

FLINTSHIRE COUNTY COUNCIL
19 FEBRUARY 2019

Minutes of the meeting of Flintshire County Council held at Council Chamber, County Hall, Mold CH7 6NA on Tuesday, 19 February 2019

PRESENT: Councillor Paul Cunningham (Chairman)

Councillors: Mike Allport, Bernie Attridge, Janet Axworthy, Haydn Bateman, Marion Bateman, Sean Bibby, Chris Bithell, Helen Brown, Derek Butler, Clive Carver, Geoff Collett, David Cox, Jean Davies, Rob Davies, Ron Davies, Chris Dolphin, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, Carol Ellis, David Evans, Veronica Gay, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Dave Hughes, Kevin Hughes, Ray Hughes, Dennis Hutchinson, Joe Johnson, Paul Johnson, Christine Jones, Tudor Jones, Colin Legg, Brian Lloyd, Richard Lloyd, Mike Lowe, Dave Mackie, Billy Mullin, Ted Palmer, Mike Peers, Michelle Perfect, Vicky Perfect, Neville Phillips, Mike Reece, Ian Roberts, Tony Sharps, Aaron Shotton, Paul Shotton, Ian Smith, Carolyn Thomas, Owen Thomas, Martin White, Andy Williams, David Williams, David Wisinger and Arnold Woolley.

APOLOGIES:

Councillors: Glyn Banks, Sian Braun, Bob Connah, Adele Davies-Cooke, Andrew Holgate, Rita Johnson, Richard Jones, Hilary McGuill and Ralph Small

IN ATTENDANCE:

Chief Executive, Chief Officer (Governance), Chief Officer (Housing and Assets), Chief Officer (Planning and Environment), Chief Officer (Education and Youth), Chief Officer (Streetscene and Transportation), Chief Officer (Social Services), Corporate Finance Manager, Finance Managers, Senior Manager Human Resources and Organisational Development, Revenues Manager, Democratic Services Manager, and Democratic Services Officer.

96. MINUTES

The minutes of the meeting held on 29 January 2019 were submitted.

Accuracy

Page 15, item 90 - Flintshire Electoral Review. Councillor Chris Bithell asked that the minutes be amended to record thanks to the Democratic Services Manager and his team for their hard work, in conjunction with Members, to achieve a compromise and agreed outcome to the proposals submitted to the Local Democracy and Boundary Commission for Wales.

RESOLVED:

That subject to the above amendment the minutes be approved and signed by the Chairman as a correct record.

97. DECLARATIONS OF INTEREST

Councillor David Healey declared a personal interest in agenda item 9b, Council Fund Capital Programme 2019/20 – 2021/22 as he was a governor of Castell Alun High School. Councillor Gladys Healey also declared a personal interest in item 9b as she was a governor at Castell Alun High School.

The Chief Officer (Governance) advised that a personal interest would be recorded for Members who were school governors in relation to the schools referred to in agenda item 9b – Council Fund Capital Programme 2019/20 – 2021/22.

98. CHAIRMAN'S COMMUNICATIONS

A copy of the Chairman's Communications had been circulated to all Members prior to the meeting.

The Chair invited Councillor Kevin Hughes to provide feedback to Members on the visit by individuals from Hope House Hospice to County Hall. Councillor Hughes thanked the Chair and his wife for hosting the event and spoke of the hard work and achievement of individuals which had been inspirational in raising funds for Hope House Hospice through sponsored events and schemes. Councillor Hughes took the opportunity to invite the Chair and his consort, Vice-Chair and her consort, and all Members to visit Hope House to see the dedicated care and support provided.

The Chair thanked the Vice-Chair for attending the recent Lord Mayor of Chester's Banquet on his behalf.

99. PETITIONS

None were received.

100. PUBLIC QUESTION TIME

None were received by the deadline.

101. QUESTIONS

None were received by the deadline.

102. NOTICES OF MOTION

None were received by the deadline.

103. COUNCIL FUND BUDGET 2019/20

The Chief Executive introduced the report on the Council Fund Budget 2019/20 to receive the recommendations from Cabinet to Council to close the annual budget for 2019/20 following the Council debate on 29 January, and the further review work on corporate finance options and risks undertaken in the

interim. The Council report of 29 January 2019 which included the Cabinet report of 22 January 2019 was appended to the report.

