

EXECUTIVE
22ND DECEMBER 2009

Minutes of the meeting of the Executive of Flintshire County Council held at County Hall, Mold on Tuesday, 22nd December 2009.

PRESENT: Councillor A. Woolley (Chairman)

Councillors: C.A. Ellis, H.D. Hutchinson, N. Matthews, N. Phillips, L.A. Sharps, and N.R. Steele-Mortimer.

ALSO PRESENT: Councillors: R.B. Attridge, and D. Mackie.

IN ATTENDANCE:

Chief Executive, Director of Community Services, Director of Environment, Head of Legal and Democratic Services, Head of Finance, Head of ICT and Customer Services, Head of Human Resources and Organisational Development and Head of Committee, Member and Electoral Services.

The Head of Financial Planning, Head of Service Accountancy, Head of Corporate and Capital Accounting and Principal Accountant were also present.

APOLOGY: Councillor H. Yale.

210. DECLARATIONS OF INTEREST

No declarations of interest were made by Members

211. FINAL LOCAL GOVERNMENT SETTLEMENT 2010/11 AND BUDGET 2010/11

The Chief Executive and Head of Finance presented a joint report which advised on the Final Local Government Settlement 2010/11 at the All Wales and Flintshire levels and presented the initial budget proposals for the 2010/11 budget.

The Chief Executive, in introducing the report, referred to the considerable amount of work that had been undertaken on the budget since the provisional Welsh Local Government Settlement and time table for developing the Council's budget proposals for 2010/11 had been considered at the Executive on 27th October 2009. He emphasised the difficulty of the budget process this year which, alongside the diminishing resources being made available by the Welsh Assembly Government (WAG) in future years, it would probably be the last budget to balance without significant changes being required as a result of the potential funding gap ranging from £6m to £8m per year between 2011/12 and 2013/14. However, at this stage the Executive was considering the 2010/11 budget.

The Chief Executive and Head of Finance then made a presentation to provide details of the Final Local Government Settlement 2010/11 and to present the proposals for the 2010/11 budget.

The Chief Executive referred to the context of the budget considerations and to the 2.1% increase in Welsh Assembly Government Funding for 2010/11 throughout Wales. In respect of Flintshire, there was an in-year variable overspend prediction for 2009/10 but this could change before the end of the current financial year. There were then impacts which were forecast to continue into 2010/11 and the potential funding gap.

The approach to the budget had been set within the context of a medium term/long term financial strategy. The budget report flagged up the implications of the proposed budget for future years, set out proposed pressures and efficiencies together with pressures totalling £1.1m and a small number of efficiencies which were not recommended. There was a full audit trail of all proposals considered which was available to Members.

A projected budget short-fall of £0.386m still needed to be resolved. A number of items were still under consideration to bridge this gap which included specific items such as the review of price inflation; debt rescheduling of repayment; and the review of Out of County Placements pressure and a series of general, items including tactical budget management initiatives, establishment control and other control and further specific efficiencies.

The Chief Executive emphasised the importance of keeping the Council Tax at a constant and affordable level and the budget proposals assumed that the budget requirement was set at £0.739m below the calculated Standard Spending Assessment which was £240.408m. This would result in a Band D Council Tax of £878.86 which was an increase of 3.3% which was in line with the Local Taxation Strategy of 3% to 3.5% and was the first time that the budget was below the calculated Standard Spending Assessment.

The Head of Finance then referred to the funding which totalled £278.005m which would be achieved through Revenue Support Grant of £144.976m; National Non-Domestic Rates of £42.236m and a 3.3% increase in Council Tax of £53.196m giving a budget requirement of £240.408m. This would be supplemented by unhypothecated grants including the Improvement Agreement Grant of £1.482m which was subject to achieving the improvement areas set out in the agreement together with estimated specific grants of £35.76m details of which were still awaited from WAG and related in the main to Lifelong Learning and Social Services budget matters. There was a proposed use of contingency reserve of £0.352m and this had been established for specific purposes to meet modernisation costs and meeting invest to save initiatives.

The budget build up amounted to £278.391m with total expenditure 2009/10 being £271.195m and previous years' items dropping out being a reduction of £1.548m. Inflation was estimated at £2.948m and had included provision for pay increases of 1% for non-teaching staff and 2.3% from September 2010 for teachers' pay. In line with 3 year pay award in respect of price inflation, as in

previous years, variable amounts were being included for specific budget areas. Transfers into the settlement of WAG previously funded schemes totalled £1.542m and transfers out of the settlement were a reduction of £0.130m.

