers to Cabinet via the Audit Committee.

With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either borrow short-term loans, variable rate loans or to not borrow and reduce the level of investments held instead. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against the potential longer-term costs.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as bond issues and bank loans, that may be available at more favourable rates.

Loans that present additional risk to the authority, such as lender's option borrower's option (LOBO) loans and variable rate loans will be restricted to the limit on the net exposure to variable interest rates in the treasury management indicators below.

7.0 Policy on Use of Financial Derivatives

The Localism Act 2011 includes a general power competence that removes the uncertain legal position over English local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). Although this change does not apply to Wales, the latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

In the absence of any legislative power, the Council's policy is not to enter into standalone financial derivatives transactions such as swaps, forwards, futures and options. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

8.0 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators. The Council is asked to approve the following indicators:

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

	2013/14	2014/15	2015/16
Upper limit on fixed interest rate exposures	£200m	£200m	£200m
Upper limit on variable interest rate exposures	£40m	£40m	£40m

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper
Under 12 months	0%	10%
12 months and within 24 months	0%	10%
24 months and within five years	0%	30%
Five years and within 10 years	0%	50%
10 years and above	0%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2013/14	2014/15	2015/16
Limit on total principal invested beyond year end	£20m	£20m	£20m

Any long term investments carried forward from previous years will be included in each years limit.

Borrowing limits

The Council is being asked to approve these Prudential Indicators as part of the Capital Programme report. However they are repeated here for completeness.

	2013/14	2014/15	2015/16
Operational boundary – borrowing	£182.6	£198	£233.1
Operational boundary – other long-term liabilities	<u>£15.6</u>	<u>£16.6</u>	<u>£17.6</u>
Operational boundary – TOTAL	£198.2	£214.6	£250.7
Authorised limit – borrowing	£202.6	£218	£253.1
Authorised limit – other long-term liabilities	<u>£15.6</u>	<u>£16.6</u>	<u>£17.6</u>
Authorised limit – TOTAL	£218.2	£234.6	£270.7

9.0 Other Matters

The WG Investment Guidance requires the Council to note the following three matters each year as part of the investment strategy:

Treasury Management Advisers

The Council's treasury management adviser Sterling Consultancy Services was acquired by Arlingclose Limited in October 2012. Arlingclose continues to provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

The quality of this service is controlled by Financial Procedure Rules

Investment training

The needs of the Council's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment of Money Borrowed in Advance of Need

1 The Council will not borrow more than or in advance of its needs, purely in
2 order to profit from the investment of the extra sums borrowed.

3
4 The Head of Finance under delegated powers may borrow in advance of need
5 if it is within forward approved Capital Financing Requirement estimates, and
6 if there is a clear business case for doing so.

7
8 Risks associated with any advance borrowing activity will be subject to
9 appraisal in advance and subsequent reporting through the mid-year or
10 annual reporting mechanism. The Council would not look to borrow more
11 than 12 months in advance of need.

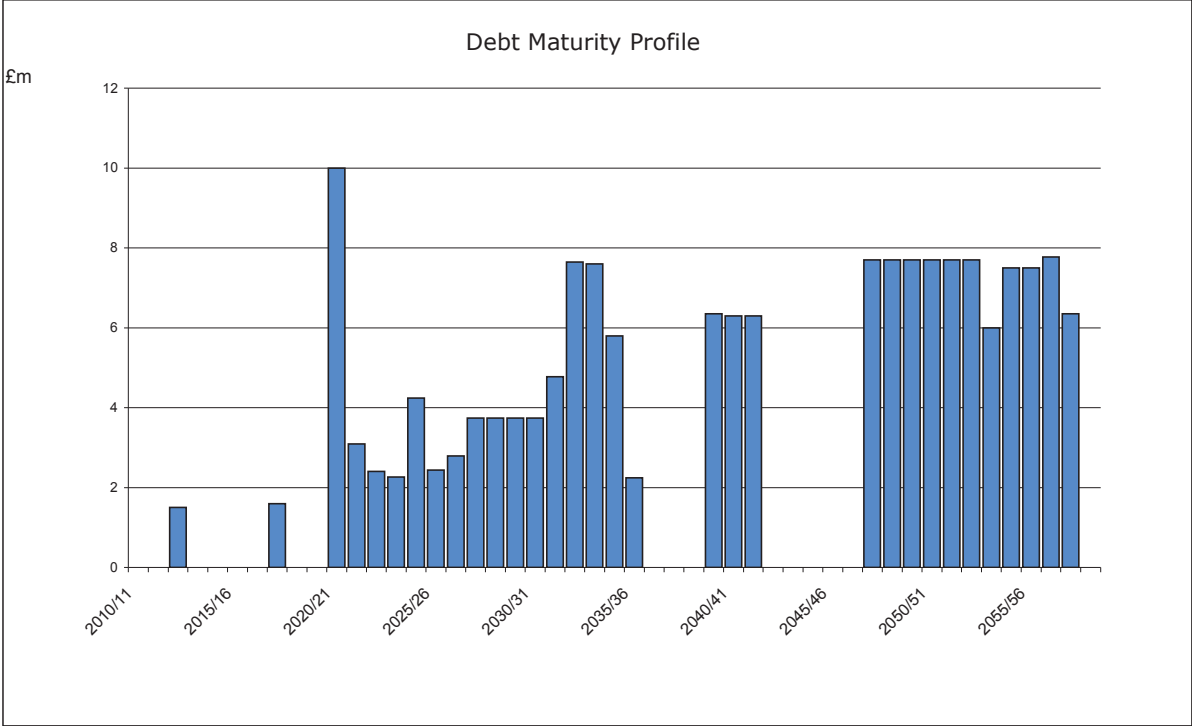
The Council will only invest money borrowed in advance of need for known debt maturities or to finance the borrowing requirement for the year concerned.

