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To: All Members of the Council

22 January 2020

Dear Councillor

You are invited to attend a meeting of Flintshire County Council which will be held at 2.00 pm on Tuesday, 28th January, 2020 in the Council Chamber, County Hall, Mold CH7 6NA to consider the following items

A G E N D A

1 TRIBUTES TO THE LATE PETER EVANS, FORMER DEMOCRACY AND GOVERNANCE MANAGER

Purpose: To enable Members to pay tribute to the late Peter Evans, former Democracy and Governance Manager.

2 APOLOGIES FOR ABSENCE

Purpose: To receive any apologies.

3 MINUTES (Pages 5 - 16)

Purpose: To approve as a correct record the minutes of the meeting held on 10th December 2019.

4 DECLARATIONS OF INTEREST

Purpose: To receive any Declarations and advise Members accordingly.

5 CHAIR'S COMMUNICATIONS

Purpose: To receive the communications as circulated.

6 **PETITIONS**

Purpose: This is an opportunity for Members of Council to submit petitions on behalf of people in their ward. Once received, petitions are passed to the appropriate Chief Officer for action and response.

7 **WELCOME TO COUNCILLOR TIM ROBERTS**

Purpose: To welcome Councillor Tim Roberts, elected as Member for Trelawnyd and Gwaenysgor on 12th December 2019.

PRINCIPAL ITEMS OF BUSINESS

8 **COUNCIL FUND REVENUE BUDGET 2020/21 STAGE TWO** (Pages 17 - 36)

Report of Corporate Finance Manager and Chief Executive

Purpose: To present an update on the Council Fund Revenue Budget 2020/21 following receipt of the Welsh Local Government Provisional Settlement leading to the budget-setting meeting in February for approval.

9 **CAPITAL PROGRAMME 2020/21 – 2022/23** (Pages 37 - 70)

Report of Chief Executive, Chief Officer (Housing and Assets) and Corporate Finance Manager

Purpose: To present the Capital Programme 2020/21 – 2022/23 for approval.

10 **CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2020/21 TO 2022/23** (Pages 71 - 90)

Report of Corporate Finance Manager

Purpose: To present the Capital Strategy 2020/21 – 2022/23 for approval.

11 **HOUSING REVENUE ACCOUNT (HRA) 30 YEAR FINANCIAL BUSINESS PLAN** (Pages 91 - 140)

Report of Chief Officer (Housing and Assets)

Purpose: To present the Housing Revenue Account (HRA) Budget for 2020/21, the HRA Business Plan and the summary 30 year Financial Business Plan for approval.

12 **TREASURY MANAGEMENT MID-YEAR REPORT 2019/20** (Pages 141 - 160)

Report of Corporate Finance Manager

Purpose: To present the draft Treasury Management Mid-Year Review for 2019/20 for approval.

ORDINARY ITEMS OF BUSINESS

13 **LOCAL GOVERNMENT & ELECTIONS (WALES) BILL** (Pages 161 - 208)

Report of Chief Executive and Chief Officer (Governance)

Purpose: To present a response to the Local Government & Elections Bill which is at the Committee Scrutiny stage within the National Assembly for Wales for approval.

14 **APPOINTMENT OF AN INDEPENDENT MEMBER TO THE STANDARDS COMMITTEE** (Pages 209 - 214)

Report of Chief Officer (Governance)

Purpose: To present details of the preferred candidate for the Independent Member vacancy on the Standards Committee for approval.

15 **NOTICE OF MOTION** (Pages 215 - 216)

Purpose: This item is to receive any Notices of Motion. One has been received and is attached.

16 **PUBLIC QUESTION TIME**

Purpose: This item is to receive any Public Questions. None have been received.

17 **QUESTIONS**

Purpose: To note the answers to any questions submitted in accordance with County Council Standing Order No. 9.4(A). None have been received.

Yours sincerely



Robert Robins
Democratic Services Manager

WEBCASTING NOTICE

This meeting will be filmed for live broadcast on the Council's website. The whole of the meeting will be filmed, except where there are confidential or exempt items.

Generally the public seating areas are not filmed. However, by entering the Chamber you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and / or training purposes.

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

FLINTSHIRE COUNTY COUNCIL
10TH DECEMBER 2019

Minutes of the meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Tuesday, 10th December 2019.

PRESENT: Councillor Marion Bateman (Chair)

Councillors: Mike Allport, Bernie Attridge, Janet Axworthy, Glyn Banks, Haydn Bateman, Sean Bibby, Chris Bithell, Helen Brown, Derek Butler, Clive Carver, Geoff Collett, Bob Connah, Paul Cunningham, Jean Davies, Robert Davies, Chris Dolphin, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, Carol Ellis, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Dave Hughes, Kevin Hughes, Joe Johnson, Paul Johnson, Christine Jones, Richard Jones, Tudor Jones, Colin Legg, Brian Lloyd, Richard Lloyd, Mike Lowe, Dave Mackie, Hilary McGuill, Billy Mullin, Mike Peers, Vicky Perfect, Neville Phillips, Ian Roberts, Kevin Rush, Tony Sharps, Paul Shotton, Ralph Small, Ian Smith, Carolyn Thomas, Owen Thomas, Martin White, David Wisinger and Arnold Woolley.

APOLOGIES:

Councillors: Sian Braun, Ron Davies, Adele Davies-Cooke, David Evans, Veronica Gay, Ray Hughes, Rita Johnson, Ted Palmer, Michelle Perfect, Aaron Shotton and Andy Williams.

IN ATTENDANCE:

Chief Executive, Senior Solicitor and Deputy Monitoring Officer, Chief Officer (Planning, Environment and Economy), Chief Officer (Governance), Chief Officer (Housing and Assets), Chief Officer (Social Services), Corporate Finance Manager, Finance Manager, Democratic Services Manager, Corporate Business and Communications Executive Officer and Team Leader – Committee Services.

73. MINUTES

The minutes of the meeting held on 19th November were submitted.

The Deputy Monitoring Officer advised that the word ‘which’ should say ‘who’ on the bottom of page 5.

In response to a question from Councillor Phillips on voting being introduced for 1617 year olds, the Chief Executive advised that the proposed had to go through the Overview and Scrutiny process in Welsh Government and the Bill would not be enacted before September/October 2020.

74. DECLARATIONS OF INTEREST

None were received.

75. CHAIR’S COMMUNICATIONS

In presenting her communications, which had been circulated prior to the meeting, the Chair highlighted a number of events, commenting in particular on the

visit from John and Roma Gray from Connah's Quay Nomads Football Club, and the Pride of Flintshire Awards which had taken place at Deeside Leisure Centre.

76. PETITIONS

None were received.

77. ARMED FORCES PRESENTATION

The Corporate Business and Communications Executive Officer introduced the item and paid tribute to everyone who had been involved in the achievements celebrated through the Armed Forces Covenant. The team had been successful in winning the Gold Award for the Employee Recognition Scheme from the Ministry of Defence. Mike Dodd, who worked for the Council as a Social Enterprise Development Officer, was invited to address Members about his time spent in the Armed Forces, and the importance of the Covenant for veterans.

A presentation followed on the "Talacre Now and Then" project which helped locals, visitors and school children to visualise how it would have looked and what it would have been like during World War 2.

Lord Barry Jones thanked officers for the presentation which was a credit to the work undertaken by the Council, and he paid tribute to Mike Dodd for his involvement from a veteran's perspective.

Councillor Andy Dunbobbin also thanked everybody involved and for the support provided to him as the Council's Armed Forces Champion.

Councillors Banks, Roberts, Butler and Leg also expressed their appreciations to Councillor Dunbobbin and the team of internal and external officers, and the school children for their involvement in local history.

78. COUNCIL FUND REVENUE BUDGET 2020/21

The Chief Executive introduced the Council Fund Revenue Budget 2020/21 report which set out the following:

- the latest local financial forecast for 2020/21;
- the work to date to develop and agree local solutions to meet the projected 'gap' in the budget requirement for 2020/21 within the forecast;
- the arrangements for and expectations around the Welsh Government Budget and the Provisional Local Government Settlement which were due to be announced in tandem on 16th December;
- the remaining local options to achieve a legally balanced budget for 2020/21 alongside the Settlement; and
- the timetable to complete budget closure by March 2020.

Since publication of the report, the final two Overview and Scrutiny Committee consultation meetings had been held and an updated appendix had been provided to

Members which detailed the responses of each of the six Overview and Scrutiny Committees. Each Committee had received a breakdown of the cost pressures by service portfolio. It was emphasised that there was nothing being presented to Members, following the more recent Overview and Scrutiny Committee meetings that was different to the recommendations before Council.

Table 1 of the report provided the latest financial forecast which had been revised to take into account changes to the pressures included in the original April forecast and new pressures which were not previously known or fully understood and calculated. The impact of the changes had been to increase the budget gap by £0.181m to £16.355m at December.

The solutions available to the Council to balance the 2020/21 budget had been grouped as follows:

- National Funding;
- Portfolio Business Plans and Corporate Finance;
- Local Taxation and Income; and
- Organisational Change.

The Corporate Finance Manager commented on the annual teachers' pay award and said it was the Council's expectation that Welsh Government (WG) should pay for the 2020/21 pay award in full. On that basis, the forecast could be adjusted by £0.726m to a revised figure of £15.629m. Confirmation would be sought from WG on their plans for annual pay awards between now and the final stage of budget-setting.

He provided full details of portfolio business plan efficiencies and income, corporate finance efficiencies, local taxation and income and organisational change.

A combination of corporate finance portfolio efficiencies and income, the income derived from an indicative level of Council Tax increase, and the 'dividend' from the actuarial review of the Clwyd Pension Fund summarised in the report would generate a significant contribution to the budget of £8.164m.

The only remaining local options which could be reviewed to build on the contribution, dependent on the outcome of the WG budget were (1) further review of the Clwyd Pension Fund employer contributions in liaison with the Fund Actuary; (2) sharing of schools cost pressures with schools themselves; (3) a limited set of other corporate finance provisions such as the Council Tax predicted yield and Single Person Discount recovery rates; (4) a reduction in the provision for the uplift in commissioning fees for social care providers as annual negotiations continued; and (5) a higher level of Council Tax than the working assumption of 5%.

Un-earmarked Council reserves were at a low level and no further contribution could be safely drawn down to assist with budget setting.

The Chief Executive added that efficiencies of £92M had been found over the last 9 years with the support of Members, with a further target for 2020/21 of over £16M. The figures included an illustrative Council Tax increase of 5%. Schools

were aware of the position on possible cost sharing – a position of last resort. Despite expectations of an improved Settlement, the Council still required additional funding to help ring fence against in year pressures that would happen, and to help bring reserves back up to a safe level.

If the Council could get through 2020/21, there then needed to be a focus on the medium term.

A good degree of detail was expected this year in the Settlement compared to previous years and those details would be available the following Monday. Information would be sent out to Members as soon as possible with an assessment of the implications for Flintshire.

He re-iterated that no further service efficiencies could be found without making services unsafe, a position which had been supported throughout all of the Overview and Scrutiny Committees.

He commented on the remarkable impact on the performance of the Clwyd Pension Fund and the actuarial review, which took place every three years, which would see at least £2m being used to add as a contribution to the budget gap.

The Chief Executive thanked Group Leaders for being signatories to the letter to the Minister for Housing and Local Government in October, which outlined the impact on Council Tax if an improved Settlement wasn't received, and that if the Council was unable to balance the budget safely, it would have no option other than to call upon WG to make a financial intervention.

The Chief Executive said that an improved Settlement was expected for 2020/21 but questioned whether there would be sufficient uplift on the current levels of funding for local government for Flintshire and other councils to be able to set safe and legally balanced budgets for next year. The impacts of the annual Formula Distribution changes were also of concern. Under the latest distribution analysis, Flintshire was set to be a significant net loser. Discussions were underway with the Welsh Local Government Association (WLGA) and WG to set a 'floor', which was a way to cap the levels of loss to councils with a negative distribution impact, as in previous years.

The timetable for the closing stages of the annual budget setting process was outlined in the report.

Councillor Roberts commented on the astonishing £92M efficiencies that had been found over the last 9 years. He thanked Members across the Chamber for the work undertaken by the cross party working group which culminated in a jointly signed letter to WG which showed that working cross party could unite the Council. In his capacity as Leader of the Council, he had also signed a letter from all six Leaders of North Wales Councils, expressing the concerns of them all on the budget position.

It has been a challenging time and he also thanked officers for the work undertaken on the budget, and the advice provided. He also expressed his thanks to

all involved in the work on the Clwyd Pension Fund Committee which had seen remarkable achievements.

Following Cabinet the next week, information would be sent to Members on the implications of the Settlement.

He moved the recommendations in the report, and proposed an additional recommendation of “to thank the work of those involved in the Clwyd Pension Fund Committee for the tremendous achievement in bringing the funding up to the level they have”.

Councillor Banks seconded the recommendations in the report, including the additional recommendation as proposed by Councillor Roberts. He reiterated all of the words expressed by Councillor Roberts, in particular the thanks to the cross party working group and officers.

Councillor Richard Jones felt options should be kept open until the details of the Settlement had been received on 16th December. He commented on the additional £593m that WG would be receiving, of which Flintshire would expect to receive 2%. On the reference to the Council’s expectation that WG should pay for the 2020/21 teachers pay award in full, he asked the Corporate Finance Manager why he considered that to be safe, and suggested it would be more prudent to wait for the details of the Settlement first.

Further to the Leaders’ comments, he asked if a meeting had taken place between the leaders of the six Leaders of North Wales Councils and the Minister for Housing and Local Government.

He asked if consideration could be given to not repaying the earmarked reserves portion this year, which would add some value, and on the annual formula distribution, was there an estimate of what the financial impact could be to Flintshire.

On recommendation number 4, he felt the words ‘and accepts’ should be removed as he said it would enable the Council to keep options open.

The Corporate Finance Manager explained it was also the view of the WLGA that teachers’ pay should be awarded in full by WG on an annual basis. The advice this year was consistent with that of previous years.

On not repaying earmarked reserves this year, the adjustments in the paper was the funding from reserves the previous year so the funding needed to be found from somewhere; that could only be from the contingency reserve or earmarked reserves. Contingency reserves were at an all-time low and half of what they were the previous year.

The Chief Executive said the Minister for Housing and Local Government had not met with the six Leaders of North Wales Councils. A response letter to the one signed and submitted by Group Leaders had not been received, although it was noted that WG would communicate collectively through the WLGA once the budget had been settled.

He echoed his earlier advice that there were no other options that could be explored which would be safe – this had been agreed by each Overview and Scrutiny Committee. Even if something was put forward now, any savings would not be made in time for the 2020/21 budget.

On the funding formula, the Corporate Finance Manager explained that it was made up of a combination of population and changes to data sets and the information was that the population element would be phased, but the other element may not. Population was a very small part of where the Council would lose out – based on the latest information, the total amount was £858k and that could rise. WLGA had requested that Ministers set a Floor at 0.5% so that no Council would lose any more than 0.5% of their Revenue Support Grant (RSG).

Councillor Richard Jones said that depending on the final gap, and assuming the worst, the Council could be looking to at a Council Tax rise of between 11% and 14%. Whilst he accepted that was unlikely to happen, he felt that given the Notice of Motion debated at County Council in June 2019, he felt it would be unwise for Members to say it was accepted, which was the point he made earlier in relation to recommendation number 4. The Chief Executive said it was for Members to determine the wording, but the advice from officers needed to be understood and would stand.

Councillors Roberts and Banks, as mover and seconder of the recommendations, accepted that the words “and accepts” should be removed, as suggested by Councillor Richard Jones.

Councillor Heesom thanked Members for the change to recommendation number 4. He was pleased to see that officers had come closer to the concept of Council Tax being under the 5% cap. On portfolio efficiencies, he felt the debate on expenditure was not the end of the matter and that there were times when there might be options available, citing an example of a discussion that had taken place earlier that day in Environment Overview and Scrutiny Committee on the frequency of black bin general waste collections. He felt there were areas within each portfolio budget where Members may need to consider cuts. He would not support the gap being funded through Council Tax and felt it would be incumbent on Members to consider service cuts.

The Chief Executive said significant modernisation had taken place across the Council and to do any further would be complex. He advised again, that levels were where they would become unsafe if any further reductions were implemented, including mandatory duties of the Council and none of the Overview and Scrutiny Committees had identified anything of any scale for review.

Councillor Peers thanked the officers for all of their work, and again, the excellent work undertaken by the Clwyd Pension Fund Committee. He said under the leadership of Councillor Roberts, different political groups and Group Leaders had been brought together and budget discussions had been amicable. If the outcome was to be positive, he hoped that was due to the contribution that all Councillors had made. He thanked Councillor Richard Jones for his proposal on

recommendation number 4, as it kept things open and flexible as the situation the Council was in, was still unknown until the Settlement was received. He was grateful that the figures in the report worked on a provisional Council Tax rise of 5%. He was encouraged by some of the options in the report, the financial value range being £1m-£2.9m, and asked that if at some point a breakdown of those figures could be provided and what potential there was of them being achieved. In the spirit of working together, he hoped that the Council could focus on a Council Tax rise of 5%, and endeavour to work together for the benefit of the Council and the Council taxpayers.

The Chief Executive said the figures requested by Councillor Peers were available and would be made available the following week once the Settlement had been received.

Councillor Ellis commented on the five remaining local options as detailed in the report, and asked if number (4) “a reduction in the provision for the uplift in commissioning fees for social care providers as annual negotiations continued” would include nursing homes? If it did, provision could then be lost. On the limited set of other corporate finance provisions, such as the Council Tax and predicted yield, she asked for further information on the single person discount recovery rates i.e. could it include reducing the single persons rates, because if so, it could then result in an increase in homelessness. She would not support a Council Tax rise of over 5%.

The Chief Executive clarified the reference to up to £2.9M in the range of options only covered options 1-4, and not the option on Council Tax. There was no intention to do anything new in relation to single person discount recovery rates. On commissioning fees, what the Council was offering based on the assessment made, if the Council negotiated well with care providers there could be a small amount available, and no provider would be at risk.

On being put to the vote the recommendations, including the amendment to recommendation number 4 and the additional recommendation, were carried.

RESOLVED:

- (a) That the updated forecast for 2020/21 be noted. The forecast included the cost pressures which had been reviewed and endorsed by the respective Overview and Scrutiny Committees;
- (b) That the completed first stage of solutions to meet the budget requirement which totalled £8.164m be noted. The specific service portfolio and corporate financing solutions had been reviewed and endorsed by the respective Overview and Scrutiny Committees (the first stage of solutions includes a provisional Council Tax rate of 5%. The level of Council Tax was a reserved matter for full Council and would not be decided until the February meeting. The recommended level of Council Tax could vary depending on the budget requirement outstanding at the final stage of the budget);

- (c) That the arrangements for the announcement of the Provisional Welsh Local Government Settlement be noted;
- (d) That Council notes the limited range of local options which were available to reach a balanced budget alongside the outcome of the Settlement;
- (e) That the timetable for the closing stages of the annual budget setting process be noted; and
- (f) That thanks be expressed for the work undertaken by those involved in the Clwyd Pension Fund Committee for the tremendous achievement in bringing the funding up to the level they have.

79. OVERVIEW AND SCRUTINY ANNUAL REPORT 2018/19

The Democratic Services Manager introduced the Overview and Scrutiny Annual Report 2018/19 report which provided the Council with assurance that the Overview and Scrutiny function was fulfilling its constitutional role.

The report had been submitted to Constitution and Democratic Services Committee on 27th November where it was supported.

Councillor Attridge moved the recommendation of the report, which was seconded by Councillor Heesom.

On being put to the vote, the recommendation was carried.

RESOLVED:

That the Overview and Scrutiny Annual Report be received.

80. ANTI-FRAUD AND CORRUPTION STRATEGY AND FRAUD RESPONSE PLAN

The Chief Officer (Governance) introduced the Anti-Fraud and Corruption Strategy and Fraud Response Plan report which had been written for the benefit of employees, Members, the public, organisations and businesses dealing with the Council who were also expected to act with integrity.

The Strategy outlined the Council's commitment to the prevention and detection of fraud and its zero tolerance of such acts of fraud and corruption.

The report had been submitted to Constitution and Democratic Services Committee on 27th November where it was supported.

Councillor Heesom moved the recommendations of the report, which was seconded by Councillor Hardcastle.

On being put to the vote, the recommendations were carried.

RESOLVED:

- (a) That the revised Corporate Anti-Fraud and Corruption Strategy be approved; and
- (b) That the revised Fraud Response Plan be approved.

81. WHISTLEBLOWING POLICY

The Chief Officer (Governance) introduced the Whistleblowing Policy report which explained how the Policy enabled employees, Members and third party individuals (partners, consultants, volunteers, suppliers, contractors, including their employees) of the Council to raise any concerns that they had, and gave assurance about confidentiality and protection.

It detailed the procedure to follow in raising a concern and detailed how the Council would respond. The policy provided examples of the types of concerns that could be raised.

The report had been submitted to Constitution and Democratic Services Committee on 27th November where it was supported, with an amendment of including local Members as a 'prescribed person' for reporting a concern. Training will be provided in the New Year in relation to that.

Councillor Rosetta Dolphin suggested that the training could take place prior to scheduled Overview and Scrutiny Committee meetings which would help with attendance.

Councillor Jones asked for clarification that the Police were not a 'prescribed person', which was confirmed. The Chief Officer (Governance) explained that the Whistleblowing Policy was a broad policy and there may be a matter which would need to be reported to the Police. However, in the first instance it would be appropriate to raise those matters with the people named within the policy as there may be matters that need to be addressed within the Council.

Councillor Attridge moved the recommendation of the report, which was seconded by Councillor Kevin Hughes.

On being put to the vote, the recommendation was carried.

RESOLVED:

That the revised Whistleblowing Policy be approved.

82. NOTICE OF MOTION

Prior to the commencement of the item, Councillor Attridge sought clarification on the rules around debate in the pre-election period. He said that a Notice of Motion had been submitted by his group a couple of months previous but it had been put on hold due to the nature of the topic being Betsi Cadwaladar University Heath Board

(BCUHB) and it being of a political nature in the middle of a national election campaign. He asked if the same rules applied to Welsh Government (WG) as they had debated BCUHB on a number of occasions recently. He also said other Councils in Wales also appeared to debate political issues.

The Chief Executive explained that the advice given to Members had been sound and the legal restrictions specific to local government were enshrined in local government legislation. Welsh Government (WG) was a sitting government with a different set of restrictions and it was allowed to carry on its normal business. The Notice of Motion being referred to was not included as it touched on areas that were major areas of manifesto commitments in the NHS.

He added that he had raised in Wales that good practice sharing would be beneficial as people did make different judgements but ultimately, the advice given to Members was done so to protect them. Discussions were underway with BCUHB to ask them to attend a meeting of Social and Health Care Overview and Scrutiny Committee in January and this had been instigated because of the delay in the debate on the Notice of Motion, for the reasons explained.

Councillor Heesom thanked the Chief Executive for the advice and passed on his thanks to officers for the way in which a winter election was being managed.

Councillor Rosetta Dolphin spoke in support of her Notice of Motion, which was:

“This Council resolves:

To require all public firework displays within Flintshire to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people.

To actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people. Including the precautions that can be taken to mitigate risks.

To write to Welsh Government (WG) urging them to utilise any powers at their disposal to mitigate any negative impacts on the hosting of fireworks displays on animals and vulnerable people.

To encourage local displays to use quiet fireworks for public displays, Ban the Bang”.

She said the Notice of Motion was brought in conjunction with the RSPCA and their national campaign. There had been an increase of over 12% in calls around Bonfire Night and it was believed that tightening restrictions on the sale of fireworks in the run up to 5th November would help significantly. New Zealand only sold fireworks a week before Bonfire Night.

She would like to see a reduction in the maximum level of noise from 120 decibels to 90 decibels which would be consistent with the approach of other

countries and would encourage manufacturers to design and produce quieter or silent fireworks. A town in Italy had already moved to silent displays.

She referred to an incident relating to a horse in her ward which had to be put to sleep the previous week following an occurrence with fireworks which had not been part of a display. She also commented on the distress fireworks could cause to vulnerable people and the problems fireworks posed to them.

Councillor Attridge seconded the Notice of Motion.

Councillor Carver felt the Notice of Motion could go further as the displays that caused the most problems were private displays where very loud fireworks were set off, and they were not restricted to Bonfire Night and the weekends either side, and New Year's Eve. A by-law could be introduced so that fireworks could only be set off on specific days.

Councillor Attridge commented on the distress to pets and said this Notice of Motion was a start in addressing the problem. If this did not see any improvements, a further Notice of Motion could be brought before Members.

Councillor Richard Jones said it was illegal to set fireworks off in a public place or in a street, however it was legal to set off fireworks all year around in line with time restrictions and questioned whether a by-law could be implemented.

Councillor Ellis said it should be on restricting the sale of fireworks to members of the public to use, and the way in which they were sold. She commented on incidents in her ward where fireworks had been set off by the public, in the street. The noise frightened local pensioners which was not acceptable.

The Deputy Monitoring Officer explained what could be achieved with bylaws was generally quite restrictive and if one was being sought, further specific advice would need to be given to Members. However, as it stood, it was the Notice of Motion, as it was before Members, which was being considered.

Councillor Kevin Hughes agreed with all that had been said but felt there was one thing missing, which was the word 'education' and said the public needed to be education via the most appropriate means on the proper use of fireworks.

Councillor Owen Thomas said he represented three villages who had organised Bonfire Nights, all of which had the approval of the Community Council. They were well organised, advertised and sufficiently insured and he hoped that they would not be affected by today's decision.

Councillor Cunningham agreed with all of the comments but said it must be borne in mind that there were a lot of people who set off fireworks in a responsible manner and they should not be punished. It was the irresponsible people who this needed to be directed to and he supported some form of control in the sale of fireworks.

Councillor Hinds said the manufacturers needed to be targeted also.

Councillor Rosetta Dolphin said her aim was for quieter fireworks, as it did not impede on the enjoyment of watching them.

Members supported the Notice of Motion, as written, and on being put to the vote, was carried.

RESOLVED:

That the Notice of Motion from Councillor Rosetta Dolphin be supported.

83. PUBLIC QUESTION TIME

None were received.

84. QUESTIONS

None were received.

85. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There were no members of the press in attendance, and 18 members of the public in attendance.

(The meeting started at 2.30 p.m. and ended at 4.15 p.m.)

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Chair



FLINTSHIRE COUNTY COUNCIL

| | |
|------------------------|--|
| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Council Fund Revenue Budget 2020/21 Stage Two |
| Cabinet Member | Leader of the Council and Cabinet Member for Finance |
| Report Author | Chief Executive and Corporate Finance Manager |
| Type of Report | Strategic |

EXECUTIVE SUMMARY

Council received a report on stage one of the budget-setting process for the 2020/21 financial year at its December meeting. At that time, we were awaiting the announcement of the Provisional Local Government Budget Settlement 2020/21 by Welsh Government. The announcement followed on 16th December.

At the December meeting, Council noted the updated budget forecast for 2020/21, noted the completed first stage of solutions to meet the budget requirement for 2020/21, and noted the limited range of local options which were available to reach a balanced budget alongside the outcome of the Provisional Settlement.

This stage two report sets out the strategy for reaching a legal and balanced budget now that we have the main details of the Provisional Settlement. The Settlement is out for public consultation and will be finalised on 25th February prior to the approval of the Welsh Government Budget for all public services.

This report covers: -

- the latest local financial forecast for 2020/21
- a summary of the stage one work on the budget
- an assessment of the Provisional Settlement and the impacts and implications for the Council
- the work in hand on the limited range of local options at stage two to contribute to reaching a balanced budget for 2020/21
- the open risks which need to be taken into account in setting the budget
- the steps to close the budget and ongoing work for the medium-term

Council meets again on 18th February to conclude the budget process.

This report advises that there is a high degree of confidence that a legal and balanced budget can be recommended to Council at the February meeting.

The report includes the following tables:

- Table 1: Financial Forecast 2020/21 (as at December)

RECOMMENDATIONS

| | |
|---|--|
| 1 | That Council re-notes the budget forecast for 2020/21, and also notes the open risks which need to be taken into account in setting the budget. |
| 2 | That Council notes the impacts and the implications of the Provisional Local Government Budget Settlement. |
| 3 | That Council notes the work in hand on the remaining local options to contribute to reaching a balanced budget for 2020/21. |
| 4 | That Council notes the professional advice that, based on the financial strategy we have been working to, there is a high degree of confidence that a legal and balanced budget can be recommended to Council at the February meeting. |
| 5 | That Council receives a full and final report with recommendations to set a legal and balanced budget at its February meeting. |

REPORT DETAILS

| 1.00 | EXPLAINING THE FINANCIAL FORECAST | | | | | | | | | | | | |
|--|--|--|----|---------------|-------|-------------------|-------|-----------------------|-------|-------------------------------|-------|-------------------------|-------|
| 1.01 | <p>The Financial Forecast</p> <p>The forecast has been continuously revised to take into account both changes to the pressures included in the original April forecast, and new pressures which were either unknown at the time or had been identified and were still being evaluated. The impact of the latest changes (reported in December) had been to increase the budget gap to meet our expenditure requirement for 2020/21 by £0.181M to £16.355M.</p> | | | | | | | | | | | | |
| 1.02 | The last reported forecast for 2020/21 is shown in Table 1 below. | | | | | | | | | | | | |
| 1.03 | <p>Table 1: Updated Financial Forecast 2020/21 (as at December)</p> <table border="1"> <thead> <tr> <th>Cost Pressure Groups: November Figures</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Pay Inflation</td> <td>5.456</td> </tr> <tr> <td>Non-pay Inflation</td> <td>0.759</td> </tr> <tr> <td>Social Care Pressures</td> <td>5.574</td> </tr> <tr> <td>Education Pressures (non-pay)</td> <td>0.788</td> </tr> <tr> <td>Other Service Pressures</td> <td>1.376</td> </tr> </tbody> </table> | Cost Pressure Groups: November Figures | £M | Pay Inflation | 5.456 | Non-pay Inflation | 0.759 | Social Care Pressures | 5.574 | Education Pressures (non-pay) | 0.788 | Other Service Pressures | 1.376 |
| Cost Pressure Groups: November Figures | £M | | | | | | | | | | | | |
| Pay Inflation | 5.456 | | | | | | | | | | | | |
| Non-pay Inflation | 0.759 | | | | | | | | | | | | |
| Social Care Pressures | 5.574 | | | | | | | | | | | | |
| Education Pressures (non-pay) | 0.788 | | | | | | | | | | | | |
| Other Service Pressures | 1.376 | | | | | | | | | | | | |

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| | Repayment of Reserve from 2019/20 | 2.221 |
| | Total | 16.174 |
| | Additional Fixed Cost Pressures | |
| | North Wales Fire and Rescue Levy (see 1.04 below) | 0.156 |
| | Members Allowances (see 1.04 below) | 0.025 |
| | Revised Budget Requirement Total | 16.355 |
| 1.04 | A breakdown of the annual cost pressures per service portfolio, and under corporate financing, has been reported to and reviewed by the respective Overview and Scrutiny Committees. There were no recommended changes to the list of cost pressures made by the Committees. Two additional known fixed cost pressures were included since this Committee review as shown in Table 1 above. | |
| 1.05 | <p>The solutions available to the Council to balance the 2020/21 budget have been grouped as follows in the series of reports to Cabinet and the Overview and Scrutiny Committees, as per our adopted financial strategy:-</p> <ul style="list-style-type: none"> - National Funding - Portfolio Business Plans - Corporate Finance - Local Taxation and Income - Organisational Change | |
| 1.06 | At the December meeting the forecast budget requirement of £16.355M was revised downwards to £15.629M on the basis that Welsh Government might fully fund the next annual teachers' pay award which will take effect from September 2020 (and will require 7/12 th funding for the 2020/21 financial year). The level of this next pay award is yet to be negotiated and confirmed. This was a calculable risk in adjusting the forecast which Council supported at that time. | |
| 1.07 | The forecast from December has been re-included in this report as the baseline for sizing the task we face to close the budget for 2020/21. The forecast is still accurate in so far as it lists the cost risks that we have calculated with confidence for the new financial year. However, there is a set of open risks which need to also be taken into account in setting the budget. These are assessed towards the end of the report. | |

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| 2.00 | THE STAGE ONE BUDGET SOLUTIONS |
| 2.01 | The following is a summary of the stage one budget solutions reported to the Council in December in line with our financial strategy as set out in 1.05 above. |

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| 2.02 | <p>Stage One Budget Solutions: Portfolio Business Plan Efficiencies and Income from Fees and Charges</p> <p>The total efficiencies recommended from service portfolio plans for 2020/21 amount to £1.034M of which £0.270M will come from income. These have been reviewed in full by the Corporate Resources Overview and Scrutiny Committee and by all specific Overview and Scrutiny Committees, according to their terms of reference and remits, and were reported to Council in December.</p> |
| 2.03 | <p>Stage One Budget Solutions: Corporate Finance Efficiencies</p> <p>Corporate finance efficiencies which total £0.750M were also reported to Council in December. These efficiencies were reviewed in full by the Corporate Resources Overview and Scrutiny Committee.</p> <p>A second contribution was expected to become available from within the base budget provision for our employer contributions to the Clwyd Pension Fund deficit as the triennial actuarial review of the Fund came to its completion. As at December, it was predicted that a minimum of £2.0M could be taken out of the base budget provision for employer contributions - taking the contribution from portfolios and corporate financing up to £3.784M.</p> |
| 2.04 | <p>Stage One Budget Solutions: Local Taxation and Income</p> <p>For budget planning purposes a maximum Council Tax rate of 5% has been used in our calculations. An increase of 5% would yield an additional £4.380M in income net of a deduction for an increase in the Council Tax Reduction Scheme - Council Tax Benefits - to be paid out.</p> <p>All agreed changes to fees and charges for 2020/21 have already been included in the service portfolio efficiencies and income total shown above.</p> |
| 2.05 | <p>Stage One Budget Solutions: Organisational Change</p> <p>There are no new cashable efficiencies to be reported from the next phase of work on organisational change and Alternative Delivery Models (ADMs). No immediate yield can be relied upon from this ongoing programme for the 2020/21 financial year. This is a medium-term programme which will impact positively on the budget in 2021/22 at the earliest.</p> |
| 2.06 | <p>Stage One Conclusion</p> <p>At the conclusion of stage one, Council was advised that a combination of corporate finance portfolio efficiencies and income, the income derived from an indicative level of Council Tax increase, and the 'dividend' from the actuarial review of the Clwyd Pensions Fund summarised above would generate a significant contribution to the budget of £8.164M.</p> <p>Council was advised that the only remaining local options which could be further reviewed to build on this stage one contribution, dependent on the outcome of the Welsh Government budget were (1) further review of the</p> |

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| | <p>Clwyd Pension Fund employer contributions in liaison with the Fund Actuary e.g. re-phasing the agreed strategy to reach a fully funded position over a longer period of years (2) sharing of schools cost pressures with schools themselves e.g. teachers' pay and removing budget uplifts included in the forecast e.g. inflation indexation – a fall-back position of which schools are aware (3) a limited set of other corporate finance provisions such as the Council Tax predicted yield and Single Person Discount recovery rates (4) a reduction in the provision for the uplift in commissioning fees for social care providers as annual negotiations continue and (5) a higher level of Council Tax than the working assumption of 5%.</p> <p>An update on this work follows a summary of the Provisional Settlement.</p> |
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| <p>3.00</p> | <p>BUDGET POSITION – STAGE TWO: THE PROVISIONAL LOCAL GOVERNMENT BUDGET SETTLEMENT AND IMPACTS ON THE FORECAST</p> |
| <p>3.01</p> | <p>As set out earlier in the introductions to this report the Council had a budget gap of £15.629M – as at December - to reach a legal and balanced budget based on the forecast for the expenditure requirement for 2020/21. With stage one solutions of £8.164M, an amount of £7.465M remained to be found prior to the announcement of the Provisional Settlement and the conclusion of the stage two work on the set of ongoing local solutions. Council has been advised previously that a significantly improved Settlement would be required if a legal and balanced budget were to be possible.</p> |
| <p>3.02</p> | <p>The Provisional Local Government Budget Settlement was announced by Welsh Government on 16th December. The Provisional Settlement, and its impacts and implications, is summarised from 3.03 onwards. A statement was made at the meeting of the Cabinet the day following the national announcement, as follows: -</p> <p><i>‘Flintshire County Council welcomes the Provisional Local Government Settlement for 2020/21 announced yesterday. Whilst Flintshire continues to face financial risks, and we must continue with our strong financial stewardship of the Authority, this Settlement is an important first step towards ending a decade of punitive budget settlements for local government.</i></p> <p><i>Flintshire welcomes the renewed central-local government relationship in Wales – one based on mutual trust and respect. The voice of local government – and the communities we represent - is once again being heard. The case for improved funding for schools, social care and other essential local public services has been won.</i></p> <p><i>Under this Settlement Flintshire will receive an additional £10.406M of Aggregate External Finance (AEF) in 2020/21. This is an uplift of 3.7% on the previous year’s Settlement. Having allowed for the significant additional costs of teachers’ pay and teachers’ pensions employer contributions - which total £3.76M – we will have £6.54M of new funds to help towards balancing our budget for 2020/21. We will also see uplifts in</i></p> |

some of the specific grants we receive for key services such as social care and education.

The budget gap to be bridged for 2020/21 – as reported at our Council meeting last week – stood at around £15.630M. We had already achieved £8.164M of efficiencies and new income to contribute to the gap at the first stage of budget planning work. Once we take into account the new funds of £6.54M, and complete our second stage work on the final efficiency options, we are confident that we will be in a position to set a legal and balanced budget. As part of this balancing act we aim to set some funds aside to protect us against some of the ongoing cost pressures which could otherwise upset our budget in-year.

This is a significant achievement given the position of risk the Council has been in for so long. We have stood our ground on protecting local services and local jobs, and have been one of the most vocal councils in pressing the case for an end to austerity.

We have been particularly concerned at the financial sustainability of our local schools. Whilst we have avoided making the cuts to delegated schools budgets that some other councils have been forced to make, we have been very aware that if schools were to have to share the costs of increases in teachers' pay and employer pension contributions then some might soon reach breaking-point. We are relieved to be able to confirm that schools will be shielded from these cost pressures, and will have small uplifts in their budgets for utilities and other costs. We now wish to plan ahead so that schools might see some growth in their budgets in future years. We are very mindful that the amount we spend per pupil in Flintshire needs to be increased, and that some schools need more funds for the repair and maintenance of their buildings.

We have spoken out against Council Tax payers having to pay more local tax to substitute for annual reductions in Government funding in the recent past. We have had no choice but to set Council Tax at a higher level than we had planned in each of the last two years. This worrying trend of big annual increases in Council Tax has to end. We plan to keep the Council Tax rise for Flintshire under 5% this year.

Looking ahead, Flintshire and all other councils in Wales now need certainty over future budgets. We cannot go through this annual cycle of planning for the unknown – with all the worry and anxiety that this brings to so many people who depend on us.

We now call on the new UK Government to set out a three year forecast for public expenditure plans, to work with the devolved nations to mutually agree realistic growth plans for their devolved budgets, to prioritise finding a national solution to funding social care, and to set out a national strategy for funding public sector annual pay awards.

We invite Welsh Government to work even more closely with local government to protect and grow the public services which are key to the future of a vibrant, healthy and prosperous Wales.

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| | <p><i>The Council will review the budget position at its full meeting on 28th January, and then formally approve its final budget and set the Council Tax for 2020/21 at its meeting on 18th February.'</i></p> <p>Members will recall that the Group Leaders, as a collective, wrote to Welsh Government Ministers in October requesting that the Settlement guarantee the Council a minimum uplift of £10M to put us in a position of being able to set a legal and balanced budget. The £10M would need to be over and above the costs of any new responsibilities such as annual teachers' pay awards and teacher pension employer contributions. This letter is attached at Appendix A.</p> <p>The Provisional Settlement is open for consultation. The Council is making a full consultation response and this will be circulated in advance of this meeting. The Final Settlement will be published in late February.</p> |
| 3.03 | <p>The Provisional Settlement Explained</p> <p>Aggregate External Finance (AEF)</p> <p>The provisional AEF (Revenue Support Grant and share of National Rates Pool) for 2020/21 is £199.386M which, when compared to the adjusted 2019/20 figure of £192.212M, represents an increase of 3.7%. The all-Wales average increase is 4.3%.</p> <p>The provisional allocation represents a cash uplift of £10.406M over the 2019/20 allocation of £188.980M.</p> |
| 3.04 | <p>Funding Per Capita</p> <p>The AEF allocation provides an amount of £1,283 per capita compared to the Welsh average of £1,426. The Council's ranking is 19th out of the 22 Welsh councils on the per capita comparator. This is an unchanged position.</p> |
| 3.05 | <p>Transfers Into the Settlement</p> <p>There are the following transfers into the Settlement:</p> <ul style="list-style-type: none"> • Teacher Pension Grant (£1.978M) • Nursing Care (£0.081M) • Teacher Pay (£0.608M) |
| 3.06 | <p>Transfers Out of the Settlement</p> <p>There are no transfers out of the Settlement.</p> |
| 3.07 | <p>Additional Funding to Provide a 'Floor'</p> <p>There is no additional funding confirmed at this stage to support a funding 'floor'. A funding floor is a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years. Given the variations in the annual uplift from council to council as set out in the</p> |

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| | <p>Settlement - from 3% (Monmouthshire) to 5.4% (Newport) – a floor has been called for by a number of councils. If granted, it would be funded by Welsh Government over and above the quantum it has committed to invest in the Settlement for 2020/21 thus far. The group of North Wales Leaders have made the case for a floor to be set at 4%. If granted, this would improve Flintshire’s position by 0.3%. The Welsh Local Government Association has supported the call for a floor. A decision is awaited and there can be no assumption at this stage, prior to the finalisation and approval of the Welsh Government budget.</p> |
| 3.08 | <p>Specific Grants</p> <p>Announcements have been made on the annual levels of the specific grants awarded to local government. Most grants will be at the same level as 2019/20 or will be increased for indexation. There is one exception – the Sustainable Waste Management Grant – which is explained in 3.13 below. There are also to be several significant uplifts to specific grants within Education and Social Care. At this stage we do not know the precise allocations for Flintshire or whether the terms and conditions of grant will be sufficiently flexible for the Council to be able to allocate the funds against planned budget expenditure to assist in the closure of the remaining budget gap.</p> |
| 3.09 | <p>New Pressures to be Funded from the Settlement</p> <p>Teacher Pensions Employer Contributions</p> <p>Teacher Pensions employer contributions have increased by 7.2% for teachers from September 2019, as part of a national review and agreement. The additional costs in 2019/2020 for the period September-March have been funded by way of a one-off specific grant from Welsh Government, aided by additional funding from UK Government</p> <p>The full year impact of this increase of £3.391M will now need to be included in our budget calculations and met from the uplift in funding we will receive in the Settlement. This cost pressure has not been funded at source from within the base budgets of Governments as requested.</p> |
| 3.10 | <p>Teacher Pay</p> <p>The additional costs incurred in 2019/20 from the annual pay award effective from September 2018 have been part-funded by a one-off specific grant from Welsh Government. This grant was made for the current financial year only. The grant is not set to be continued into 2020/21.</p> <p>This additional cost of £0.375M now needs to be included in our budget calculations and met from the uplift in funding we will receive in the Settlement. This cost pressure has not been funded at source from within the base budgets of Governments as requested. The option remains to share this cost burden with schools, as the employers of teachers, as a fall-back position.</p> |

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| 3.11 | <p>Funded Nursing Care</p> <p>An amount of £0.081M was transferred into the Settlement for funded nursing care which was previously the responsibility of the Health Board. This responsibility now transfers to the Council, so has to be included in our budget calculations and met from the uplift in funding we will receive in the Settlement.</p> |
| 3.12 | <p>Adjustments to Cost Pressures Included in the Forecast</p> <p>Additional Learning Needs (ALN) /Special Educational Needs (SEN) Support</p> <p>A cost pressure of £0.400M was previously included in the forecast for ALN/SEN support in schools. As we plan to protect and increase the level of funding we allocate to schools for their delegated budgets under the School Funding Formula, it is a reasonable position to expect schools to absorb these additional costs pending a review of predicted demand and costs for this specialist area of support for vulnerable learners for the future. As part of the announcement on the Provisional Settlement there was an indication of a new specific grant across Wales for Additional Learning Needs of £7.2M. At this stage we do not know the precise allocation for Flintshire or whether the terms and conditions of grant will be sufficiently flexible for the Council to be able to allocate any new funds against planned budget expenditure to assist in the closure of the remaining gap.</p> |
| 3.13 | <p>Sustainable Waste Management Grant</p> <p>The Sustainable Waste Management Grant has been reduced by £1.8M across Wales. The proportionate loss of grant to Flintshire is an estimated £0.093M. As this grant directly funds our recycling and waste collection services, we have no option but to build a new cost pressure into our budget forecast to compensate for this loss of funding.</p> |
| 3.14 | <p>North Wales Fire and Rescue Authority Levy</p> <p>The levy for 2020/21 has been set at £7.968M. This is an increase of £0.178M from the previous year. The confirmed levy requirement is £0.022M above the provisional figure included in our adjusted budget forecast as reported in December.</p> |

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| 4.00 | <p>BUDGET POSITION – STAGE TWO AND THE ONGOING WORK ON LOCAL SOLUTIONS</p> |
| 4.01 | <p>As reported to Council in December work was ongoing on a limited range of local solutions to contribute to closing the remaining budget gap alongside the contribution to be made by an improved Local Government Settlement. An update on the potential solutions which can yield a further contribution follows.</p> <p>Employer Pension Contributions</p> |

