

**TO: Councillor: Arnold Woolley
(Chairman)**

Councillors: Carol Ellis, Dennis Hutchinson, Nancy
Matthews, Neville Phillips OBE, Tony Sharps, Nigel
Steele-Mortimer, Helen Yale

Your Ref /
Eich Cyf

ur Ref / Ein Cyf ^{COO}

Date / Dyddiad 09/02/2010

Ask for / Gofynner am Graham Connah

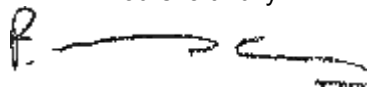
Direct Dial / Rhif Union 01352 702336

Fax / Ffacs

Dear Sir / Madam,

A meeting of the **EXECUTIVE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD** on **TUESDAY, 16 FEBRUARY 2010** at **09:30** to consider the following items.

Yours faithfully



Assistant Director (Democratic Services)

AGENDA

1. **APOLOGIES**

2. **MINUTES**

To confirm as a correct record the minutes of the meetings held on 22 December 2009 and 26 January 2010 (copies enclosed).

3. **DECLARATIONS OF INTEREST**

TO CONSIDER THE FOLLOWING REPORTS

STRATEGIC REPORTS - PART A

4. GENERAL FUND REVENUE BUDGET 2010/11 (COPY TO FOLLOW)
Report of the Head of Finance and Chief Executive - Portfolio of the Leader and Executive Member for Finance and Asset Management

County Hall, Mold. CH7 6NA
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5. GENERAL FUND CAPITAL PROGRAMME 2010/11 TO 2013/14 (COPY TO FOLLOW)
Report of the Head of Finance and Chief Executive and Director of Community Services and Director of Environment and Director of Lifelong Learning - Portfolio of the Leader and Executive Member for Finance and Asset Management
6. HOUSING REVENUE ACCOUNT 2010/11 (COPY TO FOLLOW)
Report of the Head of Finance and Director of Community Services - Portfolio of the Leader and Executive Member for Finance and Asset Management and Executive Member for Housing Management and Function
7. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2010/11 (COPY TO FOLLOW)
Report of the Head of Finance and Director of Community Services - Portfolio of the Leader and Executive Member for Finance and Asset Management
8. TREASURY MANAGEMENT POLICY & STRATEGY STATEMENT 2010/11
Report of the Head of Finance - Portfolio of the Leader and Executive Member for Finance and Asset Management
9. PRUDENTIAL INDICATORS 2010/11 TO 2012/13
Report of the Head of Finance - Portfolio of the Leader and Executive Member for Finance and Asset Management
10. MINIMUM REVENUE PROVISION 2010/11
Report of the Head of Finance - Portfolio of the Leader and Executive Member for Finance and Asset Management
11. SCHOOL ADMISSION ARRANGEMENTS 2011
Report of the Director of Lifelong Learning - Portfolio of the Executive Member for Education and Youth Services

OPERATIONAL REPORTS

12. REVENUE BUDGET MONITORING 2009/10 (MONTH 9) (COPY TO FOLLOW)
Report of the Head of Finance - Portfolio of the Leader and Executive Member for Finance and Asset Management
13. WORKFORCE INFORMATION REPORT
Report of the Head of Human Resources and Organisational Development - Portfolio of the Executive Member for Corporate Management and Strategy
14. MATRIX CONTRACT UPDATE (MANAGED AGENCY STAFF SOLUTION)
Report of the Head of Human Resources and Organisational Development - Portfolio of the Executive Member for Corporate Management and Strategy
15. RURAL DEVELOPMENT PLAN FOR WALES - BID FOR FUNDING FOR REGENERATION PROJECTS
Report of the Director of Environment - Portfolio of the Deputy Leader and Executive Member for Environment and Regeneration and Tourism

16. COUNTY COUNCIL DIARY OF MEETINGS 2010/11
Report of the Chief Executive - Portfolio of the Executive Member for Corporate Management and Strategy
17. EXERCISE OF DELEGATED POWERS
Report of the Chief Executive enclosed
18. FOR INFORMATION
A copy of the Executive Forward Work Programme (months 11/09 to 04/10) together with an update are enclosed for information

NOTES. ITEMS 19-22 ARE INTER-RELATED. THE FIRST THREE (ITEMS 19-21), IN PUBLIC SESSION, PRESENT THE OPTIONS APPRAISAL (19), THE LEGAL INTER AUTHORITY AGREEMENT (20) AND THE OUTLINE BUSINESS CASE (21) FOR THE NORTH WALES RESIDUAL WASTE TREATMENT PROJECT (NWRWTP). THEY WILL BE PRESENTED AS A COMBINED ITEM AT THE MEETING. ITEM 22 IS A MORE DETAILED VERSION OF ITEM 21 WHICH IS PROPOSED TO BE HELD IN PRIVATE SESSION, WITH THE PRESS AND PUBLIC EXCLUDED, AS IT CONTAINS COMMERCIALY SENSITIVE INFORMATION.

STRATEGIC REPORTS - PART B

19. NORTH WALES RESIDUAL WASTE TREATMENT PROJECT - OPTIONS APPRAISAL FOR FLINTSHIRE COUNTY COUNCIL
Report of the Director of Environment and Chief Executive - Portfolio of the Executive Member for Waste Management and Strategy and Function
20. NORTH WALES RESIDUAL WASTE TREATMENT PROJECT - INTER AUTHORITY AGREEMENT
Report of the Director of Environment and Chief Executive - Portfolio of the Executive Member for Waste Management and Strategy and Function
21. NORTH WALES RESIDUAL WASTE TREATMENT PROJECT OVERVIEW OF THE OUTLINE BUSINESS CASE
Report of the Director of Environment and Chief Executive - Portfolio of the Executive Member for Waste Management and Strategy and Function

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

The following item is considered to be exempt by virtue of Paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

22. NORTH WALES RESIDUAL WASTE TREATMENT PROJECT - OUTLINE BUSINESS CASE
Report of the Director of Environment and Chief Executive - Portfolio of the Executive Member for Waste Management and Strategy and Function

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		

EXECUTIVE
26TH JANUARY 2010

Minutes of the meeting of the Executive of Flintshire County Council held at County Hall, Mold on Tuesday, 26th January, 2010.

PRESENT: Councillor A. Woolley (Chairman)

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

ALSO PRESENT: Councillors: J.B. Attridge, R. Baker, A. Davies-Cooke, R.G. Hampson, P.G. Heesom, G. James, D.I. Mackie and C.A. Thomas.

IN ATTENDANCE:

Chief Executive, Director of Environment, Director of Lifelong Learning, Head of Legal and Democratic Services, Head of Finance, Head of ICT and Customer Services and Head of Committee, Member and Electoral Services.

APOLOGY: Councillor H. Yale.

237. MINUTES

The minutes of the meeting held on 5th January 2010 were confirmed as a correct record.

238. DECLARATIONS OF INTEREST

No declarations of interest were made by Members.

239. SCHOOL MODERNISATION – CONSIDERATION OF CONSULTATION

The Executive Member for Education and Youth Services introduced the Director of Lifelong Learning's report which informed Members of the response to the consultation on the draft School Modernisation Strategy and for the Executive to approve the Strategy for Flintshire.

The Executive Member referred to the draft Strategy being approved for consultation at the meeting of the Executive held on 27th October, 2009. A series of consultation meetings had been held for stakeholders including elected Members, schools, governors, trade unions, diocesan authorities and Council staff. Town and Community Councils had also been asked for their comments and the Strategy had been widely available and published on the Flintshire website as a consultation document. The Lifelong Learning Overview and Scrutiny Committee in November had reviewed the draft Strategy and had made specific recommendations; further consideration had been given to the issues raised during the consultation meetings at the December meeting. The draft School Modernisation Strategy had been updated to include recommendations from

Overview and Scrutiny and consultation with service partners and the revised Strategy was circulated as an Appendix to the report.

The Director of Lifelong Learning referred to a number of challenges that the Council was facing to ensure that its schools continued to provide an appropriate “fit for purpose” school environments at a time when there was limited money to deliver increasing expectations. The Estyn inspection in 2009 had identified tackling school modernisation as a key recommendation and the purpose of this report was to provide a policy framework in which schools and communities could engage in discussions to help identify solutions and options for change. He thanked all partners and key stakeholders and the Overview and Scrutiny Committee for their contributions to the Strategy.

The Director referred to the particular challenges in planning post 16 education arising from the national funding pressures and statutory requirements for a broader curriculum. The Overview and Scrutiny Committee had suggested that in place of the two distinct phases for proposed reviews a rolling programme of review should be implemented. There was therefore a need for flexibility in the implementation timetable. The next steps would be to pursue a programme of infant/junior schools amalgamation and further reports to the Executive to commission post 16 and local area reviews.

RESOLVED

- (a) That the comments made in response to the draft School Modernisation Strategy document and the recommendations from the Lifelong Learning Overview and Scrutiny Committee be received;
- (b) That the amended Strategy be approved; and
- (c) That further local area review or school change reports in line with the School Modernisation Strategy, be commissioned.

240. OVERVIEW OF REPORTS REGARDING THE NORTH WALES RESIDUAL WASTE TREATMENT PROJECT (NWRWTP)

The Executive Member for Waste Management and Strategy and Function introduced the joint report of the Chief Executive and Director of Environment which advised and updated Members on the progress made on the project to date. The report provided an overview and outline of the content of a series of reports relating to the North Wales Residual Waste Treatment Partnership (NWRWTP) and supporting Outline Business Case (OBC). The report represented an overview of four detailed reports which were to be considered by the Environment Overview and Scrutiny Committee which were an options appraisal; an inter authority agreement; an overview of the Outline Business Case; a separate Outline Business Case which would be a Part II exempt agenda item. The special Overview and Scrutiny Committee would be held on 5th February, 2010 and the Part II report would provide a summary of commercially sensitive financial background information in relation to the OBC for the project and would also append a copy of the OBC and the associated technical reports and background papers would be made available for Members to read.

The Director of Environment emphasised the scale of the procurement exercise that would be undertaken and the pending Executive decision for the tendering process. Detailed reports would be circulated in advance of the Overview and Scrutiny Committee and a further report would be submitted to the Executive on 16th February, 2010 and to County Council on 23rd March, 2010.

The Chief Executive also referred to the detailed reports that would be circulated to the Overview and Scrutiny Committee and County Council. Whilst this was an Executive function it was appropriate for consideration by the County Council on the scale and importance of the project.

RESOLVED

That the report be noted.

241. LOCAL GOVERNMENT (WALES) MEASURE – GUIDANCE CONSULTATION AND RESPONSE

The Chief Executive presented a report which advised Members of the Local Government (Wales) Measure 2009 legislated by the Welsh Assembly Government and proposed the Council's response to the consultation on the draft Guidance.

The Chief Executive referred to the Local Government (Wales) Measure 2009 which had reformed the statutory basis for service improvement and strategic planning by "improvement" authorities. The Measure had made significant changes to the Wales programme for improvement and had introduced new duties for the Auditor General for Wales. With effect from April 2010, local performance and inspection work would be replaced by annual improvement assessment which would be reported in an Annual Improvement Report. The improvement assessment which would be made by the Wales Audit Office would comprise a "forward looking" assessment of the likelihood of each authority to comply with its duties to secure improvements and would be produced in May of each year as an internal report for the Authority and a "backward looking" assessment of how/whether an authorities performance had improved. These would be produced as the combined Annual Improvement Report. The Council's draft response to the Guidance was circulated as an appendix to the report.

RESOLVED

- (a) That the changes to the improvement and community planning arrangements as provided by the Measure, be noted; and
- (b) That the consultation response to the draft Guidance be endorsed.

242. RESPONSE TO THE WELSH ASSEMBLY GOVERNMENT'S "A ROAD LESS TRAVELLED – A DRAFT GYPSY TRAVELLER STRATEGY"

The Executive Member for Corporate Management and Strategy introduced the report of the Chief Executive which provided an overview of the consultation document of the Welsh Assembly Government and presented a draft Flintshire

County Council response to the consultation for agreement. In moving the recommendations of the report he thanked the Officers for the work undertaken.

The Chief Executive referred to the very ambitious strategy of the Welsh Assembly Government and referred to Member involvement in a number of workshops that had been held previously on unauthorised encampments and the local protocol for their management.

The response to the Strategy had highlighted the need for a legislative or regulatory requirement from the Welsh Assembly Government to report to the whole Public Sector. Support was needed for regional solutions and the potential use of WAG funding and specific references and links to the roles of strategic partnerships, associated strategies and action plans needed to be identified so that responsibilities were clearly defined.

RESOLVED

That the draft response from the County Council be approved and be submitted to the Welsh Assembly Government.

243. SUPPORTING PEOPLE STRATEGY 2010 – 13

The Chief Executive presented the Director of Community Services' report on the Supporting People Strategy which sought approval for the proposals detailed within the Strategy which were summarised in an Appendix to the report.

The Executive at its meeting on 17th February, 2009 had received a report on the Supporting People Operational Plan for 2009 – 10 which was approved. This was updated and approved on an annual basis and overseen by the Supporting People Planning Group. The Strategy aimed to set a direction for the Supporting People Programme for the next three years and it was split into three sections to reflect the three policy areas covered by housing related support services. Section 3.02 of the report provided an overview of the action plan and proposed developments in respect of community care, community safety and homeless prevention. The financial implications of the report provided a summary of the impact on Social Services for Adults budget in 2009/10 and 2010/11.

The Executive Member for Environment, Regeneration and Tourism expressed his appreciation of the report which provided Members with a clear understanding of the action plan and proposed developments.

RESOLVED

- (a) That the achievements to date within the Strategy be noted;
- (b) That the proposals in the Strategy be approved; and
- (c) That the Supporting People Strategy be approved for implementation.

244. HOUSING REVENUE ACCOUNT 2010/11

The Head of Finance presented a report which was written jointly with the Director of Community Services, the purpose of which was to consider the Housing Revenue Account (HRA) budget proposals for the 2010/11 financial year, including proposed rent and service charge increases, key areas of income and expenditure, and the level of closing balance of the year end.

The Head of Finance made a presentation which outlined the legal requirement for setting a Budget to avoid to an end of year deficit and stated that the HRA was a ring fenced account with no transfers allowable between the HRA and General Fund and vice versa except in prescribed circumstances. It was recommended good practice to budget for a minimum closing balance of 3% of total expenditure.

The Welsh Assembly Government had issued a consultation draft of financial determinations for 2010/11 which was received on 10th December, 2009. The response letter was sent on 23rd December 2009, with the final version expected by the end of January 2010. The Head of Finance referred to the main elements of the consultation including guideline rent increase, management and maintenance allowances. The guideline rent increase provided for an all Wales average increase of 2% with Flintshire's proposed increase of £1.12 per week (52 week collection basis) which equated to an increase of 1.77% on all current dwelling weekly rents. The Management and Maintenance Allowance element of the HRA subsidy is proposed to be increased to £2,083 per dwelling which was an increase of £77 per dwelling which was 3.8% on the 2009/10 allowance and which was a lower percentage increase than the previous years.

The Head of Finance referred to the budget proposals and the key areas of expenditure. The revenue contribution to Capital Expenditure (CERA) for 2010/11 was proposed to be £2.150m. In the Building Services Trading Account there was a current year projected deficit of £0.528m and as a result of tighter financial controls and improved operational practices as referred to by the Director of Community Services and the Head of Housing at the Overview and Scrutiny Committee, the proposed deficit budgeted for 2010/11 was £0.450m. The longer term objective was to generate a surplus. Later in the year the Council would commence tenants' consultation on possible stock transfer with considerable expenditure in 2010/11 and 2011/12 with most costs reimbursable by the Welsh Assembly Government if there was a "no vote" or from valuation receipt if a "yes vote". Some of the costs of statutory consultation had to be charged to the HRA. The latest guidance on the treatment of such costs (received in late 2009) refined previous guidance which allowed £0.500m which had previously been budgeted within the HRA to be released back into the HRA as it was no longer required.

On Finance and Support an independent review of the process of calculation of recharges had recently been carried out, the outcome of which was still being assessed and was expected to be completed within six months. The 2010/11 Budget assumed no additional costs to the HRA. Any implications for the HRA arising from the completion of the review would need to be considered during the year.

The Chief Executive referred to the significant improvement in the process for the development of the HRA budget proposals which had been achieved through detailed planning and management process for 2010/11 by the Head of Finance, the Director of Community Services and their teams and with input from the Corporate Management Team which was reflected in the report being considered. The WAG outcome on the review of Rent Guidelines was still awaited but was not expected to change. He also referred to the provision made for the potential costs of stock options project and to the latest version of the Transfer Guidance which made it clear that, with the exception of specific costs which were not reimbursable by the Welsh Assembly Government. The majority of the remainder must be charged to the General Fund with very little being charged to the HRA. The bulk of the costs would be met by WAG. This had resulted in a significant saving in 2009/10 and there was only a small HRA Budget requirement in 2010/11 and this had enabled an increased provision to be made to CERA.

The Executive Member for Environment, Regeneration and Tourism referred to Appendix 3 of the report and the HRA Budget pressures and efficiencies options and sought clarification as to whether additional provision was being made in relation to the backlog of repairs and void properties. The Chief Executive confirmed that this was an additional provision and an additional investment was being made into the service through workforce training and development to support improvements in performance.

RESOLVED:

That approval be given to the proposals contained within the report to be submitted to the Community and Housing Overview and Scrutiny Committee for their consideration at the meeting to be held on 1st February 2010. Comments would be reported back to the Executive on 16th February 2010, and subject to consideration of these comments, approval of the Executive would be sought for submission of the following recommendations to the Council meeting on 17th February 2010:-

- a) that the rent and service charge increase proposals and apportionment of resources within the HRA outlined in the report and detailed within the attached appendices be approved and implemented; and
- b) that the proposed changes to the Budget as set out in Appendix 3 be approved and implemented.

245. HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME 2010/11

The Head of Finance presented a report whom was written jointly with the Director of Community Services which proposed a final Housing Revenue Account (HRA) Capital Programme for 2010/11 subject to consultation with the Community and Housing Overview and Scrutiny Committee.

The Head of Finance made a presentation and referred to the initial proposals presented to the Executive on 22nd December 2009. At that stage, the amount of capital expenditure to be met from the Revenue Account (CERA) had not been identified as this depended on the HRA revenue budget proposals. In addition, Capital Receipts of £0.466m from land sales were ring fenced to specific

programme schemes for when they were realised. Supplementary programme schemes totalling £1.009m had been identified and would be added to the programme if and when funding from CERA on capital receipts became available.

The Head of Finance referred to the available funding now identified and to the proposed Revenue Budget which provided for a CERA contribution of £2.150m which compared with the revised Budget of £1.682m for 2009/10. Initial proposals anticipated funding of £5.721m but this had now increased to give a final available total of £7.871m. This available funding would come from capital receipts – RTB (useable) of £0.055m; capital receipts from land sales (which would only be used when received) of £0.466m; major repairs allowance of £5.200m and CERA of £2.150m. The receipts from land sales would be ring fenced when realised for Kitchen Programme, Fire Risk Assessments, DDA Access Audits and Off Street Parking and totalled £0.466m.

The Head of Finance referred to competing demands and explained that programmes had been based on a mixture of stock condition information, an analysis of responsive repairs requests, customer complaints and Member priorities. A new approach had been adopted with the use of pro forma for prioritisation and included an assessment of risk, meeting legislative requirements, health and safety needs, value for money and spend to save initiatives.

The Capital Programme proposals were set out in the report at table 2 and showed the initial programme as submitted to the Executive on 22nd December 2009 of £5.721m to which a further sum of £1.009m additional programme as considered by the Executive on 22nd December and the further allocation following the CERA determination of £1.141m which gave a total of £7.871m.

In conclusion, the Head of Finance referred to the timetable for the HRA Capital Programme which provided for the initial Budget proposals to be considered by the Overview and Scrutiny Committee on 1st February, the final Budget proposals to be considered by the Executive on 16th February and the County Council at its meeting on 17th February to agree the final HRA Budget Proposals and Rents/Service Charges.

The Chief Executive referred to his comments made on the previous report and emphasised the reliability of information in the report as a result of a more disciplined approach.

RESOLVED

That the proposals contained within the report be approved for submission to the Community and Housing Overview and Scrutiny for their consideration at the meeting to be held on 1st February 2010. Comments would then be reported back to the Executive at the meeting on 16th February 2010 and subject to consideration of these comments, approval of the Executive would be sought for submission of the recommendations to the Council meeting on 17th February 2010.

246. EXERCISE OF DELEGATED POWERS

An information report of the Chief Executive was submitted, the purpose of which was to inform Members of the actions taken under Delegated Powers. The actions taken were as set out below:-

- | | | |
|--|---|--|
| Chief Executive | - | approval of applications to the Welsh Church Acts Fund July-December, 2009 |
| Environment | - | disposal of land within rear garden area of 16 Tryfan Court, Pentre Lane, Buckley |
| | - | granting of Licence of first floor premises, Arosfa, Mold to Action for Children |
| Head of Human Resources and Organisational Development | - | amendments to the policy for the provision of Criminal Records Checks (Disclosures). |

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

RESOLVED

That the press and public be excluded for the remainder of the meeting to allow the consideration of exempt information by virtue of paragraph 15 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

248. CLOSED CIRCUIT TELEVISION (CCTV)

The Director of Lifelong Learning presented a report on the progress of discussions between the North Wales Authorities on the development of collaborative Closed Circuit Television (CCTV) provision and to seek a mandate to develop options for improvement of the CCTV service through a collaborative solution.

RESOLVED

- (a) That the progress to date be noted;
- (b) That the principle of developing options to improve CCTV across North Wales be supported; and
- (c) That the future works streams and agreed project governance arrangements be supported.

249. DURATION OF MEETING

The meeting commenced at 09:30 am and ended at 10:35 am.

250. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

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

.....
Chairman

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

EXECUTIVE	DATE: 26th JANUARY 2010
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MEMBER	ITEM	MIN. NO. REFERS
NO DECLARATIONS WERE MADE		

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 8

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **TREASURY MANAGEMENT POLICY & STRATEGY**
 STATEMENT 2010/11

1.00 PURPOSE OF REPORT

- 1.01 To seek Executive's approval to recommend that Council:
- adopt the CIPFA Treasury Management Code of Practice 2009.
 - approve the Treasury Management Policy & Strategy Statement including key indicators, limits and an investment strategy for 2010/11.

2.00 BACKGROUND

- 2.01 The Council adopted the Chartered Institute of Public Finance (CIPFA) Code of Practice from 1st April 2002 and each subsequent year the Executive has recommended a Treasury Management Policy and Strategy Statement to Council
- 2.02 As a result of the Icelandic banking crisis, CIPFA have recently published a revised Treasury Code of Practice, Welsh Assembly Government (WAG) has published revised guidance for consultation on Local Government Investments which is currently still subject to consultation but has been taken into account in the drafting of the 2010/11 Policy Statement.
- 2.03 The revised CIPFA Treasury Management Code requires a body that will be responsible for the scrutiny of the Treasury Management Strategy, Policies and Practices. It has already been approved by the Executive on 16th August 2009 that this will be the Audit Committee.
- 2.04 The revised Treasury Management Code enhances the role of Members especially in relation to scrutiny of the Treasury Management Strategy, Policy and processes. In order to perform their duties it is essential that those charged with governance receive appropriate training. Although training will be an on-going process, a training session was arranged for the Audit Committee and other Council Members on 22nd January 2010. The training was undertaken by Sterling Consultancy Services, the Council's Treasury Management Advisors and nineteen Council Members attended.

Date: 09/02/2010

- 2.05 A meeting of the Audit Committee on 22nd January 2010 reviewed the Treasury Management Policy and Strategy Statement and Treasury Management Practices and voted unanimously to -
1. Recommend to Executive that the Council adopts the CIPFA Treasury Management Code of Practice 2009 and as such adopts the clauses in 3.07 of the attached Audit Committee Report (Appendix A) in Financial Procedures.
 2. Recommend to Executive that the Council approves the Council's Treasury Management Policy and Strategy Statement for 2010/11 (Appendix B), which includes all Treasury Management Indicators and Limits required by CIPFA and WAG.

3.00 RECOMMENDATIONS

- 3.01 That Executive:
1. Recommend that the Council adopts the CIPFA Treasury Management Code of Practice 2009 and as such adopts the clauses in 3.07 of the attached Audit Committee Report in Financial Procedures.
 2. Recommend that the Council approves, the Council's Treasury Management Policy and Strategy Statement for 2010/11, which includes all Treasury Management Indicators and Limits required by CIPFA and WAG.
 3. Recommend that the new investment strategy is implemented immediately after approval by the Council.

4.00 FINANCIAL IMPLICATIONS

- 4.01 None directly.

5.00 ANTI-POVERTY IMPACT

- 5.01 None.

6.00 ENVIRONMENTAL IMPACT

- 6.01 None.

7.00 EQUALITIES IMPACT

- 7.01 None.

8.00 PERSONNEL IMPLICATIONS

8.01 None.

9.00 CONSULTATION REQUIRED

9.01 Sterling Consultancy Services.

10.00 CONSULTATION UNDERTAKEN

10.01 Sterling Consultancy Services.

11.00 BACKGROUND DOCUMENTS

11.01 As listed.

12.00 APPENDICES

12.01 As listed.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

- (i) CIPFA Treasury Management in the Public Services Code of Practice
- (ii) WAG Investment Guidance
- (III) Local Government Act 2008

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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 4

REPORT TO: **AUDIT COMMITTEE**
DATE : **22 JANUARY 2010**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **TREASURY MANAGEMENT POLICY & STRATEGY**
STATEMENT & TREASURY MANAGEMENT
PRACTICES 2010/11

1.00 PURPOSE OF REPORT

- 1.01 The purpose of this report is to assist Audit Committee Members in their new role, agreed by Executive on 16th August 2009, of reviewing the Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices and making any observations on it to the Executive at its meeting on 16th February 2010. The recommendations of the Executive will be made to Council on 17th February 2010.
- 1.02 This report will be supplemented with training available to all Members of the Council on Treasury Management on 22nd January 2010.
- 1.03 The report explains the main changes to external guidance and the changes recommended to the Council's Treasury Strategy and indicators and limits which require approval by Council.
- 1.04 A Treasury Management Policy and Strategy Statement including key indicators, limits and an investment strategy following the requirements of Welsh Assembly Guidance for 2010/11 must be approved by Council before the end of the financial year. The draft strategy for Members' consideration is attached.

2.00 BACKGROUND

- 2.01 The Council adopted the Chartered Institute of Public Finance (CIPFA) Code of Practice from 1st April 2002 and each subsequent year the Executive has recommended a Treasury Management Policy and Strategy Statement to Council.
- 2.02 As a result of the Icelandic banking crisis, CIPFA have recently published a revised Treasury Code of Practice, Welsh Assembly Government (WAG) has published revised guidance for consultation on Local Government Investments which is currently still subject to consultation but has been taken into account in the drafting of the 2010/11 Policy Statement.

- 2.03 Although both CIPFA and WAG provide guidance, it is for the Council to determine how it manages treasury risks in specific terms. For example, the Council must state the limits of principal sums to be invested in periods over one year but it is for the Council to determine what this limit should be. The CIPFA Code and WAG guidance determines several of these indicators and limits and these are explained in this report and the Policy and Strategy Statement.
- 2.04 The Treasury Management Strategy and Practices for the Council have been reviewed by the Council's Treasury Consultants, Sterling Consultancy Services, with the view of returning the strategy to achieve the appropriate balance between risk and return after the temporary measures introduced during the banking crisis which moved the approach to a very risk averse position. The recommended changes are included in this report and reflected in the Policy and Strategy Statement.
- 2.05 The Council's Treasury Management Policy and Strategy Statement for review by this Committee and recommendation from Executive for approval by Council is attached (Appendix A). In addition, the Treasury Management Practices Part 1 - Main Principles and Part 2 - Schedules are attached (Appendix B and C). These are now for review by the Audit Committee but do not require approval by Council. Under the previous Code of Practice the Practices were for officer use only.

3.00 CHANGES TO EXTERNAL CODES OF PRACTICE

- 3.01 Following the collapse of the Icelandic Banks in October 2008, treasury management in public sector organisations continues under the spotlight. Two national reports were published:
- The Audit Commission's 'Risk and Return' on local authority treasury management and the Communities, and
 - Local Government Select Committee's Review of Local Authority Investments.
- 3.02 As a result, CIPFA issued a revised Code of Practice for Treasury Management in Public Services and Guidance Notes for Local Authorities (CIPFA TM Code). The Welsh Assembly Government (WAG) has issued Guidance on Local Government Investments which is still subject to consultation but has been taken into account in the drafting of the 2010/11 Policy Statement.
- 3.03 In the case of local authorities in England and Wales, the Code has a particular significance under the provisions of the Local Government Act 2003. This requires local authorities '..to have regard
- a. to such guidance as the Secretary of State may issue, and
 - b. to such other guidance as the Secretary of State may by Regulations specify....'

In terms of WAG guidance, Section 15(1) & 24 of the Local Government Act 2003 requires a local authority to have regard

- a. to such guidance as Welsh Ministers may issue, and
- b. to such other guidance as Welsh Ministers may by regulations specify.

Local authorities are therefore required to 'have regard' to both the Welsh Assembly Government Guidance and the CIPFA TM Code.

3.04 Whilst there has been changes to the guidance, the Treasury framework within which Councils operate remains broadly unchanged and still consists of:

- Clauses to be formally adopted within Financial Procedures (see 3.07).
- A Treasury Management Policy and Strategy Statement, stating the authority's policies and objectives (Appendix A).
- Treasury Management Practices, stating how those policies and objectives will be achieved (Appendix B).
- Accompanying schedules, giving specific details of the systems and routines to be employed and the records to be maintained (Appendix C).
- Regular reporting to Elected Members.

3.05 In terms of the CIPFA Code of Practice, the following areas have been strengthened:

- Minimum reporting requirements (Full Council to receive a mid year report).
- Scrutiny (see 4.01 below re Audit Committee).
- Training for those charged with governance (see 4.02 below).
- Approval.

3.06 The key changes to the WAG investment guidance are:

- Clearer emphasis that the investment priorities should be security and liquidity rather than yield.
- Strategies should be published.
- Authorities should not rely just on credit ratings but also consider other information on credit risk.
- Strategies should comment on treasury management consultants.
- Strategies should comment on the investment of money borrowed in advance of spending needs.
- Strategies should report on the procedures for ensuring that the authority's treasury staff have the right kind of training in investment management.

3.07 In order to adopt the new Code of Practices, CIPFA recommends that all public sector organisations adopt four clauses in Financial Procedures.

These clauses are stated below and will be recommended to Council for adoption:

1. *The Council will create and maintain, as the cornerstones for effective treasury management:*
 - *a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities*
 - *suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities*

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. *The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.*
3. *The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Executive, and for the execution and administration of treasury management decisions to the Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.*
4. *The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.*

4.00 ACTION REQUIRED BY THE CODE OF PRACTICE AND ALREADY UNDERTAKEN

4.01 The revised CIPFA Treasury Management Code requires a body that will be responsible for the scrutiny of the Treasury Management Strategy, Policies and Practices. It has already been approved by the Executive on 16th August 2009 that this will be the Audit Committee.

The Audit Committee has already been receiving regular updates from the Head of Finance.

- 4.02 The revised Treasury Management Code enhances the role of Members especially in relation to scrutiny of the Treasury Management Strategy, Policy and processes. In order to perform their duties it is essential that those charged with governance receive appropriate training. Although training will be an on-going process, a training session is arranged for the Audit Committee and which is open to all Members on the morning of 22nd January 2010.

5.00 FURTHER ACTION REQUIRED TO COMPLY WITH THE CODE OF PRACTICE

- 5.01 In addition to 4.01 and 4.02 above, the Audit Committee agree that a Treasury Management update is a standing item on each Audit Committee agenda.
- 5.02 The Council will need to adopt the new Code of Practice by changing Financial Procedures as stated in 3.07 above. This will be recommended to Council on 17th February 2010 by Executive.
- 5.03 The Audit Committee review the Treasury Management Practices and Policy and Strategy Statement for 2010/11, which includes Treasury Management indicators and the Welsh Assembly Government Investment Strategy Guidance.
- 5.04 The Council must approve the Treasury Policy and Strategy Statement by the end of the financial year. It is planned that the Executive recommend the Statement to Council on 17th February 2010.
- 5.05 The Council will receive a Mid Year Review of the progress with the Strategy and any other changes or updates required for approval. The Audit Committee will review this report as part of 5.01 above.

6.00 A REVIEW OF FLINTSHIRE COUNTY COUNCIL'S TREASURY MANAGEMENT STRATEGY

- 6.01 Following the Icelandic Bank collapse in 2008 a number of immediate changes were made to reduce investment risk which continued through 2009 including the following which were included in the 2009/10 Statement.
- New monies were placed by financial institutions supported by Government as long as they still met the Council's credit rating criteria.
 - The limit on investments in the Debt Management Office (DMO) was increased from 20% to 100%.
 - The counterparty limit was increased from £5m to £7m to place more funds with institutions with better credit quality.

- The individual Country limit would not exceed £10m.
- A maximum limit of £3m with a counter party on credit rating watch.
- The use of an additional credit rating agency (Moody's).

6.02 In addition, the Head of Finance has used her discretion within the 2009/10 Statement to determine the following until the banking environment improved, as stated in a report to Audit Committee on 28th September 2009:

- No investments over 364 days since May 2008.
- No new investments with overseas banks (unless UK incorporated).

6.03 These were only intended to be short term measures during a period of uncertainty with the global financial system. This lower risk approach has impacted on the income earned for surplus cash flows, which has contributed to the pressure of £0.695m included in the initial Budget proposals considered by Executive on 22nd December 2009. The Council's Treasury Advisor, Sterling was asked to undertake a 'Health Check' both on treasury strategy and practices during 2009 to take account of the new financial environment and the revised CIPFA Code of Practice.

6.04 Subsequently, the Welsh Assembly Government has issued draft guidance for consultation on Local Government Investments. The final results of this consultation may not be known until after the Policy Statement is approved by Council hence a further report may be required early in the next financial year.

6.05 The Head of Finance has revised the Council's Treasury Management Practices and Policy and Strategy Statement for 2010/11 to incorporate the advice received from Sterling and CIPFA and Welsh Assembly Government Guidance.

7.00 INVESTMENT PRACTICES - A GUIDE TO CHANGES FOR 2010/11

7.01 The guidance from CIPFA and WAG clearly defines 'a prudent investment policy as one first of all achieving security (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure). The generation of investment income is distinct from these prudential objectives and is accordingly not a matter for WAG guidance. However, that does not mean that authorities are recommended to ignore such potential revenues. Provided that proper levels of security and liquidity are achieved, it may (but only then) be reasonable to seek the highest yield consistent with those priorities.

7.02 With reference to 7.01 above Members can rightly ask the question, why not take a 'risk free position' and invest with the Debt Management Office on a short term basis. Based on projected cash flow and interest

rate movements it is estimated income generated in 2010/11 would be £460k. However, by implementing the new practices below income generated is estimated to be £545k which is the amount assumed for the budget proposals in paragraph 6.03 above.

7.03 A prudent Investment Policy has always been followed by the Council but for 2010/11 some additional protection is recommended in terms of security above the previous practices implemented before the more recent short term measures:

- The setting of minimum credit rating for countries (AA+) (NB this will exclude Bermuda, Ireland, Italy, Portugal, Saudi Arabia and UAE.)
- Using three credit rating agencies instead of two. (FITCH, Moody's and Standard and Poors).
- A revised policy for those counterparties on negative rating watch.
- For non-rated building societies a limit of £5m.
- The Treasury Advisors will advise of any market information they have which may require credit ratings to be overwritten.

7.04 There will always be a risk of capital loss with any investment so the aim will always be to spread the risk with as many counterparties as possible. A number of counterparties are not on the current list because they do not meet the current minimum individual and support ratings e.g. Lloyds TSB/Bank of Scotland and Royal Bank of Scotland/Nat West and Clydesdale Bank. These ratings attempt to access how a bank would be viewed if it was entirely independent and could not rely on external support from their government. This is a hypothetical situation for most banks, especially in the current financial climate when global governments are providing multiple levels of support to their global banking systems. It is arguable whether these actually add to the security of investments or whether they just restrict flexibility. Hence, based on advice from Sterling it is recommended that the individual and support ratings should no longer be used which should assist in increasing the number of counterparties available and thus spread risk. The new credit ratings are shown below.

7.05 The planned investment strategy for 2010/11 is documented in paragraph 3.4 of the Policy and Strategy Statement. The progress of this strategy will be reported to the Audit Committee quarterly.

8.00 WAG LOCAL GOVERNMENT INVESTMENT GUIDANCE

8.01 As stated in the background to this report WAG requires the Council to document an Investment Strategy which includes the following:

- Specified Investments.
- Non-specified Investments.

- Investments which can be prudently committed for more than one year.
- Credit Risk Assessment.
- Investment Consultants.
- Investment Training.
- Investment money borrowed in advance of need.

The following paragraphs are an extract from the Policy and Strategy Report but the content and limits require approval by Council. It should be noted that as previously stated this remains in formal consultation and changes may follow.

3.3.4 Specified Investment and Credit Risk

Specified investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The WAG guidance defines specified investments as those:

- Denominated in Sterling.
- Due to be repaid within 12 months of arrangement.
- Not defined as capital expenditure by legislation.
- Invested with one of the UK Government, UK Local Authority or a body awarded a high credit quality:

The Council defines the following as having a high credit quality. The lowest credit rating will be used to determine credit quality. Overseas banks must be from a country with a minimum rating of AA+ unless UK incorporated.

	FITCH		MOODY'S			STANDARD & POORS		
Rating Type	UK & Overseas Banks	Building Societies	UK & Overseas Banks	Building Societies		UK & Overseas Banks	Building Societies	
Short Term	F1	F2	P1	P2		A-1	A-2	
Long Term	A	A-	A2	A3		A	A-	

NB: The definition of these credit ratings is included in the Treasury Management Practices.

- Ratings from the three agencies are updated monthly by Sterling, however, they will provide immediate notification of any changes which affect Flintshire County Council counterparties. If a counterparty no longer meets the investment criteria, no further investments will be made with that counterparty and consideration will be given to recalling the monies. If a counterparty is being reviewed for a possible downgrade outside the criteria no more

investments will be made.

- Sterling will also inform the Head of Finance of any other market information that they have (e.g. credit default swap prices, news, reports and opinions). Full regard will be given to this information and no investments will be made with an organisation if there are substantive doubts about its credit quality even though it may meet the credit rating criteria.

Other limits for specified investments are:

- Counterparty limit of £7m (or 25% of total portfolio if balances are below £30m).
- Counterparty limit on non-rated building societies is £5m.
- No counterparty or sector limit on Debt Management Office and UK Local Authorities.
- Building Society Limit of 60% of Total Investments.
- A group of banks under the same ownership will be treated as a single organisation for limit purposes.
- Individual Overseas Country limit is £10m.
- Total Overseas sector limit is 25% of total portfolio.

Building Societies

UK building societies that hold lower or no credit ratings will be considered to be of "high credit quality" if they have been issued a certificate of eligibility under the UK Government's 2008 Credit Guarantee Scheme. The capital adequacy of these societies has been assessed by the Treasury, and they are eligible to raise funding with a government guarantee if they have trouble raising it elsewhere.

The Council takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council's deposits would be paid out in preference to retail depositors. Investments in lower rated and unrated building societies will be reviewed if the insolvency regime is amended.

The minimum asset size of the building society must be £1bn.

3.3.5 Non Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares or corporate bonds).

Non-specified investments will therefore be limited to long-term investments.

Although not currently used it is possible that an external manager may invest for longer than one year and in non-specified investments, hence a limit has been quoted for avoidance of doubt.

Current Welsh legislation provides that the purchase of shares in a money market fund by a local authority counts as capital expenditure. An investment in Money Market Funds will be made if legislation is changed. The limits for these investments are as follows:

- Deposits greater than 1 year (including forward deals) £20m
- External Managers (not currently used) £20m
- Money Market Funds (not currently used) 20% of total investments

Each investment greater than 1 year is non-specified by definition and approval is required from the Head of Finance before such an investment is made.

3.3.6 Liquidity of Investments (Non Specified by Definition)

The amounts that can be prudently invested for longer than one year have been ascertained by estimating short term cash flow requirements. The maximum period of an investment will be 5 years.

3.3.7 External Fund Managers and Treasury Management Advisors

The performance of external cash managers is monitored by Sterling Consultancy Services and if it is considered appropriate in the future to appoint such a manager, a recommendation will be made to Council via the Audit Committee and Executive.

Treasury Management Advisors are appointed via competitive tender which clearly states the service required. The contract period is usually 3 years with an option to extend. The Council's Contract Procedure Rules are applied.

The responsibility for decisions remain with the Council. Sterling Consultancy Services provide information and advice to assist the Head of Finance. Sterling Consultancy Services provide:

- Advice and guidance on relevant policies, strategies and reports.
- Advice on credit ratings and changes.
- Other information on credit quality.
- Advice on debt management decisions.
- Forecast interest rates.
- Accounting advice.

- A 'health check' on the Council's Treasury Management Practices.
- Training courses.
- Assist with other treasury issues on request.

The quality of the service is monitored by the Head of Finance and reviewed as part of the contract review process.

3.3.8 Investment Training

In-house expertise is required which will be supported by advice from the Treasury Management Advisors.

The Head of Finance is a member of CIPFA and as such must follow a Statement of Professional Practice (SOPP) and has a professional need to be committed to ensuring that relevant staff are appropriately trained.

All treasury officers are qualified to Association of Accountancy Technician level as a minimum. Officer training is reviewed as part of the Council's Employee Appraisal Process. All officer training is recorded on a Divisional database.

Flintshire County Council is a member of the CIPFA Treasury Management Network. Treasury Officers receive weekly updates from the Network and attend seminars organised by the Network, as required.