Other Options Considered

The WG Investment Guidance and the CIPFA Code of Practice do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Adopt a narrower definition of "high credit quality" and/or shorter time limits	Interest income will be lower	Reduced risk of losses from credit related defaults
Adopt a wider definition of "high credit quality" and/or longer time limits	Interest income will be higher	Increased risk of losses from credit related defaults
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing if debt rescheduling costs weren't prohibitive	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain

APPENDIX A – DEBT MATURITY PROFILE



Flintshire County Council

Investments as at 31st December 2012 - by maturity date

Counterparty Name	Amount		Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	£m
	£m	%						
LANDSBANKI ISLANDS	0.6	22-Jul-08	17-Oct-08	5.82%	16,646.79	Returned in part	Iceland	
LANDSBANKI ISLANDS	0.8	1-Sep-08	14-Nov-08	5.70%	17,334.25	Returned in part	Iceland	
LANDSBANKI ISLANDS	0.5	8-Sep-08	18-Nov-08	5.67%	11,029.32	Returned in part	Iceland	
NATIONAL COUNTIES BUILDING SOCIETY	1.0	3-Oct-12	02-Jan-13	0.85%	2,119.18	month or less		
OVERSEA-CHINESE BANKING CORPORATION	2.2	5-Nov-12	18-Jan-13	0.36%	1,605.70	month or less		
NATIONAL COUNTIES BUILDING SOCIETY	2.0	24-Oct-12	22-Jan-13	0.78%	3,846.58	month or less		
NATIONWIDE BUILDING SOCIETY	2.0	5-Nov-12	22-Jan-13	0.44%	1,880.55	month or less		
COVENTRY BUILDING SOCIETY	1.5	5-Nov-12	28-Jan-13	0.46%	1,587.95	month or less		
COVENTRY BUILDING SOCIETY	2.0	5-Nov-12	28-Jan-13	0.46%	2,117.26	month or less		
DEUTSCHE MANAGED STERLING FUND	4.7	2-Apr-12	31-Jan-13	0.34%	13,116.38	month or less		
SSGA GBP LIQUIDITY FUND	5.2	2-Apr-12	31-Jan-13	0.37%	16,111.51	month or less		
SWIP GLOBAL LIQUIDITY FUND	3.2	1-Jun-12	31-Jan-13	0.35%	7,551.90	month or less		
BLACKROCK INST STERLING LIQUIDITY FUND	7.0	25-Jun-12	31-Jan-13	0.32%	13,433.42	month or less		
RBS FUND	4.2	1-Nov-12	31-Jan-13	0.34%	3,536.11	month or less		
HANDELSBANKEN	3.3	5-Dec-12	31-Jan-13	0.40%	2,061.37	month or less		
IGNIS STERLING LIQUIDITY FUND	6.6	5-Dec-12	31-Jan-13	0.51%	5,211.12	month or less	44.9	
NATIONWIDE BUILDING SOCIETY	1.4	23-Nov-12	22-Feb-13	0.44%	2,896.03	1 - 3 months		
BARCLAYS	2.9	3-Dec-12	22-Feb-13	0.45%	1,535.78	1 - 3 months		
NATIONAL COUNTIES BUILDING SOCIETY	1.0	3-Dec-12	28-Feb-13	0.60%	1,430.14	1 - 3 months		
CAMBRIDGE BUILDING SOCIETY	1.0	3-Dec-12	28-Feb-13	0.35%	834.25	1 - 3 months		
YORKSHIRE BUILDING SOCIETY	1.5	3-Dec-12	28-Feb-13	0.35%	1,251.37	1 - 3 months		
NATIONAL COUNTIES BUILDING SOCIETY	1.0	7-Dec-12	06-Mar-13	0.60%	1,463.01	1 - 3 months		
BARCLAYS	1.8	17-Dec-12	18-Mar-13	0.46%	2,064.33	1 - 3 months	10.6	
DONCASTER COUNCIL	2.0	3-Oct-11	16-Apr-13	1.30%	39,961.64	3 months +		
BANK OF SCOTLAND	4.0	27-Jul-12	04-Jul-13	3.00%	112,438.36	3 months +		
BANK OF SCOTLAND	3.0	5-Dec-12	05-Dec-13	1.60%	48,000.00	3 months +	9.0	
	66.4				331,064.30		66.4	
Summary								
	Total							
	£m	%	1 month or less	1 - 3 months	3 months +	12 months +	£m	
DEBT MANAGEMENT OFFICE (DMO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
UK	26.1	39.3	8.5	10.6	7.0	0.0	0.0	
OVERSEAS	5.5	8.3	5.5	0.0	0.0	0.0	0.0	
OTHER LOCAL AUTHORITIES	2.0	3.0	0.0	0.0	2.0	0.0	0.0	
ICELAND (LANDSBANKI)	1.9	2.9	0.0	0.0	0.0	0.0	1.9	
MONEY MARKET FUNDS	30.9	46.5	30.9	0.0	0.0	0.0	0.0	
	66.4	100.0%	44.9	10.6	9.0	0.0	1.9	
			67.6%	16.0%	13.5%	0.0%	2.9%	

Flintshire County Council

Investments as at 31st December 2012 - by bank

Counterparty Name	Amount £m	Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	£m
BANK OF SCOTLAND	4.0	27-Jul-12	04-Jul-13	3.00%	112,438.36	8 months +	
BANK OF SCOTLAND	3.0	5-Dec-12	05-Dec-13	1.60%	48,000.00	3 months +	7.0
BARCLAYS	2.9	3-Dec-12	22-Feb-13	0.45%	2,896.03	1 - 3 months	
BARCLAYS	1.8	17-Dec-12	18-Mar-13	0.46%	2,064.33	1 - 3 months	4.7
BLACKROCK INST STERLING LIQUIDITY FUND	7.0	25-Jun-12	31-Jan-13	0.32%	13,433.42	1 month or less	7.0
CAMBRIDGE BUILDING SOCIETY	1.0	3-Dec-12	28-Feb-13	0.35%	834.25	1 - 3 months	1.0
COVENTRY BUILDING SOCIETY	1.5	5-Nov-12	28-Jan-13	0.46%	1,587.95	1 month or less	
COVENTRY BUILDING SOCIETY	2.0	5-Nov-12	28-Jan-13	0.46%	2,117.26	1 month or less	3.5
DEUTSCHE MANAGED STERLING FUND	4.7	2-Apr-12	31-Jan-13	0.34%	13,116.38	1 month or less	4.7
DONCASTER COUNCIL	2.0	3-Oct-11	16-Apr-13	1.30%	39,961.64	3 months +	2.0
HANDELSBANKEN	3.3	5-Dec-12	31-Jan-13	0.40%	2,061.37	1 month or less	3.3
IGNIS STERLING LIQUIDITY FUND	6.6	5-Dec-12	31-Jan-13	0.51%	5,211.12	1 month or less	6.6
LANDSBANKI ISLANDS	0.6	22-Jul-08	17-Oct-08	5.82%	16,646.79	Returned in part	Iceland
LANDSBANKI ISLANDS	0.8	1-Sep-08	14-Nov-08	5.70%	17,334.25	Returned in part	Iceland
LANDSBANKI ISLANDS	0.5	8-Sep-08	18-Nov-08	5.67%	11,029.32	Returned in part	Iceland
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NATIONAL COUNTIES BUILDING SOCIETY	1.0	3-Dec-12	28-Feb-13	0.60%	1,430.14	1 - 3 months	
NATIONAL COUNTIES BUILDING SOCIETY	1.0	7-Dec-12	06-Mar-13	0.60%	1,463.01	1 - 3 months	
NATIONWIDE BUILDING SOCIETY	2.0	5-Nov-12	22-Jan-13	0.44%	1,880.55	1 month or less	5.0
NATIONWIDE BUILDING SOCIETY	1.4	23-Nov-12	22-Feb-13	0.44%	1,535.78	1 - 3 months	3.4
OVERSEA-CHINESE BANKING CORPORATION	2.2	5-Nov-12	18-Jan-13	0.36%	1,605.70	1 month or less	2.2
RBS FUND	4.2	1-Nov-12	31-Jan-13	0.34%	3,536.11	1 month or less	4.2
SSGA GBP LIQUIDITY FUND	5.2	2-Apr-12	31-Jan-13	0.37%	16,111.51	1 month or less	5.2
SWIP GLOBAL LIQUIDITY FUND	3.2	1-Jun-12	31-Jan-13	0.35%	7,551.90	1 month or less	3.2
YORKSHIRE BUILDING SOCIETY	1.5	3-Dec-12	28-Feb-13	0.35%	1,251.37	1 - 3 months	1.5
	66.4				331,064.26		66.4