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| | <p>The triennial actuarial valuation of the Clwyd Pension Fund has now been completed and employer contribution rates agreed for the period 2020/21 – 2022/23. Due to the overall improved position on the Clwyd Pension Fund, the reduction in the employer contributions for Flintshire were estimated to be a minimum of £2M when reported in December.</p> <p>Following more detailed assessment of the actuarial valuation, a further reduction in contributions of £0.430M should be possible. In addition, it has been agreed with the Actuary that the deficit recovery period for the scheme to become fully funded can be extended by one year. This decision to spread deficit payments over a longer period will further reduce contributions by £0.370M.</p> <p>The latest budget monitoring report for 2019/20 advises of an in-year underspend on employer annual pension contributions of £0.800M. £0.500M of this estimate has already been taken at Stage One of the budget. Therefore, a further £0.300M can be taken at Stage Two.</p> <p>These calculations are subject to verification before being finalised.</p> |
| 4.02 | <p>Social Care Commissioning</p> <p>The costs for commissioned social care in residential, nursing and specialist care, and domiciliary care, are set annually following consultation with providers. Following negotiations this year there is a surplus of £0.100M in the amount set aside in the draft budget. This can be taken as a contribution to balancing the budget.</p> |
| 4.03 | <p>Single Person Discount – Review of Entitlement</p> <p>The ongoing review of Council Tax payers in Flintshire who claim single occupancy discount has generated tax income surpluses over a period of time. The next stage of the review is expected to generate additional tax income of £0.300M in the current financial year. This additional income can now be included to support the 2020/21 budget on a one-off basis. For future years this updated calculation will be included in the Council Tax Base.</p> |
| 5.00 | REACHING A LEGAL AND BALANCED BUDGET AT THE CLOSING STAGE |
| 5.01 | <p>Council will meet on 18th February to set its annual budget.</p> <p>Flintshire had notified Welsh Government Ministers in October that the Settlement would need to guarantee the Council a minimum uplift of £10M to put us in a position of being able to set a legal and balanced budget for 2020/21. This £10M would need to be over and above the costs of any new responsibilities such as annual teachers’ pay awards and teacher pension employer contributions. The Provisional Settlement betters previous Settlements and is a much improved position. Whilst we are set to receive an uplift of £10.406M, we do though need to set aside £3.76M to fund the transferred responsibilities for employer contributions to teacher pensions and a proportion of the cost of the annual teacher pay award.</p> |

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| | <p>The Settlement, which has derived a net uplift of £6.54M, whilst much-improved, is insufficient to bridge the remaining budget gap of £7.465M alone.</p> <p>Council is advised that we are confident that we can recommend a legal and balanced budget in February once we have completed the ongoing work on local solutions set out in 4.01 – 4.03 above, most notably the evaluation of the outcome of the actuarial review of the Clwyd Pension Fund. This work will be completed in good time for the February meeting.</p> <p>For the February meeting we expect to have more detailed information on any benefit from the announced uplift in specific grants in education and social care as explained in 3.08. A positive decision by Welsh Government on the introduction of a funding ‘floor’ would also improve our budget position.</p> <p>These calculations assume a maximum increase in Council Tax of 5% as per the guideline discussed at Council previously. It should be noted that Welsh Government has set a guideline of an average Council Tax increase of 7.1% across Wales as part of its budget calculations for a sufficiency of funding for local government.</p> <p>As a note of caution, these calculations are based on the budget forecast as set out in December. There a number of significant open risks for which we will need to have sufficient reserves and balances in hand for the 2020/21 financial year. Council is advised that we should aim to both balance the budget for the budget requirement set out in the December forecast and accrue sufficient additional reserves to increase the Contingency Fund as a protection against these risks. The open risks are summarised in 5.02-5.05 below. More detailed information and advice will be given at the February meeting.</p> |
| 5.02 | <p>Open Risks</p> <p>Charging for Post-16 School Transport</p> <p>The introduction of new PSVAR regulations for school transport and disability access to vehicles might prevent councils for charging for certain school transport services from 2021/22. This is under review and we, like other councils, have applied for an exemption from these regulations. Whilst we plan to introduce charges for post-16 transport from September 2020, as per Council policy, we cannot be guaranteed that we will be able to continue with these charges in future years. This would be a major loss of income of £0.770M in a full financial year (and £0.449M for the part year 2020/21), an increase in income which is built into our base budget.</p> |
| 5.03 | <p>Teacher Pay Award 2020/21</p> <p>As explained earlier in the report the current forecast does not include any additional inflationary uplift for teachers’ pay from September 2020 and the new academic year (an uplift of 2% would cost £0.726M). We contend that annual pay awards should be fully funded by Welsh Government. We will continue to press this case. We have the fall-back position to cost-share</p> |

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| | with schools any unfunded national pay award for the 7/12ths of this financial year. |
| 5.04 | <p>Out of County Placements</p> <p>This remains a principal risk. The draft budget for 2020/21 already includes an uplift of £2.5M in funding for Out of County Placements. However, the current level of demand shows that this increased budget is unlikely to be sufficient and a continuing overspend is likely to be a major consideration in managing the budget in 2020/21. A further budget pressure in the region of £0.5M is forecast at this stage of service planning.</p> |
| 5.05 | <p>Additional Learning Needs / Special Educational Needs</p> <p>The levels and complexities of demand for support within school settings is increasing. This is a challenging area of operational budget management within schools. A review of funding needs may require a later injection of additional funding to assist schools. We await confirmation off the details of a new specific grant in this service areas from Welsh Government.</p> |

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| 6.00 | STEPS TO CLOSE THE BUDGET AND ONGOING WORK FOR THE MEDIUM-TERM |
| 6.01 | <p>The timetable for the closing stages of the annual budget setting process is as follows: -</p> <p>18th February Council Meeting: Final budget-setting decisions including final agreement on the level of Council Tax</p> <p>25th February: Announcement of the Final Welsh Local Government Settlement</p> <p>27th February Council Meeting: Passing of the formal Council Tax resolution</p> <p>4th March: National Assembly for Wales passing of the final budget for Wales and the public services</p> |
| 6.02 | <p>A full review of the Council's Medium Term Financial Strategy is underway. This will set out the budget forecast and our budget requirements for 2021/22-2023/24, and our funding strategy. The update will be reported to members in the early summer with early engagement planned in a series of workshops.</p> |

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| 7.00 | RESOURCE IMPLICATIONS |
| 7.01 | <p>Revenue: The revenue implications for the 2020/21 budget are set out in the report.</p> <p>Capital: there are no direct implications for the approved capital programme for either the current financial year or for future financial years – the capital programme for 2020/21 onwards is the subject to a separate report on this agenda.</p> <p>Human Resources: none.</p> |

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| 8.00 | IMPACT ASSESSMENT AND RISK MANAGEMENT | | | | | | | | | | | | |
| 8.01 | The risks to the Council being able to set a legal and balanced budget for 2020/21 have decreased, A full risk assessment on the budget position will be presented to Council at its February meeting. | | | | | | | | | | | | |
| 8.02 | <p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term</td> </tr> <tr> <td>Prevention</td> <td>As above</td> </tr> <tr> <td>Integration</td> <td>Neutral</td> </tr> <tr> <td>Collaboration</td> <td>Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts</td> </tr> <tr> <td>Involvement</td> <td>Communication with Members, residents and other stakeholders throughout the budget process</td> </tr> </table> <p>Well-Being Goals Impact</p> <table border="1"> <tr> <td>Prosperous Wales</td> <td>Longer term funding settlements from Welsh Government that provide additional funding for Indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate.</td> </tr> </table> | Long-term | Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term | Prevention | As above | Integration | Neutral | Collaboration | Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts | Involvement | Communication with Members, residents and other stakeholders throughout the budget process | Prosperous Wales | Longer term funding settlements from Welsh Government that provide additional funding for Indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate. |
| Long-term | Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term | | | | | | | | | | | | |
| Prevention | As above | | | | | | | | | | | | |
| Integration | Neutral | | | | | | | | | | | | |
| Collaboration | Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts | | | | | | | | | | | | |
| Involvement | Communication with Members, residents and other stakeholders throughout the budget process | | | | | | | | | | | | |
| Prosperous Wales | Longer term funding settlements from Welsh Government that provide additional funding for Indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate. | | | | | | | | | | | | |

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| | Resilient Wales | Continuation of services to support communities and social cohesion will have a positive impact. The opposite will be true if settlements are inadequate. |
| | Healthier Wales | An appropriate level of funding will ensure that communities are supported and will have a positive impact. The opposite will be true if settlements are inadequate. |
| | More equal Wales | A positive impact with greater parity of funding from Welsh Government for all Welsh Local Authorities. The opposite will be true if settlements are inadequate. |
| | Cohesive Wales | Appropriate level of funding will support services working alongside partners. The opposite will be true if settlements are inadequate. |
| | Vibrant Wales | As Healthier and Cohesive Wales above |
| | Globally responsible Wales | Neutral |

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| 9.00 | CONSULTATIONS REQUIRED/CARRIED OUT |
| 9.01 | Consultation with Group Leaders, Overview and Scrutiny Committees, external partners, external advisors and representative bodies, local schools, the workforce and trade unions have been ongoing. An interactive feature has been launched on the Council's website – this shows how our budget works, the efficiencies we have made over the years and our budget situation, and how our resources are used. |

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| 10.00 | APPENDICES |
| 10.01 | Appendix 1 – Council Letter to Ministers, October 2019 Appendix 2 – Response to the Consultation on the Provisional Settlement – to follow |

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| 11.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 11.01 | December 2019 Council report http://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=143&MId=4476&Ver=4&LLL=0 |

| | |
|--------------|--|
| 12.00 | CONTACT OFFICER DETAILS |
| 12.01 | <p>Contact Officer: Gary Ferguson, Corporate Finance Manager</p> <p>Telephone: 01352 702271</p> <p>E-mail: gary.ferguson@flintshire.gov.uk</p> |

| | |
|--------------|--|
| 13.00 | GLOSSARY OF TERMS |
| 13.01 | <p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.</p> <p>Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.</p> <p>Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.</p> |

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| <p>Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.</p> |
|--|

Councillor/Cynghorydd Ian Roberts
Leader of the Council
Arweinydd Cyngor



Mark Drakeford AM, First Minister
Rebecca Evans AM, Minister for Finance &
Trefnydd
Julie James AM, Minister for Housing & Local
Government

Your Ref/Eich Cyl

Our Ref/Ein Cyf

Date/Dyddiad 8 October 2019

Ask for/Gofynner am Ian Roberts

Direct Dial/Rhif Union 01352 702105

Email/Ebost:

ian.b.roberts@flintshire.gov.uk

By Email:

Mark.drakeford@assembly.wales

Rebecca.evans@assembly.wales

Julie.james@assembly.wales

Dear First Minister and Fellow Ministers

Local Government Settlement 2020/21

It is timely, and imperative, that we re-make the case for an improved financial settlement for Flintshire alongside the case made by the Welsh Local Government Association (WLGA) for the family of local authorities.

We appreciate that following the Chancellor's Spending Review, and pending the completion of the Parliamentary process on the national budget, you are giving positive consideration to a much-improved Local Government Settlement for 2020/21. We value the renewed relationship between Welsh Government and local government of recent times, and have comfort that you empathise with our position and share our values to protect and grow local public services.

Flintshire has engaged with Welsh Government to make our case over a series of budget-setting years. We still contend that as a low-funded council per capita under the Local Government Funding Formula we are more exposed than most to the impacts of a decade of reductive national budgets. The evidence is there. Having innovated, restructured and streamlined, and removed 30-45% of each service portfolio budget except the budgets delegated to schools and those for commissioned social care services - to achieve a cumulative efficiencies target approaching £100M in the quest to survive - there is nothing of any scale left. We have a strong and proud track record. Rather than rehearse past arguments, and lay out pages of examples and statistics, we simply request that Welsh Government supports in full the case made by the WLGA. In doing so you will guarantee the immediate future of Flintshire. The debate about the Formula, and its datedness and fairness, can wait for another day.

County Hall, Mold, CH7 6NF
www.flintshire.gov.uk
Neuadd y Sir, Yr Wyddgrug, CH7 6NF
www.siryffflint.gov.uk



We welcome correspondence in Welsh. We will respond to correspondence received in Welsh without delay.

Rydym yn croesawu gohebiaeth Gymraeg. Ymatebwn yn ddi-odded i ohebiaeth a dderbynnir drwy gyfrwng y Gymraeg.

This is an appeal for constructive engagement between two mutually dependent partners. 'No megaphone diplomacy' or front-page newspaper headlines involved.

Our situation is desperate. Our original budget forecast for 2020/21 showed a requirement to find a further £13.5M of efficiencies and income. This has now increased to £16M with the principal cause being a sudden rise in demand for 'Out of County' and Looked After Children's Services, both educational and social care. Our final push on corporate and service efficiencies and income generation, combined with a moderate Council Tax increase in the region of 5% (£3.5M equivalent) could amass a contribution of £7-7.5M. This is well under half of another daunting annual savings target. After years of survival we are now beaten by the challenge, and have no option but to appeal for an overdue improvement in the Settlement. We have made all of the hard decisions, with the latest being the introduction of charging for post-16 education transport and a review of the frequency of residual waste collection, and have applied commercial thinking to all our fees and charges whilst making sure that charges remain fair and affordable.

In summary, we need the Local Government Settlement to meet in full the annual pay awards for both NJC employees and teachers, make provision for indexation for commissioned social services and goods and services more generally, make allowances for the rising costs of demand-led services such as Out of County specialist support, and include provision for the full costs of implementing Welsh Government legislation at a local level.

We stand behind the case of the WLGA that an uplift of around £250M is required with the balance of 15% of the teacher pension employment costs falling on Wales to also be netted off within the Welsh Government budget. In reality, we need an increase in our formula allocation of a minimum £10M to (1) close the forecast budget gap in 2020/21, which is increasing and (2) make a contribution to replenish our reserves which are now at a dangerously low level. £10M is equal to a Council Tax rise of around 14.5%. It would be untenable to propose a Council Tax rise of 19.5% (5% assumed + 14.5%) to save our budget.

If the Settlement for Flintshire does not rise to this level, we will be in the highly vulnerable position of being unable to set a safe and balanced budget for next year. We have risk-assessed thoroughly all services and most have a current assessment of 'amber' on capacity and resources, with schools being assessed as 'red'. We are not able or prepared to operate services unsafely. In the event of being unable to balance our budget safely we would have no option but to call upon the Welsh Government to make a financial intervention.

The Wales Audit Office agree that we are well governed and financially managed as a public body. This crisis is not one caused by local failure or inaction. Insufficient funding is the root cause. The solution is self-evident.

We would request an early indication of the Welsh Government position – well ahead of the November budget – to give us hope and confidence.

We would also request that Welsh Government makes strategic use of any projected underspends in-year to support local authorities to cope with the rise in demand for Out of County and other high-cost specialist services across Wales, and to provide investment in local and sub-regional public service solutions to intervene in a national sellers' market.

We would welcome a private discussion with you over our case for support. We believe that we share the same values, and are resting on your judgement to make the best use of the uplift in the Welsh revenue budget to support the collective case for local government.

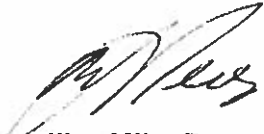
Yours sincerely



Councillor Ian Roberts
Leader and Cabinet Member for Education



Councillor Glyn Banks
Cabinet Member for Finance



Councillor Mike Peers
Independent Alliance Group Leader



Councillor Clive Carver
Conservative Group Leader



Councillor Chris Dolphin
Liberal Democrat Group Leader



Councillor Patrick Heesom
New Independents Group Leader



Councillor Bernie Attridge
Flintshire Independents Group Leader



Councillor Tony Sharps
Independent Group Leader

Cc Chris Llewelyn, Chief Executive, WLGA
Jon Rae, Director of Resources, WLGA



FLINTSHIRE COUNTY COUNCIL

| | |
|------------------------|--|
| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Capital Programme 2020/21 – 2022/23 |
| Report Author | Chief Executive Chief Officer (Housing and Assets) Corporate Finance Manager |

EXECUTIVE SUMMARY

This report presents the proposed Capital Programme for the period 2020/21 – 2022/23 for approval by Council.

The Council's Capital Programme covers investment in assets for the long term to enable the delivery of high quality and value for money public services. Assets include buildings (such as schools and care homes), infrastructure (such as highways, IT networks, and waste transfer stations) and assets not owned by the Council (such as works to improve and adapt private sector homes). The proposed capital investments outlined within this report are closely aligned to portfolio service business plans and the Council Plan.

The Council has limited capital resources from Welsh Government to support Council priorities, needs and liabilities. However, it has the powers to fund Capital schemes by borrowing - this is temporary and ultimately the cost and repayment of any borrowing is charged to the Council's revenue budget. Schemes funded by borrowing are carefully considered due to the long-term impacts on the Council's revenue budget.

The report divides the Council Fund Capital Programme into three sections:-

1. Statutory / Regulatory - allocations to cover regulatory and statutory works
2. Retained Assets - allocations to fund infrastructure works necessary to ensure service and business continuity
3. Investment - allocations to fund works necessary to remodel services to deliver efficiencies outlined in Portfolio business plans and invest in services as outlined in the Council Plan.

Historically, much of the Council's programme has been funded from capital receipts and grants. The Council's ability to generate significant capital receipts is challenging as the assets the Council has available for disposal diminish. Wherever possible every opportunity to identify assets for sale and other sources of funding such as specific grants and revenue contributions will be explored. However, the Council will need to use prudential borrowing to finance more of the programme going forward. In particular, the 21st Century Schools Band B programme, and other schemes included within the investment programme will need to be funded through prudential borrowing.

The Capital Strategy and the Asset Management Plan, which both support the current and emerging longer term Council priorities have been updated. The Capital Strategy is presented separately on the agenda, and the Asset Management Plan was presented to Cabinet and Corporate Resources Overview and Scrutiny Committee in November 2019.

The information in this report refers to the Council Fund (CF) programme only, not the housing programme which is funded from the Housing Revenue Account (HRA) and which is reported separately on this agenda.

RECOMMENDATIONS

| | |
|---|---|
| 1 | To approve the allocations and schemes in Table 3 (paragraph 1.09) for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2020/21 - 2022/23. |
| 2 | To approve the schemes included in Table 4 (paragraph 1.28) for the Investment section of the Council Fund Capital Programme 2020/21 - 2022/23. |
| 3 | To note that the shortfall in funding of schemes in 2020/21 and 2021/22 in Table 5 (paragraph 1.38) at this point in the approval process allows flexibility. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2020/21, and included in future Capital Programme reports. |
| 4 | To consider and approve the schemes included in Table 6 (paragraph 1.44) for the specifically funded section of the Council Fund Capital Programme which will be funded in part through borrowing. |

REPORT DETAILS

| | |
|------|--|
| 1.00 | EXPLAINING THE CAPITAL PROGRAMME 2020/21 – 2022/23 |
| 1.01 | <p>The Council’s Capital Programme encompasses investing significant resources in assets for the long term to enable the delivery of high quality, value for money public services. Assets include buildings (such as schools and care homes), infrastructure (such as highways, IT networks, and waste transfer stations), and assets not owned by the Council (such as works to improve and adapt private sector homes). The proposed capital investments outlined within this report are closely aligned to portfolio service business plans and the Council Plan.</p> <p>The Council has limited capital resources from Welsh Government (WG) to support Council priorities, needs and liabilities; however, it has the powers to fund Capital schemes by borrowing, but this is temporary and ultimately the cost and repayment of any borrowing is charged to the Council’s revenue budget. Schemes funded by borrowing are carefully considered due to the long term impacts on the Council’s revenue budget.</p> <p>The first half of this report covers parts of the Capital Programme where the Council invests in local infrastructure, facilities and assets, which will be funded from general capital resources (General Capital Grant, Unhypothecated Supported Borrowing and Capital Receipts). Regional programmes such as the Growth Deal for North Wales which will draw on national funds, and the Housing Revenue Account (HRA) Capital Programme which is separate and includes the Welsh Housing Quality Standard (WHQS) work programme and Strategic Housing and Regeneration Programme (SHARP), supplement the Council funded Capital Programme.</p> <p>The second half of the report covers parts of the Capital Programme which includes specific grants as far as information is available at the time of writing, and borrowing. This includes the 21st Century Schools Programme, delivered in partnership between the Council and WG and loans to North East Wales (NEW) Homes the Council’s subsidiary to build new affordable homes.</p> |
| 1.02 | <p>General Capital Programme 2019/20 – 2021/22 Update</p> <p>The Council’s Capital Strategy divides the Capital Programme into three parts as follows.</p> <ol style="list-style-type: none">1. Statutory / Regulatory section – to cover regulatory and statutory works. Examples include providing support to improve and adapt private sector homes (Disabled Facilities Grants), adaptations to schools for children with disabilities and any works required to keep buildings open by meeting Health and Safety requirements.2. Retained Assets section – to ensure service and business continuity. This includes schemes that enhance and improve retained assets and infrastructure to deliver services and meets |

significant need identified by service plans or through condition surveys etc.

3. **Investment section** – to fund costs incurred when remodelling and investing in services. This includes new schemes arising from Portfolio business plans, the Council Plan, other relevant and emerging plans, and other strategies or emerging Council priorities approved through a selection process based on the provision of a business case.

1.03

Table 1 below summarises the updated Council funded Capital Programme for 2019/20 – 2021/22 as reported at Month 6 2019/20:

Table 1

| ESTIMATED FUNDING 2019/20 - 2021/22 | | | | |
|--|----------------|----------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 | Total |
| | £m | £m | £m | £m |
| Funding | | | | |
| Un-hypothecated Supported Borrowing (USB) ¹ | 4.094 | 4.094 | 4.094 | 12.282 |
| General Capital Grant (GCG) ¹ | 2.492 | 2.492 | 2.492 | 7.476 |
| Additional General Capital Grant (GCG) ² | 1.383 | 0.922 | 0.000 | 2.305 |
| Capital Receipts Available | 2.722 | 0.000 | 0.000 | 2.722 |
| Surplus B/Fwd | 1.606 | 0.000 | 0.000 | 1.606 |
| Total Funding | 12.297 | 7.508 | 6.586 | 26.391 |
| Expenditure | | | | |
| Total Capital Programme 2019/20 - 2021/22 | 13.799 | 8.415 | 4.900 | 27.114 |
| | 13.799 | 8.415 | 4.900 | 27.114 |
| Surplus / (Shortfall) | (1.502) | (0.907) | 1.686 | (0.723) |
| 1 As per 19/20 Final Settlement | | | | |
| 2 As per WG November 2018 | | | | |

1.04

Table 1 shows the current position on the Capital Programme 2019/20 – 2021/22 as reported at Month 6 to Cabinet and Corporate Resources Overview and Scrutiny Committee, being an overall shortfall in funding of £0.723m, with a shortfall in 2019/20 of £1.502m.

When the budget was set in February 2019, there was a shortfall in funding of schemes in 2019/20, 2020/21 and surplus in 2021/22. At that point in the approval process the position was kept flexible and this was explained in the report to Council at that time. Options included a combination of future capital receipts, alternative grants, prudential borrowing or scheme phasing over several years which would be considered during 2019/20.

| 1.05 | <p>The Council is currently awaiting confirmation around the award of funding from various grants ranging from £0.648m to £1.023m. Should the Council be successful in receiving these grants this would replace the core funding currently allocated in the programme and reduce the deficit.</p> <p>Given the current position in setting the Capital Programme for the next 3 years 2020/21 – 2022/23 careful consideration has been given to new schemes proposed for inclusion as should other sources of funding not materialise the Council will need to use prudential borrowing to finance the remainder of the programme going forward.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|--------------|---------------|--|--|--|---------|---------|---------|-------|--|----|----|----|----|---|--|--|--|--|--|-------|-------|-------|--------|--|-------|-------|-------|-------|---|-------|-------|-------|-------|----------------------------|-------|-------|-------|-------|--------------|--------------|--------------|--------------|---------------|--|--|--|--|--|
| 1.06 | <p>Projected General Funding Available 2020/21 - 2022/23</p> <p>Table 2 below shows the general capital funding currently projected to be available to fund the Capital Programme over the next 3 years (2020/21 - 2022/23).</p> <p>Table 2</p> <table border="1" data-bbox="347 824 1401 1317"> <thead> <tr> <th colspan="5" style="text-align: center;">ESTIMATED AVAILABLE FUNDING 2020/21 - 2022/23</th> </tr> <tr> <th></th> <th style="text-align: center;">2020/21</th> <th style="text-align: center;">2021/22</th> <th style="text-align: center;">2022/23</th> <th style="text-align: center;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> </tr> </thead> <tbody> <tr> <td colspan="5">Funding (Excluding Specific Funding)</td> </tr> <tr> <td>Un-hypothecated Supported Borrowing (USB) ¹</td> <td style="text-align: center;">4.073</td> <td style="text-align: center;">4.073</td> <td style="text-align: center;">4.073</td> <td style="text-align: center;">12.219</td> </tr> <tr> <td>General Capital Grant (GCG) ¹</td> <td style="text-align: center;">2.492</td> <td style="text-align: center;">2.492</td> <td style="text-align: center;">2.492</td> <td style="text-align: center;">7.476</td> </tr> <tr> <td>Additional General Capital Grant (GCG) ¹</td> <td style="text-align: center;">1.591</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">1.591</td> </tr> <tr> <td>Capital Receipts Available</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">8.156</td> <td style="text-align: center;">6.565</td> <td style="text-align: center;">6.565</td> <td style="text-align: center;">21.286</td> </tr> <tr> <td colspan="5">1 As per 20/21 Provisional Settlement</td> </tr> </tbody> </table> | ESTIMATED AVAILABLE FUNDING 2020/21 - 2022/23 | | | | | | 2020/21 | 2021/22 | 2022/23 | Total | | £m | £m | £m | £m | Funding (Excluding Specific Funding) | | | | | Un-hypothecated Supported Borrowing (USB) ¹ | 4.073 | 4.073 | 4.073 | 12.219 | General Capital Grant (GCG) ¹ | 2.492 | 2.492 | 2.492 | 7.476 | Additional General Capital Grant (GCG) ¹ | 1.591 | 0.000 | 0.000 | 1.591 | Capital Receipts Available | 0.000 | 0.000 | 0.000 | 0.000 | Total | 8.156 | 6.565 | 6.565 | 21.286 | 1 As per 20/21 Provisional Settlement | | | | |
| ESTIMATED AVAILABLE FUNDING 2020/21 - 2022/23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2020/21 | 2021/22 | 2022/23 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £m | £m | £m | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding (Excluding Specific Funding) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Un-hypothecated Supported Borrowing (USB) ¹ | 4.073 | 4.073 | 4.073 | 12.219 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Capital Grant (GCG) ¹ | 2.492 | 2.492 | 2.492 | 7.476 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional General Capital Grant (GCG) ¹ | 1.591 | 0.000 | 0.000 | 1.591 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Receipts Available | 0.000 | 0.000 | 0.000 | 0.000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 8.156 | 6.565 | 6.565 | 21.286 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 As per 20/21 Provisional Settlement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.07 | <p>Table 2 above shows the estimated available funding in the years 2020/21 to 2022/23. The 2020/21 provisional settlement was received from Welsh Government on 16th December 2019, and the Council's General Capital Funding for 2020/21 is provisionally set at £8.156m. The sum consists of £4.073m Un-hypothecated Supported Borrowing (USB), £2.492m General Capital Grant (GCG) and £1.591m additional GCG. This is an increase of £0.187m compared with the 2019/20 final settlement of £7.969m (USB, £4.094m GCG, £2.492m and additional GCG £1.383m).</p> <p>Table 2 assumes the USB allocation and the GCG remains the same for the 2021/22 and 2022/23 financial years. This results in an increase in the estimated funding available of £0.606m when compared with the earlier version of this report reported at Cabinet and Corporate Resources Overview and Scrutiny Committee in November 2019, being the Council's share of an additional £15m of GCG made available by Welsh Government.</p> <p>The final settlement is expected on 25th February 2020.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 1.08 | The figures in Table 2 relate to the Council Fund (CF) only with the HRA Capital Programme being reported separately on this agenda. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | General Capital Programme 2020/21 – 2022/23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.09 | <p>Statutory / Regulatory and Retained Asset Allocations – 2020/21 – 2022/23</p> <p>Table 3 shows the proposed allocations for the period 2020/21 - 2022/23 for the Statutory / Regulatory and Retained Asset sections of the Capital Programme.</p> <p>Table 3</p> <table border="1"> <thead> <tr> <th colspan="5">PROPOSED ALLOCATIONS 2020/21 - 2022/23</th> </tr> <tr> <th></th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> <th>Total</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td colspan="5">Statutory / Regulatory Section</td> </tr> <tr> <td>Equalities Act - Individual pupils</td> <td>0.250</td> <td>0.250</td> <td>0.250</td> <td>0.750</td> </tr> <tr> <td>Disabled Facilities Grants</td> <td>1.700</td> <td>1.700</td> <td>1.700</td> <td>5.100</td> </tr> <tr> <td>School building works</td> <td>0.100</td> <td>0.100</td> <td>0.100</td> <td>0.300</td> </tr> <tr> <td>Corporate property works</td> <td>0.300</td> <td>0.300</td> <td>0.300</td> <td>0.900</td> </tr> <tr> <td>Health and Safety</td> <td>0.050</td> <td>0.000</td> <td>0.000</td> <td>0.050</td> </tr> <tr> <td>Total Statutory / Regulatory</td> <td>2.400</td> <td>2.350</td> <td>2.350</td> <td>7.100</td> </tr> <tr> <td colspan="5">Retained Assets Section</td> </tr> <tr> <td>School building works</td> <td>1.400</td> <td>1.400</td> <td>1.400</td> <td>4.200</td> </tr> <tr> <td>Corporate property works</td> <td>0.300</td> <td>0.300</td> <td>0.300</td> <td>0.900</td> </tr> <tr> <td>Highways asset management plan</td> <td>0.600</td> <td>0.600</td> <td>0.600</td> <td>1.800</td> </tr> <tr> <td>Playareas</td> <td>0.200</td> <td>0.200</td> <td>0.200</td> <td>0.600</td> </tr> <tr> <td>Synthetic sports pitches</td> <td>0.272</td> <td>0.000</td> <td>0.000</td> <td>0.272</td> </tr> <tr> <td>ICT - Cyber Security</td> <td>0.145</td> <td>0.000</td> <td>0.000</td> <td>0.145</td> </tr> <tr> <td>ICT - Equipment at Datacentres</td> <td>0.180</td> <td>0.000</td> <td>0.170</td> <td>0.350</td> </tr> <tr> <td>ICT - Storage Technologies</td> <td>0.600</td> <td>0.000</td> <td>0.000</td> <td>0.600</td> </tr> <tr> <td>ICT - Server Technology</td> <td>0.030</td> <td>0.200</td> <td>0.210</td> <td>0.440</td> </tr> <tr> <td>ICT - Laptop / PC Replacements</td> <td>0.221</td> <td>0.222</td> <td>0.279</td> <td>0.722</td> </tr> <tr> <td>Works to the Greenfield Valley Reservoirs</td> <td>0.038</td> <td>0.038</td> <td>0.038</td> <td>0.114</td> </tr> <tr> <td>Bridges in Wepre Park</td> <td>0.040</td> <td>0.040</td> <td>0.000</td> <td>0.080</td> </tr> <tr> <td>Cemtery Extension</td> <td>0.000</td> <td>0.265</td> <td>0.000</td> <td>0.265</td> </tr> <tr> <td>Traffic Management & Car Park Improvements ;</td> <td>0.380</td> <td>0.000</td> <td>0.000</td> <td>0.380</td> </tr> <tr> <td>Base Provision for Leisure and Libraries Estate</td> <td>0.200</td> <td>0.200</td> <td>0.200</td> <td>0.600</td> </tr> <tr> <td>Jade Jones Pavilion</td> <td>0.085</td> <td>0.000</td> <td>0.000</td> <td>0.085</td> </tr> <tr> <td>Target Hardening</td> <td>0.050</td> <td>0.000</td> <td>0.000</td> <td>0.050</td> </tr> <tr> <td>Community Asset Transfers</td> <td>0.100</td> <td>0.000</td> <td>0.000</td> <td>0.100</td> </tr> <tr> <td>'Headroom'</td> <td>0.350</td> <td>0.350</td> <td>0.350</td> <td>1.050</td> </tr> <tr> <td>Total Retained Assets Section</td> <td>5.191</td> <td>3.815</td> <td>3.747</td> <td>12.753</td> </tr> </tbody> </table> | PROPOSED ALLOCATIONS 2020/21 - 2022/23 | | | | | | 2020/21 | 2021/22 | 2022/23 | Total | | £m | £m | £m | £m | Statutory / Regulatory Section | | | | | Equalities Act - Individual pupils | 0.250 | 0.250 | 0.250 | 0.750 | Disabled Facilities Grants | 1.700 | 1.700 | 1.700 | 5.100 | School building works | 0.100 | 0.100 | 0.100 | 0.300 | Corporate property works | 0.300 | 0.300 | 0.300 | 0.900 | Health and Safety | 0.050 | 0.000 | 0.000 | 0.050 | Total Statutory / Regulatory | 2.400 | 2.350 | 2.350 | 7.100 | Retained Assets Section | | | | | School building works | 1.400 | 1.400 | 1.400 | 4.200 | Corporate property works | 0.300 | 0.300 | 0.300 | 0.900 | Highways asset management plan | 0.600 | 0.600 | 0.600 | 1.800 | Playareas | 0.200 | 0.200 | 0.200 | 0.600 | Synthetic sports pitches | 0.272 | 0.000 | 0.000 | 0.272 | ICT - Cyber Security | 0.145 | 0.000 | 0.000 | 0.145 | ICT - Equipment at Datacentres | 0.180 | 0.000 | 0.170 | 0.350 | ICT - Storage Technologies | 0.600 | 0.000 | 0.000 | 0.600 | ICT - Server Technology | 0.030 | 0.200 | 0.210 | 0.440 | ICT - Laptop / PC Replacements | 0.221 | 0.222 | 0.279 | 0.722 | Works to the Greenfield Valley Reservoirs | 0.038 | 0.038 | 0.038 | 0.114 | Bridges in Wepre Park | 0.040 | 0.040 | 0.000 | 0.080 | Cemtery Extension | 0.000 | 0.265 | 0.000 | 0.265 | Traffic Management & Car Park Improvements ; | 0.380 | 0.000 | 0.000 | 0.380 | Base Provision for Leisure and Libraries Estate | 0.200 | 0.200 | 0.200 | 0.600 | Jade Jones Pavilion | 0.085 | 0.000 | 0.000 | 0.085 | Target Hardening | 0.050 | 0.000 | 0.000 | 0.050 | Community Asset Transfers | 0.100 | 0.000 | 0.000 | 0.100 | 'Headroom' | 0.350 | 0.350 | 0.350 | 1.050 | Total Retained Assets Section | 5.191 | 3.815 | 3.747 | 12.753 |
| PROPOSED ALLOCATIONS 2020/21 - 2022/23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2020/21 | 2021/22 | 2022/23 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £m | £m | £m | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Statutory / Regulatory Section | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equalities Act - Individual pupils | 0.250 | 0.250 | 0.250 | 0.750 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Disabled Facilities Grants | 1.700 | 1.700 | 1.700 | 5.100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| School building works | 0.100 | 0.100 | 0.100 | 0.300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate property works | 0.300 | 0.300 | 0.300 | 0.900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health and Safety | 0.050 | 0.000 | 0.000 | 0.050 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Statutory / Regulatory | 2.400 | 2.350 | 2.350 | 7.100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained Assets Section | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| School building works | 1.400 | 1.400 | 1.400 | 4.200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate property works | 0.300 | 0.300 | 0.300 | 0.900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Highways asset management plan | 0.600 | 0.600 | 0.600 | 1.800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Playareas | 0.200 | 0.200 | 0.200 | 0.600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Synthetic sports pitches | 0.272 | 0.000 | 0.000 | 0.272 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICT - Cyber Security | 0.145 | 0.000 | 0.000 | 0.145 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICT - Equipment at Datacentres | 0.180 | 0.000 | 0.170 | 0.350 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICT - Storage Technologies | 0.600 | 0.000 | 0.000 | 0.600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICT - Server Technology | 0.030 | 0.200 | 0.210 | 0.440 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICT - Laptop / PC Replacements | 0.221 | 0.222 | 0.279 | 0.722 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Works to the Greenfield Valley Reservoirs | 0.038 | 0.038 | 0.038 | 0.114 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bridges in Wepre Park | 0.040 | 0.040 | 0.000 | 0.080 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cemtery Extension | 0.000 | 0.265 | 0.000 | 0.265 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Traffic Management & Car Park Improvements ; | 0.380 | 0.000 | 0.000 | 0.380 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Base Provision for Leisure and Libraries Estate | 0.200 | 0.200 | 0.200 | 0.600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jade Jones Pavilion | 0.085 | 0.000 | 0.000 | 0.085 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Target Hardening | 0.050 | 0.000 | 0.000 | 0.050 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Community Asset Transfers | 0.100 | 0.000 | 0.000 | 0.100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 'Headroom' | 0.350 | 0.350 | 0.350 | 1.050 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Retained Assets Section | 5.191 | 3.815 | 3.747 | 12.753 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 1.10 | The information in Table 3 in relation to the new and previously approved schemes is explained in more detail in paragraphs 1.11 to 1.27 below. |
| 1.11 | <p><u>Equalities Act – Individual pupils</u></p> <p>An annual allocation to adapt and modify schools for children who have disabilities to support and create increasingly inclusive school environments. These works help the Council to meet its obligations under disability legislation, and reduce the potential costs and disruption associated with transporting pupils to alternative sites.</p> <p>No changes are proposed for 2020/21 to 2022/23.</p> |
| 1.12 | <p><u>Disabled Facilities Grants (DFG)</u></p> <p>An annual allocation to improve and adapt private sector homes comprising:</p> <ul style="list-style-type: none"> • Disabled Facilities Grants – adaptations enabling residents to continue to live independently in their own homes • Partnership working with Care and Repair to support vulnerable residents • Funding for empty property and home improvement loans. <p>No changes are proposed for 2020/21 to 2022/23.</p> |
| 1.13 | <p><u>School building work</u></p> <p>An annual allocation to fund the most urgent property works required at schools split across the regulatory / statutory and retained assets sections of the Capital Programme.</p> <p>A programme of toilet upgrades in both primary and secondary schools to ensure compliance with Education (School Premises) Regulations 1999 and Department for Education and Skills document "Toilets in Schools". There is currently a backlog of such works estimated to be in the region of £1.5m which is often reflected as a Health and Safety issue in Estyn inspections of schools. £0.100m per annum.</p> <p>Works to upgrade ventilation systems at school kitchens which are failing building regulations and gas safety legislation and are at risk of closure. £0.200m per annum.</p> <p>Fire Inspection Works at schools which are the responsibility of the Local Authority and have been identified during statutory fire risk assessments. £0.200m per annum.</p> <p>No changes are proposed for 2020/21 to 2022/23.</p> |
| 1.14 | <p><u>Corporate property works</u></p> <p>An annual allocation to fund the most urgent property works required at non-school premises split across the regulatory / statutory and retained</p> |

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| | <p>assets sections of the Capital Programme, including managing risks from legionella, fire safety, asbestos, accessibility and health and safety.</p> <p>No changes are proposed for 2020/21 to 2022/23.</p> |
| 1.15 | <p><u>Health and Safety</u></p> <p>The Corporate Health and Safety capital budget has been fully utilised during 2018/19 and therefore requires replenishment in 2020/21 for urgent emerging issues across the County - £0.050m.</p> |
| 1.16 | <p><u>Highways Asset Management Plan (HAMP)</u></p> <p>An annual allocation of £0.600m to fund the HAMP which includes resurfacing of the classified Highway Network, replacement programme for street lighting columns and structural maintenance.</p> <p>Whilst the Council has a statutory duty to maintain the Highways Network in a safe condition for travel, how the Council does this is not defined. WG set targets for road condition indices, and at present Flintshire is performing better than the target set as a result of significant additional investment from WG in recent years (£0.959m in 2018/19 and £0.954m in 2019/20).</p> <p>See paragraph 1.58 for more detail in regard to the position on the potential development of the HAMP, but no changes are proposed for 2020/21 to 2022/23 at this stage.</p> |
| 1.17 | <p><u>Play areas and Synthetic sports pitches</u></p> <p>An annual allocation of £0.200m to fund the most urgent requirements to replace play equipment that has reached the end of its useful life at play areas, as well as upgrades to play areas.</p> <p>The scheme was originally allocated funding for 3 years which ends in 2020/21, however the programme needs to be continued based on the condition of play sites and their equipment up to 2022/23. This will be delivered by Aura as the Council's management partner.</p> <p>Condition surveys are undertaken of all synthetic sports pitches. The pitch at Elfed High School, Buckley will require resurfacing in 2020/21.</p> |
| 1.18 | <p><u>IT Infrastructure</u></p> <p>Various schemes required to maintain service and business continuity;</p> <ul style="list-style-type: none"> ICT Cyber Security - Replacement of equipment including Firewalls and e-mail scanning technology which protect the Council's IT systems from Cyber Attack and allows the Council to maintain its public sector network accreditation (a requirement for interaction with the Department of Work and Pensions for Housing Benefit). <p>No changes are proposed for 2020/21 – 2022/23.</p> |

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| | <ul style="list-style-type: none"> ICT Equipment at Datacentres - Replacement of equipment including High Volume Air Conditioning units, batteries that ensure the power supply to data centres is not interrupted, back up tape technologies, equipment that monitors the conditions in the datacentres and alerts if there are issues and networking equipment to the datacentres. Additions have been made to replace equipment in 2022/23 that has reached the end of its useable life. ICT Storage Technologies - Increase storage capacity to cope with increasing demand of the organisation, whilst also investing in complimentary technologies to SharePoint software to ensure data is stored in the most efficient way and is compliant with General Data Protection Regulation. <p>No changes are proposed for 2020/21 – 2022/23.</p> <ul style="list-style-type: none"> ICT Server Technologies (including Citrix and Business Systems) - £0.410m proposed in the programme for the provision of replacement server technologies to ensure adequate resources to provide the capacity required for the delivery of existing IT Business systems and services used across the whole of the Council. Funding is required over two years, 2021/22 (£0.200m) and 2022/23 (£0.210m). <p>The operating lives of server technology was extended from 3 to 5 years to maximise the length from investments. Reliable IT server hardware is key to enabling IT infrastructure that supports the delivery of IT business systems that can cope with the demands of an organisation highly reliant on IT systems to deliver effective and efficient services.</p> <ul style="list-style-type: none"> ICT - Laptop / PC Replacements - The project will deliver a programme of device replacement based on the “just in time” principle of replacement to ensure the Council maximises the useable life of its laptop estate. It will ensure that the devices used by members of staff are fit for purpose and can deliver the required level of service, and can support the latest operating systems and security software. <p>The absence of a replacement budget for replacement devices will result in devices that perform poorly and will not be able to accommodate the operating system and security software require to ensure the required level of performance. The inability to operate up to date security software poses a significant cyber security risk.</p> <p>Capital funding is required over a five year programme, with the majority of spend in 2020/21, 2021/22 and 2022/23.</p> |
| 1.19 | <p><u>Works to the Greenfield Valley Reservoirs</u></p> <p>The Reservoirs Act 1975 allocates responsibility for reservoir safety and maintenance to Flintshire County Council as ‘undertaker’ to the series reservoirs located within Greenfield Valley Park.</p> <p>In recent years the annual inspections have identified works required across all six of the reservoirs within the park. There is increased public</p> |

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| | <p>safety risk from failure to manage impounding raised reservoirs of water. The condition of the reservoirs infrastructure is likely to deteriorate further and the associated costs to remedy increase.</p> <p>Unlike Flood Alleviation schemes, Welsh Government Flood Defence Grant in Aid (FDGiA) is not available to fund works on reservoirs as this is considered to be a duty on the Council as a statutory 'undertaker'.</p> |
| 1.20 | <p><u>Bridges in Wepre Park</u></p> <p>The three main bridges over Wepre Brook at Wepre Country Park are in a very poor condition. They were installed in the 1980's when Wepre Country Park was created, and they have now exceeded their life expectancy. Despite regular maintenance, the bridges are now no longer economical to repair and are a safety risk.</p> <p>This funding will replace the two worst bridges as they exhibit significant structural problems. The timber supports of the bridges have deteriorated, making the bridges unstable. The Ranger Team have undertaken temporary repairs, however, a long-term sustainable solution is required to make these bridges safe. The third bridge is a different construction and the supports are in a satisfactory condition, however the wooden treads are of poor quality and need replacing. The Countryside staff will work with volunteers to install the new bridge tread boards.</p> <p>£0.080m of capital funding is required and following construction, no maintenance would be envisaged for at least 20 to 25 years. At that point if the hardwood needs to be replaced the work can be completed by the Rangers due to the longevity of the steel frame. This would reduce pressure on Wepre's revenue budget and potential liability.</p> |
| 1.21 | <p><u>Cemetery Extensions</u></p> <p>A number of Council owned cemeteries will approach capacity in the medium term. A programme of cemetery extensions is required to extend / create new cemeteries to ensure residents can be buried in their locality.</p> <p>Local Churchyard provision throughout the county is also extremely limited, if available at all, again meaning that residents may not be able to be buried in their locality. Once the Churchyards reach their existing minimal capacity there will be an increased demand for burials within Flintshire Cemeteries impacting on remaining capacity levels.</p> <p>New scheme included in 2021/22.</p> |
| 1.22 | <p><u>Traffic Management & Car Park Improvements at Elfed High School & Leisure Centre Buckley</u></p> <p>This proposed scheme is to improve traffic management and car parking at the school and leisure centre. Existing grassed verges will be utilised to provide more staff car parking, the taxi drop off area will be reviewed, a new one way system with dedicated drop off zones and safe pedestrian</p> |

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| | <p>access will be developed along with fencing and hand rails to segregate pupils from vehicles.</p> <p>New scheme included in 2020/21.</p> |
| 1.23 | <p><u>Base Provision for Leisure and Libraries Estate</u></p> <p>An annual allocation to fund the most urgent property works required across the Leisure and Libraries estate. The Council recognises its landlord responsibilities, it has retained ownership of all buildings from which Aura, its strategic Leisure and Libraries partner, delivers its business plan and operates these facilities in accordance with the service contract.</p> |
| 1.24 | <p><u>Jade Jones Pavilion</u></p> <p>The Council has commissioned an independent property condition survey of Jade Jones Pavilion which highlighted that the centre has been maintained to a good standard but is in need of capital investment. Essential works to the premises have been identified which are required in 2020/21, at a cost of £0.085m.</p> |
| 1.25 | <p><u>Target Hardening</u></p> <p>The Target Hardening budget requires replenishment in 2020/21 to prevent unauthorised use of land or buildings within the County - £0.050m.</p> |
| 1.26 | <p><u>Community Asset Transfers</u></p> <p>Capital funding has previously been granted to community groups to 'pump prime' Community Asset Transfers (CATs). £0.100m allocation proposed to fund any emerging issues in relation to assets that may require urgent repair which remain the liability of the Council and enable the buildings to remain open.</p> |
| 1.27 | <p><u>Funding 'Headroom'</u></p> <p>'Headroom' has been built in to the Capital Programme to enable the programme to be more flexible so that funding can be allocated to small schemes as they present in year either as a result of opportunities or unforeseen circumstances (£0.350m per annum). An example would be the need to complete further highways works as a result of an exceptionally severe winter over and above any planned works funded from the annual allocation.</p> <p>It is proposed to increase the allocation by £0.100m to £0.350m for 2020/21 to 2022/23 to give more resilience to the Capital Programme.</p> |
| 1.28 | <p>Investment Section of the Capital Programme 2020/21 – 2022/23</p> <p>Table 4 below shows the proposed schemes for the period 2020/21 - 2022/23 for the Investment section of the Capital Programme. Details are provided in paragraphs 1.29 to 1.37.</p> |

Table 4

| PROPOSED INVESTMENT SCHEMES 2020/21 - 2022/23 | | | | |
|--|----------------|----------------|----------------|--------------|
| | 2020/21 | 2021/22 | 2022/23 | Total |
| | £m | £m | £m | £m |
| Investment Section | | | | |
| <u>Previously Approved</u> | | | | |
| Castell Alun High School - Hope | 0.000 | 0.207 | 0.000 | 0.207 |
| Marleyfield Residential Home - Buckley | 0.725 | 0.656 | 0.000 | 1.381 |
| Theatr Clwyd Redevelopment | 0.500 | 0.000 | 0.000 | 0.500 |
| | 1.225 | 0.863 | 0.000 | 2.088 |
| <u>New Schemes for Approval</u> | | | | |
| Flintshire Food Enterprise | 0.050 | 0.000 | 0.000 | 0.050 |
| Historic Building Conservation | 0.050 | 0.050 | 0.050 | 0.150 |
| Foster carers home adaptations | 0.060 | 0.060 | 0.060 | 0.180 |
| Improvements to Standard Yard Waste Transfer Station | 1.230 | 0.000 | 0.000 | 1.230 |
| Joint Archive Facility, FCC and DCC | 0.000 | 0.245 | 2.783 | 3.028 |
| Solar PV at Flint Landfill and Crumps Yard Connah's Quay | 2.950 | 0.000 | 0.000 | 2.950 |
| | 4.340 | 0.355 | 2.893 | 7.588 |
| Total Investment Section | 5.565 | 1.218 | 2.893 | 9.676 |

1.29

Castell Alun High School - Hope

This scheme brings the school building up to current standards providing facilities that are fit for purpose and suitable for delivering the future curriculum, helping reduce the risk of a poor Estyn inspection. The school is being extended with the provision of a new two storey Art and Design Technology block and remodelled in other areas. This will remove the need for mobile classrooms currently on site which are nearing the end of their economic working life (and will need replacing at significant cost), help increase capacity to meet current and future demand and create specialist teaching accommodation.