The Chief Executive provided background information and referred to the Senedd delegation which took place on 5 February, to seek improvement to the local government Settlement for 2019/20, and the request made by Members at the Council meeting held on 29 January, for officers to review specific areas of corporate finance and come back with further technical advice and professional opinion. He said the specific areas were:

- the Minimum Revenue Policy (MRP) commitments and the scope for reducing the annual revenue contribution by using capital receipts to reduce total financeable debt;
- the detailed rationale for recommending the retention of the reserves as listed in the table in the report and in the presentation slides; and
- the justification for retaining the earmarked reserves that are forecast to remain at a static level over the next year.

Further explanation was also requested on the scope for debt rescheduling under the Treasury Management Strategy.

The Chief Executive referred to the all-Member budget briefing workshop which was held on 14 January, to address corporate finance in detail. He said that additional technical advice and professional opinion was also being provided in a series of detailed advice notes which were listed as background papers to the report and were available on request.

The Chief Executive, Chief Officer (Governance), Corporate Finance Manager, and Revenues Manager, delivered a presentation which covered the following key areas:

- setting a legal and balanced budget
- summary budget position for 2019/20
- professional (technical) advice
- Minimum Revenue Provision (MRP) – use of capital receipts
- prudent level of reserves
- un-earmarked reserves
- earmarked reserves
- debt rescheduling and cash flow management
- professional opinions
- budget scenarios
- next steps and timelines

The Chief Officer (Governance) advised that it was the collective duty of Council to set a legal and balanced budget. He commented on the importance of adhering to deadlines and explained that residents who paid their Council Tax by direct debit had to be given two weeks notice in advance of an increase in payment, and, therefore the Council budget would need to be approved before end of February for this payment facility to be offered in good time. He referred to the budget setting process and the technical and professional advice provided to guide Members.

Councillor Aaron Shotton advised that Cabinet, at a meeting held immediately prior to County Council, had recommended a resolution to County Council and asked that the details of the resolution be distributed to Members for consideration at the meeting. Councillor Shotton thanked the Chief Executive and Officers for responding to the specific requests which were raised by Members at the previous meeting of the County Council held on 29 January, to further review and justify the earmarked and un-earmarked reserves. He referred to the recommendation by Cabinet that Council used a further combination of earmarked and un-earmarked reserves and balances of £321k to reduce the remaining budget gap. He continued that a budget requirement of £2.781m remaining was to be met by Council Tax which would require - for the Council services precept - a 8.17% increase. Councillor Shotton explained that when combined with the precepts for the Town and Community Councils and the Police and Crime Commissioner the annual rise would average at 8.38% for a Band D property.

Councillor Shotton commented on the continued local and national challenge of austerity which was a direct result of the underfunding of local government services for over a decade by national government. He referred to the numerous essential services provided by local authorities and commented on the catastrophic effect of the policy of austerity on the services provided by local governments across the United Kingdom and Wales. He said he was proud that the Authority's budget protected and retained services for Flintshire's residents which were no longer in existence in many other local authorities and commented on the additionalities provided in social care and education provision to meet increasing demand. He referred to the shift from national taxation to local council taxation and said this had to be avoided for the future. He spoke of the need to note the professional advice provided by officers and external auditors and the need to maintain the correct balance between drawing further on reserves which would result in increases in Council Tax and reduce services in the future. He asked Members to support the proposals and moved the motion. This was duly seconded.

Councillor Chris Dolphin commented on the failed policies of National and Welsh governments and spoke of the unfairness of the Formula which he said had disadvantages and did not meet public expenditure needs. He stated he could not support a rise in Council Tax to 8.75% as it was not acceptable to Flintshire's residents. Councillor Dolphin supported the proposal to form a cross-party working group and to meet with the Minister for Local Government and Housing to make proposals for a more sustainable and equitable funding system for local government in Wales.