The Head of Finance then referred to budget pressures of £8.264m which she would refer to later and those funded from the contingency reserve of £0.352m. She also referred to efficiencies of £6.111m and specific grants for 2009/10 which would be referred to later in the presentation. The budget build up therefore totalled £278.391m.

The Head of Finance then referred to pressures recommended for inclusion in the budget. The appendices to the report covered this in detail together with a narrative on budget pressures. Pressures as a result of the economic impact totalled £1.360m. These were a continuation of pressures first felt in the current financial year as a result of the economic slowdown. Pressures as a result of budget flaws totalled £2.145m. Invest to Save initiatives totalled £0.084m and other service pressures totalled £4.675m giving a total of £8.264m. As referred to earlier a sum of £0.352m would be funded from the contingency reserve. It was emphasised that all of the pressures were essential and it was emphasised that there were a further £1.1m of pressures which were not being recommended for approval. This was not because these were unimportant but they had been prioritised lower in the face of available resources.

Efficiencies recommended for inclusion in the budget totalled £6.111m. They included those where actions which were already being implemented in the sum of £4.372m and a sum of £1.739m where new management action was required. All efficiencies had been submitted as being achievable. Debt rescheduling and repayment was highlighted as an area for positive further efficiency to balance the budget. This was always under review but would be further examined in view of low interest rates on investments and the repayment of loans which were taken out at higher rates.

The Head of Finance referred to unearmarked reserves and the contingency reserves. Base level reserves were to be maintained at 2% of turnover and was estimated to be £5.476m at 31st March 2011. The contingency reserve was estimated to be £0.718m as at 31st March 2010 as highlighted in the month 7 Budget Monitoring 2009/10 Report which would be reported on 5th January 2010.

In conclusion, the Head of Finance hoped that the documentation provided with the report was comprehensive and had taken on board the comments made by Members in previous years. All Members of the Council could contact named officers for further information. She thanked the Finance Officers present at the meeting for their support in producing the budget.

The timetable for further consideration of the budget was for the initial budget proposals to be considered by the Overview and Scrutiny Committees between the 18th – 21st January 2010 and the final budget proposals to be submitted to the Executive on 16th February prior to the final budget proposals and Council Tax being considered by the County Council on 2nd March.

The Chief Executive referred to the £1m in year efficiencies and to a full explanation to be provided in the month 7 budget Monitoring Report to be submitted to the Executive meeting to be held on 5th January 2010. He also referred to the Council's performance which needed to be judged against performance targets and outcomes and not against financial inputs.

The Leader of the Council thanked the Chief Executive and Head of Finance for their presentations and stated that the report set out the start of the budget process leading to the final proposals and Council Tax to be considered by the County Council at its meeting on 2nd March. There was an opportunity for adjustments to be made to the proposals following consideration by the Overview and Scrutiny Committees prior to the Executive on 16th February and the report provided a framework for consideration together with details included in the appendices to the report.

The Deputy Leader referred to the budget allocations to Education and Social Services and emphasised the budget pressure on the Environment Directorate particularly on winter maintenance. The Director of Environment referred to the pressure on the winter maintenance budget and reported that an additional £500k had been included in the budget proposals to ensure service continuity.

The Executive Member for Social Services referred to the budget pressures on Adult Social Care with an aging population which would increase over the next 10 years and this would further impact on the Social Services budget.

The Executive Member for Education and Youth Services also emphasised the continuing pressure on education and congratulated the Chief Executive, Head of Finance and the Corporate Management Team on the work undertaken in developing the budget proposals.

The Chief Executive referred to the Education Budget and to previous annual discussions on Flintshire's Indicator Based Assessment (IBA) and stated that it was important to note that these figures did vary between authorities as there was a different practice over the factors which were included in each IBA. He anticipated Overview and Scrutiny Committees giving the budget proposals a thorough examination at their meetings in the New Year. The February Executive would be considering the final proposals for the 2010/11 budget but he emphasised the need to start planning the consideration of future years' budgets at the earliest opportunity.

RESOLVED:

- a) that the content of the final Local Government Settle 2010/11, be noted;
- b) that the budget proposals and items under consideration pending further consultation, be noted;
- c) that the arrangements in place for consultation on the budget proposals be noted.