The costs and benefits of the scheme are:

Direct Costs

- Capital investment of £7.383m required over 4 years funded with £4.807m core Council funding, £0.896m Section 106 developer contributions and £1.680m Welsh Government grant.

Direct Benefits

- Addresses a sustained shortfall in the number of pupil places over a number of years. The school is the most oversubscribed secondary school in the County.

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| | <ul style="list-style-type: none"> • Enables the removal of mobile classrooms. The shortfall in pupil places is partly being met by the provision of mobile classrooms. • Addresses shortfalls in size, provision, location and standards of unsuitable specialist and general teaching accommodation, and address deficiencies identified by the school's suitability survey. • Modernisation of specialist provision to support a suitable school environment for national curriculum delivery. <p>Indirect benefits:</p> <ul style="list-style-type: none"> • Reduction in backlog maintenance costs. • Reduction in fixed costs associated with buildings and mobile classrooms and leadership focuses investment on learners. • Address non-compliance issues with the Equalities Act. |
| 1.30 | <p><u>Extension to Residential Care Home, Marleyfield – Buckley</u></p> <p>Following a comprehensive review of the residential care market in Flintshire the Council approved a capital scheme to extend Marleyfield House in Buckley by an additional 32 beds to bring total provision up to 64 beds. The new facility is being developed through the joint Integrated Care Fund (ICF) budget arrangement with Betsi Cadwaladr University Health Board (BCUHB) to provide additional services, beds and multidisciplinary support in a community setting. This provides permanent residential beds, as well as beds which prevent hospital admissions, expedites hospital discharges and allows appropriate assessment to reduce care packages to support people in the long term.</p> <p>The Council is working with WG as the scheme is partly funded by ICF grant, which has gained formal approval. Along with the ICF grant, the Council has been granted additional funding in principle for the scheme from the Innovation Housing Programme (IHP).</p> <p>The scheme was awarded planning permission in early January 2020 and the contract for the scheme is expected to be signed in March 2020 for works to commence on construction in 2020/21, with the scheme's target completion date being Spring 2021.</p> <p>The costs and benefits of the scheme are:</p> <p>Direct Costs</p> <ul style="list-style-type: none"> • Capital investment of £7.766m required with £2.382m core Council funding, and the remainder funded by Welsh Government grant. • There is a revenue pressure being developed associated with this project which will result in the year the facility becomes operational, currently estimated at £0.529m per year. This pressure would have occurred in any case as demand grows and residential beds from the private sector would need to be funded. <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Additional provision of residential care beds and through release of beds in other locations across Flintshire currently using step-up/step-down beds. |

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| | <ul style="list-style-type: none"> • Additional provision of short term beds in a community setting to allow for more appropriate assessment of need for individual and as a viable alternative to a hospital admission/delayed discharge. • Purpose built accommodation and bespoke service provision to maximise independence and support reablement. <p>Indirect benefits:</p> <ul style="list-style-type: none"> • Integrated provision of multi-professional support needed to reduce organisational boundaries and improve outcomes for individuals. • Discharge to Assess ethos/environment to support improved longer term planning within an enabling environment. • Free up bed space within Part III and independent sector care homes, where existing fragilities and lack of capacity are a significant factor and ongoing risk. • At a population level, the equivalent number of beds are available within the care sector to promote choice when long term care is the most appropriate option. • Reduction in risks associated with long term hospital stay. • Potential avoidance of people entering into long term care where this may be unnecessary. |
| 1.31 | <p><u>Theatr Clwyd Redevelopment</u></p> <p>The Theatr Clwyd building is nearing the end of its life and needs updating to ensure it is safe for public and employment use. Funding from the Arts Council of Wales of £1.02m with previously agreed match funding of £0.330m from the Council has delivered detailed design development, and planning has been submitted.</p> <p>Cost certainty is still being reviewed as the scheme detail is worked up with contractors. The scope has been reduced in line with agreed key business plan objectives and will be a £35m+ project.</p> <p>The Arts Council of Wales remain committed with a further £5m ring fenced for the scheme and the Council have previously agreed another £1m of support (split across 2019/20 and 2020/21). Discussions with Welsh Government remain positive. A formal application has been made to WG to fund the substantive cost of the Theatr refurbishment project as a project of national significance. Welsh Government have given a positive indication to engage on a capital funding solution from February. Following clarity on funding, all partners will need to make a decision on next steps. There may be a need to consider low and sustainable levels of long term borrowing to ensure the scheme is delivered but options will need to be outlined for revenue when Welsh Government confirm their level of support.</p> <p>Current financial commitments from Council will be carried forward. Should the project not go ahead then the Council's share of the design development costs cannot be capitalised and would be a charge to the Council's revenue account.</p> <p>The costs and benefits of the scheme are:</p> |

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| | <p>Direct Costs:</p> <ul style="list-style-type: none"> • Capital investment of £35m+ required with funding commitments shared between the Council, Arts Council of Wales and Welsh Government as detailed above. <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Development to improve and increase the biggest and a highly regarded Welsh theatre. • A better facility for Flintshire communities, a base for increased community engagement, and multi-use spaces to be used for community needs. • Improved facilities to increase secondary revenue generation restaurant, bars, event spaces, etc. • Reduced revenue and capital maintenance costs. <p>Indirect Benefits:</p> <ul style="list-style-type: none"> • A base for young people to gather, learn and develop (currently 30,000 young people per year engaged with) • Specific spaces for Health and Wellbeing user groups • More facilities for work placed training in building (woodwork, carpentry) and other transferable theatre making crafts as well as hospitality, marketing, IT, arts management. • Increase local footfall and marketing of Flintshire across the UK (In 2016 over 200,000 people visited work at Theatr Clwyd and another 220,000 people saw a Theatr Clwyd production elsewhere in the UK) • Improvement of working conditions for employees and protection, and growth, of work for local people (In 2016 nearly 200 local people were directly employed by TC, not including impact of trade with other local suppliers) • Development of economic contribution (currently 46% of Theatr Clwyd’s audiences visit Flintshire from elsewhere in the UK). <p>The Council will retain ownership of the theatre and is responsible for all of its infrastructure, external envelope and grounds. A number of these are specialised and expensive to replace, this is one of the reasons why such major investment is required, however, on the lead up to the major refurbishment scheme and post refurbishment, there will be a need to fund landlord retained service and equipment proportionally, and in line with agreed responsibilities that may be set out in any future management agreement. This is no different than those that exist for the libraries and leisure centres.</p> |
| 1.32 | <p><u>Flintshire Food Enterprise</u></p> <p>The Council with partners Clwyd Alyn Housing and Can Cook have been exploring a number of options to develop a longer term and sustainable solution to food poverty.</p> <p>The proposed model of delivery is for a new social enterprise business, with the three partners, having equal rights for the management and delivery of the operation. The mission of the company will be to “connect everyone with good fresh food”. Food would be prepared in Flintshire</p> |

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| | <p>through a number of hub locations with a main food preparation hub in the Shotton area.</p> <p>Flintshire County Council will invest a total of £0.150m, of which £0.100m will be invested in Year 1 (2019/20) with an investment of £0.050m required in Year 2 (2020/21).</p> <p>The costs and benefits of the scheme are:</p> <p>Direct Costs:</p> <ul style="list-style-type: none"> • Capital investment £0.150m over 2 years. • No revenue costs are required. <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Production of good fresh meals using surplus vegetables purchased at reduced rates; • A provider for catering in housing associations; nurseries and workplaces which will generate a surplus which will then be redistributed to establish free/subsidised meal supply for vulnerable groups. • To supply meals as an alternative to a “meals on wheels” model. This will directly compete with commercial sellers in this area, but will be very different in that the “community hubs” established will directly benefit from the number of meals ordered, this can then be utilised by the “hub” for a community purpose. <p>Indirect Benefits:</p> <ul style="list-style-type: none"> • Wider links with other Council services, for example domiciliary care and linking food provision with care services • Developing a transition programme from food aid to food purchase for vulnerable groups, i.e. homeless families • To link in with services which support residents and embed support around food provision within those services • To use food provision as a catalyst to begin to tackle loneliness and isolation |
| 1.33 | <p><u>Historic Building Conservation</u></p> <p>Proposed annual allocation of £0.050m in 2020/21 – 2022/23 for historic building conservation.</p> <p>This proposed annual allocation which grants funding to the owners of historical buildings on a match funding basis to preserve buildings in need of capital works across the County for future generations.</p> <p>Direct Costs:</p> <ul style="list-style-type: none"> • £0.050m per annum is utilised from the Council’s capital programme budget. <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Encourages listed building owners to seek advice and guidance in relation to the repair of their listed buildings. |

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| | <ul style="list-style-type: none"> • Provides a simple incentive for the owners to seek advice on the right process for repair as well as providing the means to prompt them to invest in essential repairs to their buildings, hence improving and enhancing the long term conservation status of the buildings. • Supports the policy intentions within the Local Built Heritage Strategy and allow the team to work more on a proactive basis, rather than as is more the case at present, a reactive service. • Potential to attract funding from other sources (e.g. Cadw) which would further enhance the remit of the service and the ability to reach as many listed buildings as possible that are in need of repair. It would also facilitate the opportunity to carry out repairs at an earlier stage, which may be less of an impact on the original fabric of the listed building, thereby reducing scope for more complex and costly repairs if left to a later stage of deterioration. • Provides the opportunity for the service to step in in exceptional circumstances to secure the structure of a building to prevent imminent damage or collapse, and place a charge on the building that is recoverable on resale. • There has been no funding available in the Built Conservation Budget for 10 years or more, and the number of listed buildings at risk on the Council's register is as high as ever. The funding will help reduce the number of buildings on the risk register. <p>Indirect Benefits:</p> <ul style="list-style-type: none"> • Lessened the need to take negative enforcement action where unauthorised works are found, or neglect of a building has taken place. This allows a more proactive dialogue to take place between the Council and owners. • Reduction in officer time spent on enforcement matters relating to historic buildings. |
| 1.34 | <p><u>Adaptations to Foster Carers' Homes</u></p> <p>Proposed annual allocation of £0.060m in 2020/21 – 2022/23 for adaptations to foster carers homes.</p> <p>This will enable foster carers to carry out adaptations or improvements to their homes to provide a suitable environment to support a child. This will help the increase placements across the County and reduce the annual burden on the Out of County revenue budget.</p> <p>Payments made to foster carers will subject to 'clawback' should they cease being a foster carer within a set period of time.</p> <p>Direct Costs:</p> <ul style="list-style-type: none"> • £0.060m per annum is utilised from the Council's capital programme budget. Capital funding will be used for individual projects costing over £0.020m. Funding for projects below £0.020m will be sought from other funding streams including the Integrated Care Fund (ICF), and other grant opportunities. Funding for projects under £0.020m would be the responsibility of Social Services. • No direct revenue or human resource implications for the approved revenue budget/workforce structures or roles for this service for the |

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| | <p>current financial year. Any grant applied for will have its own business case considering the individual circumstance and context and may have an impact on future revenue budgets.</p> <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Increase the range and choice of available placements for children who require a home outside of their birth family, locally. • Enable skilled and able foster carers to extend the number of places they are able to offer, or to maintain existing placements as circumstances or needs change. • Seek best value for money from the range of placements available by using them in the most efficient and effective way. • Any placements made are first and foremost in the best interests of the children. • Secure stability or permanence for children. <p>Indirect Benefits:</p> <ul style="list-style-type: none"> • Enables the Council to seek better value for money in comparison to alternative out of county or high cost placement options. • Offers the Councils more cost effective options for placements for children in its care as well as having a robust and transparent process for doing so. |
| 1.35 | <p><u>Improvements to Standard Yard Waste Transfer Station</u></p> <p>Infrastructure improvements, renewal and upgrade of large plant, equipment and welfare facilities at Standard Yard Waste Transfer Station (WTS) in Buckley to accommodate growth in recycling rates and an increase in resilience and processing capacity for future waste streams. Investment of £1.230m required in 2020/21.</p> <p>The total costs of the scheme are estimated to be in the region of £2.5 - £3m. The remaining funds are being applied for from WG grants and a £1.2m interest free invest to save loan from WG to deliver the scheme. The loan will be repaid over a 10 year period from savings made which are estimated to be £0.213 per annum, which after repaying the loan will be reduced to £0.093m. The loan funding for the scheme is included in the specific and borrowing section of the report, Table 6 below.</p> <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Proposals are part of the Council's Plan under the theme 'Green Council' for sustainable development and environmental management, which has a sub-priority of affordable and sustainable collection and treatment services for recyclable, compostable and residual waste. The scheme will increase the rates and quality of recyclable and compostable waste whilst reducing residual waste. • The proposed improvements would ensure that the site, plant and equipment are more efficient and cost effective to operate, and it would enable the service to increase its resilience and capacity for processing more recyclable materials on site, which in turn would ensure that the recovery and rates of recyclable, re-usable and compostable waste are maximised, and reduce landfilled waste. |

| | <ul style="list-style-type: none"> • Renewal and upgrade of plant and equipment to increase productivity and reduce downtime. • Improved welfare facilities for operatives – increased job satisfaction, value of employees, which contributes to their well-being. • Separate access for hauliers from the processing operations, to reduce downtime when haulage companies collect baled materials and increase productivity for processing operators. • Reduced revenue costs for repairs and maintenance at Standard Yard WTS, increased capacity and resilience resulting in increased productivity and reduced downtime plus increased rates and quality of recyclable and compostable waste whilst reducing residual waste, thereby reducing costs. | | | | | | | | | | |
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| 1.36 | <p><u>Joint Archive Facility, Flintshire and Denbighshire Councils</u></p> <p>The proposed scheme recognises and responds to the need and demand of the two councils archive services. Both services occupy old buildings, unfit for purpose. They lack suitable public spaces and appropriate storage, are too full to accept new collections and are listed buildings lacking scope for adaptation, requiring expensive maintenance. The proposal is to construct a new building adjacent to Theatr Clwyd, Mold, to house both the physical archives and the new service operations.</p> <p>Direct Costs:</p> <table border="1" data-bbox="344 1084 1390 1350"> <thead> <tr> <th>Estimated cost of delivering this project</th> <th>£16.651m</th> </tr> </thead> <tbody> <tr> <td>Funding Streams</td> <td></td> </tr> <tr> <td>National Lottery Heritage Fund (NLHF) (70%)</td> <td>£11.588m</td> </tr> <tr> <td>Flintshire County Council (18%) over a 4 year period between 2021/22 – 2024/25. Majority of spend in 2022/2023 & 2023/2024.</td> <td>£ 3.028m</td> </tr> <tr> <td>Denbighshire County Council (12%)</td> <td>£ 2.035m</td> </tr> </tbody> </table> <p>It has been assumed that borrowing will be required to fund this project. The estimated revenue costs associated with borrowing £3.028m over 50 years (@ 3.5%) totals £8.327m. In year 1 revenue debt costs are estimated to be £0.142m, rising to £0.200m in year 50, with an average of £0.167m over 50 years.</p> <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Sustainable and improved archive service for Denbighshire and Flintshire via the creation of a single shared service. • The construction of a new purpose built Passivhaus building adjacent to Theatr Clwyd, Mold, to house both the physical archives and the new service operations. Provide a sustainable archive repository for the region for the foreseeable future from the perspective of storage space and building maintenance and management. • An associated 3-year activity plan which will deliver a revolutionary and radical archive offer to the public. | Estimated cost of delivering this project | £16.651m | Funding Streams | | National Lottery Heritage Fund (NLHF) (70%) | £11.588m | Flintshire County Council (18%) over a 4 year period between 2021/22 – 2024/25. Majority of spend in 2022/2023 & 2023/2024. | £ 3.028m | Denbighshire County Council (12%) | £ 2.035m |
| Estimated cost of delivering this project | £16.651m | | | | | | | | | | |
| Funding Streams | | | | | | | | | | | |
| National Lottery Heritage Fund (NLHF) (70%) | £11.588m | | | | | | | | | | |
| Flintshire County Council (18%) over a 4 year period between 2021/22 – 2024/25. Majority of spend in 2022/2023 & 2023/2024. | £ 3.028m | | | | | | | | | | |
| Denbighshire County Council (12%) | £ 2.035m | | | | | | | | | | |

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| | <ul style="list-style-type: none"> The overall revenue impact is an estimated saving of £11,647 per annum once the new building is open (2023/24) with a potential further revenue savings once the joint service is running. <p>Indirect Benefits:</p> <ul style="list-style-type: none"> Share knowledge and skills between the workforce of both Councils Sphere of health, education and wellbeing (connectivity, involvement, identity) can be achieved. The transferrable skills our volunteers will develop will contribute to increasing their employability. Deliver the long-term development of a resilient, relevant service: inspiring communities in North East Wales and enacting the Wellbeing of Future Generations Act; securing historic collections, diversifying audiences, volunteers and depositors. Cost avoidance of £0.010m per annum additional revenue storage costs, and in excess of £0.718m to address the need for environmental management equipment, compliant storage areas and upgrading public facilities and access. <p>This scheme has successfully progressed to the final stage of the National Heritage Lottery grant evaluation process which is at a UK level. A decision is imminent.</p> |
| 1.37 | <p><u>Solar PV at Flint Landfill and Crumps Yard Connah's Quay</u></p> <p>The Council has been investing in renewable energy systems for many years. Many schools, offices, leisure centres etc. have building scale renewable energy including solar PV, solar thermal, wind and biomass heating systems. The Council has completed the installation of 2 ground mounted solar PV systems on former landfill sites in Buckley, which have a combined output of 1 MW. In order to achieve the goals set within the Carbon Management Plan and the Renewable Energy Action Plan further investment in large scale renewable energy is needed.</p> <p>This business case is for the development of ground mounted solar PV at Crumps Yard, Connah's Quay and Flint Landfill. This would potentially generate 3.4MW of electricity per annum. A detailed report explaining the full business case for the scheme was approved by Environment Overview and Scrutiny Committee and Cabinet in December 2019. Construction is due to start in the Spring of 2020.</p> <p>Direct Costs:</p> <ul style="list-style-type: none"> The scheme cost to build, and it is assumed that borrowing will be required to finance the project, is between £2.8m and £3.1m. <p>Direct Benefits:</p> <ul style="list-style-type: none"> Combined net project income over 35 years is estimated to be between £0.750m and £1.25m or between £0.030m and £0.367m in real terms. Meeting the priorities and objectives set within the Council Plan under the 'Green Council' theme |

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| | <ul style="list-style-type: none"> • Contributing towards the achievement of Welsh Government targets and obligations under the Climate Change Act, Wellbeing of Future Generations Act and Environment Act. • Future proofing for the requirement to decarbonise by 2030 from Welsh Government • Generated income can also be used to hedge against energy price increases <p>Indirect Benefits</p> <ul style="list-style-type: none"> • Protecting frontline services by providing a long term income stream. • Supporting wider regional priorities such as the regional growth bid. • Being a community leader and developing a reputation as a Council who is forward looking, innovative, and invests in the future • Facilitating further innovation around storage technologies, electric vehicle charging etc. • Supporting economic growth and job creation through the initial construction and then the long term maintenance of systems as well as providing the energy infrastructure to sustain businesses and economic growth. • Renewable energy systems are also capital assets which can provide capital receipts on sale/transfer • Developing new ways of working and partnerships e.g. joint ventures, energy service companies. • Improving the ecology and biodiversity of sites following best practice, e.g. wildflower meadows on solar farms etc. |
| 1.38 | <p>Summary (Generally funded) Capital Programme 2020/21 – 2022/23</p> <p>Table 5 below summarises the generally funded Capital Programme and available funding.</p> |

Table 5

| SUMMARY (GENERALLY FUNDED) CAPITAL PROGRAMME 2020/21 - 2022/23 | | | | |
|---|----------------|----------------|----------------|----------------|
| | 2020/21 | 2021/22 | 2022/23 | Total |
| | £m | £m | £m | £m |
| Statutory / Regulatory Section | 2.400 | 2.350 | 2.350 | 7.100 |
| Retained Assets Section | 5.191 | 3.815 | 3.747 | 12.753 |
| Investment Section | 5.565 | 1.218 | 2.893 | 9.676 |
| Total (All Sections) | 13.156 | 7.383 | 8.990 | 29.529 |
| Estimated available general funding ¹ | 8.156 | 6.565 | 6.565 | 21.286 |
| Total | 8.156 | 6.565 | 6.565 | 21.286 |
| Surplus / (Shortfall) - no borrowing | (5.000) | (0.818) | (2.425) | (8.243) |
| Schemes requiring funding by borrowing: | | | | |
| Joint Archive Facility, FCC and DCC | 0.000 | 0.245 | 2.783 | 3.028 |
| Solar PV at Flint Landfill and Crumps Yard Connah's Quay | 2.950 | 0.000 | 0.000 | 2.950 |
| Total | 2.950 | 0.245 | 2.783 | 5.978 |
| Surplus / (Shortfall) - with borrowing | (2.050) | (0.573) | 0.358 | (2.265) |
| ¹ As per 20/21 Provisional Settlement | | | | |

1.39

Table 5 shows that before any Prudential Borrowing is considered there is an overall shortfall in projected funding of £8.243m over the 3 year period, with an estimated shortfall of £5m in 2020/21.

This is in addition to the £1.502m current estimated shortfall for 2019/20 carried forward as reported in 1.03 above.

Given the size of the shortfall, in particular in 2020/21, it is recommended that the new large investment schemes being proposed are approved funded from borrowing with the associated costs of borrowing included as revenue pressures within the Medium Term Financial Strategy (MTFS). Table 5 above shows which schemes would be funded from borrowing.

1.40

Table 5 shows that after prudential borrowing is considered there is an overall shortfall in projected funding of £2.265m over the 3 year period, with an estimated shortfall of £2.050m in 2020/21.

The Council has developed a prudent policy of allocating its own capital receipts to fund capital projects only when receipts are actually received rather than when it is anticipated the receipt will be received, and this position continues to be the case.

In recent years, much of the Council's programme has been funded from capital receipts. However, the Council's ability to generate significant

capital receipts is getting harder and is almost exhausted. Although the Council will wherever possible seek to identify assets for sale (as appropriate) to fund the Capital Programme.

The current projection is for capital receipts in the region of £2.9m over the period, with £2.1m in 2019/20. There is risk relating to these due to their size and complexity. The timing of these receipts are also subject to market forces outside of the Council's control. In line with current policy no allowance can be made for these receipts in funding the deficit above.

Options to fund the shortfall include a combination of future capital receipts, alternative grants, and scheme phasing as the expenditure profile of large complex projects such as those included in the investment section of the programme could change. Every effort will be made to ensure that other sources of funding are utilised to fund the programme.

Ultimately should other sources of funding not materialise the Council will need to use prudential borrowing to finance the shortfall. This could be short term during 2020/21 and 2021/22 as there is a potential surplus in 2022/23 of £0.358m, or if necessary long term to fund the overall shortfall.

1.41

Specific Grants and Borrowing

21st Century Schools Band B and Childcare grants

WG has approved the Council's in principle submission for 21st Century Schools Band B. The programme is to be funded from specific grant from WG at an agreed intervention rate, with the Council's contribution to be funded by prudential borrowing. The WG intervention rate for funding the 21st Century Band B programme has increased from 50% to 65% for schools and 75% for Pupil Referral Units (PRUs).

A revised programme is currently being submitted to Welsh Government for their consideration. The total estimated cost of the revised programme is £103m. Each of the projects is subject to individual approval to ensure that each meets the Council's continuing priorities and is affordable in the context of the Council's MTFS.

During 2018/19 and 2019/20 Cabinet has approved three 21st Century Band B schemes and one other scheme for inclusion within the Capital Programme, those at Connah's Quay High School, Queensferry CP/Plas Derwen PRU, Ysgol Croes atti, Shotton and Brynford CP school. The respective estimated costs of these four schemes are outlined in the table below:

| Band B | Total Cost | WG funded | Council funded |
|-------------------------------------|------------|-----------|----------------|
| | £m | £m | £m |
| Connah's Quay HS | 4.300 | 2.795 | 1.505 |
| Queensferry CP / Plas Derwen PRU | 8.000 | 5.700 | 2.300 |
| Ysgol Croes atti, Shotton | 1.125 | 0.863 | 0.262 |
| Brynford CP School | 1.540 | 0.500 | 1.040 |
| Total | 14.965 | 9.858 | 5.107 |

The Connah's Quay High School scheme commenced in 2018/19, and is anticipated to be complete during 2021/22. Queensferry CP/Plas Derwen PRU will commence in 2019/20 and is anticipated to be complete in 2022/23. Croes atti and Brynford will commence in 2019/20 and are anticipated to be complete in 2020/21, WG funding includes 21st century schools and childcare grant funding.

The benefits and costs of the school improvement programme scheme are:

Direct Benefits

- Enabling 50%-75% external investment in schools
- Reduction in backlog maintenance costs (£0.014m Queensferry CP, £0.901m Connah's Quay High School)
- Reduction in fixed costs associated with buildings and leadership focuses investment on learners
- Reduction in split site arrangements in provision of PRU to improve efficiency, and reduce risk by increasing options to improve pupil outcomes
- For Connah's Quay High School, increases capacity to meet target for pupil numbers
- For Connah's Quay High School, improves car parking issues, reducing associated risks
- For Ysgol Croes Atti, this supports the Council's Welsh Education Strategic Plan (WESP) and enables continued support and potential growth for Welsh Medium provision.
- For Brynford CP, investment in to capital expenditure to bring the building up to Building Bulletin standards to deliver high quality services efficiently having long term implications for future revenue budgets.

Direct Costs

- Part of bigger development programme in two bands, Band A £64.2m and Band B
- Estimated revenue borrowing costs associated (interest and minimum revenue provision) with each scheme are as follows:

| Band B | Year 1 | Year 50 | Average over 50 years |
|----------------------------------|--------|---------|-----------------------|
| | £m | £m | £m |
| Connah's Quay HS | 0.063 | 0.092 | 0.075 |
| Queensferry CP / Plas Derwen PRU | 0.096 | 0.141 | 0.115 |
| Ysgol Croes atti, Shotton | 0.011 | 0.016 | 0.013 |
| Brynford CP School | 0.043 | 0.063 | 0.052 |
| Total | 0.213 | 0.312 | 0.255 |

Indirect Benefits

- Improving learner outcomes by ensuring that school buildings are effective in creating the conditions for learners to succeed.

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| | <ul style="list-style-type: none"> • Alignment with the Council’s School Modernisation Strategy to ensure schools are fit for purpose • A more secure school estate • A school estate with reduced vandalism • Upgrading ICT provision and enabling new methods of curriculum delivery • Provision of appropriate capacity of school network |
| 1.42 | <p>SHARP – Loans to NEW Homes for Affordable Homes</p> <p>The first capital loan of £7.53m made to the Council’s wholly owned subsidiary, North East Wales Homes (NEW Homes) to build affordable homes on The Walks site in Flint as part of the Council’s Strategic Housing and Regeneration Programme (SHARP) was drawn down over 2016/17 – 2018/19, and it is now in the repayment phase. Cabinet approved an additional loan to NEW Homes up to a maximum of £10m for inclusion within the Capital Programme, to fund new affordable housing schemes in 2018/19. A further £20m has been approved by Cabinet during 2019/20.</p> <p>The loans are classed under accounting regulations as capital expenditure and therefore included within the Capital Programme. The Council funds the schemes by borrowing, which is fully repaid from loan repayments made by NEW Homes. Work has begun on the schemes, and funds will be drawn down from the Council as they progress.</p> <p>The building of council houses for social rents forms part of the HRA activities and will be included within the HRA Capital Programme.</p> |
| 1.43 | <p>Mockingbird Family Model</p> <p>The aim of the project is to transform the Fostering Service to meet the placement needs of looked after children and avoid the escalating costs of external care provision.</p> <p>The Mockingbird Family Model (MFM) replicates an extended family and groups foster carers of 6-10 fostering households supported by a central foster carer (Hub Home Carer).</p> <p>The number of looked after children has been increasing year on year with greater demand for suitable placements for our children and young people. Overall demand is not being met from in-house provision and reliance is being placed on the use of independent fostering agencies and residential placements which are costly.</p> <p>Children and young people who are provided consistent and stable placements have better outcomes than those who move from placement to placement. Each change of placement, often further away from a child’s home, brings a greater sense of detachment and loss and it is common for children’s emotional investment in subsequent placements to reduce, perpetuating the cycle of placement breakdown and disconnection. The MFM creates an ‘extended family’ around our children and young people, promoting their sense of belonging.</p> |

A detailed business plan has been approved by Welsh Government for an 'Innovate to Save' interest free loan. The intention is to set up the new service gradually over 3 years funded from the interest free loan totalling £1.150m. The loan will be repaid from savings made in years 4 to 7 which are estimated to be £0.530 per annum, which after repaying the loan will be reduced to £0.243m. The project costs are revenue costs, and therefore ordinarily cannot be funded by loans or borrowing. The Welsh Government's 'Innovate to Save' programme requires the revenue costs to be treated as capital, and WG Ministers have approved the Capitalisation Direction as part of approving the business plan.

1.44

Details of schemes specifically funded by specific grant and borrowing is shown in Table 6 below:

Table 6

| SPECIFICALLY FUNDED SCHEMES 2020/21 - 2022/23 | | | | |
|--|---------------|--------------|--------------|---------------|
| | 2020/21 | 2021/22 | 2022/23 | Total |
| | £m | £m | £m | £m |
| Specifically Funded Schemes | | | | |
| 21st Century Schools - Band B | 7.764 | 2.825 | 0.000 | 10.589 |
| SHARP - Loans to NEW Homes for Affordable Homes | 20.000 | 0.000 | 0.000 | 20.000 |
| Standard Waste Transfer Station | 1.200 | 0.000 | 0.000 | 1.200 |
| Mockingbird Family Model | 0.462 | 0.304 | 0.384 | 1.150 |
| Total Schemes | 29.426 | 3.129 | 0.384 | 32.939 |
| Funding | | | | |
| Specific Capital Grants | 4.491 | 1.805 | 0.000 | 6.296 |
| Unsupported (Prudential) Borrowing | 23.274 | 1.020 | 0.000 | 24.294 |
| Invest to Save Loan | 1.200 | 0.000 | 0.000 | 1.200 |
| Innovate to Save Loan | 0.462 | 0.304 | 0.384 | 1.150 |
| Total Schemes | 29.426 | 3.129 | 0.384 | 32.939 |

1.45

At the time of setting the budget the details of many capital grants have not been released by WG and so are not included in Table 6 above. As details become available they will be reported to Members via the quarterly 2020/21 Capital Programme monitoring reports.

1.46

All of the schemes proposed for inclusion within the Capital Programme invest in assets and / or reconfigure models of service provision. They are pivotal to support the delivery of the Council's strategic priorities outlined in portfolio business plans and the Council Plan.

1.47

Summary Total Council Fund Capital Programme 2020/21 - 2022/23

Table 7 summarises the total proposals for the 2020/21 - 2022/23 Capital Programme.

Table 7

| SUMMARY CAPITAL PROGRAMME 2020/21 - 2022/23 | | | | |
|--|----------------|----------------|----------------|----------------|
| | 2020/21 | 2021/22 | 2022/23 | Total |
| | £m | £m | £m | £m |
| Expenditure | | | | |
| Statutory / Regulatory Section | 2.400 | 2.350 | 2.350 | 7.100 |
| Retained Assets Section | 5.191 | 3.815 | 3.747 | 12.753 |
| Investment Section | 5.565 | 1.218 | 2.893 | 9.676 |
| Specific Section | 29.426 | 3.129 | 0.384 | 32.939 |
| Total Programme (All Sections) | 42.582 | 10.512 | 9.374 | 62.468 |
| Funding | | | | |
| General Funding ¹ | 8.156 | 6.565 | 6.565 | 21.286 |
| Grant Funding | 4.491 | 1.805 | 0.000 | 6.296 |
| Unsupported (Prudential) Borrowing | 26.224 | 1.265 | 2.783 | 30.272 |
| Invest to Save Loan | 1.200 | 0.000 | 0.000 | 1.200 |
| Innovate to Save Loan | 0.462 | 0.304 | 0.384 | 1.150 |
| Total Projected Funding | 40.532 | 9.939 | 9.732 | 60.203 |
| Surplus / (Shortfall) | (2.049) | (0.573) | 0.358 | (2.264) |
| 1 As per 20/21 Provisional Settlement | | | | |

Potential future schemes

1.48

All capital schemes need to be considered in the context of the position of the Council's MTFS. All schemes which require prudential borrowing to fund them add revenue pressures in the form of interest charges and charges to the Minimum Revenue Provision (MRP).

1.49

21st Century Schools Band B

Paragraph 1.41 includes details of projects from the overall submission to WG for 21st Century Schools Band B.

The 21st Century Schools Band B programme is due to end by 2024/25. As each of the remaining schemes is proposed for approval, a decision will need to be made taking into account its affordability in the context of the position on the MTFS. The Flintshire funding element of the remaining 21st Century Schools Band B programme will need to be funded from prudential borrowing.

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| | <p>It is a complex investment programme over a long period of time and will always require a degree of flexibility around the size of projects, funding and time scales.</p> |
| 1.50 | <p>Growth Deal</p> <p>Cabinet adopted the <i>Growth Vision for the Economy of North Wales</i> in September 2016. The vision set out a collective and strategic ambition for North Wales for infrastructure development, skills and employment, and business growth. The cabinets of the five partner councils in the region similarly adopted the strategy at that time.</p> <p>Cabinet was then advised in a further report in February 2017 that North Wales had been formally invited to open negotiations for a Growth Deal with both the UK and Welsh Governments: - for additional resources and powers to pursue the priorities set out in the <i>Growth Vision</i>. A number of City Deals and regional Growth Deals have been adopted across the UK.</p> <p>In June 2018 Cabinet and Council adopted a Governance Agreement for the planning and development phase of a Growth Deal. The Governance Agreement empowers and regulates the regional partnership between the six local authorities, the two universities, the two further education colleges and the North Wales Mersey Dee Business Council. The partnership operates through a joint committee called the North Wales Economic Ambition Board. All partners have similarly adopted the Governance Agreement.</p> <p>Heads of Terms are being finalised with Governments and it is anticipated that capital allocations will be drawn down in the final quarter of the 2020/21 financial year. A <i>Proposition Document</i>, which sets out the priority programmes of activity for the region and for which national funding is being sought through the Growth Deal, and has been approved by the North Wales Economic Ambition Board. The Growth Deal will fund selected programmes and projects from within the <i>Proposition Document</i>; ones that meet shared governmental objectives for economic growth. The document constitutes the regional bid which will lead to a deal.</p> <p>There is likely to be borrowing required in the future, the associated costs of which will need to be serviced. Until the detail of the final Growth Deal, to be negotiated with the Governments, and the capital grant payment arrangements to finance the Deal, the regional partners will not know the number and the combined cost of the approved projects. The combined cost of the approved projects, and how they are to be phased over a period of years, will have a bearing on the contributions to the borrowing costs each partner might be expected to make. Any shared capital borrowing costs for the regional partners are not likely to fall due until 2021/22.</p> |
| 1.51 | <p>Croes Atti, Flint Residential Care Home Review / Expansion</p> <p>The care sector in Flintshire is working within an increasingly challenging environment as a result of a range of factors, including the complexity of need, an ageing population, rising costs, increasing expectations and regulation and difficulties with recruitment and retention of high quality</p> |

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| | <p>staff. As a result of these pressures there is limited resilience and Flintshire is particularly challenged with only a small number of independent providers who are part of a reducing and fragile market. As a Council we are taking a positive approach to rebalancing the care home provision, taking a lead as a local authority to develop care homes that value older people and provide good quality support that would place the Council in a good position for the future.</p> <p>Croes Atti is a single storey 31 bed care home purpose built for older people, which was refurbished in 2005. The 31 bedrooms are small and less than 12 square metres which makes it increasingly difficult to support people with complex physical care needs and there are only 3 bedrooms with an en-suite facility. The living and day time spaces are well used and whilst we have a number of assisted bathing / shower rooms they are not all DDA compliant. The existing accommodation does not meet new RISCA regulations in relation to bedrooms and living space and any capital investing into refurbishment or new build must take into account of the new regulatory requirements. The care home is popular locally, is always at capacity and often with a waiting list for support. The home is regulated by the Care Inspectorate Wales (CIW) and achieves good inspection reports. A feasibility report in relation to options for increasing capacity at Croes Atti to 55 beds have been undertaken, the options for a refurbishment and new build on the current site are being considered.</p> |
| 1.52 | <p>Llys Gwenffrwd, Holywell Care Home Review</p> <p>Llys Gwenffrwd is a 31 bed three storey care home built in the 1970s which was refurbished in early 2000. There are challenges associated with the current building as it is built on a sloping site, as a result there are a number of levels requiring the need for ramps to access many areas both inside and outside. It includes the provision of a single undersized lift to reach the three stories which does not meet DDA requirements and there are a number of living and day spaces which are some distance from the bedroom areas. Outside space is difficult to access because of the site levels and parking can be difficult. The Holywell locality has the fewest number of care home placements available and would benefit from a new build facility on a different more accessible site which requires further consideration.</p> |
| 1.53 | <p>Children's in-house Residential Care Home</p> <p>Work is underway to develop the business case for an in house Residential Care Home for Children. The facility will provide short term assessment and support to children and young people with a view to supporting them to return to their family/carers where appropriate. The provision would form part of our strategy to reduce reliance on Residential care. Options are being considered to support the procurement of an appropriate building which include seeking capital funding from Welsh Government, leasing a property from a Registered Social Landlord or make a direct purchase using our capital.</p> |
| 1.54 | <p>Specialist Autism Facility</p> |

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| | <p>The possibility of developing a specialist facility to provide services for children and young people with Autism is being explored. The Council currently funds a number of out of county placements in neighbouring counties, in both maintained and independent settings. There is an increasing need for these placements and there has been a notable increase in the costs of the provision in recent years; costs associated with transport are also increasing given the distances to the provision. A piece of work has been commissioned to look at the viability of developing in-house provision utilising existing assets, and reallocating the revenue budget currently funding out of county placements for Autism.</p> |
| 1.55 | <p>Moderate Learning Difficulties (MLD)</p> <p>The Council currently has a gap in its provision for secondary aged pupils with Moderate Learning Difficulties (MLD). Mainstream schools are funded to offer support for the majority of pupils with special educational needs and Ysgol Maes Hyfryd meets the needs for pupils with profound and complex needs. There is a small group of pupils for whom neither setting is able to meet their needs appropriately. The possibility of developing a joint provision between Flint High School and Ysgol Maes Hyfryd which is being explored to meet the needs of this particular cohort thus reducing the need to commission out of county placements.</p> |
| 1.56 | <p>County Hall Campus</p> <p>The redevelopment of the County Hall campus site needs to be progressed through the formulation of a comprehensive and visionary masterplan which addresses the future needs of the Council and other public sector partners; linking this with an integrated approach around the Courts, and Theatr Clwyd together with a wider site development. This work is complex but phase one has already commenced with the demolition of phases 3 and 4 of County Hall (scheduled for completion during the first half of 2020). The site has huge potential being framed within a mature semi-rural landscape; work on a comprehensive plan will need to commence in 2020/21.</p> <p>During this period, phases 1 and 2 will remain in place. The existing building is in poor condition and component failure is becoming frequent. Options are being evaluated for a cost effective upgrade of parts of phases 1 and 2 for its medium term future, covering toilets, communal and catering areas. Future provision in the Capital Programme will need to be made to cover these costs following the demolition of phases 3 and 4.</p> |
| 1.57 | <p>Review of Industrial Estate</p> <p>The Councils industrial estates are widely dispersed throughout the County and provide much needed accommodation and commercial space to many local businesses. They bring into the Council revenue through rental income but are also of an age where they are now likely to require investment. This creates an opportunity to review the mix, size and type of units and consider the future direction. Work will therefore need to be undertaken to review, on a site by site basis each site and come up with a detailed strategy which considers each sites viability, whether to invest or dispose or seek an alternative use.</p> |

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| 1.58 | <p>Highways Asset Management Plan</p> <p>The core Capital Programme includes £0.600m per annum for the HAMP. In 2019/20, as in previous years, this has been supplemented by additional WG grant. It has been estimated that the investment required to maintain current network performance is £2.7m per annum, an increase of £2.1m per annum. Welsh Government announced additional Public Highways Refurbishment Grant 2018-21 to Flintshire of £0.959m in 2018/19, and in 2019/20, with funding for 2020/21 confirmed at £0.950m.</p> |
| 1.59 | <p>Digital Strategy</p> <p>A planned programme of projects required to increase the number and range of services available digitally are under consideration. The projects have an impact across a range of services, rather than in a single specific service e.g. web payment portal that will be used for all payments to the council. These will be used to enhance the ability of customers to interact with the Council on line.</p> <p>The capital costs of purchasing new software will be calculated on a project by project basis at the time each project is ready to proceed in order to accurately capture not only the technical requirements for the software but also the costs prevailing at the time.</p> <p>The range of cross cutting projects under consideration include:</p> <ul style="list-style-type: none"> • software that can automate answering simple telephone calls or email enquiries (so called "chat bots") • a generic web booking system to allow customer to make appointments for services on line • integration of webchat and email into the Customer Relationship Manager application • a generic facility for customers to upload and store commonly needed documents e.g. proof of entitlement to benefits • software to link information held in separate databases so that we can update them all at once in a single contact with the customer. |
| 1.60 | <p>Deeside Leisure Centre</p> <p>Deeside Leisure Centre is 45 years old and is reaching the end of its economic useful life. It is the largest sports facility in the County at 15,000m² and is of strategic importance regionally and locally in terms of sports participation and health and wellbeing. It is an ageing building occupying too large a footprint with inefficient energy systems. The building is not sustainable beyond the medium term.</p> <p>The Council and its strategic partner Aura are looking at undertaking a feasibility study and business case of options for the Leisure Centre going forward, and will review the impact this may have on the Capital Programme and any future potential revenue savings.</p> |

| 2.00 | RESOURCE IMPLICATIONS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------------|-------------------------|---------------------|-------------------------|--|----|----|----|--|-------|-------|-------|------------------------|-------|-------|-------|------------------|-------|-------|-------|-----------------------------|-------|-------|-------|---------------------------|-------|-------|-------|-------------|-------|-------|-------|-------|-------|-------|-------|
| 2.01 | Financial consequences for capital resources are as set out within the report. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.02 | <p>As previously stated there are revenue consequences of borrowing in interest costs and revenue provision for debt repayment which will bear on the MTFS as new pressures.</p> <p>Assuming the shortfall is as estimated (£2.264m), and that the asset life of schemes is 50 years the pressures on the revenue budget are shown in the table below. The pressures for school building works have been built into the current MTFS. Pressures for the shortfall in Council Funding and the Joint Archive Facility will be built into future MTFS calculations as necessary.</p> <table border="1"> <thead> <tr> <th></th> <th>Pressure in Year 1</th> <th>Pressure in Year 50</th> <th>Average Annual Pressure</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Shortfall in Council Funding (£2.264m)</td> <td>0.106</td> <td>0.150</td> <td>0.125</td> </tr> <tr> <td>Joint Archive Facility</td> <td>0.142</td> <td>0.200</td> <td>0.167</td> </tr> <tr> <td>Connah's Quay HS</td> <td>0.063</td> <td>0.092</td> <td>0.075</td> </tr> <tr> <td>Quensferry CP / Plas Derwen</td> <td>0.096</td> <td>0.141</td> <td>0.115</td> </tr> <tr> <td>Ysgol Croes atti, Shotton</td> <td>0.011</td> <td>0.016</td> <td>0.013</td> </tr> <tr> <td>Brynford CP</td> <td>0.043</td> <td>0.063</td> <td>0.052</td> </tr> <tr> <td>Total</td> <td>0.461</td> <td>0.662</td> <td>0.547</td> </tr> </tbody> </table> <p>The table does not include the two schemes where the income generated as a result will cover the associated revenue borrowing costs; Solar PV at Flint Landfill and Crumps Yard Connah's Quay and SHARP – Loans to NEW Homes for Affordable Homes. The table does not include the Mockingbird Family Model as the loan will be repaid from revenue savings generated as a result.</p> | | Pressure in Year 1 | Pressure in Year 50 | Average Annual Pressure | | £m | £m | £m | Shortfall in Council Funding (£2.264m) | 0.106 | 0.150 | 0.125 | Joint Archive Facility | 0.142 | 0.200 | 0.167 | Connah's Quay HS | 0.063 | 0.092 | 0.075 | Quensferry CP / Plas Derwen | 0.096 | 0.141 | 0.115 | Ysgol Croes atti, Shotton | 0.011 | 0.016 | 0.013 | Brynford CP | 0.043 | 0.063 | 0.052 | Total | 0.461 | 0.662 | 0.547 |
| | Pressure in Year 1 | Pressure in Year 50 | Average Annual Pressure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £m | £m | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shortfall in Council Funding (£2.264m) | 0.106 | 0.150 | 0.125 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Joint Archive Facility | 0.142 | 0.200 | 0.167 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Connah's Quay HS | 0.063 | 0.092 | 0.075 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quensferry CP / Plas Derwen | 0.096 | 0.141 | 0.115 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ysgol Croes atti, Shotton | 0.011 | 0.016 | 0.013 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Brynford CP | 0.043 | 0.063 | 0.052 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0.461 | 0.662 | 0.547 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | The proposed Capital Programme was reviewed by Corporate Resources Overview and Scrutiny Committee for comment at its meeting in 14 th November 2019 with their comments being fed back to Cabinet at its meeting on 19 th November 2019. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | Any decisions made which involve the Council's assets and its Capital Programme often have very large and long term financial implications. As |

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| | it seeks approval for its Capital Programme, the Council is required to produce indicators assessing the affordability, prudence and sustainability of the capital plans. These are called the Prudential Indicators and are included in the Capital Strategy report also included on this agenda. |
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| 5.00 | APPENDICES |
| 5.01 | None. |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | Business Case forms completed by Portfolios. |

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| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | Contact Officer: Liz Thomas, Strategic Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk |

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| 8.00 | GLOSSARY OF TERMS |
| | <p>Asset Management Plan - A plan maintained by an authority of the condition and suitability of its assets, updated regularly and utilised to assess future capital needs</p> <p>Capital Expenditure - Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset</p> <p>Capital Programme - The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme</p> <p>Capital Receipt - Receipts (in excess of £10,000) from the disposal of an asset</p> <p>Capital Scheme - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme</p> <p>Capital Strategy - A corporate document providing clear strategic guidance about an authority's objectives, priorities and spending plans, demonstrating the link to key corporate and service objectives. May be combined with the Asset Management Plan (AMP) to form a single document</p> <p>Council Fund - The fund to which all the Council's revenue and capital expenditure is charged</p> |

Disposal - The decommissioning or transfer of an asset to another party

Non-current Asset - A resource controlled (but not necessarily owned) by the Council, from which economic benefits or service potential are expected to flow to the Council for more than 12 months.