Councillor Mike Peers concurred with the views expressed by Councillor Chris Dolphin and said he could not support an 8.75% increase in Council Tax. He continued that despite being one of the lowest funded Councils in Wales and the delegation to the Senedd to seek an improvement of the Settlement, there had been no indication by the Welsh Government (WG) of any intent to adjust the Settlement for 2019/20 and the revised budget gap remained at £3.102m. He said that the tax burden was being shifted onto the local Council Tax. He acknowledged that the Cabinet had agreed an improvement in the use of reserves to address the issue. He spoke of the increasing burden and worrying

trend of council tax rises and the impact on council tax payers by moving the responsibility from WG to the local residents. Councillor Peers referred to the increases in Council Tax since 2016 and spoke of the need to address this and close the gap and proposed the following amendment to the proposals recommended to Council by the Cabinet:-

That the original proposal to increase Council Tax to 8.5% is reduced to 5.95% for 2019/20. He stated that 5.95% Council Tax contributed £0.948m to the gap and suggested that £1.429m be allocated from un-earmarked reserves. Councillor Peers said that £1.4m was transferred from revenue by Cabinet in September and remained in the contingency reserve and from that same reserve £1.9m had been taken for Stage 1. He continued that there was hardly any movement in the balances of ear marked reserves from year to year. With ear marked reserves at a level of £5.8m a 12.5% reduction would provide a further £0.725m which would leave over £5m in ear marked reserves. In summarising he said that the combined sums of £0.948m, £1.429m and £0.725m amounted to £3.102m which closed the gap and balanced the budget. He asked Members to support the amendment.

Councillor Patrick Heesom seconded the proposal.

In response to a request from Councillor Bernie Attridge, the Chief Executive and Corporate Finance Manager provided clarification and advice on the figures put forward by Councillor Peers. The Corporate Finance Manager referred to the impact on the contingency reserve and said the proposal by Councillor Peers would reduce the reserve by £1.4m which would mean there would be nothing left for future investment to achieve efficiencies or significant corporate risks, such as teachers' pay and redundancy costs. Referring to earmarked reserves the Corporate Finance Manager advised that these needed to be retained for known risks and future commitments, and explained that within the £5.8m there were two significant amounts which covered insurance reserve for known potential future claim liabilities and for grants and contributions where there were legal conditions attached. The Corporate Finance Manager also commented on the impact on 2020/21 which would increase the budget gap by over £2.15m (increasing the £9.4m gap to £11.5m for 20/21). In summary the Corporate Finance Manger advised against the use of further reserves other than those recommended by Cabinet to Council.

The Chief Executive thanked Councillor Peers for his work and his suggestions to improve the Council Tax position through the use of reserves. He commented on the risk exposure to services and said his advice was that the further use of un-earmarked reserves would leave insufficient funds for this year and the future. The Chief Executive referred to the earmarked reserves and said it would overexpose a number of services if they were reduced. He explained why they were needed for the longer term and reiterated that the proposals made would add a further £2.15m to the funding gap for next year and, in the absence of any indication from national or WG of improved funding for next year, the £2.15m from extra reserves for next year without any other form of income would equate to an extra 3.2% on Council Tax. The Chief Executive said that taking into account the financial forecast, the Authority's limited ability to find further savings or raise income, his advice was that the proposals put forward by Councillor

Peers would not be a responsible decision for Council to agree to in 2019/20 or 202/21.

Councillor Patrick Heesom spoke on the amendment. He commented on the harmful impact on people's livelihoods caused by an increase in Council Tax and expressed the view that it was an unfair system. He commented that the Authority used Council Tax as a reserve in the budget and said there was a duty to use reserves in a way to diminish the impact of Council Tax on Flintshire's residents. He urged the Authority to limit the impact and reduce council tax to an acceptable level.

Councillor Derek Butler also spoke on the amendment and thanked Councillor Peers for his alternative proposals. He spoke of the need to continue to provide the best services possible for the residents of Flintshire during the worst of times. He said that Officers had advised that the alternative proposals put forward would defer problems for another year and would add a potential 3.2% on Council Tax for next year. He spoke of the need to address difficult challenges here and now.

Councillors Tony Sharps and Ian Roberts spoke on the amendment. Councillor Ian Roberts emphasised the need to retain reserves and gave examples of how reserves had been used to resolve critical circumstances and developments in the past.

Councillor Neville Phillips queried that if the amendment put forward by Councillor Peers was agreed by Council whether the funding taken from reserves in 2019/20 could be repaid in future years on the understanding that lobbying of the WG be continued with an anticipation that there was improvement in the Settlement in the longer-term. In his response the Chief Executive said there was no change in the WG Settlement for this year and at this stage the WG was not able to give a forward forecast of any type for 2020/21 onwards. The budget proposals had to be based on forecasts and knowns. The advice given to Councillor Peers on the proposed amendment was that it would leave the Authority with insufficient reserves and balances to cover in year risks and the medium term. He cautioned on the danger of over balancing by using reserves in the budget which would be unsustainable, unreasonable, and irresponsible.