ESTIMATED INTEREST FOR 2012/13 AS AT 30th November 2012 is £621,715.91

FLINTSHIRE COUNTY COUNCIL

REPORT TO: COUNCIL
DATE: 1 MARCH 2013
REPORT BY: HEAD OF FINANCE
SUBJECT: PRUDENTIAL INDICATORS 2013/14 TO 2015/16

1.00 PURPOSE OF REPORT

1.01 To present to Council the recommendations of the Cabinet in relation to the setting of a range of prudential indicators

2.00 BACKGROUND

2.01 At its meeting of 19 February 2013, Cabinet considered a report from the Head of Finance in respect of the setting of Prudential Indicators for the period 2013/14 to 2015/16.

3.00 CONSIDERATIONS

3.01 The recommendations of Cabinet to County Council are set out in Appendix 1 – Prudential Indicators 2013/14 to 2015/16 (the report to Cabinet of 19 February 2013).

4.00 RECOMMENDATIONS

4.01 Council is requested to agree the recommendations of the Cabinet as set out in the attached report (Appendix 1).

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None required

11.00 CONSULTATION UNDERTAKEN

11.01 None

12.00 APPENDICES

Appendix 1 – Report to Cabinet 19th February 2013: Prudential Indicators 2013/14 to 2015/16.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Various Welsh Government papers

Contact Officer: Liz Thomas
Finance Manager – Strategy & Technical
Telephone: 01352 702289
Email: liz.thomas@flintshire.gov.uk

FLINTSHIRE COUNTY COUNCIL

REPORT TO: CABINET
DATE: 19 FEBRUARY
REPORT BY: HEAD OF FINANCE
SUBJECT: PRUDENTIAL INDICATORS 2013/14 TO 2015/16

1.00 PURPOSE OF REPORT

1.01 To present proposals for setting a range of prudential indicators in accordance with the Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

2.00 BACKGROUND

2.01 The Prudential Code has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities in determining their programmes for capital investment in fixed assets. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out duties under Part 1 of the Local Government Act 2003.

2.02 The framework established by the Prudential Code is intended to support local strategic planning, local asset management planning and robust option appraisal. The objectives of the Code are to ensure, within a clear framework, that the capital investments plans of local authorities are **affordable, prudent and sustainable**, and that treasury management decisions are taken in accordance with good professional practice.

2.03 The Prudential Code sets out the indicators that must be used, and the factors that must be taken into account in preparing such.

3.00 CONSIDERATIONS

3.01 The prudential indicators required by the Prudential Code are designed to support and record local decision making; they are not designed to be comparative performance indicators – the use of them in this way would likely to be misleading and counter productive. They are considered in parallel with the treasury management indicators required by the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, as reported elsewhere on this agenda.

3.02 The Prudential Code recognises that in making capital investment decisions, and in reviewing the prudential indicators, the Council must have regard to the following:

- Service objectives, e.g. strategic planning for the authority
- Stewardship of assets, e.g. asset management planning

- Value for money, e.g. option appraisal
- Affordability, e.g. implications for Council Tax and Council housing rents
- Prudence and sustainability, e.g. implications for external borrowing
- Practicality, e.g. achievability of the forward plan

The Code does not specify how the Council should have regard to these factors, but instead concentrates on the means by which it demonstrates that the proposals are affordable, prudent and sustainable.

3.03 Affordability is the ultimate constraint on the amount that a local authority can spend or borrow. In practice, when making a decision to invest in a capital asset, the authority must do more than simply determine whether it can afford the immediate cost. In order to ensure long term affordability, decisions have to be prudent, and in the long term sustainable. Borrowing has to be prudent because, since future interest rates and revenue streams are uncertain, it must involve an element of risk. Furthermore, if the Council is unable to deliver its capital programme, or to afford the cost of running and maintaining the new facilities, the chosen level of capital investment will not be sustainable in the long term. Prudence and affordability are related concepts.

3.04 The Prudential Code specifies that prudential indicators are required to be calculated for the forthcoming financial year and two subsequent financial years, this process links in with the Medium Term Financial Plan.

3.05 Based on those resources currently allocated (including specific grants, but excluding any rephasing of expenditure from 2012/13 to future years), the estimates of capital expenditure to be incurred in 2013/14 (and the following two years), are as indicated in the table below; unsupported (prudential) borrowing of £26.49m has been assumed in the three year period for Council Fund purposes. This is in line with the capital programme proposals recommended to commence in 2012/13 in the Council Fund Capital Programme 2013/14 to 2022/23 report which is included elsewhere on this agenda.

CAPITAL EXPENDITURE			
	2013/14	2014/15	2015/16
	Estimate	Estimate	Estimate
	£m	£m	£m
Council Fund	29.908	27.540	53.406
Housing Revenue Account	10.992	11.592	10.395
Total	40.900	39.132	63.801

The capital expenditure totals essentially provide the base financial data from which all other indicators follow.