Prudential Code - The Code of Practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment needs

Prudential Indicators - Required by the **Prudential Code**, these take the form of limits, estimates or actual figures used to support the local decision making process for capital investment

Unsupported Prudential Borrowing - Borrowing administered under the **Prudential Code**, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.



FLINTSHIRE COUNTY COUNCIL

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|------------------------|---|
| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Capital Strategy including Prudential Indicators 2020/21 to 2022/23 |
| Report Author | Corporate Finance Manager |

EXECUTIVE SUMMARY

This report updates the Council's Capital Strategy and seeks Council's approval.

The report explains the need for the Strategy, its key aims, and the content of each of its sections.

Under the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), authorities are required to set a range of Prudential Indicators (PI's). The Capital Strategy includes details of the Council's Prudential Indicators for 2020/21 – 2022/23.

RECOMMENDATIONS

| | |
|---|---|
| 1 | Council approves the Capital Strategy. |
| 2 | <p>Council approves:-</p> <ul style="list-style-type: none"> • The Prudential Indicators for 2020/21 - 2022/23 as detailed within Tables 1, and 4 – 7 inclusive of the Capital Strategy. • 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). |

REPORT DETAILS

| | |
|-------------|--|
| 1.00 | EXPLAINING THE CAPITAL STRATEGY 2020 – 2023 |
| 1.01 | The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the Code), requires that the Council has in place a Capital Strategy (the Strategy). The guidance to the Code defines the specific requirements of the Strategy. This report updates the Strategy for Council's consideration. |
| 1.02 | The key aims of the Strategy are to explain the ways in which the Capital Programme is developed and funded, the potential impact it has on the Council's Medium Term Financial Strategy (MTFS) and the way in which it relates to the Council's Treasury Management Strategy. The Strategy is an overarching document and refers to other documents such as the Capital Programme, the Treasury Management Strategy and the Minimum Revenue Provision Policy. The Strategy is split into a number of sections as described below. The Strategy is enclosed as Appendix 1. |
| 1.03 | Capital Expenditure This section defines Capital Expenditure and that there is some limited local discretion in the definition as reflected in the Council's accounting policies. |
| 1.04 | Resources This section explains the way in which the Capital Programme is funded. The Council has a number of funding sources but these sources are limited and in some cases, particularly capital receipts, diminishing. Some of those sources, particularly prudential borrowing, add pressure to the Council's MTFS. |
| 1.05 | Prioritisation of Capital Expenditure This section explains the way in which the Capital Programme is divided into three sections and how decisions are made as to which schemes to include in each section in each year. |
| 1.06 | Governance This section explains the governance arrangements in place in the development and monitoring of the Capital Programme. |
| 1.07 | Capital Expenditure Plans This section refers to the Council's capital expenditure plans as agreed in its Capital Programme. It covers: <ul style="list-style-type: none">• Capital expenditure plans• The way in which those plans are expected to be financed• Minimum Revenue Provision• Estimates of the Capital Financing Requirement, a measure of unfinanced expenditure |

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| 1.08 | <p>Treasury Management</p> <p>This section covers the way in which the Strategy relates to the Council's Treasury Management activity. It covers:</p> <ul style="list-style-type: none"> • The Council's Borrowing Strategy • The relationship between the Council's debt portfolio and its Capital Financing Requirement • The Authorised Limit and Operational Debt Limits for borrowing, ensuring the limits on the Council's exposure to debt are set • The Council's Investment Strategy • Treasury Management governance. |
| 1.09 | <p>Commercial activities</p> <p>This section reports that the Council has limited commercial activity, having a limited portfolio of investment properties (agricultural properties and industrial units).</p> |
| 1.10 | <p>Liabilities</p> <p>This section explains the liabilities which the Council has, in particular the deficit on its pension fund, and links with the Council's Statement of Accounts.</p> |
| 1.11 | <p>Revenue budget implications</p> <p>This section shows the impact of the capital financing costs on the revenue stream of the Council's budget.</p> |
| 1.12 | <p>Knowledge and skills</p> <p>This section details the skills of officers involved in developing and managing the Capital Programme and Treasury Management activity, and explains that the Council makes use of external advisers to assist with this activity.</p> |
| 1.13 | <p>Prudential Indicators</p> <p>The Council is required by the Code to develop and monitor Prudential Indicators. These are contained within the various sections of the Strategy, and are indicated as such.</p> |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | Financial consequences for capital resources are as set out within the report and appendix. |
| 2.02 | Financial consequences for revenue resources are as set out within the report and appendix. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | The Capital Strategy and the proposed Capital Programme were considered by the Corporate Resources Overview and Scrutiny Committee at its meeting in 14 th November 2019 with their comments being fed back to the Cabinet at its meeting on 19 th November 2019. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | Decisions made which involve the Council's assets and its Capital Programme often have significant and long term financial implications. The purpose of the Capital Strategy includes setting a clear framework within which such decisions can be made mitigating the risks involved. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Capital Strategy. |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | None. |

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|-------------|---|
| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | Contact Officer: Liz Thomas – Strategic Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk |

| | |
|-------------|--|
| 8.00 | GLOSSARY OF TERMS |
| | <p>Capital Expenditure - Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset</p> <p>Capital Programme - The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme</p> <p>Capital Receipt - Receipts (in excess of £10,000) from the disposal of an asset</p> <p>Capital Scheme - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme</p> |

Capital Strategy - A corporate document providing clear strategic guidance about an authority's objectives, priorities and spending plans, demonstrating the link to key corporate and service objectives.

Council Fund - The fund to which all the Council's revenue and capital expenditure is charged.

Disposal - The decommissioning or transfer of an asset to another party.

Non-current Asset - A resource controlled (but not necessarily owned) by the Council, from which economic benefits or service potential are expected to flow to the Council for more than 12 months.

Prudential Code - The Code of Practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment needs.

Prudential Indicators - Required by the **Prudential Code**, these take the form of limits, estimates or actual figures used to support the local decision making process for capital investment.

Unsupported Prudential Borrowing - Borrowing administered under the **Prudential Code**, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.

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CAPITAL STRATEGY

2020/21 TO 2022/23

CONTENTS

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| 6 | TREASURY MANAGEMENT |
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| 8 | LIABILITIES |
| 9 | REVENUE BUDGET IMPLICATIONS |
| 10 | KNOWLEDGE AND SKILLS |

CAPITAL STRATEGY REPORT 2020/21

1. INTRODUCTION

The creation and approval of a capital strategy is now a requirement of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code).

The code requires the Council to set Prudential Indicators in relation to its capital programme. This document includes those Prudential Indicators and these are included in tables 1, 4 - 7 clearly marked as such.

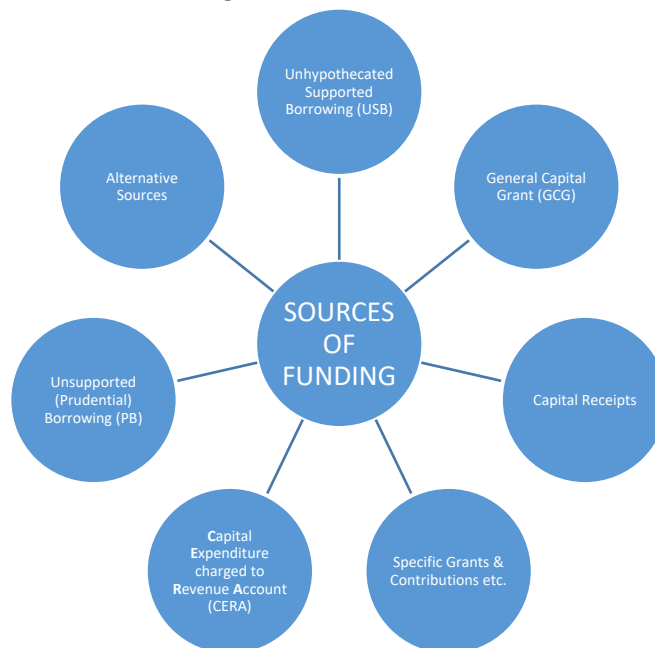
This document updates the capital strategy approved by Council in February 2019. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2. CAPITAL EXPENDITURE

Capital expenditure occurs when the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, as assets costing below £20k are not capitalised and are charged to revenue in year. Details of the Council's policy on capitalisation may be found in the Accounting Policy section of the Council's Statement of Accounts.

3. RESOURCES

The sources of funding available to the Council are described below:



Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing

Each year Welsh Government provides councils with a Supported Borrowing capital allocation. Councils can then borrow to fund capital expenditure up to that annual allocation, and Welsh Government will include funding to cover the revenue costs associated with that level of borrowing in future years within the Revenue Support Grant. The Council decides how this funding is spent.

General Capital Grant (GCG)

This is the annual capital grant from Welsh Government. The Council decides how this funding is spent.

Supported borrowing and general capital grant will be used to fund capital schemes which:

- invest in, or maintain the life of, existing assets which will be retained for future service delivery
- are statutory / regulatory in nature

The Housing Revenue Account (HRA) equivalent is known as the Major Repairs Allowance (MRA).

Capital Receipts

These are funds raised from the sale of council assets, usually, but not restricted to, land and buildings. Other examples include repayments of loans for capital purposes and release of restrictive covenants.

Capital finance regulations dictate that capital receipts can only be used to fund capital expenditure or repay debt. In the past regulations required a proportion of all receipts be set aside to repay debt, but this was removed some time ago for the Council Fund and was removed for the HRA with the introduction of self-financing. The Council's policy is to use capital receipts to fund capital expenditure rather than voluntarily set aside to repay debt. The Council sets a Minimum Revenue Provision policy each year which sets out our prudent methods for repayment of debt.

The current policy of pooling all capital receipts to allocate to capital schemes in accordance with the Council's strategic aims and priorities will continue. Capital receipts will not be ring-fenced to fund schemes in the same service or geographical areas (with the exception of the HRA). Capital receipts represent a finite funding source based on a planned approach to asset disposals in support of the Council's priorities. They will be used to fund new capital investment schemes.

Generation of capital receipts depends on our ability to identify assets that are surplus to requirements, and to sell them at an appropriate time which will be subject to local economic factors. In recent years this has been challenging, and will continue to be so. Careful and prudent planning around the timing of capital receipts is needed to ensure schemes funded by capital receipts don't begin until we have received the receipt.

Capital receipts will be generated by continuing with our agricultural disposal policy, our policy to reduce the number of assets that we have and the forthcoming review of the commercial estate.

Our assets are also supporting the Strategic Housing and Regeneration Programme (SHARP) in innovative ways. We have identified surplus Council owned sites which will be used to develop new housing. This input will need to continue throughout the life of the programme. The impact of this on the generation of capital receipts will need to be carefully mapped and reflected within the wider Capital Programme.

Specific Grants and Contributions etc.

Specific Grants

These are grant allocations received from a range of sponsoring bodies including Welsh Government, Lottery, etc. for associated specific programmes and projects with limited local discretion on how the funding is spent. Often the terms and conditions of such funding will require unused funding to be returned, and can require the Council to match fund. In times where capital resources are declining the Council will seek to maximise such funding streams, subject to the initiative/scheme reflecting both the third party's agenda and the Council's priorities.

Specific Contributions

These are contributions from developers towards the provision of public assets or facilities. Sometimes these are to mitigate the impact of their development on communities and often referred to as section 106 contributions. Contributions are earmarked for specific purposes in planning agreements and often relate to infrastructure projects including play areas, open spaces, and schools, but also includes affordable housing. Developers also contribute to highways infrastructure developments through section 38 and 278 agreements.

Specific Capital Loans

Increasingly as Welsh Government's funding comes under pressure, capital funding that was previously issued as a specific capital grant is converted into a repayable loan, Examples include the Home Improvement Loans fund, and Vibrant and Viable Places funding. Grant funding will always be preferable to loan funding as it does not require repayment, however loan funding does have benefits. Its use to date has been to provide recyclable loan funding for regeneration purposes. The benefit is that rather than being used to fund a single project, the funding can be recycled and used to fund a number of projects over the term of the loan.

Capital Loans are also available, and have been used, from other sources such as Salix in relation to energy saving projects.

As with grants the Council will seek to maximise such developments that are in line with its priorities, whilst carefully considering the additional administrative burden in issuing and collecting loans, and the risk it carries from loan defaults.

Local Government Borrowing Initiative (LGBI)

In recent years as Welsh Government funding has been under pressure, schemes that would have been funded by capital grant have been funded by LGBI. Welsh Government provides the revenue support for borrowing costs incurred by the Council in borrowing to fund capital schemes (the difference with supported borrowing being that it's for a specific purpose aligned to Welsh Government priorities). LGBI has recently been used for highways maintenance and used to part fund the Welsh Government element of the 21st Century Schools programme – 'Band A'.

Capital Expenditure charged to Revenue Account (CERA)

Capital expenditure can be funded via a direct contribution from revenue funding (note capital financing regulations mean it is not possible to use capital funding to fund revenue expenditure). This method of funding is extensively used by the HRA and will continue to be in the future. Its use for Council Fund activity is generally quite limited as this would add pressure to the revenue budget as forecast in the Medium Term Financial Strategy.

Unsupported Prudential Borrowing (commonly referred to as Prudential Borrowing)

The Prudential Code for Capital Finance in Local Authorities supports local authorities in determining their programmes for capital investment in assets (we are required by regulation to follow its requirements). The Prudential Code gives Councils discretion to undertake borrowing to fund capital projects with the full cost of borrowing funded from future council revenue resources subject to the Council demonstrating, within a clear framework, that the capital investment plans are affordable, prudent and sustainable. A range of prudential indicators must be produced and approved demonstrating the impact of the programme. The option for funding additional capital developments is one which is funded from within existing revenue budgets or from generating additional and ongoing income streams, there is no support from any external funding and is a major constraint on its use as any scheme funded by prudential borrowing will add to the forecast budget deficit in the MTFS.

To date limited use has been made of the option following cautious and prudent consideration of long term impacts. This approach will continue to be used with schemes that have a clear financial benefit such as 'invest to save', 'spend to earn', and those that generate returns over and above the costs of debt. The focus will be to fund schemes that are the Council's priorities, attract third party funding and generate revenue benefits in future financial years in the form of revenue savings, income generation or increasing Council Tax yield. In addition, prudential borrowing will be used to fund the Council element of 21st Century Schools – 'Band B' and the HRA SHARP and Welsh Housing Quality Standard (WHQS) schemes.

Alternative Sources

There are a number of other alternative sources of capital funding which the Council could make use of, depending on circumstances and cost:-

- Finance Leases - Leases that transfers substantially (to the lessee) all the risks and rewards of ownership of an asset, even though ownership may not be transferred. This method was used for the equipment at Deeside Leisure Centre and the Jade Jones Pavilion, Flint.
- Public Private Partnerships (PPPs) - This is a broad term for various arrangements in which the Council has a longer and more intensive relationship with a private sector supplier than it does under a traditional contract. It includes:-
 - PFI contracts;
 - Local Asset Backed Vehicles (LABVs);
 - Strategic partnering;
 - Sale and Lease back;
 - Joint Ventures; and
 - Deferred Purchase

To date the Council has made very limited use of alternative funding options listed above. In future all options along with any new initiatives will be explored and used carefully. Capital schemes funded from alternative sources are likely to increase the Council's debt liability therefore use will be restricted and considered in the same way as prudential borrowing.

4. PRIORITISATION OF CAPITAL EXPENDITURE

The purpose of the Capital Programme is to optimise the Council’s use of capital resources by allocation to those areas identified as representing the strategic priorities of the Council. The Programme is split into 3 sections;

- Statutory / Regulatory Programme consisting of an annual allocation to fund schemes of a statutory / regulatory nature. Examples include providing financial support to repair, improve and adapt private sector homes, and adapting schools for disabled children. Service areas will be required to submit plans for approval before the start of each financial year.
- Retained Asset Programme consisting of an annual allocation to fund schemes that maintain, improve or lengthen the economic life of the assets that we retain to use in delivering services where there is already a significant amount of capital work needed, identified by service plans / condition surveys etc. Service areas identified are; schools, highways, and corporate office accommodation. Service areas are required to submit plans for approval before the start of each financial year.
- Investment Programme consisting of allocations to fund new schemes arising from Portfolio Business Plans. Such schemes will be necessary to achieve revenue efficiencies included within Portfolio Business Plans and the MTFs and our strategic priorities as included in the Council Plan. Approval of such schemes will be through the submission of a full business case identifying the source of capital funding and the assets lifetime costs going forward.

Funding of schemes will be allocated as shown below:

| | | | |
|----------------------------------|--------------------------|------------------|---|
| Statutory / Regulatory Programme | Retained Asset Programme | | Investment Programme |
| General Capital Grant | Supported Borrowing | Capital Receipts | Debt and Alternative Sources of Funding |

Capital Programmes will be set every year covering a timeframe of the next 3 financial years on a rolling basis, reflecting that capital schemes don’t match financial years and span more than 1 financial year. Schemes starting in that first financial year will be approved along with any costs and funding required in the subsequent 2 financial years. Schemes starting later than the first financial year will be given indicative support to enable services to plan, but will ultimately require formal approval through the process of approving the subsequent years’ capital programme.

Sufficient headroom will be built into the Capital Programme to facilitate more flexibility thus allowing smaller schemes to be presented, considered and approved by Cabinet in year. Such schemes arise in year due to, for example grants that require an element of match funding or unforeseen events such as regulatory works etc.

The development of the capital programme will be considered in the context of its impact on the Council’s MTFs and in particular the added pressure the capital programme may bring to the revenue budget.

5. GOVERNANCE

Planning for the Capital Programme is determined in parallel with service and revenue budget planning process within the framework of the MTFS.

New investment capital schemes will be rigorously appraised through submission of full business cases which will include schemes funded by grants or contributions from 3rd parties. Large schemes which are programmes in their own right will be subject to gateway reviews at stages during the programme, for example 21st Century Schools and SHARP. This ensures that the evidence and the case for change when the scheme was initially approved is still valid, and that lessons learned from early stages can be applied to future stages.

Those portfolios with core allocations will submit annual plans for assessment and challenge by the Capital and Assets Programme Board to ensure compliance with the Capital Strategy and the Asset Management Plan.

The Capital Programme where possible will be set for each coming financial year before the annual budget, and will include indicative figures spanning the same time frame as the MTFS.

Monitoring of the annual Capital Programme will be undertaken at a Portfolio level by the Capital Team within Technical Accounting, with progress updates given to the Capital and Assets Programme Board. Reporting to Members will take place quarterly to Cabinet and Corporate Resources Overview and Scrutiny Committee including:

- New schemes or additions to existing schemes
- Removal of or reductions to schemes
- Slippage on schemes, and impact on future years capital programme
- Funding virements between schemes
- Other necessary revisions to the scheme

The Capital and Assets Programme Board will develop processes for monitoring the outcomes of capital schemes and measures to monitor the performance of assets.

Capital expenditure plans

The Council's planned capital expenditure for the period 2020/21 to 2022/23 is summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

| | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|
| Council Fund | 42.582 | 10.512 | 9.374 |
| Housing Revenue Account | 30.464 | 20.923 | 25.482 |
| Total | 73.046 | 31.435 | 34.856 |

The Council's Capital Programme is due to be approved by Council in January 2020, and details can be found on the Council's website.

The Council is planning a number of significant investments during the period of this strategy. In particular, it is investing substantially in its schools in conjunction with Welsh Government through the 21st Century Schools programme; is extending its residential care home at Marleyfield in Buckley; is making infrastructure improvements at Standard Yard Waste Transfer Station (WTS) in Buckley to accommodate growth in recycling rates and an increase in resilience and processing capacity for future waste streams; and has plans, in conjunction with its partners, to redevelop Theatr Clwyd. More detail is available in the Capital Programme 2020/21 – 2022/23 report.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately. The Council has plans to invest significantly in housing assets over the period of the strategy, including the building of an estimated 208 new homes as part of the Strategic Housing and Regeneration Programme (SHARP), as well as bringing its stock into line with the Wales Quality Housing Standard.

In addition, part of SHARP is to build new homes for rent at intermediate rent levels (between social housing rents and market rents). This is achieved by making capital loans to the Council's wholly owned subsidiary, North East Wales Homes (NEW Homes) to build affordable homes.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing etc.). The planned financing of the above expenditure is as follows, broken down into the sources detailed above in 'Resources':

Table 2: Capital Financing in £ millions

| | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Council Fund | | | |
| <u>External Sources</u> | | | |
| USB | 4.073 | 4.073 | 4.073 |
| GCG | 4.083 | 2.492 | 2.492 |
| Specific Grants/Contrib's/Loans | 6.153 | 2.109 | 0.384 |
| <u>Own Resources</u> | | | |
| Capital Receipts | 0.000 | 0.000 | 0.000 |
| CERA | 0.000 | 0.000 | 0.000 |
| <u>Debt</u> | | | |
| Prudential Borrowing | 28.273 | 1.838 | 2.425 |
| | | | |
| Sub Total - Council Fund | 42.582 | 10.512 | 9.374 |
| | | | |

| Housing Revenue Account | | | |
|---------------------------------|---------------|---------------|---------------|
| <u>External Sources</u> | | | |
| MRA | 5.065 | 5.065 | 5.065 |
| Specific Grants/Contrib's/Loans | 0.275 | 0.000 | 0.000 |
| <u>Own Resources</u> | | | |
| Capital Receipts | 1.716 | 0.000 | 0.000 |
| CERA | 12.653 | 8.208 | 8.473 |
| Othe contns | 0.000 | 0.000 | 0.000 |
| <u>Debt</u> | | | |
| Prudential Borrowing | 10.755 | 7.650 | 11.944 |
| Sub Total - HRA | | | |
| | 30.464 | 20.923 | 25.482 |
| TOTAL | | | |
| | 73.046 | 31.435 | 34.856 |

Debt is only a temporary source of finance, as any loans or leases must be repaid. Local Authorities are required each year under Regulations, to set aside some of their revenue resources as provision for the repayment of debt. The annual charge to the revenue account for repaying debt is known as the Minimum Revenue Provision (MRP). Planned MRP is as follows:

Table 3: Minimum Revenue Provision in £ millions

| | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|
| Council Fund | 4.456 | 4.682 | 4.786 |
| Housing Revenue Account | 2.711 | 2.896 | 2.999 |

Local Authorities are required to set a policy for MRP each financial year. The Council's sets its annual MRP policy in February each year and is available on its website.

Alternatively, capital receipts may be used to repay debt by applying capital receipts to the Capital Financing Requirement (CFR).

The Council's cumulative outstanding amount of capital expenditure financed by debt is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and any capital receipts used to repay debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

| | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|
| Council Fund | 233.145 | 242.802 | 248.529 |
| Housing Revenue Account | 144.850 | 149.953 | 158.954 |
| Total | 377.995 | 392.755 | 407.483 |

6. TREASURY MANAGEMENT

Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs as they fall due, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due mainly to decisions taken in the past, the Council currently (31st December 2019) has £290m long term borrowing at an average interest rate of 4.58%, and £32m short term borrowing at an average interest rate at 0.77%. It also had £17.5m treasury investments at an average interest rate of 0.71%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 3.0% to 3.5%).

Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below, compared with the capital financing requirement (see above).

Table 5: Prudential Indicator: Gross Debt & the Capital Financing Requirement in £ millions

| | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Debt (Incl Leases) | 355.000 | 373.655 | 389.993 |
| Capital Financing Requirement | 377.995 | 392.755 | 407.483 |

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from Table 5, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised Limit & Operational Boundary for external debt in £m

| | 2020/21 Limit | 2021/22 Limit | 2022/23 Limit |
|--|------------------|------------------|------------------|
| Authorised Limit - Borrowing | 395 | 410 | 425 |
| Authorised Limit - Other long term liabilities | 35 | 35 | 35 |
| Authorised Limit - Total External Debt | 430 | 445 | 460 |
| Operational Boundary - Borrowing | 375 | 390 | 405 |
| Operational Boundary - Other long term liabilities | 20 | 20 | 20 |
| Operational Boundary - Total External Debt | 395 | 410 | 425 |

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of Treasury Management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Governance: Decisions on Treasury Management investment and borrowing are made daily and are therefore delegated to the Corporate Finance Manager and the Treasury Management team, who must act in line with the Treasury Management Strategy approved annually by the Council in February. Quarterly reports on Treasury Management activity are presented to the Audit Committee. The Audit Committee is responsible for scrutinising Treasury Management decisions.

The Council sets a Treasury Management Policy Statement, an annual Treasury Management Strategy and Treasury Management Schedules and Practices which contain further details on the Council’s borrowing strategy, investment strategy and treasury management governance which are available on its website.

7. COMMERCIAL ACTIVITIES

The Council has a portfolio of investment properties, in the form of agricultural property and industrial units. Although these are classified as investment properties, they are legacy assets and the Council is managing down its agricultural portfolio and is reviewing its position in regard to industrial units.

8. LIABILITIES

In addition to debt of £290m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £408m). It has also set aside £1m to cover the risks associated with the aftercare of former landfill sites, and £2.7m as a provision against bad debts.

The Council is also at risk of having to pay for any additional works necessary at landfill sites, payments in respect of historic insurance, abuse and housing disrepair claims, costs involved in some employment tribunal cases, and has given pension guarantees on behalf of various alternative service delivery models. The Council has not set aside any funds because of a lack of certainty in estimating the size and timing of these liabilities.

Governance: Decisions on incurring new discretionary liabilities are taken by Chief Officers in consultation with the Corporate Finance Manager. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported as required to Cabinet.

Further details on liabilities and guarantees are in the contingent liability section in note 33 of the Council's 2018/19 Statement of Accounts available on its website.

9. REVENUE BUDGET IMPLICATIONS

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Revenue Support Grant, Council Tax and business rates (NNDR) for the Council Fund, and the HRA equivalent is the amount to be met from WG grants and rent payers.

Table 7: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream

| | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|--------------|---------------------|---------------------|---------------------|
| Council Fund | 4.68% | 4.75% | 4.79% |
| HRA | 24.33% | 25.37% | 25.84% |

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Finance Manager is satisfied that the proposed capital programme is prudent, affordable and sustainable because the impact of the existing capital programme on the

MTFS has been considered, and the revenue implications of future capital schemes are included when considering the approval of the capital budget. .

Other revenue implications of capital expenditure are included in business cases and are factored into the MTFS.

10. KNOWLEDGE AND SKILLS

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Corporate Finance Manager is a qualified accountant with significant experience. The Council pays for junior staff to study towards relevant professional qualifications, including CIPFA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.



FLINTSHIRE COUNTY COUNCIL

| | |
|------------------------|---|
| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Housing Revenue Account (HRA) 30 Year Financial Business Plan |
| Report Author | Chief Officer (Housing and Assets) |

EXECUTIVE SUMMARY

The final proposals for the HRA Revenue and Capital budget for the 2020/21 financial year, including proposed rent increases were considered by Cabinet on 21st January 2020 and the outcome of the Cabinet will be reported verbally to Council.

A copy of the Cabinet report is attached as Appendix 1.

RECOMMENDATIONS

| | |
|---|---|
| 1 | Members are recommended to receive and approve the recommendations from Cabinet on 21 January 2020. |
|---|---|

REPORT DETAILS

| | |
|-------------|---|
| 1.00 | EXPLAINING THE HRA BUSINESS PLAN 2020/21 UPDATE |
| 1.01 | As set out in the report to Cabinet on 21 st January 2020. |
| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | As set out in the report to Cabinet on 21 st January 2020. |
| 3.00 | IMPACT ASSESSMENT AND RISK MANAGEMENT |
| 3.01 | As set out in the report to Cabinet on 21 st January 2020. |
| 4.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 4.01 | As set out in the report to Cabinet on 21 st January 2020. |
| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Report to Cabinet on 21 st January 2020. |
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | None. |
| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | Contact Officer: Neal Cockerton, Chief Officer (Housing & Assets) Telephone: 01352 702500 E-mail: neal.cockerton@flintshire.gov.uk |
| 8.00 | GLOSSARY OF TERMS |
| 8.01 | As set out in the report to Cabinet on 21 st January 2020. |

CABINET

| | |
|------------------------|---|
| Date of Meeting | Tuesday 21 st January 2020 |
| Report Subject | Housing Revenue Account (HRA) 30 Year Financial Business Plan |
| Cabinet Member | Cabinet Member for Housing |
| Report Author | Finance Manager Housing and Commercial Services |
| Type of Report | Strategic |

EXECUTIVE SUMMARY

The purpose of this report is to present for consideration the draft HRA 30 year Financial Business Plan and the proposed HRA Budget for 2020/21.

RECOMMENDATIONS

| | |
|---|--|
| 1 | That Cabinet consider the HRA budget for 2020/21 as set out in the attached appendices. |
| 2 | Approve the proposed rent increase of up to 1.7% (plus up to £2). |
| 3 | That Cabinet consider a garage rent increase of £1.22 per week and a garage plot increase of £0.20 per week. |
| 4 | That Cabinet consider the phased increase in Service Charges recovery. |
| 5 | That Cabinet consider the rationale behind an increased level of reserves to 4%. |
| 6 | Consider the proposed HRA Capital programme for 2020/21 as set out in Appendix B. |

REPORT DETAILS

| | |
|-------------|--|
| 1.00 | EXPLAINING THE HRA BUSINESS PLAN 2020/21 UPDATE |
| 1.01 | <p>Considerations</p> <p>The HRA is required to produce a 30 year business plan.</p> <p>The strategic context for this year's HRA budget setting includes the following:</p> <ul style="list-style-type: none">• The need to ensure the treasury management strategy continues to meet the Housing Revenue Account's new and ongoing borrowing requirements;• Delivers a prudent plan for income maximisation;• Setting a balanced budget with a minimum of 3% surplus revenue over expenditure;• Continued drive to ensure all service costs are efficient and that value for money can be achieved;• Maximisation of revenue efficiencies to minimise the borrowing required to meet Welsh Housing Quality Standards (WHQS) by 2020;• Delivery of new build Council housing.• Provision of adequate ongoing capital to maintain WHQS levels. |
| 1.02 | <p>Borrowing</p> <p>The deed to terminate the voluntary agreement for the HRA borrowing cap was signed on the 2nd December 2019, it is therefore important that going forward, increased borrowing in the HRA is carefully managed and monitored to ensure that it is sustainable and affordable to the business plan. Work will be undertaken to develop a set of treasury KPI's for the HRA to enable transparent monitoring of this going forward.</p> <p>The total level of HRA prudential borrowing as at 31st March 2021 is anticipated to be £147.869m.</p> <p>All prudential borrowing is repaid at 2% per year in line with the HRA's Minimum Revenue Provision (MRP).</p> <p>The HRA is part of the single debt pool for the Council, all borrowing for the Council is managed within one pool and the average borrowing rate for the Council is applied to all new borrowing in the HRA. The rate assumed in the Business plan is 4.3%.</p> |
| 1.03 | <p>Rents</p> <p>On 18th December 2019, Welsh Government released the Minister for Housing and Regeneration's decision around the Welsh Government Rent Policy for commencement in 2020/21.</p> <p>This Rent Policy has been set for 5 years and it has been made clear that the rent policy settlement is a maximum amount which can be charged and</p> |

landlords should consider value for money (as an annual assessment of cost efficiencies) alongside affordability for tenants (taking into account the whole cost of living in a property) as part of their rationale for setting rents.

The Rent Policy for Social Housing Rents from 2020/21 sets out the following:

- An annual rent uplift of up to CPI+1%, for 5 years to 2024/25 using the level of CPI from the previous September each year. September 2019 was 1.7%.
- The level of rents for individual tenants can be reduced, frozen or rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1% (2.7%).

The new average rent band proposed by Welsh Government is shown in the table below. A maximum uplift of 2.7% (CPI plus 1%) would take the average rent paid in 2020/21 to £96.57 which is just above the low end of the target rent band.

| | 2020/21 Target Rent Band | | |
|--------------|--------------------------|-----------|----------|
| Average Rent | Low End | Mid-Point | High End |
| Flintshire | £ 95.82 | £ 100.87 | £ 105.91 |

The previous Rent policy enabled the Council to apply rent inflation plus £2 per annum for any tenants paying under the target rent band for their property. Flintshire currently have just over half its properties under the target rent band as shown in Appendix A.

Appendix A also shows that the majority of tenants currently paying under target rent are those in 3 bed houses and bungalows (not subject to service charges) and those in smaller properties and flats are generally at target rent (higher proportion subject to service charges).

The new rent policy asks for affordability for all tenants to be taken into account when setting rents though it is also important for the Council to maximise rental income in order to invest in new homes and regenerate existing stock. With this in mind, it is recommended to utilise the flexibility given in the rent policy around setting the level of rents for individual tenants, to bring affordability into line for all tenants.

The recommended option would be to apply an overall uplift of 1.7% to all tenants and, in addition, apply the transitional uplift of £2 to tenants who are currently under target rent. This ensures that no individual tenant will pay more than the maximum allowed under the policy but moves towards readdressing the disparity between those rents under and those at target rent and seeks to make rent charges to all tenants more equitable.

The effect of this will be a lower inflationary increase for tenants who are

| | <p>already paying target rent and should help offset the additional impact of any service charge increases. Tenants currently paying under target rent will see an uplift of 1.7% plus £2 which will take their increase up to circa 2.7%.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|---------------|---------------|-----------------|----------|--------------|---------|--------|--------|--------|----------|----------|--------|--------|--------|----------|---------|--------|--------|--------|---------|-----------------|--------|--------|--------|---------|---------------|---------------|---------------|---------------|-----------------|
| 1.04 | <p>Garage Rents</p> <p>The proposed garage rent increase for 2020/21 is £1.22 per week which takes the garage rent per week to £9.83 (based on 52 weeks), the proposed garage plot increase is £0.20 per week taking the garage plot rent to £1.60 per week.</p> <p>The business plan anticipates £0.529m in income for garages, however the garage review is ongoing and therefore this figure may be adjusted accordingly.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.05 | <p>Service Charges</p> <p>The rent and service charges policy was introduced in 2015 and expected all Local Housing Associations (LHA's) to be achieving full cost recovery for service charges, if this had not yet been achieved a clear transition plan should be identified to achieve this.</p> <p>At 2019/20 the Council was at 70% service charge recovery for implemented charges, it is recommended that the increase in service charges to take the HRA to full cost recovery should be stepped over the next 2 years (2020/21 and 2021/22). Based on this proposal, the revised charges for 2020/21 would be:</p> <table border="1"> <thead> <tr> <th>Charge</th> <th>19/20 Charge</th> <th>20/21 Charge</th> <th>Increase</th> <th>Total income</th> </tr> </thead> <tbody> <tr> <td>Aerials</td> <td>£ 1.20</td> <td>£ 1.55</td> <td>£ 0.35</td> <td>£130,950</td> </tr> <tr> <td>Cleaning</td> <td>£ 3.77</td> <td>£ 4.60</td> <td>£ 0.83</td> <td>£174,018</td> </tr> <tr> <td>Laundry</td> <td>£ 0.72</td> <td>£ 0.79</td> <td>£ 0.07</td> <td>£29,424</td> </tr> <tr> <td>Window Cleaning</td> <td>£ 0.47</td> <td>£ 0.75</td> <td>£ 0.28</td> <td>£17,075</td> </tr> <tr> <td>Totals</td> <td>£ 6.16</td> <td>£ 7.69</td> <td>£ 1.53</td> <td>£351,466</td> </tr> </tbody> </table> <p>As the above table indicates, the maximum increase that any one property would receive in 2020/21 would be £1.53 per week, if they were subject to all four service charges.</p> | Charge | 19/20 Charge | 20/21 Charge | Increase | Total income | Aerials | £ 1.20 | £ 1.55 | £ 0.35 | £130,950 | Cleaning | £ 3.77 | £ 4.60 | £ 0.83 | £174,018 | Laundry | £ 0.72 | £ 0.79 | £ 0.07 | £29,424 | Window Cleaning | £ 0.47 | £ 0.75 | £ 0.28 | £17,075 | Totals | £ 6.16 | £ 7.69 | £ 1.53 | £351,466 |
| Charge | 19/20 Charge | 20/21 Charge | Increase | Total income | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aerials | £ 1.20 | £ 1.55 | £ 0.35 | £130,950 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cleaning | £ 3.77 | £ 4.60 | £ 0.83 | £174,018 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Laundry | £ 0.72 | £ 0.79 | £ 0.07 | £29,424 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Window Cleaning | £ 0.47 | £ 0.75 | £ 0.28 | £17,075 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Totals | £ 6.16 | £ 7.69 | £ 1.53 | £351,466 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.06 | <p>Capital Programme</p> <p>The total proposed capital programme for 2020/21 is £30.464m. Which includes the following:-</p> <p>£19.293m has been built into the WHQS and Asset investment programme for 2020/21. This includes provision for internal work streams, external enveloping works, environmental programmes, fire risks and Disability Discrimination Act (DDA) works, asbestos, off gas and energy efficiency works. Cabinet has approved the asset investment plan to achieve the WHQS by 2020 and the budget set will ensure that the council is still on</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

track to meet its commitment to achieve the standard. The 2020/21 Capital Programme proposals are summarised in Appendix C.

In addition, £11.171m has been built into 2020/21 for Council housing Batches 3 & 4 building schemes, which will increase the housing stock by 177 properties:

| Asset Investment Budget Breakdown | £m |
|--|---------------|
| Batch 3 | 0.524 |
| Batch 4 | 10.647 |
| Total | 11.171 |

The long term business plan assumes that post WHQS the major repairs allowance (MRA) will be used to fund decarbonisation of the Council's Housing stock in line with Welsh Government Policy and that these are new and additional costs to the HRA capital programme.

The Business Plan also assumes a programme of stock regeneration works from 2021/22, onwards.

1.07 Capital Funding

The £30.464m capital programme will be funded by:-

| WHQS & Asset Investment Funding | £m |
|--|---------------|
| Revenue Contribution (CERA) | 12.653 |
| Major Repairs Allowance | 5.065 |
| Energy Efficiency | 0.275 |
| Prudential Borrowing | 1.300 |
| Total | 19.293 |

| New Build Funding | £m |
|--------------------------|---------------|
| Prudential Borrowing | 9.455 |
| Capital Receipts | 1.716 |
| Total | 11.171 |

1.07 Reserves

There is a requirement to hold a minimum level of reserves of 3% of expenditure. The 2019/20 Business Plan was based on a reserves level of 3%, however, as the level of financial risk in the HRA is rising due to increased borrowing levels for new build it is recommended that the HRA moves to 4% as a reserve level.

2.00 RESOURCE IMPLICATIONS

2.01 The HRA is a ring fenced budget. This HRA budget and Business Plan demonstrates that the council can achieve the WHQS by 2020, can meet service improvement plans and commitments and with prudential borrowing can continue its Council house building programme in 2020.

| | | |
|-------------|---|--|
| 3.00 | IMPACT ASSESSMENT AND RISK MANAGEMENT | |
| 3.01 | All households will benefit from the Councils WHQS programme. The impact of the investment planning and efficiencies is being modelled for various customer groups to ensure that there is no disproportionate impact on any groups with protected characteristics. | |
| 3.02 | The Business Plan assumes a confirmation of Major Repairs Allowance (MRA) for 2020/21 and beyond, however, Welsh Government have indicated that the purpose of the funding will be reviewed in the future. | |
| 3.03 | The potential impact of BREXIT on interest rates and inflation has been mitigated by increasing the estimated assumptions included in the business plan. | |
| 3.04 | Ways of Working (Sustainable Development) Principles Impact | |
| | Long-term | Positive – There is a commitment to increase supply to provide the right types of homes in the right location. |
| | Prevention | Positive – It is our aim to provide support to ensure people live and remain in the right type of home. |
| | Integration | Positive - Achieving WHQS for all existing council houses and delivering new social housing will contribute to the integration within communities. |
| | Collaboration | Positive - To deliver in partnership with stakeholders to support positive impacts for all our tenants. |
| | Involvement | Positive - Communication with tenants, Members and other stakeholders. |
| | Well-being Goals Impact | |
| | Prosperous Wales | Positive – Existing social homes are WHQS compliant and meet the changing housing needs. Also Providing good quality new social homes. |
| | Resilient Wales | Positive – Developing low / zero carbon homes through modern methods of construction and technologies. Ensuring that all statutory compliance requirements are adhered to. |
| | Healthier Wales | Positive – Ensuring all existing homes and new homes are fit for purpose and meet the needs of all people. |
| | More equal Wales | Positive - Provide good quality homes for the most vulnerable people in society. |
| | Cohesive Wales | Positive – Contributing to attractive, viable and safe communities |

| | | |
|--|----------------------------|---|
| | Vibrant Wales | Positive – Ensuring all communities housing needs are supported |
| | Globally responsible Wales | Positive – The HRA Business Plan will contribute to the improvement of the economic, social, environmental and cultural wellbeing of Wales. |

| | |
|-------------|--|
| 4.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 4.01 | Detailed consultation has been undertaken with tenants and elected members to inform the preparation of the WHQS investment programme. |
| 4.02 | Full local consultation is carried out for each new build scheme. |

| | |
|-------------|---|
| 5.00 | APPENDICES |
| 5.01 | Appendix A – Summary HRA Rent Charges 2020/21. |
| 5.02 | Appendix B – Draft 30 Year HRA Financial Business Plan Summary. |
| 5.03 | Appendix C – Draft Capital Programme 2020/21. |
| 5.04 | Appendix D – Draft Pressures and Efficiencies 2020/21. |
| 5.05 | Appendix E – HRA Account Narrative |

| | |
|-------------|--|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | None. |

| | |
|-------------|---|
| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | Contact Officer: Neal Cockerton, Chief Officer (Housing & Assets) Telephone: 01352 702500 E-mail: neal.cockerton@flintshire.gov.uk |

| | |
|-------------|--|
| 8.00 | GLOSSARY OF TERMS |
| 8.01 | Financial Year: the period of 12 months commencing on 1 April 2020 Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure. Capital expenditure: money spent by the organisation on acquiring or maintaining fixed assets, such as land, buildings, and equipment. |

Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.

Treasury Management: the Council has adopted the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with the Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code.

Major Repairs Allowance: Welsh Government grant paid to local authorities in Wales who still manage and maintain their council housing.

APPENDIX A

| HRA Rents | | No. | | |
|-----------------------|-------------------|------------------------------|-------------------|--------------|
| Property Type | No. of Properties | Equal to / above Target Rent | Below Target Rent | |
| G1Bedsit | 22 | 22 | 0 | |
| G1bungalow | 12 | 4 | 8 | |
| G1Flat | 160 | 156 | 4 | |
| GNB1Apartment | 6 | 6 | 0 | |
| G1House | 2 | 0 | 2 | |
| G2Bungalow | 3 | 1 | 2 | |
| GNB2Bungalow | 4 | 4 | 0 | |
| G2Flat | 307 | 290 | 17 | |
| GNB2Apartment | 8 | 7 | 1 | |
| G2House | 704 | 319 | 385 | |
| GNB2House | 68 | 57 | 11 | |
| G2Maisonette | 9 | 9 | 0 | |
| G3Bungalow | 4 | 3 | 1 | |
| G3Flat | 35 | 24 | 11 | |
| G3Maisonette | 1 | 1 | 0 | |
| G3House | 3,124 | 832 | 2,292 | |
| GNB3House | 28 | 23 | 5 | |
| G4House | 132 | 32 | 100 | |
| G5House | 4 | 2 | 2 | |
| G6House | 5 | 5 | 0 | |
| M1Mini Group Bungalow | 299 | 179 | 120 | |
| M1Mini Group Flat | 115 | 115 | 0 | |
| M2Mini Group Bungalow | 94 | 56 | 38 | |
| M2Mini Group Flat | 24 | 23 | 1 | |
| M3Mini Group Bungalow | 1 | 1 | 0 | |
| S1Sheltered Bedsit | 64 | 64 | 0 | |
| S1Sheltered Bungalow | 849 | 532 | 317 | |
| S1Sheltered Flat | 322 | 322 | 0 | |
| S1Sheltered House | 1 | 1 | 0 | |
| S2Sheltered Bungalow | 511 | 167 | 344 | |
| S2Sheltered Flat | 305 | 305 | 0 | |
| S2Sheltered House | 1 | 1 | 0 | |
| S2Wardens Bungalow | 3 | 3 | 0 | |
| S2Wardens Flat | 4 | 4 | 0 | |
| S2Wardens House | 1 | 0 | 1 | |
| S3Sheltered Bungalow | 2 | 1 | 1 | |
| S3Wardens Bungalow | 15 | 11 | 4 | |
| S3Wardens Flat | 1 | 1 | 0 | |
| S3Wardens House | 20 | 7 | 13 | |
| S4Wardens Flat | 1 | 1 | 0 | |
| Total | 7,271 | 3,591 | 3,680 | 49.4% |

Note

G = General Need

S = Sheltered

SO = Shared Ownership

GNB = General Needs New Build

M = Mini Group (over 55s with no warden service)

The number equates to the number of bedrooms the property has for example a G3house is a general need 3 bed house.