Councillor Chris Bithell also cautioned against the further use of reserves and referred to their intended purpose and the many "unknowns" yet to be addressed by the Authority. He cited the cost of out of county placements, teachers' pension and pay increases, as examples and said there would be other new additional pressures to be placed on the Authority. He also commented on the uncertainty and impact of Brexit on national and local services. He reiterated the advice given by Officers that to make further use of reserves was neither feasible or sustainable and concluded that the only solution was to increase Council Tax in order to bridge the funding gap.

Councillor Tudor Jones commented on the proportionality of reserves and balances concerning the proposals put forward to Council for consideration. The Chief Executive reported on the use of ear-marked and un-earmarked reserves which had been used safely to reduce the budget gap. He confirmed that there were no other earmarked or un-earmarked reserves that could be released

safely, and should Council decide to add further funds from earmarked or un-earmarked reserves an unsustainable and insurmountable budget gap would be created for 2020/21.

Councillor Carol Ellis spoke in support of the comments and suggestion made by Councillor Neville Phillips. The Chief Executive reiterated that the budget could only be based on the current “knowns”, in terms of income received, and said that there was no confirmed additional funding for this year. He explained that the WG would have to better the position for local authorities in 2020/21 and the forecast from WG was that the position would be no better in future years until there was a change in position at UK level.

Councillor Aaron Shotton thanked Councillor Peers for his work to provide an alternative proposal. He commented on the statutory advice which had been given by Officers and the further review which had been undertaken of the level of earmarked and un-earmarked reserves following the request by Members at the last meeting of the County Council. He took the view that it was correct to use reserves to protect services and to ensure that Council Tax was kept as low as possible. He commented on the risks going forward and said there was no commitment from either national or WG around a 7.2% increase in teacher pension employer contributions which would cost £3.5m in one year and which did not feature within the budget. He emphasised the level of risks and the need to maintain reserves and said the Authority was the highest user of reserves in the budget in North Wales this year. He cautioned that the amendment proposed by Councillor Peers would double the recommended use of reserves and gave no indication of how the funds were to be replenished in the revenue budget next year. He said the reserve funds would be used to fund day to day services and would result in further service cuts next year. He summarised that the amendment would create an unsustainable situation next year and asked Members to vote against it.

A recorded vote was taken to the amendment proposed by Councillor Mike Peers. In requesting a recorded vote, the requisite 10 Members stood in support.

The Chief Officer (Governance) advised that the amendment was that Council Tax increase be set at 5.95% which would generate £948k towards the budget gap. That £1.429m be used from un-earmarked reserves and £725k from earmarked reserves to close the gap of £3.182m.

The following Councillors voted for the amendment:

Marion Bateman, Mike Allport, Janet Axworthy, Haydn Bateman, Helen Brown, Clive Carver, David Cox, Rob Davies, Chris Dolphin, Rosetta Dolphin, Carol Ellis, Veronica Gay, George Hardcastle, Patrick Heesom, Ray Hughes, Brian Lloyd, Dave Mackie, Mike Peers, Owen Thomas, David Williams, Arnold Woolley.

The following Councillors voted against the amendment:

Paul Cunningham, Bernie Attridge, Sean Bibby, Chris Bithell, Derek Butler, Geoff Collett, Ron Davies, Ian Dunbar, Andy Dunbobbin, David Evans, David Healey, Gladys Healey, Cindy Hinds, Dave Hughes, Joe Johnson, Paul Johnson, Christine Jones, Richard Lloyd, Mike Lowe, Billy Mullin, Ted Palmer, Michelle Perfect, Vicky Perfect, Mike Reece, Ian Roberts, Tony Sharps, Aaron Shotton,

Paul Shotton, Ian Smith, Carolyn Thomas, Martin White, Andy Williams, David Wisinger

The following Councillors abstained:

Jean Davies, Mared Eastwood, Kevin Hughes, Tudor Jones, Colin Legg, Neville Phillips.

The amendment was not carried.