Flintshire County Council is lead authority for the Clwyd Pension Fund. The Clwyd Pension Fund Manager is responsible for advising the Head of Finance in the discharge of her duties for the Council's Treasury function and other duties outlined in Treasury Management Practices. The Clwyd Pension Fund Manager has received training to fulfil this role.

3.3.9 Investment of Money Borrowed in Advance of Need

A comparison of the Capital Finance Requirement (CFR) and outstanding debt shows that the Council has not borrowed ahead of need in the past. The Council will only invest money borrowed in advance of need for known debt maturities or to finance the borrowing requirements for the year concerned.

9.00 BORROWING STRATEGY

9.01 The Borrowing Strategy for 2010/11 and current portfolio is included in Section 3.5 of the Policy and Strategy Statement.

9.02 There are a number of Treasury Management indicators which must be

approved by Council which are shown in Section 10 below.

10.00 TREASURY MANAGEMENT INDICATORS

10.01 These are indicators which must be approved by Council and below is an extract from the Policy and Strategy Statement.

3.7 Treasury Management Indicators

3.7.1 The key indicators proposed to be set by full Council are shown in the table below. The limits for 2011/12 and 2012/13 are indicative figures only and could be changed next year.

The Authorised Limit and Operation Boundary for external debt are Prudential Indicators shown for information only as the Council will approve these alongside the Capital Programme.

Interest rate exposures are set to control the Council's exposure to interest rate risk.

Indicator Type	2010/11 £million	2011/12 £million	2012/13 £million
Authorised Limit for external debt	197.1	198.1	199.1
Operational Boundary for External Debt (Lower than authorised limit due to cash flow variations)	177.1	178.1	179.1
Upper Limit on fixed interest rate exposures	200	200	200
Upper Limit on variable interest rate exposures	20	20	20

The table below processes the upper and lower limits for the maturity of loans which are internally set so that no future year is left with a high level of repayments and controls exposure to re-financing risk. These limits are proposed for 2010/11, 2011/12 and 2012/13.

Upper and Lower Limits for maturity structure of borrowing	Lower Limit	Upper Limit
Under 12 months	0%	10%
12 months and within 24 months	0%	10%
24 months and within 5 years	0%	30%
5 years and within 10 years	0%	50%
10 years and above	10%	100%

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of investments.

Prudential limits for principal sums invested in periods longer than 364 days	£ 40 million
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11.00 RECOMMENDATIONS

11.01 That the Audit Committee:

1. Review the Treasury Management Policy and Strategy Statement for 2010/11 and Treasury Management Practices.

2. Recommend to Executive that the Council adopts the CIPFA Treasury Management Code of Practice 2009 and as such adopts the clauses in 3.07 of this report in Financial Procedures.

3. Recommend to Executive that the Council approves, subject to any changes determined by this Committee, the Council's Treasury Management Policy and Strategy Statement for 2010/11, which includes all Treasury Management Indicators and Limits required by CIPFA and WAG.

11.02 That the Audit Committee agree to include Treasury Management as a standing item on each quarterly agenda to receive an update.

12.00 FINANCIAL IMPLICATIONS

12.01 None directly.

13.00 ANTI-POVERTY IMPACT

13.01 None.

14.00 ENVIRONMENTAL IMPACT

14.01 None.

15.00 EQUALITIES IMPACT

15.01 None.

16.00 PERSONNEL IMPLICATIONS

16.01 None.

17.00 CONSULTATION REQUIRED

17.01 Sterling Consultancy Service.

18.00 CONSULTANCY UNDERTAKEN

18.01 Sterling Consultancy Service

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

BACKGROUND DOCUMENTS

- (i) CIPFA Treasury Management in the Public Services Code of Practice
- (ii) WAG Investment Guidance
- (III) Local Government Act 2008

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FLINTSHIRE COUNTY COUNCIL

DRAFT

**TREASURY MANAGEMENT
POLICY & STRATEGY STATEMENT**

2010/11

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1.0 TREASURY MANAGEMENT POLICY STATEMENT

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

- 1.1 "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
- 1.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.0 BACKGROUND

- 2.01 Following the collapse of the Icelandic Banks in October 2008, treasury management in public sector organisations continues to be under the spotlight. Two national reports were published, the Audit Commission's 'Risk and Return' on local authority treasury management and the Communities and Local Government Select Committee's Review of local authority investments.
- 2.02 As a result, The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a revised Code of Practice for Treasury Management in Public Services and Guidance Notes for Local Authorities (CIPFA TM Code). The Welsh Assembly Government (WAG) has issued Guidance on Local Government Investments, which is still subject to consultation but has been taken into account in the 2010/11 Policy and Strategy Statement.
- 2.03 In the case of local authorities in England and Wales, the Code has a particular significance under the provisions of local Government Act 2003. This requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by Regulations specify....'. In terms of the WAG guidance Section 15(1) & 24 of the Local Government Act 2003 requires a local authority to have regard (a) to such guidance as Welsh Ministers may issue and (b) to such other guidance as Welsh Ministers may by regulations specify. Local authorities are therefore required to 'have regard' to both the Welsh Assembly Government Guidance and the CIPFA TM Code.

2.04 Whilst there have been changes to the guidance, the Treasury Management framework within which councils operate remains broadly unchanged and still consists of:

- Clauses to be formally adopted within Financial Procedures
- A Treasury Management Policy and Strategy Statement, stating the authority's policies and objectives.
- Treasury Management Practices, stating how those policies and objectives will be achieved.
- Accompanying schedules, giving specific details of the systems and routines to be employed and the records to be maintained
- Regular reporting to elected members.

2.05 In terms of the CIPFA Code of Practice, the following areas have been strengthened:

- Minimum reporting requirements (full council to receive a mid year report)
- Scrutiny (Audit Committee)
- Training for those charged with governance
- Approval

2.06 The key changes to the WAG investment guidance are:

- Clearer emphasis that the investment priorities should be security and liquidity rather than yield.
- Strategies should be published.
- Authorities should not rely just on credit ratings but also consider other information on credit risk.
- Strategies should comment on treasury management consultants.
- Strategies should comment on the investment of money borrowed in advance of spending needs.
- Strategies should report on the procedures for ensuring that the authority's treasury staff have the right kind of training in investment management.

2.07 CIPFA recommends that all public sector organisations adopt four clauses in Financial Procedures. The Council has adopted the following:

1. The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to

amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

2. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
4. The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.0 TREASURY STRATEGY STATEMENT

3.1 Introduction

This Treasury Strategy Statement details the expected activities of the Treasury function in 2010/11. Its production and submission to the Audit Committee for Scrutiny, Executive and Council for approval is a requirement of the Council's Financial Procedure Rules. Its content is that recommended in CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) 2009 as adopted by County Council from 1st April 2010 and the Guidance from WAG on Local Government Investments under section 15 (1) & 24 of the Local Government Act 2003

The strategy covers:

- Economic Context
- Investment Strategy
- Borrowing Strategy;
- Treasury Management Indicators
- Other Treasury Issues.

3.2 Economic Context – as provided by Sterling Consultancy Services

- 3.2.1 The UK is currently in the longest, if not the deepest, recession since World War Two. Bank failures, combined with rising energy and commodity prices, caused a sharp reduction in consumer and business spending in 2008, with a resulting negative impact on GDP growth and employment. Financial institutions exacerbated the recession by restricting credit in an effort to repair their own balance sheets, although extensive government and central bank intervention has supported economic activity to an extent.

- 3.2.2 However, the discretionary fiscal stimulus, bank rescues, increased benefit payments and reduced tax revenues have caused a significant deterioration in the national finances. Public sector net borrowing is expected to exceed £175bn in 2009/10, and remain high in subsequent years, pushing the national debt towards 100% of GDP. Whatever the result of the 2010 general election, the next government is expected to cut spending and raise taxes, slowing the country's economic recovery.
- 3.2.3 Although the UK economy is expected to have returned to growth in the last quarter of 2009, restricted bank lending and fiscal tightening mean it is unlikely that the absolute level of GDP will return to pre-recession levels in the near term. The resultant spare capacity is likely to keep inflation low in the medium term. The Bank of England recognises that simultaneous fiscal and monetary tightening could endanger the economy's recovery, and it is therefore likely to exercise caution before raising interest rates in the absence of obvious inflationary pressures.
- 3.2.4 The scope for short-term interest rate rises in 2010/11 is therefore limited. Bank Rate could remain at 0.5% for the whole of 2010, increasing quite rapidly thereafter, but remaining below pre-recession levels into 2012. Money market rates, such as LIBOR, will rise earlier in anticipation of monetary tightening, but they are also likely to remain close to record lows for a considerable period. Long-term PWLB rates are expected to rise slowly due to a large increase in the supply of gilts over the next few years, but this will be mostly offset by the demand created by new liquidity requirements for financial institutions.

Sterling Consultancy Services central interest rate forecast – November 2009

	Bank Rate	1 month LIBOR	3 month LIBOR	12 month LIBOR	25 year PWLB	50 year PWLB
Current	0.50	0.51	0.61	1.21	4.40	4.35
Q1 2010	0.50	0.55	0.70	1.30	4.55	4.55
Q2 2010	0.50	0.55	0.75	1.35	4.60	4.60
Q3 2010	0.50	0.55	0.80	1.40	4.70	4.70
Q4 2010	0.50	0.60	0.90	1.55	4.75	4.75
H1 2011	1.00	1.10	1.50	2.00	4.80	4.80
H2 2011	2.00	2.20	2.50	3.00	4.85	4.85
H1 2012	3.00	3.20	3.50	4.00	4.90	4.90

HM Treasury Survey of Forecasts – November 2009

	Average annual Bank Rate %			
	2010	2011	2012	2013
Highest	1.30	3.30	4.30	4.60
Average	0.70	1.70	3.00	3.80
Lowest	0.50	0.50	1.00	1.40

3.3 Investment Strategy

3.3.1 The Council hold surplus funds which represent income received in advance of expenditure plus balances and reserves held. Both the CIPFA Code and WAG Guidance require the Council to invest prudently and to have regard to security and liquidity of its investments before seeking the highest rate of return or yield.

3.3.2 Part 1 of the Local Government Act 2003, which introduced the Prudential Capital Finance System, gives a local authority power to invest for any purposes relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs. The Act requires an authority to 'have regard to guidance issued by Welsh Assembly Government (WAG)'.

3.3.3 The WAG requires a local authority, before the start of each financial year, to draw up an Investment Strategy which must be approved by the full council and be published. This document should contain certain investment limits. As allowed by the Guidance, Flintshire County Council incorporate the requirements this Policy Statement. WAG Guidance requires the Council to approve certain investment limits and other related information on the following:

- Specified Investments
- Non-specified Investments
- Investments which can be prudently committed for more than one year
- Credit Risk Assessment
- Investment Consultants
- Investment Training
- Investment money borrowed in advance of need.

3.3.4 Specified Investments and Credit Risk

Specified investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The WAG guidance defines specified investments as those:

- Denominated in Sterling
- Due to be repaid within 12 months of arrangement
- Not defined as capital expenditure by legislation
- Invested with one of the UK Government, UK Local Authority or a body awarded a high credit quality :

The Council defines the following as having a high credit quality. The lowest credit rating will be used to determine credit quality. Overseas banks must be from a country with a minimum rating of AA+ unless UK incorporated.

	FITCH		MOODY'S		STANDARD & POORS	
Rating Type	UK & Overseas Banks	Building Societies	UK & Overseas Banks	Building Societies	UK & Overseas Banks	Building Societies
Short Term	F1	F2	P1	P2	A-1	A-2
Long Term	A	A-	A2	A3	A	A-

NB: The definition of these credit ratings is included in the Treasury Management Practices.

- Ratings from the three agencies are updated monthly by Sterling, however, they will provide immediate notification of any changes which affect Flintshire County Council counterparties. If a counterparty no longer meets the investment criteria, no further investments will be made with that counterparty and consideration will be given to recalling the monies. If a counterparty is being reviewed for a possible downgrade outside the criteria no more investments will be made.
- Sterling will also inform the Head of Finance of any other market information that they have (e.g. credit default swap prices, news, reports and opinions). Full regard will be given to this information and no investments will be made with an organisation if there are substantive doubts about its credit quality even though it may meet the credit rating criteria.

Other limits for specified investments are:

- Counterparty limit of £7m (or 25% of total portfolio if balances are below £30m)
- Counterparty limit on non rated building societies is £5m.
- No counterparty or sector limit on UK Government and UK Local Authorities.
- Building Society Limit of 60% of Total Investments
- A group of banks under the same ownership will be treated as a single organisation for limit purposes.
- Individual Overseas Country limit is £10m
- Total Overseas sector limit is 25% of total portfolio.

Building Societies

UK building societies that hold lower or no credit ratings will be considered to be of "high credit quality" if they have been issued a certificate of eligibility under the UK Government's 2008 Credit Guarantee Scheme. The capital adequacy of these societies has been assessed by the Treasury, and they are eligible to raise funding with a government guarantee if they have trouble raising it elsewhere.

The Council takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council's deposits would be paid out in preference to retail depositors. Investments in lower rated and unrated building societies will be reviewed if the insolvency regime is amended.

The minimum asset size of the building society must be £1bn.

3.3.5 Non Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares or corporate bonds).

Non-specified investments will therefore be limited to long-term investments.

Although not currently used it is possible that an external manager may invest for longer than one year and in non-specified investments, hence a limit has been quoted for avoidance of doubt.

Current Welsh legislation provides that the purchase of shares in a money market fund by a local authority counts as capital expenditure. An investment in Money Market Funds will be made if legislation is changed

The limits for these investments are as follows:-

- Deposits greater than 1 year (including forward deals)	£20m
- External Managers (not currently used)	£20m
- Money Market Funds (not currently used)	20% of total investments

Each investment greater than 1 year is non-specified by definition and approval is required from the Head of Finance before such an investment is made.

3.3.6 Liquidity of Investments (Non Specified by definition)

The amounts that can be prudently invested for longer than one year have been ascertained by estimating short term cash flow requirements. The maximum period of an investment will be 5 years.

3.3.7 External Fund Managers and Treasury Management Advisors

The performance of external cash managers is monitored by Sterling Consultancy Services and if it is considered appropriate in the future to appoint such a manager, a recommendation will be made to Council via the

Audit Committee and Executive.

Treasury Management Advisors are appointed via competitive tender which clearly states the services required. The contract period is usually 3 years with an option to extend. The Council's Contract Procedure Rules are applied.

The responsibility for decisions remains with the Council. Sterling Consultancy Services provide information and advice to assist the Head of Finance. Sterling Consultancy Services provide:

- Advice and guidance on relevant policies, strategies and reports
- Advice on credit ratings and changes.
- Other information on credit quality
- Advice on debt management decisions
- Forecast interest rates
- Accounting advice.
- A 'health check' on the Council's Treasury Management Practices
- Training courses
- Assist with other treasury issues on request.

The quality of the service is monitored by the Head of Finance and reviewed as part of the contract review process.

3.3.8 Investment Training

In house expertise is required which will be supported by advice from the Treasury Management Advisors.

The Head of Finance is a member of CIPFA and as such must follow a Statement of Professional Practice (SOPP) and has a professional need to be committed to ensuring that relevant staff are appropriately trained.

All treasury officers are qualified to Association of Accountancy Technician Level as a minimum. Officer training is reviewed as part of the Council's Employee Appraisal Process. All officer training is recorded on a Divisional database.

Flintshire County Council is a member of the CIPFA Treasury Management Network. Treasury officers receive weekly updates from the Network and attend seminars organised by the Network, as required.

Flintshire County Council is lead authority for the Clwyd Pension Fund. The Clwyd Pension Fund Manager is responsible for advising the Head of Finance in the discharge of her duties for the Council's Treasury function and other duties outlined in Treasury Management Practices. The Clwyd Pension Fund Manager has received training to fulfil this role.

3.3.9 Investment of Money Borrowed in Advance of Need

A comparison of the Capital Finance Requirement (CFR) and outstanding debt shows that the Council has not borrowed ahead of need in the past. The Council will only invest money borrowed in advance of need for known debt maturities or to finance the borrowing requirement for the year concerned.

3.4 **Planned Investment Strategy for 2010/11**

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

- Short Term (less than 1 month) – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows.
- Medium Term (1month–12 month) - cash required to manage the annual seasonal cash flow.
- Long Term (1year to 5 Year) – cash not required to meet cash flows and used primarily to generate investment income.

3.4.2 Short terms funds are required to meet cash flows in the next month or so, and preservation of capital and liquidity. Investment return is of limited concern. Instant access bank accounts will be the main method used to manage short term cash which should return base rate. Where limits are reached the Government's Debt Management Office could be used but rates will be lower than base rate. It is estimated that about 35% of surplus monies will be short term.

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

3.4.5 Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on returns that will support spending on local authority services. However, in the current economic and financial environment it is likely that only a small percentage, about 10% will be invested longer term, probably over two years in fixed term deposits or callable deposits. Another option will be to appoint an external manager to diversify into a wider range of instruments including certificates of deposits, treasury bills and gilts. However, preference will be to consider options for early repayment of long term borrowing. In addition to the saving on interest rate differential, this strategy will also reduce the Council's exposure to credit risk and interest rate risk. If either of these alternative options are taken it is likely to be for amounts greater than 10% of investment balances.

3.4.6 Assuming current interest rate forecasts quoted earlier in this Strategy Statement and a cash balance which is estimated to average around £70m, by implementing this strategy income generated is estimated to be ££545K. The progress of this strategy will be reported to Members quarterly especially impact of using surplus funds to repay long term borrowing.

3.4.7 The implications of lower income generation than previous years, due to lower interest rates, are being considered as part of the Council's budget process.

3.5 Borrowing Strategy

3.5.1 The Head of Finance will:

- Manage the Council's debt maturity profile, i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix B analyses the debt portfolio of the Council, as at 1st April, 2010.
- To effect borrowing required in 2010/11 at the cheapest cost commensurate with future risk based on interest rate forecasts.
- To monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

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

3.6 Planned Borrowing Strategy for 2010/11

The Council's treasury portfolio position as at 31/12/2009 is:

	Type	Principal £m	Sub- total £m	Average Interest Rate** %
Fixed Rate Funding	PWLB	154.66		
	Market	0.00	154.66	5.78%
Variable Rate Funding	PWLB	0.00		
	Market*	18.95	18.95	4.53%
Total Long Term Debt			173.61	
Borrowing Requirement	for 2010/11***		2.45	

* The above market loans are LOBO's (Lenders Option, Borrowers Option) with had fixed interest rate periods of 12, 16 and 23 months followed by a 33, 34 and 35 year variable period, with an option in the variable period to repay the principal prior to maturity if the Lender increases the interest rate.

** If any debt re-structure or repayment opportunities are implemented before 31st March 2010, this may impact on the average interest rate as at 31.03.10.

*** Appendix A details the borrowing requirement for 2010/11.

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

3.6.2 The Council has nearly £174m of long terms debt. Most of this debt is with the Public Loans Works Board (£154m of PWLB Debt) and is at a fixed rate of interest which has the advantage of providing budget certainty. The interest payment on this debt is £9m per annum. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a formula based on current interest rates. There may be opportunities to re-structure debt in 2010/11 by replacing some higher rate loans with new loans at a lower rate where this will lead to an overall saving or reduce risk.

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

3.6.4 The interest cost on these loans is estimated to be £850K in 2010/11 but they are all in their variable rate period and the lender could increase the interest rate, albeit given the current expectations for interest rates this is unlikely.

3.6.5 For a number of years the Council has not taken any new long term borrowing and used cash reserves to fund capital expenditure. It is anticipated that this will continue into 2010/11. In fact analysis of cash flow suggests that there could be an opportunity to repay some debt in 2010/11. There is current consultation with the Debt Management Office on changes to the calculation of Premium Paid by Councils for the early payment of debt which could be advantageous to Councils. The Head of Finance will consider the option of some debt repayment at the conclusion of this consultation. Another advantage of repaying debt is reducing the amount of monies to invest, hence reducing investment risk but reducing investment income.

3.6.6 All the above is being considered as part of the Council's budget process for 2010/11.

3.7 Treasury Management Indicators

3.7.1 The key indicators proposed to be set by full Council are shown in the table below. The limits for 2010/11 and 2011/12 are indicative figures only and could be changed next year.

3.7.2 The Authorised Limit and Operation Boundary for external debt are Prudential Indicators shown for information only as the Council will approve these alongside the Capital Programme.

3.7.3 Interest rate exposures are set to control the Council's exposure to interest rate risk.

Indicator Type	2010/11 £million	2011/12 £million	2012/13 £million
Authorised Limit for external debt	197.1	198.1	199.1
Operational Boundary for External Debt (Lower than authorised limit due to cash flow variations)	177.1	178.1	179.1
Upper Limit on fixed interest rate exposures	200	200	200
Upper Limit on variable interest rate exposures	20	20	20

3.7.4 The table below proposes the upper and lower limits for the maturity of loans which are internally set so that no future year is left with a high level of repayments and controls exposure to re-financing risk. These limits are proposed for 2010/11, 2011/12 and 2012/13.

Upper and Lower Limits for maturity structure of borrowing	Lower Limit	Upper Limit
Under 12 months	0%	15%
12 months and within 24 months	0%	10%
24 months and within 5 years	0%	30%
5 years and within 10 years	0%	50%
10 years and above	10%	100%

3.7.5 The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of investments.

Prudential limits for principal sums invested in periods longer than 364 days	£ 40 million
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This limit is proposed for 2010/11, 2011/12 and 2012/13

3.8 Other Treasury Issues

3.81 Treasury Management Practices (TMPs)

As part of the compliance with CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) 2009, the following TMPs have been documented:-

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

APPENDIX A – BORROWING REQUIREMENTS 2010/11

Borrowing Requirement 2010/11

It is estimated that the Council could borrow £2.45 million during 2010/11 to fund capital finance activities. This is analysed as follows:-

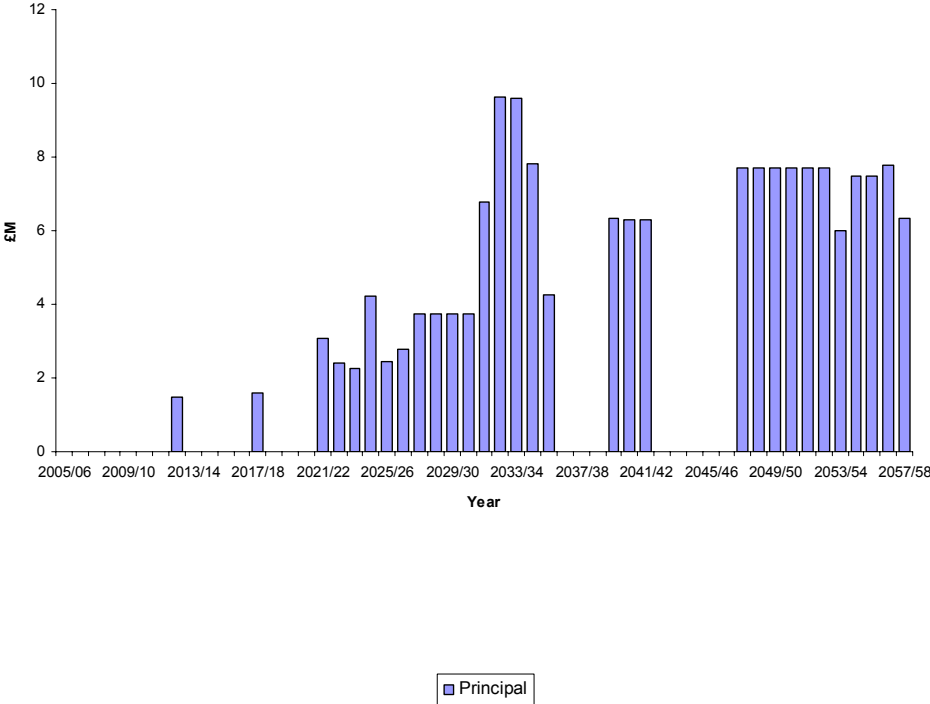
	£m	£m
Maturing Debt	0.00	
Unhypothecated Supported Borrowing (net)	7.77	
Provision for financing Vehicles, IT and various other equipment	1.00	
Sub-total		8.77
Less		
- CRPCS	6.32	
- CRSA	0.00	
Sub-total		6.32
Borrowing Requirement 2010/11		2.45

KEY:

CRPCS = Charges to Revenue for Past Capital Spend
CRSA = Capital Receipts Set Aside

APPENDIX B – DEBT MATURITY PROFILE

Long Term Debt Maturity Profile



FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 9

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **PRUDENTIAL INDICATORS 2010/11 TO 2012/13**

1.00 PURPOSE OF REPORT

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

2.00 BACKGROUND

- 2.01 The Prudential Code has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities in determining their programmes for capital investment in fixed assets. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. CIPFA has recently issued a fully revised Second Edition of the Code (2009), with a refocussing of attention towards capital planning and asset management aspects of capital investment.
- 2.02 The framework established by the Prudential Code is intended to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Code are to ensure, within a clear framework, that the capital investment plans of local authorities are **affordable, prudent and sustainable**, and that treasury management decisions are taken in accordance with good professional practice.
- 2.03 The Prudential Code sets out the indicators that must be used, and the factors that must be taken into account in preparing such.

3.00 CONSIDERATIONS

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

Date: 09/02/2010

3.02 In reviewing the prudential indicators, there is a requirement to have regard to the following:

- service objectives, eg strategic planning for the authority
- stewardship of assets, eg asset management planning
- value for money, eg option appraisal
- affordability, eg implications for Council Tax and Council housing rents
- prudence and sustainability, eg implications for external borrowing
- practicality, eg achievability of the forward plan.

The Prudential Code recognises that in making its capital investment decisions the Council must have explicit regard to option appraisal, asset management planning, strategic planning for the authority and achievability of the forward plan. The Code does not specify how the Council should have regard to these factors, but instead concentrates on the means by which it demonstrates that the proposals are affordable, prudent and sustainable.

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

3.04 The Prudential Code specifies that prudential indicators are required to be calculated for the forthcoming financial year and two subsequent financial years; this process links in with the development of the Medium Term Financial Strategy. Predictions regarding the levels of future Housing Revenue Account (HRA) funding beyond 2010/11 have not been made at this point in time, and are not included in the HRA budget report (included elsewhere on the agenda); those indicators that rely on such forward information are thereby not included within sections 3.05 - 3.08 below.

3.05 Based on those resources currently allocated (including specific grants, but excluding any rephasing), the estimates of capital expenditure to be incurred in 2010/11 (and the following two years in the case of the General Fund), are as indicated in the table below; no unsupported (prudential) borrowing has been assumed in the three year period.

CAPITAL EXPENDITURE			
	2010/11	2011/12	2012/13
	Estimate	Estimate	Estimate
	£m	£m	£m
General Fund	20.371	16.004	22.575
Housing Revenue Account (HRA)	7.871	n/a	n/a
Total	28.242	-	-

The prudential indicators for capital expenditure, based on the Council's capital programme that takes into account the Council's capital investment strategy, asset management planning and option appraisal requirements, are the starting point for the calculation of the prudential indicators. The capital expenditure totals essentially provide the base financial data from which all other indicators follow.

Prudential Indicators for Affordability

- 3.06 Estimates of the ratio of financing costs to net revenue stream for 2010/11 based on those expenditure assumptions outlined in the General Fund and Housing Revenue Account budget reports included elsewhere on the agenda, are as included in the table below; these indicators of affordability address the revenue implications of the Council's financial strategy.

RATIO OF FINANCING COSTS TO NET REVENUE STREAM			
	2010/11	2011/12	2012/13
	Estimate	Estimate	Estimate
	%	%	%
General Fund	5.748	n/a	n/a
HRA	10.011	n/a	n/a

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

3.07 The estimate of the incremental impact of capital investment decisions as proposed in the capital budget report for the period 2010/11 to 2012/13, over and above capital investment decisions that have previously been taken by the Council are:

- for the Band D Council Tax - nil in each year (2010/11, 2011/12 and 2012/13)
- for average weekly housing rents - nil (2010/11 only for the purpose of this report).

Prudential Indicators for Prudence

3.08 Estimates of the capital financing requirement, as described in Section 3.09 below, for 2010/11 are:

CAPITAL FINANCING REQUIREMENT			
	2010/11	2011/12	2012/13
	Estimate	Estimate	Estimate
	£m	£m	£m
General Fund	146.345	n/a	n/a
HRA	28.423	n/a	n/a
Total	174.768	-	-

3.09 The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, Flintshire County Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. Flintshire County Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management policy and strategy. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

3.10 CIPFA's *Prudential Code for Capital Finance in Local Authorities* includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing

does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional financing requirement for the current and next two financial years."

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

Prudential Indicators for External Debt and Treasury Management

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

AUTHORISED LIMIT FOR EXTERNAL DEBT			
	2010/11	2011/12	2012/13
	Estimate	Estimate	Estimate
	£m	£m	£m
All Borrowing (Capital/Revenue)	196.100	197.100	198.100
Other Long Term Liabilities	1.000	1.000	1.000
Total	197.100	198.100	199.100

The Head of Finance reports that these authorised limits are consistent with the authority's current commitments, existing plans and the proposals in the capital programme report, and with its approved treasury management policy and strategy statement. The Head of Finance confirms that they are based on the estimate of most likely, prudent but not worse case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

- 3.12 The Executive is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Head of Finance's estimate of the most likely,

prudent but not worse case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Head of Finance. Within the operational boundary, figures for borrowing and other long term liabilities are separately identified. The Council is also asked to delegate authority to the Head of Finance, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council as its next meeting following the change.

OPERATIONAL BOUNDARY FOR EXTERNAL DEBT			
	2010/11	2011/12	2012/13
	Estimate	Estimate	Estimate
	£m	£m	£m
All Borrowing (Capital/Revenue)	176.100	177.100	178.100
Other Long Term Liabilities	1.000	1.000	1.000
Total	177.100	178.100	179.100

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

The Council is asked to note that the authorised limit determined for 2010/11 (see Section 3.11 above) will be the statutory limit determined under section 3 (1) of the Local Government Act 2003.

- 3.14 The prudential indicator in respect of treasury management is confirmation that the Council has adopted the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* (as reported elsewhere on the agenda, with the recommendation that Flintshire County Council approves and adopts the Code, with effect from 1st April 2010). The aim of this indicator is to ensure that treasury management is led by a clear and integrated forward treasury management strategy.

4.00 RECOMMENDATIONS

- 4.01 That Members approve and recommend to County Council on 17th February 2010 -

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

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

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

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 BACKGROUND DOCUMENTS

Various Welsh Assembly Government and CIPFA papers.

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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 10

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **MINIMUM REVENUE PROVISION 2010/11**

1.00 PURPOSE OF REPORT

- 1.01 To present proposals for the setting of a prudent minimum revenue provision for the repayment of debt in 2010/11, as required under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations').

2.00 BACKGROUND

- 2.01 Local authorities are required each year to set aside some of their revenues as provision for the repayment of debt i.e. a provision in respect of capital expenditure financed from borrowing or credit arrangements.
- 2.02 Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', but the regulation does not itself define 'prudent provision'. However, the Welsh Assembly Government (WAG) has provided guidance which makes recommendations to authorities on the interpretation of the term. WAG is currently in the process of updating part of the guidance (subject to consultation with all local authorities in Wales), to take account of the move to International Financial Reporting Standards (IFRS); the revised guidance will take effect from financial year 2009/10.
- 2.03 Authorities are required to prepare an annual statement of their policy on making MRP, which mirrors the existing requirements to report on the prudential borrowing limit and investment policy.

3.00 CONSIDERATIONS

3.01 Meaning of 'Prudent Provision'

- 3.01.1 The WAG guidance provides a number of options for making 'prudent provision'.

It explains that provision for the borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

Date: 09/02/2010

3.02 Options for Prudent Provision

3.02.1 Option 1: Regulatory Method

For debt which is supported by Revenue Support Grant (RSG), authorities may continue to use the formulae specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the regulations which preceded the 2008 Regulations), since the RSG is calculated on that basis, i.e. authorities are able to calculate MRP exactly as if the 2003 Regulations were still in force.

3.02.2 Option 2: CFR Method

This is a technically simpler alternative to Option 1 and may also be used in relation to supported debt. While still based on the concept of the Capital Financing Requirement [CFR], which is easily derived from the balance sheet, it avoids the complexities of the formulae in Regulation 22. However, for most authorities it will probably result in a higher level of provision (and subsequent impact on service budgets) than Option 1, as it would for Flintshire County Council.

3.02.3 Option 3: Asset Life Method

For new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed, there are two options. Option 3 is to make provision in equal annual instalments over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

3.02.4 Option 4: Depreciation Method

Alternatively, for new borrowing under the Prudential system for which no WAG support is being given, Option 4 may be used. This means making MRP in accordance with the standard rules for depreciation accounting.

3.03 Conditions for Using the Options

3.03.1 The intention is that Options 1 and 2 should be used only for WAG supported borrowing. Options 3 and 4 should be used in relation to all capital expenditure which is to be financed by unsupported borrowing or credit arrangements.

4.00 RECOMMENDATIONS

- 4.01 That Members approve and recommend to County Council on 17th February 2010 -

(a) Option 1 (Regulatory Method) be used for the calculation of the minimum revenue provision in 2010/11 for all supported borrowing; this represents a continuation of the approved and adopted policy for 2009/10.

(b) Option 3 (Asset Life Method) be used for the calculation of the minimum revenue provision in 2010/11 for all unsupported (prudential) borrowing; this also represents a continuation of the approved and adopted policy for 2009/10.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The 2010/11 general fund revenue budget provides for the minimum revenue provision in respect of all supported borrowing, on the basis of the Option 1 - Regulatory Method calculation.

- 5.02 Any planned use of unsupported (prudential) borrowing, will need to take account of the revenue consequences of the Option 3 – Asset Life Method calculation, as part of the overall options appraisal and budget setting processes.

6.00 ANTI POVERTY IMPACT

- 6.01 None.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None.

8.00 EQUALITIES IMPACT

- 8.01 None.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None.

10.00 CONSULTATION REQUIRED

- 10.01 None.

11.00 CONSULTATION UNDERTAKEN

- 11.01 None.

12.00 APPENDICES

12.01 None.

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

Various Welsh Assembly Government papers

Contact Officer: Ian LI Jones
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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 11

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **DIRECTOR OF LIFELONG LEARNING**
SUBJECT : **SCHOOL ADMISSION ARRANGEMENTS 2011**

1.00 PURPOSE OF REPORT

- 1.01 To advise Members of the outcome of the statutory consultation exercise on the admission arrangements for September 2011 and to recommend submission to the County Council on 17 February 2010 for approval.

2.00 BACKGROUND

- 2.01 Members will be aware that the local authority is required each year to undertake a statutory consultation exercise on its admission arrangements for the following year. For September 2011, the authority must have determined its arrangements by 15 April 2010 and the statutory consultation must be concluded by 1st March 2010. Statutory consultees are the governing bodies of all schools, admission authorities for all other maintained schools in the area, the Diocesan authorities and neighbouring authorities.
- 2.02 There is a requirement to include "Admission Numbers" in the statutory consultation, as these will determine the number of pupils to be admitted to a school. Admission Numbers are derived from the capacity of a school and are included in Appendix B.
- 2.03 The Council's policy regarding nursery admissions was amended by the Council last year to enable parents to express a preference for the nursery of their choice, with oversubscription criteria applied if necessary if there are more applications than there are places available. This will take effect for September 2010 nursery admissions and the impact of the change of policy will be monitored in terms of the number of refusals compared to previous years.

3.00 CONSIDERATIONS

- 3.01 The current admission arrangements provide for pupils to be offered a place at their nearest school in accordance with the criteria set out in Appendix A. Under these arrangements, the vast majority of parental preferences are met and the number of appeals in Flintshire is low. For example, for September 2008 secondary school admissions there were 36 appeals out of a total 1609 admissions (ie 2.2%) and the figures for September 2009 were 28 appeals for a total of 1616 admissions (1.7%).

Date: 09/02/2010

- 3.02 The present arrangements have been in place since 2003 and were implemented to address significant overcrowding in some schools and to increase occupancy in others so that there was a more balanced intake across the authority's schools. As well as these known and anticipated pressures at that time, the outcome of a study by District Audit on the management of school places highlighted key issues requiring action. A key recommendation was to analyse surplus places and overcrowding and to establish a programme to rationalise school places. Following intensive work to examine such issues as pupil projections, housing and economic development growth, demographics, etc, the school admissions policy was changed from a "feeder school" system to one based on geography i.e. attendance at the school nearest to a pupil's home address. Those pupil first admitted under the "new" policy in 2003 have now finished their statutory education.
- 3.03 The current level of surplus places in Flintshire schools is 15.8% in the primary phase and 12.55% in the secondary phase. In respect of Year 7 admissions to schools in September 2009, 3 secondary schools were oversubscribed, and 10 primary. The School Modernisation Strategy will seek to address issues of over and under supply of school places in areas of Flintshire.
- 3.04 Some members have raised concerns recently about the County Council's transport policy, which although separate from admissions can be an influential factor determining parental preference. The implementation of the transport policy is currently being investigated in detail with the members concerned in order to resolve these issues.
- 3.05 The consultation period runs until 5th February and at the time of writing this report, no comments had been received. Members will be updated verbally at the meeting should any responses be received by the deadline.

4.00 RECOMMENDATIONS

- 4.01 That the proposed admission arrangements for September 2011, as attached to this report, be agreed.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None.

6.00 ANTI POVERTY IMPACT

- 6.01 None.

7.00 ENVIRONMENTAL IMPACT

- 7.01 The capacity assessments for schools ensure that usage of teaching space and other rooms is accurately and consistently calculated and provide useful information relating to surplus places or oversubscription.

8.00 EQUALITIES IMPACT

- 8.01 All parents have an opportunity to express a preference for a particular school and all applications are dealt with in an open and transparent manner in accordance with the criteria.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None.

10.00 CONSULTATION REQUIRED

- 10.01 No further statutory consultation is required.

11.00 CONSULTATION UNDERTAKEN

- 11.01 All schools were consulted about their capacity assessments and admission numbers in 2007/8. All statutory consultees have been consulted regarding the admission arrangements for 2011.

12.00 APPENDICES

- 12.01 Appendix A - Admission Arrangements September 2011
Appendix B - Admission Numbers

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

Welsh school Admissions Code

Contact Officer: Tom Davies
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E-Mail: tom_davies@flintshire.gov.uk

Flintshire Schools

Policy and Process for Admissions to Schools

The County Council, as the Local Authority, is responsible for determining the arrangements for admissions, and for admissions to all Community Primary, Secondary and Special Schools and Voluntary Controlled Schools. The LA will consult annually with school Governing Bodies and the Diocesan Education Authorities in relation to admissions.

The LA will comply with statutory requirements and will give full recognition to the expression of parental preference, and, in the case of sixth form admissions, to the expression of a preference by a young person, in the context of its duty to ensure the provision of effective education and the efficient use of education resources. The LA will admit pupils up to the Admission Number and will not refuse applicants for a particular school unless that school has reached its Admission Number.

The Admission Number for each school relates to the number of children that can be admitted to each year group during the school year. The Admission Number for each school is indicated on the **'Schools List'**

The LA will not, however, expand a school to meet demand which does not comply with the admissions criteria.

Admissions Procedure

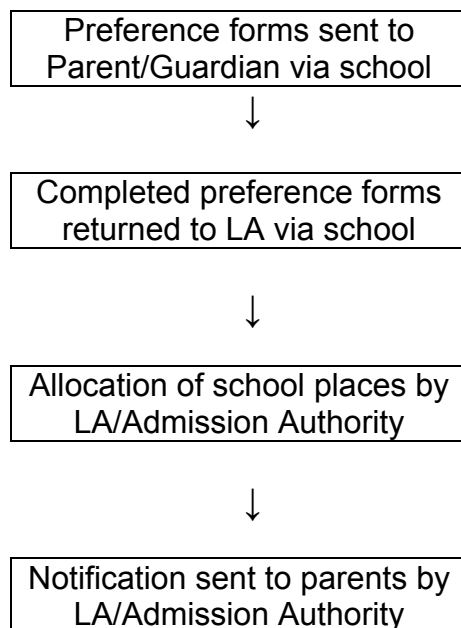
The annual admissions procedure applicable to the relevant age group will include the following stages:

- Publication of the 'Guide to Education Services'.
- Arrangements to enable parents to express a preference for a school they wish their child/children to attend, and, in the case of sixth form admissions, expression of a preference by a young person.
- Consideration of preferences in accordance with the admissions criteria, up to the Admission Number for each school.

Please Note

Expressing a preference does not guarantee a place at your chosen school if that school is oversubscribed. If more parents apply for places at the school than the number of places available, the Authority will apply the oversubscription criteria for allocating places as set out in this Guide.

Admissions Process September 2011



For entry to school in 2011 children must have reached the required age for each sector as set out below by 31st August 2010.

Nursery – 3yrs Reception – 4yrs Junior – 7yrs Secondary – 11yrs

Admissions Timetable

Admission Stages	Admission forms available to parents by:	Parental consideration period:	Parents return completed forms to schools/LEA closing date:	Allocation of places period:	LEA to inform parents by:
Secondary	06.09.10	06.09.10 - 31.10.10	01.11.10	01.11.10 - 14.01.11	31.01.11
Reception, Infants to Juniors	06.09.10	06.09.10 - 31.10.10	01.11.10	01.11.10 - 04.03.11	18.03.11
Nursery	05.01.11	05.01.11- 18.02.11	21.02.11	21.02.11 - 15.04.11	06.05.11

Please note administration dates of neighbouring counties may be different to those above but Flintshire LA will work closely with neighbouring LAs to coordinate admission arrangements. If the school, for which you wish to express a preference, is in another county, please contact the respective LA to ensure you do not miss the closing date.