Prudential Indicators for Affordability

- 3.06 Estimates of the ratio of financing costs to net revenue stream for 2013/14 based on those expenditure assumptions outlined in the Council Fund and Housing Revenue budget report (both included elsewhere on this agenda), are as included in the table below; these indicators of affordability address the revenue implications of the Council's financial strategy.

RATIO OF FINANCING COSTS TO NET REVENUE STREAM			
	2013/14	2014/15	2015/16
	Estimate	Estimate	Estimate
	%	%	%
Council Fund	5.489	5.491	6.153
Housing Revenue Account	7.535	6.940	6.145

The Council Fund net revenue stream is the amount to be met from Welsh Government (WG) grants and local taxpayers, and the HRA equivalent is the amount to be met from WG grants and from Rent payers. The Council Fund ratio reflects an increasing burden of total external interest being borne by the Council Fund due to the continuing reduction in HRA debt outstanding as a percentage of an increasing level of revenue stream income. The estimate of financing costs includes the current commitments and the proposals included in the capital programme report. The HRA as calculated, reflects a reducing financing cost attributable to the continuing reduction in HRA debt outstanding as a percentage of an increasing level of revenue stream income.

- 3.07 The Prudential code requires that the estimate of the incremental impact of capital investment decisions as proposed in the capital budget report for the period 2013/14 to 2015/16, over and above capital investment decisions that have previously been taken by the Council are reported in terms of their impact on Band D Council Tax and Housing Rents, and are shown in the table below:

ESTIMATE OF INCREMENTAL IMPACT OF CAPITAL INVESTMENT			
	2013/4	2014/15	2015/16
	Estimate	Estimate	Estimate
	£	£	£
Band D Council Tax	5.14	8.28	23.38
Average Weekly Housing Rents	Nil	Nil	Nil

The incremental impact of capital investment on the Council Tax reflects the inclusion of annual unsupported (prudential) borrowing charges included in the revenue budget report totals included elsewhere on this agenda.

Whilst the impact of capital investments decision is nominally shown in terms of impact on Council Tax levels, the actual levels of Council Tax increase each year

will be in accordance with the Council's policy of 3% to 3.5% as set out in the Medium Term Financial Strategy. Detailed medium term financial planning will identify efficiencies to enable investment to take place whilst maintaining Council Tax levels as agreed.

Prudential Indicators for Prudence

- 3.08 Estimates of the capital financing requirement, as described in section 3.09 below, for 2013/14 are:

CAPITAL FINANCING REQUIREMENT			
	2013/14	2014/15	2015/16
	Estimate	Estimate	Estimate
	£m	£m	£m
Council Fund	158.454	162.347	172.275
Housing Revenue Account	25.449	24.941	24.442
Total	183.903	187.288	196.717

- 3.09 The capital financing requirement measures the authority's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements. In accordance with best professional practice, Flintshire County Council does not associate debt with particular items or type of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. Flintshire County Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its debt and investments in accordance with its approved treasury management policy and strategy. The Treasury Management Policy Statement 2013 – 2016 and the Treasury Management Strategy 2013/14 appear elsewhere on this agenda following consideration by the Audit Committee in January 2013. In day to day cash management, no distinction can be made between revenue cash and capital cash. External debt arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements.
- 3.10 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following; gross debt and the capital financing requirement, as a key indicator of prudence.

'In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional financing requirement for the current and next two financial years'.

In November 2012 CIPFA issued an amendment to the Prudential Code changing the indicator from net debt (total borrowing and other long-term liabilities less any investments held) to gross debt. Following reflection that comparing the capital financing requirement to the net position i.e., net of investments, could potentially

mask a position where an authority had borrowed other than for a capital purpose and then subsequently invested the surplus funds.

The Head of Finance reports no difficulty in meeting this requirement for the future period to which the prudential indicators apply. This view takes into account current commitments, existing plans, and all budget proposals.

Prudential Indicators for External Debt and Treasury Management

- 3.11 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt gross of any investment for the next three financial years. These limits separately identify borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Head of Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its meeting following the change.

AUTHORISED LIMIT FOR EXTERNAL DEBT			
	2013/14	2014/15	2015/16
	Estimate	Estimate	Estimate
	£m	£m	£m
All Borrowing (Capital/Revenue)	202.600	218.000	253.100
Other Long Term Liabilities	15.600	16.600	17.600
Total	218.200	234.600	270.700

The authorised limits are consistent with the authority's current commitments, existing plans and the proposals in the capital programme report, and with its approved Treasury Management Strategy 2013/14. They are based on the estimate of most likely, prudent position with, sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

- 3.12 The Council is also asked to approve the following operational boundary for external debt for the same period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the estimate of the most likely, prudent provision, without the additional headroom included in the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures borrowing and other long term liabilities are separately identified. The Council is also asked to delegate authority to the Head of Finance, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

OPERATIONAL BOUNDARY FOR EXTERNAL DEBT			
	2013/14	2014/15	2015/16
	Estimate	Estimate	Estimate
	£m	£m	£m
All Borrowing (Capital/Revenue)	182.600	198.000	233.100
Other Long Term Liabilities	15.600	16.600	17.600
Total	198.200	214.600	250.700

The figure for all borrowing has increased in line with the assumption made in 3.05 that for Council Fund purposes there is a requirement to borrow £26.49m through unsupported (prudential) borrowing over the three year period. In addition, the figure for other long term liabilities has increased from prior years due to the value of those finance leases associated with the redevelopment of Deeside Leisure Centre and the Jade Jones Pavilion Flint.

- 3.13 It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since actual external debt reflects the position at a point in time.

The Council is asked to note that the authorised limit determined in 2013/14 (see section 3.11 above) will be the statutory limit determined under section 3 (1) of the Local Government Act 2003.

- 3.14 The prudential indicator in respect of treasury management is confirmation that the Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (as reported elsewhere on this agenda). The aim of this indicator is to ensure that treasury management is led by a clear integrated forward treasury management strategy.

4.00 RECOMMENDATIONS

- 4.01 That Members approve and recommend to County Council on 1st March 2013:

a) the prudential indicators as detailed in Section 3 of the report

- Capital expenditure (3.05)
- Ratio of financing costs to net revenue stream (3.06)
- Incremental impact of capital investment decisions on the council tax (3.07)
- Incremental impact of capital investment decisions on housing rents (3.07)
- Capital financing requirement (3.08)
- Gross debt and the capital financing requirement (3.10)
- Authorised limit for external debt (3.11, 3.13)
- Operational boundary for external debt (3.12)
- Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (3.14)

b) delegated authority for the Head of Finance to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (3.11, 3.12)

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI-POVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None

11.00 CONSULTATION UNDERTAKEN

11.01 None directly as a result of this report.

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: Various Welsh Government and CIPFA papers

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: COUNCIL

DATE: 1 MARCH 2013

REPORT BY: HEAD OF FINANCE

SUBJECT: MINIMUM REVENUE PROVISION 2013/14

1.00 PURPOSE OF REPORT

1.01 To present to Council the recommendations of the Cabinet in relation to the setting of a prudent minimum revenue provision for the repayment of debt.