Councillor David Healey spoke in support of the substantive motion. He thanked the Chief Executive and Officers for the advice provided to Members and paid tribute to them for the protection of services during a decade of unprecedented austerity and low funding. He also paid tribute to local communities for their support and work in terms of community asset transfers. In supporting the recommendations proposed by Cabinet Councillor Healey said the opportunity to meet the Minister for Local Government and Housing to make proposals for a more sustainable and equitable funding system for local government in Wales was welcomed and should be accepted. He also supported cross-party working and said it would give an opportunity to raise the problems facing local communities.

Councillors Rosetta Dolphin and Paul Shotton said that local authorities could not continue to accept year on year cuts in funding and spoke of the impact on people's livelihoods and the need for a sustainable and equitable funding system.

Councillor Chris Bithell emphasised that it was not only Flintshire facing Council Tax rises as other authorities were in the same position due to the austerity programme imposed by national government. He continued that the WG also had a £850m cut in funding by national government which had been passed onto local government and said the shift from income taxation to local taxation by stealth was a national policy which was regressive, unfair, and took no account of household income. He commented that funding for local government had to be increased to meet the needs and demands of people.

At this point the meeting was adjourned for a short break.

Councillor Helen Brown referred to the risk management update which was provided to the last meeting of the Audit Committee. She said there were 44 strategic risks within the Council Plan and drew attention to the priority supportive council and risk heading that debt levels would rise if tenants were unable to pay their rent or council tax. She said that comments were made at the Audit Committee that the risks were not only to tenants but to the wider population including private sector home owners. The report stated that during 2018/19 focus had been on early intervention and intervention to prevent problems escalating. She continued that Council Tax collection remained under pressure and that the risk this year had changed from amber to red. Councillor Brown said that the proposed 8.17% increase would only add to the pressure. She asked the question "did the risk rating move from red to black based on the evidence provided". Councillor Brown said she had spoken with many concerned residents county wide who were fearful of a further council tax increase and said many were already financially drained. She said she could not support a 8.75%

increase in council tax and said it was unfair to impose this on Flintshire's residents. In summary she reiterated her query on whether the risk rating would change from amber to red to black based on the evidence provided.

In response to Councillor Brown the Revenues Manager referred to the council tax reduction scheme which was in operation in Wales and could provide relief of Council Tax up to 100%. However, he advised that in England there was a requirement that every household made a contribution to council tax regardless of the level of household income. He continued that the Welsh scheme was predominantly funded by the WG with top up from local authorities and said that currently 16% of households in Flintshire would qualify for 100% reduction on Council Tax or a partial reduction. Referring to the support provided to residents he said households were encouraged to increase their payments from 10 to 12 monthly instalments to help with budget planning and explained that the payment options in Flintshire were more flexible and supportive than most other authorities.

Referring to the risk rating which had been queried by Councillor Brown the Chief Executive explained that the risk was a severe red risk.

Councillor Carol Ellis spoke of the genuine hardship endured by people both employed and unemployed and said many were already dependent on foodbanks and clothing banks. She commented that it was not just the year on year increase to Council Tax which impacted on household incomes but also the other accumulated increases in the annual cost of living expenses which left households financially strained. She spoke of the need to ensure that the WG understand that residents cannot afford year on year increases to Council Tax to subsidise national funding. She also spoke of the need to hold WG to account to provide adequate funding for education and social services as examples. Councillor Ellis commented on the responsibilities which were passed from WG to local government without funding to provide the service and cited the Well-Being Act as an example.

Councillor Kevin Hughes said that Flintshire was well below the Welsh average in terms of council tax charges and referred to the higher rates charged in neighbouring local authorities.

Councillor Patrick Heesom said there was a need for a re-evaluation of the rateable value of properties in Flintshire. He emphasised the need for Council Tax not to be used as a substitute for use of reserves.

Councillor Arnold Woolley referred to the five recommendations provided by Cabinet and suggested that they be split and considered as two separate motions, i.e. recommendations 1, 4 and 5 be addressed as a separate motion to recommendation 2 and 3. The Chief Officer (Governance) provided advice and explained that the Chair had discretion to take the vote in any order he chose. The Chair said he would take a single vote on the motion moved by Councillor Aaron Shotton.