Flintshire County Council - HRA 30 Year Financial Business Plan Summary

| Yr | Financial Year | Income | | | Expenditure | | | | | | Net Operating Balance | | | | | Available Capital Funding | | | | | | | Capital Programme | | | | Financial Year | |
|----|----------------|-----------------|--------------|--------------|-------------|-------------------|-----------------|----------------|--------------|----------------|---------------------------|-------------|--------|-------------|-------------------|---------------------------|-------|--------------------|--------------|---------|------------------|-----------------------|-----------------------|-------------------------------|-----------------------|------------------------------|----------------|-------------------------|
| | | Net Rent Income | Other Income | Total Income | Estate Mgmt | Landlord Services | Repairs & Maint | Mgmt & Support | Debt Charges | Total Expenses | Net Operating Expenditure | Balance B/F | CERA | Balance C/F | 4% of expenditure | CERA | MRA | Regeneration Works | New Build PB | WHQS PB | Capital Receipts | Energy Feed in Tariff | Total Capital Funding | Total Capital Works Programme | Total Sharp Programme | Total Regeneration Programme | | Total Capital Programme |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | | £'000 |
| 1 | 2020.21 | (35,094) | (1,611) | (36,705) | 1,882 | 1,434 | 8,907 | 2,638 | 9,030 | 23,890 | (12,814) | (1,313) | 12,653 | (1,474) | (1,462) | 12,653 | 5,065 | 0 | 9,455 | 1,300 | 1,716 | 275 | 30,464 | 19,293 | 11,171 | 0 | 30,464 | 2020.21 |
| 2 | 2021.22 | (36,330) | (1,690) | (38,020) | 1,916 | 1,463 | 10,138 | 2,690 | 9,338 | 25,546 | (12,474) | (1,474) | 11,786 | (2,163) | (1,493) | 11,786 | 5,065 | 0 | 1,945 | 0 | 0 | 275 | 19,070 | 15,784 | 1,945 | 1,342 | 19,070 | 2021.22 |
| 3 | 2022.23 | (37,700) | (1,709) | (39,409) | 1,954 | 1,493 | 10,524 | 2,744 | 9,411 | 26,125 | (13,284) | (2,163) | 12,298 | (3,149) | (1,537) | 12,298 | 5,065 | 671 | 7,623 | 0 | 0 | 275 | 25,931 | 16,109 | 7,623 | 2,200 | 25,931 | 2022.23 |
| 4 | 2023.24 | (38,988) | (1,728) | (40,715) | 1,993 | 1,522 | 10,781 | 2,798 | 9,758 | 26,852 | (13,864) | (3,149) | 13,979 | (3,034) | (1,633) | 13,979 | 5,065 | 1,100 | 7,775 | 0 | 0 | 275 | 28,194 | 16,419 | 7,775 | 4,000 | 28,194 | 2023.24 |
| 5 | 2024.25 | (41,093) | (1,758) | (42,850) | 2,032 | 1,552 | 11,043 | 2,854 | 10,145 | 27,626 | (15,225) | (3,034) | 13,217 | (5,042) | (1,634) | 13,217 | 5,065 | 2,000 | 7,931 | 0 | 0 | 275 | 28,488 | 16,557 | 7,931 | 4,000 | 28,488 | 2024.25 |
| 6 | 2025.26 | (41,406) | (1,767) | (43,174) | 2,072 | 1,583 | 11,262 | 2,910 | 10,572 | 28,399 | (14,774) | (5,042) | 13,524 | (6,293) | (1,677) | 13,524 | 5,065 | 2,000 | 8,089 | 0 | 0 | 275 | 28,953 | 16,864 | 8,089 | 4,000 | 28,953 | 2025.26 |
| 7 | 2026.27 | (42,522) | (1,788) | (44,310) | 2,128 | 1,626 | 11,564 | 2,988 | 11,000 | 29,306 | (15,004) | (6,293) | 13,831 | (7,466) | (1,725) | 13,831 | 5,065 | 2,000 | 8,251 | 0 | 0 | 275 | 29,422 | 17,171 | 8,251 | 4,000 | 29,422 | 2026.27 |
| 8 | 2027.28 | (43,667) | (1,808) | (45,475) | 2,185 | 1,669 | 11,875 | 3,068 | 11,430 | 30,227 | (15,249) | (7,466) | 14,137 | (8,578) | (1,775) | 14,137 | 5,065 | 2,000 | 8,416 | 0 | 0 | 275 | 29,893 | 17,477 | 8,416 | 4,000 | 29,893 | 2027.28 |
| 9 | 2028.29 | (44,840) | (1,830) | (46,670) | 2,243 | 1,714 | 12,192 | 3,151 | 11,861 | 31,161 | (15,508) | (8,578) | 14,444 | (9,642) | (1,824) | 14,444 | 5,065 | 2,000 | 8,584 | 0 | 0 | 275 | 30,369 | 17,784 | 8,584 | 4,000 | 30,369 | 2028.29 |
| 10 | 2029.30 | (46,043) | (1,851) | (47,894) | 2,303 | 1,760 | 12,518 | 3,235 | 12,295 | 32,111 | (15,783) | (9,642) | 14,751 | (10,673) | (1,874) | 14,751 | 5,065 | 2,000 | 8,756 | 0 | 0 | 275 | 30,847 | 18,091 | 8,756 | 4,000 | 30,847 | 2029.30 |
| 11 | 2030.31 | (48,185) | (1,885) | (50,070) | 2,365 | 1,807 | 12,852 | 3,321 | 12,731 | 33,076 | (16,994) | (10,673) | 15,058 | (12,609) | (1,925) | 15,058 | 5,065 | 2,000 | 8,931 | 0 | 0 | 275 | 31,329 | 18,398 | 8,931 | 4,000 | 31,329 | 2030.31 |
| 12 | 2031.32 | (48,539) | (1,896) | (50,435) | 2,428 | 1,855 | 13,194 | 3,409 | 13,169 | 34,056 | (16,379) | (12,609) | 15,559 | (13,430) | (1,985) | 15,559 | 5,065 | 2,000 | 9,110 | 0 | 0 | 275 | 32,009 | 18,899 | 9,110 | 4,000 | 32,009 | 2031.32 |
| 13 | 2032.33 | (49,835) | (1,919) | (51,753) | 2,492 | 1,904 | 13,545 | 3,500 | 13,610 | 35,052 | (16,701) | (13,430) | 15,869 | (14,262) | (2,037) | 15,869 | 5,065 | 2,000 | 9,292 | 0 | 0 | 275 | 32,501 | 19,209 | 9,292 | 4,000 | 32,501 | 2032.33 |
| 14 | 2033.34 | (51,162) | (1,942) | (53,104) | 2,558 | 1,955 | 13,905 | 3,593 | 14,054 | 36,065 | (17,039) | (14,262) | 12,179 | (19,122) | (1,930) | 12,179 | 5,065 | 2,000 | 9,478 | 0 | 0 | 275 | 28,997 | 19,519 | 9,478 | 0 | 28,997 | 2033.34 |
| 15 | 2034.35 | (52,523) | (1,966) | (54,489) | 2,626 | 2,007 | 14,273 | 3,688 | 14,458 | 37,052 | (17,436) | (19,122) | 14,285 | (22,273) | (2,054) | 14,285 | 5,065 | 0 | 9,667 | 0 | 0 | 275 | 29,293 | 19,625 | 9,667 | 0 | 29,293 | 2034.35 |
| 16 | 2035.36 | (54,955) | (2,003) | (56,958) | 2,696 | 2,060 | 14,651 | 3,786 | 14,783 | 37,975 | (18,983) | (22,273) | 14,592 | (26,664) | (2,103) | 14,592 | 5,065 | 0 | 9,861 | 0 | 0 | 275 | 29,793 | 19,932 | 9,861 | 0 | 29,793 | 2035.36 |
| 17 | 2036.37 | (55,348) | (2,015) | (57,363) | 2,767 | 2,114 | 15,038 | 3,886 | 15,113 | 38,918 | (18,444) | (26,664) | 14,899 | (30,209) | (2,153) | 14,899 | 5,065 | 0 | 10,058 | 0 | 0 | 275 | 30,297 | 20,239 | 10,058 | 0 | 30,297 | 2036.37 |
| 18 | 2037.38 | (56,813) | (2,040) | (58,853) | 2,840 | 2,170 | 15,435 | 3,988 | 15,450 | 39,883 | (18,970) | (30,209) | 15,206 | (33,974) | (2,204) | 15,206 | 5,065 | 0 | 10,259 | 0 | 0 | 275 | 30,805 | 20,546 | 10,259 | 0 | 30,805 | 2037.38 |
| 19 | 2038.39 | (58,315) | (2,066) | (60,381) | 2,915 | 2,227 | 15,842 | 4,094 | 15,792 | 40,869 | (19,512) | (33,974) | 15,513 | (37,973) | (2,255) | 15,513 | 5,065 | 0 | 10,464 | 0 | 0 | 275 | 31,317 | 20,853 | 10,464 | 0 | 31,317 | 2038.39 |
| 20 | 2039.40 | (59,854) | (2,092) | (61,946) | 2,991 | 2,286 | 16,258 | 4,201 | 16,141 | 41,877 | (20,069) | (37,973) | 15,819 | (42,222) | (2,308) | 15,819 | 5,065 | 0 | 10,674 | 0 | 0 | 275 | 31,833 | 21,159 | 10,674 | 0 | 31,833 | 2039.40 |
| 21 | 2040.41 | (61,431) | (2,119) | (63,550) | 3,070 | 2,346 | 16,685 | 4,312 | 16,496 | 42,908 | (20,642) | (42,222) | 16,126 | (46,738) | (2,361) | 16,126 | 5,065 | 0 | 10,887 | 0 | 0 | 275 | 32,353 | 21,466 | 10,887 | 0 | 32,353 | 2040.41 |
| 22 | 2041.42 | (64,260) | (2,161) | (66,421) | 3,151 | 2,407 | 17,123 | 4,425 | 16,857 | 43,963 | (22,459) | (46,738) | 16,659 | (52,538) | (2,425) | 16,659 | 5,065 | 0 | 11,105 | 0 | 0 | 275 | 33,104 | 21,999 | 11,105 | 0 | 33,104 | 2041.42 |
| 23 | 2042.43 | (64,704) | (2,174) | (66,879) | 3,233 | 2,470 | 17,572 | 4,541 | 17,225 | 45,041 | (21,838) | (52,538) | 16,969 | (57,407) | (2,480) | 16,969 | 5,065 | 0 | 11,327 | 0 | 0 | 275 | 33,636 | 22,309 | 11,327 | 0 | 33,636 | 2042.43 |
| 24 | 2043.44 | (66,402) | (2,203) | (68,605) | 3,318 | 2,535 | 18,031 | 4,659 | 17,600 | 46,143 | (22,462) | (57,407) | 17,279 | (62,590) | (2,537) | 17,279 | 5,065 | 0 | 11,554 | 0 | 0 | 275 | 34,172 | 22,619 | 11,554 | 0 | 34,172 | 2043.44 |
| 25 | 2044.45 | (68,142) | (2,232) | (70,374) | 3,404 | 2,601 | 18,502 | 4,781 | 17,982 | 47,270 | (23,103) | (62,590) | 17,354 | (68,340) | (2,585) | 17,354 | 5,065 | 0 | 11,785 | 0 | 0 | 275 | 34,478 | 22,694 | 11,785 | 0 | 34,478 | 2044.45 |
| 26 | 2045.46 | (69,924) | (2,261) | (72,186) | 3,493 | 2,669 | 18,985 | 4,906 | 18,371 | 48,423 | (23,763) | (68,340) | 17,660 | (74,443) | (2,643) | 17,660 | 5,065 | 0 | 12,020 | 0 | 0 | 275 | 35,021 | 23,000 | 12,020 | 0 | 35,021 | 2045.46 |
| 27 | 2046.47 | (71,751) | (2,292) | (74,043) | 3,584 | 2,738 | 19,479 | 5,033 | 18,767 | 49,601 | (24,441) | (74,443) | 17,967 | (80,917) | (2,703) | 17,967 | 5,065 | 0 | 12,261 | 0 | 0 | 275 | 35,568 | 23,307 | 12,261 | 0 | 35,568 | 2046.47 |
| 28 | 2047.48 | (75,039) | (2,145) | (77,184) | 3,677 | 2,810 | 19,986 | 5,164 | 19,170 | 50,807 | (26,377) | (80,917) | 18,274 | (89,020) | (2,763) | 18,274 | 5,065 | 0 | 12,506 | 0 | 0 | 275 | 36,120 | 23,614 | 12,506 | 0 | 36,120 | 2047.48 |
| 29 | 2048.49 | (75,541) | (2,160) | (77,701) | 3,773 | 2,883 | 20,505 | 5,298 | 19,580 | 52,039 | (25,662) | (89,020) | 18,581 | (96,101) | (2,825) | 18,581 | 5,065 | 0 | 12,756 | 0 | 0 | 275 | 36,677 | 23,921 | 12,756 | 0 | 36,677 | 2048.49 |
| 30 | 2049.50 | (77,506) | (2,192) | (79,698) | 3,871 | 2,957 | 21,036 | 5,436 | 19,999 | 53,299 | (26,399) | (96,101) | 18,888 | (103,612) | (2,887) | 18,888 | 5,065 | 0 | 13,011 | 0 | 0 | 275 | 37,239 | 24,228 | 13,011 | 0 | 37,239 | 2049.50 |

HRA Capital Programme 2020/21

| HRA Capital Programme | |
|---|---------------|
| WHQS | £'m |
| CATCH UP REPAIRS / MAJOR WORKS | |
| Urgent Capital Works | 0.432 |
| IMPROVEMENTS / COMMUNAL WORKS | |
| Fire Risk Assessments Work | 0.530 |
| General DDA Work | 0.053 |
| IMPROVEMENTS / ACCELERATED WORKS | |
| Asbestos Survey and Removal (Ongoing Programme) | 0.636 |
| Off Gas Programme | - |
| Welfare Reform / Adaptations | 0.106 |
| PROGRAMMED WORK STREAMS | |
| Internal Works | 1.140 |
| Envelope Works | 9.656 |
| External Works, Paths, Fences | 0.504 |
| Environmental Works - General | 2.016 |
| Capitalised Salaries | 0.985 |
| WHQS Acceptable Fails | 1.061 |
| Empty Properties | 0.796 |
| Total WHQS | 17.914 |
| Non WHQS | |
| Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps | 1.104 |
| Energy Efficiency | 0.275 |
| Total Non - WHQS | 1.379 |
| SHARP Programme | |
| Batch 3 Commitments | 0.524 |
| Batch 4 Estimates | 10.647 |
| Total SHARP Programme | 11.171 |
| Total Capital Spend | 30.464 |

HRA Business Planning - Appendix D

Efficiencies/Use of one off funding

| No | Section | Description | Recurring/ Non-recurring | 2020/21 £m | Narrative |
|----|---|---------------------------------------|-----------------------------|----------------|---|
| 1 | Estate Management/Repairs & Maintenance | Impact of Restructure | Recurring | (0.018) | Based on current proposals. |
| 2 | Estate Management | Reduction in bad debt provision | One-off | (0.037) | Reduce BDP % to 2.15% due to the introduction of software. |
| 3 | Landlord Services | Garden/Hedge Cutting | Recurring | (0.098) | New contractor, lower prices. |
| 4 | Management & Support | SLA Contributions | Recurring | (0.038) | Business Support/Contact Centre. Reduce contribution. £0.038m efficiency based on proposed contribution of £0.100m p.a. for Contact Centre. |
| 5 | Management & Support | Reduction of Health & Safety Officer | Recurring | (0.062) | Vacant post. |
| 6 | Management & Support | Finance SLA | Recurring | (0.044) | Reduction due to finance restructure. |
| 7 | Management & Support | Housemark | Recurring | (0.009) | Cancellation of subscription to Housemark. |
| | | Total revisions to HRA Funding | | (0.306) | |

Cost Pressures

| No | Section | Description | Recurring/ Non-recurring | 2020/21 £m | Narrative |
|----|-------------------------|---|-----------------------------|---------------|---|
| 4 | Other Income | Reduction in water commission | Recurring | 0.060 | Reduction in commission received for collecting Water rates. |
| 5 | Other Income | Stepped Service Charge Increase | One-off | 0.072 | Full cost recovery increase stepped over 2 years |
| 6 | Garage Rent | Garages demolished in 18/19 | Recurring | 0.028 | 74 Garages demolished since last year's plan |
| 7 | Estate Management | Income team restructure | Recurring | 0.035 | Additional Income Officer. |
| 8 | Estate Management | Tenancy Enforcement | Recurring | 0.030 | CCTV, target hardening and enforcement action |
| 9 | Landlord Services | Servicing Contracts review | Recurring | 0.113 | Additional costs of contracts. |
| 10 | Repairs and Maintenance | Insurance | Recurring | 0.050 | Repairs and legal costs. |
| 11 | Repairs and Maintenance | Apprentice Budgets | Recurring | 0.066 | 6 budgeted for however pressure figure calculated based on 9 trainees on a rolling basis. |
| 12 | Salaries | Ongoing impact of pay award | Recurring | 0.212 | Second year impact of pay award. |
| | | Total revisions to HRA Expenditure | | 0.666 | |

| | | | | | |
|--|--|-------------------------------------|--|--------------|--|
| | | Net Revenue Pressure 2020/21 | | 0.360 | |
|--|--|-------------------------------------|--|--------------|--|

**FLINTSHIRE
HOUSING REVENUE ACCOUNT:

ANNUAL BUSINESS PLAN AND
30 YEAR FINANCIAL FORECASTS

2020- 2021**

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1 FOREWORD

We are pleased to present our latest Annual Business Plan for 2020/21 and 30 year financial forecasts for the Housing Revenue Account. The plan includes our key priorities for the forthcoming year as well as progress against our action plan to date. We believe we are making good progress to deliver an efficient and effective service to our tenants. We are looking to undertake a Customer Survey this year so we can better understand where we need to focus our resources to deliver the excellent service our tenants expect.

The Council continues to value the principle that a good quality home is at the heart of individual and community well-being and is committed to enabling the provision of appropriate and affordable homes, particularly for those in the greatest need.

Some of our successes to date include the delivery of 114 new Council homes through our Strategic Housing and Regeneration Programme (SHARP). The whole SHARP new build scheme aims to deliver 500 new social and affordable homes by 2020/21 whilst providing new jobs and training opportunities for local people, as well as much needed new homes.

In addition, we have exceeded our delivery targets for the Welsh Housing Quality Standards (WHQS), improving our stock and providing quality homes for our residents, through the installation of new kitchens, bathrooms and roofs, and improving the local environment. We are on schedule to complete the WHQS programme by 2020.

This annual business plan sets out our ambition and priorities for the forthcoming year and provides the basis for the lifetime of the plan including: growing the housing stock by a minimum 1,500 over the lifetime of the plan; maintaining, sustaining and building on the improvements delivered through WHQS investment; and to be in the top quartile for performance and quality of service delivery in Wales.

Cllr Dave Hughes
Cabinet Member for Housing

Neal Cockerton
Chief Officer for Housing and Assets

2 EXECUTIVE SUMMARY

This Annual Business Plan sets out Flintshire County Council's annual review and 30 year financial plan for the Housing Revenue Account (HRA). The narrative provides an overview of the current position, outlining our achievements, as well as setting out an action plan to deliver continuous improvements in our services. The business plan also sets out a financial forecast for the next 30 years.

The Flintshire HRA housing service aims to: *Ensure its residents have access to appropriate and affordable homes, through ensuring the supply of affordable and quality council housing of all types.*

The HRA service currently manages a portfolio of 7,271 properties (end of December 2019).

A priority is to continue to grow our housing stock by a minimum of 1,500 additional homes over the lifetime of the plan. This will be achieved through new build and strategic acquisitions, and is intended to meet the emerging and changing needs of Flintshire's population and the challenges we face through increased numbers of people on the housing register and a shrinking private sector rental market. The scale, type and tenure of housing delivery will be led and informed by the intelligence of demand and the profile of those on the housing register, Single Access Route to Housing (SARTH), as well as importantly through the County's new Housing Strategy and Action Plan (2019-2024), which identifies the current and emerging housing needs. We are continuing with the strategic acquisition programme, where we have purchased five previous right to buy properties to meet a specific need, and our new build programme has delivered a further 114 new build properties through SHARP to date.

A further priority has been to maintain, sustain and build on the improvements delivered through the WHQS programme, particularly to improve the energy efficiency of our homes. We aim to continue to improve our asset base, while developing an understanding of what measures can be implemented to ensure our current assets achieve a high energy rating whilst remaining comfortable for our tenants. We must also ensure the high standard of our asset base is maintained. As part of this process we intend to conduct an up to date housing stock survey to provide a clearer, more comprehensive understanding of our housing stock to enable us to prioritise activity.

The service is committed to the continuous improvement of its overall performance, particularly in relation to service delivery, and while this business plan identifies some significant performance improvements, the longer term objective and priority is to be in the top quartile for performance and quality of service delivery in Wales. To achieve this we recognise the need to ensure that intelligence is being gathered in a way which can be effectively and efficiently interrogated and analysed to inform methods of delivery, robust reporting and benchmarking. Following the implementation of the Mobyssoft software, further analysis of rent arrears will be carried out to identify trends and support tenants in reducing rent arrears. We have made developments in the responsive repairs service and have improved this area with the implementation of technical devices which assist the department to provide an effective and efficient service to tenants to ensure value for money and further efficiencies are achieved.

Our Housing and Neighbourhood Management Teams work on dedicated 'patch' areas, delivering improved customer service across Flintshire; and we have been working in partnership with other teams in the Council to provide support for our tenants who are facing financial issues and who are, as a result, in arrears with their rent. This proactive approach has provided early support, assisting tenants in resolving their financial issues and where possible preventing them from losing their home. Our priority is to develop a better understanding of our tenants needs and we are looking to undertake a customer survey, the results of which, will focus on and inform our priorities for future years.

Other strategic priorities for our services in 2020/21 include further work on understanding our stock and analysis of its best use, this will include:

- an update of the Sheltered Housing Review to include more analysis of sites;
- the development of a new voids policy; and
- adopt a collaborative approach to plan for the increase in demand for adaptations in properties to allow tenants to remain in their home longer.

Summary of achievements



We have built over 114 new Council homes upto December 2019



We are building a further 35 new Council homes this year



We have supported a total of 56 apprenticeships through WHQS and SHARP



We have let 568 Flintshire Council homes



Flintshire Council manages 7,271 properties



We continue to achieve 96% customer satisfaction for the WHQS programme



7,000 WHQS compliant kitchens delivered



7,000 WHQS compliant bathrooms delivered



5,500 WHQS compliant roofs and associated components delivered



All urgent repairs were responded to within 4 days of being reported



We continue to achieve an average of 99.92% gas maintenance

Flintshire County Council's housing service sits within the wider context of the Council Plan and the Well-being and Future Generations Act.

3.1 The Council Plan (2017 – 2023) Strategic Priorities

Flintshire County Council has identified housing as a key strategic priority as set out in the Council Plan for 2017 - 2023, ensuring its residents have access to:

- Appropriate and affordable homes, through ensuring the supply of affordable and quality council housing of all tenures; and
- Modern, efficient and adapted homes, through ensuring the supply of affordable and quality housing of all tenures.

The Council's aim is to:

- Prevent homelessness
- Meet the diverse housing and accommodation needs of the local population
- Develop more opportunities for people to access affordable rent and low cost home ownership
- Build the maximum number of Council houses possible as part of the housing supply solution
- Meet the Welsh Government target for all social housing to be brought up to the Welsh Housing Quality Standard (WHQS).

In order to achieve the aims and priorities:

- We need to be able to access grant funding to support new build affordable and social housing;
- There needs to be sufficient resources to fulfil the duties of the Wales Housing Act;
- Revised capital limits on borrowing for councils to build new houses;
- Maintaining of the funding of Major Repairs Allowance (MRA) so that the Council can meet the WHQS by 2020; and
- Maintaining a rent policy which allows the Council to achieve WHQS by 2020.

3.2 The Well-being of Future Generations (Wales) Act 2015

The seven goals set out in the Well-being for Future Generations Act (Wales) 2015 has informed the development of the Housing strategy, by ensuring that we consider how we work better with people, communities and other organisations, as well as looking at how we prevent problems and take a more joined-up approach in delivery of the strategy.

A prosperous Wales - An innovative, productive and low carbon society which recognizes the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.

A resilient Wales - A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).

A healthier Wales - A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.

A more equal Wales - A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).

A Wales of cohesive communities - Attractive, viable, safe and well-connected communities.

A Wales of vibrant culture and thriving Welsh language - A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.

A globally responsible Wales - A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

3.3 Welfare Reform

Welfare reform has meant that Universal Credit (UC) has been rolled out in Flintshire, resulting in a cap on income from benefit which families and individuals can receive; ending housing benefit and direct payment to landlords; and limiting the amount of housing benefit for working age tenants.

A significant risk to the Business Plan is the collection of rent income as the tenant's income reduces or when they are expected to take ownership and manage budgets directly. Following the roll out of Universal Credit, the Council's Housing Service has experienced an increase in rent arrears, partly due to delays in the initial UC payments to tenants.

3.4 Housing Strategy

The Flintshire Housing Strategy and Action Plan 2019-2024 has been developed and identifies three priorities:

- Priority 1: Increase supply to provide the right type of homes in the right location:
- Priority 2: Provide support to ensure people live and remain in the right type of home;
- Priority 3: Improve the quality and sustainability of our homes.

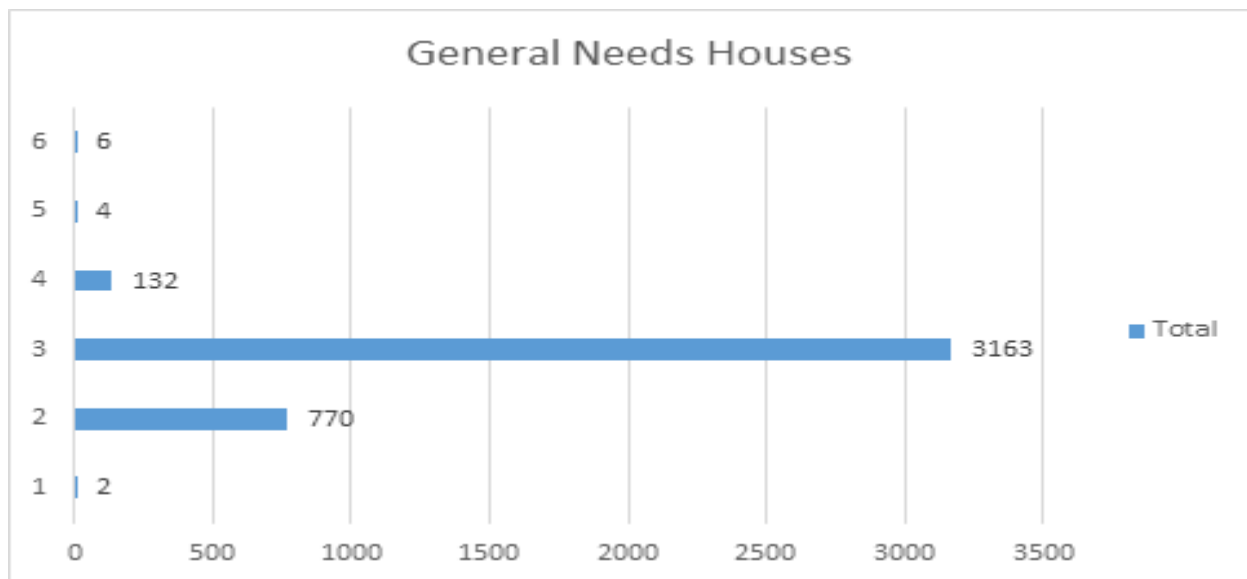
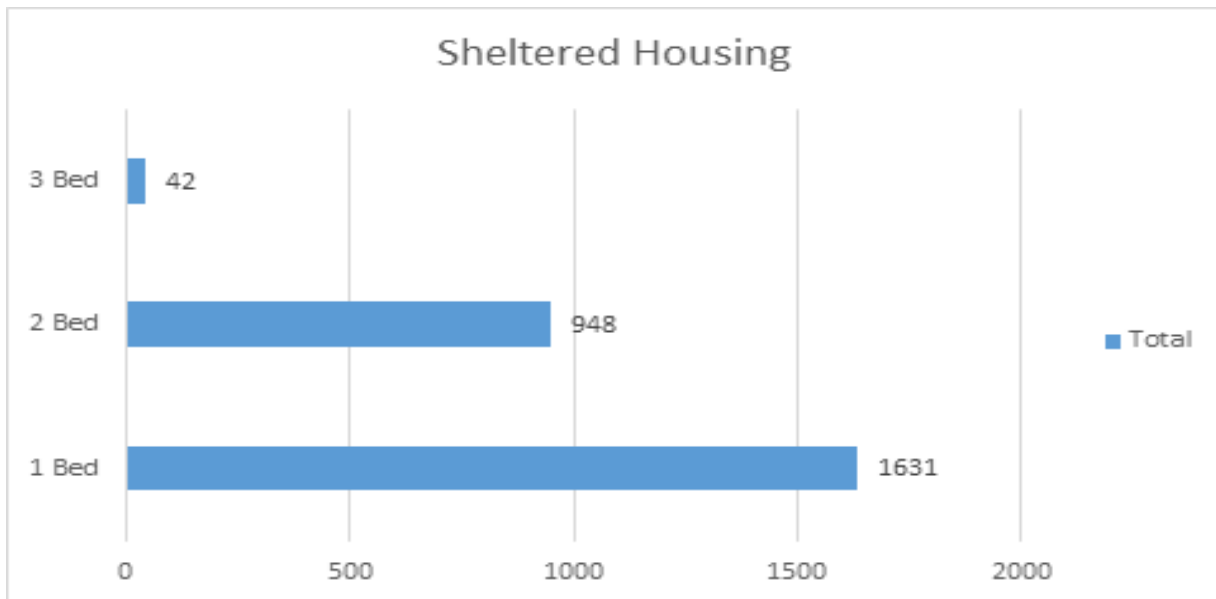
3.5 Housing need and supply

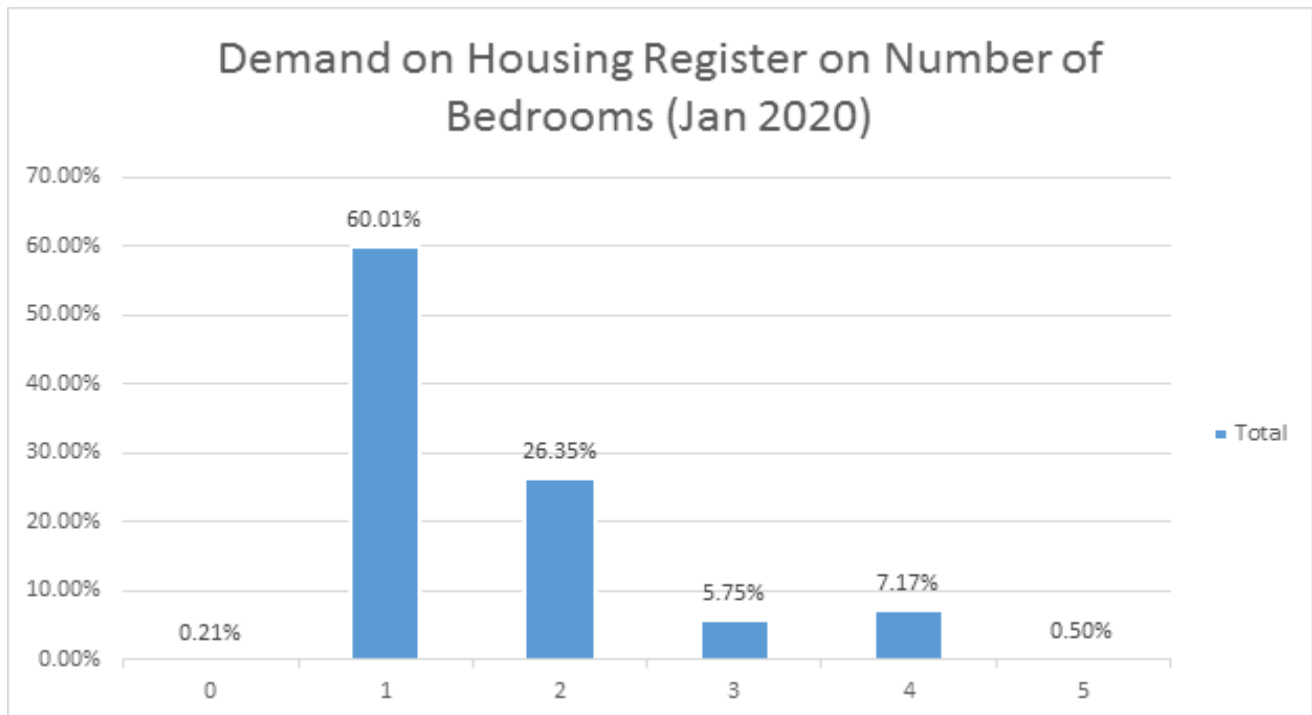
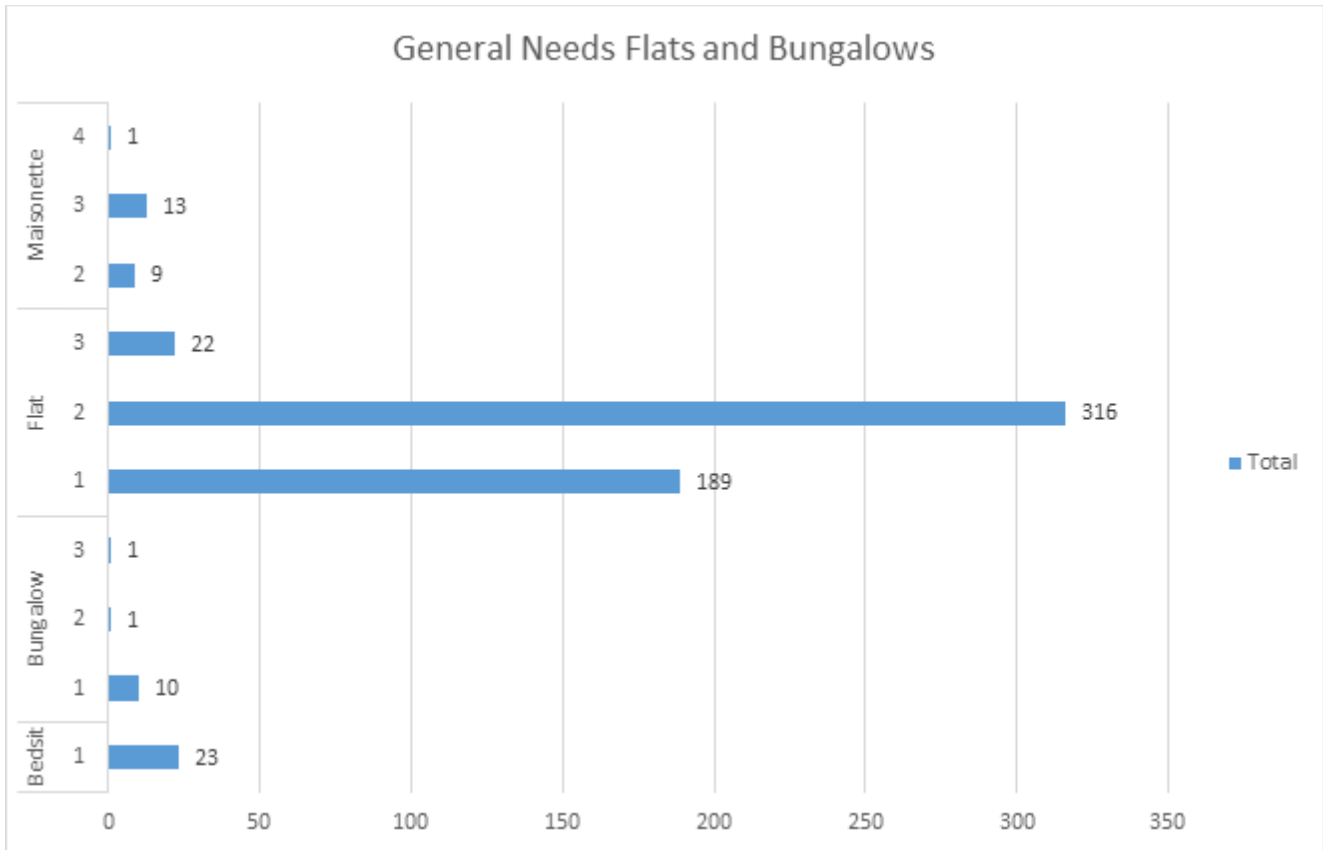
The demand for housing comes from all areas of our society including the under 35s; the 'squeezed middle' who can't afford to buy but are not eligible for social rented properties; and also the over 65's. Changing demographics, economic growth and changes in Government policies, such as Welfare Reform, all have an impact on Flintshire and its housing market.

The design and location of some Council properties has resulted in low demand which, from a financial perspective, incurs costs for the council through rent loss. However, the demand for social housing exceeds the available supply, reducing risk to the HRA of not being able to allocate their properties. However, the issue is availability of the right type of social housing to meet the needs of those on the housing waiting list, in particular single households.

Critically, going forward, up to date and accurate intelligence will help to inform how the supply can meet the demand and reduce the financial risk of rent loss. Initial analysis of the current waiting list shows significant demand for smaller one bed accommodation to meet the housing requirements of single people and couples.

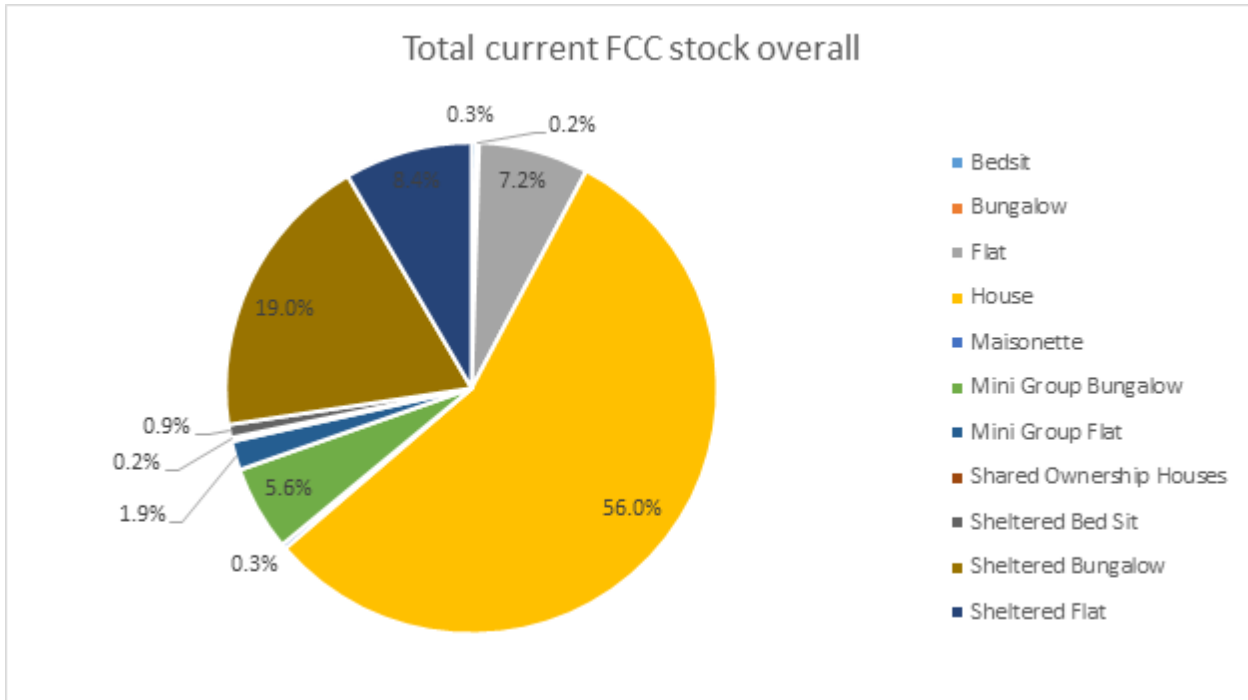
Breakdown of Flintshire County Council HRA Housing Stock (January 2020)





As at January 2020 there are 1,408 households registered on the Single Access Register to Housing (SARTH), which is a reduction in demand compared to 2019/20 of approximately 100.

The Council is aware that the current stock will not meet the demands of smaller one bedroom households, so building our understanding of the short to medium term demand for general needs, the Council is taking a strategic approach to meeting this demand through a combination of new build; strategic acquisitions; and realigning existing stock.



4.1 Strategic priorities

Older persons –sheltered accommodation

Over a year ago a desk based analysis was carried out on the council's sheltered housing stock. This included pulling together information on void loss, demand, property size and location. An in-depth Officer review was undertaken in 2019, the scope of which included:

Stage 1: A scheme by scheme review to ascertain:

- Analysis of property types and current use;
- Void rates - developing detailed understanding of reasons for turnover;
- Developing a series of options for individual schemes with the aim of reducing void rates and ensuring best use of stock;
- Produce recommendations for the Council to adopt on a scheme by scheme basis.

Stage 2: Assess best use of the stock where there are issues identified in stage 1:

- The review of those properties should identify the best use of the stock including whether they should be general needs or consider if they could be used to assist with delayed transfer from care / hospital and reduce costs to the Council and other stake holders.
- Consider whether it would be efficient to invest capital expenditure to make them fit for purpose for the future, for example:
 - Installation of Stair Lifts might be a cost effective solution to avoid the need for tenants in upper flats to move to a more accessible property.
 - Technology and training to enable internet shopping and other local deliveries, may be useful in supporting those who live in rural areas.
- Consider whether bedsit accommodation can best meet changing housing demand and expectations including the reduced demand from older people for this type of accommodation, and an increased demand for single person accommodation.

Underpinning both stages of the review, we will need to ensure we are being efficient in the use of our stock, and that it provides a series of recommendations for Cabinet to consider within the context of best use of the stock and its changing demand profiles.

Condition of stock

We aim to continue to improve our asset base, while developing an understanding of the issues of our existing range of improvement offers and installation or component lifecycles. As part of this process we intend to refresh our housing stock survey to provide a clearer, more comprehensive understanding of our housing stock so as to enable us to prioritise activity in a more targeted way. This will be a priority for 2020/21 as this will assist in informing the delivery of the ongoing cyclical maintenance programmes.

Customer Involvement

Previously the HRA developed a Customer Involvement Strategy and Action Plan to underpin the delivery of the Housing Service to ensure full customer involvement in all that it delivers, as such:

The aim of the strategy and action plan (2018-2021) is to support the involvement of our customers in the development of effective, efficient and quality housing services.

The strategy sets out our commitment to involve our customers in a meaningful and effective way identifying its key aims as:

- Ensure that customers are provided with a range of involvement opportunities.

- Provide customers with training and development opportunities to support their involvement.
- Ensure that customer involvement is considered a mainstream feature in all our service delivery activities.
- Encourage mutual trust, respect and partnership between customers and Flintshire County Council's Housing Service to ensure we have effective customer feedback.
- Work in partnership with other agencies and organisations to improve the communities in which our customers live, work and play.

To underpin these aims we are focusing on engaging and supporting (through training and information) our tenants by;

- Providing more opportunities for tenants to engage, particularly through the development of local arrangements.
- Helping tenants to resolve issues that affect them and help us ensure that we retain high levels of satisfaction in the quality of our services we deliver.
- Improving and extending the range of communication options to ensure our tenants are informed, engaged and have the opportunity to challenge.
- Developing training programmes which encourage participation and involvement in the development of resilient communities.

The action plan will be reviewed on a quarterly basis which will act as a challenge back to ask if we have achieved what we said we would do and to gauge what impact these actions are having on the delivery of services to our tenants.

Customer satisfaction

The overall service performance identifies areas of positive service delivery as well as areas for improvement, including capturing customer feedback, compliments and complaints, particularly in relation to the allocation and move in element of the service. Progress has been made on implementing the following actions but work will continue this year.

- Sourcing an independent company to undertake follow-up satisfaction surveys based on service delivered through regular surveys;
- Joining up the IT and delivering a digital solution using apps to capture feedback – this may require some up front work with tenants to ensure they use the service but it aligns with the Council's digitalisation strategy going forward;
- Reviewing resource management and ensuring ***we get it right first time***;
- Undertake the Survey of Tenants and Residents (STAR survey) to benchmark customer satisfaction; and,
- Use APSE to benchmark our performance and customer satisfaction.

Stores

The service has secured a contract with Travis Perkins to provide stock through bulk supply and has been closely monitored this year. The contract enables the HRA to ensure best value for the top 500 stock items through a transparent process where the HRA can benchmark and challenge prices through reviewing the high spend and high volume products and test the market when needed.

Fleet Monitoring

A corporate contract to supply fleet has been secured through GoPlant. This service is intended to achieve targeted efficiencies, including savings on mileage and fuel. Vehicles are tracked and reports produced for Team Leaders on mileage, fuel consumption and driving behaviours. This provides a

'demand plan' for the usage of the vehicles and enables the team leaders to manage the impact of the costs of the fleet.