2.00 BACKGROUND

2.01 At its meeting of 19 February 2013, Cabinet considered the Head of Finance's report in respect of the calculation of Minimum Revenue Provision for 2013/14.

2.02 The report of 19 February detailed the requirements and associated guidance, in respect of:

- The 4 available options for making prudent provision.
- The circumstances for using the options, 2 of which are available in respect of capital expenditure funded by way of Welsh Government supported borrowing, and a further 2 in respect of that funded by unsupported (prudential) borrowing.

3.00 CONSIDERATIONS

3.01 The recommendations of Cabinet to County Council are set out in section 4.00 of the report to Cabinet of 19 February 2013, a copy of which is included as appendix 1 to this report.

4.00 RECOMMENDATIONS

4.01 Council is requested to agree the recommendations of the Cabinet, being that :-

- Option 1 (Regulatory Method) be used for the calculation of the minimum revenue provision in 2013/14 for all supported borrowing.

- Option 3 (Asset Life Method) be used for the calculation of the minimum revenue provision in 2013/14 for all unsupported (prudential) borrowing.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The 2013/14 Council Fund revenue budget provides for the minimum revenue provision in respect of all supported borrowing, on the basis of Option 1 – Regulatory Method calculation.
- 5.02 Any planned use of unsupported (prudential) borrowing, will need to take account of the revenue consequences of the Option 3 – Asset Life Method calculation, as part of the overall options appraisal and budget setting processes.

6.00 ANTI POVERTY IMPACT

- 6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

- 8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

- 10.01 None required

11.00 CONSULTATION UNDERTAKEN

- 11.01 None

12.00 APPENDICES

Appendix 1 – Report to Cabinet 19th February 2013: Minimum Revenue Provision 2013/14.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

Various Welsh Government papers

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: CABINET
DATE: 19 FEBRUARY
REPORT BY: HEAD OF FINANCE
SUBJECT: MINIMUM REVENUE PROVISION 2013/14

1.00 PURPOSE OF REPORT

1.01 To present proposals for the setting of a prudent minimum revenue provision for the repayment of debt in 2013/14, as required under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations').

2.00 BACKGROUND

2.01 Local Authorities are required each year to set aside some of their revenue reserves as provision for the repayment of debt i.e. a provision in respect of capital expenditure financed from borrowing or credit arrangements.

2.02 Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', but the regulation does not itself define 'prudent provision'. However, the Welsh Government (WG) has provided guidance which makes recommendations to authorities on the interpretation of the term; the guidance was last updated in April 2010.

2.03 Authorities are required to prepare an annual statement of their policy on making MRP, which mirrors the existing requirements on the prudential borrowing limit and investment policy.

3.00 CONSIDERATIONS

Meaning of 'Prudent Provision'

3.01 The WG guidance provides for number of options for making 'prudent provision'. It explains that provision for the borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

Options for Prudent Provision

3.02 Option 1 – Regulatory Method.

For debt which is supported by Revenue Support Grant (RSG), authorities may continue to use the formula specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the regulations which preceded the 2008

Regulations), since the RSG is calculated on that basis, i.e. authorities are able to calculate MRP exactly as if the 2003 Regulations were still in force.

3.03 Option 2 – Capital Financing Requirement Method

This is a technically simpler alternative to option 1 and may also be used in relation to supported debt. While still based on the concept of the Capital Financing Requirement (CFR), which is easily derived from the balance sheet, it avoids the complexities of the formula in Regulation 22. However, for most authorities it will probably result in a higher level of provision (and subsequent impact on service budgets) than Option 1, as it would for Flintshire County Council.

3.04 Option 3 – Asset Life Method

For new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed, there are two options. Option 3 is to make provision in equal instalments over the estimated life of the asset for which borrowing is undertaken. This is a possible simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

3.05 Option 4 – Depreciation Method

Alternatively, for new borrowing under the Prudential system for which no WG support is being given, Option 4 may be used. This means making MRP in accordance with the standard rules for depreciation accounting.

Conditions for using the options

3.06 The intention is that Options 1 and 2 should be used only for WG supported borrowing. Options 3 and 4 should be used in relation to all capital expenditure which is to be financed by unsupported borrowing or credit arrangements.

4.00 RECOMMENDATIONS

4.01 That members approve and recommend to the County Council on 1st March 2013:-

- Option 1 (Regulatory Method) be used for the calculation of the minimum revenue provision in 2013/14 for all supported borrowing; this represents a continuation of the approved and adopted policy for 2012/13.
- Option 3 (Asset Life Method) be used for the calculation of the minimum revenue provision in 2013/14 for all unsupported (prudential) borrowing; this represents a continuation of the approved and adopted policy for 2012/13.

5.00 FINANCIAL IMPLICATIONS

5.01 The 2013/14 Council Fund revenue budget provides for the minimum revenue provision in respect of all supported borrowing, on the basis of Option 1 – Regulatory Method calculation.

5.02 Any planned use of unsupported (prudential) borrowing, will need to take account of the revenue consequences of the Option 3 – Asset Life Method calculation, as part of the overall options appraisal and budget setting processes.

6.00 ANTI-POVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None

11.00 CONSULTATION UNDERTAKEN

11.01 None

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: Various Welsh Government papers

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: FLINTSHIRE COUNTY COUNCIL

DATE: FRIDAY 1ST MARCH 2013

REPORT BY: HEAD OF HUMAN RESOURCES AND
ORGANISATIONAL DEVELOPMENT

SUBJECT: PAY POLICY STATEMENT

1.00 PURPOSE OF REPORT

1.01 To seek approval on the Council's Pay Policy Statement, to be effective from 1 April 2013.

2.00 BACKGROUND

2.01 Under the Localism Act 2011, Councils in England and Wales are required to prepare and agree a Pay Policy Statement. The statement needs to set out the Council's policies on remuneration for Chief Officers, how the statement will be published and accessed, the Council's policies for the remuneration of its lowest paid employees and the relationship between remuneration for Chief Officers and other employees.