As mover of the motion Councillor Aaron Shotton referred to the risk register that was considered at the recent meeting of the Audit Committee. He spoke of the number of significant risks for the Council and cited as examples the

risk around sufficient funding to continue to provide subsidised bus services within Flintshire, the risk within social services that demand outstrips supply for residential and nursing home care, and the risk that the rate of increase of adult safeguarding referrals will outstrip resources. Councillor Shotton said to draw any further on reserves would create a shortfall which would have to be made up next year with no change in the national funding position foreseen for the future. Councillor Shotton cited the example of an additional £1.98 per week increase in council tax on a Band D property (for the council services element of the precept) and said the increase would enable the Authority to continue to meet the needs of Flintshire's residents in terms of education, social care, and other services. He asked Members to support the motion.

A recorded vote was requested on the following recommendations proposed by Councillor Aaron Shotton:

- (a) That Council is advised that the duty to set a legal and balanced budget is a primary duty and one which cannot be deferred or defaulted upon. Council needs to take into account the expenditure requirement for both 2019/20 and the medium term in setting the annual budget. In the absence of any change in position on the local government funding allocation for 2019/20 by Welsh Government, and given the professional advice and opinion provided by statutory officers, the only options which remain open to Council to balance the budget are Council Tax and the proportionate use of reserves and balances;
- (b) That Cabinet recommends to Council the further use of a combination of earmarked (£132k) and un-earmarked (£189k) reserves and balances of £321k to reduce the remaining budget gap. A budget requirement of £2.781m then remains to be met by Council Tax (to include the levy for the North Wales Fire and Rescue Service). An annual rise of 8.75% is recommended to meet this total requirement. Once combined with the precepts of the Town and Community Councils and the Police and Crime Commissioner this annual rise will average out at 8.38% for a Band D property, equal to an additional £10.33 per month;
- (c) That Council notes that a greater reliance on Council Tax to fund local services is inevitable given the funding policies of the UK and Welsh Governments. The UK Government has set a policy of reducing Revenue Support Grant with English Councils expected to be more independent in relying on Council Tax, retained National Non-Domestic Rates and other income to fund the majority of their expenditure, and Welsh Government has made a working assumption that Council Tax will rise by 6.5% on average across Wales in its own budget calculations;
- (d) That Council accepts the invitation of the Minister for Local Government and Housing to make proposals for a more sustainable and equitable funding system for local government in Wales; and
- (e) That Council forms a cross-party working group, to be supported by internal professional advice and external expertise, to make proposals to Welsh Government and the family of local government in Wales to follow (4) above.

In requesting a recorded vote, the requisite 10 Members stood in support.

The following Councillors voted for the proposals:

Paul Cunningham, Bernie Attridge, Sean Bibby, Chris Bithell, Derek Butler, Geoff Collett, David Cox, Ron Davies, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, David Evans, David Healey, Gladys Healey, Cindy Hinds, Dave Hughes, Kevin Hughes, Joe Johnson, Paul Johnson, Christine Jones, Tudor Jones, Richard Lloyd, Mike Lowe, Billy Mullin, Ted Palmer, Michelle Perfect, Vicky Perfect, Neville Phillips, Mike Reece, Ian Roberts, Tony Sharps, Aaron Shotton, Paul Shotton, Ian Smith, Carolyn Thomas, Martin White, Andy Williams, David Wisinger.

The following Councillors voted against the proposals:

Marion Bateman, Mike Allport, Janet Axworthy, Haydn Bateman, Helen Brown, Clive Carver, Jean Davies, Rob Davies, Chris Dolphin, Rosetta Dolphin, Carol Ellis, Veronica Gay, George Hardcastle, Patrick Heesom, Dennis Hutchinson, Brian Lloyd, Dave Mackie, Mike Peers, Owen Thomas, and Arnold Woolley.

Councillor David Williams abstained.

RESOLVED:

That the recommendations be carried.

presentation

104. COUNCIL FUND CAPITAL PROGRAMME 2019/20 – 2021/22

The Chief Officer (Housing and Assets) introduced the report to approve schemes for inclusion within the Capital Programme over the 3 year period 2019/20 – 2021/22.

The Chief Officer provided background information and presented the main considerations, as detailed in the report, on developing the capital programme 2019/20 and 2021/22. He referred to the £8.216m shortfall in Table 1 - estimated funding 2018/19 – 2020/19, £1.428m shortfall in Table 2 estimated funding 2018/19 – 2020/21, and £26.740m estimated available funding 2019/20 – 2021/22.