4.2 New build programme (SHARP)

The following table provides an overview of the delivery of new Council homes to date in Flintshire.

| Site | Property type | Number of units |
|--|------------------|-----------------|
| Custom House, Connah's Quay | 2 Bed House | 8 |
| | 3 Bed House | 4 |
| Total units delivered 2016/17 | | 12 |
| The Walks, Flint | 1Bed Apartment | 4 |
| | 2 Bed Apartment | 2 |
| | 2 Bed House | 18 |
| | 3 Bed House | 6 |
| Redhall, Connah's Quay | 2 Bed House | 5 |
| Maes y Meillion and Heol Y Goron, Leeswood | 2 Bed apartments | 4 |
| | 2 Bed bungalows | 4 |
| | 2 Bed House | 2 |
| | 3 Bed House | 3 |
| Ysgol Delyn, Mold | 2 Bed House | 10 |
| | 3 Bed House | 6 |
| Total units delivered 2017/18 | | 64 |
| Melrose, Shotton | 1 Bed Apartment | 2 |
| | 2 Bed Apartment | 2 |
| | 2 Bed House | 5 |
| The Dairy, Connah's Quay | 2 Bed House | 3 |
| | 3 Bed House | 3 |
| Total units delivered 2018/19 | | 15 |
| Llys Dewi, Penyffordd | 2 Bed House | 16 |
| | 3 Bed House | 7 |
| Total units delivered 2019/20 | | 23 |
| Total units delivered under SHARP | | 114 |

The schemes below are on course to be completed before the end of the 2019/20 financial year:

| Site | Property type | Number of units |
|---|-----------------|-----------------|
| St Andrews, Garden City (modular build) (Anticipated to be completed by end of March 2020) | 1 Bed Apartment | 5 |
| | 2 Bed Apartment | 7 |
| Dobshill (Anticipated to be completed by end of March 2020) | 1 Bed Apartment | 4 |
| | 2 Bed Apartment | 4 |
| | 3 Bed House | 4 |
| | 4 Bed House | 1 |
| | 2 Bed Bungalow | 2 |
| Total units due to complete in 2019/20 | | 27 |

A further four properties in Sychdyn will be transferred into the HRA stock by the end of March 2020. This will be at nil cost to the Council.

The following schemes at Nant y Gro and Maes Gwern have been approved by Cabinet and work will continue during 2020/21.

| Site | Number of units |
|---------------------|-----------------|
| Nant y Gro, Gronant | 37 |
| Maes Gwern, Mold | 8 |
| Total | 45 |

The Council is currently in the process of undertaking detailed site feasibility works on a number of additional sites for inclusion in the next tranche for development. These sites will be presented for Council approval during 2020/21.

4.3 Capital Programme - WHQS

The HRA has a six year rolling programme of works, which commenced in 2015/16, and is let to selected contractors. The work is arranged geographically, each district receiving a programme of work every year. The Council resources assigned to delivering WHQS are approximately 30 members of staff within the Capital Works Team, and other team members have been identified to help facilitate delivery, such as System Auditors, Tenant Liaison Officers, Surveyors, Inspectors and Modern Apprentices.

The programme internals includes kitchens, bathrooms and central heating, while the envelope works includes roofing, windows and doors. The following are the compliance guidance on installation:

- Electrical installations brought up to WHQS standards when renewed at the end of their economic life.
- Timber fascia's renewed with uPVC at the end of their economic life, unless forming part of wider project such as whole house approach.

- Timber doors renewed with uPVC at the end of their economic life, unless forming part of wider project such as whole house approach.
- Timber windows renewed with uPVC at the end of their economic life, unless forming part of wider project such as whole house approach.
- Kitchens that are over 15 years old and in poor condition are renewed as part of this approach. When renewed, kitchens will be upgraded to meet all requirements of the WHQS.
- Bathrooms without showers are upgraded when the current bathroom reaches the end of its economic life; or as part of a Capital Works Internal project; or 'Major Void' works.

More broadly, Flintshire County Council has been successful with a bid for energy efficiency funding for delivery in future years and has been awarded £2.7 million from the Affordable Warmth Solutions (National Grid) Warm Homes Fund to install central heating systems and energy efficiency measures in up to 500 properties across Flintshire and to provide broader energy and health assistance across North Wales.

Table A: Performance targets WHQS

| | Year | Internal work Target | Envelope Target |
|---|---------|----------------------|-----------------|
| 1 | 2015/16 | 1,457 | 317 |
| 2 | 2016/17 | 1,398 | 209 |
| 3 | 2017/18 | 1,488 | 658 |
| 4 | 2018/19 | 389 | 860 |
| 5 | 2019/20 | 500 | 1,187 |
| 6 | 2020/21 | 500 | 969 |

So that we could successfully deliver Year 5 of the Capital Works Programme, we have completed the process of comparing various framework providers to ascertain which would be best suited for the individual work streams. We reviewed each of the Framework Provider's:

- costs;
- the sub-contractors on their lists; and
- references for past projects.

From this exercise we will now be able to tender and procure the best suited contractors to assist us to deliver this element of the WHQS Capital Programme with the aim of delivering efficiencies against costs and resource requirements.

Customer satisfaction

WHQS are currently achieving an average of 96% customer satisfaction. Each contractor is scored from 10 questions, which maps the tenant's journey through the upgrade works and scores key elements which allows us to identify any weaknesses or risks and to action accordingly. The tenant satisfaction survey is completed by the Council's Tenant Liaison Officers in a face-to-face informal interview, asking for honest feedback that can help the team and service to improve. Some tenants prefer to complete the survey in their own time and can return it via Free Post or can have it collected. This important part of the process enables the team to gather key performance data that is used to correctly measure the contractors' customer focus onsite.

Asset Compliance

(i) Fire Safety

The HRA own and manage three purpose-built high rise blocks, designated as sheltered housing with stay put/ stay safe policy in the event of a fire. The three high rise blocks have been refurbished externally and we are proceeding with the internal works following our Fire Risk Assessment (FRA) plans. The

external envelope was insulated with a Thermoshell Rock System which is a rock mineral wool slab, which is classed as an inert material. This was directly fixed to the substrate and as a result no BRE testing was required. The windows and roof covering were also renewed.

The three high rise blocks have also benefited from a retro-fit Sprinkler System to all flats, plant rooms and common areas with the exception of the single stair case. We have completed a number of Fire Risk Assessments to the high rise blocks and are in the process of continuing to apply the same method to all of our low and mid-rise blocks.

(ii) Asbestos

We maintain compliance under the duty to manage Asbestos Regulations. We have reviewed our approach to information management and have implemented a new system with regards to surveying 100% of properties before any works commence to a Flintshire Standard Scope.

(iii) Legionella

The HRA have completed a number of Legionella Assessments with the process continuing until all risks have been captured across the housing stock. We have developed a monitoring regime in line with current regulations and from this all actions that are identified are programmed and addressed within stipulated time frames.

(iv) Radon

The HRA have recently developed a draft proposal that will identify risk associated to radon and will develop an action plan of remedial work to reduce the risks to an acceptable level.

4.4 Housing and Neighbourhood Management

The service provides a strategic and important link to addressing tenants' vulnerability through a proactive approach with other internal teams such as the Income Team and Supporting People; as well as with key partners including Housing Associations. This ensures a joined up approach with maximum impact, whilst delivering an effective approach efficiently. As part of the approach to addressing vulnerability, the Council has produced a policy to focus the approach with the following objectives:

- To identify tenants who require support in the management of their tenancy.
- To encourage and promote partnerships and multi-agency working with both internal and external agencies in assessing and meeting the support needs of tenants.
- To enable tenants to reduce instances of breached tenancies and subsequent court actions.
- To provide practical assistance and financial advice to tenants who need this service.
- To attempt to prevent tenancy failure and resulting homelessness.

By having an approach that recognises the needs of vulnerable people and provides the necessary levels of support this will enable tenants to be more able to meet their tenancy obligations. As a result, tenancies will be more sustainable and the instances of anti-social behaviour will be reduced. All tenancies are managed and operated within the framework of the Council's Tenancy Management Policy.

Service delivery

The service is delivered through the following teams: Neighbourhood team; New Customer team; Community Safety team; and Customer Engagement team, the roles are set out below. The teams are each broken down into six 'patch areas' and local action plans are in place for every patch.

(i) Neighbourhood Team

There are seven Neighbourhood Housing Officers that cover the six patch areas:

- Buckley
- Connahs Quay and Shotton
- Deeside and Saltney
- Flint
- Holywell
- Mold

Each Officer is designated to one of the six patch areas, with the seventh Neighbourhood Officer being used to provide additional floating support in areas that require intensive management intervention and support. They also provide flexibility and cover to help build the resilience of the team.

The designated neighbourhood areas are an increase from the previous Neighbourhood Officers patch size, however, this is a reflection of the change in the functions and the creation of a new customer team who will be responsible for the allocations and lettings. The role of the Neighbourhood Officer is more focused on providing a visible and accessible tenancy and estate management service. This includes dealing with low level anti-social behaviour cases with the tenancy enforcement team taking responsibility for high level and complex ASB cases.

Neighbourhood Officers are expected to work in an agile and flexible way providing a responsive and mobile service, which is visible and accessible to customers. This will include regular estate walkabouts, identifying resident's needs and wider community issues. Neighbourhood Officers will then use this customer insight and data to tailor services and develop effective neighbourhood plans to target resources and drive forward improvements.

The Caretaker/ Janitor role has been reviewed creating a handyperson service. This role will be used to support some of the Council more vulnerable customers, helping them to maintain their tenancy. The handyperson's service will also help support local community initiatives and projects helping to maintain clean, green and safe neighbourhoods.

(ii) New Customer Team

There are six New Customer Housing Officers within the team who are designated to one of the new patch areas and they will also be responsible for covering each other's areas.

The new customer team are responsible for ensuring the effective and efficient allocation for the letting of void properties and ensuring that pre-tenancy assessments are carried out and support identified to help minimise tenancy failures. They work closely with Housing Solutions and the Voids team to ensure a seamless delivery of the service working to ensure that empty properties are re-let in the most efficient and effective way. This includes adopting innovative and dynamic approaches to marketing and allocating vacant homes. The new customers team also lead on marketing the Council 'available to let' homes on the website.

(iii) Tenancy Enforcement Team

The three Community Housing Officers are each designated to two of the six patch areas and are responsible for dealing with high level and complex anti-social behaviour cases including any legal action. They are responsible for overseeing the management of cases and assisting with performance reporting. As well as being responsible for using a wide range of tools to prevent and tackle tenancy breaches including adopting a multiagency approach. The team are the lead contacts for Community Safety Partnership Meetings.

(iv) Customer Engagement

To lead on developing and delivering a comprehensive engagement programme and activities aimed at tenants and leaseholder, ensuring the events are delivered to a high standard, well attended, on time and within budget.

To maximise opportunities for resident involvement and influence and develop a range of activities, projects and initiatives to enable customers to engage with the Council's Housing service in order to influence policy decisions and service delivery at a local level.

4.5 Repairs and Maintenance

The service delivers all responsive repairs and maintenance, voids and adaptations with a team of 110 operatives, across the HRA stock. The service provided includes:

- Gas servicing;
- Electrical checks in line with legislative requirements;
- Cyclical maintenance including monthly lighting checks and fire alarm testing;
- Emergency 24 hours call out service;

The priorities for the service are:

- to improve the efficiency of the service through improved resource management;
- to support other areas of the service to become more efficient (i.e. void turn arounds); and
- to become more effective through new ways of working.

Service delivery

The service works within a Value for Money (VFM) framework, embedding the principles of economy, effectiveness and efficiency, whilst maintaining a good quality of service. Contractor spend is monitored closely on a monthly basis resulting in reduced costs and contractor spend being used for specialist or major works only.

There have been a number of improvements across a range of areas of the service including:

- Reducing the void time and speeding up the turn around, resulting in reduced rent loss for the service. This is achieved through operatives reporting any issues prior to the property becoming empty and completing any external work once the tenants have moved in.
- Successful delivery of the in-house gas service team, which is subject to audit checks and Gas Safe inspections in line with compliance.
- Implementation of legislative changes such as the new regulations for electrical installations and checks, BS 761 18th Edition and installation of carbon monoxide monitors, with the aim of positively managing any potential impact on the service.

Performance and standards

The headline response times for repairs are being exceeded as set out below.

| Repair | Target | Performance achieved |
|---------------|---------------|-----------------------------|
| Emergency | 24 hours | 2 hours |
| Urgent | 7 days | 4 days |
| Routine | 28 days | 14 days |

4.6 Voids delivery

(i) Void inspections

The voids inspection service was reviewed to refocus the resource utilisation and the time it took for the inspection, ensuring a quicker inspection turn around. Subsequently, two skilled / trades employees were

appointed to solely undertake the void inspections, significantly improving the performance of the service. This was a previous paper based system which has been recently replaced with hand held devices.

(ii) Void clearance

The HRA has now sub-contracted clearance to a social enterprise 'Flintshire Refurbs', who employ two of the Council's tenants, providing employability skills and basic skills training whilst assisting them into further employment at the end of the contract.

(iii) Major and minor works

All of the minor works and some of the major is completed by the in-house team, including bathrooms and kitchens, where this is deemed to be efficient. A percentage of major works is currently subcontracted to local contractors.

4.7 Aids and Adaptations

The service has developed an Aids and Adaptations Policy which is a cross service policy and aims to align delivery across the Council. The purpose of the policy is to:

'support council tenants to be supported to obtain the best solutions for themselves and their carers as quickly as possible ensuring a fair and timely system for all. This may involve carrying out adaptations or being supported to look at alternative solutions to meet people's needs'.

The HRA will consider and adapt to the principles of the:

- Housing and Regeneration Act 1996
- Human Rights Act 1998
- Equality Act 2010
- Social Services and Wellbeing Act (Wales) 2014
- Enable adaptations scheme 2016

whilst meeting its financial and overarching duties to all its citizens.

The HRA has a dedicated annual budget for aids and adaptations of £1.030m, which funds minor adaptations up to £1,000 and major adaptations up to £36,000 as per Welsh Government guidelines. The adaptations are delivered by a dedicated team of skilled trades people and an in-house Surveyor. Where the work is specialised, and if major then this work is supported by local contractors.

In addition, the Council works in partnership with its RSL partners and Social Services to capture and address the demand for specialist housing through the Specialist Housing Group, which is deemed as good practice by Welsh Government. The demand is met through both existing stock and the necessary DFG; an acquisition of a property which can be adapted by our partner RSLs; or through including a specifically designed and built property as part of the new build programme. This approach has resulted in people being housed in suitably adapted properties.

5 RESOURCE AND FINANCIAL REQUIREMENT

5.1 Rents

In December 2019, Welsh Government released the Minister for Housing and Regeneration's decision around the Welsh Government Rent Policy for commencement in 2020/21.

This Rent Policy has been set for 5 years and it has been made clear that the rent policy settlement is a maximum amount which can be charged and landlords should consider value for money (as an annual assessment of cost efficiencies) alongside affordability for tenants (taking into account the whole cost of living in a property) as part of their rationale for setting rents.

The Rent Policy for Social Housing Rents from 2020/21 agrees the following:

- An annual rent uplift of up to CPI+1%, for 5 years to 2024/25 using the level of CPI from the previous September each year. September 2019 was 1.7%.
- The level of rents for individual tenants can be reduced, frozen or rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1% (2.7%).

The 2020/21 average rent band proposed by Welsh Government is shown in the table below. A maximum uplift of 2.7% (CPI plus 1%) would take the average rent paid in 2020/21 to £96.57 which is just above the low end of the target rent band.

| | 2020/21 Target Rent Band | | |
|--------------|--------------------------|-----------|----------|
| Average Rent | Low End | Mid-Point | High End |
| Flintshire | £ 95.82 | £ 100.87 | £ 105.91 |

For the purposes of the Business Plan an overall uplift of 1.7% to all tenants has been applied and, in addition, the transitional uplift of £2 has also been applied to tenants who are currently paying significantly under target rent. This ensures that no individual tenant will pay more than the maximum allowed under the policy but moves towards readdressing the disparity between those rents under and those at target rent and seeks to make rent charges to all tenants more equitable.

Anticipated Rental (including voids rent loss) and other income for the three year period 2020/21, 2021/22 and 2023/23 are shown in the table below:

| Year | Net Rental Income | Other Income | Total Income |
|-------------|-------------------|--------------|--------------|
| 2020 – 2021 | £35.094m | £ 1.611m | £ 36.705m |
| 2021 – 2022 | £36.330m | £ 1.690m | £ 38.020m |
| 2022 – 2023 | £37.700m | £ 1.709m | £ 39.409m |

| HRA Rents | | No. | | |
|-----------------------|-------------------|------------------------------|-------------------|--------------|
| Property Type | No. of Properties | Equal to / above Target Rent | Below Target Rent | |
| G1Bedsit | 22 | 22 | 0 | |
| G1bungalow | 12 | 4 | 8 | |
| G1Flat | 160 | 156 | 4 | |
| GNB1Apartment | 6 | 6 | 0 | |
| G1House | 2 | 0 | 2 | |
| G2Bungalow | 3 | 1 | 2 | |
| GNB2Bungalow | 4 | 4 | 0 | |
| G2Flat | 307 | 290 | 17 | |
| GNB2Apartment | 8 | 7 | 1 | |
| G2House | 704 | 319 | 385 | |
| GNB2House | 68 | 57 | 11 | |
| G2Maisonette | 9 | 9 | 0 | |
| G3Bungalow | 4 | 3 | 1 | |
| G3Flat | 35 | 24 | 11 | |
| G3Maisonette | 1 | 1 | 0 | |
| G3House | 3,124 | 832 | 2,292 | |
| GNB3House | 28 | 23 | 5 | |
| G4House | 132 | 32 | 100 | |
| G5House | 4 | 2 | 2 | |
| G6House | 5 | 5 | 0 | |
| M1Mini Group Bungalow | 299 | 179 | 120 | |
| M1Mini Group Flat | 115 | 115 | 0 | |
| M2Mini Group Bungalow | 94 | 56 | 38 | |
| M2Mini Group Flat | 24 | 23 | 1 | |
| M3Mini Group Bungalow | 1 | 1 | 0 | |
| S1Sheltered Bedsit | 64 | 64 | 0 | |
| S1Sheltered Bungalow | 849 | 532 | 317 | |
| S1Sheltered Flat | 322 | 322 | 0 | |
| S1Sheltered House | 1 | 1 | 0 | |
| S2Sheltered Bungalow | 511 | 167 | 344 | |
| S2Sheltered Flat | 305 | 305 | 0 | |
| S2Sheltered House | 1 | 1 | 0 | |
| S2Wardens Bungalow | 3 | 3 | 0 | |
| S2Wardens Flat | 4 | 4 | 0 | |
| S2Wardens House | 1 | 0 | 1 | |
| S3Sheltered Bungalow | 2 | 1 | 1 | |
| S3Wardens Bungalow | 15 | 11 | 4 | |
| S3Wardens Flat | 1 | 1 | 0 | |
| S3Wardens House | 20 | 7 | 13 | |
| S4Wardens Flat | 1 | 1 | 0 | |
| Total | 7,271 | 3,591 | 3,680 | 49.4% |

Note

G = General Need

S = Sheltered

SO = Shared Ownership

GNB = General Needs New Build

M = Mini Group (over 55s with no warden service)

The number equates to the number of bedrooms the property has for example a G3house is a general need 3 bed house.

The above chart shows the average transitional rents paid by Flintshire tenants, by property type, as at December 2019 and how they compare to target rents. Only those who are currently more than £2 below target rent will be subject to the £2 transitional rental increase in 2020/21. This will result in more tenants moving away from target rent, however it will allow Flintshire to work towards making rents equitable for all and addresses the issue raised by Welsh Government around affordability for tenants.

5.2 Empty Properties

Void rent loss is assumed in the business plan at 1.75% of rental income.

5.3 Service Charges

The rent and service charges policy was introduced in 2015 and expected all Local Housing Associations (LHA's) to be achieving full cost recovery for service charges, if this had not yet been achieved a clear transition plan should be identified to achieve this.

At 2019/20 the Council was at 70% service charge recovery for implemented charges, it is recommended that the increase in service charges to take the HRA to full cost recovery should be stepped over the next 2 years (2020/21 and 2021/22). Based on this proposal, the revised charges for 2020/21 would be:

| Charge | 19/20 Charge | 20/21 Charge | Increase | Total income |
|-----------------|---------------|---------------|---------------|-----------------|
| Aerials | £ 1.20 | £ 1.55 | £ 0.35 | £130,950 |
| Cleaning | £ 3.77 | £ 4.60 | £ 0.83 | £174,018 |
| Laundry | £ 0.72 | £ 0.79 | £ 0.07 | £29,424 |
| Window Cleaning | £ 0.47 | £ 0.75 | £ 0.28 | £17,075 |
| Totals | £ 6.16 | £ 7.69 | £ 1.53 | £351,466 |

5.4 Garage Rents

The proposed garage rent increase for 2020/21 is £1.22 per week which takes the garage rent per week to £9.83 (based on 52 weeks), the proposed garage plot increase is £0.20 per week taking the garage plot rent to £1.60 per week.

5.5 Proposed financial changes to the 2019/20 business plan

The table below lists the proposed changes to the funding of the 2020/21 business plan. This includes additional funding and any efficiencies identified since last year and revisions to HRA expenditure and any pressures which have arisen since last year.

Efficiencies/Use of one off funding

| No | Section | Description | Recurring/ Non-recurring | 2020/21 £m | Narrative |
|----|---|---------------------------------------|-----------------------------|----------------|---|
| 1 | Estate Management/Repairs & Maintenance | Impact of Restructure | Recurring | (0.018) | Based on current proposals. |
| 2 | Estate Management | Reduction in bad debt provision | One-off | (0.037) | Reduce BDP % to 2.15% due to the introduction of software. |
| 3 | Landlord Services | Garden/Hedge Cutting | Recurring | (0.098) | New contractor, lower prices. |
| 4 | Management & Support | SLA Contributions | Recurring | (0.038) | Business Support/Contact Centre. Reduce contribution. £0.038m efficiency based on proposed contribution of £0.100m p.a. for Contact Centre. |
| 5 | Management & Support | Reduction of Health & Safety Officer | Recurring | (0.062) | Vacant post. |
| 6 | Management & Support | Finance SLA | Recurring | (0.044) | Reduction due to finance restructure. |
| 7 | Management & Support | Housemark | Recurring | (0.009) | Cancellation of subscription to Housemark. |
| | | Total revisions to HRA Funding | | (0.306) | |

Cost Pressures

| No | Section | Description | Recurring/ Non-recurring | 2020/21 £m | Narrative |
|----|-------------------------|---|-----------------------------|---------------|---|
| 1 | Other Income | Reduction in water commission | Recurring | 0.060 | Reduction in commission received for collecting Water rates. |
| 2 | Other Income | Stepped Service Charge Increase | One-off | 0.072 | Full cost recovery increase stepped over 2 years |
| 3 | Garage Rent | Garages demolished in 18/19 | Recurring | 0.028 | 74 Garages demolished since last year's plan |
| 4 | Estate Management | Income team restructure | Recurring | 0.035 | Additional Income Officer. |
| 5 | Estate Management | Tenancy Enforcement | Recurring | 0.030 | CCTV, target hardening and enforcement action |
| 6 | Landlord Services | Servicing Contracts review | Recurring | 0.113 | Additional costs of contracts. |
| 7 | Repairs and Maintenance | Insurance | Recurring | 0.050 | Repairs and legal costs. |
| 8 | Repairs and Maintenance | Apprentice Budgets | Recurring | 0.066 | 6 budgeted for however pressure figure calculated based on 9 trainees on a rolling basis. |
| 9 | Salaries | Ongoing impact of pay award | Recurring | 0.212 | Second year impact of pay award. |
| | | Total revisions to HRA Expenditure | | 0.666 | |

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| | | Net Revenue Pressure 2020/21 | | 0.360 | |
|--|--|-------------------------------------|--|--------------|--|

5.6 Staff and associated costs

The business plan includes 220.78 established Positions (FTE) within the Housing Revenue Account (including the Capital Works Teams) in 2020/21.

5.7 Housing Asset Management

Housing Asset Management (HAM) includes Responsive repairs, voids, WHQS and cyclical works and Disabled adaptations. Total FTE's for HAM assumed in the plan are 167.5. The revenue budget for 2019/20 is £8.907m (£1,223 per tenancy).

5.8 Estate Management

Estate Management includes Rents, Anti-Social Behaviour, Tenant participation and Tenancy management services. Total FTE's assumed in the plan are 34.91. The planned budget is £1.882m.

5.9 Landlord Services

Landlord Services includes all costs associated with service charges and landlord costs for communal buildings. Total FTE's assumed in the plan for Landlord Services are 7.00. The planned budget is £1.433m.

5.10 Management & Support Services

Management & Support Services include Finance and cash collection, I.T, member services, HR and Training, Legal, Insurance, Buildings, admin and corporate management costs. The FTE's assumed on the plan for Management & Support Services are 11.38. The planned budget is £2.637m.

5.11 Capital Financing

| Financial Year | New Build Programme | WHQS | Regeneration | Total Borrowing Costs | Closing HRA Debt |
|----------------|---------------------|---------|--------------|-----------------------|------------------|
| 2020.21 | £9.455m | £1.300m | | £9.027m | £147.823m |
| 2021.22 | £1.957m | | £1.342m | £9.364m | £148.165m |
| 2022.23 | £7.505m | | £2.200m | £9.523m | £154.907m |

The deed to terminate the voluntary agreement for the HRA borrowing cap was signed on the 2nd December 2019, it is therefore important that going forward, increased borrowing in the HRA is carefully managed and monitored to ensure that it is sustainable and affordable to the business plan. Work will be undertaken to develop a set of treasury KPI's for the HRA to enable transparent monitoring of this going forward.

The capital programme for 2020/21 is £30.464m of which £17.914m is allocated to achieving the Welsh Housing Quality Standard, £1.104m to DFGs, £0.275m to Energy Efficiency and £11.171m to new builds.

6 MONITORING AND EVALUATION

Risk management plans have been developed for the WHQS programme and the SHARP new build programme, which are regularly monitored by the Housing and Regeneration programme board; the Scrutiny committee and the Council's Cabinet.

The risks below for the overall HRA is updated and monitored at the Housing and Regeneration Programme Board.

| Ref | Description/Issue | Risk | Mitigation Act (MA) / Response Plan (RP) |
|-----|---|---|---|
| 1 | MRA funding certainty - MRA is included within the HRA 30 year Business Plan at £5.0m per annum | MRA funding is only guaranteed year on year the risk is that MRA funding is not received | Ensure delivery of WHQS programme Fully complete Welsh Government MRA returns on a quarterly basis Lobby Welsh Government on need for MRA to continue to invest in the Housing stock Monitor and review at HRA Programme Board |
| 2 | Meeting the WHQS by 2020 - Delivering a significantly increased investment programme | Annual programme is not delivered to target Major supplier issues Contractor performance or contractor viability issues Loss of key staff Recruitment to delivery team Significant stock condition issues Tenant satisfaction falls | Effective contractor management Appoint sufficient resource in delivery team Develop a revised delivery team structure Appoint additional Tenant Liaison Officers Post inspection of completed work Stock Condition Survey in place Monitor and review at HRA Programme Board |
| 3 | Delivering the New Build programme by 2020 | Limited availability of sites for development Introduction of new SUDS drainage guidelines by WG may impact on scheme viability Supply chain limitations experienced in North Wales for key trades | Integration of the Programme with the development of the Local Development Plan (LDP) and the housing strategy Integrated Communications Plan Design Procurement process to meet commissioning objectives More intensive site visits to be conducted on potential development sites Early feasibility investigations to be undertaken in respect of sites identified Concurrent work stream to liaise with highways; planning and street scene officers Monitor and review at HRA Programme Board |
| 4 | Introduction of charging for services | Quality and cost of services delivered Recovery of income Tenant satisfaction | Extensive tenant consultation Effective debt management arrangements Review of standard and cost of services delivered |

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| | | | Monitor and review at HRA Programme Board |
| 5 | Maximising rental income particularly in light of ongoing Welfare Reforms | Poverty issues Increase in rent arrears Tenancy sustainment issues | Effective tenancy management Creative use of DHP Consideration to resource for tenancy sustainment Monitor and review at HRA Programme Board. |
| 6 | Meeting Annual Efficiency targets - Delivering the HRA efficiency plan ensuring savings targets are achieved | Efficiency targets not met Detrimental impact on service delivery Tenant satisfaction | Monitor progress through Council Housing Service Senior Management Team Service Plans and 1:1's Financial management and monitoring Monitor and review at HRA Programme Board |
| 7 | Proposed Rent review | Impact on HRA Business Plan Ability to deliver WHQS Ability to deliver New Build programme Impact on HRA services and sustainability | Ensure dialogue with Welsh Government Ensure representation on relevant National boards Modelling and risk management Monitor and review at HRA Programme Board |
| 8 | Emerging changes in the priorities for the carbon based economy | Potential impact on the investment planning for the longer term | To be determined |

7 ACTION PLAN - KEY ACTIONS FOR 2020/21

The following actions will support the delivery of the priorities set out in this business plan:

1. Grow the housing stock by a minimum of 1,000 over the lifetime of the plan;
2. Maintain, sustain and build on the improvements delivered through WHQS investment; and
3. To be in the top quartile for performance and quality of service delivery.

The table below sets out the high level actions for 2020/21 to enable the delivery of the HRA within the framework of the priorities set out above, and also reflect the individual detailed service plans.

| Action | | Detail | Progress | Timeframe | Responsible / lead team |
|--------|--|--|---|---------------------------------------|-----------------------------------|
| 1 | Inform and influence the wider Council's housing strategy development. | Develop a robust and intelligence led strategic framework to inform the delivery of new build, acquisitions and services. | Housing Strategy for 2019-2024 complete | Ongoing – delivery of the action plan | Housing Strategy |
| | | To undertake strategic acquisitions to support local regeneration or other local priorities including meeting short/medium term demand | Five properties have been purchased under the strategic acquisition / right to buy back scheme. These are now tenanted in accordance with the demand from the SARTH register. | Ongoing | Business Performance Team Manager |
| 2 | Deliver community benefits as part of the WHQS and SHARP programme | To continue developing existing arrangements to identify and agree the community benefits to be delivered | Continue to monitor community benefits delivered in line with the Council's Community Benefit Strategy | Ongoing | Regeneration Manager |
| | | To establish a process, in line with the Council wide strategy, to measure and capture community benefits. | | | |
| 3 | Develop and inform the energy efficiency strategy | Review and update the HRA response to the energy efficiency and sustainability | Awaiting results of the refreshed stock condition survey | April 2020 | Capital Works Team Manager |

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| | | agenda in relation to new build and current stock. | | | |
| | | Develop an investment and VFM approach to energy efficiency post WHQS | Review of all of the Energy Performance Certificates (EPC's) and the procurement of further EPC's to enable the Council to complete an in depth review of all Council properties falling under the SAP 65 threshold. Complete an action plan to address those properties below SAP65 detailing the level of investment needed to bring each property up to WHQS Standard. From this a post 2020 delivery plan can be considered in line with WG requirements (decarbonisation) to acceptable levels. | Ongoing | Capital Works Team Manager / Operations Manager |
| 4 | Develop and introduce a value for money framework | Achieve year on year efficiencies through a cost benefit approach | Delivery of the new Management structure | May 2020 onwards | All Managers |
| 5 | Improved IT capability for reporting including Open Housing and KPIs | Update the servers to enable the productivity module to be opened in Open Housing so individual work output can be monitored. | Awaiting feedback from software provider | April 2020 onwards | IT services |

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| | | Join up the IT and deliver a digital solution using apps to capture customer feedback – this may require some up front work with tenants to ensure they use the service but it aligns with the Council’s digitalisation strategy going forward. This follows the implementation of ‘My Account’ | Digital strategy work ongoing | Ongoing work in 2020 to deliver digital solution | Housing Manager / Project Manager |
| | | Analyse trends appearing in rent arrears | Mobysoft software has been implemented | Ongoing | Income Services |
| 6 | Improved understanding of asset base | Undertake/ update the stock condition survey | Tender due to be completed and our in house PDA total mobile solution is due to be implemented, once implemented Stock Survey information can be imported directly into the Housing Asset Management System (Open Housing). | Ongoing | Capital Works Team Manager |
| | | Maintain stock data and asset register | As above | Ongoing | Capital Works Team Manager |
| | | Review and assess the potential to realign existing housing stock to meet changing demands on the stock | As above | Ongoing | Capital Works Team Manager |

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| | | Develop a register of stock that has existing aids and adaptations which can be identified at re-let for most appropriate letting, to achieve better efficiency of existing stock. | The maintenance inspectors for voids are capturing any historical adaptations that have been undertaken. This is being captured and recorded into back office computer system. | April 2020 and ongoing | Operations Manager |
| 7 | To implement the Customer Involvement Strategy and Action Plan | <p>Improved understanding of customer satisfaction and involvement through a range of tenant support including:</p> <ul style="list-style-type: none"> • Providing more opportunities for tenants to engage particularly through the development of local arrangements. • Helping tenants to resolve issues that affect them and help us ensure that tenant retain satisfaction in the quality of our services. • Improving and extending the range of communication options to ensure our tenants are informed, engaged and have the | | April 2020 and ongoing | Housing Manager |

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| | | <p>opportunity to challenge.</p> <ul style="list-style-type: none"> Developing training programmes which encourage participation and encourages their involvement in the development of resilient communities. | | | |
| 8 | Preventative work with vulnerable tenants to address rent arrears in conjunction with the Income Team | <p>Working across internal teams including the Income Team, Benefit Team; Housing Solutions; Housing Options and Housing Management, develop appropriate actions around the following areas:</p> <ol style="list-style-type: none"> 1. Lettings arrangements and tenancy allocation to vulnerable tenants. 2. Early identification of arrears. 3. Initial contact to tenants experiencing financial difficulties. 4. Direct contact with tenants. 5. Arrangements in place to support tenants experiencing financial difficulties. | <p>12 month pilot completed looking at reducing the number of rent arrears in Council properties. The Housing Intervention Team consists of 4 officers (2 income officers and 2 Accommodation Support Officers) who target low level rent arrears below £600. This early intervention is intended to prevent evictions and higher rent arrears.</p> <p>Next stage is to produce an evaluation for the HRA to establish cost effectiveness.</p> | Evaluate effectiveness of 12 month pilot – reduction in rent arrears | <p>Housing Manager / Income Services / Housing Options</p> <p>Income Manager and Housing Strategy</p> |
| 9 | Proactive Neighbourhood Management | Regular meetings with other landlords and key partners, including the Police, as part of the monitoring of the | In progress | Ongoing | Housing Manager |

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| | | proactive Neighbourhood action plans. | | | |
| 10 | Customer satisfaction | Review resource management with the aim of ensuring we get it right first time, particularly in relation to the Call Centre. | Electronic trading with Travis Perkins has been implemented. The next stage is to develop electronic van stock replenishment ensuring correct materials to complete the job on first visit. | Ongoing monitoring of implementation of service | Business Performance Team Manager / Customer Services |
| | | Implement customer satisfaction process for voids | There is to be a review of the void policy / procedure and customer satisfaction will form part of the review. The satisfaction survey will need to capture the complete customer journey from allocation of a property to start of tenancy. | March 2021 | All Service Managers |
| | | Undertake the STAR survey to benchmark customer satisfaction | Delayed due to management changes | To commence in April 2020 | Service Manager / All Managers |
| | | Use APSE to benchmark our performance and levels of customer satisfaction. | Performance is currently being reported on APSE. | Ongoing performance data sharing | Business Performance Team Manager |
| 11 | To deliver 50 new homes per annum to meet the demand of the social housing register | Ensure the delivery of new build adds value through addressing the pressures for certain housing types by basing development | Up to December 2019 a total of 114 new council homes were completed. A further 27 new council homes will be completed | Ongoing in line with the delivery plan | Housing Programmes Service Manager |

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| | | plans on intelligence. | during the remainder of the financial year ending March 2020. During 2020/21 45 new council homes are planned and plans for additional sites are progressing. | | |
| 12 | Implement the Asset Plan | Develop a work programme for the boiler repairs; smoke detectors; carbon monoxide and electrical p.i.r to inform budget requirements. | Central Heating Boiler Programme will be completed once the PDA total mobile solution is implemented and the stock survey data uploaded. This will generate the Central Heating Programme automatically. Any boilers that do not reach their desired lifecycle (15 years) will be reviewed with regards to performance and renewed individually through e-repairs and maintenance service. | Ongoing work to feed into and develop housing programme | Operations Manager / Capital Works Team Manager |
| 13 | Review of aids/adaptation materials | Consult on framework value for money on specified and specialist materials | Work with managed stores to obtain best prices and suppliers. | To commence in April 2020 | Operations Manager/Business Performance Manager. |
| 14 | Reduce void periods | Increase reporting of issues prior to property becoming empty. | Specifically garden clearance. Develop a pre-termination | LEAN Review Ongoing | Operations Manager |

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| | | <p>Early identification of expected void and collaborative working to match to SARTH register demand</p> <p>Early engagement with tenants and enforcement of notification process</p> | <p>process to review requirements in the void property.</p> <p>Improved communications.</p> <p>Reporting on overall KPI's.</p> | | |
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FLINTSHIRE COUNTY COUNCIL

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| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Treasury Management Mid-Year Report 2019/20 |
| Report Author | Corporate Finance Manager |

EXECUTIVE SUMMARY

The report presents the Treasury Management 2019/20 Mid-Year review for approval.

A summary of the key points are set out in the report.

At a meeting of the Audit Committee on 20th November 2019 Members reviewed the Mid-Year report and recommended it to Cabinet.

Cabinet received the Mid-Year report on 17th December 2019 and recommended to Council for approval.

RECOMMENDATIONS

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| 1 | Council approves the Treasury Management Mid-Year Report 2019/20. |
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REPORT DETAILS

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| 1.00 | BACKGROUND TO THE REPORT |
| 1.01 | <p>On 19th February 2019, the Council approved the Treasury Management Strategy 2019/20, following the recommendation of the Cabinet and consideration by the Audit Committee.</p> |
| 1.02 | <p>The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for execution and administration of treasury management decisions to the Corporate Finance Manager, who acts in accordance with the Council's Treasury Management Policy Statement, Strategy and Practices.</p> <p>The Council has nominated Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies.</p> |
| 1.03 | <p>The Treasury Management Mid-Year Report for 2019/20 is attached as Appendix 1. The Mid-Year Report reviews the activities and performance of the treasury management operations during the period 1st April to 30th September 2019.</p> <p>As required by the Council's Financial Procedure Rules, this Mid-Year Report was reviewed by Audit Committee on 20th November 2019 and Cabinet on 17th December 2019. Audit Committee had no matters to draw to the Cabinet's or Council's attention</p> |
| 1.04 | <p><u>Summary of Key Points</u></p> <p>The Bank of England made no change to monetary policy at its meetings and have maintained a Bank Rate of 0.75%.</p> <p>The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.</p> <p>The Council's treasury advisor Arlingclose expects the Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy.</p> <p>The Brexit leaving deadline has been extended to the 31st of January 2020. In readiness for Brexit, the Council will ensure the Council's investment portfolio will remain secure and liquid by only investing in Money Market Funds which are domiciled in the United Kingdom to avoid any international payment disruption that may occur in the few days after the leaving date. The remaining investment portfolio will be held with the Central Government Debt Management Account Deposit Facility</p> |

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| | (DMADF). In the event that another extension is agreed this operational policy at the new leave date will continue to apply. |
| 1.05 | <p>New long term borrowing was arranged during the first half of the year 2019/20.</p> <p>The Council has taken two new long-term loans from the Public Works Loans Board (PWLB) in 19/20:</p> <ul style="list-style-type: none"> • £10m Equal instalment of Principle Loan at 1.65% for 15 years, and; • £7.5m Equal instalment of Principle Loan at 1.28% for 18 years. <p>The decision to take long term loans took into consideration the long term borrowing requirement resulting from the Council's capital programme. As interest rates from central government borrowing were low at these points due to the volatility of Gilt yields, the PWLB rates were at a level which meant that fixing long term offered financial value to the Council.</p> <p>Short term borrowing was undertaken as necessary in accordance with the 2019/20 borrowing strategy. The total short term borrowing as at 30th September 2019 was £19.0m with an average rate of 0.76%. Section 4 provides more information on borrowing and debt management during the period.</p> |
| 1.06 | The treasury function has operated fully within the limits detailed in the Treasury Management Strategy 2019/20. |
| 1.07 | Section 6 of the Mid-Year Report provides information on regulatory changes coming into force in the near future. |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | Financial implications are addressed in the report; no other resource implications directly as a result of this report. |

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| 3.00 | RISK MANAGEMENT |
| 3.01 | Risk Management directly addressed within appendices including identification of risks and measures to mitigate likelihood and impact of risks identified. |

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| 4.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 4.01 | Arlingclose Ltd, being the Council's treasury management advisors. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Treasury Management Mid-Year Review 2019/20 |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | None. |

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| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | <p>Contact Officer: Liz Thomas – Strategic Technical Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk</p> |

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| 8.00 | GLOSSARY OF TERMS |
| | <p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p> <p>Bank Rate: The official interest rate set by the Bank of England’s Monetary Policy Committee and what is generally termed at the “base rate”.</p> <p>Basis Point: A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points.</p> <p>Bond: A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p> <p>Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.</p> <p>Capital Financing Requirement (CFR): The Council’s underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.</p> <p>Certificates of Deposits (CD’s): A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest</p> |

rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years.

Cost of Carry: The “cost of carry” is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

Consumer Price Index (CPI): The UK’s main measure of inflation (along with Retail Price Index or ‘RPI’) The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

Credit Rating: Formal opinion by a registered rating agency of a counterparty’s future ability to meet its financial liabilities; these are opinions only and not guarantees.

Corporate Bonds: Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Counterparty List: List of approved financial institutions with which the Council can place investments.

Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Facility (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.

Federal Reserve: The US central bank, the equivalent of the Bank of England. (Often referred to as “the Fed”).

Financial Instruments: Financial instruments are tradable assets of any kind. They can be cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument.

Gilts: Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’. They are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to

borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

LOBO: Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.

IFRS: International Financial Reporting Standards.

Maturity: The date when an investment or borrowing is repaid.

Maturity Structure / Profile: A table or graph showing the amount (or percentage) of debt or investments maturing over a time period.

Monetary Policy Committee (MPC): A committee of the Bank of England, which meets to decide the Bank Rate. Its primary target is to keep CPI inflation within 1% of a central target of 2%. Its secondary target is to support the Government in maintaining high and stable levels of growth and employment.

Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Non Specified Investment: Investments which fall outside the WG Guidance for Specified investments (below).

Operational Boundary: This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts: In the context of local authority borrowing,
(a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
(b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

Prudential Code: Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators: Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators.

Public Works Loans Board (PWLB): The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE): QE is a form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This cash injection lowers the cost of borrowing and boosts asset prices to support spending.

Revenue Expenditure: Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

Retail Price Index (RPI): A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent.

Term Deposits: Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments: Term used in the Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing: Borrowing for which the costs are supported by the government or third party.

Supranational Bonds: Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

Treasury Bills (T-Bills): Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.

Treasury Management Code: CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP): Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

Temporary Borrowing: Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Unsupported Borrowing: Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield: The measure of the return on an investment instrument.



FLINTSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT

MID YEAR REPORT 2019/20

1.00 PURPOSE OF REPORT

- 1.01 To provide members with a mid-year update on matters relating to the Council's Treasury Management function.

2.00 BACKGROUND

- 2.01 Treasury management comprises the management of the Council's 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.
- 2.02 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.
- 2.03 The Council's policy is to appoint external consultants to provide advice on its treasury management function. In September 2016 Arlingclose Ltd were reappointed as the Council's advisors for a period of 3 years, following a competitive tendering exercise. This period has been extended a further 12 months as per the contract terms to September 2020.
- 2.04 The Council has adopted the 2017 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.
- 2.05 In addition, the Welsh Government (WG) Guidance on Local Government Investments recommends that local authorities amend their investment strategies in light of changing internal or external circumstances.
- 2.06 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.
- 2.07 The Council approved the 2019/20 Treasury Management Strategy at its meeting on 19th February 2019.

3.00 ECONOMIC & INTEREST RATE REVIEW APRIL – OCTOBER 2019.

Provided by Arlingclose Ltd the Council's Treasury Management advisors.

Economic background: UK Consumer Price Inflation (CPIH) fell to 1.7%

year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation

Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October.

Financial markets: After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

Credit background: Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ring-fenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ring-fenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

Outlook for the remainder of 2019/20

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased

dramatically.

There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further. With the 2020 presidential election a year away, Donald Trump is unlikely to change his stance.

Parliament appears to have frustrated UK Prime Minister Boris Johnson's desire to exit the EU on 31st October. The probability of a no-deal EU exit in the immediate term has decreased, although a no-deal Brexit cannot be entirely ruled out for 2019 and the risk of this event remains for 2020. The risk of a general election in the near term has, however, increased.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy.

| | Dec 19 | Mar 20 | Jun 20 | Sept 20 | Dec 20 | Mar 21 | Jun 21 | Sept 21 | Dec 21 | Mar 22 | Jun 22 | Sept 22 | Dec 22 |
|-------------------|--------|--------|--------|---------|--------|--------|--------|---------|--------|--------|--------|---------|--------|
| Upside Risk (%) | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Interest Rate (%) | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| Downside Risk (%) | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |

4.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

4.01 PWLB (Public Works Loans Board) Certainty Rate Update.

The Authority submitted its application to WG along with the 2019-20 Capital Estimates Return to access this reduced rate for a further 12 months from 1st November 2019.

4.02 The total long term borrowing outstanding totals £290.17 million.

4.03 Loans with the Public Works Loans Board are in the form of fixed rate (£255.8m) and variable rate (£10m), £18.95m is variable in the form of Lobo's (Lender's Option, Borrower's Option) and £5.42m are interest free loans from government.

The Council's average long term borrowing rate is currently 4.57%.

| | Balance 01/04/2019 £m | Debt Maturing £m | New Debt £m | Balance 30/09/2019 £m |
|---|-----------------------------|------------------------|-------------------|-----------------------------|
| Long Term Borrowing | 267.29 | (0.04) | 17.50 | 284.75 |
| Government Loans | 5.51 | (0.10) | 0.00 | 5.41 |
| TOTAL BORROWING | 272.80 | (0.14) | 17.50 | 290.16 |
| Other Long Term Liabilities * | 5.03 | 0.00 | 0.00 | 5.03 |
| TOTAL EXTERNAL DEBT | 277.83 | (0.14) | 17.50 | 295.19 |
| Increase/ (Decrease) in Borrowing £m | | | | 17.36 |

* relates to finance leases in respect of Deeside Leisure Centre and Jade Jones Pavilion

4.04 New long term borrowing has been arranged during 2019/20.

The Council has taken two new long-term loans from the Public Works Loans Board (PWLB) in 19/20:

£10m Equal instalment of Principle Loan at 1.65% for 15 years, and;
£7.5m Equal instalment of Principle Loan at 1.28% for 18 years.

The decision to take long term loans took into consideration our long term borrowing requirement resulting from our capital programme. As interest rates from central government borrowing were low at these points due to the volatility of gilt yields, the PWLB rates were at a level which meant that fixing long term offered financial value to the Council.

4.05 Loans at Variable Rates

The extent of variable rate borrowing the Council can potentially undertake is influenced by the level of Reserves and Balances. The interest rate on the Council's £10m variable rate loans averaged 0.9%.