Denbighshire County Council
Directorate of Lifelong Learning

Council Offices
Wynnstay Road
Ruthin
Denbighshire
LL15 1AT
Tel: 01824 712621

Wrexham County Borough Council
Children and Young People Service
16 Lord Street
Wrexham
LL11 1LG
Tel: 01978 298810 / 298812/ 298813

Cheshire West & Chester Council
School Admissions
Wyvern House
The Drummer
Winsford
Cheshire
CW7 1AH
Tel: 0300 123 7039

Admissions Criteria

The LA will comply with its duty to ensure the provision of effective education and the efficient use of resources. In so doing, the LA will have regard to the total resources, including accommodation and staffing, available to each school and any constraints imposed by the school organisation and curriculum. It will also consider the resource implications for the authority and impact on other education policies.

Should the number of applications for a place at the school be greater than the Admission Number of the year group, then the application will be considered in a priority order as set out below.

Admissions Policy for Early Entitlement to Education

A part-time education place is available for every child the term after his/her third birthday.

Children born in...	Entitled to...
Autumn Term	2 terms of educational provision (Spring and Summer)
Spring Term	1 term of educational provision (Summer)
Summer Term	These children receive their education entitlement in the school nursery classes in the Autumn term

after their 3 rd birthday.

Parents may state a preference for an approved setting which may be a pre school playgroup (English or Welsh), a private day nursery, a 'network' childminder or school nursery class. Application for a place is made directly to the setting. Forms are available all year.

Notes:

- 1. Admission to an Early Entitlement setting at a particular school does not guarantee subsequent admission to nursery at that school.**
- 2. No transport is provided.**

For further information on approved settings please contact:
The Early Years Advisor, Tel: 01352 704104.

Nursery

Criteria to be applied by the Authority for Nursery Admissions

A child becomes eligible for a place at a nursery class in the September following the child's 3rd birthday. Nursery education is not compulsory and parents have no right of appeal regarding nursery admissions under the School Standards and Framework Act 1998.

Nursery schooling in all schools/units will be provided on the basis of 5 x 2.5 hour sessions per week for each child.

Parents may express a preference for any nursery irrespective of where the child's home is in relation to the school. However, expressing a preference does not guarantee a place at that nursery.

In the event of oversubscription, applications for nursery places will be dealt with by applying the admissions criteria in respect of primary schools as set out in this Guide.

When making the decision about the 'nearest suitable school' the Authority will accept only the pupil's home address and not that, for example, of childminder or grandparents. Parents will be asked to provide official documentation showing home address. Parents are advised that a school place may be lawfully withdrawn if the information given on their application form is fraudulent or misleading.

Application forms for nursery school admission are available from headteachers at all nursery/infant/primary schools. The forms will be available according to Admissions timetable as set out in this Guide.

Notes:

- 1. Admission to a nursery class at a particular Infant or Primary School does not guarantee subsequent admission to reception class at that school.**
- 2. No transport is provided.**

Primary

Admission to Primary Schools in Flintshire

The Authority will admit a child to a maintained infant/primary school at the beginning of the school year if the child has achieved his/her 4th birthday on or before August 31st of that calendar year.

Admission is the responsibility of the Director of Lifelong Learning and will be based on the criteria listed below.

For pupils transferring from infant to junior school a parental preference form will be sent to each parent/guardian. Parents may express a preference for their nearest junior school or may insert the name of another school should they prefer that school.

In accordance with legislation, infant class sizes are restricted to a limit of thirty.

Criteria to be applied in order of priority by the Authority for admission to Nursery, Infant, Junior or Primary Schools:

Nursery, Infant and Primary Schools:

- a) the LA will consider the needs of a 'looked after child' (child in care) and pupils with a statement of special educational needs which includes a named school
- b) pupils for whom the preferred school is the nearest appropriate school to the pupil's home address
- c) pupils who have expressed a preference for a school which is not the nearest to their home address will be admitted if they have a sister or brother attending the preferred school
- d) pupils for whom the preferred school is not the nearest to their home address

If there are more applicants than places in any of the above categories, priority will be given to applicants living nearest the school, measured from the child's home address to the recognised main entrance of the school.

Junior School

Parents of pupils transferring from Infant to Junior School will be given the opportunity to express a preference and places will be allocated using the following criteria:

- a) the LA will consider the needs of a 'looked after child' (child in care) and pupils with a statement of special educational needs which includes a named school
- b) pupils for whom the preferred school is the nearest appropriate school to the pupil's home address
- c) pupils who have attended the 'feeder' infant school and for whom the preferred school is the nearest appropriate school
- d) pupils who have expressed a preference for a school which is not the nearest to their home address will be admitted if they have a sister or brother attending the preferred school
- e) pupils who attend the 'feeder' infant school but for whom the preferred school is not the nearest to their home address
- f) pupils for whom the preferred school is not the nearest to their home address.

If there are more applicants than places in any of the above categories, priority will be given to applicants living nearest the school, measured from the child's home address to the recognised main entrance of the school.

Secondary

Admission to a Secondary School in Flintshire

Pupils will normally be transferred from a primary to a secondary school in the September following their eleventh birthday.

The Director of Lifelong Learning will invite parents to express their preference for a secondary school for their child. A Parental Preference Form will be sent to each parent/guardian, and on each form there will be a list of secondary schools. Parents may express a preference for one of the schools listed or may insert the name of another school should they prefer that school to those listed. However, where a school is oversubscribed, places will be allocated up to the Admission Number in accordance with the admissions criteria set out in priority order as described below.

It should be noted that transport will only be provided in accordance with the Transport Policy.

Criteria to be applied in order of priority by the Authority for admissions to Secondary Schools:

For entry into a designated **secondary** school, the following specific arrangements will apply:

- a) the LA will consider the needs of a 'looked after child' (child in care) and pupils with a statement of special educational needs which includes a named school
- b) pupils for whom the preferred school is the nearest appropriate school to the pupil's home address
- c) where a preference is expressed for a school other than the nearest to a pupil's home address, where an older brother or sister is registered and will still be attending when the younger sibling will be starting, the younger sibling will be admitted to that school.
The 'sibling rule' will only be applied for the statutory period of education i.e. between the Years 7-11 to enable the Local Authority to plan the provision of school places. Where an older sibling is continuing to attend the same secondary school for their Post-16 courses, the Authority will look to apply the 'sibling rule' in the case of the younger child
- d) where a preference has been expressed for a school other than the nearest to a pupil's home address and there is no brother or sister attending that school, pupils will be admitted in order of proximity to that alternative school and up to its Admission Number.

If there are more applicants than places in any of the above categories, priority will be given to applicants living nearest the school, measured from the child's home address to the recognised main entrance of the school.

The nearest appropriate school is interpreted as:

- (a) the school nearest to the child's home measured from child's home address to the recognised main entrance of the school.**
- (b) the nearest Welsh medium school where parents wish their children to receive their education through the medium of Welsh.**
- (c) the nearest Denominational school where parents wish to have their children educated in a denominational school.**

Admissions to schools other than those maintained by the LA

Parents wishing to express a preference for a school in another county other than Flintshire should still use the Flintshire LA preference form and it will be passed to the relevant neighbouring Authority, with the exception of Cheshire West and Chester Council who request you contact them directly. Please be aware of each Authority's admission timetable and closing dates.

Waiting Lists

If a parent is refused a place for their child at their preferred school during the normal admissions round, the LA will, in agreement with the parent, place the child's name on a waiting list until 31 August in the school year in which they apply. If additional places become available while the waiting list is in operation, and before any appeals are heard, they will be allocated to applicants on the waiting list in accordance with the oversubscription criteria and not according to the date the application was submitted. Placing a name on a waiting list, however, is not a guarantee of an eventual place at the school applied for and also does not affect the parent's right of appeal.

Admission of Pupils from outside Flintshire

Children residing outside Flintshire will only be admitted in accordance with the stated criteria. See 'Admissions Criteria'.

Change of School within Flintshire at times other than normal transfer points

Schools in Flintshire have an agreed protocol for transfers from one nominated school to another other than at the normal transition point. A parent seeking such a transfer should initially speak to the headteacher of the child's current school to discuss the reasons for that transfer. If, following this discussion, the parent wishes to continue the process, contact should then be made with the headteacher of the new school. Headteachers will refer parents to an officer of the Local Authority, particularly in cases where pupil numbers in the new school have exceeded the Admission Number in the appropriate year group. In such circumstances admission to the new school may be refused. Parents who are dissatisfied with this may give notice of appeal, as outlined below.

Admissions other than at normal entry point

For pupils moving into the area at times other than the normal admission round (September of each year), the LA will endeavour to meet parental preferences as far as possible. However, where it is deemed to be prejudicial to the efficient and effective use of resources, parents will be offered a place at an alternative school. The parent may then accept the alternative placement, or may give notice of appeal.

Appeals Procedure

If the Authority is unable to comply with the parental preference then the parent will be offered a place at another school. The parent may then accept the alternative placement, or may give notice of appeal.

The request for the appeal (which shall be sent to the Director of Lifelong Learning) must be in writing giving the reasons for the appeal. The Authority

will initiate the appeals procedure of the School Standards and Framework Act 1998. The parents, or parent accompanied by a friend if desired, will be given an opportunity to appear before an independent Appeal Panel. **The decision of the Independent Appeal Panel will be final.** Details describing the appeals procedure is outlined in a leaflet which is available on request.

Provision for Children with Additional Needs

The Authority, with the schools it maintains, makes appropriate and relevant provision for pupils with additional needs. Schools will have regard to the Code of Practice for Special Educational Needs when identifying, assessing and providing for children who have these needs. Some children may require special educational provision which is over and above that which a mainstream school could reasonably be expected to provide. The Authority will assess the needs of such pupils in accordance with the guidelines laid down by the Code of Practice. Where the assessment indicates this to be necessary, it will arrange for extra provision to be made for them. This provision will be included in a statement of special educational need for the child concerned. This document is negotiated with parents and schools. It states the child's needs and how and where those needs will be met.

All Governing Bodies have a Governor with responsibility for the Special Needs Policy, which parents are entitled to see. Each school has an Additional Needs Co-ordinator who oversees the day to day operation of the policy. Parents who wish to discuss any aspect of their child's additional educational needs should first contact his or her Headteacher. The Authority also has a Special Needs Policy, a copy of which is available for interested parents.

Admissions to Special Schools

Special Schools will normally only admit pupils with a statement of special educational need issued under the 1996 Education Act. In exceptional circumstances, they will admit pupils, who are being assessed under the 1996 Education Act. The statementing procedure is administered by the Inclusion Service at County Hall. (Telephone: 01352 704028/704029)

PRIMARY SCHOOLS - ADMISSION NUMBERS

APPENDIX B

School Name	Capacity including Nursery	Planned Admission Number
Abermorddu Juniors and Infants C.P.	234	29
Bagillt (Merllyn C.P.)	196	25
Bagillt (Ysgol Glan Aber C.P.)	104	13
Broughton Infants C.P.	210	60
Broughton Juniors C.P.	240	60
Brynford C.P.	58	8
Buckley (Mountain Lane C.P.)	409	58
Buckley (Southdown C.P.)	382	54
Buckley (Westwood CP)+	247	32
Caerwys (Ysgol yr Esgob Aided)	97	12
Carmel (Ysgol Bro Carmel C.P.)	180	25
Cilcain (Ysgol y Foel C.P.)	95	12
Connah's Quay (Bryn Deva C.P.)	283	40
Connah's Quay (Custom House Lane Juniors C.P.)	224	56
Connah's Quay (Dee Road Infants C.P.)	136	45
Connah's Quay (Golftyn C.P.)	404	57
Connah's Quay (Wepre Lane C.P.)	307	43
Drury C.P.	136	17
Ewloe Green C.P.	349	49
Ffynnongroew (Ysgol Bryn Garth C.P.)	131	17
Flint (St.Mary's R.C.)	327	43
Flint (Ysgol Croes Atti C.P.)	235	29
Flint Cornist C.P.	289	41
Flint Gwynedd C.P.	511	70
Flint Mountain (Ysgol Maes Edwin C.P.)	76	10
Greenfield C.P.	228	32
Gronant C.P.	153	20
Gwernaffield (Ysgol y Waun C.P.)	121	15
Gwernymynydd C.P.	88	11
Gwespyr Picton (Ysgol Gymraeg Mornant C.P.)	119	15
Hawarden (Cross Tree Lane Infants C.P.)	180	60
Hawarden (Rector Drew Juniors Aided)	240	60
Hawarden (Ysgol Penarlag C.P.)	220	28
Higher Kinnerton	190	27
Holywell (Perth y Terfyn Infants C.P.)	110	36
Holywell (St.Winefride's R.C.)	206	26
Holywell (Ysgol Gwenffrwd C.P.)	278	36
Holywell (Ysgol y Fron Juniors C.P.)	194	48
Hope (Ysgol Estyn C.P.)	249	30
Leeswood (Ysgol Derwenfa C.P.)	154	19

Lixwm C.P.	77	9
Llanfynydd C.P.	86	11
Mold (St.David's R.C.)	158	20
Mold (Ysgol Bryn Coch C.P.)	599	85
Mold (Ysgol Bryn Gwalia C.P.)	252	33
Mold (Ysgol Glanrafon C.P.)	281	35
Mostyn (Ysgol Bryn Pennant C.P.)	111	14
Mynydd Isa (Wat's Dyke Infants C.P.)	193	64
Mynydd Isa Juniors C.P.	276	69
Nannerch Controlled	114	15
Nercwys Controlled	51	6
Northop (Ysgol Owen Jones C.P.)	147	19
Northop Hall C.P.	222	30
Pentrobin Aided	98	12
Penyffordd (Abbots Lane Infants C.P.)	124	37
Penyffordd Juniors C.P.	150	37
Queensferry C.P.	180	25
Rhesycae Controlled	65	8
Rhosesmor (Rhos Helyg C.P.)	158	20
Saltney (St.Anthony's R.C.)	171	21
Saltney (Wood Memorial C.P.)	231	30
Saltney Ferry C.P.	252	33
Sandycroft C.P.	354	48
Sealand C.P.	223	30
Shotton (St.Ethelwold's Aided)	107	15
Shotton (Taliesin Juniors C.P.)	198	49
Shotton (Venerable Edward Morgan R.C.)	297	40
Shotton Infants C.P.	163	50
Sychdyn C.P.	177	25
Trelawnyd Aided	121	15
Trelogan C.P.	80	10
Treuddyn (Ysgol Parc y Llan C.P.)	117	15
Treuddyn (Ysgol Terrig C.P.)	103	13
Whitford Aided	115	15
	14641	

SECONDARY SCHOOLS - ADMISSION NUMBERS

APPENDIX B

School Name	Capacity	Admission Number
John Summers High School	565	104
Holywell High School	1075	186
Ysgol Maes Garmon	711	120
Flint High School	840	151
Elfed High School	1037	175
St. David's High School	687	117
Argoed High School	580	116
Connah's Quay High School	1102	198
St. Richard Gwyn High School	1000	173
Hawarden High School	1145	195
Castell Alun High School	1240	211
Alun High School	1768	250
	11750	

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 13

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **HEAD OF HUMAN RESOURCES AND ORGANISATIONAL
DEVELOPMENT**
SUBJECT : **WORKFORCE INFORMATION REPORT**

1.00 PURPOSE OF REPORT

1.01 To provide Executive members with an update for the third quarter of 2009 / 10 Workforce Information reports which contains the following reports:

- Headcount
- Establishment
- Diversity summary
- Absence

2.00 BACKGROUND

2.01 The format of the Workforce Information reports was approved by the Overview and Scrutiny Committee for People and Performance on 9 March 2009 and by the Corporate Management Team on 26 March 2009. A data definition document, which should be read in conjunction with the Workforce Information reports, is attached at Appendix 2 of the report.

3.00 CONSIDERATIONS

3.01 As mentioned in the second quarter report, work is on-going to cleanse the data held for accurately recording the Council's establishment on the Midland Trent system. There has been some significant work undertaken during the third quarter to improve the quality of this data. Further work is still required to continue the improvements sought in this area.

3.02 Employee turnover figures are ordinarily provided by Midland Trent as part of this workforce information report. For this quarter, the employee turnover figures have not been included as the data has been adversely impacted by essential cleansing work on 'starters' and 'leavers' on the Midland Trent system. The employee turnover figures will be reinstated for the quarter 4 report. Further work will need to be undertaken to analyse areas where there may be concerns about levels of turnover in order to support appropriate recruitment and retention strategies.

3.03 In this quarter, the Council has 13,034 occupied positions / posts. These positions are occupied by 9,204 employed workers. The difference between

Date: 09/02/2010

the number of occupied positions and the actual headcount is explained by the fact that large numbers of employees hold multiple contracts.

- 3.04 Two sickness absence figures are provided by Midland Trent, the first is based on industry recommendations (ACAS and CIPD) and show a percentage absence rate figure. This can be used to benchmark the Council against a range of similar type and high performing organisations.

Flintshire County Council percentage sickness absence rate:

Quarter 3 2009 / 10 6.13%

Quarter 2 2009 / 10 4.40%

Quarter 1 2009 / 10 4.55%

- 3.05 The second sickness absence figure is based on the calculation required for the Welsh Local Authority KPI (Key Performance Indicator). This is based upon FTE (Full Time Equivalent) days lost and is calculated over the three quarters up to and including 31/12/2009.

Sickness absence (FTE calculation):

Quarter 3 2009 / 10: 3.26 days lost

Quarter 2 2009 / 10: 2.34 days lost

Quarter 1 2009 / 10: 2.42 days lost

- 3.06 Members should note that there are improved figures in relation to sickness absence for the first and second quarters of 2009 / 10 when compared with the previous report to Executive. The days lost to sickness absence for the first quarter were reported as 2.77 days. By comparison, the days lost reported for the first quarter in the attached Workforce Information report are now 2.42 days. The second quarter reported days lost of 2.66 days this is now reported as 2.34 days. The reason for this is that sickness absence paperwork relating to employees returning to work during the previous quarters had not been received at the time the Workforce Information report was generated.
- 3.07 The sickness absence figures have increased for this third quarter. This represents an anticipated trend given the time of year. There is a slight improvement when comparing the same quarter last year i.e. 6.16% / 3.28 days lost when compared with 6.13% / 3.26 days lost for this quarter. Improved monitoring and management of attendance and the analysis of trends will be achieved following the implementation of the new Attendance Management Policy and Strategy, as referred to in paragraphs 3.09 and 3.10 below.
- 3.08 The Council is also seeking to compare Sickness Absence rates and days within Flintshire with other Local Authorities across North Wales for the first two quarters of 2009 / 10. (This information is retrospective as the other local

authorities are required to report their sickness absence figures to their Executive Committees before disclosing the same to neighbouring authorities for benchmarking purposes).

The table indicates that Flintshire's attendance figures for the second quarter of 2009 / 10 are on a par with the other three local authorities shown. Further work needs to be undertaken to extend the benchmarking exercise to include other public and private sector organisations.

Authoirty	Denbighshire		Gwynedd		Flintshire		Wrexham	
Period	Quarter 1 (Apr - Jun 2009)	Quarter 2 (July - Sep 2009)	Quarter 1 (Apr - Jun 2009)	Quarter 2 (July - Sep 2009)	Quarter 1 (Apr - Jun 2009)	Quarter 2 (July - Sep 2009)	Quarter 1 (Apr - Jun 2009)	Quarter 2 (July - Sep 2009)
Days Lost	10176	9395	15979	15206	13209	12884	10890	12030
Average Per Employee	2.62	2.42	2.30	2.15	2.42	2.34	2.14	2.36

3.09 Members will recall that the Human Resources team have developed an Attendance Management Policy and an Attendance Management Strategy as part of the revised People Strategy with the following aims:

- To improve the performance and consistency of attendance management in the Council
- To maximise the potential of workforce information by providing accurate, timely and relevant workforce information to managers
- To support managers in the identification of trends and issues in order to develop tailored action plans
- To ensure that employees are treated fairly and consistently in the management of their attendance at work

3.10 The policy and proposed strategy has been endorsed by the Corporate Management team and the implementation process is underway across the organisation. The strategy provides clear guidance as to the roles and responsibilities of all parties in managing attendance effectively, e.g. Corporate Management Team, Heads of Service, line managers, employees, Trade Unions and Human Resources. This strategy will drive and support improved performance in relation to the effective management of sickness absence. Improved performance in this area will not be immediate but should start to have a positive impact over the coming months.

4.00 **RECOMMENDATIONS**

- 4.01 That Executive Members note the workforce information report for the third quarter.

5.00 FINANCIAL IMPLICATIONS

- 5.01 Increased accuracy of reporting of the employed workforce will allow the Council to better understand, plan and manage the largest single cost of service deliver more effectively.

6.00 ANTI POVERTY IMPACT

- 6.01 None

7.00 ENVIRONMENTAL IMPACT

- 7.01 None

8.00 EQUALITIES IMPACT

- 8.01 Accurate diversity information will enable the Council and directorates to formulate meaningful action plans in addressing recruitment, training and career development issues for under represented groups.
- 8.02 There is an Equalities Information Audit about to be carried out in HR and OD, this will then be expanded out to the areas identified within the scope of EIA project and will be expanded to cover the rest of the Authority in early 2010. Once returned and the details inputted in to the Midland Trent system, this should better inform the Corporate reports and service plans.

9.00 PERSONNEL IMPLICATIONS

- 9.01 Further work is required to analyse and interpret the suite of reports and the trends as comparative data is available. The Human Resources Managers will advise and support Directorate Management teams and managers in how this data can be used for workforce planning purposes and the monitoring and managing of services.

10.00 CONSULTATION REQUIRED

- 10.01 None

11.00 CONSULTATION UNDERTAKEN

- 11.01 Previously undertaken

12.00 APPENDICES

12.01 Workforce Information Report for Third Quarter of 2009/10.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

Workforce Information Papers

Contact Officer: Helen Stappleton
Telephone: 01352 702720
E-Mail: helen_stappleton@flintshire.gov.uk

FLINTSHIRE COUNTY COUNCIL

Workforce Information Report

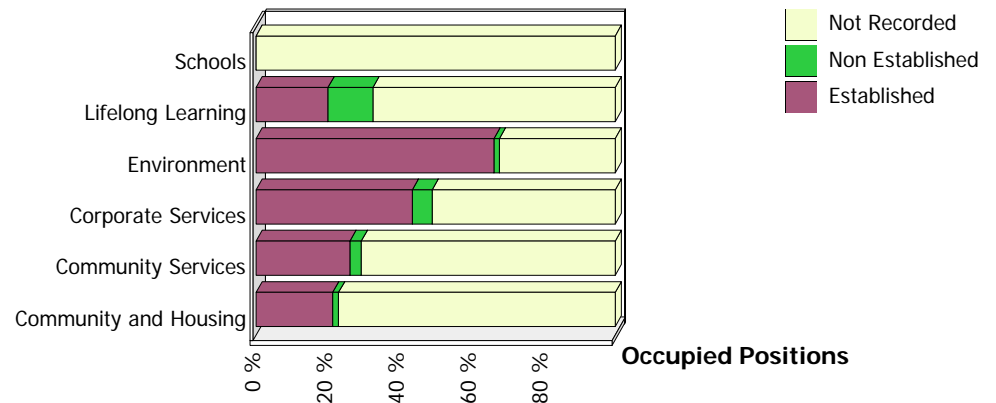
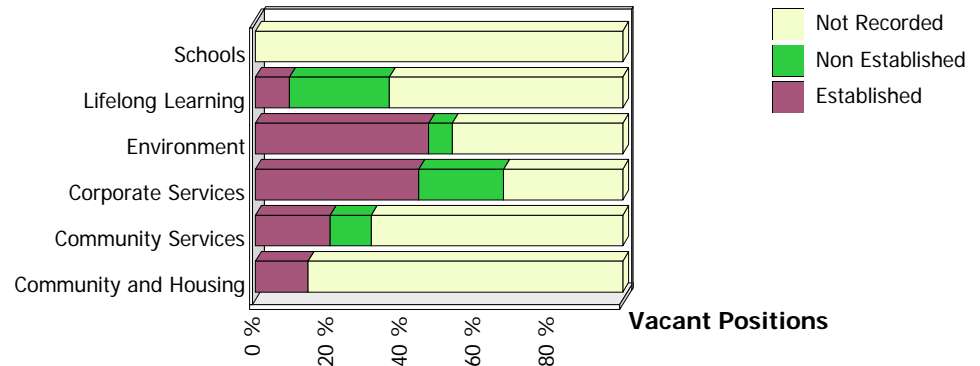
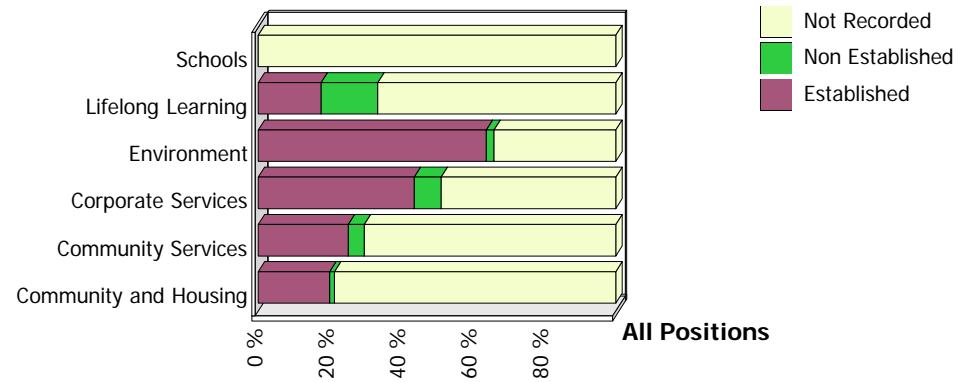
Period Up To: 31/12/2009

Establishment Summary By Directorate

Data on this page is effective as at : 31/12/2009

Last Refreshed On : 20/01/2010

Directorate	Position Status	Positions		
		Total	Vacant	Occupied
Community and Housing	<i>Established</i>	15	2	13
	<i>Non Established</i>	1	0	1
	<i>Not Recorded</i>	59	12	47
	Total:	75	14	61
Community Services	<i>Established</i>	551	76	475
	<i>Non Established</i>	99	42	57
	<i>Not Recorded</i>	1,541	257	1,284
	Total:	2,191	375	1,816
Corporate Services	<i>Established</i>	448	52	396
	<i>Non Established</i>	77	27	50
	<i>Not Recorded</i>	502	38	464
	Total:	1,027	117	910
Environment	<i>Established</i>	681	66	615
	<i>Non Established</i>	23	9	14
	<i>Not Recorded</i>	364	65	299
	Total:	1,068	140	928
Lifelong Learning	<i>Established</i>	556	67	489
	<i>Non Established</i>	504	197	307
	<i>Not Recorded</i>	2,109	461	1,648
	Total:	3,169	725	2,444
Schools	<i>Established</i>	1	0	1
	<i>Not Recorded</i>	8,192	1,048	7,144
	Total:	8,193	1,048	7,145
	Totals:	15,723	2,419	13,304



Headcount Summary By Directorate

Data on this page is effective as at : 31/12/2009

Last Refreshed On : 20/01/2010

Flintshire County Council Actual Total Headcount : 9,204

Directorate	HEADCOUNT			POSITION TYPE						POSITION BASIS			
	Total FTE	People	Positions	Permanent	Relief	Temporary Fixed Term	* Via Managed Agency Service	Seasonal Fixed Term	Contract For Services	Full Time	Full Time Term Time	Part Time	Part Time Term Time
Community and Housing	41	57	61	47	2	12	0	0	0	37	0	24	0
Community Services	1,246	1,578	1,806	1,341	241	224	0	0	0	950	0	839	1
Corporate Services	454	790	908	471	352	84	0	0	0	414	2	485	1
Environment	760	909	927	719	30	178	0	0	0	686	1	235	5
Lifelong Learning	777	1,815	2,375	1,210	698	466	0	0	1	471	11	1,727	12
Schools	2,273	4,599	7,144	3,529	1,636	1,979	0	0	0	1,370	78	5,263	433
Totals:	5,551	9,748	13,221	7,317	2,959	2,943	0	0	1	3,928	92	8,573	452
				55.34 %	22.38 %	22.26 %	0.00 %	0.00 %	0.01 %	29.71 %	0.70 %	64.84 %	3.42 %

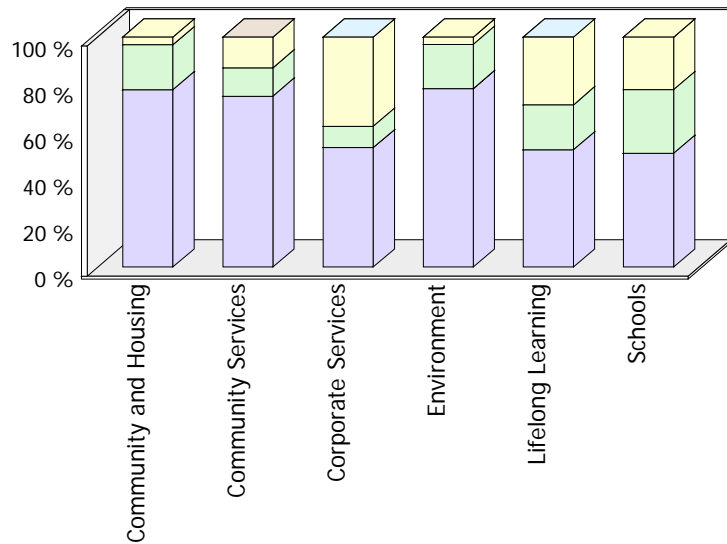
Contract For Services
 Seasonal Fixed Term
 Relief

Temporary Fixed Term
 *Agency
 Permanent

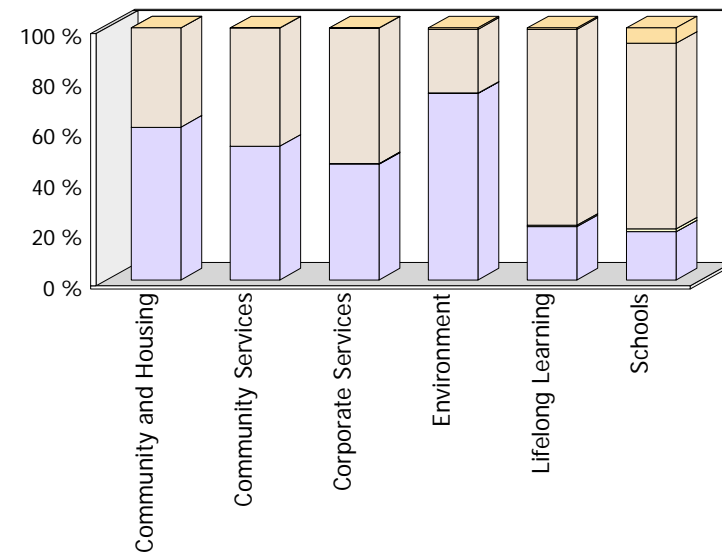
Part Time Term Time
 Part Time

Full Time Term Time
 Full Time

Position Type



Position Basis



* Data for the managed agency service is not recorded in Trent, but has been provided from the managed agency service system - Matrix

The sum of the percentages may not always total to 100% due to rounding

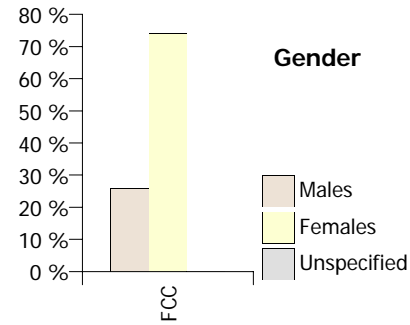
Diversity Summary

Data on this page is effective as at : 31/12/2009

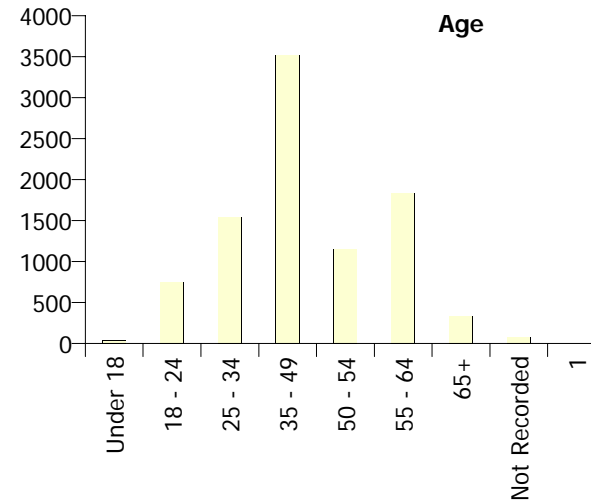
Last Refreshed On : 20/01/2010

Flintshire County Council Diversity Summary

% Male	% Female	% unspecified	% White	% BME	% Ethnicity Not Recorded	% Welsh (Preferred Language)	% Disabled
25.80 %	74.10 %	0.10 %	55.72 %	0.23 %	44.05 %	0.93 %	1.26 %



Age Band	Count	%
Under 18	28	0.30 %
18 - 24	746	8.08 %
25 - 34	1540	16.68 %
35 - 49	3522	38.15 %
50 - 54	1153	12.49 %
55 - 64	1837	19.90 %
65+	330	3.57 %
Not Recorded	76	0.82 %
1	1	0.01 %
Total	9233	



The sum of the percentages may not always total to 100% due to rounding.

Diversity Summary

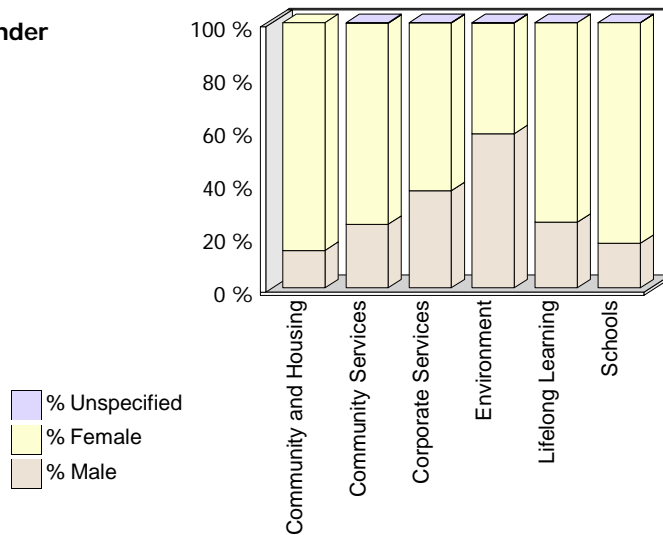
Data on this page is effective as at : 31/12/2009

Last Refreshed On : 20/01/2010

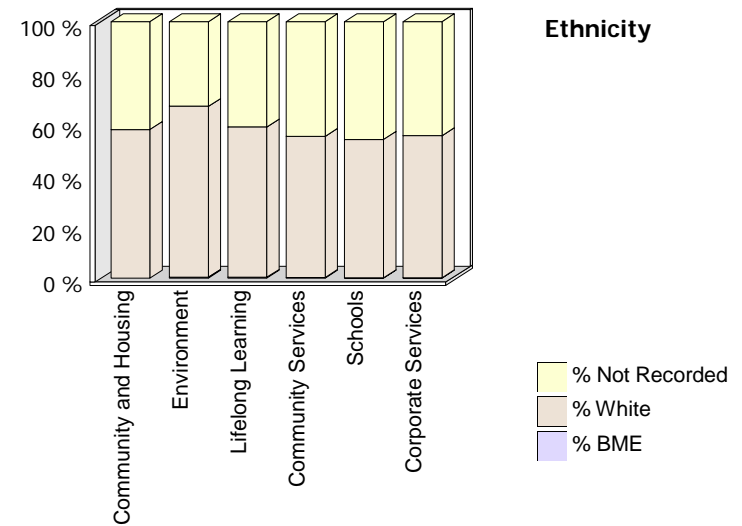
Diversity Summary By Directorate

Directorate	% Male	% Female	% Unspecified	% White	% BME	% Not Recorded	% Welsh (Preferred language)	% Disabled
Community and Housing	14.04 %	85.96 %	0%	57.89 %	0%	42.11 %	0%	0%
Community Services	23.89 %	75.85 %	0.25 %	55.06 %	0.25 %	44.69 %	0.13 %	2.21 %
Corporate Services	36.62 %	63.26 %	0.13 %	55.43 %	0.13 %	44.44 %	0.88 %	1.52 %
Environment	58.20 %	41.69 %	0.11 %	66.67 %	0.33 %	33.00 %	0%	2.64 %
Lifelong Learning	24.73 %	75.22 %	0.05 %	58.62 %	0.33 %	41.05 %	0.65 %	1.19 %
Schools	16.76 %	83.19 %	0.04 %	53.92 %	0.15 %	45.92 %	1.46 %	0.57 %

Gender



Ethnicity



Diversity Summary

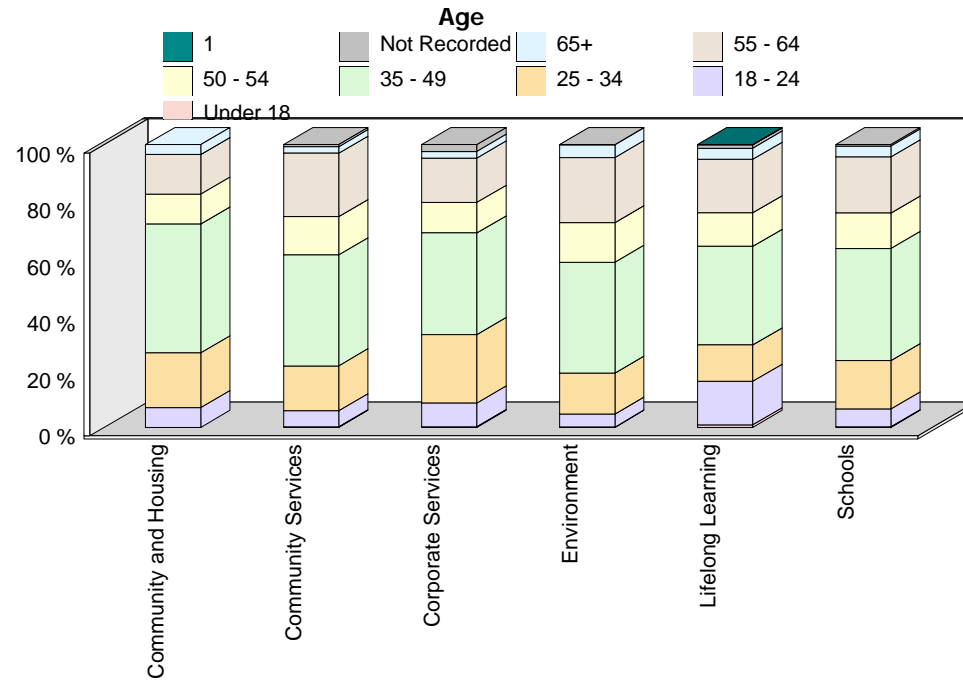
Data on this page is effective as at : 31/12/2009

Last Refreshed On : 20/01/2010

The sum of the percentages may not always total to 100% due to rounding.

Age Summary By Directorate

Directorate	Under 18	%	18 - 24	%	25 - 34	%	35 - 49	%	50 - 54	%	55 - 64	%	65+	%	Not Recorded	%
Community and Housing	0	0%	4	7.02 %	11	19.30 %	26	45.61 %	6	10.53 %	8	14.04 %	2	3.51 %	0	0%
Community Services	2	0.13 %	91	5.75 %	251	15.87 %	620	39.19 %	216	13.65 %	353	22.31 %	38	2.40 %	11	0.70 %
Corporate Services	2	0.25 %	66	8.33 %	192	24.24 %	285	35.98 %	85	10.73 %	124	15.66 %	19	2.40 %	19	2.40 %
Environment	1	0.11 %	42	4.62 %	131	14.41 %	357	39.27 %	127	13.97 %	209	22.99 %	41	4.51 %	1	0.11 %
Lifelong Learning	16	0.87 %	283	15.35 %	238	12.91 %	644	34.92 %	219	11.88 %	348	18.87 %	73	3.96 %	22	1.19 %
Schools	7	0.15 %	293	6.37 %	786	17.09 %	1,825	39.68 %	574	12.48 %	914	19.87 %	176	3.83 %	24	0.52 %
Totals:	28		779		1,609		3,757		1,227		1,956		349		77	



The sum of the percentages may not always total to 100% due to rounding.