The Chief Officer also referred to the General Capital Programme 2019/20 – 2021/22 and statutory/regulatory and retained asset allocations 2019/20 – 2021/22. He reported on the proposed allocations 2019/20 and 2021/22 as detailed in Table 4, the proposed investment schemes 2019/20 – 2021/22 as detailed in Table 5, and the summary (generally funded) capital programme 2019/20 – 2021/22 as detailed in Table 6 of the report which indicated a current shortfall of £0.374m.

Referring to specific grants and borrowing, the Chief Officer reported on the 21 Century Schools Band B programme, and the Strategic Housing and Regeneration Programme (SHARP) loans to NEW Homes for affordable homes.

The cost of the specifically funded schemes 2019/20 – 2021/22 were detailed in Table 7 of the report. He also reported on the summary total Council Fund Capital Programme 2019/20 – 2021/22 and advised that the total proposals for the Capital Programme were as detailed in Table 9. In conclusion the Chief Officer reported on potential future schemes as detailed in the report.

Councillor Patrick Heesom suggested that consideration be given to disposing of Theatr Clwyd to release funding to assist budget savings for the Authority. The Chief Executive explained that a feasibility study was currently being undertaken to consider an alternative model in the future which could further reduce the subsidy. He advised that provincial theatres could not operate without a form of public subsidy: the options were status quo, an alternative model which was more cost effective, or eventual closure.

Councillor Aaron Shotton thanked the Chief Officer and his team for their work on the Capital Programme which he said was a continuation of a 3 year rolling programme with a total investment for infrastructure in county of £49m. He continued that the total capital investments and infrastructure, including the HRA, was in the region of £83m in the next 3 years. Councillor Shotton spoke of the significant investment of £3.7m in highways improvements in the next 3 years and thanked Councillor Carolyn Thomas for her continued lobbying of the WG to achieve additional funding for this. He also spoke of the investment in IT provision in schools to provide much needed improvement regarding connectivity, the continuation of a commitment to fund the completion of work schemes at Castell Alun High School, Ysgol Glan Aber and Connah's Quay High School, and improvements to the Pupil Referral Unit at Plas Derwen. In addition Councillor Shotton said that the Authority would continue with its ambitions and commitment to address risks, as identified in the risk register presented to the recent meeting of the Audit Committee, and cited as an example the need to address bed capacity in residential nursing home care which had been met through an extension to Marleyfield House, Buckley, to provide additional beds. In conclusion Councillor Shotton referred to the £672k commitment to play areas and artificial sports pitches and referred to the replacement of the artificial sports pitch at the Elfed High School, Buckley, as an example.

RESOLVED:

- (a) That the allocations in Table 4 (paragraph 1.04.1) of the Cabinet report for Statutory /Regulatory and Retained Assets sections of the Council Fund Capital Programme 201/20 – 2021/22 be approved;
- (b) That the schemes included in Table 5 (paragraph 1.05.1) of the Cabinet report for the Investment section of the Council Fund Capital Programme 2019/20 – 2021/22 be approved;
- (c) That the shortfall in funding of schemes in financial years 2019/20 and 2020/21 (paragraphs 1.06.1) as set out in the Cabinet report be noted. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2019/20, and updates provided to Members in future capital programme monitoring reports;

- (d) That the schemes included in Table 7 (paragraph 1.07.04) of the Cabinet report for the specifically funded section of the Council Fund Capital Programme which will be funded in part through Prudential Borrowing, be approved.

105. CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2019/20 – 2021/22

The Corporate Finance Manager introduced the report to present for approval the updated Capital Strategy 2019/20 – 2021/22 and a range of Prudential Indicators linked to the Capital Programme over the 3 year period 2019/20 – 2021/22. He provided background information and reported that the Strategy had been considered at a meeting of the Corporate Resources Overview & Scrutiny Committee held on 14 February 2019. The Corporate Finance Manager advised that there were no specific issues to report to Council.