2.02 Pay Policy Statements must be produced and published on an annual basis in advance of the beginning of each financial year. The provisions of the Act do not apply to employees of Local Authority Schools and consequently, teaching employees will not be brought into the scope of the statement.

2.03 The provisions of the Act bring together the need for increasing accountability, transparency and fairness in the setting of local pay which will enable the tax payer to understand and access information on remuneration levels across all groups of Council employees.

3.00 CONSIDERATIONS

3.01 The attached Pay Policy Statement has been drafted in accordance with the requirements of 38 (1) of the Localism Act 2011 and incorporates all existing pay arrangements for the workforce groups within the Council including Chief Officers and the lowest paid employees.

- 3.02 The achievement of Single Status for Green Book employees in the early part of 2013/14 will result in a new equality proofed pay and grading structure. Arrangements for maintaining the new pay and grading structure, to ensure that there is no pay discrimination and that all pay differentials can be justified, will be part of the new structure.
- 3.03 Within the options for our final Pay and Grading model under Single Status, we have developed positive proposals to address low pay. Council members will be encouraged to meet the objective of protecting employees from low pay when the Single Status Agreement is presented for approval.
- 3.04 The Council is developing a new Market Supplement Policy, to ensure that the Council is able to offer competitive rates to attract and retain talented people where there may be limited availability of particular skills or expertise in the market place. Such a policy will be recommended for introduction alongside a Single Status Agreement during 2013/14.

4.00 RECOMMENDATIONS

That the County Council approves the attached Pay Policy Statement for 2013 / 2014, acknowledging that there is work in progress to achieve a complete set of pay and reward arrangements, once a Single Status Agreement is achieved, which will be reflected in subsequent Pay Policy Statements.

5.00 FINANCIAL IMPLICATIONS

- 5.01 There are no new financial implications for the Council arising from this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None arising directly from this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None arising directly from this report or the attached Pay Policy Statement.

8.00 EQUALITIES IMPACT

- 8.01 None arising directly from this report or the attached Pay Policy Statement.

9.00 PERSONNEL IMPLICATIONS

9.01 None arising directly from this report or the attached Pay Policy Statement.

10.00 CONSULTATION REQUIRED

10.01 None as the attached document captures existing pay and reward arrangements only.

11.00 CONSULTATION UNDERTAKEN

11.01 Not applicable.

12.00 APPENDICES

12.01 Pay Policy Statement is attached as Appendix 1.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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APPENDIX 1

Pay Policy Statement 2013/14

CONTENTS

Section	1	Introduction and Purpose
	2	Legislative Framework
	3	Scope of the Pay Policy Statement
	4	Background of Principles
		<ul style="list-style-type: none">• Remuneration Data• Policy Documents• Development of a Pay and Reward Strategy• Pay Structure<ul style="list-style-type: none">○ Job Evaluation○ Chief Officer Job Evaluation○ Honoraria
	5	Responsibility for Decisions on Remuneration
	6	Remuneration for Chief Officers
		<ul style="list-style-type: none">i) Chief Executiveii) Directorsiii) Heads of Service
		Additions to Remuneration for Chief Officers Severance Payments
	7	Recruitment of Chief Officers
	8	Publication of Pay Policy Statement
	9	Remuneration of the Lowest Paid Employees
	10	Pay Relativities within the Council

1. Introduction and Purpose

The Local Government Act 1972, (section 112) sets out the Council's 'power to appoint officers on such reasonable terms and conditions as the Authority thinks fit'. This Pay Policy Statement sets out the Council's pay policy in accordance with the requirements of 38 (1) of the Localism Act 2011, which requires English and Welsh local authorities to produce and publish a Pay Policy Statement for 2013/14 and for each financial year after that, detailing the:

- Council's policies towards the remuneration of Chief Officers;
- publication of and access to information on the remuneration of Chief Officers;
- Council's policies for the remuneration of its lowest paid employees;
- relationship between the remuneration of its Chief Officers and other employees.

The Council is a large complex organisation with a multi-million pound budget. It has a very wide range of functions and provides and /or commissions a wide range of services. Whilst a consistent approach to remuneration will be adopted across the Council, there may be differences to reflect specific circumstances at a local, Welsh or UK national level.

This Pay Policy Statement reflects the current position as at 1 April 2013. The Council is currently working towards achieving a Single Status Agreement for Green Book employees which is planned for implementation part way through the financial year 2013/14.

2. Legislative Framework

The Council will comply with all relevant employment legislation including the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010, the Working Time Regulations 1998, the National Minimum Wage Rates and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations 2006. The Council will ensure through the Single Status Agreement that there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation.

3. Scope of the Pay Policy Statement

The Localism Act 2011 requires authorities to develop and make public their pay policy on Chief Officer remuneration (including on ceasing to hold office), and their pay policy for the 'lowest paid', explaining the relationship between remuneration of chief officers and other workforce groups.

In the interests of transparency and accountability, the Council has chosen to produce a wider policy statement covering all employee groups (with the

exception of school staff appointed by a school governing body) including employees appointed under the terms and conditions agreed with:

- The National Joint Council for Local Government Services;
- The Joint Negotiating Committee for Local Authority Craft and Associated Employees;
- The Joint Negotiating Committee for Youth and Community Workers;
- JNC for Chief Officers;
- JNC for Chief Executives.

4. Background and Principles

The Council is committed to an open and transparent pay policy which will enable the tax payer to understand and assess information on remuneration levels across all groups of Council employees.

In Flintshire County Council, the term 'Chief Officer' covers the Chief Executive, Directors and the Heads of Service. Throughout the document, the term Chief Officer refers to all three job roles.

The statement is effective from 1 April 2012 and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

The Head of Human Resources and Organisational Development will have the authority to review the policy within the one year period, to make any minor amendments required by legislation.

The following supporting information is available on the Council's website at www.flintshire.gov.uk:

- **Remuneration data**

- (i) All Employee pay scales
- (ii) Individual remuneration details for senior employees (see footnote on page 8) whose remuneration is over £60,000 per annum and the number of employees whose remuneration exceeds £60,000 as required under the Accounts and Audit (Wales) (Amendment) Regulations 2010

- **Policy documents**

- (i) Honoraria Policy
- (ii) Policy Statement on Redundancy and Severance Payments (including additional pension payments)

- **Development of a Pay and Reward Strategy**

The primary aim of a pay and reward strategy is to attract, retain and motivate suitably skilled employees so that the organisation can perform at its best. The biggest challenge for the Council in the current circumstances is to maximise productivity and efficiency within current resources. Pay policy is a matter of striking a balance between setting remuneration levels to secure a sufficient supply of appropriately skilled individuals to fill the Council's wide range of posts, and ensuring that the burden on the public finances can be fully and objectively justified.