Absence Rate Summary By Directorate

Data on this page is effective for quarters between : 01/04/2009 and 31/12/2009

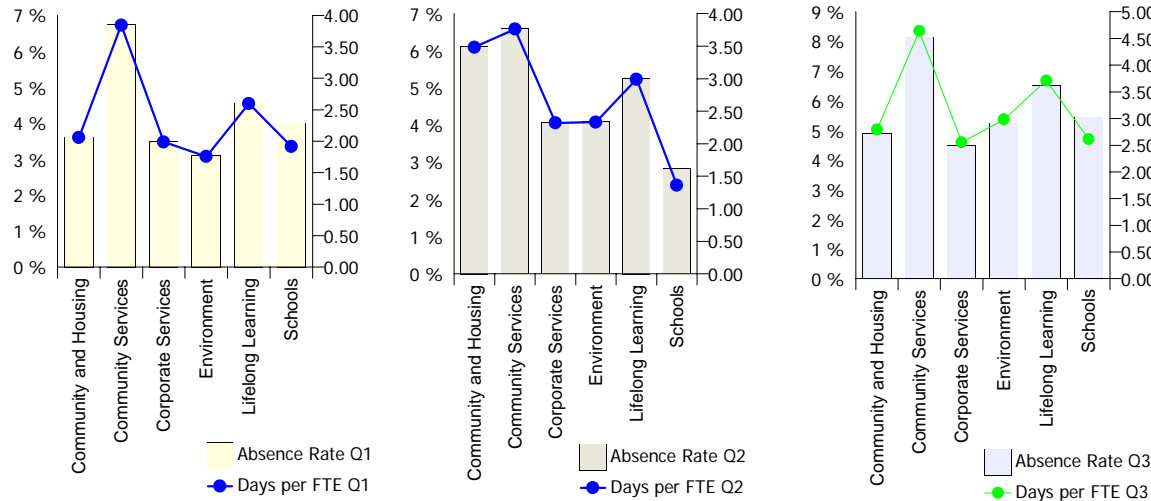
Last Refreshed On : 20/01/2010

Q1 = April - June Q2 = July - September Q3 = October - December Q4 = January - March

Cumulative Totals

Day Lost	Average Days Available	Absence Rate	FTE Days Lost
44,165	877,939	5.03 %	8.04

Directorate	Days Lost Q1	Average Days Available Q1	Absence Rate Q1	Days per FTE Q1	Days Lost Q2	Average Days Available Q2	Absence Rate Q2	Days per FTE Q2	Days Lost Q3	Average Days Available Q3	Absence Rate Q3	Days per FTE Q3	FTE Days Lost
Community and Housing	94	2,611	3.61 %	2.06	152	2,491	6.11 %	3.48	118	2,417	4.90 %	2.79	6.01
Community Services	4,626	68,576	6.75 %	3.84	4,583	69,402	6.60 %	3.76	5,726	70,379	8.14 %	4.64	5.77
Corporate Services	904	25,894	3.49 %	1.99	1,055	25,900	4.07 %	2.32	1,160	25,881	4.48 %	2.56	3.42
Environment	1,279	41,433	3.09 %	1.76	1,696	41,459	4.09 %	2.33	2,221	42,404	5.24 %	2.99	3.52
Lifelong Learning	1,955	42,867	4.56 %	2.60	2,271	43,259	5.25 %	2.99	2,844	43,657	6.51 %	3.71	6.16
Schools	4,352	108,897	4.00 %	1.92	3,127	110,172	2.84 %	1.36	6,003	110,242	5.45 %	2.61	3.02
Totals	13,209	290,278	4.55 %	2.42	12,884	292,682	4.40 %	2.34	18,072	294,978	6.13 %	3.26	



Target KPI :

0809 Directorates	Prev Days Lost Q1	Prev Average Days Available Q1	Prev Absence Rate Q1	Prev Days Per FTE Q1	Prev Days Lost Q2	Prev Average Days Available Q2	Prev Absence Rate Q2	Prev Days Per FTE Q2	Prev Days Lost Q3	Prev Average Days Available Q3	Prev Absence Rate Q3	Prev Days Per FTE Q3	Prev Days Lost Q4	Prev Average Days Available Q4	Prev Absence Rate Q4	Prev Days Per FTE Q4	Prev FTE Days Lost
ASC	2386	39177	6.09 %	3.47	2699	40968	6.59 %	3.75	3794	42074	9.02 %	5.14	3400	42468	8.01 %	4.56	17.00
C&H	1808	27885	6.48 %	3.70	2223	28409	7.82 %	4.46	2693	28584	9.42 %	5.37	2204	28747	7.67 %	4.37	17.91
Chief Exces	27	700	3.85 %	2.20	68	700	9.68 %	5.52	30	700	4.29 %	2.45	23	703	3.29 %	1.87	12.03
Corp Start	311	10644	2.92 %	1.66	326	10701	3.04 %	1.73	299	10843	2.76 %	1.57	477	10981	4.34 %	2.47	7.46
ED CS & Rec	2827	51143	5.53 %	3.15	2638	51626	5.11 %	2.91	3090	51967	5.95 %	3.39	3727	52162	7.15 %	4.07	13.54
Env & Regen	1211	30	4.06 %	2.31	1145	60612	3.74 %	2.13	1580	30754	5.14 %	2.93	1519	31070	4.89 %	2.79	10.17
Fin, Legal & Dem	412	11494	3.58 %	2.04	523	11545	4.53 %	2.58	486	11569	4.20 %	2.40	657	11660	5.64 %	3.21	10.24
Schools	4706	104525	4.50 %	2.16	2961	106431	2.78 %	1.34	5740	108721	5.28 %	2.53	5890	109008	5.40 %	2.59	8.64
Theatre	128	2874	4.47 %	2.55	54	2904	1.86 %	1.06	45	2929	1.53 %	0.87	141	2929	4.82 %	2.75	7.22
Unattached	54	2508	2.15 %	1.22	46	1229	3.75 %	2.14	29	771	3.74 %	2.13	49	612	7.98 %	4.55	7.90
Totals	13870	280805	4.94 %	2.63	12682	285126	7.31 %	2.37	17788	288912	6.16 %	3.28	18086	290340	6.23 %	3.32	

Previous Year Cumulative Totals

Prev Days Lost	Prev Average Days Available	Prev Absence Rate	Prev FTE Days Lost
62,426	1,145,184	5.45 %	11.61

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 14

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **HEAD OF HUMAN RESOURCES AND ORGANISATIONAL
DEVELOPMENT**
SUBJECT : **MATRIX CONTRACT UPDATE (MANAGED AGENCY STAFF
SOLUTION)**

1.00 PURPOSE OF REPORT

1.01 This report provides an update on the contract for the provision of agency workers. The report shows quarter 3 of 2009/10 savings and provides an update on the development of procedures to maximise efficiencies and improve practice in relation to the use of agency workers.

2.00 BACKGROUND

2.01 The Matrix Contract has been established as a result of a collaborative procurement project with Denbighshire County Council and Wrexham County Borough Council. Flintshire County Council led the project and employ a Contract Manager to manage the contract on behalf of the three local authorities. Flintshire County Council went live on Matrix on 20 October 2008.

3.00 CONSIDERATIONS

3.01 The savings reported under 5 (Financial Implications) of this report represent the net savings (i.e. after deducting the Matrix SCM management fee) from the use of Matrix to procure agency workers as a result of negotiated rates with supplying agencies.

3.02 Flintshire's share of the cost of the Contract Manager position is to be funded out of these savings. This cost is split three ways between Flintshire County Council, Denbighshire County Council and Wrexham County Council at a rate of £4,500 per quarterly period.

3.03 The Housing Revenue Account (HRA) savings will be transported back to the HRA, which equates to the sum of £10,751.67 for quarter 3 of 2009 /10.

3.04 A revised process for the extension of temporary agency staff beyond 6 months is now embedded and is having a positive impact on the effective management of agency worker placements. During this quarter, there is a steadily decreasing trend of 249 agency workers for October, 192 agency workers for November and 172 agency workers for December.

Date: 09/02/2010

- 3.05 The Contracts Manager is currently exploring the possible introduction of a fixed pence margin for calculating the mark-up charged by supplying agencies to replace the current percentage mark-up. A fixed pence margin method results in suppliers receiving the same profit margin for placing an agency worker with us, irrespective of the pay rate for the agency worker placement. Further work is being undertaken to identify the impact of this change on local agency suppliers and their profit margins.

4.00 RECOMMENDATIONS

- 4.01 That Members note this update and endorse the approaches being taken to manage the use of agency workers more closely and to explore further options for increasing efficiency savings for Flintshire.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The figures shown below have been generated by the Matrix system and have been reconciled with the general ledger accounts. The tables show the spend and savings on agency workers during the third quarter of 2009 /10. The management fee for Matrix SCM and the agency margin has already been deducted from these figures.

- 5.02 Projected savings of £217,000 were approved for the financial year 2009 / 10. The net savings for the third quarter are £90,037.13 which indicates that the Council has already exceeded the projected savings for 2009 / 10.

- 5.03 From the savings of £90,037.13, there are two further figures that need to be deducted, i.e. Flintshire's share of the cost of the Contract Manager at £4,500 per quarter and the savings achieved for the Housing Revenue Account which must be passported back to that account. This will give a total net saving for this quarter of £74,785.46. The total net savings made for the first, second and third quarters is £232,266.09.

- 5.04 The following statistics provide a breakdown of the average number of agency workers per month.

Month	Spend £	Net Savings £	Net Savings %	Average number of agency workers (headcount)
October	366,018.30	30,528.83	8.3	249
November	403,932.54	35,626.07	8.8	192
December	254,035.07	23,882.23	9.4	172

- 5.05 The information below provides details of the length of placements of agency workers, by Directorate. In summary, 78 workers have been placed with the Council for less than six months, 47 have been placed between six and

twelve months and 28 have been placed for over twelve months. In the second quarter, the average headcount was 284 agency workers, which was reduced to an average of 208 in this quarter. This reduction is primarily as a result of the implementation of the extension of temporary agency workers process.

LENGTH OF PLACEMENT

Current Length of Placement by Directorate

Directorate	<1 Mth	<6 Mth	<1 Yr	1> Yr
Community Services	1	39	31	12
Chief Executive's Department	1		1	
Lifelong Learning		4		1
Environment		25	11	15
Finance		4	2	
HR & Organisational Development		2	1	
ICT & Customer Services				
Legal and Democratic Services		2	1	
Clwyd Theatr Cymru				

5.06 This statistical information indicates that further work needs to be done both corporately and by Directorates to ensure that agency workers are used only in appropriate circumstances and for limited time periods.

6.00 ANTI POVERTY IMPACT

6.01 None

7.00 ENVIRONMENTAL IMPACT

7.01 None

8.00 EQUALITIES IMPACT

8.01 None

9.00 PERSONNEL IMPLICATIONS

9.01 The Council has an objective to reduce the numbers of agency workers and the length of their placements by ensuring that the procurement of agency workers is properly managed and that agency workers are being used only in appropriate circumstances. The process for the approval of extension of placements at 6 and 12 months will support the Council in meeting this objective and will be supplemented by further corporate and Directorate monitoring.

10.00 CONSULTATION REQUIRED

10.01 None

11.00 CONSULTATION UNDERTAKEN

11.01 None

12.00 APPENDICES

12.01 No appendices

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 15

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **DIRECTOR OF ENVIRONMENT**
SUBJECT : **RURAL DEVELOPMENT PLAN FOR WALES - BID FOR FUNDING FOR REGENERATION PROJECTS**

1.00 PURPOSE OF REPORT

- 1.01 To seek Executive approval to submit funding applications to the Welsh Assembly Government (WAG) Rural Development Programme (RDP) to support projects in the Flintshire Rural Development Area.

2.00 BACKGROUND

- 2.01 The Welsh Assembly Government has invited Expressions of Interest for projects under the Rural Development Plan for Wales programme for delivery in the period 2011 to 2013. The Flintshire Rural Partnership held an open call for Axis 3 of the programme to attract projects in from partners across rural Flintshire. Twelve projects were submitted to the Partnership and eleven have been invited to submit formal Expressions of Interest to be collated and forwarded to WAG. In addition, Cadwyn Clwyd is currently developing an Expression of Interest for Axis 4 of the programme.
- 2.02 The Partnership is required to submit the Axis 3 Expressions of Interest to WAG by 1 March 2010. Cadwyn Clwyd has the same deadline for their Axis 4 Expression of Interest. WAG will offer feedback on the Expressions of Interest and will decline those it considers unsuitable for the programme. Applicants will be asked to submit full applications for the remaining projects by September 2010.

3.00 CONSIDERATIONS

- 3.01 Two proposals to support regeneration activity, as part of the Axis 3 of the RDP in rural Flintshire, were submitted to, and approved by, the Rural Partnership. Cadwyn Clwyd received approval to submit an Expression of Interest for a grant scheme to support small scale environmental improvement projects across all of rural Flintshire. The Council Regeneration Service Area received approval from the Partnership to submit an Expression of Interest for larger-scale regeneration work in key destinations in rural Flintshire.
- 3.02 In addition, two proposals have been developed for transport and access projects in rural Flintshire. Flintshire Highways and Transportation Service

Date: 09/02/2010

Area is proposing a project to develop new linear and circular routes for walkers, horse riders and cyclists to link communities in rural Flintshire. This has supported by the Flintshire Rural Partnership for inclusion into the Axis 3 bid to WAG. A further project, for possible inclusion under Axis 4 of the RDP, has been submitted to Cadwyn Clwyd for consideration. The project, if approved, will provide new flexible, demand responsive bus services to improve accessibility for residents in rural Flintshire.

3.03 It is proposed that formal Expressions of Interest are submitted by Flintshire County Council (FCC) to support these projects, which are outlined in brief below:

3.04 **Flintshire Destinations**

The project will cover three locations in rural Flintshire:

Mold

Mold is the only Flintshire town that is fully within the Rural Development Area. Mold provides a vital service role to a large part of rural Flintshire and is a major retail destination. The town has significant tourism assets and acts as a key access point to the Clwydian Range Area of Outstanding Natural Beauty. Extensive consultation has been undertaken with residents, businesses, partners and other stakeholders in the town as part of the Town Action Plan process. There is a common desire to upgrade the environment of town, to make more of its heritage and environment and to attract more local people and visitors to use the town. Mold also has, at Bryn Gwalia, one of the five Communities First areas within the county. The Town Council and partners have commissioned a 'Sense Of Place' study, this identifies those actions necessary to capitalise on the physical and cultural assets of the town.

Holywell

Holywell is classified by the RDP as a 'Service Centre Area', which allows limited participation in the programme. Holywell provides a service centre role for parts of rural Flintshire, it has a wealth of heritage assets, some of which have been enhanced by the Townscape Heritage Initiative investment in recent years. Holywell also includes five Communities First neighbourhoods. The Town Action Plan consultation has seen considerable enthusiasm expressed by local stakeholders for further work to strengthen the role of the town in attracting both local people and visitors. The Town Partnership is commissioning a study to identify what practical steps can be taken to strengthen the retail offer of the town.

Talacre and Gronant

Talacre and Gronant form the most important tourism destination in Flintshire. As the first beach in North Wales, the beach receives very high numbers of day visitors. In addition, 77% (just over 18000) of the tourism bedspaces in Flintshire are located in this area, largely in the form of caravan

berths. This level of tourism is estimated to generate over £50m per annum to the Flintshire economy. The area is also one of the main access points to the Dee Estuary for visitors and local people, provides a concentration of employment in the rural area and includes a Communities First area. Cadwyn Clwyd has recently commissioned a masterplan to consult the local community on the issues locally and to identify options to strengthen the role of the area, to improve its environment and to balance the environmental, community and businesses interests.

It is proposed that a project is submitted to the RDP for 2011-2013, to implement the findings of the consultation and planning processes identified above and to ensure that the vital role these destinations play in Flintshire for local people and for visitors is strengthened. The project will;

- a) make targeted investments in each of these destinations to upgrade their environment,
- b) support businesses in each area to help them to raise service quality ,
- c) improve the management of each destination to sustain improvements.

The proposed approach of targeting limited investment into a small number of destinations is consistent with the approach now being promoted in the new North Wales Tourism Strategy. It is also consistent with, and will help to deliver:

- FCC Strategic Assessment of Risks and Challenges - CL09, CL10;
- Flintshire Regeneration Strategy
- Flintshire Tourism Strategy;
- Emerging Town Action Plans for Holywell and Mold;
- Communities First Action Plan for Rural North Flintshire.

It is proposed that the Expression of Interest will request a budget of approximately £800,000 to deliver this project.

3.05 Linking Flintshire's Communities

As part of the Rights of Way Improvement Plan consultation there was a desire expressed by many of the stakeholder groups consulted that the network for walking, cycling and horseriding should be extended and improved, particularly the linkage between rural communities. This is also supported by representatives of the Ramblers Association. The Flintshire Local Access Forum have considered the Rights of Way Improvement Plan and support its aims.

The provision of sustainable links to the Coastal Path and the Dee Coastal Path cycleway scheme are supported within the outcomes from the Talacre and Gronant Master Plan Stage 1 Report.

The project seeks to enhance, develop and promote a series of linear and circular pedestrian routes, cycleways and bridleways throughout rural Flintshire. The project has several elements that will sustainably:

- Improve access to services for rural communities
- Increase tourism to rural Flintshire
- Improve access to employment from, to and within rural Flintshire
- Improve the health of user of the routes
- Improve access to other rural initiatives (i.e. Ride the Clwyds, coastal access)
- Improve accessibility for the disabled

It is proposed that an Expression of Interest will require a budget of approximately £900,000 to deliver this project.

3.06 **Flintshire Rural Fflecsi Service**

The project aims to improve transport in deeper rural areas of Flintshire, based upon the Holywell and Mold catchments. The basis of the project is to provide a demand-responsive service, together with some fixed timetabled routes, in order to foster links to local services, strategic bus routes and works services.

The emphasis is on journeys to work, shopping plus an evening element to assist, amongst others, younger people to attend youth facilities.

The approximate value of the Expression of Interest is currently anticipated to be £500,000.

- 3.07 The RDP offers funding at up to an 80% grant rate. The eventual value of the projects will depend upon the decisions of the Flintshire Rural Partnership and of WAG.

4.00 **RECOMMENDATIONS**

- 4.01 That the proposal to submit Expressions of Interest for these projects is supported.

5.00 **FINANCIAL IMPLICATIONS**

5.01 Flintshire Destinations

The approximate value of the bid is currently anticipated to be £800,000. £150,000 match funding will therefore be required. It is expected that this funding will be sought from existing FCC core budget allocations, the Communities First Outcomes Fund, and partner organisations.

5.02 Linking Flintshire's Communities

The current value of the bid is currently anticipated to be £900,000. £180,000 match funding will therefore be required. It is expected that this funding will

be sought from Regional Transport Plan funding from the Welsh Assembly Government and Flintshire County Council Revenue allocation with officer time in kind.

5.03 Flintshire Rural Fflecsi Service

The approximate value of the bid is currently anticipated to be £500,000. Match funding will be sought from core Flintshire and local transport services funding.

5.04 Work is currently underway to fully secure sources of match funding before the September project application submission deadline. The projects will not be submitted, or accepted by WAG, unless sources of match have been secured. There will be no residual risk to FCC if suitable match funding is not secured.

6.00 ANTI POVERTY IMPACT

6.01 The proposed projects will:

- make investments in three areas in Flintshire that provide important employment opportunities in the rural area. All of these areas include Communities First designations, covering some of the most deprived communities in Flintshire. This links well with the stated aim of the Local Service Board, to target the relief of poverty across Flintshire as a priority. This investment is intended to raise the quality of these locations and contribute to the success of the businesses there.
- provide new transport opportunities to benefit the rural population. This will help people to access employment and training opportunities.

7.00 ENVIRONMENTAL IMPACT

7.01 The projects will:

- improve the physical environment in each of the locations. The impact of the project will be particularly carefully assessed in Talacre and Gronant due to the environmental designations that apply to the area.
- provide new opportunities for rural residents to use public transport.
- demand responsive transport will not operate where there is no demand, providing fuel savings.
- create new walking, cycling and horse riding routes to promote sustainable travel and leisure opportunities.

8.00 EQUALITIES IMPACT

8.01 The projects will:

- make investments in town centres which provide a vital service role, especially to the most vulnerable people in Flintshire. It will also make improvements in the Talacre / Gronant area, raising the quality of life for residents in the Communities First area.

- improve access for rural residents accessing important services, particularly those who are most disadvantaged by lack of access to a car, disability or low income.

9.00 PERSONNEL IMPLICATIONS

9.01 Flintshire Destinations

If the project is approved by WAG then it will be necessary to recruit an officer to deliver and administer it. This would be 100% funded through the project itself.

Linking Flintshire's Communities

If the project is approved by WAG, it will be necessary to recruit an officer to deliver and administer it, to be 100% funded by the project, along with officer support: the allocation of an existing officer funded by Flintshire County Council revenue.

Flintshire Rural Fflecsi Service

The project potentially supports the demand responsive call centre staff at County Hall. Other than staff time, there are no other additional staff requirements.

10.00 CONSULTATION REQUIRED

- 10.01 The projects will require further consultation within each target area and implementation will require close partnership working locally.

11.00 CONSULTATION UNDERTAKEN

11.01 Flintshire Destinations

Extensive consultation in each target area has been undertaken with local businesses and residents. In addition, partners across the public, private and voluntary sectors have been consulted.

Linking Flintshire's Communities

Extensive consultation took place with stakeholder groups, the Ramblers Association, the Flintshire Local Access Forum and Community and Town Councils as part of the development and adoption of the Rights of Way Improvement Plan. Also in respect of the development of a masterplan for Gronant and Talacre, those communities have been consulted

Flintshire Rural Fflecsi Service

Consultation has been undertaken as part of the Access to Transport Study. Young people have been consulted in rural north Flintshire regarding facilities for young people.

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 16

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **CHIEF EXECUTIVE**
SUBJECT : **COUNTY COUNCIL DIARY OF MEETINGS 2010/11**

1.00 PURPOSE OF REPORT

1.01 To consider the diary of meeting for 2010/11 as set out in the attached schedule and to recommend approval of the diary to County Council.

2.00 BACKGROUND

2.01 Historically the diary of meetings has been based on a ten week cycle of meetings.

2.02 The purpose of a ten weekly cycle was to enable minutes of meetings to be submitted to the scheduled ten weekly County Council meetings for approval.

2.03 At a meeting of the County Council on 8 November 2005, it was resolved that the accuracy and adoption of minutes would no longer be considered by County Council. It was further resolved that the circulation of a minute book would take place on a approximate monthly basis for those minutes which had been reported back to the appropriate meeting.

2.04 Based on the current cycle, Overview and Scrutiny meetings are not always able to receive timely data and this has been taken into account in the draft diary for 2010/11.

3.00 CONSIDERATIONS

3.01 Following the decision of County Council in November 2005, it is no longer necessary to base the diary on a ten weekly cycle.

3.02 The draft diary attached as Appendix 1 is based on the required frequency of meetings following consultation with the appropriate officers.

3.03 One significant change is the recommendation to hold Executive meetings on a four weekly cycle rather than the current three weekly cycle.

3.04 If Members approve the four weekly cycle for Executive meeting, this will enable more timely reporting to Overview and Scrutiny Committees, in particular for budget and performance reports, which have been factored into the draft diary following consultation with the appropriate officers.

Date: 09/02/2010

3.05 In the draft diary, Members will see that the draft has been based on the resolution of the Constitution Committee on 17 December 2009 for People and Performance and Corporate Management Committees to be merged into one Committee called Corporate Overview and Scrutiny Committee. However, the resolution of the Constitution Committee will not be considered by County Council until the annual meeting. Therefore, if the recommendation is not adopted, the dates will revert back to meetings for the original Overview and Scrutiny committees.

3.06 In addition and where possible, meetings have been avoided in the main school holidays.

4.00 RECOMMENDATIONS

4.01 That the draft diary of meeting 2010/11 be recommended for adoption by County Council.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 Corporate Management Team.

12.00 APPENDICES

12.01 Draft diary of meetings 2010/11

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None.

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DIARY 2010/11

<u>DAY / DATE</u>	<u>10.00AM</u>	<u>2.00PM</u>
12 July 2010 (Monday)		JCC Standards Committee (6pm)
13 July 2010 (Tuesday)	Executive (9.30am)	
14 July 2010 (Wednesday)	Constitution Committee	Children's Services Forum (4.30pm)
15 July 2010 (Thursday)		
16 July 2010 (Friday)	Planning Protocol Working Group	
19 July 2010 (Monday)	SCHOOLS CLOSED	
20 July 2010 (Tuesday)	SCHOOLS CLOSED	
21 July 2010 (Wednesday)	SCHOOLS CLOSED	
22 July 2010 (Thursday)	SCHOOLS CLOSED	
23 July 2010 (Friday)	SCHOOLS CLOSED	
26 July 2010 (Monday)	SCHOOLS CLOSED	
27 July 2010 (Tuesday)	SCHOOLS CLOSED	
28 July 2010 (Wednesday)	SCHOOLS CLOSED	
29 July 2010 (Thursday)	SCHOOLS CLOSED	
2 August 2010 (Monday)	Planning Site Visits SCHOOLS CLOSED	
3 August 2010 (Tuesday)	SCHOOLS CLOSED	
4 August 2010 (Wednesday)	SCHOOLS CLOSED	Planning & Development Control Committee
5 August 2010 (Thursday)	SCHOOLS CLOSED	
9 August 2010 (Monday)	SCHOOLS CLOSED	
10 August 2010 (Tuesday)	Executive (9.30am) SCHOOLS CLOSED	
11 August 2010 (Wednesday)	SCHOOLS CLOSED	

12 August 2010 (Thursday)	SCHOOLS CLOSED	
16 August 2010 (Monday)	SCHOOLS CLOSED	
17 August 2010 (Tuesday)	SCHOOLS CLOSED	
18 August 2010 (Wednesday)	SCHOOLS CLOSED	
19 August 2010 (Thursday)	SCHOOLS CLOSED	
23 August 2010 (Monday)	SCHOOLS CLOSED	
24 August 2010 (Tuesday)	SCHOOLS CLOSED	
25 August 2010 (Wednesday)	SCHOOLS CLOSED	
26 August 2010 (Thursday)	SCHOOLS CLOSED	
27 August 2010 (Friday)	SCHOOLS CLOSED	
30 August 2010 (Monday)	BANK HOLIDAY	
31 August 2010 (Tuesday)	SCHOOLS CLOSED	
1 September 2010 (Wednesday)	Licensing Committee	
2 September 2010 (Thursday)	Co-ordinating Committee	
3 September 2010 (Friday)	North Wales Residual Waste Joint Committee (10.30am)	
6 September 2010 (Monday)	Planning Site Visits	
7 September 2010 (Tuesday)		
8 September 2010 (Wednesday)	OSC (C&H) (Performance Reporting)	Planning & Development Control Committee
9 September 2010 (Thursday)	OSC (Corp) (Performance Reporting)	
13 September 2010 (Monday)	OSC (S&H) (Performance Reporting)	Standards Committee (6pm)
14 September 2010 (Tuesday)		
15 September 2010 (Wednesday)	OSC (E&R) (Performance Reporting)	Reserved
16 September 2010 (Thursday)		OSC (LL) (Performance Reporting)

17 September 2010 (Friday)	Planning Protocol Working Group	
20 September 2010 (Monday)	Licensing Sub-Committee	
21 September 2010 (Tuesday)	Executive (9.30am)	
22 September 2010 (Wednesday)		
23 September 2010 (Thursday)		
27 September 2010 (Monday)		
28 September 2010 (Tuesday)		
29 September 2010 (Wednesday)	Audit Committee (+ Statement of Accounts)	County Council (+ Statement of Accounts)
30 September 2010 (Thursday)	OSC (Corporate)	
4 October 2010 (Monday)	Planning Site Visits	
5 October 2010 (Tuesday)		
6 October 2010 (Wednesday)		Planning & Development Control Committee
7 October 2010 (Thursday)		
11 October 2010 (Monday)	OSC (S&H)	Standards Committee (6pm)
12 October 2010 (Tuesday)		
13 October 2010 (Wednesday)	OSC (E&R)	Children's Services Forum (4.30pm)
14 October 2010 (Thursday)		OSC (LL)
18 October 2010 (Monday)	Licensing Sub-Committee	
19 October 2010 (Tuesday)	Executive (9.30am)	
20 October 2010 (Wednesday)	OSC (C&H)	Reserved
21 October 2010 (Thursday)	OSC (Corporate) SCHOOLS CLOSED	
25 October 2010 (Monday)	SCHOOLS CLOSED	
26 October 2010 (Tuesday)	SCHOOLS CLOSED	
27 October 2010 (Wednesday)	Constitution Committee SCHOOLS CLOSED	

28 October 2010 (Thursday)	SCHOOLS CLOSED	
1 November 2010 (Monday)		
2 November 2010 (Tuesday)		
3 November 2010 (Wednesday)		SCARE
4 November 2010 (Thursday)		
8 November 2010 (Monday)		JCC Standards Committee (6pm)
9 November 2010 (Tuesday)		
10 November 2010 (Wednesday)	Licensing Committee	Planning & Development Control Committee
11 November 2010 (Thursday)		
15 November 2010 (Monday)		FCCTCC
16 November 2010 (Tuesday)	Executive (9.30am)	
17 November 2010 (Wednesday)		
18 November 2010 (Thursday)	OSC (Corporate)	
19 November 2010 (Friday)	Planning Protocol Working Group	
22 November 2010 (Monday)	Licensing Sub-Committee	
23 November 2010 (Tuesday)		
24 November 2010 (Wednesday)		Reserved
25 November 2010 (Thursday)		
29 November 2010 (Monday)	OSC (S&H) (Performance Reporting)	
30 November 2010 (Tuesday)		
1 December 2010 (Wednesday)	OSC (E&R) (Performance Reporting)	
2 December 2010 (Thursday)	Co-ordinating Committee	OSC (LL) (Performance Reporting)
6 December 2010 (Monday)	Planning Site Visits	

7 December 2010 (Tuesday)		
8 December 2010 (Wednesday)	OSC (C&H) (Performance Reporting)	Planning & Development Control Committee
9 December 2010 (Thursday)		
13 December 2010 (Monday)		Standards Committee (6pm)
14 December 2010 (Tuesday)	Executive (9.30am)	
15 December 2010 (Wednesday)		
16 December 2010 (Thursday)	OSC (Corporate) (Performance Reporting)	
20 December 2010 (Monday)	Licensing Sub-Committee SCHOOLS CLOSED	
21 December 2010 (Tuesday)	Executive (Budget) (Provisional) SCHOOLS CLOSED	
22 December 2010 (Wednesday)	Audit Committee SCHOOLS CLOSED	
23 December 2010 (Thursday)		
27 December 2010 (Monday)	BANK HOLIDAY	
28 December 2010 (Tuesday)	BANK HOLIDAY	
29 December 2010 (Wednesday)	SCHOOLS CLOSED	
30 December 2010 (Thursday)	SCHOOLS CLOSED	
31 December 2010 (Friday)	SCHOOLS CLOSED	
3 January 2011 (Monday)	BANK HOLIDAY	
4 January 2011 (Tuesday)	SCHOOLS CLOSED	
5 January 2011 (Wednesday)		
6 January 2011 (Thursday)		
10 January 2011 (Monday)	Constitution Committee	Standards Committee (6pm)
11 January 2011 (Tuesday)		
12 January 2011 (Wednesday)		(Reserved)
13 January 2011 (Thursday)		OSC (LL)

14 January 2011 (Friday)	Planning Protocol Working Group	
17 January 2011 (Monday)	Planning Site Visits	
18 January 2011 (Tuesday)	Executive (9.30am)	OSC (Budget)
19 January 2011 (Wednesday)	OSC (E&R)	Planning & Development Control Committee
20 January 2011 (Thursday)	OSC (Corporate)	OSC (Budget)
21 January 2011 (Friday)	OSC (Budget)	
24 January 2011 (Monday)	OSC (S&H)	OSC (Budget)
25 January 2011 (Tuesday)	OSC (Budget)	OSC (Budget)
26 January 2011 (Wednesday)	OSC (C&H)	OSC (Budget)
27 January 2011 (Thursday)	OSC (Budget)	OSC (LL) Children's Services Forum (4.30pm)
28 January 2011 (Friday)	Planning Protocol Working Group	
31 January 2011 (Monday)		
1 February 2011 (Tuesday)		
2 February 2011 (Wednesday)	Licensing Committee	
3 February 2011 (Thursday)		
7 February 2011 (Monday)	Licensing Sub-Committee	
8 February 2011 (Tuesday)		
9 February 2011 (Wednesday)		
10 February 2011 (Thursday)		
14 February 2011 (Monday)	Planning Site Visits	Standards Committee (6pm)
15 February 2011 (Tuesday)	Executive (9.30am)	
16 February 2011 (Wednesday)		Planning & Development Control Committee
17 February 2011 (Thursday)	OSC (Corporate)	

18 February 2011 (Friday)		
21 February 2011 (Monday)	SCHOOLS CLOSED	JCC
22 February 2011 (Tuesday)	SCHOOLS CLOSED	
23 February 2011 (Wednesday)	SCHOOLS CLOSED	
24 February 2011 (Thursday)	SCHOOLS CLOSED	
28 February 2011 (Monday)		
1 March 2011 (Tuesday)		County Council (Budget)
2 March 2011 (Wednesday)		Reserved
3 March 2011 (Thursday)		OSC (LL) (Performance Reporting)
7 March 2011 (Monday)	OSC (S&H) (Performance Reporting)	FCCTCC
8 March 2011 (Tuesday)		
9 March 2011 (Wednesday)	OSC (E&R) (Performance Reporting)	
10 March 2011 (Thursday)	Co-ordinating Committee	
14 March 2011 (Monday)	Planning Site Visits	Standards Committee (6pm)
15 March 2011 (Tuesday)	Executive (9.30am)	
16 March 2011 (Wednesday)	OSC (C&H) (Performance Reporting)	Planning & Development Control Committee
17 March 2011 (Thursday)	OSC (Corporate) (Performance Reporting)	
21 March 2011 (Monday)	Audit Committee	
22 March 2011 (Tuesday)		
23 March 2011 (Wednesday)		SACRE
24 March 2011 (Thursday)		
25 March 2011 (Friday)	Planning Protocol Working Group	
28 March 2011 (Monday)	Licensing Sub-Committee	
29 March 2011 (Tuesday)		

30 March 2011 (Wednesday)		Reserved
31 March 2011 (Thursday)		
4 April 2011 (Monday)	OSC (S&H)	
5 April 2011 (Tuesday)		
6 April 2011 (Wednesday)	OSC (E&R)	
7 April 2011 (Thursday)		
11 April 2011 (Monday)	Planning Site Visits	Standards Committee (6pm)
12 April 2011 (Tuesday)	Executive (9.30am)	
13 April 2011 (Wednesday)	OSC (C&H)	Planning & Development Control Committee
14 April 2011 (Thursday)	OSC (Corporate)	OSC (LL)
18 April 2011 (Monday)	Licensing Sub-Committee SCHOOLS CLOSED	
19 April 2011 (Tuesday)	SCHOOLS CLOSED	
20 April 2011 (Wednesday)	Constitution Committee SCHOOLS CLOSED	
21 April 2011 (Thursday)	SCHOOLS CLOSED	
22 April 2011 (Friday)	BANK HOLIDAY (Good Friday)	
25 April 2011	BANK HOLIDAY (Easter Monday)	
26 April 2011 (Tuesday)	SCHOOLS CLOSED	
27 April 2011 (Wednesday)	SCHOOLS CLOSED	
28 April 2011 (Thursday)	SCHOOLS CLOSED	
29 April 2011 (Friday)	SCHOOLS CLOSED	
2 May 2011 (Monday)	BANK HOLIDAY	
3 May 2011 (Tuesday)		
4 May 2011 (Wednesday)	Licensing Committee	Reserved
5 May 2011 (Thursday)	Welsh Assembly Government Elections	

9 May 2011 (Monday)	Planning Site Visits	Standards Committee (6pm)
10 May 2011 (Tuesday)	County Council – Annual Meeting (11am)	
11 May 2011 (Wednesday)		Planning & Development Control Committee
12 May 2011 (Thursday)		Children’s Services Forum (4.30pm)
16 May 2011 (Monday)		JCC
17 May 2011 (Tuesday)	Executive (9.30am)	
18 May 2011 (Wednesday)		
19 May 2011 (Thursday)	OSC (Corporate)	
20 May 2011 (Friday)		
23 May 2011 (Monday)	Licensing Sub-Committee	
24 May 2011 (Tuesday)		
25 May 2011 (Wednesday)		
26 May 2011 (Thursday)		
27 May 2011 (Friday)	Planning Protocol Working Group	
30 May 2011 (Monday)	BANK HOLIDAY	
31 May 2011 (Tuesday)	SCHOOLS CLOSED	
1 June 2011 (Wednesday)	SCHOOLS CLOSED	
2 June 2011 (Thursday)	SCHOOLS CLOSED	
6 June 2011 (Monday)		FCCTCC
7 June 2011 (Tuesday)		
8 June 2011 (Wednesday)	OSC (E&R) (Performance Reporting)	
9 June 2011 (Thursday)	OSC (Corporate) (Performance Reporting)	OSC (LL) (Performance Reporting)
13 June 2011 (Monday)	OSC (S&H) (Performance Reporting)	Standards Committee (6pm)
14 June 2011 (Tuesday)		

15 June 2011 (Wednesday)	OSC (C&H) (Performance Reporting)	
16 June 2011 (Thursday)	Co-ordinating Committee	
20 June 2011 (Monday)	Planning Site Visits	
21 June 2011 (Tuesday)	Executive (9.30am)	
22 June 2011 (Wednesday)		Planning & Development Control Committee
23 June 2011 (Thursday)	OSC (Corporate)	
27 June 2011 (Monday)	Licensing Sub-Committee	
28 June 2011 (Tuesday)		
29 June 2011 (Wednesday)	Audit Committee (+ Statement of Accounts)	County Council (+ Statement of Accounts)
30 June 2011 (Thursday)		
4 July 2011 (Monday)		
5 July 2011 (Tuesday)		
6 July 2011 (Wednesday)		
7 July 2011 (Thursday)		
11 July 2011 (Monday)	Planning Site Visits	Standards Committee (6pm)
12 July 2011 (Tuesday)		
13 July 2011 (Wednesday)		Planning & Development Control Committee
14 July 2011 (Thursday)		
18 July 2011 (Monday)		
19 July 2011 (Tuesday)	Executive (9.30am)	
20 July 2011 (Wednesday)	Licensing Committee	Reserved
21 July 2011 (Thursday)	OSC (Corporate)	
15 July 2011 (Monday)	Licensing Sub-Committee	
16 July 2011 (Tuesday)		County Council

17 July 2011 (Wednesday)		
18 July 2011 (Thursday)		
19 July 2011 (Friday)	Planning Protocol Working Group	

FOR INFORMATION

FLINTSHIRE COUNTY COUNCIL

REPORT TO: EXECUTIVE
DATE: 16th FEBRUARY, 2010
REPORT BY: CHIEF EXECUTIVE
SUBJECT: EXERCISE OF DELEGATED POWERS

1.00 PURPOSE OF REPORT

1.01 To inform Members of action taken under delegated powers.

2.00 BACKGROUND

2.01 At the Executive Meeting held on 31st October, 2000 it was agreed that one of the standard agenda items at each Executive should be a report on the "Exercise of Delegated Powers".

3.00 RECOMMENDATION

3.01 Members note the details of actions taken under the "Exercise of Delegated Powers".

4.00 FINANCIAL IMPLICATIONS

4.01 As detailed in each report.

5.00 ANTI-POVERTY IMPACT

5.01 As detailed in each report.

6.00 ENVIRONMENTAL IMPACT

6.01 As detailed in each report.

7.00 EQUALITIES IMPACT

7.01 As detailed in each report.

8.00 PERSONNEL IMPLICATIONS

8.01 As detailed in each report

9.00 CONSULTATION REQUIRED

9.01 Not applicable

10.00 CONSULTATION UNDERTAKEN

10.01 Not applicable

11.00 APPENDICES

11.01 Summary of Decisions taken under Delegated Powers.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background documents: See individual report.

Contact Officer: See individual report.

APPENDIX 1

EXERCISE OF DELEGATED POWERS – DECISIONS TAKEN

Directorate

Subject

Environment

Granting of a 25 year lease to Northop Hall Bowling and Tennis Club.

Disposal by way of lease – land for the provision of a Scout Group Hall with car parking off Church Lane, Gwernaffield

Community Services

Mental Health Service – Next Steps – approval to extend the service to people with mild/common mental health problems by increasing the number of support workers from 2 to 3 within the existing budget.