RESOLVED:

- (a) That the Capital Strategy 2019/20 – 2021/22 be approved;
- (b) That Council approved:-
- The Prudential Indicators for 2019/20 – 2021/22 as detailed within Tables 1, and 4 – 7 inclusive of the Capital Strategy reported to Cabinet.
 - Delegated authority for the Corporate Finance Manager to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (Table 6 of the Capital Strategy reported to Cabinet)

106. HOUSING REVENUE ACCOUNT BUDGET 2019/20, HOUSING REVENUE ACCOUNT BUSINESS PLAN AND HOUSING REVENUE ACCOUNT 30 YEAR FINANCIAL BUSINESS PLAN

The Chief Officer (Housing and Assets) introduced the report to approve the Housing Revenue Account (HRA) Budget for 2019/20, HRA Business Plan and the summary HRA 30 year Financial Business Plan.

The Chief Officer reported on rents, as detailed in the report, and advised that the Minister had agreed that the annual uplift would be set at 2.4%. He explained that where a social landlord's average weekly rent was below their Target Rent Band and was required under the Rent Policy to be within the Target Rent Band the maximum amount they could increase an individual tenant's weekly rent was 2.4% plus £2. The decision would apply for one year only (2019-20) whilst awaiting the outcome of the Affordable Housing Supply review.

The Chief Officer also advised that the Business Plan and associated papers had been presented to the Tenants Federation which had been positive in supporting the programme and specifically around the capital works and the business plan. He continued that the Community & Enterprise Overview & Scrutiny Committee, at a meeting held on 23 January 2019, had also supported

the HRA Business Plan and budget, the proposed rent increase of up to 2.4% (plus up to £2), a garage rent increase of £1 per week and a garage plot rent increase of £0.20 per week, and the proposed HRA Capital programme for 2019/20.

RESOLVED:

- (a) That the HRA budget and Business Plan for the financial year 2019/20, as set out in the report, be approved;
- (b) That the proposed rent increase of up to 2.4% (plus up to £2) be approved;
- (c) That a garage rent increase of £1 per week and a garage plot rent increase of £0.20 per week be approved; and
- (d) That the proposed HRA Capital programme for 2019/20 as set out in appendix C of the report be approved

presentation

107. MINIMUM REVENUE PROVISION 2019/20

The Corporate Finance Manager introduced the report to seek approval for the Council's policy for Minimum Revenue Provision (repayment of debt) for the financial year 2019/20. He provided background information and advised that the Council was currently using the annuity method for council fund expenditure and said Council was asked to approve a continuation of last year's policy.

RESOLVED:

- (a) That the following be approved for Council Fund (CF)
 - Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2019/20 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31 March 2017. The calculation will be the 'annuity' method over 49 years.
 - Option 3 (Asset Life Method) be used for the calculation of the MRP in 2019/20 for all capital expenditure funded from supported borrowing from 1 April 2016 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
 - Option 3 (Asset Life Method) be used for the calculation of the MRP in 2019/20 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements.
- (b) That the following be approved for Housing Revenue Account (HRA)

- Option 2 (Capital Financing Requirement Method) be used for the calculation of the HRA's MRP in 2019/20 for all capital expenditure funded by debt.
- (c) That MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be approved as follows:
- no MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use.
 - once the assets are brought into use, capital repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt. The capital repayment/capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.

108. TREASURY MANAGEMENT STRATEGY 2019/20 & TREASURY MANAGEMENT POLICY STATEMENT, PRACTICES AND SCHEDULES 2019/20 – 2021/22

The Corporate Finance Manger introduced the report to approve the Treasury Management Strategy 2019/20, in conjunction with the Treasury Management Policy Statement 2019/20 – 2021/22, and Treasury Management Practices and Schedules 2019/20 – 2021/22.

The Corporate Finance Manager provided background information and advised that the Audit Committee had endorsed the Strategy, Policy, Practices and Schedules, at a meeting held on 15 February 2019. He continued that Cabinet had also considered a detailed report on setting the 2019/20 Treasury Management Strategy included at appendix A to the report, at a meeting held immediately prior to County Council and had recommended to Council for approval.

RESOLVED:

That the Treasury Management Strategy 2019/20, the Treasury Management Policy Statement 2019/20 – 2021/22, and the Treasury Management Practices and Schedules 2019/20 – 2021/22, be approved.

109. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was one member of the press and no members of the public in attendance.

(The meeting started at 2.00 p.m. and ended at 5.20 p.m)

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Chairman