The Council has determined that exposure to variable rates is warranted. It also assists with the affordability and budgetary perspective in the short-to-medium term. Any upward movement in interest rates and interest paid on variable rate debt would be offset by a corresponding increase in interest earned on the Council's variable rate investments. The interest rate risk associated with the Council's strategic exposure of £10m is regularly reviewed with our treasury advisor against clear reference points, this being a narrowing in the gap between short and

longer term interest rates. If appropriate, the exposure to variable interest rates will be reduced by switching into fixed rate loans.

4.06 Internal Borrowing and Short Term Borrowing

Given the significant cuts to local government funding putting pressure on Council finances, the borrowing strategy is to minimise debt interest payments without compromising the longer-term stability of the portfolio. With short-term interest rates currently lower than long-term rates, it has been more cost effective in the short-term to use internal resources, and to borrow short-term instead.

The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant at around 1.06%.

The use of internal resources in lieu of borrowing has therefore continued to be used over the period as the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments.

Short term borrowing was undertaken as necessary. The total short term borrowing as at 30th September 2018 was £19m with an average rate of 0.76%.

The Council's capital expenditure plans will continue to be monitored throughout 2019/20 to inform and assess the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and refinance unnecessarily which will be costly and have significant revenue implications. The continued use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast and assessing the affordability of long-term borrowing in the short term against the savings made over the life of the loan.

4.07 Lender's Option Borrower's Option Loans (LOBOs)

The Authority holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The option to change the terms on £18.95m of the Council's LOBOs was not exercised by the lender. The Authority acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.08 Debt Rescheduling

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for

debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

The Corporate Finance Manager, in conjunction with the Council's treasury advisors will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

5.0 INTERIM INVESTMENT AND PERFORMANCE REPORT

- 5.01 The Welsh Government's Investment Guidance gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.
- 5.02 The maximum investments the Authority had on deposit at any one time totalled £50.5m. The average investment balance for the period was £26.7m and the average rate of return was 0.65%, generating investment income of £89k.
- 5.03 Investments have been made with UK banks, building societies and other Councils up to periods of 35 days, as well as utilising investment opportunities afforded by money market funds and the Debt Management Office Deposit Account.
- 5.04 The average of long and short term borrowing was £288.0m generating interest payable of £6.73m in line with budget forecasts (to date).

| | Investments | | Borrowing | |
|------------|-------------------------|-----------------|---------------------|-----------------|
| | Interest received £'000 | Interest rate % | Interest paid £'000 | Interest rate % |
| Actual | 89.0 | 0.65 | 6,732 | 4.57 |
| Budget | 40.0 | 0.80 | 6,950 | 4.46 |
| Difference | 49.0 | | 218 | |

Year-end projections are as follows:

| | Investments | | Borrowing | |
|------------|-------------------------|-----------------|---------------------|-----------------|
| | Interest received £'000 | Interest rate % | Interest paid £'000 | Interest rate % |
| Actual | 130 | 0.65 | 13,713 | 4.57 |
| Budget | 80 | 0.80 | 13,900 | 4.46 |
| Difference | 50 | | 187 | |

5.05 Credit Risk (security)

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

5.06 Liquidity

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds.

5.07 Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Council's investment yield is outlined in 5.02.

6.00 REGULATORY UPDATES

6.01 The Welsh Government is consulting on proposed changes to its Statutory Guidance on Local Government Investments to be effective from the 2020/21 financial year. This involves a complete re-write along the lines of the guidance issued last year by the Ministry of Housing, Communities and Local Government (MHCLG) for local authorities in England.

The definition of investments is widened to include "all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property" providing it has been made using the power to invest contained in the Local Government Act 2003. In addition, loans to wholly-owned companies or associates, to a joint venture, or to a third party count as investments, irrespective of the purpose or legal power used.

6.02 **Readiness for Brexit:** The scheduled leave date for the UK to leave the EU is now 31st January 2020 and there remains little political clarity as to whether a deal will be agreed by this date and there is the possibility that the exit date is pushed back yet again. As the date approaches the Authority will ensure there are enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available.

7.00 COMPLIANCE

7.01 The Council can confirm that it has complied with its Prudential Indicators for the period April to September 2019. These were approved on 19^h February 2019 as part of the Council's 2019/20 Treasury Management Strategy.

7.02 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the period April – September 2019. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

8.00 OTHER ITEMS

8.01 Other treasury management related activity that took place during April – September 2019 includes:

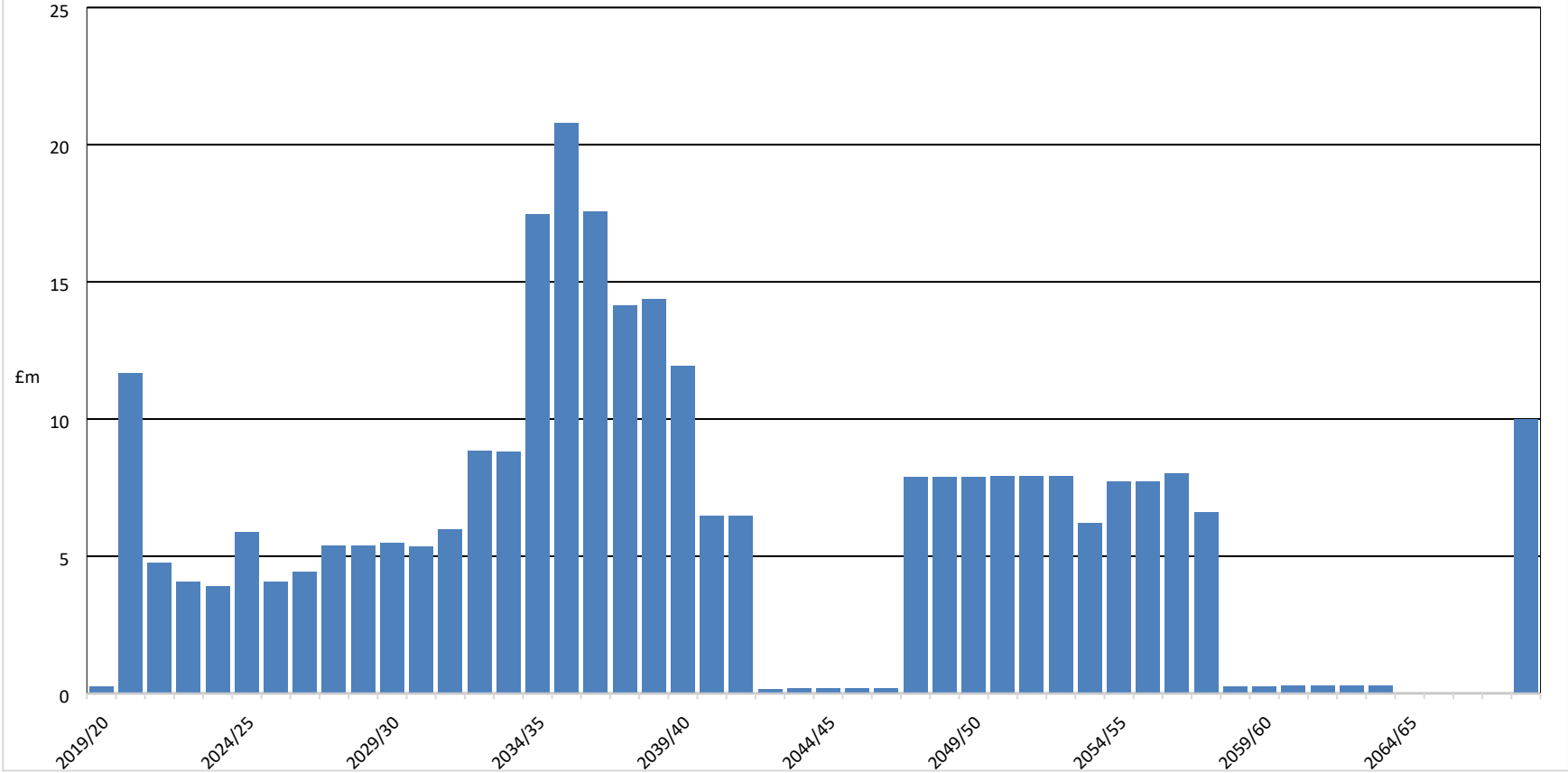
- The Treasury Management Annual Report 2018/19 was reported to Audit Committee on 10th July 2019, Cabinet on 24th September 2019 will be reported to Council on 22nd October 2019.
- The Quarter 1 Treasury Management update was reported to the Audit Committee.
- The Council continues to be a member of the CIPFA Treasury Management Forum and the TM Network Advisory Group.

9.00 CONCLUSION

9.01 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2019/20.

9.02 As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Debt Maturity Profile - October 2019



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FLINTSHIRE COUNTY COUNCIL

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| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Local Government & Elections (Wales) Bill |
| Report Author | Chief Executive & Chief Officer (Governance) |

EXECUTIVE SUMMARY

Welsh Government has published the Local Government & Elections (Wales) Bill. This is a significant and substantial piece of legislation. This report summarises the provisions of the Bill and guides Council for a debate on a response as part of the on-going consultation.

The Bill is the culmination of several years of prior policy consultation which has included:-

- Draft Local Government (Wales) Bill – November 2015
- Consultation on Electoral Reform – October 2017
- *Reforming Local Government: Resilient and Renewed* - Welsh Government White Paper - January 2017
- Consultation on Powers and Flexibilities – January 2018
- *Strengthening Local Government: Delivering for People* Welsh Government Green Paper - June 2018.

The report includes as appendices papers of the Welsh Local Government Association (WLGA) Council as our representative body.

RECOMMENDATIONS

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| 1 | That Council responds to the Local Government & Elections (Wales) Bill, building on the positions we taken previously and aligning ourselves with the position and views of the Welsh Local Government Association. |
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REPORT DETAILS

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| 1.00 | EXPLAINING THE LOCAL GOVERNMENT & ELECTIONS (WALES) BILL AND ITS PREDECESSORS |
| 1.01 | <p>The Local Government & Elections (Wales) Bill is a significant and substantial piece of legislation. This report is intended to provide a digest of the provisions. The Bill and accompanying documentation can be accessed via the hyperlink in the appendices section of this report.</p> <p>References to ‘principal councils’ are to unitary councils including Flintshire. References to community councils also include town councils. A reorganisation of local government in Wales, which had been discussed previously, is not a part of this new Bill.</p> <p>The Bill is the culmination of several years of prior policy consultation which has included:-</p> <ul style="list-style-type: none">• Draft Local Government (Wales) Bill – November 2015• Consultation on Electoral Reform – October 2017• <i>Reforming Local Government: Resilient and Renewed</i> - Welsh Government White Paper - January 2017• Consultation on Powers and Flexibilities – January 2018• <i>Strengthening Local Government: Delivering for People</i> Welsh Government Green Paper - June 2018. <p>Reform of local government, including collaboration, governance arrangements, improvement and structural reform have been the subject of discussions between the Welsh Government and Welsh local authorities over the last five years. More recently, there have been more congenial relationships between Cabinet, the Minister for Housing and Local Government and local government leaders.</p> <p>Through collaborative working groups, the Minister has sought to engage constructively with local government, sharing proposals and seeking views. We support the constructive engagement approach even if we are not to agree with all of the contents of the Bill.</p> <p>The Welsh Local Government Association (WLGA) gave initial evidence on the bill to the Assembly’s Equality, Local Government and Communities Committee on 23rd January 2020. A copy of the report to the WLGA Council is attached as an appendix.</p> <p>It is anticipated that, subject to successful passage through the Assembly with or without amendment, the Bill will receive Royal Assent by the end of the Summer of 2020, with some provisions being commenced immediately and others being introduced for the start of the 2022 municipal term.</p> |
| 1.02 | <p>Since Council first considered the Local Government (Wales) Bill 2015, we have commented robustly on proposed legislation. Our position remains unchanged on many provisions of the Bill. We opposed a local government reorganisation without a clear indication of the benefits of such</p> |

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| | <p>reorganisation and because of its potential to disrupt services to the public. We are satisfied that no such proposal has been carried forward into this new Bill.</p> <p>At that time we supported :</p> <ul style="list-style-type: none"> • the principles of localism and subsidiarity; • the importance of local authorities being granted both the power of general competence and specific powers and freedoms to act in the best interests of their localities; • the granting of financial freedoms and flexibilities to councils; • less central control over performance objectives and standards; • local authorities being held to account primarily by their local communities and stakeholders for performance and governance with reduced central control and regulation; • streamlined arrangements for setting policy priorities for local government at a national level; and • less central determination of constitutional provisions for the governance of local authorities. |
| 1.03 | <p>In 2017, Welsh Government published a White Paper called <i>Reforming Local Government: Resilient and Renewed</i> which replaced the earlier Local Government (Wales) Bill. In a change of policy direction, the new White Paper advocated extensive regional collaborative working, supported by the existing unitary local authorities as an alternative to a structural reorganisation. The White Paper re-included some of the provisions of the earlier Bill, and added new provisions for local government governance, the powers and functions of local authorities, performance and improvement, the roles of councillors, local democracy, workforce, community councils and electoral reform.</p> |
| 1.04 | <p>In our consideration of that White Paper, we emphasised that North Wales is the most advanced of the Welsh regions in collaborative regional working. The White Paper built on some of the progressive work of North Wales and the other regions in advocating regionalism as the preferred model. The Council's response was:</p> <p><i>"We welcome the opportunity to modernise electoral registration and elections practices through, for example, digitisation and mobility of voting.</i></p> <p><i>We fully support a public debate on lowering the voting franchise age to 16.</i></p> <p><i>Any modernisation should ideally be introduced across the whole of Wales uniformly in the interests of consistency of practice. Given that Wales has a small and expert professional elections community this is entirely possible.</i></p> <p><i>National investment will be required to support systems development and testing, new equipment, and training and skilling. As yet there has been no consultation with the professional community or national expert bodies such as the Electoral Commission.</i></p> |

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| | <p><i>We do not support the conferment of the power to councils to introduce the Single Transferable Vote (STV) for local elections. There should be a uniform voting system in Wales which is commonly understood and practiced consistently. Flintshire calls for a national referendum on the introduction of STV if Welsh Government is to pursue its introduction.”</i></p> |
| 1.05 | <p>Subsequently, a more detailed consultation paper: <i>Electoral Reform in Local Government in Wales</i> was published This covered:-</p> <ul style="list-style-type: none"> • the voting franchise (proposal to lower the age of franchise for voting to 16 for elections where Welsh Government has jurisdiction); • registration (various options for modernising electoral registration and voting methods; • the voting system (the proposals to introduce the discretionary power for councils to introduce the Single Transferable Vote (STV) for their own elections if there is a two-thirds majority of the council membership in favour); • standing for election (the option for council employees being eligible to stand for election for their own council); <p>The Council had already taken a position on these issues. It was felt to be disappointing that despite an overwhelming rejection of the STV proposal by local government during the earlier White Paper consultation, this proposal had still been carried forward into this next paper. Similarly, the option for council employees to stand for election for their own council was tested out by Welsh Government in a much earlier consultation (entitled <i>Power to the People</i>) and, as the commentary in this new consultation paper notes “at that time the weight of opinion was against this idea but we wish to test it again”. We strongly objected to this option as restrictions to prevent employees (not bound by the rules on political restrictions due to seniority) from entering into high profile political or partisan roles which would bring their impartiality into question and could cause conflicts in relationships with Members and fellow officers.</p> |
| 1.06 | <p>In 2018 we had a new ‘green’ consultation paper on the future of local government: <i>Strengthening Local Government: Delivering for People</i>. This green paper made an ‘about-turn’ and advocated reorganisation, whether through voluntary mergers or a single directive merger programme, with the aim of having “fewer, larger local authorities with the powers and flexibility to make a real difference in their communities”.</p> |
| 1.07 | <p>To provide an overview of the various consultations, and provide context for the current Local Government & Elections Bill, we should note that we have made the following principal observations throughout this whole series of consultations:-</p> <ul style="list-style-type: none"> • the Council is open-minded on the question of local government reform and mergers; • there has to be a compelling case for change if reform is to be supportable, with the ‘tests’ of any such case including the questions as to whether a smaller number of larger councils are capable of (1) being well governed and democratically accountable |

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| | <p>(2) performing as well or better than the current councils and (3) being financially sustainable;</p> <ul style="list-style-type: none"> • any such case has to be supported by an objective and robust cost benefit analysis; • any reform should include significant new freedoms and flexibilities to act; • any reform should be underpinned by a fair and sustainable funding base for local authorities; • any reform should be well planned and executed; and • any reform should be fully funded and supported by additional change management capacity given its likely scale. |
| 1.08 | <p>In conclusion, over the last four or so years, we have shown Flintshire to be open-minded towards potential changes, so long as those changes had demonstrable benefit. We have resisted proposals which are too centralist, intrusive and controlling.</p> |
| 1.09 | <p>Turning to the current bill, Part 1 deals with Elections. Sections 2-4 deal with <i>Rights to vote in local government elections</i> and propose reforming electoral arrangements for local government, including:</p> <ul style="list-style-type: none"> • extending the voting franchise to 16 and 17 year olds; • European union and foreign citizens legally resident in Wales; • changes to voter registration so that principal councils must take steps to help young people in the area (14-18 year olds) and other young people not resident in the council's area but who are looked after by the Council (out of county placements) to register as local government electors. <p>These are some of the most fundamental reforms included in the Bill, and will have a significant impact on local authorities and, in particular, electoral services administration.</p> <p>The position of the WLGA on this since 2017 has been:</p> <p><i>Our stance is that these proposals are responsible and proportionate and should be supported, but also bear in mind the views of the Electoral Commission that:</i></p> <p><i>'All primary and secondary legislation needed to change the franchise for the local government elections scheduled for May 2022 should be clear six months before Electoral Registration Officers are due to begin annual canvass activities in summer 2021 to enable all those who are newly eligible to vote to be able to register and participate in the elections.'</i></p> <p><i>Welsh Government should commit to providing adequate resources to Returning Officers, Electoral Registration Officers and local authorities to ensure that any changes to the electoral process as a result of the provisions in the Bill can be implemented in the best interests of voters.'</i></p> <p>We commend support for the WLGA position.</p> |
| 1.10 | <p>Sections 5 -13 provide for councils to choose between the current 'first past the post' or the 'single transferable vote' voting systems. If a council</p> |

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| | <p>choses (which must be by a two thirds majority vote) to use the single transferrable vote system, the number of councillors for each electoral ward must be no less than three but no more than six.</p> <p>Given the concerns which we expressed recently in our case to the Local Democracy & Boundary Commission for Wales about the appropriateness of multi-member wards in Flintshire, this is a particular concern for us.</p> <p>The majority view of the WLGA is that individual councils should not be able to choose their own voting systems. It should be noted that the WLGA Plaid Group supports the introduction of the Single Transferable Vote for local elections.</p> <p>There are various views across local government of the benefits or otherwise of the Single Transferable Vote for local elections., with the general view being concerns that:</p> <ul style="list-style-type: none"> • the approach would be administratively complex; • it would mean that council could not combine UK and devolved elections on the same day as two different voting systems would confuse electors, resulting in a larger number of spoilt papers; • the larger electoral wards which would need to be created may undermine the local links between a councillor and his/her community. (This links back to the arguments which we made to the LDBC in November). <p>The WLGA view was generally supportive of the Electoral Commission’s position that there should be a common electoral system across all local authorities to avoid complexity and voter confusion.</p> <p>The Electoral Commission, in its response to this proposal in the Reforming Local Government White Paper in April 2017 stated:</p> <p>“...we would note that allowing councils to decide which electoral system to use in their own area could create significant risks and challenges, particularly in relation to voter understanding of how to cast their vote...The question of public awareness around two different electoral systems for one set of elections is likely to be a major challenge and one where there is a very real risk of confusion to electors if this type of change is implemented.”</p> <p>We commend support for the WLGA and Electoral Commission positions.</p> |
| 1.11 | <p>Section 13 requires the conduct of local government elections in Wales to be conducted in accordance with rules made by the Welsh Ministers.</p> <p>We offer no objection to this.</p> |
| 1.12 | <p>Sections 14-17 change the electoral cycle for principal, community and town and elected mayors from the current four to five years. (The life of the current council has already been extended to 2022 to align with Parliamentary and Assembly terms.) Welsh Ministers will have the ability to change the ordinary day of local elections in Wales.</p> |

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| | Both Flintshire and WLGA support this. |
| 1.13 | <p>Sections 18-22 deal with electoral registration and the piloting of new arrangements to improve the accuracy of information contained in the registers of electors for local government and of Senedd Cymru (Welsh Assembly) elections and confer on electoral registration officers (in Flintshire, the Chief Executive) the ability to register electors who are not currently on the register, subject to conditions.</p> <p>Whilst WLGA have not commented on this, we support this in principle but have concerns that this could compromise the individual electoral registration process and also cause problems because automatic registration would only apply to elections within the remit of the Welsh Government and not UK wide elections such as Parliamentary General elections of Police & Crime Commissioner elections.</p> <p>The Electoral Commission have commented that the details of how automatic registration in Wales would work will be set out in secondary legislation.</p> |
| 1.14 | <p>Sections 23 - 24 set out new proposals for qualification and disqualification from being a member of a local authority. Qualifying foreign citizens are those who are not Commonwealth, Irish or European Union citizens but who either do not require 'leave to enter or remain' in the UK or who has indefinite leave to remain. Essentially, a citizen of any country, as long as they are in the UK legally would be able to stand for election as a member of a local authority in Wales.</p> <p>Persons who are subject to a bankruptcy or debt restrictions order are to be disqualified from standing in elections, as are persons who have been sentenced to imprisonment for more than three months or more without option of a fine in the last five years, or someone subject to a the notification requirements of, or an order under, the Sexual Offences Act 2003.</p> <p>Both Flintshire and WLGA support this.</p> |
| 1.15 | <p>Section 25 updates the current section 116 of the Local Government Act 1972 preventing members of councils from also being an employee of that authority. Council employees, other than those holding politically restricted posts, will be entitled to stand for election to their own council. They will only be required to resign their paid employment with the Council if they are elected. The Welsh Government's intention is that this will widen the pool of potential candidates while ensuring there is no conflict of interest once the candidate is elected.</p> <p>This is a cause for concern both to WLGA and to Flintshire: all council employees have to demonstrate impartiality and a responsibility to serve the council as a whole; this risks being compromised should an employee stand or serve as a Member. There may also be problems with ongoing working relationships between members and officers. The WLGA position</p> |

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| | <p>on this is that they would wish to explore the implications and options for this further with the Welsh Government.</p> |
| 1.16 | <p>Section 26 -27 give Welsh Ministers discretion to make orders for election pilot schemes to develop new approaches. Section 28 clarifies that Returning Officers can only claim expenses properly incurred in the running of a local government elections. Personal fees in respect of services rendered during the conduct of a local government elections could not in future be claimed as they would not be deemed as “expenses”. It is proposed that the personal fee will also be removed for National Assembly for Wales elections when an order is next made under article 23 of the National Assembly for Wales (Representation of the People) Order 2007 (currently the National Assembly for Wales (Returning Officers’ Charges) Order 2016 is in force).</p> <p>The Welsh Government has decided not to proceed with the previously consulted upon proposal to incorporate the Returning Officer role within that of the Chief Executive. The WLGA did not support this proposal and so the Welsh Government’s decision is welcome.</p> <p>The role of Returning Officer is independent of the Council, is a significant additional and increasing workload and there are significant personal liabilities and risks in discharging the role. Returning officers are not being employed by their council when they carry any election or referendum duties. We concur with the WLGA position is that this is a contentious issue.</p> <p>The WLGA’s response in 2017 was:</p> <p><i>The WLGA agrees with the SOLACE response that...one option is for any remuneration for the oversight of local elections to be included within a single consolidated salary for the position. A form of this arrangement is already operated by several employing councils in Wales, where the Chief Executive is also contracted to be the Returning Officer but for no additional fee beyond their evaluated salary. The decision should remain a matter of local discretion. The additional responsibilities, demands and risks of being a Returning Officer should be appropriately reflected in any local review of remuneration and should not be dismissed.</i></p> <p>As the Electoral Commission has rightly observed ‘They (Returning officers) are independent statutory officeholders and they are accountable to the courts for the delivery of their official duties’</p> <p>It is not acceptable that any local authority should be required to provide a free returning officer service for a third party.</p> <p>We support the WLGA and Electoral Commission positions on this.</p> |
| 1.17 | <p>Section 29 provides for translation of elections documents into Braille or languages other than English and Welsh.</p> |

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| | <p>We have no objection to this: WLGA have not expressly commented on it.</p> |
| 1.18 | <p>Part 2 concerns the introduction of a General Power of Competence Sections 31 – 44 deal with a general power of competence for principal councils and eligible community councils.</p> <p>We concur with the WLGA that this should be welcomed in principle. However, the drafting is problematic and Monitoring Officers, through their professional network, Lawyers in Local Government (LLG) have been pushing for Welsh Government to reword this part of the legislation. It is recommended that the Flintshire response should also reflect that view.</p> |
| 1.19 | <p>Part 3 deals with Promoting Access to Local Government, intending to reform public participation in local democracy. Section 45 gives an overview; sections 46 – 48 provide a duty to encourage local people to participate in local government and for councils to prepare a ‘public participation strategy’.</p> <p>Both Flintshire and WLGA support the promotion of democratic engagement, public participation and transparency.</p> <p>However, it should also be noted that section.46, promoting access to local government, would put a duty on principal councils to promote access to community councils within their respective areas. The view of monitoring officers is that this is an interference with the sovereignty of community councils and also that they would have no duty to co-operate with principal councils. It should be reworded to impose an equal duty on community councils to promote access or, better still, to co-operate with principal councils so that there is just one public participation strategy document for an area. We concur with this view.</p> |
| 1.20 | <p>Section 49 requires principal councils to publish a scheme for handling both paper and electronic petitions. The provision for the holding of community polls consequent on community meetings will also be repealed under section 158.</p> <p>Both Flintshire and WLGA support this, as it will reduce burden and costs for local authorities as well as providing a more accessible approach for the public.</p> |
| 1.21 | <p>Sections 50 – 52 require principal councils to publish both electronic and postal addresses for each member and keep an up to date Constitution and guide thereto, both of which are published electronically.</p> <p>Both Flintshire and WLGA support this.</p> <p>Members will be aware that we are currently consulting them on discontinuing the automatic publication of Members’ home addresses where the Members request this. Members will still all be accessible by post, using the County Hall address, or electronically.</p> <p>Our Constitution is already published electronically.</p> |

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| 1.22 | <p>Section 53 requires principal councils to webcast all meetings which are open to the public and section 54 provides for remote attendance by Members.</p> <p>Whilst WLGA note that there is agreement in principle to an initiative which makes local government decision making more accessible, this has a significant cost implication for the 22 principal councils. We support the WLGA view and concerns.</p> <p>Work to provide robust cost estimates is being undertaken through the professional networks for Monitoring Officers and Statutory Heads of Democratic Services.</p> <p>We have previously not supported remote attendance because the legislative provisions in the Local Government (Wales) Measure 2011 were prescriptive. Both Flintshire and WLGA have supported greater flexibility in local implementation.</p> |
| 1.23 | <p>Section 55 requires community (and town) councils to allow public participation at meetings. Section 57 requires community councils to produce an annual report as soon as practicable after the end of the financial year.</p> <p>In Flintshire, we have no objection to these initiatives .The WLGA has not expressed a view. .</p> |
| 1.24 | <p>Section 56 and schedule 4 updates the requirement to post notice of meetings both at council offices (as present) and electronically.</p> <p>WLGA has not commented on this. In Flintshire, we already do this, as do most, if not all, of the other principal councils in Wales. We support this requirement which reflects current practice.</p> |
| 1.25 | <p>Part 4 deals with Local Authority Executives, Members, Officers and Committees. The overview (section 58) identifies a requirement for a statutory post of chief executive, rather than to designate an officer as head of paid service, as at present, and statutory requirements for performance management of such post holders and their remuneration (Sections 59 -62)</p> <p>WLGA have indicated that they are exploring the implications of reforms affecting chief executives with SOLACE (Society of Local Authority Chief Executives - professional body for such post holders) and ALACE (Association of Local Authority Chief Executives - trade union for chief executives and senior managers/statutory officers)</p> <p>We support the establishment of a statutory post of chief executive. The current 'head of paid service' designation under the Local Government & Housing Act 1989 is anachronistic.</p> |

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| | <p>All authorities should have a performance review mechanism in place for their chief executive. However, we cannot support the possibility of publication of such performance reviews. A performance review forms part of the contract between an employer and employee and should not be information which could be published. To do so would be to compromise the integrity of the process. Such information should be confidential to leading members of the council and the post holder.</p> <p>The WLGA had not expressed a view on this previously.</p> |
| 1.26 | <p>Sections 63 to 65 introduce the concept of councillors to become 'assistants to the executive' which will provide for career progression and potentially promote diversity and enable job sharing for leaders and cabinet members.</p> <p>We support this in principle, recognising the benefits of providing for career progression and potentially promoting diversity and enabling job sharing for leaders and cabinet members.</p> <p>Section 66 clarifies issues around family absence of members from the 2011 measure.</p> <p>We support this, as does WLGA.</p> |
| 1.27 | <p>Section 67 makes leaders of political groups of a principal council responsible for standards of conduct amongst their group members.</p> <p>Whilst this can be seen as beneficial in principle, we are concerned that across Wales, this may prove very difficult in practice, potentially destabilising those groups which are not formed from members of one particular political party.</p> <p>The WLGA have not expressed a view on this and we have concerns at its implications.</p> |
| 1.28 | <p>Section 68 requires Standards Committees to produce annual reports as soon as practicable after the end of the financial year.</p> <p>No view expressed by WLGA. We support this in principle on the basis that other parts of local authorities, such as Overview & Scrutiny and Audit produce annual reports, so this would provide consistency of approach.</p> |
| 1.29 | <p>Section 69 and schedule 8 amend current requirements concerning Public Services Ombudsman for Wales investigations into failures to comply with a code of conduct.</p> <p>No view expressed by WLGA. We support this in principle.</p> |
| 1.30 | <p>Sections 70 and 71 clarify the provision of information to Overview & Scrutiny committees and amend powers relating to the establishment of joint Overview & Scrutiny committees.</p> |

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| | No view expressed by WLGA. We support this clarification in principle. |
| 1.31 | <p>Section 72 requires community councils to make and publish training plans for community council members and staff, within three months of ordinary (5 yearly) elections.</p> <p>No view expressed by WLGA. We support this in principle as it reflects good governance and thus is acceptable.</p> |
| 1.32 | <p>Part 5 relates to Collaborative Working by Principal Councils. It provides for the development of a framework and powers to facilitate more consistent and coherent regional working mechanisms through 'corporate joint committees' (CJCs) (Sections 73-86) There has already been extensive discussions between the Minister and council leaders.</p> |
| 1.33 | <p>The Bill provides for powers for local authorities to request the establishment of CJCs covering any functions. The Bill also provides Ministerial powers to establish CJCs in the functions of school improvement, economic development, strategic planning and transport.</p> <p>The WLGA has advised that the Minister has expressed her desire that the Regulations are co-produced with local government and there is scope for existing governance agreements and arrangements (such as City Deal or Growth Bid Joint Working Agreements or Governance Agreements) to be transferred into Regulations to avoid duplicating, 'reinventing the wheel' or undoing or undermining existing, effective arrangements such as those for the North Wales Economic Ambition Board or GWe.</p> <p>We support the WLGA stance as detailed in the report to WLGA Council (see attached, which expresses concerns about the principle of 'mandation' which is seen as undermining local democracy'.)</p> |
| 1.34 | <p>Part 6 deals with Performance and Governance of Principal Councils in sections 88 - 112. The Bill proposes a new streamlined performance framework for local government, repealing the Wales Programme for Improvement and performance provisions of the Local Government (Wales) Measure 2009.</p> <p>There is a new duty for a council to keep its performance under review to the extent to which it is</p> <ul style="list-style-type: none"> (a) it is exercising its functions effectively, (b) it is using its resources economically, efficiently and effectively, <p>and</p> <ul style="list-style-type: none"> (c) its governance is effective for securing the matters set out in paragraphs (a) and (b). (Section 88). <p>Section 88 will require councils to consult local people, businesses, trades unions and council staff on performance and produce a performance report (sections 89 and 90). At least once every electoral cycle (i.e. five years) a council must arrange for a panel to assess the extent to which it is meeting its performance requirements.</p> |

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| | <p>The other sections up to section 113 deal with administrative matters relating to the new performance regime.</p> <p>The WLGA has supported these changes, which have been extensively discussed, but there are concerns at the potential cost of the assessment panels. We concur with the WLGA view.</p> |
| 1.35 | <p>Section 114 alters the statutory requirement to rename Audit Committees as Governance and Audit committees which will also become responsible for performance assessment, and reviewing and assessing an authority's ability to handle complaints effectively.</p> <p>This was an aspect of the 2015 Bill. At that stage, the WLGA supported the proposal with the caveat that the relationship with and role of Overview & Scrutiny committees would require review to avoid confusion and duplication. In Flintshire, we have the Liaison group between Audit and Overview & Scrutiny Chairs and Vice-chairs to monitor and address issues of duplication.</p> <p>Section 115 requires that at least one third of the members of the committee must be lay (non-elected) persons, one of whom would be appointed as chair.</p> <p>The WLGA does not support the proposed changes to membership of Corporate Governance & Audit committees. The value of lay members is recognised but the balance of membership should be left to local discretion. In Flintshire, we have long recognised the added value provided by our lay members: the vice-chair of the committee is, and has for several years been, a lay member. In recognition of the value of the role, a second lay member was recruited during 2019. We now have 2 lay members and 7 elected Members on the Audit Committee. The Bill proposes that the deputy (vice) chair can be a councillor but not an executive or assistant executive member. Section 116 defines lay members and 117 deals with chairing arrangements in the absence of both post holders.</p> <p>Sections 118 and 119 require the Auditor General for Wales and other relevant regulators to co-ordinate the exercise of their respective functions, which are defined in section 119. The WLGA has not expressed a view on this. Our view is that this should be supported in principle as a means of avoiding duplication.</p> |
| 1.36 | <p>Part 7 is about Mergers and Restructuring of Principal Areas. Whilst the Welsh Government has decided not to proceed with prescribed mergers of local government, section 120 does provide for any two or more principal councils to voluntarily apply to the Welsh ministers for consideration of a merger.</p> <p>WLGA and local authorities collectively have previously indicated that they were supportive of voluntary mergers. Our position has previously been stated as :</p> <ul style="list-style-type: none"> • the Council is open-minded on the question of local government reform and mergers; |

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| | <ul style="list-style-type: none"> • there has to be a compelling case for change if reform is to be supportable with the ‘tests’ of any such case including the questions as to whether a smaller number of larger councils are capable of (1) being well governed and democratically accountable (2) performing as well or better than the current councils and (3) being financially sustainable; • any such case has to be supported by an objective and robust cost benefit analysis. <p>Sections 121 to 148 deal with various administrative issues related to any merger process, including shadow arrangements (section 124) elections (section 125- 6) the establishment of transition committees (section 135) and the role of the Independent Remuneration Panel for Wales in relation to the new principal councils .</p> |
| 1.37 | <p>Part 8 deals with Local Government Finance, and specifically non-domestic rating (sections 149-152); changes to the Local Government Finance Act 1988 as it relates to revenue support grant in Wales (section 153) and Council Tax – the removal of the power to provide for imprisonment of council tax debtors (section 154). Section 155 makes technical amendments for certain regulations and orders made under the Local Government Finance Act 1992, which preceded devolution and subsequent legislative competence.</p> <p>We support the WLGA view that these proposed reforms will need further exploration with local authorities and their treasurers.</p> |
| 1.38 | <p>Part 9 is Miscellaneous and deals with:</p> <ul style="list-style-type: none"> • information sharing between regulators, the Auditor General for Wales and Welsh Ministers (section 156); • the inclusion of an authority’s head of democratic services within the meaning of chief officer for the purposes of pay policy statements (section 157); • the ability of the Local Democracy & Boundary Commission to appoint its own chief executive (section 159) • amendments to the Local Government (Democracy) (Wales) Act 2013 relating to reviews and the merging and demerging of public services boards under the Well-being of Future Generations (Wales) Act 2015. <p>Sections 162- 165 relate to Fire & Rescue and National Park authorities. Section 166 repeals the Local Government (Wales) Measure 2009.</p> <p>WLGA has not expressed views on these and Flintshire has no observations without greater detail being provided to substantiate some of the proposals.</p> |
| 1.39 | <p>The indicative timeline for the Bill is</p> <p>November 2019 onwards - Stage 1 scrutiny of the general principles by the Assembly’s Equality, Local Government and Communities Committee begins Mid-March 2020 - Stage 1 Reports</p> |

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| | <p>May 2020 – Stage 2 Committee consideration of amendments concludes</p> <p>Early Summer 2020 – Stage 3 Plenary consideration of amendments Before Summer Recess</p> <p>Stage 4 Passing of the Bill in Plenary</p> |
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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | Whilst there will be resource implications of several elements of the bill, these have not be quantified at this early stage of consultation. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | This report has been produced to initiate consultation with Council on the bill. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | Not applicable at this stage of consultation. |

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| 5.00 | APPENDICES |
| 5.01 | <p>Hyperlink to bill: http://senedd.assembly.wales/mgIssueHistoryHome.aspx?Id=26688&Opt=0</p> <p>Appendix 1: Report to WLGA Council 29th November 2019 – Local Government and elections (Wales) Bill</p> <p>Appendix 2: Annex 1 to previous report, Corporate Joint Committees</p> <p>Appendix 3: Annex 2 to previous report_ Letter from Julie James, AM, Minister for Housing & Local Government to Cllr Baroness Debbie Wilcox, Leader of WLGA.</p> |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | Report of the Chief Executive: <i>Reform of Local Government and Public Services</i> . Council 9 th September 2014 and resultant minute. |
| 6.02 | Report of the Chief Executive: <i>Welsh Government White Paper: Devolution, Democracy and Delivery – Reforming Local Government: Power to the People</i> . Council 14 th April 2015 and resultant minute. |
| 6.03 | Report of the Chief Executive: <i>Local Government (Wales) Bill</i> . Council 26 th January 2016 and resultant minute. |

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| 6.04 | Report of the Chief Executive: <i>The White Paper Reforming Local Government: Resilient and Renewed and Regional Working</i> . Council 1 st March 2017 and resultant minute. |
| 6.05 | Report of the Chief Executive: <i>Welsh Government Consultation Paper Electoral Reform in Local Government in Wales</i> . Council 27 th September 2017 and resultant minute. |
| 6.06 | Report of the Chief Executive: <i>Welsh Government Consultation Paper Strengthening Local Government: Delivering for People</i> . Council 24 th April 2018 and resultant minute. |

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| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | Contact Officer: Robert Robins, Head of Democratic Services Telephone: (01352) 702320 E-mail: robert.robins@flintshire.gov.uk |

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| 8.00 | GLOSSARY OF TERMS |
| | <p>First past the post – traditional form of election where the person with the highest number of votes wins and is thus elected.</p> <p>Single transferable vote systems – proportional representation so that instead of one person representing everyone in a small area, bigger areas elect a small team of representatives. These representatives may then reflect the diversity of opinions in the area. On election day, voters number a list of candidates. They put their favourite as number one, their second favourite number two, and so on. Voters can put numbers next to as many or as few candidates as they like. Parties will often stand more than one candidate in each area.</p> <p>Principal councils: the twenty two unitary county and county borough councils in Wales.</p> <p>SOLACE (Society of Local Authority Chief Executives - professional body for such post holders).</p> <p>ALACE (Association of Local Authority Chief Executives- trade union for chief executives and senior managers/statutory officers)</p> |

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LOCAL GOVERNMENT AND ELECTIONS (WALES) BILL

Purpose

1. To give initial consideration to the Local Government and Elections (Wales) Bill.

Background

2. The Local Government and Elections (Wales) Bill¹ [the Bill] was published on 18th November 2019.
3. The Bill is a significant and substantial piece of legislation at 176 pages and 683 pages of accompanying documents, including an Explanatory Memorandum and Regulatory Impact Assessment. It includes provisions for:
 - Reforming electoral arrangements for local government, including:
 - extending the voting franchise to 16 and 17 year olds and foreign citizens legally resident in Wales,
 - changes to voter registration, and
 - enabling a principal council to choose between the 'first past the post' or the 'single transferable vote' voting systems;
 - A general power of competence for principal councils and eligible community councils;
 - Reforming public participation in local democracy;
 - The leadership of principal councils, including to encourage greater diversity amongst executive members and establishing a statutory position of chief executive;
 - The development of a framework and powers to facilitate more consistent and coherent regional working mechanisms;
 - A new system for performance and governance based on self-assessment and peer review, including the consolidation of the Welsh Ministers' support and intervention powers;
 - Powers to facilitate voluntary mergers of principal councils and restructuring a principal area;
 - Local government finance including non-domestic rating and council tax;
 - Miscellaneous provisions relating to:
 - information sharing between regulators,
 - abolition of community polls,
 - fire and rescue authorities,
 - the Local Democracy and Boundary Commission for Wales, and
 - Public Service Boards.

¹ <http://senedd.assembly.wales/mgIssueHistoryHome.aspx?IId=26688>

4. The WLGA has been invited to provide 'Stage 1 - consideration of general principles' evidence to both the Assembly's Finance Committee on 11th December 2019 and the Equality, Local Government and Communities Committee on 23rd January 2020.
5. It is anticipated that, subject to successful passage through the Assembly, the Bill would receive Royal Assent by the end of the Summer of 2020, with some provisions being commenced immediately and others being introduced for the start of the 2022 municipal term.

Development of the Bill

6. The Bill is the culmination of several years of policy consultation, including:
 - Draft Local Government (Wales) Bill – November 2015
 - Consultation on Electoral Reform – October 2017
 - Reforming Local Government: Resilient and Renewed White Paper - January 2017
 - Consultation on Powers and Flexibilities – January 2018
 - Strengthening Local Government: Delivering for People Welsh Government Green Paper - June 2018
7. Reform of local government including collaboration, governance arrangements, improvement and structural reform have been the subject of discussions between the Minister for Housing and Local Government and local government leaders during the past 18 months initially through the Local Government Working Group chaired by Derek Vaughan and subsequently via the Local Government Sub-Group of Partnership Council.
8. Through these groups, the Minister has sought to engage constructively with local government, sharing proposals and seeking views to ensure the Bill addressed local government's concerns and requirements where possible.
9. Under the auspices of these groups, work has also progressed at an official level to consider the implications of some anticipated reforms and what future statutory guidance might need to include. There is ongoing engagement around the implications of the proposed reforms on the performance regime, electoral reform, democratic services and Corporate Joint Committees.
10. All such engagement has been non-committal and on the understanding that dialogue did not necessarily indicate local government endorsement of or commitment to any proposals prior to them being published in full through the Bill.
11. The Welsh Government's policy intentions and proposals have evolved significantly in the four years since the Draft Local Government (Wales) Bill was published and several of the more controversial proposals for reforms have not been included, including prescribed mergers of local government, performance duties for councillors (e.g. response times for correspondence) and petitions to

recall councillors. Some proposals have also been redrafted in light of local government views during consultation, for example, the proposal reforms to the performance regime have been streamlined significantly in the final Bill.

12. At the time of drafting, given the Bill was published on the 18th November, it has not been possible to consider the entirety of the Bill in detail in this report, however, the following provides a summary of some of the more significant proposed reforms.
13. As noted, some proposals have been subject to consultation previously. Where the WLGA has an existing policy position on any proposal this is included in *italics*, however members might wish to reconsider the WLGA position on some proposals given the passage of time and changing circumstances.

Part 1: Elections

14. The proposals around electoral reform includes several that were included in the Welsh Government's Consultation on Electoral Reform in 2017.
15. These are some of the most fundamental reforms included in the Bill, and will have a significant impact on local authorities and, in particular, electoral services administration. Many of the proposals are consistent with or support the Assembly electoral reforms outlined in the current Senedd and Elections (Wales) Bill.
16. It will not be possible to provide a full and thorough assessment of the proposals or the accompanying Regulatory Impact Assessment (which has been developed since the 2017 consultation document) until the New Year given local authority Returning Officers and electoral services managers are working extensively on preparations for the General Election on 12th December.
17. The following therefore provides a general summary of the key reforms and the WLGA's views in response to the 2017 consultation:

Extending the franchise to 16-17 year olds (Section 2)

15.1 The WLGA's position in 2017 was:

The WLGA supports this proposal as a key part of widening democratic engagement and participation. As with many of the other proposed reforms contained in the consultation paper, it is important that adequate notice is given to Electoral Registration Officers to enable a smooth transition and to update and collate the Electoral Register.

Extending the local government franchise to citizens from any country (Section 2)

15.2 The WLGA's 2017 position was:

The WLGA agrees that European Union citizens who have moved and settled in Wales should have the right to vote in local elections following UK withdrawal from the UK, subject to clarification of Assembly competence in this area. The WLGA agrees that lawful citizens who are resident in Wales should have the right to vote in local elections in Wales, subject to clarification of Assembly competence in this area.

Extending the local government franchise to prisoners

15.2 This was part of the Consultation on Electoral Reform in 2017, but is not included in the Bill at this stage. However, the Minister confirmed in Assembly plenary on 19th November that she intends that prisoners and young people in custody from Wales, who are serving a custodial sentence of less than four years will be able to vote in local government elections but that there '...has not been enough time to work through and test with the UK Government, HM Prison Service and electoral registration officers all the new legal and administrative requirements to enable us to have provisions ready in time for this introduction. I will be keeping the Equalities, Local Government and Communities Committee informed of these developments and hope to share provisions on prisoner voting with the committee well in advance of Stage 2.'

15.3 The WLGA's position in 2017 was:

There are mixed council views on this proposal, both in principle and in terms of practicalities on electoral administration. The WLGA notes the views of the European Court of Human Rights and a previous Parliamentary Select Committee and believes that clarification of Assembly competence is necessary prior to further consideration of this proposal.

15.4 The Assembly's Equality, Local Government and Communities Committee conducted an Inquiry into voting rights for prisoners, which reported in June 2019². It suggested the franchise would increase by less than 2,000 should the Welsh Government proposals be introduced. Despite noting that public opinion was not in favour of prisoner voting (in a 2017 survey, 60% were opposed), the Committee recommended (on a minority basis, without the support of the Conservative members of the Committee) that the franchise should be extended as per the Welsh Government's intentions.

Two voting systems (Section 5)

15.5 The Bill would allow councils to choose their own voting system, either the current first past the post system or Single Transferable Vote. Councils

² <https://www.assembly.wales/laid%20documents/cr-ld12550/cr-ld12550-e.pdf>

would need a majority of two-thirds to change the voting system and the system could not be changed back for the period of two ordinary elections.

15.6 The WLGA's position in 2017 was:

The majority view of the WLGA is that individual councils should not be able to choose their own voting systems. It should be noted that the WLGA Plaid Group supports the introduction of the Single Transferable Vote for local elections.