Copies of the Delegated Powers reports are on deposit in the Members' Library

EXECUTIVE FORWARD WORK PROGRAMME **MONTHS 11/09 to 04/10**

The following reports are included in the Forward Work Programme for submission to this meeting of the Executive. However, the reports are not included on the agenda for the reasons stated:-

Chief Executive Update

- Regulatory Plan 2010/11
(Deferred until 9 March as the final programme has not been received from the Wales Audit Office)
- Governance Plan
(Under preparation and linked to the Corporate Governance self-assessment which is underway with the agreement of the Constitution Committee)

ICT and Customer Services Update

- Organisational Redesign Programme – Customer Services Review
(The draft Customer Service Strategy is to be considered prior to a full review commencing)

Community Services Update

- Review of Adult Safeguarding
(It was agreed that this report would be presented and discussed at Social and Health Overview and Scrutiny Committee on 25 January 2010)

FORWARD WORK PROGRAMME ITEMS – NOVEMBER 2009 – APRIL 2010

MEETING DATE	DIRECTORATE / DIVISION	TOPIC	REPORT TYPE (Strategic / Operational)	PORTFOLIO
17 November 2009	Chief Executive	<ul style="list-style-type: none"> ○ Community Strategy and Local Service Board: Mid Year Review ○ Gypsies and Travellers Unauthorised Encampment Protocol - Final ○ Improvement Targets Review ○ Business Continuity ○ Clwyd Theatre Cymru Annual Report 	<ul style="list-style-type: none"> Strategic Operational Operational Operational Operational 	<ul style="list-style-type: none"> Corporate Management & Strategy Corporate Management & Strategy Corporate Management & Strategy Corporate Management & Strategy Leisure, Public Protection and Clean Team Activity
	HR and Organisational Development	<ul style="list-style-type: none"> ○ People Strategy ○ Workforce Information Quarterly Report 	<ul style="list-style-type: none"> Strategic Operational 	<ul style="list-style-type: none"> Corporate Management & Strategy Corporate Management & Strategy
	Finance	<ul style="list-style-type: none"> ○ Council Tax Base for 2010/11 ○ Local Taxation Policies 2010/11 	<ul style="list-style-type: none"> Operational Operational 	<ul style="list-style-type: none"> Finance & Asset Management Finance & Asset Management

	Community Services	<ul style="list-style-type: none"> ○ Respite Care for Children with Disabilities 	Strategic	Social Services
	Environment	<ul style="list-style-type: none"> ○ Making the Connections – Specialist Planning Services ○ Food Waste Project Update Report ○ Highways Asset Management Plan ○ Municipal Waste Strategy ○ Carbon Reduction Strategy ○ E-Coli Action and Audit Checklist ○ ERDF Bid Shotton/Travel Plan ○ Environmental Conditions at Hawarden 2 Cemetery 	<p>Strategic</p> <p>Strategic</p> <p>Strategic</p> <p>Strategic</p> <p>Strategic</p> <p>Operational</p> <p>Operational</p>	<p>Housing Strategy & Planning</p> <p>Waste Management, Strategy & Function</p> <p>Environment, Regeneration & Tourism</p> <p>Waste Management, Strategy & Function</p> <p>Finance & Asset Management</p> <p>Leisure, Public Protection and Team Clean Activity</p> <p>Environment, Regeneration & Tourism</p> <p>Leisure, Public Protection & Team Clean Activity</p>
	Lifelong Learning	<ul style="list-style-type: none"> ○ Welsh Public Library Standards 2009-2012 ○ Deeside Leisure Centre Progress Report 	<p>Operational</p> <p>Operational</p>	<p>Education & Youth Services</p> <p>Leisure, Public Protection and Team Clean Activity</p>

8 December 2009	Chief Executive	<ul style="list-style-type: none"> ○ Welsh Language Scheme 2009 – 2012 ○ Organisational Redesign Phase 2 Review ○ Improvement Agreement: Mid Year Review ○ Strategic Partnerships: Mid Year Review ○ Q2 Performance Reports ○ Regulatory Plan Update ○ Voluntary Sector Grant Management Mid Year Review ○ Census 2011 	Strategic	Corporate Management & Strategy
	ICT and Customer Services	<ul style="list-style-type: none"> ○ Organisational Redesign Programme – Corporate Services Business Development and Administration Review 	Operational	Corporate Management & Strategy
	HR and Organisational Development	<ul style="list-style-type: none"> ○ HR Policies Implementation Plan Update 	Operational	Corporate Management & Strategy
	Finance	<ul style="list-style-type: none"> ○ General Fund/Housing Revenue Account Revenue Budget Monitoring 09/10 (Month 6) 	Operational	Finance & Asset Management

		<ul style="list-style-type: none"> ○ Capital Programme 2009/10 (Month 6) ○ Procurement Strategy Update 	Operational	Finance & Asset Management
			Operational	Finance & Asset Management
	Community Services	<ul style="list-style-type: none"> ○ Review of Children's Safeguarding 	Operational	Social Services
	Environment	<ul style="list-style-type: none"> ○ Local Development Plan – Programme for Delivery ○ Progress Update - NWRWTP ○ Corporate Asset Management Plan ○ Traffic Calming ○ Highways Asset Management Plan ○ Car Park Management Study 	Strategic	Housing Strategy and Planning
			Strategic	Waste Management, Strategy & Function
			Strategic	Finance & Asset Management
			Strategic	Environment, Regeneration & Tourism
			Strategic	Environment, Regeneration & Tourism
			Strategic	Environment, Regeneration & Tourism
	Lifelong Learning	<ul style="list-style-type: none"> ○ A Strategy for Flintshire Libraries 	Strategic	Education & Youth Services
22 December 2009	Finance	<ul style="list-style-type: none"> ○ Final Settlement and Draft Budget Proposals (Excluding HRA) 2010/11 	Operational	Finance & Asset Management

5 January 2010	Chief Executive	<ul style="list-style-type: none"> ○ Disability Equality Scheme ○ Annual Letter 2009/10 	Strategic	Corporate Management & Strategy
			Strategic	Corporate Management & Strategy
	HR and Organisational Development	<ul style="list-style-type: none"> ○ HRMIS Update 	Operational	Corporate Management & Strategy
	Finance	<ul style="list-style-type: none"> ○ General Fund/Housing Revenue Account Revenue Budget Monitoring 09/10 (Month 7) 	Operational	Finance & Asset Management
	Environment	<ul style="list-style-type: none"> ○ Response to Representations on the Proposed Modifications to the UDP ○ ERDF Shotton Station 	Strategic	Housing Strategy and Planning
			Operational	Environment, Regeneration & Tourism
	Lifelong Learning	<ul style="list-style-type: none"> ○ School Admission Arrangements 2011 ○ School Modernisation 	Strategic	Education & Youth Services
			Strategic	Education & Youth Services
26 January 2010	Chief Executive	<ul style="list-style-type: none"> ○ Single Equality Scheme Proposals ○ Local Government Measure: Consultation Response 	Strategic	Corporate Management & Strategy
			Strategic	Corporate Management & Strategy
	ICT and Customer Services	<ul style="list-style-type: none"> ○ ICT Strategy Progress Report 	Strategic	Corporate Management & Strategy

	Finance	<ul style="list-style-type: none"> ○ Budget Proposals 2010/11 (HRA) 	Operational	Finance & Asset Management
	Community Services	<ul style="list-style-type: none"> ○ Phase 3 Housing Restructure 	Operational	Social Services
	Environment	<ul style="list-style-type: none"> ○ Regional Transport Plan – Outcome 2010-11 ○ Update Report – Progress in Relation to Food Waste ○ Progress Update - NWRWTP 	Strategic Strategic Strategic	Environment, Regeneration and Tourism Waste Management, Strategy and Function Waste Management, Strategy and Function
16 February 2010	Chief Executive	<ul style="list-style-type: none"> ○ Regulatory Plan 2010/11 	Operational	Corporate Management & Strategy
		<ul style="list-style-type: none"> ○ Governance Plan 	Operational	Corporate Management & Strategy
	ICT and Customer Services	<ul style="list-style-type: none"> ○ Organisational Redesign Programme – Customer Services Review 	Operational	Corporate Management & Strategy
	HR and Organisational Development	<ul style="list-style-type: none"> ○ Workforce Information Quarterly Report 	Operational	Corporate Management & Strategy
	Finance	<ul style="list-style-type: none"> ○ General Fund/Housing Revenue Account Revenue Budget Monitoring 09/10 (Month 8) 	Operational	Finance & Asset Management
		<ul style="list-style-type: none"> ○ Final Budget Proposals 2010/11 	Operational	Finance & Asset Management

		<ul style="list-style-type: none"> ○ Treasury Management Policy & Statement 2010/11 	Operational	Finance & Asset Management
	Community Services	<ul style="list-style-type: none"> ○ Review of Adult Safeguarding 	Operational	Social Services
	Lifelong Learning	<ul style="list-style-type: none"> ○ School Admission Arrangements 2011 (Post Consultation) 	Strategic	Education & Youth Services
9 March 2010	Chief Executive	<ul style="list-style-type: none"> ○ Q3 Performance Reports 	Operational	Corporate Management & Strategy
		<ul style="list-style-type: none"> ○ Census 2011: Update 	Operational	Corporate Management & Strategy
	Finance	<ul style="list-style-type: none"> ○ General Fund/Housing Revenue Account Revenue Budget Monitoring 09/10 (Month 9) ○ Capital Programme 2009/10 (Month 9) ○ Prudential Indicators 2010/11 ○ Minimum Revenue Provision 2010/11 ○ Procurement Strategy Update 	Operational	Finance & Asset Management
			Operational	Finance & Asset Management
			Operational	Finance & Asset Management
			Operational	Finance & Asset Management
			Operational	Finance & Asset Management
	Community Services	<ul style="list-style-type: none"> ○ Neighbourhood Renewal Area 	Strategic	Housing Management and Function
		<ul style="list-style-type: none"> ○ Adoption Inspection 	Operational	Social Services

30 March 2010	Chief Executive	<ul style="list-style-type: none"> ○ Business Continuity 	Strategic	Corporate Management & Strategy
	Finance	<ul style="list-style-type: none"> ○ General Fund/Housing Revenue Account Revenue Budget Monitoring 09/10 (Month 10) 	Operational	Finance & Asset Management
	Environment	<ul style="list-style-type: none"> ○ Parking Strategy – Update ○ Property Review of the Agricultural Estate ○ Progress Update - NWRWTP 	Strategic Strategic Strategic	Environment, Regeneration and Tourism Finance & Asset Management Waste Management, Strategy and Function
	Lifelong Learning	<ul style="list-style-type: none"> ○ School Modernisation Update 	Strategic	Education & Youth Services
20 April 2010	ICT and Customer Services	<ul style="list-style-type: none"> ○ North Wales Procurement Partnership Annual Report ○ North Wales Regional Collaboration ○ Organisational Redesign Programme – Design and Print Review Progress Report 	Strategic Strategic Operational	Corporate Management & Strategy Corporate Management & Strategy Corporate Management & Strategy
	Community Services	<ul style="list-style-type: none"> ○ Annual Council Reporting Framework – Annual Report 2007/08 	Operational	Social Services
	Environment	<ul style="list-style-type: none"> ○ Update Report – Progress in Relation to Food Waste 	Strategic	Waste Management, Strategy & Function

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 19

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **DIRECTOR OF ENVIRONMENT AND CHIEF EXECUTIVE**
SUBJECT : **NORTH WALES RESIDUAL WASTE TREATMENT PROJECT -
OPTIONS APPRAISAL FOR FLINTSHIRE COUNTY COUNCIL**

1.00 PURPOSE OF REPORT

- 1.01 This report provides an overview of work undertaken to assess how the Council should approach the treatment of its residual municipal waste in the future specifically as an individual authority or in collaboration with other North Wales authorities.

2.00 BACKGROUND

- 2.01 In late Autumn 2009 work commenced on the development of the Outline Business Case (OBC) and related options for the North Wales Residual Waste Treatment Partnership (NWRWTP). Flintshire County Council engaged Consultants Entec to assess whether being part of the NWRWTP option is in the best interests of their Council. Further research was therefore undertaken into alternative options for the long term treatment of the Council's residual waste. A copy of the Executive Summary of Entecs report is included at appendix 1.
- 2.02 A range of seven different treatment technologies have been identified as being feasible, creating 19 different scenarios for assessment including the reference solution of the NWRWTP. Improving the Council's recycling and landfilling the residual waste was assessed as a 'Do Nothing' option. In developing the options appraisal, due regard has been made to the HM Treasury Green Book (The Green Book provides guidance on the economic assessment of spending, and the preparation of business cases for the Public Sector).
- 2.03 The seven different available market treatment technologies include Energy from Waste (EfW) on small and large scales, Gasification, three different Mechanical Biological Treatment (MBT) types and Mechanical Heat Treatment (MHT).
- 2.04 The options assessed through the appraisal are:
- 2.04.1 Do Nothing - Bases future modelling on the assumption that waste services will develop as presently proposed (ie improvements in recycling and food waste collection which it is predicted to take recycling rates to approximately 60%), and that all residual waste will be landfilled.

Date: 09/02/2010

- 2.04.2 Maximise recycling - This option relies on the Council reaching the 70% recycling rate without the use of any new technology to treat waste.
- 2.04.3 Build and own a treatment facility within Flintshire.
- 2.04.4 Build a Treatment facility in a sub regional partnership (with Denbighshire) within Flintshire - As 2.04.4 (built and owned by Flintshire) in terms of processing larger volumes of waste with the possibility of additional transfer and handling requirements. The main difference with 2.01.3 being a larger facility with commensurate economies of scale.
- 2.04.5 Utilisation of a third party (merchant) facility inside or outside Flintshire - includes developing a solution with existing waste treatment/disposal contractors.
- 2.04.6 The NWRWTP - Consideration of the NWRWTP Reference Solution.
- 2.05 In order to fund the construction of any new infrastructure, Welsh Assembly Government (WAG) has encouraged partnerships to develop that can apply for central funding. Should Flintshire County Council develop one of the facilities outlined above, there would be no WAG support funding made available to the project.
- 2.06 The NWRWTP projected performance, as set out within the Outline Business Case (see later on in the Agenda) shows that 70% recycling can be met on the assumption that WAG instigates legislative and regulatory change that will support national and local developments in waste composition, changes in packaging, improvements in source segregation of waste, tackling further non household waste streams and an increase in waste awareness with the general public. If WAG does not bring forward these measures there is a projected small shortfall (2.6%) in reaching the 2025 recycling and composting targets.

3.00 CONSIDERATIONS

- 3.01 In undertaking the options appraisal, meetings were held with Officers from the Council to review technology options available for Flintshire. In order to be consistent, the same parameters were used to score the Flintshire options as were used by the NWRWTP for scoring options available to that partnership. The matters below were used as the main/primary criteria to analyse the options. Each primary criterion has a sub-set of secondary factors against which the options have been scored.

- Technical Performance
- Environmental Sustainability

- Deliverability
- Socio -Economic Factors
- Total Economic Cost

3.02 For the purposes of modelling, each of the treatment technologies was subject to a number of assumptions:

- That the new WAG Waste Targets are met - as set out in 'Towards Zero Waste'
- Further waste minimisation is implemented
- Kerbside recycle collections are improved
- Food waste is treated

3.03 In order to take into account risk transfer involved within the various procurement options and technologies that were modelled, a SWOT analysis was undertaken (A SWOT analysis is a strategic planning tool used to evaluate Strengths, Weaknesses, Opportunities and Threats involved in the project). The aim of the SWOT analysis was to identify the key internal and external factors that were important.

3.04 In arriving at the costs of the project, the Consultants (Entec) have produced a total cost over the project life and expressed this as a Net Present Value (NPV). The NPV cost allows a fair comparison to be made in "today's" money; this evens out different cash flows, which can occur with processes that have higher levels of operating expenses in the later years of a project (for example Merchant Facilities). Whilst the NPV cost includes all direct costs which will be incurred over the life of the project it would not accurately compare to a gate fee, since it excludes the cost of finance, and would be subject to further commercial and tax adjustments.

3.05 The NPV values used in this options appraisal are directly comparable with the NPV costs identified in the main NWRWTP OBC when they are proportioned in line with tonnage waste arising from Flintshire. Both studies start with the same basic cost assumptions derived from the Entec database. However, the NWRWTP OBC is more sophisticated and the cost data has been developed to meet Treasury requirements. This level of sophistication was considered unnecessary for the Flintshire options appraisal, which is more concerned with cost variations between various options.

3.06 The outcome of the technical scoring from the options appraisal process for the Council is displayed in the Table below, which includes a full list of the options appraised. They are presented in their rank order following the technical appraisal exercise. This ranking takes no account of the cost of each solution, which is consistent with the WAG guidance on options appraisal studies. However, for clarity, the NPV of each solution has been included and a basic ordering for each option applied (on the basis that 1 is the lowest cost and 19 is the highest cost). See Table 1.

Table 1 - Technical Ranking of Options and Cost Order

Technical Ranking	Option Number	Option Summary Description	NPV (Cost) of Solution (Flintshire Cost Only)	Basic Cost Ranking
1	9a	Strategy Compliant with EFW_CHP - NWRWTP Partnership Facility (With 25% WAG Funding)	£57,231,296	1
		Strategy Compliant with EFW_CHP - NWRWTP Partnership Facility (Without 25% WAG Funding)	£76,308,395	(1)
2	2b	Strategy Compliant with EFW_CHP (Sub-regional Partnership)	£86,123,059	6
3	8a	Strategy Compliant with EFW_CHP - Merchant Facility (Stand Alone)	£77,150,647	4
3	8b	Strategy Compliant with EFW_CHP - Merchant Facility (Sub-regional Partnership)	£76,493,283	2
5	2a	Strategy Compliant with EFW_CHP (Stand Alone)	£95,202,164	8
6	3b	Strategy Compliant with Gasifier (Sub-regional Partnership)	£91,590,586	7
7	3a	Strategy Compliant with Gasifier (Stand Alone)	£100,622,762	10
8	10a	Strategy Compliant with MHT (autoclave), fibre to EFW - Merchant Facility (Alone)	£77,150,647	4
8	10b	Strategy Compliant with MHT (autoclave), fibre to EFW – Merchant Facility (Sub-regional Partnership)	£76,493,283	2
10	5b	Strategy Compliant with MBT_AD, RDF to dedicated facility, (Sub-regional Partnership)	£116,378,813	15
11	5a	Strategy Compliant with MBT_AD, RDF to dedicated facility (Stand Alone)	£123,898,438	16
12	7a	Strategy Compliant with MHT (autoclave), fibre to EFW (Stand Alone)	£123,938,855	17
13	7b	Strategy Compliant with MHT (autoclave), fibre to EFW (Sub-regional Partnership)	£128,869,287	18
14	1b	Do nothing (maintain recycling and introduce food waste) (70%)	£116,231,261	14
15	6a	Strategy Compliant with single MBT_Ecodeco, RDF to dedicated facility, CLO for "beneficial use" (Stand Alone)	£103,723,036	11
15	6b	Strategy Compliant with single MBT_Ecodeco, RDF to dedicated facility, CLO for "beneficial use" (Sub-regional Partnership)	£99,279,902	9
17	4a	Generally strategy compliant, single MBT	£105,188,310	12

		Biostabilisation to landfill (Stand Alone)		
18	4b	Generally strategy compliant, single MBT Biostabilisation to landfill (Sub-regional Partnership)	£105,210,058	13
19	1a	Do nothing (maintain recycling and introduce food waste) (55%)	£141,401,354	19

- 3.07 All the highest ranking options include energy from waste as the core technical solution, but the facilities would vary in terms of size, ownership and the relative costs for procurement, construction and operation. Incorporating the Net Present Value (NPV) for each option strengthens the case for the NWRWTP reference project as the preferred option – largely due to the WAG funding, which is available for this option only and also to a lesser extent economies of scale. The incorporation of WAG funding into the assessment is likely to result in an NPV cost saving of approximately 35% when compared with the second ranked technical option, 2b, (which would not attract WAG funding); and an NPV cost saving of approximately 60% when compared with the 'Do Nothing' option.
- 3.08 Option 9a, Strategy Compliant with EFW_CHP - NWRWTP (Energy from Waste, Combined Heat and Power) Facility (Regional Partnership), performs the highest technically, and even without WAG financial support is financially the best ranked option. As a full (all five Councils) partnership option it also qualifies for WAG financial support, which reduces its cost even further and as a result it is approximately 25% cheaper than the next nearest technically ranked option (8b). From the SWOT analysis this option carries the least risk. In addition, consideration should also be given to the direct authority costs and costs associated with financial, legal, technical and insurance adviser fees for a procurement of this nature. Experience elsewhere in the UK indicates that a budget of around £3-4 million would be required; there would be only limited difference to this figure for a stand alone procurement compared to a partnership where the costs are to be part funded by WAG and then split 5 ways.
- 3.09 Whilst Option 2b, Strategy Compliant with EFW_CHP (Sub-regional Partnership) is ranked second technically, it is greatly more expensive and as explained above it carries additional procurement and other associated costs to the Council. From the SWOT analysis this option carries substantial increased risks, such as the affordability to the Council and the ability of a facility of this size to offer CHP output cost effectively.
- 3.10 Finally Option 8a and 8b, Strategy Compliant with EFW_CHP - Merchant Facility (Alone and Sub-regional Partnership respectively) which were ranked joint third by the technical options appraisal, are more expensive solutions and require development by a third party. In addition, the availability of such a facility is questionable, since one does not currently exist locally; however, it is possible, through a proper competition, that such a solution may come forward.

Conclusion

After considering all of the factors, Entec recommend the NWRWTP regional partnership option (9a) as the scenario most likely to deliver best value for the Council.

4.00 RECOMMENDATIONS

4.01 That Members confirm support for the NWRWTP regional partnership as the option most likely to deliver best value for money for the Council in the future.

5.00 FINANCIAL IMPLICATIONS

5.01 Contained within the report.

6.00 ANTI POVERTY IMPACT

6.01 None as a direct result of this report

7.00 ENVIRONMENTAL IMPACT

7.01 None as a direct result of this report

8.00 EQUALITIES IMPACT

8.01 None as a direct result of this report

9.00 PERSONNEL IMPLICATIONS

9.01 None as a direct result of this report

10.00 CONSULTATION REQUIRED

10.01 Stakeholders and Members

11.00 CONSULTATION UNDERTAKEN

11.01 To be undertaken

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 BACKGROUND DOCUMENTS

Entec Report - North Wales Residual Waste Treatment Project

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Executive Summary

Introduction

Flintshire County Council (the Council) is currently working in partnership with the North Wales Residual Waste Treatment Partnership (NWRWTP) on a project to secure facilities for the long term management of their residual municipal waste. The NWRWTP is made up of five North Wales Local Authorities including; Isle of Anglesey, Denbighshire, Conwy and Flintshire. The NWRWTP started to develop an Outline Business Case (OBC) in autumn 2009 for submission to WAG in March/April 2010. Work is currently on-going on the development of an Outline Business Case for a joint waste treatment facility to treat residual waste arising within all five authorities, with the intention of applying for financial support under the Welsh Assembly Government's (WAG) waste infrastructure programme.

To understand the options available to the Council to treat residual waste and to assess whether the NWRWTP option is in the Council's best interest, the Council opted to further research alternative options for the long term treatment of its residual waste. This report investigates the delivery options available to the Council for treating residual waste arising in Flintshire in comparison to a number of other scenarios, both with and outside of the joint partnership solution available through the NWRWTP

Purpose of this Report

This report has been produced for the purpose of documenting work done in assessing the waste management options available to the Council for dealing with its residual waste. The study acknowledges that more than one delivery route could be used to procure different treatment technologies; these are discussed in further detail in the main body of the report (Section 5.2). Combining the delivery routes and the treatment technologies resulted in seventeen alternative scenarios. The study appraised the technical, environmental, deliverability and socio-economic aspects of the alternative delivery options identified by the Council.

The overall aim of commissioning this technical support was to enable the Council to investigate how alternative delivery options for treating the residual waste arising in Flintshire compares with committing to the NWRWTP procurement route



Options Appraisal & SWOT Analysis Process

The options appraisal was based on assessing a set of delivery options available to the Council, as outlined below.

1. Do Nothing (55% Recycling). This option bases future modelling on the assumption that no new treatment facilities will be developed and that all services will remain the same as presently proposed, meaning similar levels of landfill and recycling with improvements over time, to reflect currently committed and planned schemes;
2. High recycling – No new treatment facilities. This option relies on the Council reaching a 70% recycling rate without the use of any new technologies for treating the waste;
3. Build a Stand Alone Treatment Facility within Flintshire. This takes into account the options available to the Council to develop an entirely new stand alone treatment facility (and also to account for the existing waste management infrastructure with modifications and the addition of new infrastructure to deal with residual waste);
4. Build a Treatment Facility in a Sub-regional Partnership with Denbighshire County Council within the Flintshire area. This option would take into account the option as above (Option 3), but would consider the project in terms of processing a larger waste tonnage but with the possibility of additional transfer and handling requirements. The main difference to Option 3, above, will be that this may allow for a larger new facility, which may be more financially viable due to scale factors;
5. Utilise a third party (merchant) treatment Facility inside or outside of the Flintshire area, including developing a solution with existing waste treatment / disposal contractors. This solution relies on all residual waste being transported from Flintshire to a third party for treatment; and
6. The NWRWTP Partnership Solution: This option will be the NWRWTP OBC Reference Project solution, which is for one treatment facility to deal with all five local authorities' residual waste, based in Flintshire.

As well as the different delivery options the appraisal considers seven different treatment technologies, which have been identified as being feasible. The different treatment technologies include Energy from Waste (EfW) on small and large scales, Gasification, three different Mechanical Biological Treatment (MBT) types and Mechanical Heat Treatment (MHT). In total 19 different options were created, which are outlined in Table 0.1 below.

The Council's working group assessed and scored each of the nineteen options on technical, deliverability and socio-economic criteria, with guidance from Entec. An approved environmental modelling program (WRATE) was used to ascertain the environmental impact



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of each solution and feed into the scoring for the environmental criteria. These scores were compiled and resulted in a ranking of the different options. Each of the scenarios was then assessed in terms of the capital and operational costs, and the top ranked scenarios were subject to a SWOT analysis to identify the potential strengths, weaknesses, threats and opportunities relating to technology, procurement, market competition and climate change, planning and site acquisition among others.

Financial Aspects

The costs of each of the scenarios was estimated using data provided by Entec from its cost databases. The data have been gathered from bid submissions on other procurements and have been updated to a common date point and is one of the largest databases of its type in the UK. Where information was considered deficient Entec consulted with industry contacts for their most up-to-date estimations. The majority of the cost information covers projects which are designed to operate over a 25 year period and consequently, include regular maintenance and also life cycle maintenance. Whilst market positions adopted by individual bidders may mean that more competitive prices may be obtained, the database allows for the costs comparison of each option in the study, against a common set of assumptions.

Since residual waste treatment assets of this nature are generally procured for 25 year periods, it is normal to compare costs for the whole life of the project, which then takes account of lifecycle costs. For this project, Entec examined all of the direct costs to produce a total cost over the project life and expressed this as a Net Present Value (NPV). The NPV cost allows a fair comparison to be made in “today’s” money; this evens out different cash flows, which can occur with processes that have higher levels of operating expenses in the latter years of a project. Whilst the NPV cost includes all direct costs which will be incurred over the life of the project it would not accurately compare to a gate fee, since it excludes the cost of finance, and would be subject to further commercial and tax adjustments. However, a comparison of the NPV’s clearly shows that Option 9a, Strategy Compliant with EFW_CHP - NWRWTP Facility (Regional Partnership) is approximately 35% cheaper than the 2nd ranked option when WAG funding included.

Merchant Facilities

The following graph illustrates the impact of financing charges on the costs of project financed solutions versus merchant plants. It illustrates the point that whilst merchant facilities may be cheaper in the short term, in the longer term, project finance offers best value. This arises because all costs for a merchant solution are subject to indexation

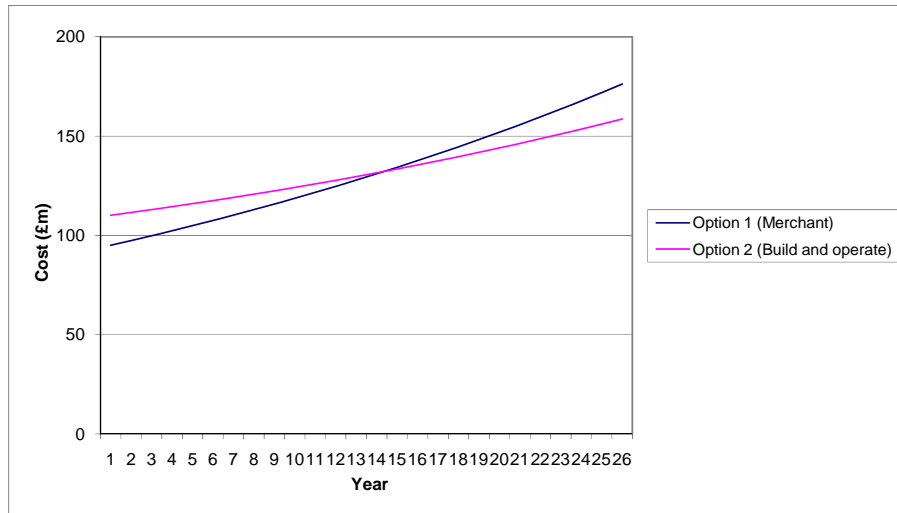


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(inflation), whilst under project finance; the capital element is fixed at the beginning of the contract.

Figure 0.1 Comparison of Merchant v Project Finance Facilities



Comparison with the OBC costs.

The NPV values used in this options appraisal are directly comparable with the starting NPV costs identified in the main NWRWTP OBC, and are simply proportioned in line with tonnage waste arising for Flintshire. Both studies start with the same basic cost assumptions derived from the Entec database, however, the NWRWTP OBC is more sophisticated and the cost data has been developed to meet treasury requirements. This level of sophistication was considered unnecessary for this study, which is more concerned with cost variations between various options.

Final Outcome

The Welsh Assembly Government has made it clear via its –'Towards Zero Waste' - A consultation on a new Waste Strategy for Wales (completed in July 2009) that future strategic direction and resources will be directed towards local authority policies which are based on very high levels of recycling and composting (for example 70% recycling /composting by 2025) and minimised levels of landfilling (for example a maximum of 5% landfill by 2025). Even with these challenging targets achieved, there will remain significant levels of residual



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waste which must be disposed of through sustainable techniques offering the best balance of environmental and economical benefits.

The outcome of the technical scoring from the options appraisal process for the Council is displayed in the table below, which includes a full list of the options appraised. They are presented in their rank order following the technical appraisal exercise. This ranking takes no account of the cost of each solution, which is consistent with the WAG guidance on options appraisal studies. However, for clarity the NPV of each solution has been included and a basic ordering for each option applied (on the basis that 1 is the lowest cost and 19 is the highest cost).



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Table 0.1 Technical Ranking of Options with NPV and Cost Order

Rank	Option Number	Option Summary Description	NPV (Cost) of Solution (Flintshire Cost Only)	Basic Cost Ranking
1	9a	Strategy Compliant with EFW_CHP - NWRWTP Partnership Facility (With 25% WAG Funding)	£57,231,296	1
		Strategy Compliant with EFW_CHP - NWRWTP Partnership Facility (Without 25% WAG Funding)	£76,308,395	(1)
2	2b	Strategy Compliant with EFW_CHP (Sub-regional Partnership)	£86,123,059	6
3	8a	Strategy Compliant with EFW_CHP - Merchant Facility (Stand Alone)	£77,150,647	4
3	8b	Strategy Compliant with EFW_CHP - Merchant Facility (Sub-regional Partnership)	£76,493,283	2
5	2a	Strategy Compliant with EFW_CHP (Stand Alone)	£95,202,164	8
6	3b	Strategy Compliant with Gasifier (Sub-regional Partnership)	£91,590,586	7
7	3a	Strategy Compliant with Gasifier (Stand Alone)	£100,622,762	10
8	10a	Strategy Compliant with MHT (autoclave), fibre to EFW - Merchant Facility (Alone)	£77,150,647	4
8	10b	Strategy Compliant with MHT (autoclave), fibre to EFW – Merchant Facility (Sub-regional Partnership)	£76,493,283	2
10	5b	Strategy Compliant with MBT_AD, RDF to dedicated facility, (Sub-regional Partnership)	£116,378,813	15
11	5a	Strategy Compliant with MBT_AD, RDF to dedicated facility (Stand Alone)	£123,898,438	16
12	7a	Strategy Compliant with MHT (autoclave), fibre to EFW (Stand Alone)	£123,938,855	17
13	7b	Strategy Compliant with MHT (autoclave), fibre to EFW (Sub-regional Partnership)	£128,869,287	18
14	1b	Do nothing (maintain recycling and introduce food waste) (70%)	£116,231,261	14
15	6a	Strategy Compliant with single MBT_Ecodeco, RDF to dedicated facility, CLO for "beneficial use" (Stand Alone)	£103,723,036	11
15	6b	Strategy Compliant with single MBT_Ecodeco, RDF to dedicated facility, CLO for "beneficial use" (Sub-regional Partnership)	£99,279,902	9
17	4a	Generally strategy compliant, single MBT Biostabilisation to landfill (Stand Alone)	£105,188,310	12
18	4b	Generally strategy compliant, single MBT Biostabilisation to landfill (Sub-regional Partnership)	£105,210,058	13
19	1a	Do nothing (maintain recycling and introduce food waste) (55%)	£141,401,354	19



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As can be seen, the technical options appraisal conducted by the working group scored option 9a highest, which involves residual waste being sent to a NWRWTP EfW facility with CHP in a joint contract (regional partnership) between the five North Wales Authorities. The second highest ranked option technically is 2b, which involves building an EfW facility with CHP in a sub-regional partnership with Denbighshire. The two solutions in joint third involve the same delivery route to a Merchant EfW with CHP (both alone and in a sub-regional partnership with Denbighshire). The costs for both of these merchant options are high.

The SWOT Analysis work suggests that the NWRWTP carries the least risk of the highest ranking scenarios. All other options carry significant risks and without 25% funding from WAG also come with additional costs associated with the procurement and delivery of a new waste treatment facility.

All the preferred options include energy from waste as the core technical solution, but the facilities would vary in terms of size, ownership and the relative costs for procurement, construction and operation. Incorporating the Net Present Value (NPV) for each option strengthens the case for the NWRWTP reference project as the preferred option – largely due to the WAG funding, which is available for this option only and to a lesser extent economies of scale. The incorporation of WAG funding into the assessment is likely to result in:

- an NPV cost saving of approximately 35% when compared with the second ranked technical option, 2b, (which would not attract WAG funding); and
- an NPV cost saving of approximately 60% when compared with doing nothing.

Recommendations

Option 9a, Strategy Compliant with EFW_CHP - NWRWTP Facility (Regional Partnership), performs the highest technically, and even without WAG financial support is financially the best ranked option. As a full (all five Councils) partnership option it also qualifies for WAG financial support, which reduces its cost even further and as a result it is approximately 25% cheaper than the next nearest technically ranked option. From the SWOT analysis this option carries the least risk. The Council should also consider direct costs and costs associated with financial, legal, technical and insurance adviser fees for a procurement of this nature. Experience elsewhere in the UK would indicate that a budget of around £3-4 million would be required; there would be only limited difference to this figure for a stand alone procurement compared to a partnership.



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Whilst Option 2b, Strategy Compliant with EFW_CHP (Sub-regional Partnership), ranked second technically it is greatly more expensive and as explained above it carries additional procurement and other associated costs to the Council. From the SWOT analysis this option carries substantial increased risks, such as the affordability to the Council and the ability of a facility of this size to offer CHP output cost effectively.

Finally Option 8a and 8b, Strategy Compliant with EFW_CHP - Merchant Facility (Alone and Sub-regional Partnership respectively), were ranked joint third by the technical options appraisal, are more expensive solutions and require development by a third party. In addition, the availability of such a facility at an economically affordable price is questionable, since such a facility does not currently exist locally; although it is possible, through a proper competition, that such a solution may come forward. Such merchant solutions may be tendered where bidders elect to construct a facility with additional capacity which is used for third party waste streams and where they retain ownership of the asset. As a result, Entec does not recommend taking these forward as the preferred option for the Council.

After considering all of these factors, Entec recommends the NWRWTP regional partnership option (9a) as the scenario most likely to deliver best value for the Council.



FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 20

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **DIRECTOR OF ENVIRONMENT AND CHIEF EXECUTIVE**
SUBJECT : **NORTH WALES RESIDUAL WASTE TREATMENT PROJECT -
INTER AUTHORITY AGREEMENT**

1.00 PURPOSE OF REPORT

1.01 To seek Members approval of the Inter Authority Agreement (IAA) between the five authorities collaborating in the North Wales Residual Waste Treatment Project (NWRWTP).

2.00 BACKGROUND

2.01 The Inter Authority Agreement (IAA) has been drafted to formalise the respective roles and responsibilities for the joint working arrangements for the procurement of the project including the appointment of Flintshire County Council as Lead Authority throughout the process. A further IAA will be developed for Member approval when we are ready to award a contract to a successful bidder.

2.02 The Agreement, if approved, will be based on the powers conferred on the five Partners by Sections 51 and 55 of the Environmental Protection Act 1990, Section 19, of the Local Government Act 2000 and other enabling powers.

3.00 CONSIDERATIONS

3.01 The Partner Authorities acknowledge that the Agreement will set out the basis on which risks and liabilities are apportioned between them. Subject to the successful award of the project contract, the five Partners have agreed to enter into a further agreement which will set out the respective rights and obligations of each Council for the implementation and operational phases of the project. This will be called the Second Inter-Authority Agreement which will reflect the terms of the project contract and cannot be completed until each Partner has agreed the terms of the project contract with the successful bidder. Under the Inter Authority Agreement each Partner will agree to act reasonably and in good faith to negotiate the terms of the Second Inter-Authority Agreement and according to agreed principles.

3.02 The Inter-Authority Agreement, a draft of which is attached, makes provision for the termination of the agreement, site issues, the principles and key objectives of the arrangement, the duties of the lead Council and Partners,

Date: 09/02/2010

decision making processes, the roles of the Joint Committee and Project Board and the commitment of each Partner and their contributions.

- 3.03 At the time of writing this report a number of draft amendments to the agreement are being considered and await the final approval of the respective legal representatives. These amendments include site valuation and the implications of withdrawal from the project including the duty to mitigate any costs arising from withdrawal. The outstanding issues are not contentious and it is proposed that delegated authority be given to the Head of Legal and Democratic Services to agree any amendments in consultation with the Project Director and the Executive Member for Waste Management and Strategy and Function.

4.00 **RECOMMENDATIONS**

That the Committee

- 4.01 Endorse the Inter Authority Agreement attached at Appendix 1 and give the Head of Legal and Democratic Services delegated powers to make amendments to the draft, in consultation with the Project Director and the Executive Member for Waste Management and Strategy.

5.00 **FINANCIAL IMPLICATIONS**

- 5.01 The costs of procurement are outlined within the IAA but have been extracted below for ease of reference. Flintshire County Councils net procurement costs are shown in the Table under the description 'per authority'.

NWRWTP – PROJECTED SPEND PROFILE 2009/10 TO 2011/12

Spend year	2008/09	2009/10	2010/11	2011/12	Total
Project Management costs	£79,000	£228,200	£253,462	£256,152	£816,814
Advisor costs (core)		£154,805	£484,656	£147,882	£787,343
Additional /time and cost works		£515,000	£412,500	£492,500	£1,420,000
Potential site option/ lease payment)		£100,000	£200,000	£200,000	£500,000
Total costs	£79,000	£998,005	£1,350,618	£1,096,534	£3,524,157
Project Contingency (10%)		£99,801	£135,062	£109,653	£352,416
WAG RCAF contribution	£75.0	£195,000	£200,000	£200,000	£670,000

Date: 09/02/2010

	00				
net	£4,000	£902,806	£1,285,680	£1,006,187	£3,198,673
Per authority	£800	£180,561	£257,136	£201,237	

Per authority allocation is a 1/5th of total and subject to confirmation

Site option/lease payments relate to the potential requirement to provide funding to secure access to site(s) for residual waste treatment or waste transfer services

Advisor costs (core) relate to fixed price/target price elements of advisor works

Additional time and cost works relate to non-core activities (time and cost) - including planning and site support from technical advisors and communications support

Project Management costs include Project Director, Project Manager, administrative, venue, translation and finance -recharges costs related to the project.

6.00 ANTI POVERTY IMPACT

6.01 None as a direct result of this report

7.00 ENVIRONMENTAL IMPACT

7.01 None as a direct result of this report

8.00 EQUALITIES IMPACT

8.01 None as a direct result of this report

9.00 PERSONNEL IMPLICATIONS

9.01 None as a direct result of this report

10.00 CONSULTATION REQUIRED

10.01 Stakeholders and Members of the Council

11.00 CONSULTATION UNDERTAKEN

11.01 NWRWTP Joint Committee and Project Board

12.00 APPENDICES

12.01 Inter Authority Agreement

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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DATED **2010**

- (1) **CONWY COUNTY BOROUGH COUNCIL**
- (2) **DENBIGHSHIRE COUNTY COUNCIL**
- (3) **FLINTSHIRE COUNTY COUNCIL**
- (4) **GWYNEDD COUNCIL**
- (5) **ISLE OF ANGLESEY COUNTY COUNCIL**

INTER-AUTHORITY AGREEMENT
in relation to the joint procurement of
a residual waste treatment facility pursuant to
the North Wales Residual Waste Partnership Agreement

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BETWEEN

- (1) **CONWY COUNTY BOROUGH COUNCIL** of Bodlondeb, Conwy, North Wales, LL32 8DU ("**Conwy Council**");
- (2) **DENBIGHSHIRE COUNTY COUNCIL** of Environmental Services, Kinmel Park Depot, Bodelwyddan, Denbighshire, LL18 5UX ("**Denbighshire Council**");
- (3) **FLINTSHIRE COUNTY COUNCIL** of County Hall, Mold, Flintshire, CH7 6NB ("**Flintshire Council**");
- (4) **GWYNEDD COUNCIL** of Council Offices, Shirehall Street, Caernarfon, Gwynedd, LL55 1SH ("**Gwynedd Council**"); and
- (5) **ISLE OF ANGLESEY COUNTY COUNCIL** of Council Offices, Llangefni, Anglesey, LL77 7TW ("**Isle of Anglesey Council**")

(together referred to as the "**Councils**" and individually as a "**Council**")

BACKGROUND

- (A) The Councils have agreed to work together in a partnering relationship to jointly procure a residual waste treatment facility and deliver residual waste treatment services (the "**Solution**") in furtherance of the objectives of the North Wales Residual Waste Partnership Agreement (the "**Partnership Agreement**") and the project known as the North Wales Residual Waste Project (the "**Project**").
- (B) The Councils have agreed to enter into this Agreement to formalise their respective roles and responsibilities in relation to the joint working arrangements for the procurement of the Project and the appointment of Flintshire Council as Lead Council in carrying out the Procurement Milestones in accordance with the terms of the Outline Business Case and the common decision made by each Council to approve the Affordability Envelope and commence the Procurement Milestones.
- (C) The Councils wish to enter into this Agreement and implement the Project pursuant to the powers conferred on them by Sections 51 and 55 of the Environmental Protection Act 1990, Section 19 of the Local Government Act 2000 and all other enabling powers.
- (D) The Councils acknowledge that this Agreement sets out the basis on which risks and liabilities are apportioned between the Councils, is intended to replace the Partnership Agreement and shall regulate the procurement of the Project up to the end of the Procurement Milestones on the Procurement End Date. Subject to the successful award of the Project Agreement, the Councils have agreed to enter into an agreement which will set out the respective rights and obligations of each Council in relation to the implementation and operational phases of the Project. Such agreement (the "**Second Inter-Authority Agreement**") is intended to reflect the terms of the Project Agreement and as such cannot be completed until the Councils have agreed the terms of the Project Agreement.
- (E) The Councils agree to act reasonably and in good faith to negotiate the terms of the Second Inter-Authority Agreement and acknowledge that the same shall include the principles set out in Schedule 9 (Heads of Terms of Second Inter-Authority Agreement).