212. CAPITAL PROGRAMME 2010/11 TO 2013/14

The Chief Executive introduced a report which proposed a General Fund Capital Programme and Housing Revenue Account Capital programme for the four year period 2010/11 – 20/13/14 which was subject to consultation with the Corporate Management Overview and Scrutiny Committee. He explained that the Director of the Environment would make a presentation and would refer to the work undertaken by the Corporate Asset Management Group by a number of officers led by the Director of Environment.

The Director of Environment then made a presentation and firstly outlined the context which included the role of the Corporate Asset Management Group. This was chaired by himself and included Heads of Service representatives from each Directorate and Corporate Services. The work of the group had been recognised as best practice in Wales by the Wales Audit Office and PriceWaterhouseCoopers had concluded that this should be forwarded to the Welsh Assembly Government for adoption by other county councils.

The Revenue and Capital Budgets had been considered together because of the importance of the revenue implications on capital programmes. The Welsh Assembly Government's support for capital had remained constant over the last five years but was expected to reduce in future years. The Director expressed his disappointment with the SCIF bids which when submitted had been considered as robust and strategic bids. The Chief Executive and Head of Finance in the previous item had referred to the economic conditions prevailing and this also impacted on the capital programme which was evidenced by reduced levels of anticipated capital receipts.

The Director referred to the general fund approach which included an anticipated an overall programme of £23m including specific grants of £11m, such as transport grants. A review had been undertaken of the current/future years of funding and all new applications had been ranked using a scoring system and a prudent approach had been adopted.

The report contained appendices which highlighted the revised budget book schemes, released funding which included the access bridge to Mostyn Docks (following discussions with Network Rail the service cost had reduced from its original £750,000 to £275,000). Available funding was highlighted as £3.649m in 2010/11 which balanced out with an anticipated shortfall for 2011/12 of £3.513m which provided for a balanced 2 year proposed programme. Appendix D to the report provided details of the scored applications.

The Head of Finance welcomed the opportunity to bring the capital programme to the Executive at this earlier stage compared with the current financial year as it was important that it linked to the General Fund and HRA. She also welcomed the comments made by PriceWaterhouseCoopers on the work of the Corporate Asset Management Group.

The Chief Executive thanked the Director for his presentation and referred to the reponse to the Local Government Settlement which had highlighted to the Assembly some capital issues which included the availability of Capital borrowing

which would reduce and also the reducing capital receipts. He then referred to the Housing Revenue Account Capital Programme and informed Members that it was not possible to bring more detail on this at this stage as the Welsh Assembly Government had not yet provided all of the necessary information including the rent guidelines. More detail on the HRA Capital Programme would be reported to the Executive on 26th January 2010. The process of General Fund capital applications by score had been fully scrutinised by Members particularly on the ranking. Of the projects set out in Appendix D, only one was proposed which was the Gypsy Traveller Site Refurbishment. The Deeside Leisure Centre was a principal scheme and further consideration would be given to this in the New Year; this would be a ring fenced scheme and was expected to attract external funding options.

The Chief Executive referred to 2012/13 and a shortfall of £9.428m which took account a sum of £13.700m relating to the estimated Pension Fund deficit associated with any potential future housing stock transfer. He emphasised that provision had to be made for this and that no presumption had been made on the outcome of any ballot.

The Leader thanked the Chief Executive, Head of Finance and Director of Environment and the entire team involved in producing the Capital Programme Report which had been undertaken on top of other important issues running parallel to the Budget preparation.

RESOLVED:

- a) that it be recommended to the County Council on 2nd March 2010, subject to any comments from Overview and Scrutiny Committee that:-
 - i) that the scheme set out in the report be included in the General Fund Capital Programme 2010/11 to 2013/14:-
 - 2010/11 – Section 3.06 and Appendix A of the report
 - ii) that the 2011/12 to 2013/14 Indicative Allocations be noted; and
 - iii) that the schemes as set out in the report be included in the HRA Capital Programme 2010/11 (Sections 3.09 to 3.11 and Appendix F of the report).

213. DURATION OF MEETING

The meeting commenced at 9.30 am and ended at 10.40 am

215. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was one member of the press in attendance.

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Chairman

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

EXECUTIVE	DATE: 22 DECEMBER 2009
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MEMBER	ITEM	MIN. NO. REFERS
NO DECLARATIONS WERE MADE		