It needs to be recognised that at the more senior grades in particular, remuneration levels need to attract of a suitably wide pool of talent and retain suitably skilled and qualified individuals once in post. It should be recognised that the Council will often be seeking to recruit in competition with other public and private sector employers.

The Council is a major employer in the County and the region. The availability of good quality employment on reasonable terms and conditions and fair rates of pay has a beneficial impact on the quality of life in the community as well as on the local economy. The Council should be a role model in setting a benchmark example on pay and conditions to other employers.

In designing, developing and reviewing pay and reward strategy the Council will seek to balance these factors to have a workforce which will help it met its objectives for public services. This Pay Policy will be reviewed an annual basis.

- **Pay Structure**

- **Job Evaluation**

Job evaluation is a systematic way of determining the value/worth of a job compared to other jobs within an organisation. It aims to make a systematic comparison between jobs to assess their relative worth in a rational pay structure ensuring pay equity. For all jobs that are not nationally prescribed, and are not Chief Officer posts, the Council uses the Greater London Provincial Committee (GLPC) Scheme.

Based on the application of the job evaluation process, the Council currently uses the nationally negotiated pay spine as the basis for its local grading structure. This determines the salaries of the large majority of the non-teaching workforce, together with the use of other nationally defined rates where relevant. There have been no increases in salary on the national pay spine since 2009.

- **Chief Officer Job Evaluation**

For Chief Officers, the Council uses the Hay Scheme for job evaluation purposes. The Council undertook reviews of all Chief Officers roles and associated pay arrangements in 2007 and 2008.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy.

- **Honoraria**

There may be occasions when an employee is asked to carry out additional duties to those of their substantive post for a period of time. In such circumstances an additional payment may be made in line with the Council's Honoraria Policy.

5. Responsibility for Decisions on Remuneration

Where there are significant changes to remuneration arrangements which are locally set, such proposed changes will be agreed by full County Council.

6. Remuneration of Chief Officers

For the purposes of this statement, senior management means 'Chief Officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2012.

The pay and grading structures for Chief Officers were reviewed in two phases. The first tier (Chief Executive and Directors) was reviewed in 2007/08 and the second tier (Heads of Service) was reviewed in 2008/09. Specialist advice was provided by the Hay Consultancy Group on the conduct of the reviews. The Council was able to access data on comparative market rates within the public sector to ensure that the pay and grading arrangements were sufficiently competitive to recruit and retain capable employees, that the differentials between grades were justifiable and that the pay and grading structures were affordable and appropriate. These pay and grading structures, and the associated arrangements, were approved by full County Council prior to implementation. The salary rates for each Chief Officer post are as follows:

- (i) **Chief Executive**

The salary falls within a range of 1 – 4 incremental points between £120,737 rising to a maximum of £131,233.

(ii) **Directors**

The salaries of posts designated as Director fall within a range of 1 – 3 incremental points between £89,132 rising to a maximum of £97,328.

(iii) **Heads of Service**

The salaries of posts designated as Head of Service fall within a range of 1 – 7 incremental points between £63,519 rising to a maximum of £81,960.

The Head of Finance and Head of Legal and Democratic Services hold additional statutory responsibilities (Section 151 Officer and Monitoring Officer respectively) and fall within the higher range of 4 - 7 incremental points between £71,715 rising to a maximum of £81,960. All other Heads of Service fall within the range of 1 - 4 incremental points between £63,519 rising to a maximum of £71,715.

Progression through the incremental scale is subject to satisfactory performance, which is assessed on an annual basis. The level of remuneration is not variable dependent on the achievement of defined targets.

Additions to Remuneration for Chief Officers

The Council does not offer any bonuses or any additional performance related pay to its Chief Officers.

In addition to basic salary, the details below define ‘additional pay’ which is chargeable to UK Income Tax and does not solely constitute reimbursement of expenses incurred in the fulfillment of duties:

- The Returning Officer for the County Council is the Chief Executive. Returning Officer duties are not part of the Chief Executive’s substantive role. Fees for these duties are paid separately and are determined by the full Council.
- Lump Sum for Essential Car User – see Appendix 1 (this may change as a result of the implementation of a new Single Status Agreement).
- Where membership of an approved professional body is deemed to be essential for an employee to carry out their duties, the employee will be reimbursed for the cost of the professional membership fees. Reimbursement can only be for one professional body per person and only one claim can be submitted each financial year.

Severance Payments for Chief Officers and all Employees

The Council's approach to discretionary payments on termination of employment of Chief Officers and all employees, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside the provisions or the relevant periods of contractual notice for Chief Officers shall be subject to a formal decision made by a committee or panel of elected members with delegated authority to approve such payments.

7. Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of Chief Officers is set out within Article 15, 15.01 sub section (b) of the Constitution. When recruiting to all posts the Council will take full and proper account of equality in accordance with our Diversity and Equality Policy and Recruitment procedures. Determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate.

Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under 'Contracts for Service'. These will be sourced through a competitive procurement process. The Council does not currently have any Chief Officers engaged under such arrangements.

8. Publication of Pay Policy Statement

Upon approval by the full Council, this statement will be published on the Council's Website at www.flintshire.gov.uk and the Council's Internal Infonet site. In addition, for senior employees¹ where the full time equivalent salary is at least £60,000, the Council's Annual Statement of Accounts sets out the amount of:

- pensionable pay;
- any expense allowance;
- total remuneration excluding pension contributions;
- employer's pension contributions;

¹ For the purpose of the Council's Annual Statement of Accounts Senior Employees are defined as the Chief Executive, Strategic Directors and Statutory Chief Officers (Head of Finance and the Head of Legal and Democratic Services).

- total remuneration including pension contributions.

9. Remuneration of the Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2013, this is £12,145 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under a separate 'apprenticeship' / learning fixed term contract and paid at the current national minimum wage.

10. Pay Relativities within the Council

This Pay Policy Statement includes the ratio (multiple) of pay between the Council's top earner, who is the Chief Executive, and the median earner. The multiple between the median full time equivalent earnings and the Chief Executive is 1:6.58.

For this calculation pay includes all taxable earnings for the given year including base salary, variable pay, bonuses, allowances, and the cash value of any benefits in kind.