1. **DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement and the Recitals, unless, the context otherwise requires the following terms shall have the meaning given to them below:-

"Accounting Period"	means those periods set out in Schedule 6 (Accounting Periods) as may be amended from time to time in accordance with the terms of this Agreement
"Affordability Envelope"	means the sum set out in Schedule 10 (Affordability Envelope) which represents the upper limit of the financial threshold calculated for each Council as approved by each Council in respect of this Project ¹
"Bidder"	means any person who, following the issue of the OJEU Notice, expresses or has expressed an interest in being awarded the Project Agreement through the Procurement Milestones
"Bid Process"	means the process of procuring and appointing a contractor to carry out the Project on behalf of the Councils
"Business Day"	means any day other than a Saturday or Sunday or a public or bank holiday in England and/or Wales
"CEDR"	means the Centre for Effective Dispute Resolution
"Chair"	means the chair of the Joint Committee (duly appointed pursuant to Clause 7.3) or the Project Board (duly appointed pursuant to Clause 8.4 (as the case may be)
"CIWM"	means the Chartered Institute of Wastes Management
"Commencement Date"	means the date hereof
"Competitive Dialogue Procedure"	has the meaning given to it in the EU Procurement Regime
"Confidential Information"	means all know-how and other information whether commercial, financial, technical or otherwise relating to the business, affairs or methods of all or any Council, which is contained in or discernible in any form whatsoever (including without limitation software, data, drawings, films, documents and computer-readable media) whether or not marked or designated as confidential or proprietary or which is disclosed orally or by demonstration and which is described at the time of disclosure as confidential or is clearly so from its content or the context of disclosure
"Decision Period"	means the period of fourteen (14) Business Days from the date of the Liability Report or such other time as is unanimously agreed by all the Councils

¹ To confirm how the overall Affordability Envelope is built up i.e. from five individual Councils' own affordability envelopes. Grant Thornton UK to confirm.

"DPA"	means the Data Protection Act 1998
"Evaluation Criteria"	means the primary level evaluation criteria outlined in the Invitation to Participate in Dialogue to be further refined by the Joint Committee as part of the Procurement Milestones
"EU Procurement Rules"	means the Public Contracts Regulations 2006
"Facility"	means the new waste management facility (or facilities) that may be procured as the Solution under the Project ²
"Intellectual Property"	means any and all patents, trade marks, trade names, copyright, moral rights, rights in design, rights in databases, know-how and all or other intellectual property rights whether or not registered or capable of registration and whether subsisting in the United Kingdom or any other part of the world together with all or any goodwill relating to them and the right to apply for registration of them
"IP Material"	means the Intellectual Property in the Material
"ISDS"	means the Invitation to Submit Detailed Solutions stage of the Procurement Milestones
"ISOS"	means the Invitation to Submit Outline Solutions stage of the Procurement Milestones
"ISRS"	means the Invitation to Submit Refined Solutions stage of the Procurement Milestones
"Joint Committee"	shall have the meaning given to it in Clause 7.1
"Joint Committee Meeting"	means a meeting of the Joint Committee duly convened in accordance with Clause 6
"Key Documents"	means the documents that shall be received by the Joint Committee in relation to the Project and shall include the Project Initiation Document and the Outline Business Case
"Key Facility"	means the key residual waste treatment facility (or facilities) that may be procured as part of the Solution under the Project
"LAS"	means the Landfill Allowance Scheme (LAS) Regulations (Wales) 2004
"Lead Council"	means the Council appointed under Clause 5 as the lead administering authority for the Project whose duties are set out in this Agreement

² It is envisaged that waste transfer stations in Council administrative areas will be central collection points for bulking up waste before transport to waste treatment facilities.

"Lead Finance Officer"	means the person so appointed from time to time by the Lead Council to represent the interests of the Councils in respect of financial matters of the Project and to ensure the provision of regular update reports are provided to the Project Board from time to time and who shall be called the Lead Finance Officer reporting to the Project Section 151 Officer
"Liability Report"	means a report prepared by the Lead Council (or such other Council nominated under Clause 12.4) acting reasonably setting out the financial and resource commitments of the relevant Council under Clause 12.7 including the items set out in Schedule 7 (Liability Report)
"Local Authority"	means a principal council (as defined in Section 270 of the Local Government Act 1972) or any body of government in Wales established as a successor of a principal councils
"Longstop Date"	means the date of execution of the Project Agreement and the Second Inter-Authority Agreement or, if earlier, the date at which all the Councils determine to abandon the procurement exercise for the Project

"Market Value"

means the best price at which the Site or site in question might reasonably be expected to have been disposed of unconditionally for cash consideration at the relevant time assuming:

- (a) a willing seller;
- (b) that prior to the relevant time there has been a reasonable period for the proper marketing of such Site or site and for the agreement of price and terms for completion of the disposal of such Site or site;
- (c) the state of the market, levels of values and other circumstances are on any earlier assumed date of exchange of contracts the same as at the relevant time;
- (d) the relevant Council has good and marketable title to such Site or site;
- (e) all necessary consents for any building or other works at such Site have been obtained and such Site or site can be lawfully used;
- (f) any damage to such Site or site caused by any insured risk has been made good;
- (g) that where the Project (or one of the Councils in furtherance of the Project) has made an investment into improving a Site or site (whether by obtaining planning permission or other permits or necessary consents, regardless of whether they are used or capable of being used for the Project, or otherwise) to confer an advantage on the value of such Site or site compared to its pre-Project value then such enhancement shall be taken into account³;

and otherwise taking into account of the actual circumstances as shall exist at the time,

provided further that for the purposes of calculating valuation to determine whether proposed Site or site disposals under the terms of the Local Government Act 1972 any Council willing to dispose of its land at less than Market Value as established under the RICS Valuation Standards will have regard to the Local Government Act 1972: General Disposal Consent (Wales) 2003

"Material"

means all data, text, graphics, images and other materials or documents created, used or supplied by a Council in connection with this Agreement unless before the first use or supply, the Council notifies the other Councils that the data, text supplied is not to be covered by this definition

³ This is aiming at brownfield development sites where remediation/clean up and/or improvement works are carried out under the auspices of the Project which confer an advantage on the Site or site whether or not such Site or site is ultimately used within the Project.

"Matter Reserved To The Councils"	means as defined in Clause 6.1.3
"Model Procedure"	means the Centre for Dispute Resolution Model Mediation Procedure
"OJEU Notice"	has the meaning given to it in the EU Procurement Rules
"Outline Business Case"	means the outline business case dated on or about [] December 2009 (as amended from time to time) prepared by the Councils and submitted to the Joint Committee for approval before submission to WAG for funding to support the Project and provide approval to proceed with the Procurement Milestones (including the strategic, economic, commercial, financial and management case for the Project, all prepared in accordance with good industry practice)
"Partnership Agreement"	means, as referred to in Recital A, the partnership agreement made between the Councils dated [] November 2008
"Personal Data"	means personal data as defined in the DPA
"Procurement End Date"	means the date that the Project Agreement (and any associated documentation) is executed by the Lead Council pursuant to the Procurement Milestones or, if earlier, the date that the Councils determine not to proceed with the Project
"Procurement Milestones"	means the procurement stages as set out in Schedule 1 (Procurement Milestones) to be carried out in order to procure the Project as such Procurement Milestones may be amended from time to time by the Councils in accordance with the terms of this Agreement
"Project"	means as defined in Recital A
"Project Agreement"	means the proposed contract for the preferred Solution to dispose of the Councils' residual waste to be entered into by the Lead Council (acting on behalf of itself and the Councils) and the successful Bidder in accordance with the Procurement Milestones in connection with the Project
"Project Board"	has the meaning given to it in Clause 8.1
"Project Board Meeting"	means a meeting of the Project Board duly convened in accordance with Clause 6

"Project Director"

means the person who:

- (a) is engaged by Flintshire Council as Lead Council as at the date of this Agreement and whose line manager is Flintshire Council's Director of Environmental Services (which individual has delegated powers and is also a member of the Project Board);
- (b) is so appointed from time to time by the Project Board to represent the interests of all the Councils in respect of their operational requirements for the Project;
- (c) shall be called the Project Director;
- (d) who shall be a member of and responsible to the Project Board, and
- (e) for the avoidance of doubt the Councils have agreed that the remit of such person is to use his authorisation received from Flintshire Council to:
 - (i) take decisions on behalf of the Project Board;
 - (ii) run a soft market test exercise;
 - (iii) negotiate on behalf of the Councils including with Bidders on all material commercial issues (including risk allocation matters and any proposed changes to the Project output specification principles enshrined in the Outline Business Case during the competitive dialogue phase of the procurement⁴) where project management and commercial negotiations can be conducted provided that such negotiations:
 - (A) are consistent with WAG guidance and/or WAG support;
 - (B) do not materially and adversely change the strategic nature of the Project (including its risk profile); and
 - (C) do not require reference back to the Joint Committee and/or the Councils on those matters reserved to such bodies pursuant to Schedule 1 (Procurement Milestones)

⁴ It is too prescriptive to schedule out which aspects of potential commercial negotiations on the terms of the Project's

"Project Initiation Document"	means the project initiation document for the Project as agreed by the Councils setting out the justification for the Project, its outline description and indicative costs, Project timetable, Project governance and management arrangements and the Project budget
"Project Manager"	means the person appointed to manage the Project in accordance with the job description set out in the Project Initiation Document
"Project Section 151 Officer"	means the person so appointed by the Lead Council (as their officer appointed pursuant to section 151 of the Local Government Act 1972) as the officer responsible for the proper administration of the financial affairs under the Project and who shall manage the Lead Finance Officer and collate regular reports on Project accounting matters (provided that for the avoidance of doubt each Council's own officer appointed pursuant to section 151 of the Local Government Act 1972 shall be entitled to attend Project Board Meetings and Joint Committee Meetings from time to time as non-voting members pursuant to Clauses 8.9 and 7.13 respectively)
"Site"⁵	means the reference site selected by the Councils for the purposes of the Outline Business Case over the areas of land known as Deeside EM1 13 at Weighbridge Road, Deeside Industrial Park, Flintshire and shown for the purposes of identification only edged red on the plan shown at Schedule 8 (Site Plan) provided that the Councils acknowledge that the declaration of such reference site does not commit the Councils to a technology solution nor a preferred location for any waste management facilities in delivering the Project
"Solution"	means as defined in Recital A
"Vice-Chair"	means the vice-chair of the Joint Committee (duly appointed pursuant to Clause 7.3) or the Project Board (duly appointed pursuant to Clause 8.4 (as the case may be)
"WAG"	means the Welsh Assembly Government.

1.1 Interpretation

In this Agreement, except where the context otherwise requires:-

- 1.1.1 the singular includes the plural and vice versa;

output specification etc. should fall within the remit of the Project Director. Experienced practitioners (and the wider external advisory team) should be able to endorse and/or recommend when the Project Director should be taking the lead rather than referring matters back to the Project Board, Joint Committee or individual Councils.

⁵ There may be other proposals for one or more waste management facilities (residual waste treatment facility, waste transfer stations or otherwise) identified during the procurement by the Councils or by Bidders.

- 1.1.2 a reference to any clause, sub-clause, paragraph, Schedule, recital or annex is, except where expressly stated to the contrary, a reference to such clause, sub-clause, paragraph, schedule, recital or annex of and to this Agreement;
- 1.1.3 any reference to this Agreement or to any other document shall include any permitted variation, amendment or supplement to such document;
- 1.1.4 any reference to legislation shall be construed as a reference to any legislation as amended, replaced, consolidated or re-enacted;
- 1.1.5 a reference to a public organisation (to include, for the avoidance of doubt, any Council) shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over the waste disposal functions and responsibilities of such public organisation;
- 1.1.6 a reference to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees;
- 1.1.7 the schedule, clause, sub-clause and (where provided) paragraph headings and captions in the body of this Agreement do not form part of this Agreement and shall not be taken into account in its construction or interpretation;
- 1.1.8 words preceding "include", "includes", "including" and "included" shall be construed without limitation by the words which follow those words; and
- 1.1.9 any reference to the title of an officer or any of the Councils shall include any person holding such office from time to time by the same or any title substituted thereafter or such other officer of the relevant Council as that Council may from time to time appoint to carry out the duties of the officer referred to.

1.2 **Schedules**

The Schedules to this Agreement form part of this Agreement.

2. **COMMENCEMENT, DURATION AND TERMINATION**

2.1 **Duration of Contract**

2.2 This Agreement shall continue in full force and effect from the Commencement Date until the earlier of the following dates:-

- 2.2.1 all the Councils agree in writing to its termination; or
- 2.2.2 there is only one remaining Council who has not withdrawn from this Agreement in accordance with Clause 12 (Withdrawal); or
- 2.2.3 the date of execution of the Project Agreement.

2.3 **Termination**

Without prejudice to any other rights or remedies, this Agreement may be terminated in relation to any Council ("**Defaulter**") by the other Councils ("**Non-Defaulting Councils**") acting unanimously in giving written notice to the Defaulter effective on receipt where the Defaulter breaches any of the provisions of this Agreement and in the case of a breach capable of remedy fails to remedy the same within [five (5)][sixty

(60)]⁶ Business Days (or such other period as agreed by the Councils) of being notified of each breach in writing by the Non-Defaulting Councils and being required to remedy the same.

3. SITE

- 3.1 The Councils acknowledge that Flintshire Council has secured ownership of the Site for the purpose of the Project and that, if the reference site approach adopted by the Councils for the purposes of the Outline Business Case is ultimately adopted, the Site will be made available to Bidders as a site upon which the successful Bidder may wish to develop a Key Facility. For the avoidance of doubt the Councils acknowledge that a single reference site approach at this stage does not prohibit any other alternative site location strategy including but not limited to a twin site proposal for residual waste treatment Key Facilities using the Site and a second site which may be located in the Bangor area to serve the western Councils. Furthermore the Councils may each make available to the Project interests in a site or sites upon which the successful Bidder may wish to develop other Facilities necessary for the Solution to succeed, provided that the Joint Committee shall consider any such proposals and may agree to adopt such sites as Project sites in its absolute discretion and (using Market Value principles) ascribe an initial valuation for the interest in such sites⁷.
- 3.2 Subject to Clause 3.4, Flintshire Council agrees that if it exercises its right to withdraw from the Project pursuant to Clause 12 (Withdrawal) or if this Agreement is terminated in respect of it pursuant to Clause 2.3 (Termination) then it will transfer its interest in the Site to one of the remaining Councils (at the direction of the Joint Committee) for use for the purposes of the Project.
- 3.3 Subject to Clause 3.5, each Council agrees that if it exercises its right to withdraw from the Project pursuant to Clause 12 (Withdrawal) or if this Agreement is terminated in respect of it pursuant to Clause 2.3 (Termination) then if it has any interest in a site or sites (not being the Site) allocated to the Project with the agreement of the Joint Committee it will transfer its interest in such site or sites to one of the remaining Councils (at the direction of the Joint Committee) for use for the purposes of the Project.
- 3.4 If Flintshire Council exercises its right to withdraw from the Project pursuant to Clause 12 (Withdrawal) or if this Agreement is terminated in respect of it pursuant to Clause 2.3 (Termination) then it will use all reasonable endeavours to transfer its interest in the Site to one of the remaining Councils (at the direction of the Joint Committee) for use for the purposes of the Project. The interest in the Site shall be valued at Market Value and Flintshire Council may then elect to conduct a transfer at an undervalue if it can secure appropriate consents and approvals and that successful dispensation is granted.
- 3.5 If any Council exercises its right to withdraw from the Project pursuant to Clause 12 (Withdrawal) or if this Agreement is terminated in respect of it pursuant to Clause 2.3 (Termination) then it will use all reasonable endeavours to transfer its interest in such site or sites⁸ (not being the Site) to one of the remaining Councils (at the direction of the Joint Committee) for use for the purpose of the Project. The interest in such site or sites shall be valued at Market Value and the relevant Council may then elect to

⁶ To avoid a hair trigger termination event there should be the opportunity to refer any potential termination event back through the hierarchy of Project Board, Joint Committee and to individual Councils since a termination will attract potential liability for the Defaulter and may compromise the delivery of the overall Project. This necessitates a longer time period.

⁷ It is agreed that there should be a mechanism to import sites (not being the Site) into the Project. To aid any compensatory payments a value should be ascribed on the way into and out of the Project?

⁸ If the sites represent possible locations for Facilities like waste transfer stations (not being the Key Facility at the Site or a similarly useful residual waste treatment facility) then the structure of the property interests on particularly a Contractor default of the Project Agreement needs to be considered to ensure continuing availability of the sites for the Project or a successor to the Project?

conduct a transfer at an undervalue if it can secure appropriate consents and approvals and that successful dispensation is granted⁹.

- 3.6 The costs and terms of the acquisitions and/or securing of the sites referred to in Clause 3.3 together with the costs of obtaining outline planning consent shall be borne by the relevant Council.
- 3.7 Where a Council is the owner of the Site or a site but the Joint Committee does not direct a transfer to one of the remaining Councils, that relevant Council shall be entitled to dispose of that Site or site (or to retain that Site or site) at its discretion.
- 3.8 An assessment of the Market Value of the Site or site shall be carried out within thirty (30) Business Days of either the relevant Council's decision to withdraw from the Project or the date on which notice is given to a Council that it is a Defaulter in accordance with the provisions of Clause 2.3 (Termination).

4. **PRINCIPLES AND KEY OBJECTIVES**

- 4.1 The Councils intend this Agreement to be legally binding.
- 4.2 The Councils agree to work together to carry out the Procurement Milestones in accordance with the terms of this Agreement.
- 4.3 Without prejudice to the terms of this Agreement, the Councils agree that they will conduct their relationship in accordance with the following principles:-

4.3.1 **Openness and Trust**

in relation to this Agreement the Councils will be open and trusting in their dealings with each other, make information and analysis available to each other, discuss and develop ideas openly and contribute fully to all aspects of making the joint working successful. Whilst respecting the mutual need for commercial confidentiality, the Councils will willingly embrace a commitment to transparency in their dealings and in particular a need to comply with statutory access to information requirements including the Environmental Information Regulations 2004 (SI 2004/3391) and the Freedom of Information Act 2000 and supporting codes of practice. The Councils will be aware of the need for and respect matters of commercial confidentiality and potential sensitivity;

4.3.2 **Commitment and Drive**

the Councils will be fully committed to working jointly, will seek to fully motivate employees and will address the challenges of the Project with drive, enthusiasm and a determination to succeed;

4.3.3 **Skills and Creativity**

the Councils recognise that each brings complementary skills and knowledge which they will apply creatively to achieving the Councils' objectives, continuity, resolution of difficulties and the development of the joint working relationship and the personnel working within it. It is recognised that this will involve the appreciation and adoption of common values;

⁹ What should the process be for securing a property valuation and then considering a negotiation between the departing Council and the remaining Councils to negotiate a value and then justify any transfer at an undervalue in similar vein to Section 123 of the Local Government Act 1972 and the general disposal consent order? How would this affect the Project procurement timetable?

4.3.4 **Effective Relationships**

the roles and responsibilities of each Council will be clear with relationships developed at the appropriate levels within each organisation with direct and easy access to each other's representatives;

4.3.5 **Developing and Adaptive**

the Councils recognise that they are engaged in what could be a long term business relationship which needs to develop and adapt and will use reasonable endeavours to develop and maintain an effective joint process to ensure that the relationship develops appropriately and in line with these principles and objectives;

4.3.6 **Reputation and Standing**

the Councils agree that, in relation to this Agreement and the Project generally, they shall pay the utmost regard to the standing and reputation of one another and shall not do or fail to do anything which may bring the standing or reputation of any other Council into disrepute or attract adverse publicity to any other Council;

4.3.7 **Reasonableness of Decision Making**

the Councils agree that all decisions made in relation to this Agreement and the Project generally shall be made by them acting reasonably and in good faith;

4.3.8 **Necessary Consents**

each Council hereby represents to the other Councils that it has obtained all necessary consents sufficient to ensure the delegation of functions and responsibilities provided for by this Agreement; and

4.3.9 **Members and Officers' Commitments**

each Council shall use its reasonable endeavours to procure that their respective members and officers who are involved in the Project shall at all times act in the best interests of the Project, devote sufficient resources to the Project and respond in a timely manner to all relevant requests from the other Councils.

4.4 The Councils agree and acknowledge that in the Outline Business Case the commercial case for new Facilities requires a preliminary sizing of Key Facility capacity. The Councils' external technical advisors have worked with the Councils' in-house waste management technical officers to study waste flows, ascribe a projected waste growth rate and provide an initial assessment of approximate projected tonnes per year of residual waste to be supplied to the Key Facility and maximum tonnage guarantees set out in Schedule 11 (Projected Contract Waste Tonnages and Minimum Tonnage Guarantees) which the Councils will support as their committed waste tonnage supply band pending further studies and modelling to establish revised waste tonnage supply bands as the procurement continues. The revised waste tonnages will be a Matter Reserved To the Councils as part of the Outline Business Case approval process. Each Council agrees to work with each other (acting reasonably and in good faith with time being of the essence), to finalise, before the issue of the ISDS

documents to Bidders, the actual residual waste tonnages to be supplied by each Council to the Key Facility¹⁰.

- 4.5 The Councils acknowledge that the principle of a common gate fee is agreed (and such common gate fee acknowledges the respective costs of waste collection for each of the Councils¹¹). This will include in the common gate fee all costs of waste reception, haulage and treatment as well as the costs of providing and/or building one or more waste reception points and transfer loading stations within each Council's administrative area¹². Waste will be collected and taken to a central point in a Council's administrative area for onward transfer to waste treatment and disposal facilities.
- 4.6 The Councils acknowledge the principles that if a Council provides its residual waste to the Facility outside the anticipated and committed minimum (or maximum) tonnages supply band that:
- 4.6.1 if the overall Project residual waste tonnage supply band is not breached then no extra Project treatment costs will be apportioned to such Council (but it will suffer additional extra costs relating to actual residual waste tonnage delivered on a "take or pay" basis);
- 4.6.2 if the overall Project residual waste tonnage band is breached then extra Project treatment costs may be apportioned to such Council.

5. DUTIES OF THE LEAD COUNCIL AND OTHER COUNCILS

- 5.1 The Councils (acting severally) have agreed, with effect from the Commencement Date, that Flintshire Council will be the Lead Council for the carrying out of the Procurement Milestones which shall be carried out for and on behalf of itself and the other Councils and Flintshire Council agrees to act in that capacity subject to and in accordance with the terms of this Agreement. For the avoidance of doubt the role of Lead Council includes (but is not limited to):
- 5.1.1 acting on behalf of the Project in the management and supervision of the procurement exercise;
- 5.1.2 subject to indemnities act as the employing authority for any staff engaged in the discharge of the Project's functions (appointing, employing or accepting the secondment of staff) in accordance with this Agreement;
- 5.1.3 being the legal point of contact for the purposes of managing the procurement;

¹⁰ Ultimately a waste treatment facility will be sized to accept a band of waste tonnage between minimum and maximum levels. Delivering less than or more than the predicted waste tonnage band has financial effects. Underdelivery (perhaps due to better waste minimisation and increased recycling, reuse and recovery of the waste stream post-collection but pre-residual treatment) can leave spare capacity in a facility beneath the modelled base case usage (and hence payment stream). Councils changing their upstream recycling policy to extract various types of materials could influence this. Underdelivery causes the private sector contractor to suffer loss of revenue so will a Council be responsible for its shortfall beneath a minimum declared level of waste tonnage to be supplied? Overdelivery requires higher transport costs to deal with unexpectedly high waste tonnage levels (and perhaps alternative, more expensive treatment options if the Project's residual waste treatment facility is undersized compared to the demand) so will the Council providing extra waste beyond its assumed maximum tonnage be liable for these additional costs? Overdelivery can also impact on any non-Project waste which has been assumed to fill capacity in a shared/merchant plant solution. Note that in a multi-authority scheme there may be mitigating circumstances as Councils simultaneously underdeliver and overdeliver at the same time so the net effect may be neutral.

¹¹ Noted that the differing geographic spread and possible location of Facilities and the Key Facility (or Key Facilities) will have an impact on the assumptions made by individual Councils in committing to a common gate fee i.e. do some Councils "win" and some "lose" or is it accepted that as a compromise a common gate fee exists?

¹² To resolve who will own and operate the reception points and transfer stations.

- 5.1.4 providing such additional administrative resources and office facilities that may be necessary for the purpose of discharging the Project and hold all central funds;
 - 5.1.5 provide senior officers who will act as Secretary, Monitoring Officer, and Treasurer (who will also be the section 151 officer) for the Project and who will therefore act as the primary legal and financial advisers to the Project;
 - 5.1.6 responsibility for liaison and communication and WAG and co-ordination of communication and public relations; and
 - 5.1.7 power to enter into contracts for Consultants as required for the purposes of the Project.
- 5.2 If the Lead Council defaults and the Agreement is terminated in respect of it pursuant to Clause 2.3 (Termination) or the Lead Council withdraws pursuant to Clause 12 (Withdrawal), then a replacement Lead Council will be appointed by the Joint Committee and the withdrawing/defaulting Lead Council will not have the right to vote in regard to any such appointment.
- 5.3 For the duration of this Agreement, the Lead Council shall act diligently and in good faith in all its dealings with the Bidders and the other Councils and it shall use all reasonable endeavours to carry out the Procurement Milestones in accordance with the EU Procurement Rules and any other applicable legislation.
- 5.4 For the duration of this Agreement, the Lead Council shall act as the primary interface with the Bidders, WAG, Partnerships UK and any other body necessary to carry out the Procurement Milestones in accordance with the terms of this Agreement and in accordance with the Lead Council's own Contract Procedure Rules.
- 5.5 For the duration of this Agreement, the other Councils shall act diligently and in good faith in all their dealings with the Lead Council and shall use their reasonable endeavours to assist the Lead Council to carry out the Procurement Milestones in accordance with the EU Procurement Rules any requirements of WAG and any other applicable legislation.

6. **DECISION MAKING**

- 6.1 In terms of the need for decisions and other actions to be taken and carried out during the Procurement Milestones, the Councils have identified the following three categories together with the means by which they will be taken:-
- 6.1.1 **"Project Board Matter"** - being a matter which is to be decided upon at a quorate meeting of the Project Board by those present and entitled to vote and any such decision will be binding on all the Councils;
 - 6.1.2 **"Joint Committee Matter"** – being a matter which is to be decided upon at a quorate meeting of the Joint Committee by those present and entitled to vote and any such decision will be binding on all the Councils;
 - 6.1.3 **"Matter Reserved To The Councils"** – being a matter which will have to be referred to each Council for decision and, for the avoidance of doubt, any such matter will not be dealt with by the Project Board or the Joint Committee (as the case may be) until the matter has been determined by all of the Councils. If the Councils fail to reach the same decision in respect of such matter then the matter shall be referred under Clause 23 (Dispute Resolution) as a dispute for resolution,

and in each case, such matters are identified in Schedule 1 (Procurement Milestones).

7. JOINT COMMITTEE

- 7.1 The Councils have formed the joint committee ("**Joint Committee**") called the North Wales Residual Waste Partnership pursuant to the Partnership Agreement to consider all Key Documents in relation to the Project and to carry out the functions set out in Schedule 2 (Joint Committee Terms of Reference).
- 7.2 The Joint Committee is a joint committee constituted by the Councils under section 101(5) and 102(1) of the Local Government Act 1972 and section 20 of the Local Government Act 2000. Meetings of the Joint Committee are subject to the provisions of the Local Government Act 1972 including the provisions on access to information and meetings held in public.
- 7.3 Each Council shall appoint two (2) elected members of their executive or cabinet, one (1) of whom shall be a voting member, as their representatives to the Joint Committee.
- 7.4 Each Council shall be entitled from time to time to appoint its non-voting member as a deputy for its voting member and such deputy (in each case) shall be entitled to attend meetings of the Joint Committee but shall only be entitled to vote in the absence of his or her corresponding voting member.
- 7.5 Each Council may, at their discretion, replace their representatives appointed to the Joint Committee, provided that:-
- 7.5.1 at all times, they have representatives appointed to the Joint Committee in accordance with the roles identified in Schedule 2 (Joint Committee Terms of Reference); and
 - 7.5.2 any such replacement nominated in writing on not less than five (5) Business Days' notice shall have no lesser status or authority than that set out in Schedule 2 (Joint Committee Terms of Reference) unless otherwise agreed by the Councils.
- 7.6 The Chair of the Joint Committee shall be an elected Executive or Board member of a Council appointed by the Joint Committee pursuant to Clause 7.7.
- 7.7 The Vice-Chair of the Joint Committee shall be an elected executive member of a Council appointed by the Joint Committee pursuant to Clause 7.7. In the absence of the Chair for any reason, the responsibilities of the Chair can be discharged by the Vice-Chair.
- 7.8 The Chair and the Vice-Chair of the Joint Committee shall be elected at the annual general meeting and appointments shall take effect until the next annual general meeting.
- 7.9 The Joint Committee shall meet as and when required to suit the needs of the Project in accordance with the Project timetable provided that there shall be a minimum of three (3) meetings per year, one of which shall be specified as the annual general meeting and, subject to Clauses 7.9 and 7.17, at appropriate times and on reasonable notice (to be issued through the Project Director) to carry out the Joint Committee Matters referred to in Schedule 1 (Procurement Milestones). The venue for the meetings shall be agreed by the Joint Committee.
- 7.10 A printed copy of the agenda and reports for each meeting and the minutes of the previous meeting shall be despatched at least five (5) Business Days before such meetings to each representative appointed to the Joint Committee. The Chief Executive of the Lead Council shall ensure that the agenda and all relevant papers meet this deadline. All Agendas, reports and minutes in relation to the Joint Committee shall be in both Welsh and English and a translation will be available at all meetings of the Joint Committee.

- 7.11 Save as is inconsistent with the terms of this Agreement the Council Procedure Rules of the Lead Council shall apply.
- 7.12 The quorum necessary for a Joint Committee meeting shall be five (5) members of the Joint Committee comprising at least one (1) member from each of the Councils (and for the avoidance of doubt such member may be a voting or non-voting member) from each Council (in person but not by telephone).
- 7.13 Each Council shall be entitled to invite appropriate third parties to observe Joint Committee Meetings and such third parties shall be entitled to take part in such Joint Committee Meetings at the discretion of the Chair of the Joint Committee. Such observers shall not have a vote. For the avoidance of doubt, the section 151 officer and/or monitoring officer for each Council shall be entitled to attend and participate in Joint Committee Meetings in a non-voting capacity.
- 7.14 At meetings of the Joint Committee each elected voting member or appropriate deputy appointed pursuant to Clause 7.3 above from each Council shall have one (1) vote. Decisions at meetings of the Joint Committee will be taken by a simple majority vote. The Project Director shall not have a vote.
- 7.15 The Joint Committee shall not have power to approve any Matter Reserved To the Councils pursuant to Clause 6.1.3 (Decision Making).
- 7.16 Reports to be submitted to the Joint Committee shall be considered by the Project Board prior to submission to the Joint Committee.
- 7.17 In making a recommendation the Joint Committee may either:
- 7.17.1 approve any Key Document;
 - 7.17.2 approve the Key Document subject to certain conditions; or
 - 7.17.3 reject any Key Document.
- 7.18 The Chair may summon a special meeting of the Joint Committee at any time by written notice to the Lead Council specifying the business to be considered at the special meeting.
- 7.19 A special meeting shall be summoned on the requisition in writing of any Joint Committee Members acting on behalf of his/her Council, which requisition shall specify the business to be considered at the special meeting.
- 7.20 Arrangements for holding a special meeting will be in accordance with the timetable set out in Clause 7.9.
- 7.21 In the event that a special meeting is called the Lead Council shall notify all members of the Project Board as a matter of urgency.
- 7.22 If, at a meeting of the Joint Committee, a matter is not determined by a majority vote pursuant to Clause 7.13, that matter ("**JC Unresolved Matter**") shall be deferred for consideration at the next Joint Committee Meeting which shall be convened within ten (10) Business Days of that meeting. If at the reconvened Joint Committee meeting the JC Unresolved Matter is not determined by a majority vote, the Chair shall have a casting vote in respect of that JC Unresolved Matter.
- 7.23 Each Council shall provide all information reasonably required upon request by the Joint Committee and shall comply with any decisions of the Joint Committee to request such information.

7.24 Each Council shall consult with the other Councils to ensure the diligent progress of the day to day matters relating to the Procurement Milestones.

8. **PROJECT BOARD**

8.1 The Councils have formed the project board ("**Project Board**") for the purpose of implementing the Procurement Milestones and the day-to-day management and monitoring of the process and to carry out those functions set out in Schedule 1 (Procurement Milestones) as being functions of the Project Board and in accordance with the Project Board's Terms of Reference¹³ as set on in Schedule 3 (Project Board).

8.2 The Project Board shall not have power to approve any Joint Committee Matter or any Matter Reserved To The Councils pursuant to Clause 6.1.3.

8.3 Notwithstanding the above the following specific functions are given to the Project Board:

8.3.1 prior approval of all reports for decision by the Joint Committee save if impracticable in the case of a special meeting; and

8.3.2 monitor the Project to ensure that it remains within budget.

8.4 The Project Board representatives shall consist of the Chief Executive of the Lead Council and one (1) director (as senior office representative) from each of the other four (4) Councils, the Project Director, the Project Section 151 Officer (of the Lead Council), the monitoring officer of the Lead Council and other external parties as appropriate.

8.5 The membership of the Project Board may vary at the discretion of each Council as appropriate to the topic or issue being considered.

8.6 The Councils may, at their discretion, replace their representatives appointed to the Project Board provided that such replacement shall be on the same basis as the original appointed and provided further that no senior officer of the Project Board shall be removed or replaced by any Council without that Council giving prior written notice as soon as reasonably practicable and in any event within ten (10) Business Days of its intention to remove or replace that representative.

8.7 The Chair of the Project Board shall be appointed by the Project Board from time to time. Each such representative shall have one (1) vote on any matter to be determined by the Project Board. The Project Board shall strive, at all times, to reach consensus but decisions at meetings of the Project Board may be taken by a simple majority vote.

8.8 The quorum necessary for a Project Board Meetings shall be a senior officer representative from each Council (in person or in an emergency by telephone). The Project Director, the Lead Finance Officer, the legal, procurement and technical officers for each Council shall be entitled to attend the meetings of the Project Board but not vote.

8.9 The section 151 officer and/or the monitoring officer for each Council shall be entitled to attend and participate in Project Board Meetings in a non-voting capacity.

¹³ Consider enhancing the detail of the Project Board's Terms of Reference to help delineate those issues which are within the responsibility of the Project Director and those which are more likely to need referral to a Project Board meeting or Joint Committee or individual Councils? Also to specify the extent of financial reporting via the Lead Finance Officer, possibly the Project Section 151 Officer and the Councils' own section 151 officers.

- 8.10 The Project Board shall meet as and when required in accordance with the timetable for the Project.
- 8.11 Minutes and appropriate Project documentation shall be kept of all minutes of the Project Board meetings and submitted to the next meeting of the Joint Committee for consideration. All material or significant reports shall be submitted to the Joint Committee.
- 8.12 If, at a meeting of the Project Board, a matter is not determined by a majority vote pursuant to Clause 8.7, that matter ("**PB Unresolved Matter**") shall be deferred for consideration at the next Project Board meeting which shall be convened within ten (10) Business Days of that meeting. If at the reconvened Project Board meeting the PB Unresolved Matter is not determined by a majority vote the matter shall be referred to the next convenient meeting of the Joint Committee for consideration.

9. **COMMITMENT OF THE COUNCILS AND CONTRIBUTIONS**¹⁴

- 9.1 The Councils agree and undertake to commit to the Project in accordance with the terms of this Agreement and not to commission and/or undertake any procurement and/or project that seeks or would procure the delivery of all or any part of the Project outside the terms of this Agreement unless and until it shall have withdrawn from the Project in accordance with Clause 12 (Withdrawal)¹⁵. The Councils acknowledge that their commitment to a minimum tonnage guarantee for residual waste remains whether they consider alternative waste collection or recycling programmes and that they shall be liable for the minimum tonnage guarantee payments where there is an overall shortfall by the Councils collectively in supplying sufficient waste to the Key Facility (or Key Facilities).
- 9.2 The costs associated with providing internal resources in relation to the Procurement Milestones shall, subject to Clause 9.7, be borne by the Council providing that internal resource. However, any additional costs and external costs required shall be shared equally by the Councils provided that it has received prior written approval from the Project Director (subject to where such additional costs and/or external costs exceed [ten thousand pounds (£10,000)] in value they shall require the Project Director to secure prior written approval from the Project Board) and such sums fall within the Project spend profile agreed by the Councils and approved by WAG set out at Schedule 5 (Heads of Expenditure/Spend Profile). Any additional costs and external costs sought from Project funds which are not included in the spend profile at Schedule 5 (Heads of Expenditure/Spend Profile) will be dealt with pursuant to Clause 9.6 below.
- 9.3 Each Council shall be required to prepare accounts including (reporting by exception) details of any expenditure incurred pursuant to Schedule 5 (Heads of Expenditure/Spend Profile) ("**the Accounts**") in respect of each Accounting Period and for such further and/or other accounting periods as the Project Board¹⁶ shall determine and which shall be incorporated into Schedule 6 (Accounting Periods).
- 9.4 Each Council shall:-
- 9.4.1 in the Accounts make true and complete entries of all relevant payments made by it during the previous Accounting Period;

¹⁴ Query as to whether any match funding will be accessible? Would this have to be included in the accounts prepared at Clause 9.3?

¹⁵ A non-competing clause is necessary so as not to distract from the Project – once committed to minimum tonnage guarantees the residual waste will be on a "take/deliver or pay" basis. Future changes in a long term strategic contract can be made under the change protocol but such changes are unlikely to allow a Council to diminish its committed supply unless there are third party sources of waste to fill the pre-sized Key Facility.

¹⁶ Will the Project Board deal with reporting on the Accounts or at pre-determined frequency/intervals should the Joint Committee and individual Councils be briefed too?

- 9.4.2 within ten (10) Business Days of the end of the Accounting Period, Conwy Council, Denbighshire Council, Gwynedd Council and Isle of Anglesey Council shall provide to Flintshire Council unaudited Accounts for such Accounting Period together with certification that such Accounts comply with this Clause 9;
- 9.4.3 nominate an individual to be responsible for ensuring that Council's own compliance with this Clause 9 and the name, address and telephone number of each individual nominated pursuant to this Clause 9.4.3 shall be notified to the other Councils in accordance with Clause 16 (Notices); and
- 9.4.4 Flintshire Council shall within ten (10) Business Days of receipt of the Accounts submitted by Conwy Council, Denbighshire Council, Gwynedd Council and Isle of Anglesey Council in accordance with Clause 9.4.2 prepare a reconciliation statement identifying the payments made by each Council and the balance due from or owing to each Council. Flintshire Council shall within twenty (20) Business Days of the preparation of the reconciliation statement send out a copy of the reconciliation statement together with either a balancing invoice or credit payments to each Council. A Council receiving an invoice for payment shall pay it in full within twenty (20) Business Days. Any error in a balancing invoice must be notified to Flintshire Council within five (5) Business Days of such balancing invoice being sent out. An amended balancing invoice will be issued by Flintshire Council and the Council receiving such an invoice shall pay it in full within twenty (20) Business Days.
- 9.5 If an individual nominated by a Council pursuant to Clause 9.4.3 changes, that Council shall notify the other Councils forthwith of the replacement nominees.
- 9.6 The Councils hereby agree that¹⁷:
- 9.6.1 if one of the Councils wishes to carry out any work or incur any cost or expenses exceeding [one thousand pounds (£1,000)] or requests the Joint Committee, the Project Board or any member or officer appointed to or engaged to support the Project to carry out any work or to incur any cost or expense that is not envisaged by the spend profile set out at Schedule 5 (Heads of Expenditure/Spend Profile) then such Council shall seek the prior written approval of the Project Director to approve it and allocate Project funding else it shall have to bear the cost itself; and
- 9.6.2 if one of the Councils carries out any work or incurs any cost or expenses or requests the Joint Committee, the Project Board or any member or officer appointed to or engaged to support the Project to carry out any work or to incur any cost or expense that is not envisaged by the Project Director to be an efficient use of time and/or resources, that matter shall, at the discretion of the Project Director, be referred to the Project Board for a decision as to whether such work, cost or expense is part of the Project or whether such work, cost or expense should be the entire responsibility of the Council so carrying it out or requesting it (as the case may be).
- 9.7 The Councils hereby agree that if one of the Councils believes it is likely to incur disproportionate internal resource costs pursuant to Clause 9.2 that matter shall be referred to the Project Board for a decision as to whether such costs will be disproportionate and whether any contributions should be made to this cost by the other Councils.

¹⁷ Consider whether to include a mechanism for consent not to be unreasonably withheld/delayed and a link to DRP.

9.8 Where the actual costs associated with the Project are likely to exceed the approved annual Project budget held on behalf of the Councils by five per cent (5%) this will be a Matter Reserved To the Councils.

10. **INTELLECTUAL PROPERTY**

10.1 Each Council will retain all Intellectual Property in its Material.

10.2 Each Council will grant all of the other Councils a non exclusive, perpetual, non-transferable and royalty free licence to use, modify, amend and develop its IP Material for the Procurement Milestones and any other purpose resulting from the Procurement Milestones whether or not the party granting the licence remains a party to this Agreement or the Procurement Milestones.

10.3 Without prejudice to Clause 10.1, if more than one Council owns or has a legal or beneficial right or interest in any aspect of the IP Material for any reason (including without limitation that no one Council can demonstrate that it independently supplied or created the relevant IP Material without the help of one or more of the other Councils), each of the Councils who contributed to the relevant IP Material will grant to all other Councils to this Agreement a non-exclusive, perpetual, non-transferable and royalty free licence to use and exploit such IP Material as if all the other Councils were the sole owner under the Copyright Design and Patents Act 1988 or any other relevant statute or rule of law.

10.4 For the avoidance of doubt, any entity or person who is at the date of this Agreement a party to this Agreement and who has licensed any Intellectual Property under this Agreement will have a non-exclusive, perpetual right to continue to use the licensed Intellectual Property.

10.5 Each Council warrants that it has or will have the necessary rights to grant the licences set out in Clauses 10.2 and 10.3 in respect of the IP Material to be licensed.

10.6 Each Council agrees to execute such further documents and take such actions or do such things as may be reasonably requested by any other Council (and at the expense of the Council(s) making the request) to give full effect to the terms of this Agreement concerning management and control of Intellectual Property¹⁸.