There are various views across local government of the benefits or otherwise of the Single Transferable Vote for local elections, with the general view concerned that the approach would be administrative complex and confusing if held on the same day as 'first past the post' community and town council elections and that larger electoral wards would need to be created which may undermine the local links between a councillor and his/her community.

The WLGA view was generally supportive of the Electoral Commission's position that there should be a common electoral system across all local authorities to avoid complexity and voter confusion.

The Electoral Commission in its response to this proposal in the Reforming Local Government White Paper in April 2017 stated:

"...we would note that allowing councils to decide which electoral system to use in their own area could create significant risks and challenges, particularly in relation to voter understanding of how to cast their vote...The question of public awareness around two different electoral systems for one set of elections is likely to be a major challenge and one where there is a very real risk of confusion to electors if this type of change is implemented."

Change of electoral cycle for principal councils from four years to five years (Section 14)

15.8 This has not been the subject of previous consultations, but the Welsh Government has extended recent terms (including the current term) to 5 years, to align with Parliamentary and Assembly terms. The Bill would also allow Ministers to vary the day of elections as well (Section 17).

The WLGA has previously supported the extension of 4 year terms to 5 years.

Qualification and Disqualification for election and being a member of a local authority (Sections 24-26)

15.9 The Bill amends the eligibility criteria for candidates at local government elections to allow a citizen of any country to stand for election.

15.10 The WLGA previously supported this proposal.

15.11 The Bill provides that council officers and employees, other than those holding politically restricted posts, will be entitled to stand for election to their own council. They will only be required to resign their paid employment with the council if they are elected. The Welsh Government's intention is that this will widen the pool of potential candidates while ensuring there is no conflict of interest once the candidate is elected.

15.12 The WLGA's position in 2017 was:

The WLGA supports approaches to make it easier for people to stand for election and encourage a broader cross-section of the community to consider standing.

The WLGA however does not support the proposal to allow council staff to stand for their own authority. Lifting such a restriction is unlikely to have a significant impact in encouraging more candidates to stand but would disproportionately impact on good governance and employment relations with increased employer-employee tensions, potential conflicts of interest and team dynamics and relationships undermined. Staff at all levels have to demonstrate impartiality and a responsibility to serve the council as a whole; this risks being compromised should an employee stand or serve as a councillor....

Whilst the WLGA would be supportive of further exploration of this proposal to support staff who wish to stand as candidates, there is a risk though that where an individual is unsuccessful, he or she may have implicitly or explicitly publicly criticised colleagues, councillors or council policies during campaigning, which may affect their ability to continue in their employed role following the elections. The WLGA would therefore wish to explore the implications and options of this further with the Welsh Government.

15.13 The Bill amends the disqualification provisions in Wales to disqualify individuals, from standing for election, or holding office as a member of a principal council or community council in Wales, if they are subject to a the notification requirements of, or an order under, the Sexual Offences Act 2003.

15.14 This has not been previously consulted upon, but it is proposed that the WLGA supports the proposed amendment to the disqualification criteria.

Meeting expenditure of returning officers (Section 28)

15.15 The Bill clarifies that Returning Officers can only claim expenses properly incurred in the running of a local government elections. Personal fees in respect of services rendered during the conduct of a local government elections could not in future be claimed as they would not be deemed as "expenses". It is proposed that the personal fee will also be removed for National Assembly for Wales elections when an order is next made under article 23 of the National Assembly for Wales (Representation of the People)

Order 2007 (currently the National Assembly for Wales (Returning Officers' Charges) Order 2016 is in force).

15.16 The Welsh Government has decided not to proceed with the previously consulted upon proposal to incorporate the Returning Officer role within that of the Chief Executive. The WLGA did not support this proposal and so the Welsh Government's decision is welcome.

15.17 The removal of fees for Returning Officers has however proved a contentious issue, given the role is independent of the council, is a significant additional workload and there are personal liabilities and risks in discharging the role.

15.18 The WLGA's response in 2017 was:

The WLGA agrees with the SOLACE response that...one option is for any remuneration for the oversight of local elections to be included within a single consolidated salary for the position. A form of this arrangement is already operated by several employing councils in Wales, where the Chief Executive is also contracted to be the Returning Officer but for no additional fee beyond their evaluated salary. The decision should remain a matter of local discretion. The additional responsibilities, demands and risks of being a Returning Officer should be appropriately reflected in any local review of remuneration and should not be dismissed.

Part 2: General Power of Competence

18. The Bill provides principal councils and 'eligible' community councils with a general power of competence, with the aim of bringing about more effective, capable and innovative local government. The general power will allow local authorities to act in their communities' best interests, generate efficiencies and secure value for money outcomes. They will also be able to raise money by charging for discretionary services and to trade in line with existing powers.

19. The WLGA's response to the Draft Bill in 2015, when this was first proposed was supportive but proposed slight amendments in the Welsh context:

The WLGA welcomes the proposed introduction of the power of general competence. The WLGA has long called for a general power of competence and welcomed its inclusion in the White Paper.

Whilst this new power is welcomed, as drafted, it is constrained by legal provisions which local authority lawyers would have to carefully consider before the power could be used, as has been the case in England where a power of general competence was introduced under the Localism Act 2011. Despite legal constraints, the Local Government Association has said that it has given authorities the confidence to work in new ways and develop new services and partnerships.

20. Research in England demonstrates some successful application of the power, but usage has been relatively limited. Legal opinion is mixed and Lawyers in Local Government have expressed concern that the power is too limited given the complex interplay between the power and many other Acts which creates multiple possible risks; unless it is possible to satisfactorily mitigate or resolve those risks then it might not be prudent for councils to proceed with a project using the power however valid the proposal under consideration might be.
21. It is therefore proposed that the power is welcomed, but that further work be undertaken with lawyers to seek to amend the power to provide greater flexibility and assurance to councils.

Part 3: Promoting Access to Local Government

22. The Bill outlines several proposals to encourage a more diverse range of members of the public to engage with local democracy, encourage public participation in council decision-making and support openness and transparency
23. The WLGA promotes and supports democratic engagement, public participation and openness and transparency and has endorsed several previous proposals to support improvements.

Duty to encourage local people to participate in local government (Section 46)

- 23.1 The WLGA's response to the 2015 Draft Bill was:

The WLGA is supportive of the spirit of the Welsh Government's ambitions and councils are committed to promoting access to local government. It is therefore not clear what improvements a new 'public participation duty' on local authorities would achieve, apart from creating an additional regulatory burden; there is already a requirement on local authorities to 'involve' the public through the Wellbeing of Future Generations (Wales) Act 2015...

The WLGA does not agree with the proposal to place statutory responsibilities on councils to discharge duties over or on behalf of other autonomous 'connected authorities' such as community councils...and national park authorities; this will inevitably have resource implications for councils but, critically, clouds accountability and responsibility for delivering on any public participation duties.

- 23.2 The WLGA might wish to revise its position to agree to a duty to encourage participation as it already discharges this function already, to underline its commitment to participation and as an opportunity to share existing good practice. However, the final point remains a concern as a local authority cannot be responsible for the participation in other levels of government as the responsibility (and risk of non-compliance) should rest with them as separately accountable bodies. Placing a duty on a local authority to promote participation in

National Park Authorities or community and town councils also undermines their own status, accountability and sovereignty as separate bodies.

Strategy on encouraging participation (Section 47)

23.3 The Bill outlines a new duty for councils to prepare a 'participation strategy' with 'the aim of making it easier for members of the public to understand how local government functions; how it makes decisions; and how local people can follow proceedings, input their views, and have them taken into account'.

23.4 The WLGA does not have a current position on this specific proposal. Many councils already have engagement and participation strategies and, as noted above, involvement is already part of the sustainable development principle. A new duty is unlikely to cause significant additional burden on authorities, and there would be scope for sharing leading practice and applying consistent expectations through future WLGA improvement support.

23.5 It is therefore proposed that this new duty could be supported by the WLGA, though it should apply only to local authorities themselves and not cover 'connected authorities' as noted in the reference to the wider duty above. 'Connected Authorities' such as National Park Authorities should be subject to a similar arrangement separately to the member local authorities not least as there would be duplication, as it would appear from the current Bill, that 7 local authorities would each have to make a strategy that encouraged participation in Brecon Beacons National Park Authority.

Duty to make petition scheme (Section 49)

23.6 The Bill repeals community polls and introduces a duty to make a petition scheme.

23.7 The WLGA's response to the 2015 Draft Bill was:

The WLGA welcomes this proposal as it will reduce burden and costs for the local authority, as well as encouraging a more accessible and immediate mechanism for communities to express their views. Although community polls have generally not been widely used, there is a risk that they can be misinterpreted by the community as binding local referendums which can cause tension between communities, their elected representatives and the council

Duty on principal councils to publish official addresses (Section 50)

23.8 The Bill places a duty on councils to publish an electronic and postal address where councillors can be contacted by their electorate to ensure councillors are '...freely accessible to local people'. The duty however allows these contact details to be a general council address, rather than councillors'

personal addresses, which is an approach many councils have already adopted and is a reform which the WLGA has called for, given some members' concerns about privacy in the current environment where intimidation and harassment is a risk.

23.9 It is therefore proposed that the WLGA supports this reform.

Electronic broadcasts of meetings of certain local authorities (Section 53)

23.10 The Bill requires local authorities to electronically broadcast all meetings which are open to the public as they take place, and to make the broadcast available electronically for a reasonable period after the meeting. The Welsh Government will provide guidance to authorities.

23.11 Most councils already webcast many of their meetings and are committed to openness and transparency. Local government would therefore generally support the principle of this reform.

23.12 Public viewing figures and engagement with council webcasts however varies. Webcasting can be costly, in terms of broadcast equipment, server and/or streaming costs and administration. The Regulatory Impact Assessment indicates that the additional costs of broadcasting all council meetings would be in the region of £12,000 per annum, based on a single contract for Wales. It remains unclear whether such a single, all Wales contract is feasible in the future, however, initial feedback from authorities suggests the costs are significantly underestimated, with estimates of additional annual expenditure of between £30,000 to £250,000 per authority. At least one council currently uses YouTube to broadcast meetings, which is a significantly lower cost approach to broadcasting.

23.14 Any legislative duty to broadcast all meetings would need appropriate safeguards to allow for instances for meetings to continue and decisions to be made even where the public broadcast is either interrupted or not possible due to technological issues.

23.15 Further work is being undertaken with Heads of Democratic Services and Monitoring Officers to provide robust estimates of costs and any administrative and governance implications of such a duty.

Conditions for remote attendance of members of local authorities (Section 54)

23.16 The Bill amends the prescriptive and restrictive remote attendance provisions of the Local Government (Wales) Measure 2011. The WLGA supported the concept of remote attendance when first proposed as it supported access and flexibility for members, but expressed concern when during the passage of the 2011 Measure as the legislation made the

provisions unduly restrictive and effectively unworkable. Unfortunately, the Measure was not amended in light of local government's concerns.

23.17 The WLGA has therefore supported proposals to streamline the remote attendance arrangements, allowing council standing orders to determine how the arrangements will work locally in order to promote accessibility and support flexibility for members to attend meetings remotely.

23.18 It may be necessary to include on the face of the Bill appropriate protection to provide for instances where remote attendance is either interrupted or not possible due to technological issues and further discussions are ongoing between Welsh Government, Heads of Democratic Services and Monitoring Officers to consider any administrative and governance implications of the revised powers.

Part 4: Local Authority Executives, Members, Officers and Committees

24. This Part of the Bill is broad and covers a range of areas of employment and governance, including:

- Appointment of Chief executives (rather than a head of paid service) with specific duties and specified chief executive performance management;
- appointment of assistants to cabinets and allowing job-sharing leaders or cabinet members
- updating family absence provisions in line with those available to employees;
- requiring leaders of political groups to take steps to promote and maintain high standards of conduct by members of their groups

25. The WLGA has previously considered and supported the above proposed reforms and welcomes the proposals to extend family absence provisions (updating and aligning them with family absence provisions available to employees), which is in response to a WLGA request.

26. Many of the other proposals have been previously supported, however the WLGA will wish to explore the implications of reforms affecting Chief Executives with SOLACE and ALACE.

27. The WLGA and SOLACE have previously expressed reservation regarding Ministerial Guidance making powers with regards the performance management of Chief Executives, commenting on the 2015 Draft Bill:

Welsh Ministers may issue guidance, to which the Council must have regard. The WLGA and SOLACE has concerns about the potential risks of Welsh Ministerial intervention in local relations and arrangements between a leader and a chief executive. This risks considerable incursion into the running of a local authority without any parameters around the Minister's reason for issuing such guidance.

Part 5 Collaborative Working by Principal Councils

28. This section of the Bill introduces the powers for local authorities and Ministers to establish Corporate Joint Committees (CJCs).

29. This part of the Bill has been trailed for several months and the subject of extensive dialogue and engagement between the Minister for Housing and Local Government and leaders and has been considered at several WLGA meetings.

30. As anticipated, the Bill provides for powers local authorities to request the establishment of CJCs covering any functions. The Bill also provides Ministerial powers to establish CJCs in the functions of school improvement, economic development, strategic planning and transport.

31. The previously circulated Q&A note at Annex 1 provides a summary of the CJC proposals.

32. The WLGA Council and Executive Board have previously expressed concerns about the mandation of CJCs and the need for assurances and safeguards against future Ministers using the power in other service areas.

33. The WLGA Executive Board agreed the following resolution at its meeting of 25th October:

“Whilst we welcome the new and revised approach to local government by the present Minister, the WLGA remains opposed to the proposals in the Draft Bill allowing the Welsh Government to mandate Corporate Joint Committees.”

34. WLGA Council on 27th September resolved that:

“The WLGA Council has fundamental concerns over the principle of mandation which is seen as undermining local democracy but will continue to engage and seek to co-produce the Corporate Joint Committee proposals and that any final decision should be agreed by Council. The WLGA will review its position and approach to engagement when the Draft Bill and accompanying documents are available.”

35. In meetings with WLGA members, the Minister has clarified:

- that local authorities could determine the CJC footprints and which functions (within the 4 services) were transferred into CJCs;
- the intention that a baseline budget for CJC services would be established based on a formula, however, CJCs could choose to vary this up;
- she was keen to consider exploring the devolution of powers from Welsh Government to local government via CJCs;
- clarified that existing regional arrangements, such as Cardiff City Region’s strategic planning panel and voting arrangements, could be transferred to

or replicated in a new CJC or CJC sub-committee to build on what's already working and to avoid too much disruption;

- confirmed the membership of CJs would be local authority leaders and that the CJC would be the decision-making forum.
- Sub committees (which may include co-optees if CJs were in agreement) would make recommendations to the CJC for decision, the Minister however outlined that a CJC would however operate on 'Wednesbury unreasonableness principles' i.e. a CJC could not take a different decision to a sub-committee on any unreasonable grounds.

36. The Bill provides the outline of the CJC proposals, however, the detail including specific functions, boundaries and governance arrangements will be covered in Regulations introduced by the Minister.

37. The Minister has expressed her desire that the Regulations are co-produced with local government and there is scope for existing governance agreements and arrangements (such as City Deal or Growth Bid Joint Working Agreements or Governance Agreements) to be transferred into Regulations to avoid duplicating, 'reinventing the wheel' or undoing or undermining existing, effective arrangements.

38. Furthermore, the Minister has requested that local government comes forward with proposals for the functions and areas covered by CJs, during recent meetings with leaders and in recent correspondence (see Annex 2).

39. The Minister has sought to reassure leaders that the Bill would place limits on Ministers' powers around CJs and Part 5 of the Bill does include constraints on Ministerial powers:

- **S79 states that Ministers 'may by regulations establish...' CJs covering the functions of improving education, strategic planning, transport and economic development. The Bill and appended letter do not include the term 'mandation', although the Minister has made it clear that she intends to introduce regulations to this effect which would be co-produced with local government.**
- Notwithstanding the Minister's desire to co-produce regulations, Ministers must also consult with principal councils (and others, including PSBs) before CJC Regulations can be introduced.
- **Although the Bill allows Ministers to add, modify or remove functions to CJC (in addition to the 4 functions above) they cannot do so without the consent of the CJC and the principal councils for the area. Section 82 effectively provides local authorities and CJs with a veto over any future Ministerial intentions to add functions or services to CJs .**

Part 6: Performance and Governance of Principal Councils

40. The Bill proposes a new streamlined performance framework for local government, repealing the Wales Programme for Improvement and performance provisions of the Local Government (Wales) Measure 2009.
41. In summary, the Bill will introduce a new duty for a council to keep its performance under review to the extent to which it is
- (a) it is exercising its functions effectively,
 - (b) it is using its resources economically, efficiently and effectively, and
 - (c) its governance is effective for securing the matters set out in paragraphs (a) and (b).
42. In addition, a council must conduct an annual self assessment of the above duty, publishing a report of this assessment and also commission an independent Panel Assessment of its performance once per municipal term.
43. The proposals have been subject to wide consultation and engagement with local government and the overwhelming view is that the reforms are positive. The final proposals are less onerous than original proposals consulted upon in the Draft Bill 2015.
44. The WLGA has previously not supported Panel Assessments as they would replace effective voluntary corporate peer challenges with less effective quasi-regulatory peer reviews. Council feedback and independent evaluation shows that corporate peer challenges are credible, effective and well regarded and prescribing a more inflexible quasi-regulatory statutory approach would stifle engagement, openness and ownership and undermine their value.
45. The WLGA is however engaged in ongoing discussions to explore how Panel Assessments may be coordinated and delivered as effectively as possible, however, the Welsh Government expects councils to commission and pay for Panel Assessments themselves (estimated at around £26,000, once per term).
46. Alongside the proposed reforms to strengthen self-assessment and self-improvement, the Minister has committed to reinvesting in sector-led improvement support through the WLGA. This commitment and recognition of the value of sector-led improvement is particularly welcome and it is hoped that the new improvement capacity will be in place from 2020-21. A WLGA improvement proposal is currently being developed and will be considered by WLGA Management Sub Committee and presented to the Minister in December.

Governance and Audit Committees

47. The Bill introduces previously consulted upon reforms to change Audit Committees, including:
- Renaming as Governance and Audit Committees

- Prescribing that one third of members must be lay members
- Prescribing that the chair must be a lay member

48. The WLGA's response to the Draft Bill 2015 was:

The WLGA supports the proposed role of new Corporate Governance and Audit Committees.

The relationship with and role of councils' overview and scrutiny committees will however need to be reviewed in the new constitutional arrangements to avoid confusion and duplication of roles.

The WLGA does not support the proposed changes to the membership of corporate governance and audit committees. Lay members are valued members of audit committees currently, but the balance of membership should be left to local discretion. The proposed prescription regarding the increased proportion of lay membership and that the chair must be a lay member fetters local discretion and undermines local democracy, particularly as the reformed committees will have an enhanced role in terms of overseeing the governance and service performance of councils.

Part 7 Mergers and Restructuring of Principle Areas

49. The Welsh Government has decided not to proceed with prescribed mergers of local government, as had been outlined in the Green Paper 2018. These proposals were roundly rejected by local government. Instead, the Welsh Government is seeking to encourage and facilitate greater collaborative reform as outlined through Corporate Joint Committees (as noted above).

50. The WLGA and local government were however supportive of the concept of voluntary mergers when previously consulted, as '...these are a matter for local discretion and if individual councils develop a business case, negotiate and agree a merger locally, then they should be supported in their local reforms.'

51. The Bill provides extensive detail around how voluntary mergers would be requested, consulted upon, managed, elected, restructured etc. These provisions will need to be considered carefully in due course, but it has not been possible to do so at the time of writing.

52. A draft 'Prospectus for Voluntary Mergers' outlining guidance and support for authorities has been co-developed through the Local Government Working Group, chaired by Derek Vaughan.

Parts 8 and 9: Finance and Miscellaneous Reforms

53. The Bill also includes several finance and specific reforms, including:

- Removal of power to provide for imprisonment of council tax debtors
- Removal of the powers of the Independent Remuneration Panel over Chief Officer salaries (which had been introduced as a temporary measure in the Local Government (Wales) Act 2015.
- Abolition of community polls
- Amendments to Wellbeing of Future Generations (Wales) Act 2015 to allow PSBs to demerge

54. The proposed Finance reforms will need some further exploration with local authorities and Treasurers. The Bill includes several provisions aimed at reducing opportunities for avoidance behaviour relating to non-domestic rates. The Bill will provide authorities with powers to request information from ratepayers and third parties and to inspect properties for the purposes of exercising their functions in relation to non-domestic rates billing and collection. The Welsh Government believes that this would assist an authority to carry out its billing and collection functions relating to non-domestic rates.

55. The Bill also includes changes to the performance and governance arrangements of Fire and Rescue Authorities, including changes to 'local inquiry criteria' including '...provisions which would restrict the current requirement for a local inquiry into proposed amendments to combination orders, so that it applied only to changes which would alter the area served by the fire and rescue authority concerned.'

56. The WLGA is seeking views from Fire and Rescue Authorities on the implications of the proposed reforms and this will feed into the WLGA's evidence to the Assembly's Stage 1 Scrutiny session.

Next Steps

57. The legislative timetable is currently being finalised by the Assembly's Business Committee, but if the Bill is to be passed by the Summer Recess as is the Welsh Government's intention, the following indicative timeline is anticipated:

| | |
|---------------------------|---|
| 21 st November | Stage 1 scrutiny of the general principles begins |
| Mid March 2020 | Stage 1 Reports |
| Mid May 2020 | Stage 2 Committee consideration of amendments concludes |
| TBC | Stage 3 Plenary consideration of amendments |
| By Summer Recess | Stage 4 Passing of the Bill in Plenary |

58. As noted earlier, the WLGA will provide initial evidence to the Finance Committee on 11th December and fuller evidence to the Equality, Local Government and Communities Committee on 23rd January 2020. It is also anticipated that local authorities will also be invited to submit evidence, as will SOLACE and the Association of Electoral Administrators.

59. WLGA officials will seek views from authorities and will work with relevant professional groups during December to assess the impact of proposed reforms and to begin developing a formal WLGA response on the Bill.

60. WLGA members will consider the Bill further at:

| | |
|--------------------------------|--------------------------|
| 13 th December 2019 | Management Sub-Committee |
| 31 st January 2020 | Executive Board |
| 21 st February 2020 | Management Sub-Committee |
| 28 th March 2020 | Council |

There will also be several Partnership Council Sub-Group meetings during this period, where WLGA members can make representations to the Minister (as well as the Assembly Committees) regarding possible amendments to the Bill.

Recommendations

61. It is recommended that members:

- 61.1 give initial consideration to the implications of the Local Government and Elections (Wales) Bill;**
- 61.2 review its position on Corporate Joint Committees, in line with the previous Council resolution;**
- 61.3 consider the Minister's invitation to submit proposals identifying which local authorities might work together as Corporate Joint Committees (as per Annex 2); and**
- 61.4 encourage all member authorities to submit views to feed into the WLGA's evidence on the Bill and submit their own evidence to the Assembly's Equality, Local Government and Communities Committee in due course.**

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Corporate Joint Committees (CJCs) – Q&A doc to accompany letter to WLGA

SECTION 1: WHY create a Corporate Joint Committee?

SECTION 2: WHAT are Corporate Joint Committees?

SECTION 3: HOW will Corporate Joint Committees be created?

SECTION 4: WHEN will Corporate Joint Committees be created?

SECTION 5: Performance and Governance

SECTION 6: Implementation

SECTION 1: WHY CREATE A CORPORATE JOINT COMMITTEE?

What are the benefits of a CJC?

Corporate Joint Committees are intended to enable selected functions to be delivered more effectively and strategically at a regional level, making more efficient use of valuable resources.

CJCs will bring more coherence and less complexity in the approach to regional governance arrangements. They will strengthen local democratic accountability and will ensure that local elected members determine decisions about local government services.

CJCs will not be the only vehicle through which local government can collaborate but the intention is to provide local government with a powerful tool which it can use to provide governance to a limited range of regional activities.

CJC's offer a consistent tool to support strategic planning and delivery at a scale where it makes sense to do so. They will help to align the key strategic decisions which underpin the sustainable development and transformation of regions as a whole.

What are the issues that CJCs are trying to address?

The Working Group on Local Government established a shared agenda for reform, designed to ensure the sustainability of local government and local service provision, including the future of regional working arrangements.

A key recommendation from the Group was the need for a mechanism to support regional working and collaboration which could reduce the complexity for authorities involved in delivering different kinds of regional working arrangements.

How would CJs be different from current collaborative arrangements?

Working regionally and collaboratively is nothing new for local government. There are a wide range of collaborations already underway and many of these will not need CJC arrangements, they will continue as they are.

However, local government leaders have highlighted that there is currently considerable time and effort absorbed in creating and recreating the practical working arrangements for joint working. For example, agreeing which authority will lead on the finance, which will be the employer, and which partners need to be involved. This often requires complex, long and costly legal negotiations.

CJs also have the added value of being local authority led, with no other partners involved at CJC level, only potentially co-opted at sub committee level.

The CJC proposals will ensure a ready-made structure will be in place in which functions can be vested and which can employ staff and hold budgets. The mechanism will help ensure clarity on respective roles, responsibilities and governance of collaborative approaches.

The introduction of CJs is part of the Welsh Government's commitment to help simplify arrangements and prevent additional complexity arising from a variety of arrangements for different Welsh Government policy areas.

Ministers are intending to require local authorities to use CJs for four areas where there are already regional mechanisms in place. These are in relation to Transport, Strategic Planning, Economic Development and Improving Education.

How will CJs help in improving delivery of specialist services?

Austerity has inevitably had a detrimental impact on public service resources, including the resources of local authorities. CJs will enable the pooling of scarce capacity, expertise and skills which some authorities have lost and there is competition for within a single coherent structure.

CJs will be able to employ those people and local authorities will be able to draw upon their skills without the need to create separate corporate governance structures. Establishing a mechanism to pool resources and good practice is one of the driving forces of this approach.

How democratic will decision-making by a CJC really be?

The membership of a CJC will be the leaders of the constituent local authorities. The members of a CJC can decide to co-opt other individuals or organisations onto a sub-committee of the CJC, but the sub-committees will make recommendations to the CJC, with final decisions taken by the main committee, unless it has chosen to devolve decision making to sub committee level.

Is this local authority mergers by a back door?

No. CJs are not being proposed as the default process for collaboration, or local government delivery, but rather the right mechanism for a limited number of things which make sense to do in this way and at this scale.

Welsh Government Ministers will not be able to add any areas to a CJC, except for the four specified on the face of the Bill. Local authorities, however, can use the CJC mechanism for any areas they wish.

Is this just adding another tier?

No. There are already a range of regional collaboration arrangements in place for local government. CJs respond to the local government ask to simplify and reduce the current complexity and range of mechanisms for regional working.

These proposals will not create another elected tier; the democratic accountability will continue to sit with the Leaders of the authorities which make up the CJC. The proposals aim to bring coherence to existing activity or to areas where local government wishes to utilise a CJC.

SECTION 2: WHAT ARE CJs?**What is a Corporate Joint Committee?**

Corporate Joint Committees (CJs) will be ‘bodies corporate’ formed from the membership of principal councils, established in statute, and able to directly employ staff, hold assets and manage funding. They will exercise the functions vested in them. They are therefore a new form of governance body, comprised of the democratic leadership of local authorities in its area, rather than committees in the traditional sense.

CJs would not be the default model for all collaborative local services; joint arrangements would be proportionate to the scale or complexity of the services or functions being jointly delivered.

The model is designed to offer maximum flexibility, with detail being developed through regulations co-produced with local government.

Why has the name changed from Statutory Joint Committees (SJs) to Corporate Joint Committees (CJs)?

For legal reasons it has been necessary to change the name of the proposed collaboration vehicles from Statutory Joint Committees (SJs) to Corporate Joint Committees (CJs). Those responsible for drafting the legislation argued that all Joint Committees provided for in legislation are ‘statutory’. Defining these particular joint committees as ‘corporate’ joint committees reflects the fact they will be legal entities in their own right and will be able to employ staff, hold their own budget and hold land.

SECTION 3. HOW WILL CJC_s BE CREATED?

What are the routes into a CJC?

There are two routes into the creation of a CJC:

- Instigated by the local authorities – authorities can create CJC_s in any area they wish. CJC_s will provide local authorities with a ready-made structure for them to utilise. Welsh Ministers will work with authorities to develop and put in place the necessary regulations.
- Instigated by Welsh Ministers – Welsh Ministers can only create CJC_s for a limited number of areas which will be set out in the legislation.

What are the four areas that Welsh Government will be able to instigate the creation of CJC_s?

The four areas where Welsh Ministers will be able to create a CJC to undertake functions are areas currently covered by statutory or voluntary arrangements, so either already existing in statute or with regional mechanisms already in place. These are Transport, Strategic Planning, Economic Development and Improving Education.

Legislative frameworks are currently in place for regional working in relation to **Transport** (Joint Transport Authorities can be established under the Transport (Wales) Act 2006) and **Strategic Planning** (Strategic Planning Panels under the Planning and Compulsory Purchase Act 2004 as amended by the Planning (Wales) Act 2015).). The approach to the use of CJC_s in these two areas will be one of reflecting (and replacing) existing provision in order to provide the simplification and coherence that local government is seeking.

Voluntary arrangements are currently in place for Economic Development and Improving Education. The approach to the use of CJC_s in these two areas would be to evolve current approaches to a CJC over time. The ambition would be to support the simplification of existing regional approaches without having a detrimental impact on existing arrangements or momentum.

The intention is to simplify existing arrangements and to prevent any additional complexity if there were to be a variation of arrangements for different Welsh Government policy areas.

There is significant joint work to do to confirm the scope of the particular functions to be included in each of these areas. There will be agreement to a core set of functions to be included, but CJC_s will have flexibility over additional functions to be delegated to meet the needs of their own area.

These are functions it makes sense to deliver on a regional basis, for example planning how land and other resources are used according to what is needed where, and designing transport systems around where people live, learn and work rather

than according to administrative boundaries. It also makes sense to share scarce expertise to improve educational outcomes.

There has been significant consultation, particularly in relation to transport proposals and the Planning Act, so this is not about doing anything new, it is about simplifying existing or planned arrangements.

What if local authorities have alternative/better arrangements to the CJC?

It is not intended or expected that CJsCs will be the default arrangement; it is for local government to decide what functions THEY want to deliver via a CJC, apart from the four matters specified in the Bill. The hope is that local government will see the value in adding functions (where appropriate).

Will existing collaborations need to be dismantled?

Where there are existing regional arrangements for functions delegated to a CJC it is expected that those arrangements would be adapted to the governance of a CJC. For instance where there is a strategic planning panel under the Planning (Wales) Act 2015 then that panel could be reconstituted as a sub committee of the CJC. When the function of school improvement is transferred to a CJC it is expected that the existing governance arrangement of a Consortia would become a sub-committee and the consortia staff would be transferred.

Is there a defined footprint for CJsCs?

The Bill will allow for flexibility and the Minister for Housing and Local Government has requested that local government come forward as soon as possible with proposals for which authorities wish to work with which others, and on which service areas.

How will CJsCs be created?

The Local Government and Elections (Wales) Bill will provide the power to create a Corporate Joint Committee via regulations. The regulations will be the mechanism for establishing each CJC and detailing its functions, how it will operate and other details. These may differ between CJsCs.

The Bill will set out what the regulations will provide for in sufficient detail to enable the regulations to establish the CJC's effectively.

The Bill will not detail the specific functions of a CJC, its membership or how it will be governed. This will be done via the regulations themselves.

How will local government be involved in the development of regulations?

The regulations to create CJsCs will be co-produced with local government and WLGA. This co-production will be essential to ensure the regulations are fit for purpose and will deliver the intended requirements: simplification and consistency of governance structures.

The Local Government Sub Group of Partnership Council for Wales will continue to have oversight throughout, thus providing joint Ministerial and local government ownership of the process.

The supporting officers' Task and Finish Groups will work on the detail to co-create the regulations. These will call upon officers/officials from both local government and Welsh Government. Some of these officer groups will involve corporate specialisms requiring for example financial and legal experts, whilst others will be subject specific, so will include those with specialisms in areas such as transport or planning.

It is important to note that this work has fed in to the shape of the Bill for introduction, and there will be the opportunity to further discuss and refine the approach through amendments at Stage 2 of the Bill process.

How will the CJC proposals be scrutinised?

The Local Government and Elections (Wales) Bill in its entirety will be scrutinised and the CJC proposals scrutinised as part of that.

There are three committees which will scrutinise the Bill and therefore the CJC proposals:

- Equalities, Local Government and Communities Committee
- Constitutional and Legislative Affairs Committee
- Finance Committee

The WLGA is likely to be called to Committee to give evidence in December 2019 and March 2020.

There will also be consultation on each set of regulations as they are developed and these will be subject to affirmative resolutions, meaning they require the approval of the Assembly before coming into force.

Where local government request a CJC be created, or for functions to be delivered via a CJC, they will be required to consult locally before making such a request and will be subject to their own local scrutiny arrangements.

There is also a requirement for consultation before any regulations are made.

What will regulations include?

The regulations will provide detailed definitions of the delegated matters within the four functions specified in the Bill.

It will be important that what a CJC is responsible for and what a local authority is responsible for are clarified. Some functions will be fully transferred; others will be legally 'concurrent' functions but the activities should only be done in one place. It is proposed that an annual delegation of functions process be introduced to ensure clarity over responsibilities.

Regulations will include the specific functions to be exercised/additional functions to be exercised and the power to do things to facilitate the exercise of those functions.

The following provides a list of considerations when establishing a CJC, although this is not a definitive list and it will be for the task and finish groups to consider what else may need to be added:

- *Constitutional arrangements*
 - The name
 - Confirmation of the composition of the CJC as the leaders of the constituent local authorities – each with a single vote
 - Composition and membership of sub-committees – options include the ability to co-opt members on sub committees
 - Member remuneration
 - Voting rights on sub committees– including providing for co-opted members to have voting rights
 - Governance arrangements
 - Establishment of sub-committees – details could be prescribed in regulations or left to local discretion through the constitution
 - Proceedings of the CJC and any sub-committees and the levels of direction or discretion for the constituent authorities in determining these
 - Conduct of members
 - Exercise of functions by staff
 - Scrutiny of the CJC and its functions – options include joint scrutiny or by each constituent LA; will also need to consider if the CJC is subject to any inspection regime (depending on functions exercised)
 - Reserved matters e.g. to provide for what an CJC won't do.
 - Exit / dissolution arrangements
 - Dispute resolution
- *Financial arrangements*
 - Finances of a body
 - Borrowing / lending / other financial powers
 - Accounts and audit requirements
- *Operational arrangements*
 - Performance
 - Governance – consideration needed on designated officer requirements and the handling of liabilities
 - Staff or staffing matters – options include whether exclusively employed by CJC or jointly with home LA's.
 - Acquisition, appropriation and disposal of property
 - Records management
 - Public access to meetings, documents and information

How will CJsCs be funded? Will CJsCs add to the costs?

There are a number of options for funding CJsCs, and the decision on which option will be debated through the existing Partnership Council routes of Finance Sub Group (FSG) and Distribution Sub Group (DSG).

Options include, but are not limited to:

- funding to be provided through the settlement route, with a formula-based process to confirm how much is to be spent on the regional arrangements.
- a direct funding mechanism.

The collaborative arrangements between London authorities are funded by precept but this is not believed to be an appropriate choice for Wales.

Following the discussions at FSG and DSG the funding detail will be developed with WLGA and local authorities through the process of developing regulations.

The development of these regulations will be in line with the Good Practice Guide on Hypothecated Funding for Local Government and the guidance in the Legislation Handbook on assessing (and making provision for) the financial implications of primary legislation.

Welsh Government is not asking local government to deliver anything new through CJsCs, but to deliver things differently. This process will not attract additional funding, except potentially towards initial set-up costs.

What other assets might be held by CJsCs?

In addition to employing staff and holding a budget, the CJsCs could also hold other assets. Land, as an example, could be transferred to the CJsCs and the committee would be able to decide how to use that land, or other assets, including whether to 'pool' them.

The Minister for Housing and Public Services expects CJsCs to be a vehicle to pool public land and make use of it for public purposes. eg. for the CJC to be able to develop a site for social housing or other public purpose.

Will a CJC need new offices / facilities?

No, a CJC will use existing offices and facilities of the constituent authorities.

SECTION 4: When will CJsCs be created?

What are the timescales for the Local Government and Elections (Wales) Bill and the creation of regulations for CJsCs?

The Local Government and Elections (Wales) Bill will provide for the establishment of CJsCs – setting out the process by which they will be established, and how they can be changed once they are established.

The Bill is scheduled to be introduced in autumn 2019 and Royal Assent is expected approximately 12 months later. Assuming that provisions are commenced as soon as possible following Royal Assent, it is anticipated that CJsCs could be established from the start of the financial year on 1 April 2021.

The detail of which local authorities will be part of a CJC; what functions the CJC will be responsible for; and how the CJC will operate will be determined as part of the

regulations establishing the body. These regulations will be co-produced with local government through the Local Government Sub Group of Partnership Council and Task & Finish groups.

To speed up the secondary legislative process by which CJsCs would be introduced, regulations can be developed and drafted alongside the passage of the Bill, to be ready for introduction when the CJC provisions in the Act are commenced.

The Minister for Housing and Local Government is committed to continuing discussing and refining regulations beyond the introduction of the Bill through ongoing partnership working with local government.

SECTION 5: Performance and Governance

The new performance and governance regime within the Local Government and Elections (Wales) Bill puts in place a new framework designed to support strong, sustainable local government. Together with a sector-led approach to improvement support, the provisions aim to support a culture where councils actively embrace challenge, are inquisitive, innovative, and ambitious in driving better service delivery.

Under the new regime, principle councils will be required to review their performance through annual self-assessments. This will be supported by panel performance assessments, held at least once every electoral cycle. It is envisaged that CJsCs once created will also be subject to the same requirements. This sector-led approach re-enforces the local government owned approach to the use of CJsCs.

There may be a potential role for the CJsCs to be able to support, where appropriate, a local authority that may be experiencing performance issues in a particular service area. This might include taking on that function for that authority. There may also be a role for principal councils and or a CJC, where there are more widespread service performance issues, to consider if collaboration through a CJC would improve the overall service delivery on a regional basis.'

SECTION 6: Implementation,

What are the costs of setting up a CJC?

It would not be appropriate or possible to pre-determine the nature or footprint of the bodies as the regulations will be co-produced with local government. Therefore it cannot currently be anticipated which or how many authorities will be joining each CJC; which functions will be in scope; whether each CJC will choose to employ only those with the scarce skills in the functional area or any core staff, and many more areas where the decisions will be made by the authorities involved.

Therefore, the regulations creating the CJC will confirm the scale and scope of each CJC. It is at this point that the costs will be able to be accurately assessed and as

such all regulations creating a CJC will be accompanied by a Regulatory Impact Assessment.

Will the Welsh Government help with the cost of setting up the CJsCs?

The Minister for Housing and Local Government has confirmed to the Sub Group of Partnership Council for Wales that she will be happy to consider assistance from Welsh Government to the start up costs of CJsCs.

In relation to the longer term, CJsCs are not about doing anything new, they are about doing things differently. This means that CJsCs should provide a mechanism that makes more efficient use of existing resources, rather than increasing costs.

Julie James AC/AM
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref: JJ/32/19

Cllr. The Baroness Wilcox of Newport
Leader - Welsh Local Government Association
Local Government House
Drake Walk
Cardiff
CF10 4LG

Debbie.wilcox@newport.gov.uk
cc daniel.hurford@wlga.gov.uk

November 2019

Dear Debbie

Thank you for inviting me to the WLGA Executive Board meeting on 25 October. As indicated at that meeting, I am now writing to formally invite proposals from local government as to which local authorities would wish to come together for the purposes of development of Corporate Joint Committees (CJCs).

As we have previously discussed, Welsh Ministers will be able to establish Corporate Joint Committees for a core set of functions in the areas of Transport, Strategic Planning, Economic Development and Improving Education. My intention is to establish Corporate Joint Committees with responsibility for Transport and Strategic Planning as soon as possible.

I have made it clear that there is a window of opportunity for us to work together to develop these proposals and my preference is for local authority leaders to identify their preferred regional partners.

I am disappointed that the WLGA Executive Board voted to reject the principle of the Welsh Government having the power to instigate the establishment of Corporate Joint Committees in a limited number of specified functional areas.

However I continue to offer the opportunity, which I hope you will take, for local government to co-design the regulations to ensure that Corporate Joint Committees deliver a regional model that works for local government.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
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CF99 1NA

Gohebiaeth.Julie.James@llyw.cymru
Correspondence.Julie.James@gov.Wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I look forward to receiving your proposals and to continuing the constructive discussions on the development of the Corporate Joint Committee regulations.

Yours sincerely

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive style with a large initial 'J'.

Julie James AC/AM
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



FLINTSHIRE COUNTY COUNCIL

| | |
|------------------------|---|
| Date of Meeting | Tuesday, 28 th January 2020 |
| Report Subject | Appointment of an Independent Member to the Standards Committee |
| Report Author | Chief Officer (Governance) |

EXECUTIVE SUMMARY

There is a vacancy for one Independent Member (co-optee) on the Standards Committee. In accordance with the regulations advertisements were placed in the local press, and also on line. In total there were nine applicants of whom six were shortlisted and interviewed. All candidates were of a high calibre but, following interview, it is recommended that Mark Morgan be appointed.

RECOMMENDATIONS

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| 1 | That the Committee recommends to Full Council that Mark Morgan be appointed to the Standards Committee until the 27 th January 2026. |
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REPORT DETAILS

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| 1.00 | EXPLAINING THE RECRUITMENT PROCESS |
| 1.01 | <p>The Standards Committee consists of –</p> <ul style="list-style-type: none">• 3 elected Councillors;• 1 Town/Community Councillor;• 5 Independent Members who are co-opted following advertisement. |
| 1.02 | <p>There is currently a vacancy for an Independent Member. The vacancy was advertised in the press (as required) and also on line and through the network of Standards Committees in North Wales. Nine applications were received in total. All the applications were of a high standard. Following shortlisting six candidates were interviewed.</p> |
| 1.03 | <p>The Interview Panel consisted of the Chair of the Standards Committee, an Independent Member of the Standards Committee, a County Councillor on the Standards Committee (Cllr Arnold Woolley) and a Lay person. The Lay person is a statutory requirement and must be someone who is themselves recruited by open advertisement. In this instance the Lay person was Noela Jones who fulfils the role for a number of authorities in North Wales.</p> <p>The Chief Officer Governance was also in attendance to support and advise.</p> |
| 1.04 | <p>Whilst all applicants were of a high quality, one applicant stood out by reason of his experience and interpersonal skills. The interview panel was unanimous in recommending that Mark Morgan be appointed. A pen portrait is attached at Appendix 1.</p> |
| 1.05 | <p>An Independent Member can be appointed for between 4 and 6 years in their first term, and, if reappointed, for a maximum of 4 years in their second term. So that the retirement dates of the Independent Members is staggered (preventing a mass loss of experience at any one time), officers recommend that Mr Morgan be appointed for the maximum period in his first term. That is to say it is recommended that he is appointed until 27th January 2026.</p> |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | <p>The cost of placing the advert in the local press (as required by the legislation) was £6,267.93.</p> |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | <p>None.</p> |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | The application pack specified the essential characteristics required for the position of Independent Member. Each applicant's suitability was assessed using both the application form and a mix of pre-set interview questions (which were drafted to bring out each requirement) and follow up questions. |
| 4.02 | The advert and application pack were published bilingually, and the shortlisted candidates were offered the opportunity to be interviewed in Welsh. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Pen Portrait of Mark Morgan. |

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|-------------|---|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | Application pack and advert. Contact Officer: Gareth Owens Telephone: 01352 702344 E-mail: Gareth.legal@flintshire.gov.uk |

| | |
|-------------|---|
| 7.00 | GLOSSARY OF TERMS |
| | Independent Member - a member of the Standards Committee selected following an open recruitment process, and appointed by reason of his/her skills and experience. |

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Pen Portrait – Mark Morgan

Mark Morgan resides in Ewloe with his wife and 3 children. He is a Welsh speaker and is currently a Superintendent with Merseyside Police, having almost 30 years of policing experience, serving within a variety of roles in both the Metropolitan and Merseyside Police.

He's currently the head of 'emergency response' policing for the whole of Merseyside, managing a portfolio of circa 750 officers, being the first responders to emergency & priority incidents, dealing effectively with public protection and risk management, whilst having a focus on placing the victim / customer needs at the forefront of all decision making.

Mark is experienced at various policing roles, including neighbourhood and response policing, and multi-agency partnership work. He has represented the police on numerous multi-agency forums involving partnership working, with strategic stakeholders including heads of service (Wirral / Liverpool), Councillors, Business Improvement District, National bodies, other police forces, Criminal Justice partners, intelligence roles and private suppliers / consultants. Each necessitated a thorough understanding of business areas; identification and mitigation of risk; sustainable problem solving; developing bespoke work streams with colleagues fully understanding and capable of achieving their goals; meeting strict timescales; managing budgets, delivering efficiencies / savings; suitable marketing / promotion campaigns and ensuring a healthy dialogue with project sponsors. Mark understands the social, economic and political influences bespoke to each business area, where each stakeholder needs positive returns on investment.

Within his workplace, Mark leads a standards and values portfolio, with emphasis upon pro-active learning to negate problems arising.

In his spare time, Mark volunteers in the local community, being Chair of Governors at Ewloe Green School and is head coach within the minis section at Mold rugby club.

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NOTICE OF MOTION – COUNCILLOR HELEN BROWN

BETSI CADWALADER UNIVERSITY HEALTH BOARD (BCUHB) CRISIS

We call on Welsh Government to make BCUHB accountable in their care of patients and staff. After many years in so called Special Measures the crisis with the District Hospitals remains a worry.

A twelve hour wait at Wrexham Maelor is not unusual it's the normal wait time. People lying on trolleys waiting to go into Majors is normal. Waiting for beds to move patients out of A and E to the Wards is impossible as there are no beds. No beds no sheets no pillows no Doctors and Nursing Staff cut.

Staff are under growing pressure and have been heard to say they are fearful of the situation getting worse as the Hospitals cannot cope with the numbers such as two Doctors to see eighty patients in A and E with a staff reduced from 15 to 12. We feel people may be put at risk due to lack of provision. Ambulance Personnel unable to sign over patients to the A and E staff as there is no room.

Flintshire has a growing population the LDP shows the growth we can expect, however Health provision is not keeping up it cannot cope Flintshire needs more GP's, more Nurses and Consultants and surely in this day and age a sick person should be able to have a bed with a pillow and blanket and been seen in a reasonable time by a Doctor. In short this County needs its own Hospital.

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