This multiple will be monitored each year within the Pay Policy Statement

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

Salary Scales

Chief Executive Pay Scale

Scale	SCP	Salary 01/04/2007 and continuing
CEO Point 01	1	£120,737.00
CEO Point 02	2	£124,234.00
CEO Point 03	3	£127,734.00
CEO Point 04	4	£131,233.00

Chief Officer Pay Scale

Scale	SCP	Salary 01/04/2008 and continuing
Director Grade 1	1	£89,132.00
Director Grade 2	2	£93,742.00
Director Grade 3	3	£97,328.00

Second Tier Officer Pay Scale (Heads of Service)

Scale	SCP	Salary 01/11/2008 and continuing
Point 01	1	£63,519.00
Point 02	2	£66,593.00
Point 03	3	£69,154.00
Point 04	4	£71,715.00
Point 05	5	£76,325.00
Point 06	6	£79,399.00
Point 07	7	£81,960.00

Flintshire County Council Pay Scale (Green Book)

Scale	SCP	Salary 01/04/2009 and continuing
Scale 1	4	£12,145.00
Scale 1	5	£12,312.00
Scale 1	6	£12,489.00
Scale 1	8	£13,189.00
Scale 1	10	£13,874.00
Scale 1/Scale 2	11	£14,733.00
Scale 2	12	£15,039.00
Scale 2/Scale 2a	13	£15,444.00
Scale 2a/S3	14	£15,725.00
Scale 2a/Scale 3	15	£16,054.00
Scale 3	16	£16,440.00
Scale 3	17	£16,830.00
Scale 4	18	£17,161.00
Scale 4	19	£17,802.00
Scale 4	20	£18,453.00
Scale 4	21	£19,126.00
Scale 5	22	£19,621.00
Scale 5	23	£20,198.00
Scale 5	24	£20,858.00
Scale 5	25	£21,519.00
Scale 6	26	£22,221.00
Scale 6	27	£22,958.00
Scale 6	28	£23,708.00
Senior Officer 1	29	£24,646.00
Senior Officer 1	30	£25,472.00
Senior Officer 1	31	£26,276.00
Senior Officer 2	32	£27,052.00
Senior Officer 2	33	£27,849.00
Senior Officer 2/Management 1	34	£28,636.00
Management 1	35	£29,236.00
Management 1/Management 2	36	£30,011.00
Management 1/Management 2	37	£30,851.00
Management 2	38	£31,754.00
Management 2/Management 3	39	£32,800.00
Management 3	40	£33,661.00
Management 3	41	£34,549.00
Management 3/Management 4	42	£35,430.00
Management 4	43	£36,313.00
Management 4	44	£37,206.00
Management 4/Management 5	45	£38,042.00
Management 5	46	£38,961.00
Management 5	47	£39,855.00
Management 5/Management 6	48	£40,741.00
Management 6	49	£41,616.00
Management 6	50	£42,519.00
Management 6	51	£43,414.00
Senior Management 1	52	£44,697.00
Senior Management 1	53	£45,989.00
Senior Management 1	54	£47,275.00

Senior Management 1	55	£48,564.00
Senior Management 2	56	£49,859.00
Senior Management 2	57	£51,150.00
Senior Management 2	58	£52,437.00
Senior Management 2	59	£53,733.00
Senior Management 3	60	£55,012.00
Senior Management 3	61	£56,306.00
Senior Management 3	62	£57,602.00
Senior Management 3	63	£58,884.00

Craft & Associated Employees (excludes apprentice grades)

Scale	Salary 01/04/2009 and continuing
Band 1 - Electrician	£21,418.12
Band 1 - Joiners & Builders	£19,191.48
Band 1 - Labourer	£17,495.00
Band 1 - Plumber	£20,357.82
Band 2 - Diag/Electrician	£23,326.67
Band 2 - Joiners & Builders	£21,206.06
Band 2 - Labourer	£19,615.61
Band 2 - Plumber	£22,266.37
Band 2 - Plumber (Gas Qual)	£23,326.67
Band 3 - Diag/Electrician	£24,917.12
Band 3 - Joiners & Builders	£22,584.46
Band 3 - Plumber	£23,856.82
Band 3 - Plumber (Gas Qual)	£24,917.12

Youth & Community Officers

Scale	SCP	Salary 01/09/2009 and continuing
Y&C Officers Point 01	1	£33,555.00
Y&C Officers Point 02	2	£34,653.00
Y&C Officers Point 03	3	£35,751.00
Y&C Officers Point 04	4	£36,871.00
Y&C Officers Point 05	5	£38,009.00
Y&C Officers Point 06	6	£39,120.00
Y&C Officers Point 07	7	£40,256.00
Y&C Officers Point 08	8	£41,547.00
Y&C Officers Point 09	9	£42,258.00
Y&C Officers Point 10	10	£43,357.00
Y&C Officers Point 11	11	£44,450.00
Y&C Officers Point 12	12	£45,546.00
Y&C Officers Point 13	13	£46,633.00
Y&C Officers Point 14	14	£47,731.00
Y&C Officers Point 15	15	£48,831.00
Y&C Officers Point 16	16	£49,933.00
Y&C Officers Point 17	17	£51,042.00

Youth Workers

Scale	SCP	Salary 01/09/2009 and continuing
Point 01	1	£14,143.00
Point 02	2	£14,733.00
Point 03	3	£15,324.00
Point 04	4	£15,917.00
Point 05	5	£16,509.00
Point 06	6	£17,100.00
Point 07	7	£17,697.00
Point 08	8	£18,291.00
Point 09	9	£19,047.00
Point 10	10	£19,636.00
Point 11	11	£20,591.00
Point 12	12	£21,525.00
Point 13	13	£22,489.00
Point 14	14	£23,485.00
Point 15	15	£24,166.00
Point 16	16	£24,875.00
Point 17	17	£25,574.00
Point 18	18	£26,279.00
Point 19	19	£26,975.00
Point 20	20	£27,673.00
Point 21	21	£28,461.00
Point 22	22	£29,352.00
Point 23	23	£30,219.00
Point 24	24	£31,091.00
Point 25	25	£31,968.00
Point 26	26	£32,847.00
Point 27	27	£33,726.00
Point 28	28	£34,613.00
Point 29	29	£35,496.00
Point 30	30	£36,377.00

Essential Car User Allowance from 1 April 2010

	<u>451 - 999cc</u>	<u>1000 - 1199cc</u>	<u>1200 - 1450cc</u>
Essential Users			
Lump sum per annum	£846	£963	£1,239

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