11. **LIABILITY OF THE COUNCILS¹⁹**

11.1 The Lead Council shall indemnify and keep indemnified each of the other Councils to this Agreement against any losses, claims, expenses, actions, demands, costs and liability suffered by that Council to the extent arising from any breach by the Lead Council of its obligations under this Agreement or any negligent act or omission in relation to such obligations and the Lead Council shall make payment to the other Councils sums for which it becomes liable under this Clause 11.1 within twenty (20) Business Days of the date of another Council's written demand.

11.2 No claim shall be made against the Lead Council to recover any loss or damage which may be incurred by reason of or arising out of the carrying out by the Lead Council of its obligations under this Agreement unless and to the extent such loss or damage arises from any breach by the Lead Council under Clause 11.1.

11.3 Each of the other Councils (acting severally) shall indemnify and keep indemnified the Lead Council against all losses, claims, expenses, actions, demands, costs and

¹⁸ This is presumed to relate to licence agreements for bespoke IT products or techniques which may be used for the Project.

¹⁹ Further consideration required in relation to extent of losses. Also the Councils' insurers may wish to be consulted but any PPP project insurance advisors like Aon, JLT, Marsh or Willis are best placed to advise on the interface of PPP project insurances (effectively paid for by the Councils) and the traditional insurance products taken out for the Councils' current risks.

liabilities which the Lead Council may incur by reason of or arising out of the carrying out by the Lead Council of its obligations under this Agreement for that Council or arising from any breach by a Council of its obligations under this Agreement or any negligent act or omission in relation to such obligations unless and to the extent that the same result from any breach by the Lead Council of any such obligations or any negligent act or omission by the Lead Council and each Council shall make payment to the Lead Council sums for which it becomes liable under this Clause 11.3 within twenty (20) Business Days of the date of the Lead Council's written demand.

- 11.4 The Councils agree and acknowledge that the amount to be paid to the Lead Council by any of the other Councils under Clause 11.3 shall be borne by each of the Councils to the extent of its responsibility, however in the event that the responsibility is a shared one between the Councils (so that it is not reasonably practicable to ascertain the exact responsibility between the Councils) then the amount to be paid shall be divided equally between the Councils.
- 11.5 In the event of a claim under Clause 11 in which it is not reasonably practicable to determine the extent of responsibility as between the Councils (including the Lead Council), then the amount shall be divided equally between the Councils (including the Lead Council).
- 11.6 A Council (including the Lead Council) who receives a claim for losses, expenses, actions, demands, costs and liabilities shall notify and provide details of such claim as soon as is reasonably practicable to the other Councils.
- 11.7 No Council shall be indemnified in accordance with this Clause 11 unless it has given notice in accordance with Clause 11.6 to the other Council against whom it will be enforcing its right to an indemnity under this Agreement.
- 11.8 Each Council ("**Indemnifier**") shall not be responsible or be obliged to indemnify the other Councils (including the Lead Council) ("**Beneficiary**") to the extent that any insurances maintained by the Beneficiary at the relevant time provide an indemnity against the loss giving rise to such claim and to the extent that the Beneficiary recovers under such policy of insurance (save that the Indemnifier shall be responsible for the deductible under any such policy of insurance and any amount over the maximum amount insured under such policy of insurance).

12. **WITHDRAWAL**²⁰

Withdrawal Where Project Exceeds Affordability Envelope

- 12.1 If at any stage the cost of the Project is estimated by the Joint Committee (following a report by the Project Board) to exceed the Affordability Envelope then the matter shall be a Matter Reserved To the Councils and Clause 6.1.3 (Decision Making) shall apply.
- 12.2 If at any stage the cost of the Project is estimated to exceed the Affordability Envelope pursuant to Clause 12.1, and any Council wishes to withdraw from the Project, that the Council shall provide written notice to the Project Director who shall convene an urgent Joint Committee Meeting to discuss the proposed withdrawal and its estimated impact on the Project should such Council withdraw (as the Project may suffer consequential difficulties with the remaining Councils' Affordability Envelope) prior to the relevant Council confirming its intention to withdraw from the Project in writing to all the other Councils.

Withdrawal For Any Reason (Except Where Project Exceeds Affordability Envelope)

²⁰ Termination for breach is dealt with at Clause 2.3.

- 12.3 If, subject to Clause 12.9, for any reason any Council (including the Lead Council) determines to withdraw from this Agreement in circumstances where the cost of the Project is not estimated to exceed the Affordability Envelope then Clauses 12.4 to 12.7 shall apply. For the avoidance of doubt, any failure by any Council to make a decision concerning the appointment of the Preferred Bidder pursuant to Procurement Milestone 17, shall be deemed (from the date falling [twenty (20)] Business Days after the failure to make such decision at the relevant Project Board meeting) to amount to a Withdrawal Notice by that Council and Clauses 12.4 to 12.8 shall apply.
- 12.4 If any Council wishes to withdraw from the Project it shall provide written notice to all the other Councils as soon as reasonably practicable ("**Withdrawal Notice**"). The Lead Council (or such other Council as nominated by the Joint Committee in the event that the Lead Council issues the Withdrawal Notice) shall within fourteen (14) days of receipt of the Withdrawal Notice provide to all the Councils a Liability Report²¹ which shall be discussed by the Joint Committee at its next meeting or a specially convened meeting if the next meeting falls more than two (2) weeks after the issue of the Liability Report. Those Councils who do not wish to withdraw from the Project shall have a duty, acting reasonably, to mitigate any losses which they suffer due to the financial and resource implications set out in the Liability Report.
- 12.5 Within the Decision Period each Council shall indicate either:-
- 12.5.1 that it withdraws from the Project and this Agreement; or
- 12.5.2 that it wishes to continue with the Project and this Agreement.
- 12.6 Where a Council does not indicate its intentions as required by Clause 12.5 then it shall at the expiry of the Decision Period be taken to have indicated that they wish to continue with the Project and this Agreement.
- 12.7 Where a Council indicates that it wishes to withdraw from the Project in accordance with Clause 12.5.1 then:-
- 12.7.1 the Council who shall have indicated its wish to withdraw shall pay all amounts due to be paid by it in accordance with the Liability Report²² within twenty (20) Business Days of the date of its notification under Clause 12.5.1 and comply with its obligation to contribute to the Project up to the date of its withdrawal;
- 12.7.2 the Council who shall have indicated its wish to withdraw shall each be responsible for a proportion of any Bidders' claimed abortive costs (which have been substantiated by the Joint Committee) to the extent such abortive costs become payable as a result of such withdrawal; and
- 12.7.3 if in the event of such a withdrawal the Project is delayed in terms of the Procurement Milestones then the Council who shall have indicated its wish to withdraw may be responsible for any increased costs associated with such delay (as determined by the Joint Committee and notified as the sum payable in full and final settlement of such Council's liability, subject always to that Council meeting any additional antecedent liabilities incurred prior to the date of withdrawal).

Effects of Withdrawal

²¹ The Liability Report envisaged at this stage must cover the costs incurred by aborting the procurement i.e. sunk procurement costs, related asset acquisition and transfer costs plus any possible Bidder claims for their costs. There are no indirect costs envisaged i.e. loss of ability to use a Facility to treat residual waste or Bidder claims for loss of profit etc.

²² Note Entec as external technical advisors have a work package (requested by Flintshire Council, Gwynedd Council and Anglesey Council) for options appraisal which identifies the benefits of joint working as opposed to individual procurement but this will not feed into discussing the scope of any potential liability on withdrawing from the Project for the Liability Report.

- 12.8 Unless agreed otherwise by the remaining Councils, the Council who shall have indicated its wish to withdraw from the Project shall not remove its appointees to the Project Board for a period of three (3) months²³ commencing on the date of such Council's withdrawal, provided that the costs associated with those appointees to the Project Board shall be borne by the remaining Councils to the Project and this Agreement in equal shares. For the avoidance of doubt, the Council who shall have indicated its wish to withdraw from the Project shall remove its representatives from the Joint Committee with effect from the date of its confirmation under Clause 12.5.1.

Withdrawal Due To Project Material Change

- 12.9 If any Council wishes to withdraw from the Project and alleges that the Project has suffered material change since the Councils entered into this Agreement it shall provide written notice to all the other Councils as soon as reasonably practicable ("**Withdrawal Notice**") evidencing how it asserts:

- 12.9.1 the nature of the Project (including its risk profile) has undergone material and adverse change;
- 12.9.2 the extent of liability it is prepared to bear to compensate the remaining Councils should it withdraw from the Project due to material change; and

if the Councils convene a Joint Committee Meeting where it is agreed that the Project has suffered a material change then the Lead Council (or such other Council as nominated by the Joint Committee in the event that the Lead Council issues the Withdrawal Notice) shall within fourteen (14) days of receipt of the Withdrawal Notice provide to all the Councils a Liability Report²⁴ which shall be discussed by the Joint Committee at its next meeting or a specially convened meeting if the next meeting falls more than two (2) weeks after the issue of the Liability Report and the provisions of Clauses 12.5 to 12.7 shall apply.

13. CONCLUSION OF THE SECOND INTER-AUTHORITY AGREEMENT

- 13.1 The Councils shall individually and jointly use all reasonable endeavours to negotiate and agree the Second Inter-Authority Agreement in conjunction with the negotiation and agreement of the Project Agreement. The Councils agree that the Second Inter-Authority Agreement shall reflect the heads of terms set out in Schedule 9 (Heads of Terms of the Second Inter-Authority Agreement).
- 13.2 The reference to "all reasonable endeavours" in Clause 13.1 shall include a requirement on all Councils to:-
- 13.2.1 (without prejudice to Clause 4.3 (Principles and Key Objectives)) at all times act in good faith;
- 13.2.2 ensure that sufficient time is set aside to conduct the negotiations on the terms of the Second Inter-Authority Agreement either through correspondence or by holding meetings or a combination of both to ensure that the terms of the Second Inter-Authority Agreement are agreed in accordance with the timetable envisaged and developed for the Project by the Project Board;
- 13.3 If a dispute or difference arises between the Councils in relation to a provision of the Second Inter-Authority Agreement and such dispute or difference cannot be settled by the Councils within ten (10) Business Days of it first arising, any Council may refer

²³ This is consistent with quarterly meetings of the Joint Committee.

²⁴ The Liability Report envisaged at this stage must cover the costs incurred by aborting the procurement i.e. sunk procurement costs, related asset acquisition and transfer costs plus any possible Bidder claims for their costs. There are no indirect costs envisaged i.e. loss of ability to use a Facility to treat residual waste or Bidder claims for loss of profit etc.

such dispute or difference for determination in accordance with Clause 23 (Dispute Resolution).

14. **CONFIDENTIALITY AND ANNOUNCEMENTS**

14.1 Each Council ("**Covenanter**") shall, both during the currency of this Agreement and at all times following its termination or expiry, keep private and confidential and shall not use or disclose (whether for its own benefit or that of any third party) any Confidential Information about the business of and/or belonging to any other Council or Bidder which has come to its attention as a result of or in connection with this Agreement, (including the Bid Process), in particular (but without prejudice to the generality of the foregoing) Confidential Information relating to the Second Inter-Authority Agreement and/or the Project Agreement and/or the Bid Process.

14.2 The obligation set out in Clause 14.1 shall not relate to information which:-

14.2.1 comes into the public domain or is subsequently disclosed to the public (other than through default on the part of the Covenanter or any other person to whom the Covenanter is permitted to disclose such information under this Agreement); or

14.2.2 is required to be disclosed by law; or

14.2.3 was already in the possession of the Covenanter (without restrictions as to its use) on the date of receipt; or

14.2.4 is required or recommended by the rules of any governmental or regulatory body including any guidance from time to time as to openness and disclosure of information by public bodies; or

14.2.5 is necessary to be disclosed to provide relevant information to any insurer or insurance broker in connection with obtaining any insurance required by this Agreement.

14.3 Where disclosure is permitted under Clauses 14.2.2, 14.2.3 or 14.2.4, the recipient of the information shall be subject to a similar obligation of confidentiality as that contained in this Clause 14 and the disclosing Council shall make this known to the recipient of the information.

14.4 No Council shall make any public statement or issue any press release or publish any other public document relating, connected with or arising out of this Agreement and/or the Second Inter-Authority Agreement and/or the Project Agreement without the prior written consent of the Project Board.

15. **CONTRACTS (THIRD PARTY RIGHTS)**

The Councils as parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

16. **NOTICES**

16.1 Any notice or demand in connection with this Agreement shall be in writing and may be delivered by hand, prepaid first class post, special delivery post, facsimile or email, addressed to the recipient at the address or facsimile number as the case may be set out in Schedule 4 (Addresses of the Councils) or such other recipient address or facsimile number as may be notified in writing from time to time by any of the parties to this Agreement to all the other Councils to this Agreement.

16.2 The notice or demand shall be deemed to have been duly served:-

- 16.2.1 if delivered by hand, when left at the proper address for service;
- 16.2.2 if given or made by prepaid first class post or special delivery post, forty-eight (48) hours after being posted (excluding days other than Business Days);
- 16.2.3 if given or made by facsimile, at the time of transmission;
- 16.2.4 if given or made by email, at the time of transmission,

provided that, where in the case of delivery by hand or transmission by facsimile or email such delivery or transmission occurs either after 4.00pm on a Business Day or on a day other than a Business Day service shall be deemed to occur at 9.00am on the next following Business Day.

- 16.3 For the avoidance of doubt, where proceedings to which the Civil Procedure Rules apply have been issued, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

17. **GOVERNING LAW**

This Agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales. Subject to Clause 23 (Dispute Resolution), the English and Welsh Courts shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

18. **ASSIGNMENTS**

- 18.1 The rights and obligations of the Councils under this Agreement shall not be assigned, novated or otherwise transferred (whether by virtue of any legislation or any scheme pursuant to any legislation or otherwise) to any person other than to any public body (being a single entity) acquiring the whole of the Agreement and having the legal capacity, power and Council to become a party to and to perform the obligations of the relevant Council under this Agreement being:

- 18.1.1 a Minister of the Crown pursuant to an Order under the Ministers of the Crown Act 1975; or

- 18.1.2 any Local Authority which has sufficient financial standing or financial resources to perform the obligations of the relevant Council under this Agreement.

19. **WAIVER**

- 19.1 No failure or delay by any Council to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same or some other right, power or remedy unless a waiver is given in writing by that Council.

- 19.2 Each Council shall pay their own costs incurred in connection with the preparation, execution, completion and implementation of this Agreement.

20. **ENTIRE AGREEMENT**

This Agreement contains all the terms which the parties have agreed in relation to the subject of this Agreement and supersedes any prior written or oral agreements, representations or understandings between the Councils relating to such subject matter. No Council has been induced to enter into this Agreement or any of these documents by statement or promise which they do not contain, save that this Clause

shall not exclude any liability which one Council would otherwise have to the other in respect of any statements made fraudulently by that Council.

21. COUNTERPARTS

This Agreement may be executed in any number of counterparts each of which so executed shall be an original but together shall constitute one and the same instrument.

22. RELATIONSHIP OF COUNCILS

Each Council is an independent body and nothing contained in this Agreement shall be construed to imply that there is any relationship between the Councils of Partnership or (except as expressly provided in this Agreement) of principal/agent or of employer/employee. No Council shall have the right to act on behalf of another nor to bind the other by contract or otherwise except to the extent expressly permitted by the terms of this Agreement. In particular for the avoidance of doubt, none of the provisions relating to the principles of working in partnership shall be taken to establish any partnership as defined by The Partnership Act 1890.

23. DISPUTE RESOLUTION

23.1 Any dispute arising in relation to any aspect of this Agreement shall be resolved in accordance with this Clause 23. The Councils undertake and agree to pursue a positive approach towards dispute resolution which seeks (in the context of this Partnership) to identify a solution which avoids legal proceedings and maintains a strong working relationship between the Councils.

23.2 In the event of any dispute or difference between the Councils relating to this Agreement (whether this may be a matter of contractual interpretation or otherwise) then save in relation to disputes or disagreements relating to a Matter Reserved To The Councils, the matter shall be dealt with as follows by referral in the first instance to the Project Board who shall meet within ten (10) Business Days of notification of the occurrence of such dispute and attempt to resolve the disputed matter in good faith.

23.3 In relation to a dispute or disagreement relating to a Matter Reserved To The Councils, or if the Project Board fails to resolve a dispute or disagreement within five (5) Business Days of meeting pursuant to Clause 23.2, or fails to meet in accordance with the timescales set out in Clause 23.2, then the Councils in dispute or the Project Board (as the case may be) may refer the matter for resolution to the Chief Executive of each of the Councils as a pre-condition to mediation followed by:

23.3.1 a mediation facilitated by the President of the Chartered Institute of Wastes Management ("**CIWM**") or his nominated representative or such other party as the Councils may agree (or the CIWM may direct) for resolution by them;
or

23.3.2 the exclusive jurisdiction of the Courts of England or Wales otherwise.

23.4 Any dispute and/or disagreement to be determined by the Chief Executives (as appropriate), CIWM or the Courts of England and Wales or such other body as agreed by the Councils (as the case may be) under this Agreement shall be promptly referred for determination to them.

23.5 The Councils shall on request promptly supply to the Chief Executive(s) or CIWM (as the case may be) all such assistance, documents and information as may be required for the purpose of determination and the Councils shall use all reasonable endeavours to procure the prompt determination of such reference.

- 23.6 If the CIWM is appointed to determine in dispute pursuant to Clause 23.4, then the CIWM shall be deemed to act as an expert and not as an arbitrator and his determination shall (in the absence of manifest error) be conclusive and binding upon the Councils.
- 23.7 The costs of the resolution of any dispute and/or disagreement between the Councils under this Agreement shall be borne equally by the Councils to the dispute in question save as may be otherwise directed by the Chief Executive(s) (as appropriate), CIWM or the Courts of England or Wales (as the case may be).

24. DATA PROTECTION

24.1 In relation to all Personal Data, each Council shall at all times comply with the DPA, (as a data controller if necessary) which includes (but is not limited to) maintaining a valid and up to date registration or notification under the DPA covering the data processing activities to be performed in connection with the Procurement Milestones.

24.2 Each Council:

24.2.1 shall process Personal Data belonging to any other Council only on the instructions of that Council (subject to compliance with applicable law);

24.2.2 shall only undertake processing of Personal Data reasonably required in connection with the Procurement Milestones and shall not transfer any Personal Data to any country or territory outside the European Economic Area; and

24.2.3 shall use all reasonable endeavours to procure that all relevant sub-contractors and Bidders comply with this Clause 24.2. For the avoidance of doubt a relevant sub-contractor or Bidder is one which processes Personal Data belonging to the one or any of the Councils.

24.3 The Councils shall not disclose Personal Data to any third parties other than:

24.3.1 to employees and sub-contractors and Bidders to whom such disclosure is reasonably necessary in order for the Councils to carry out the Procurement Milestones; or

24.3.2 to the extent required under a court order or to comply with any applicable laws including (but not limited to) any statute, bye law, European Directive or regulation;

provided that any disclosure to sub-contractors or Bidders under Clause 24.3.1 shall be made subject to written terms substantially the same as, and no less stringent than, the terms contained in this Clause 24 and that the Councils shall give notice in writing to all other Councils of any disclosure of Personal Data belonging to them which they or a sub-contractor or Bidders are required to make under Clause 24.3.2 immediately they are aware of such a requirement.

24.4 The Councils shall bring into effect and maintain and shall use all reasonable endeavours to ensure that all relevant sub-contractors and Bidders have in effect and maintain all reasonable technical and organisational measures necessary to prevent unauthorised or unlawful processing of Personal Data and accidental loss or destruction of, or damage to, Personal Data including but not limited to taking reasonable steps to ensure the reliability and probity of any employee or agent of a relevant sub contractor or Bidders having access to the Personal Data.

24.5 Any Council may, at reasonable intervals, request a written description of the technical and organisational methods employed by any other Council and the relevant sub-contractors referred to in Clause 24.3.1. Within five (5) Business Days of such a

request, the Council requested to do so shall supply written particulars of all such measures as it is maintaining detailed to a reasonable level such that the requesting Council can determine whether or not, in connection with the Personal Data, it is compliant with the DPA. All Councils shall use all reasonable endeavours to ensure that the sub-contractors and Bidders also comply with such request from any other Council.

24.6 All Councils shall ensure that any Personal Data they obtain and provide to any other Council has been lawfully obtained and complies with the DPA and that the use thereof in accordance with this Agreement shall not breach any of the provisions of the DPA.

24.7 If:

24.7.1 under the DPA any Council is required to provide information to a data subject (as defined in the DPA) in relation to Personal Data when such data is in the possession or under control of any other Council; and

24.7.2 the required Council informs the controlling Council in writing that this is the case,

then the controlling Council shall guarantee reasonable and prompt co-operation to the required Council in meeting its obligations under the DPA including making copies of the relevant Personal Data to the extent the same are in its possession.

24.8 Each Council shall provide the other as soon as reasonably practicable, with such information in relation to Personal Data and their processing as the other Council may reasonably request in writing and the party asked to provide the relevant data may reasonably be able to provide in order for the other Council to:-

24.8.1 comply with its obligations under this Clause and the DPA; and

24.8.2 assess whether the processing of the relevant Personal Data in connection with this Agreement is breaching or may breach the DPA in a manner which is material and not effectively sanctioned by any guidance statement issued by the Information Commissioner.

24.9 The Councils shall each take reasonable precautions (having regard to the nature of their respective obligations under this Agreement) to preserve the integrity of any Personal Data.

25. **FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION**

25.1 Each Council acknowledges that the other Councils are subject to the requirements of the Freedom of Information Act 2000 ("**FoIA**") and the Environmental Information Regulations 2004 ("**EIR**") and each Council shall where reasonable assist and co-operate with the other Councils (at their own expense) to enable the other Councils to comply with these information disclosure obligations.

25.2 Where a Council receives a request for information under either the FoIA or the EIR in relation to information which it is holding on behalf of any of the other Councils in relation to the Project, it shall:

25.2.1 transfer the request for information to the other Councils as soon as practicable after receipt and in any event within two (2) Business Days of receiving a request for information;

25.2.2 provide the other Councils with a copy of all information in its possession or power in the form that the Councils reasonably require within ten (10)

Business Days (or such longer period as the Councils may specify) of the Council requesting that information; and

25.2.3 provide all necessary assistance as reasonably requested by the other Councils to enable the Council to respond to a request for information within the time for compliance set out in the FoIA or the EIR.

25.3 Where a Council receives a request for information under the FoIA or the EIR which relates to this Agreement or the Project, it shall inform the other Councils of the request for information as soon as practicable after receipt and in any event at least two (2) Business Days before disclosure and shall use all reasonable endeavours to consult with the other Councils prior to disclosure and shall consider all representations made by the other Councils in relation to the decision whether or not to disclose the information requested.

25.4 The Councils shall be responsible for determining in their absolute discretion whether any information requested under the FoIA or the EIR:

25.4.1 is exempt from disclosure under the FoIA or the EIR;

25.4.2 is to be disclosed in response to a request for information.

25.5 Each Council acknowledges that the other Councils may be obliged under the FoIA or the EIR to disclose information:

25.5.1 without consulting with the other Councils where it has not been practicable to achieve such consultation; or

25.5.2 following consultation with the other Councils and having taken their views into account.

26. **MITIGATION**

Each Council shall at all time take all reasonable steps to minimise and mitigate any loss for which the relevant Council is entitled to bring a claim against the other Council(s) pursuant to this Agreement.

27. **STATUTORY RESPONSIBILITIES**

Notwithstanding anything apparently to the contrary in this Agreement, in carrying out their statutory duties, the discretion of any Council shall not be fettered or otherwise affected by the terms of this Agreement.

28. **VARIATIONS**

No amendment to this Agreement shall be binding unless it is in writing and signed by the duly authorised representatives of each of the Councils and expressed to be for the purpose of such amendment.

AS WITNESSED the duly authorised representatives of the Councils have signed this Agreement as a deed on the date written at the beginning of this Agreement.

SCHEDULE 1

PROCUREMENT MILESTONES

MILESTONE	PROJECT BOARD MATTER	JOINT COMMITTEE MATTER	MATTER RESERVED TO THE COUNCILS
1. Approval of inter-Council partnership arrangements			✓
2. Increase of budget over agreed Council contribution			✓
3. Project Initiation Document approval			✓
4. Outline Business Case approval (including each Council's commitment to supply residual waste tonnage minimum and maximum levels)			✓
5. Setting the Affordability Envelope		✓	
6. Setting out and agreeing the Project scope of services in OJEU notice			✓
7. Recommendation to procure remediation works on the Site(s)	✓		
9. Approve the Evaluation Criteria and weightings for each of the Procurement Milestones		✓	
10. Evaluation and final agreement to long list of bidders to go through to ISOS stage	✓		
11. Approval of the ISOS, ISDS and ISRS and all accompanying documentation		✓	
12. Evaluation and selection of Bidders to go to each stage of Competitive Dialogue Procedure		✓	
13. Decision to close Competitive Dialogue Procedure and issue the Call for Final Tenders		✓	
14. Review of final tenders and recommendation to Joint Committee	✓		

MILESTONE	PROJECT BOARD MATTER	JOINT COMMITTEE MATTER	MATTER RESERVED TO THE COUNCILS
15. Review of final tenders and recommendation to each Council of the Preferred Bidder		✓	
16. Preparing and issuing the Preferred Bidder letter	✓		
17. Appointment of the Preferred Bidder, approval of the Final Business Case and decision to conclude the Project Agreement and the Second Inter-Authority Agreement (i.e. financial close)			✓
18. Execution of the Project Agreement and the Second Inter-Authority Agreement	✓		
19. Approval of additional expenditure for the Project in excess of five per cent (5%) of the approved Project annual budget			✓
20. Reporting to the Joint Committee as soon as Project Board become aware that estimated costs of the Project likely to exceed Affordability Envelope	✓		
21. Reporting to the each Council as soon as the Joint Committee become aware that estimated costs of the Project likely to exceed Affordability Envelope		✓	
22. Decision whether to proceed following receipt of report that estimated cost of the Project likely to exceed Affordability Envelope			✓

SCHEDULE 2

JOINT COMMITTEE TERMS OF REFERENCE

1. The terms of reference of the Joint Committee are:
 - 1.1 to promote joint working in the delivery of the Project through:
 - 1.1.1 facilitating constructive partnership working;
 - 1.1.2 engaging with key interested bodies and stakeholders when appropriate; and
 - 1.1.3 carrying out such other activities calculated to facilitate, or which are conducive to the successful delivery of the Project; and
 - 1.2 to ensure that the Project is developed and procured in accordance with good industry practice, is in the best interests of all Councils, is affordable to all Councils and delivers value for money.
2. The key functions of the Joint Committee are to:
 - 2.1 approve the budget for the Project on an annual basis;
 - 2.2 consider and make recommendations in respect of all Key Documents in relation to the Project;
 - 2.3 to monitor and manage the risks associated with the Project; and
 - 2.4 to ratify requests for additional funding from individual Councils.
3. The following matters are reserved for an individual Council decision:
 - 3.1 approval of inter-Council partnership governance arrangements;
 - 3.2 increase of budget over agreed Council contributions; and
 - 3.3 Outline Business Case approval (before each Council considers its approval).
4. The key responsibilities of the Joint Committee include those tasks set out in Schedule 1 (Procurement Milestones) which are each designated as a "Joint Committee Matter" and in addition the following:
 - 4.1 Providing strategic direction to the Project team;
 - 4.2 Agreeing a procurement programme for ratification by the Councils;
 - 4.3 Agreeing a negotiating remit for the Project team;
 - 4.4 Setting the Affordability Envelope of the Project as a whole and for each participating Council;
 - 4.5 Ensuring that the Project team is adequately resourced;
 - 4.6 Procuring the necessary audit and assurance checks;
 - 4.7 Receiving and endorsing the Key Documents and reports relating to the procurement and associated activities;

- 4.8 Approving the long term client function and the allocation of risks and responsibilities between the Councils; and
- 4.9 Promoting partnership working between the Councils.
- 5. Typically the procurement related documents and reports (or summaries thereof) that the Joint Committee shall receive and consider shall include:
 - 5.1 applications for grant funding;
 - 5.2 Project Initiation Document;
 - 5.3 Outline Business Case (or summary highlighting key risks, cost and affordability implications, preferred or reference solution, sites and planning implications etc.);
 - 5.4 Project plan key milestones review and key Project risks highlight report (as a regular and ongoing item);
 - 5.5 OJEU notice;
 - 5.6 PQQ and Information Memorandum;
 - 5.7 ISOS and ISDS documents;
 - 5.8 summaries of key elements of the draft Project Agreement and Payment Mechanism;
 - 5.9 Second Inter-Authority Agreement;
 - 5.10 ratification of shortlist of Bidders and preferred bidder selection;
 - 5.11 Final Business Case ("**FBC**") summary; and
 - 5.12 final Project Agreement summary.

SCHEDULE 3

PROJECT BOARD

1. The Project Board will manage the progress and implementation of the Project including identifying all works necessary to be carried out and instructing the internal and external financial, legal, procurement and technical advisers to carry out the same. The Project Director shall be empowered (within pre-agreed parameters) to deal direct with Bidders and other third parties.
2. The Project Board will act as a representative for each of the Council's "Corporate Officer Management Team" described in Schedule 4 (Addresses of the Councils) to ensure consistency with individual Council objectives and visions.
3. The Project Board will consider and determine those matters allocated to it in Schedule 1 (Procurement Milestones).
4. The Project Board will as and when necessary report to the Joint Committee and provide advice to the Joint Committee on those matters referred to the Joint Committee as set out in Schedule 1 (Procurement Milestones) and Schedule 2 (Joint Committee Terms of Reference).
- 4.1 For the avoidance of doubt (as set out in Clause 8.3) the following specific functions are given to the Project Board:
 - 4.1.1 prior approval of all reports for decision by the Joint Committee save if impracticable in the case of a special meeting; and
 - 4.1.2 monitor the Project to ensure that it remains within budget.
- 4.2 [REDACTED]²⁵.

²⁵ Is additional information required about the format and frequency of financial reporting? Will the Lead Finance Officer or Project Section 151 Officer have the main role at this level?

SCHEDULE 4

ADDRESSES OF THE COUNCILS

RECIPIENT'S NAME	ADDRESS	FAX NO.	EMAIL	CORPORATE OFFICER MANAGEMENT TEAM
Conwy Council: [•]	Bodlondeb, Conwy, North Wales LL32 8DU	[•]	[•]	[]
Denbighshire Council: [•]	County Hall, Wynnstay Road, Ruthin LL15 1YN	[•]	[•]	[]
Flintshire Council: [•]	County Hall, Mold, Flintshire CH7 6NB	[•]	[•]	[]
Gwynedd Council: [•]	Council Offices, Shirehall Street, Caernarfon, Gwynedd LL55 1SH	[•]	[•]	[]
Isle of Anglesey Council: [•]	Council Offices, Llangefni, Anglesey LL77 7TW	[•]	[•]	[]

SCHEDULE 5

HEADS OF EXPENDITURE/SPEND PROFILE

1. The following is a non-exhaustive list of the heads of expenditure that may be expected to be incurred by the Councils in relation to the Procurement Milestones:-
 - 1.1 Internal expenditure (staff costs and associated overheads)
 - 1.2 Project management/technical and admin support
 - 1.3 Internal financial support
 - 1.4 Internal legal support
 - 1.5 Other professional services (including asset management, architects, quantity surveyors, surveyors, procurement and planning)
 - 1.6 Communications
 - 1.7 External expenditure (staff costs and associated overheads)
 - 1.8 Project management/technical and administrative support
 - 1.9 Financial advisors
 - 1.10 Technical advisors
 - 1.11 Insurance advisors
 - 1.12 Legal advisors
 - 1.13 Other professional services (including asset management, architects, QS, surveyors, procurement, site investigation, remediation and planning)
 - 1.14 Waste analysis
 - 1.15 ICT
 - 1.16 Communications
 - 1.17 Associated overheads may include such expenses as travel expenses, room hire, printing, accommodation and ICT costs.
 - 1.18 Agreement to the incurring of costs and the appropriateness of sharing such costs between the Councils will be in accordance with Clause 9 (Commitment of the Councils and Contributions) of this Agreement.

NWRWTP – PROJECTED SPEND PROFILE 2009/10 TO 2011/12

Spend year	2008/09	2009/10	2010/11	2011/12	Total
Project Management costs	£79,000	£228,200	£253,462	£256,152	£816,814
Advisor costs (core)		£154,805	£484,656	£147,882	£787,343
Additional /time and cost works		£515,000	£412,500	£492,500	£1,420,000
Potential site option/ lease payment)		£100,000	£200,000	£200,000	£500,000
Total costs	£79,000	£998,005	£1,350,618	£1,096,534	£3,524,157
Project Contingency (10%)		£99,801	£135,062	£109,653	£352,416
WAG RCAF contribution	£75,000	£195,000	£200,000	£200,000	£670,000
net	£4,000	£902,806	£1,285,680	£1,006,187	£3,198,673
Per authority	£800	£180,561	£257,136	£201,237	

Per authority allocation is a 1/5th of total and subject to confirmation

Site option/lease payments relate to the potential requirement to provide funding to secure access to site(s) for residual waste treatment or waste transfer services

Advisor costs (core) relate to fixed price/target price elements of advisor works

Additional time and cost works relate to non-core activities (time and cost) - including planning and site support from technical advisors and communications support

Project Management costs include Project Director, Project Manager, administrative, venue, translation and finance -recharges costs related to the project.

SCHEDULE 6

ACCOUNTING PERIODS

Start of Accounting Period	End of Accounting Period
1 April	30 June
1 July	30 September
1 October	31 December
1 January	31 March

SCHEDULE 7

LIABILITY REPORT²⁶

The Liability Report shall include (but shall not be limited to):

	<u>Amount</u> (all figures in round pounds)
Procurement costs (including but not limited to those set out in Schedule 5 (Heads of Expenditure/Spend Profile))	
<p>Costs associated with the cessation of the procurement to include (without limitation):</p> <p>(a) Site acquisition costs (transfer or agreement for lease/lease) and subsequent disposal costs including professional fees for valuation and conveyancing etc.; and/or;</p> <p>(b) Site size being excessive for non-Project use or entirely surplus to requirements including professional fees for valuation and conveyancing etc.; and/or</p> <p>(c) []</p>	
<p>Costs associated with delays to the Procurement Milestones to include (without limitation):</p> <p>(a) landfill costs associated with the alternative disposal of the residual waste (including landfill tax); and</p> <p>(b) LAS fines</p>	
<p>Staff costs (and associated overheads) in progressing the Project:</p> <p>(a) consultancy and advisors fees;</p> <p>(b) internal Project management and monitoring;</p> <p>(c) internal professional advice; and</p> <p>(d) []</p>	

²⁶ This links to the possible withdrawal from the Project by a Council. It is framed around costs incurred rather than wider costs and losses (which presumably will be recoverable under the general indemnity unless the right to recover as between Councils is limited/capped to the Liability Report with third party claims being covered by the general indemnity provisions.

	<u>Amount</u> (all figures in round pounds)
Loss of funding support from: (a) WAG; and/or (b) the Strategic Capital Investment Fund; and/or (c) the Sustainable Waste Management Grant.	
Costs incurred by the Lead Council as certified by the Project Section 151 Officer and as approved by the Project Board as appropriate	

Certified as correct _____ (Signed) _____ (Date)

* To be deleted if Councils are confident that suitable interim disposal arrangements are in place.

SCHEDULE 8

SITE

Deeside EM1 13 (two parts – southern is 52 acres)

Northern EM13 (estimates 22 acres useable)

Southern EM13 (52 acres)

SCHEDULE 9

HEADS OF TERMS OF SECOND INTER-AUTHORITY AGREEMENT

1. GENERAL PRINCIPLES OF ANTICIPATED CONTRACT WITH THE CONTRACTOR

- 1.1 The Lead Council will enter into a contract with the selected private sector contractor (the "**Contractor**") to supply residual waste to the Facility on a long term basis (estimated to be twenty-five (25) years from the date of service commencement) within agreed parameters of tonnage and waste composition.
- 1.2 The Contractor will guarantee treatment of supplied waste to a set of agreed standards, which shall include a guaranteed minimum level of diversion of waste from landfill.
- 1.3 It is anticipated that the Contractor will be responsible for all operational costs and for the disposal costs of any residual materials and wastes.
- 1.4 The Contractor is likely to contain agreements to share any additional costs of operation brought about by legislative changes and other operational risks which are better managed by the Councils on a reasonable value for money basis. Any such additional operational costs will be shared between the Councils on a pro-rata basis by reference to their respective residual waste tonnages.
- 1.5 The Councils acknowledge that the Contractor may have the main benefit of the sale of any valuable products such as energy and recyclable materials and third party capacity generated at the Facility subject to any excess revenue sharing arrangements sharing mechanism from the sale of these potential items agreed by the Councils as part of the Procurement Milestones on a value for money basis. Any such excess revenue will be shared between the Councils on a pro-rata basis by reference to their respective residual waste tonnages.
- 1.6 The contract may include for some excess revenue sharing arrangements from the sale of these potential items.
- 1.7 The Councils acknowledge that the contract gate price and any income from sales will be index linked in some way to market prices and actual costs on terms to be agreed by the Councils as part of the Procurement Milestones on a value for money basis.

2. PRINCIPLES OF THE SECOND INTER-AUTHORITY AGREEMENT BETWEEN THE LEAD COUNCIL AND THE OTHER COUNCILS

- 2.1 The Lead Council will have a separate contract with each of the other Councils setting out the terms and conditions applicable to the delivery and treatment of residual waste at the Facility. Each Council agrees that, should they enter into any final, legally binding contract in connection with this Project, they shall do so in a genuine and sincere spirit of mutual co-operation with the objective of securing for the benefit of all the Councils the most financially and environmentally beneficial contract for the treatment and disposal of residual waste at the Facility.
- 2.2 All Councils agree that they shall be fully committed negotiating in good faith the terms of to any binding contract with the Lead Council and the overall aim of maximising the benefits to be derived from the Project for all the Councils.
- 2.3 The Councils agree to provide all reasonable resources and assistance to each other in order to achieve the agreed goals within the agreed time scales for the Project.
- 2.4 The Councils acknowledge that the Lead Council shall enter into the contract with the Contractor which shall include provision for the disposal of agreed volumes of residual

waste to be provided by the other Councils to be delivered to the Facility under that contract.

- 2.5 The Councils acknowledge that they shall each contract with the Lead Council to deliver residual waste to the Facility in accordance with an agreed delivery schedule of tonnage which will take account of periods of planned and unplanned maintenance and other unavailability of the Facility. The implications of any such unavailability will be agreed by the Councils as part of the Procurement Milestones on a value for money basis. The Lead Council agrees to consult in good faith with the other Councils and to agree any proposed contingency arrangements with a view to mitigating as far as practicable the implications of any periods of unavailability of the Facility.
- 2.6 The Lead Council shall be responsible for the negotiation of the contract with the Contractor. The Lead Council shall in consultation with the other Councils endeavour to achieve the most economically advantageous contract that best meets the financial, social, environmental, operational, technical, and commercial criteria, commensurate with minimising risk and adhering to good practice guidelines of the Councils.
- 2.7 The Lead Council shall, in its individual residual waste supply contracts with the other Councils reflect the conditions and requirements of the contract between the Lead Council and the Contractor. The Lead Council will not attempt to impose upon the other Councils more onerous or detrimental terms of contract than those covering the same issues which it has agreed with the Contractor. Such terms, for limited recourse project finance transactions or corporately financed transactions delivering major infrastructure assets through a public private partnership ("PPP"), are typically anticipated to be based upon the Standardisation of Private Finance Initiative Contracts guidance version 4 ("SoPC4") produced by H M Treasury as amended by WAG for the waste sector. However, the Councils may wish to use traditional capital expenditure as an alternative to PPP or may seek prudential borrowing as a means to aid funding of the Project (although the opportunity for the Councils to obtain WAG funding may be restricted to PPP schemes requiring compliance with standard form contract terms and Project risk transfer profile unless the Councils can justify any Project specific reasons and/or value for money reasons to derogate from such terms.
- 2.8 The Councils acknowledge that the contract provides for a Liaison Committee which reviews the contract at regular periods throughout the life of the contract period. The Committee is made up of three (3) representatives of the Contractor and three (3) representatives of the Councils. The Councils will determine how many representatives are required on the Liaison Committee.

3. **FINANCIAL SECURITY FOR LEAD COUNCIL**

- 3.1 The Second Inter-Authority Agreement shall contain provisions to the following effect:-
- 3.1.1 any grant from WAG to the Councils in respect of the Project shall be paid to the Lead Council;
- 3.1.2 the other Councils shall pay the Lead Council in advance of any payment by the Lead Council to the Contractor;
- 3.1.3 if any one or more Council defaults in making any payment to the Lead Council then such deficit shall be made good, on demand, by the other Councils in equal shares (such indemnity being subject to the usual dispute resolution procedure if a Council considers such provision to be ultra vires);
- 3.1.4 a contingency fund shall be held by the Lead Council (on terms and for purposes to be agreed by the Councils).

SCHEDULE 10
AFFORDABILITY ENVELOPE²⁷

²⁷ Note universal gate fee principle has been agreed by Councils – regardless of disparate transport costs attributable to each Council's location and transport pattern the total mileage for waste transportation will be dealt with as a single cost to be borne by the Councils and allocated on a tonnage basis to each Council. The Affordability Envelope discussions are ongoing and will be concluded when the financial team leads from each Council meet to discuss with Grant Thornton UK (and use one figure with five subset figures for each Council's own Affordability Envelope element)?

SCHEDULE 11

PROJECTED CONTRACT WASTE TONNAGES AND MINIMUM TONNAGE GUARANTEES

Projected Contract Waste Tonnage
(Part year)

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Conwy	13731	28142	27949	28021	28148	28319	28491	28662	28833	29004	29175	29346	29453
Denbighshire	8486	17420	17537	17607	17712	17844	17976	18107	18238	18369	18500	18627	18714
Flintshire	16654	34135	34314	34402	34557	34767	34978	35188	35398	35608	35818	36028	36160
Gwynedd	14835	30304	30361	30338	30373	30254	30136	30018	29901	29785	29670	29556	29664
Isle of Anglesey	8294	17000	17089	17133	17210	17315	17420	17525	17629	17734	17838	17943	18008
Total	62000	127000	127250	127500	128000	128500	129000	129500	130000	130500	131000	131500	132000

Year	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Conwy	29561	29668	29776	29943	30110	30277	30445	30612	30779	30947	31114	31281	31448
Denbighshire	18801	18888	18975	19081	19188	19295	19401	19508	19614	19721	19828	19934	20041
Flintshire	36292	36424	36556	36761	36966	37172	37377	37582	37788	37993	38198	38404	38609
Gwynedd	29772	29880	29989	30157	30326	30494	30663	30831	30999	31168	31336	31505	31673
Isle of Anglesey	18074	18140	18206	18308	18410	18512	18615	18717	18819	18921	19024	19126	19228
Total	132500	133000	133500	134250	135000	135750	136500	137250	138000	138750	139500	140250	141000

Minimum Tonnage Guarantee

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Conwy	14459	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514
Denbighshire	6789	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936
Flintshire	13323	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308
Gwynedd	11868	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243
Isle of Anglesey	6635	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600
Total	53,075	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600

Year	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Conwy	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514	22514
Denbighshire	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936	13936
Flintshire	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308	27308
Gwynedd	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243	24243
Isle of Anglesey	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600	13600
Total	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600	101,600

The Common Seal of **CONWY COUNTY**)
BOROUGH COUNCIL was)
hereunto affixed in the presence of:-)

The Common Seal of **DENBIGHSHIRE**)
COUNTY COUNCIL was)
hereunto affixed in the presence of:-)

The Common Seal of **FLINTSHIRE**)
COUNTY COUNCIL was)
hereunto affixed in the presence of:-)

The Common Seal of **GWYNEDD**)
COUNCIL was)
hereunto affixed in the presence of:-)

The Common Seal of **ISLE OF**)
ANGLESEY COUNTY COUNCIL was)
hereunto affixed in the presence of:-)

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 21

REPORT TO: **EXECUTIVE**
DATE : **16 FEBRUARY 2010**
REPORT BY: **DIRECTOR OF ENVIRONMENT AND CHIEF EXECUTIVE**
SUBJECT : **NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**
OVERVIEW OF THE OUTLINE BUSINESS CASE

1.00 PURPOSE OF REPORT

- 1.01 This report provides detail on the Outline Business Case (OBC) for the North Wales Residual Waste Treatment Project (noting that the detailed OBC and appendices are Part 2 items included within this agenda). Specific approval of the OBC will be required of Council.

2.00 BACKGROUND

North Wales Residual Waste Treatment Partnership

- 2.01 The North Wales Residual Waste Treatment Partnership (NWRWTP) was formally constituted in October 2008 and in January 2009 approval was given by this authority (and all other partner authorities) to a Project Initiation Document (PID) for the production of an Outline Business Case (OBC) for residual waste treatment services. One of the key principles within the PID, was the "universal gate fee," that is that wherever the eventual residual waste treatment facility(s) are located the same cost per tonne of residual waste delivered would apply to each partner authority.
- 2.02 Following provisional approval of the Residual Waste Treatment Outline Business Case by the NWRWTP Joint Committee at its meeting of 9th December 2009 each partner authority is asked to consider and approve the OBC and supporting documentation.
- 2.03 Once approval is gained from all five partner authorities the Joint Committee will be asked to approve submission of the OBC to the Welsh Assembly Government (WAG) in April 2010 for their consideration. In the event that WAG approves the OBC significant funding will be "ring fenced" by WAG to support a future residual waste treatment contract following a procurement process that would commence in spring 2010.

Welsh Assembly Government Targets

- 2.04 The Welsh Assembly Government has made it clear via its –'Towards Zero Waste' - A consultation on a new Waste Strategy for Wales (completed in July 2009) that the future strategic direction and resources will be directed towards local authority policies which are based on very high levels of recycling and composting (for example 70% recycling /composting by 2024/25) and minimised levels of landfilling (for example a maximum of 5%

Date: 09/02/2010

landfill by 2024/25). Nevertheless, and even with these challenging targets achieved, there will remain significant levels of residual waste which must be disposed of through sustainable techniques offering the best balance of environmental and economic benefits.

Table 1 Authority Municipal Waste Targets

TARGET	YEAR				
	09/10	12/13	15/16	19/20	24/25
Levels of recycling / composting (or AD)	40%	52%	58%	64%	70%
Levels of composting (or AD) of source separated food waste (included in the above)		12%	14%	16%	16%
Maximum level of energy from waste			42%	36%	30%
Maximum level of landfill				10%	5%
Maximum level of residual household waste per head per annum		295 kg	258 kg	210 kg	150 kg

Footnote: Anaerobic Digestion (AD) - waste is digested in within an airtight, stirred vessel for around 4 weeks, producing a bio gas and compost by-product

- 2.05 In 2003 the UK Government enacted the Waste and Emissions Trading Act (WET Act), which is now viewed as one of the key drivers for change in waste management. In Wales, the Landfill Allowance Scheme (LAS) implemented under the WET Act has cascaded targets down to the individual local authorities through the allocation of landfill allowances on the tonnage of Biodegradable Municipal Waste (BMW) that can be disposed to landfill in any given year up to 2020. Penalties for sending more tonnes of BMW to landfill than the level of allowances held will result in fines of £200 per tonne of BMW, plus potentially any infraction fines from Europe in the event that Wales as a whole does not meet the targets above.
- 2.06 The Minister for the Environment, Sustainability & Housing has approved the allocation to Welsh local authorities of new Landfill Allowances, as part of the Landfill Allowance Scheme (LAS) post 2009-10, which limit the amount of biodegradable municipal waste they send to landfill. The current LAS targets for the NWRWTP partner authorities are as follows (expressed as tonnes of BMW, Targets beyond 2019/20 are currently indicative only):

Table 2 LAS Targets

WDA	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Conwy	28290	24698	21105	20207	19309	18411	17513
Denbighshire	17921	15645	13370	12801	12232	11663	11094
Flintshire	33311	29081	24851	23798	22736	21678	20621
Gwynedd	28909	25238	21567	20649	19731	18814	17896
Isle of Anglesey	15938	13914	11890	11384	10879	10373	9867

- 2.07 The current (2009/10) rate of landfill tax for active wastes is £40 per tonne. In the 2009 Budget the Government stated that it would continue to increase

the standard rate of tax by £8 a tonne each year at least until 2013, when it will be £72 per tonne.

- 2.08 The provisions of the WET Act together with landfill tax make options such as increased recycling, composting and residual waste treatment more cost effective than landfill disposal.

WAG Funding Availability

- 2.09 WAG have made significant budget provision to support the delivery of residual waste treatment projects by partnerships in Wales. This funding is in addition to the Sustainable Waste Management Grant (SWMG) already being paid to local authorities in Wales. Partnerships are required to develop an OBC and gain WAG approval before procurement can commence. The additional SWMG will be paid to the Partnership on commencement of the service being provided by the Residual Waste Treatment Contractor. WAG have indicated that guaranteed revenue funding will be offered to support projects up to 25 years in length.

- 2.10 WAG has recently committed significant additional funding to Project Gwyrdd (a similar residual waste treatment project in South Wales that has commenced procurement). WAG has confirmed that the principles agreed for Project Gwyrdd will also apply to the NWRWTP project.

WAG OBC guidance

- 2.11 The OBC has been developed in accordance with WAG guidance that not only sets out the required structure and content of the OBC but also the evaluation approach for the reference solution options appraisal process.

3.00 CONSIDERATIONS

Key elements of the OBC

Strategic Context

- 3.01 The NWRWTP Project involves the delivery of new residual waste treatment services within the region to provide long-term compliance with WAG policies and targets. Each Partner authority will be expected to continue to increase its own efforts to minimise and re-use waste it generates and significantly increase levels of recycling and composting. Partner authorities are expected, by 2024/25, to have significantly increased “front end” recycling and composting levels for both Kerbside collections schemes and at Household Waste Recycling Centres (HWRC). It is anticipated that an achievement of a minimum 60% recycling and composting will be required by 2024/25 (refer also to para 3.19). The development of these services are outside the scope of the NWRWTP project and remain the responsibility of each partner authority to meet these requirements.
- 3.02 The NWRWTP Residual waste treatment solution will be expected to contribute to the councils overall recycling levels by recycling a proportion of the residual waste delivered into the contract.

- 3.03 It is envisaged that services will be procured and be operational by 2016 (refer to para 3.46 for the project timetable).

Scope of the services

The following services form the basis of the reference solution (the potential solution that has been identified that could meet the partnership's requirements):

- Finance, design, build, operate and maintain contract waste delivery points (Waste Transfer Stations) and residual waste treatment facilities;
- Receive and accept contract waste delivered by the authorities, or arising from Household Waste Recovery Centres (HWRCs), at delivery points, in accordance with specified requirements;
- Process contract waste to achieve specified levels of recycling, recovery and diversion of waste from landfill;
- Market any recyclate, energy or other recovered products arising from the processing of contract waste, including its transportation;
- Manage, transport and dispose of residues from treatment or processing of contract waste;
- Dispose of contract waste which is not treated and;
- Provide suitable contingency arrangements in the event of any unavailability of any part of the service in order to provide a continuous service.

The Reference Solution

- 3.04 The Welsh Assembly Government requires the Partnership to develop its OBC around a reference technology, against which costs can be evaluated, and a reference site (or sites) that must be within the Partner Authorities' ownership or control.
- 3.05 In arriving at the reference project, the Project Team has undertaken an appraisal, in conjunction with its technical advisors, of a range of technology solutions. A key criterion evaluated in this appraisal was the ability of the technologies to divert municipal waste from landfill. These included commercially established technologies and emerging technologies.
- 3.06 The options appraisal methodology (based on the appropriate WAG guidance) has been applied to provide a robust and transparent means of evaluating the various technical options against a range of weighted criteria. The criteria, in addition to landfill diversion, considered other relevant factors so as to provide a balanced assessment.
- 3.07 As a result of the options appraisal, the Reference Project technology has been identified as Energy from Waste (EfW) with Combined Heat and Power (CHP) for the purposes of the OBC.
- 3.08 Members should note that the project team has engaged with a number of potential bidders who have indicated that they will propose a range of technical solutions as part of a procurement process (including Mechanical

Biological treatment, Mechanical Heat Treatment, Gasification and Energy from Waste). The procurement process will encourage a range of technical solutions to come forward (see 3.34).

- 3.09 A single site residual waste treatment solution serviced by a number of waste transfer stations has been identified as the Reference Solution at the point of drafting the OBC. At this point only one potentially suitable reference site for hosting the residual waste treatment facility is in a partnership authority's ownership or control (see 3.27). The project team will continue to seek to identify and secure other sites that may be suitable for the location of residual waste treatment facility(s) prior to and during the procurement process in order to support a potential two site solution should this be proposed by bidders as part of the procurement process.
- 3.10 The key facilities included within the Reference Project are indicated in table 3 below.

Table 3 Key Facilities

Proposed Facility (Location, Technology)	Capacity of Facility
Flintshire, Energy from Waste	150,000
Gwynedd, Transfer Station (Llwyn Isaf)	30,000
Gwynedd, Transfer Station (Ffrid Rasmus)	30,000
Denbighshire, Transfer Station (Ruthin)	30,000
Conwy, Transfer Station (new site to be secured)	30,000
Isle of Anglesey, Penhesgyn (existing)	30,000

- 3.11 Members are asked to note that although the reference solution has been identified as Energy from Waste with Combined Heat and Power (CHP) on a single site serviced by a number of waste transfer stations, this does not mean that Energy from Waste with CHP or a single site solution will form the solution that is eventually procured (see section 3.34 - proposed procurement approach).
- 3.12 Details of the options appraisal process and the reference solution performance are contained within the OBC. The reference project has been based on an assessment by officers and external advisers of the most probable scenario for waste arisings and recycling levels. It is, of course, possible that recycling performance will exceed these estimates, and the proposed procurement strategy will ensure that future contracts provide the flexibility to accommodate reduction and recycling performance above projected levels.
- 3.13 Increases in recycling substantially in excess of the most probable scenario would be required to enable the Partnership to meet its landfill diversion targets without the use of a residual waste treatment facility. Even the most optimistic assessment would not see the Partnership reach the diversion

levels that can be delivered through residual waste treatment, thus significant amounts of waste would still be sent to landfill.

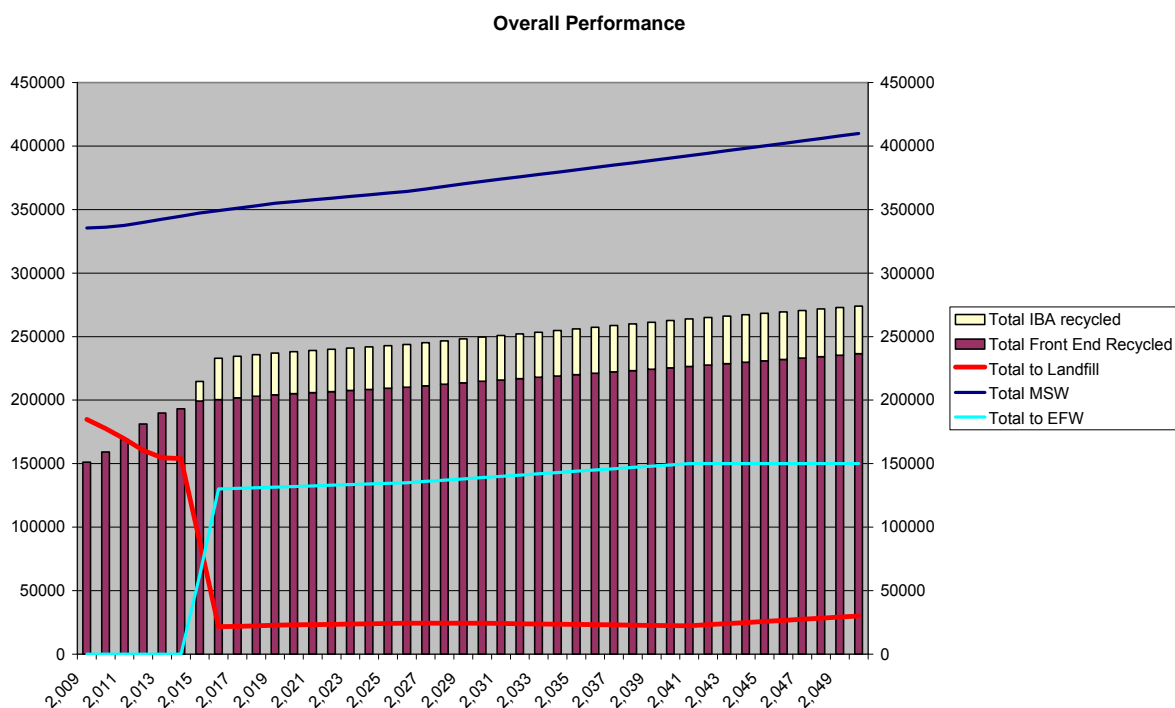
- 3.14 The Partnership’s projected performance against target for recycling of household waste for the reference solution is shown in the table below:

Table 4 Reference Solution Performance.

TARGET	YEAR				
	09/10	12/13	15/16	19/20	24/25
Levels of recycling / composting (or AD)	45.1%	53.6%	62.6%	67.4%	70% (67.4%) ²
Maximum level of energy from waste	0%	0%	13.6%	27.6%	27.7%
Maximum level of landfill	54.1%	46.4%	25.2%	6.4%	<5% (6.3%)
Maximum level of residual household waste per head per annum (kg)		211	173	149	148

- 3.15 The Partnerships projected performance shows that the 2024/25 recycling/ composting target (70%) can be met on the assumption that WAG instigates legislative and regulatory changes that will support national and local developments in waste composition, changes in packaging, improvements in source-segregation of waste, tackling further non-household waste streams, and an increase in waste awareness with the general public. If WAG does not bring forward these measures there is a projected small shortfall (2.6%) in reaching the 2025 recycling and composting target. The reference solution will also meet the maximum landfill target and the maximum level of residual household waste per head of population targets.
- 3.16 The following graph (figure 1) illustrates the projected waste arising, and the impact of the residual waste treatment solution on diversion from landfill, recycling and composting performance.

Figure 1 Reference Project Performance



3.17 Table 5 shows the performance of the reference solution in diverting Biodegradable Municipal Waste (BMW). The reference solution shows that all partner authorities will divert sufficient BMW to ensure they meet their Landfill Allowance Scheme (LAS) allowances (and landfill significantly less BMW than the allocated allowances).

Table 5 Performance of the Reference solution in meeting LAS Allowances

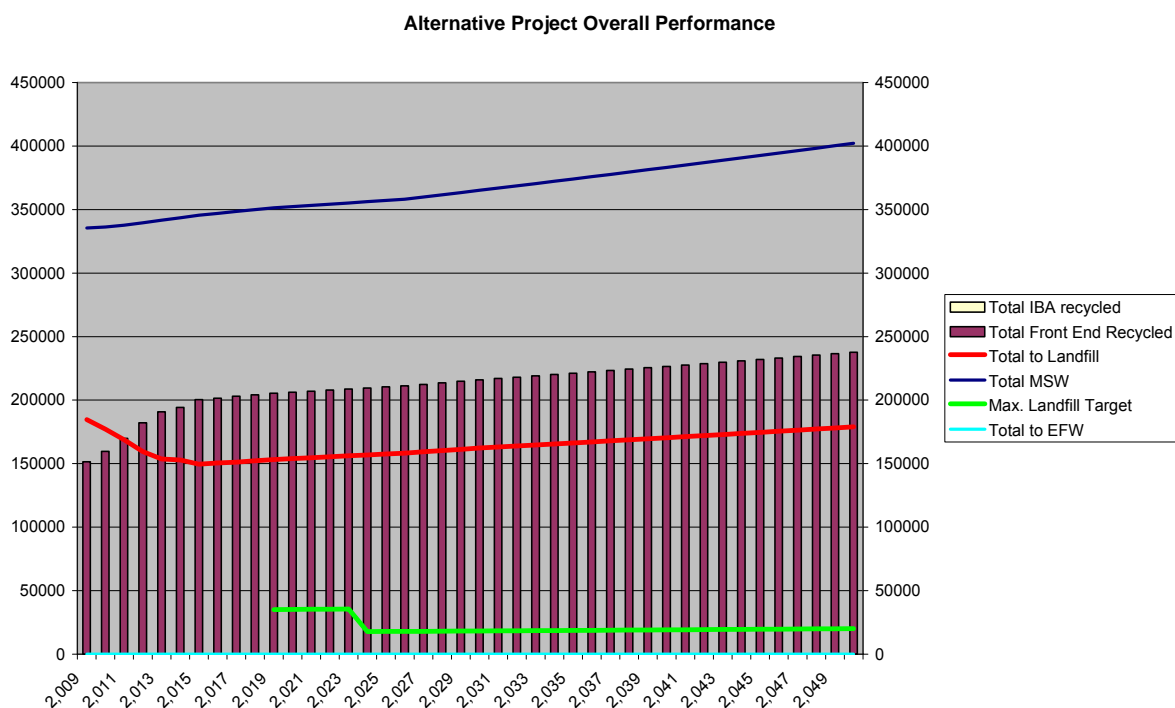
	2010-11		2012-13		2015-16		2019-20	
	Target	Forecast	Target	Forecast	Target	Forecast	Target	Forecast
Conwy	28290	18758	21105	16843	18411	15401	14819	2461
Denbighshire	17921	14297	13370	12587	11663	11472	9387	2324
Flintshire	33311	26902	24851	20184	21678	17412	17448	1661
Gwynedd	28909	17889	21567	14867	18814	13129	15143	1670
Isle of Anglesey	15938	13943	11890	10553	10373	8562	8349	1208

Alternative Option – “Do nothing”

3.18 The "Do Nothing" option assumes (as for the Reference solution) that "front end" waste minimisation re-use, recycling and composting activities are maximised with a projected level of approximately 60% "front end" recycling and composting achieved by 2025. However the do nothing option does not have the benefit of additional recycling contribution from the residual waste treatment facility (that in the case of the reference solution provides

- approximately 9% additional recycling performance). As a result the overall recycling achieved in 2024/25 falls well short of the 2024/25 target of 70%.
- 3.19 The "Do Nothing Option" does not meet the maximum landfill target of 5% by 2024/25 (approximately 40% of MSW would be landfilled).
- 3.20 The Reference Solution provides indicative costs for a solution that is both cheaper and more desirable than the Partner Authorities "do nothing" option of continuing to rely on landfill disposal. It is a strategic aim of the Council and the partnership to reduce its reliance on landfill. The costs of landfill are continually increasing as a result of the landfill tax escalator and the need to avoid Landfill Allowance Scheme (LAS) infringement fines (£200 per tonne) that will be incurred as a result of continuing to landfill biodegradable municipal waste in excess of the WAG prescribed targets.
- 3.21 Without a residual treatment facility (or related facilities) and even with significant increases in waste minimisation, re-use, recycling and composting, Denbighshire are projected to exceed their LAS allowances from 2016, and Conwy, Flintshire and Isle of Anglesey will exceed their allowances from 2019. With the new residual waste treatment facility on line from 2016, each authority remains within their LAS allowances.
- 3.22 In the event that a new residual waste treatment facility is not provided there will be an ongoing requirement for landfill for residual waste disposal. Landfill is regarded as the least environmentally desirable disposal option for mixed residual municipal waste. Figures provided by the Environment Agency suggest that there is potentially only 5.4 years of landfill capacity already consented in the North Wales Partnership area (note- with the development of residual waste treatment facility(s), existing consented landfill void space could provide disposal capacity up to 2030).
- 3.23 With the stated WAG Policy Objective of a maximum 5% landfill by 2024/25 the Partnership's project team's view is that it will become increasingly difficult to gain replacement consented void space. This poses a significant risk in providing a sustainable and affordable waste service if landfill remains the main outlet for residual waste handled by the partner authorities.
- 3.24 Figure 2 shows the performance of the "Do Nothing" Option.

Figure 2 "Do Nothing" Performance



3.25 The environmental impact of the “Do Nothing Option” (as measured by the use of the Environment Agency’s Life Cycle Assessment modelling tool WRATE) is also significantly worse than the reference project, with far higher greenhouse gas impact.

Reference Sites

3.26 The inclusion of sites for the Reference Project does not predetermine their eventual use. A number of sites for the potential location of the residual waste treatment facility and waste transfer stations have been identified from the partnership area for the purpose of the Reference Project only. Suitability of the sites will be finally determined during the procurement process, and subject to evaluation criteria agreed by the Joint Committee. Bidders will be encouraged to bring forward their own sites if they have them and deem them more suitable.

3.27 The partnership project team have identified four existing waste management sites in the ownership of partner authorities that could be made available as potential waste transfer stations to support a solution.

3.28 The number and location of waste transfer stations cannot be finalised at this stage as this will depend on the location of the residual waste treatment facility(s) brought forward by bidders as part of the procurement process.

3.29 Following a review of existing work at both regional and local level and in consultation with local planning officers the project team and its advisors have identified a number of sites that could potentially host a residual waste treatment facility. Only one of these - Deeside Industrial Estate (identified as EM1/13*) is in the ownership or control of a partner authority. See Appendix

1 for a map showing the reference solution site locations and Appendix 2 for a location plan showing the site at Deeside Industrial Estate.

*[*Flintshire Deposit UDP Proposed Changes and the subsequent Proposed Modifications (September 2009)]*

- 3.30 The project team will continue to seek to identify and secure other sites that may be suitable for the location of residual waste treatment facility(s) prior to and during the procurement process in order to support a potential two site solution, or alternative site to the Deeside Industrial Estate site, should this solution be proposed by bidders as part of the procurement process. The project team are already in discussions with site owners to determine if the partnership can gain an option on one or more of these sites. In the event that the partnership is successful in gaining options on additional sites these would also be made available to bidders for consideration as potential site solutions.
- 3.31 It should be noted that it is likely that some of the bidders in a future procurement process may well propose sites in their ownership and that only some or none of the identified reference solution sites may be required. It is also possible that existing or already consented / planned facilities may be proposed as part of bidders' solutions.
- 3.32 Details of how partner authority land and assets will be dealt with as part of the project are described within the Inter Authority Agreement contained elsewhere on this agenda.

Proposed Procurement Approach

- 3.33 Once approval of the OBC is given by WAG and the NWRWTP Joint Committee the procurement process will commence.
- 3.34 The proposed approach to procurement, consistent with WAG's advice, will be that the Partnership adopts the principle of a neutral stance on both technology and sites, in order to encourage competition and ensure the most economically advantageous environmentally sustainable solution is identified. All bids received will be evaluated on the basis of environmental, technical and commercial considerations.
- 3.35 Members from each partner authority will be invited to workshops in the spring 2010 to assist in developing the evaluation frameworks and headline specifications that will form the basis of a future procurement process.
- 3.36 The Project Team will carry out further work up until the submission of the OBC to WAG in April 2010 on the potential joint procurement of landfill contracts or other services that might be required before the longer term residual waste treatment service opens. In the event that joint procurement for some or all of the additional interim services is viewed as beneficial, separate approvals will be sought from partner authorities during 2010.
- 3.37 A draft OJEU notice is attached (Appendix 3) for approval. The NWRWTP Joint Committee will be requested to approve the final versions of these and other documents before procurement commences.

Cost of the Reference Solution and financial commitment from WAG

- 3.38 The Reference Project has been modelled along the most financially prudent lines assuming high capital costs and minimum levels of return on third party income from both excess capacity usage and electricity sales. A key part of the procurement and Competitive Dialogue process with bidders will be to move towards a more economically advantageous solution than that modelled for in the Reference Solution.
- 3.39 The allocation of costs and additional SWMG funding across the five partnering authorities will be based on tonnage input to the facility which is in accordance with the principles embedded in the Inter- Authority Agreement.
- 3.40 WAG funding is in the form of an annuity revenue contribution equivalent to 25% of the Net Present Value of the unitary charge. Based on the Project Team's understanding of the methodology for calculating funding this results in a full year annuity payable from service commencement of £5.72m over the life of the contract and amounting to a total revenue stream of £142.42m. This funding assumption has been built into the affordability analysis. Flintshire County Council's projected proportion of this is £38m over the 25 year period April 2015 to March 2041. This is the cost basis of the Reference Project for the partnership.
- 3.41 On the assumption that WAG approves the Partnership's OBC, WAG will ring fence funding for the project and procurement can commence.
- 3.42 At the completion of the procurement process (once a preferred bidder has been appointed) WAG funding will be finally confirmed by the production of a Final Business Case (FBC). Members are asked to note that this funding will only be lower than that awarded at OBC if the actual gate fee offered by the preferred bidder is lower than that projected within the reference project at OBC. In such an instance the benefit of the reduced charge will be shared equally between WAG and the Partnership.

Budget and Affordability

- 3.43 It is a requirement of the OBC to compare costs of the "do nothing" option against the Reference Project. The OBC demonstrates that the affordability gap for the "do nothing" option is greater than that for the Reference Project.
- 3.44 Based on the financial model used in the development of the OBC, the Partnership's Annual Unitary charge affordability range is estimated to be £650m, net of WAG funding, within a range of £607m to £802m, for the assumed contract period of April 2015 to March 2041 as set out in Section 6 of the OBC. Flintshire County Council's share of the cost is projected at £174m and taking into account a number of sensitivities that have been modelled, is estimated to be in the range of £163m to £215m over the proposed contract period.

Value for money Assessment

- 3.45 It is also a requirement of the OBC to compare the Reference Solution with a "Public Sector Comparator", which would normally be based on a local authority providing its own capital funding, most likely through Prudential

Borrowing, in order to deliver the required waste treatment facilities and associated services. The OBC currently shows that whilst the financing costs of prudential borrowing would be cheaper, the likely levels of risk transference in a Public Private Partnership (PPP) project would result in the reference solution representing greater value for money. This position will become clearer during the procurement process and it will be necessary to explore prudential borrowing further before any final commitment is made to the PPP route. Please refer to the Part 2 item contained elsewhere within this agenda.

Project programme

- 3.46 A timetable has been agreed with WAG where the NWRWTP OBC will be submitted to WAG by 09 April 2010. In order to achieve this all partner authority approvals must be completed by mid March 2010. Procurement can then commence in June 2010, assuming that WAG approve the OBC in May as shown in Table 6.

Table 6 Headline procurement timetable

Activity	Target Date
Outline Business Case Approved by Local Authority(ies)	04/03/2010
Submission of OBC to WAG	09/04/2010
WAG Approval of OBC	14/05/2010
WAG gateway review	May 2010
OJEU Published	June 2010
Descriptive Document Issued	July 2010
Invitation to Submit Outline Solutions (ISOS) Issued	September 2010
ISOS Returned	December 2010
Invitation to Submit Detailed Solutions (ISDS) Issued	January 2011
Invitation to Submit Detailed Solutions (ISDS) Returned	June 2011
Call For Final Tenders	Sep 2011
Preferred Bidder Selected	April 2012
Submission of FBC	May 2012
WAG Approval of FBC	June 2012
Commercial and Financial Close	Sep 2012
Planning Application Submitted	Sep 2012
Planning consent achieved	Sep 2013
Operational Commencement	Sep 2016

- 3.47 It is expected that, should the recommendations be accepted, the appropriate letter required by WAG for confirmation of affordability will be signed by the Leader of the Council, the Chief Executive and the Council's Section 151 Officer. This will then commit the Council to the funding regime

set out within the Outline Business Case subject to any negotiated final outcome.

- 3.48 Following scrutiny and review of the submission by WAG, the Partnership will be notified of the outcome of the application in May 2010.
- 3.49 On the basis that the application is successful, procurement is likely to commence in June 2010 and contract award made in autumn 2012, subject to the acceptance of the Final Business Case. The Final Business Case will be brought back to the NWRWTP Joint Committee and individual partner authorities for formal approval. It is expected that the new facility(s) will become operational in autumn 2016. Members are asked to note that Member approval will also be sought for moving to preferred bidder stage of the procurement, and following completion of the procurement process to move to contract award

4.00 RECOMMENDATIONS

That the Committee:

- 4.01 Accept the report as outlined noting that the detailed OBC is contained within this agenda as a Part 2.
- 4.02 Note that Council approval will be sought for moving to preferred bidder stage of the procurement, approval of the Final Business Case to WAG following completion of the procurement process and contract award.
- 4.03 Note the draft OJEU notice attached at Appendix 3.

5.00 FINANCIAL IMPLICATIONS

- 5.01 Please refer to the OBC contained within this agenda as Part 2 item.

6.00 ANTI POVERTY IMPACT

- 6.01 None.

7.00 ENVIRONMENTAL IMPACT

- 7.01 The OBC includes an options appraisal that seeks to identify a deliverable and sustainable residual waste treatment solution. Full details of the OBC options appraisal are contained within the OBC.

8.00 EQUALITIES IMPACT

- 8.01 Not applicable.

9.00 PERSONNEL IMPLICATIONS

- 9.01 Not directly but development and running of any new facility will create employment opportunities.

10.00 CONSULTATION REQUIRED

- 10.01 All key stakeholders.
10.02 Scrutiny and Members of the Council.

11.00 CONSULTATION UNDERTAKEN

- 11.01 Scrutiny and Members of the Council.

12.00 APPENDICES

- 12.01 Appendix 1 - Reference Project Facility, Provisional Location
Appendix 2 - Deeside Industrial Estate candidate Reference site for a residual waste treatment facility
Appendix 3 - Draft OJEU notice

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

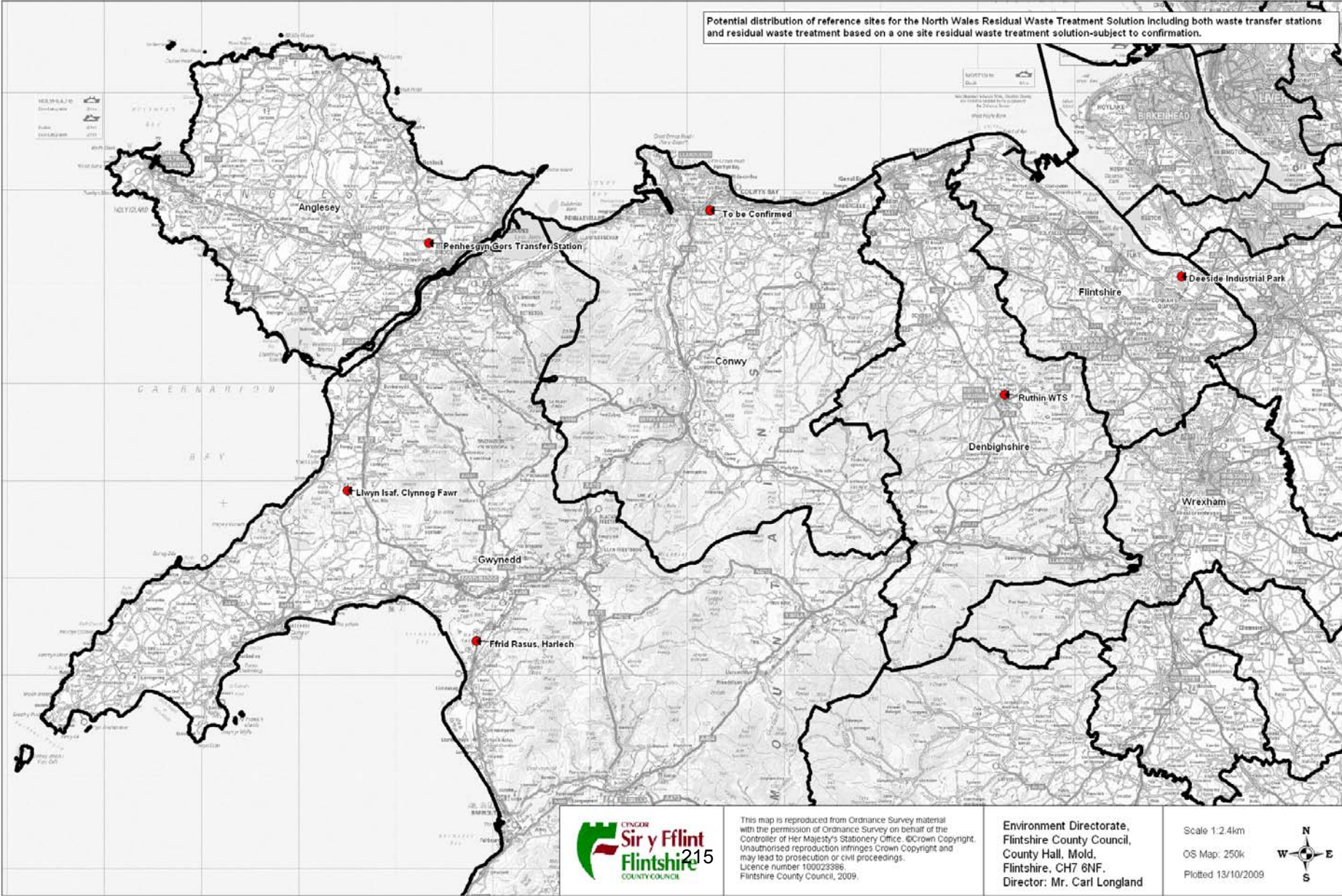
Department for Environment, Sustainability and Housing, Waste Procurement Programme:
National Evaluation Framework, Food and Residual Waste Treatment Projects
Version 5.0 – 25/11/08, FINAL DRAFT

PLANNING FRAMEWORK - WASTE PROCUREMENT PROJECTS IN WALES (WAG)

Department for Environment, Sustainability and Housing Waste Procurement Programme, Outline Business Case Template for Residual Waste Treatment Facilities

Contact Officer: Neal Cockerton
Telephone: 01352 703506
E-Mail: neal_cockerton@flintshire.gov.uk

Appendix 1 Reference Project Facility Provisional Locations



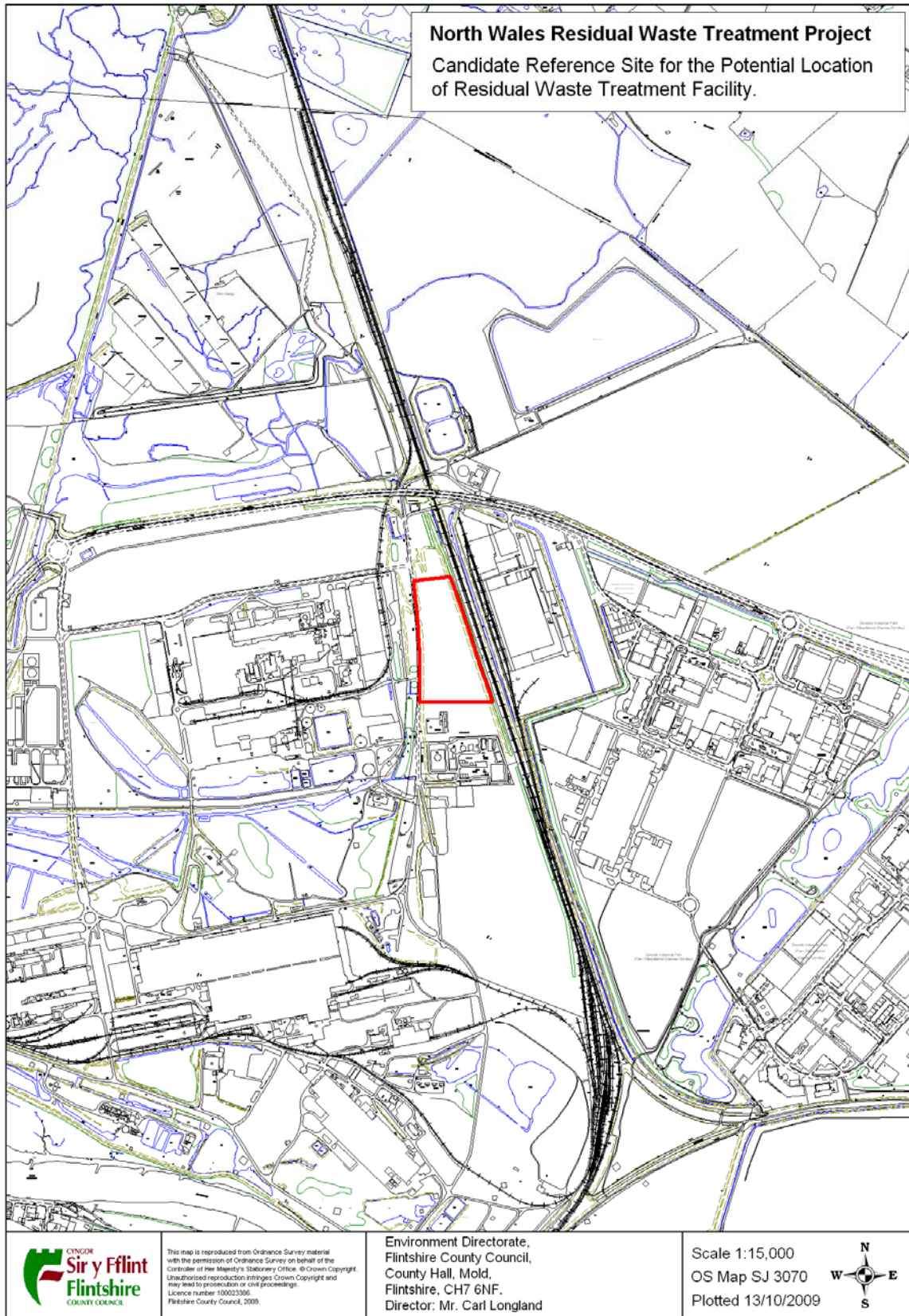
This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Licence number 100023386. Flintshire County Council, 2009.

Environment Directorate,
 Flintshire County Council,
 County Hall, Mold,
 Flintshire, CH7 6NF.
 Director: Mr. Carl Longland

Scale 1:2.4km
 OS Map: 250k
 Plotted 13/10/2009



Appendix 2 –Deeside Industrial estate Candidate Reference site for a residual waste treatment facility



Appendix 3 Draft OJEU notice

UK-Flintshire: Refuse Services

CONTRACT NOTICE

Services

SECTION I: CONTRACTING AUTHORITY

I.1) **NAME, ADDRESSES AND CONTACT POINT(S):**

Official Name - Flintshire County Council (on behalf of itself and Conwy County Borough Council, Denbighshire County Council, Gwynedd Council and Isle of Anglesey County Council and/or such local authority(ies) in North or Central Wales as may join these authorities or may be substituted for one or more of these authorities).

Postal address – Legal & Corporate Services, Corporate Procurement, County Hall, Mold, CH7 6NB

Attention: Andy Argyle, Procurement Officer (Swyddog Caffael)

Tel/Ffon: 01352 701814

Fax/Ffacs: 01352 702279

E-mail/E-bost: andy.argyle@flintshire.gov.uk

Internet address(es):

General address of the contracting authority: www.flintshire.gov.uk

Further information can be obtained at: As in above-mentioned contact point(s).

Specifications and additional documents (including documents for competitive dialogue and a dynamic purchasing system) can be obtained at: As in above-mentioned contact point(s).

Tenders or requests to participate must be sent to: As in above-mentioned contact point(s).

Tenderers are asked to note that during the procurement process an electronic tendering system (E-Box) may be utilised. Full details will be provided to bidders should this or a similar system be utilised for any stages of the procurement.

I.2) **TYPE OF THE CONTRACTING AUTHORITY AND MAIN ACTIVITY OR ACTIVITIES:**

Regional or local authority.

General public services.

Environment.

The contracting authority is purchasing on behalf of other contracting authorities: Yes.

SECTION II: OBJECT OF THE CONTRACT

II.1) **DESCRIPTION**

II.1.1) **Title attributed to the contract by the contracting authority:**

North Wales Residual Waste Treatment Partnership PPP Contract

II.1.2) **Type of contract and location of works, place of delivery or of performance:**

Services.

Service category: No 16.

Main place of performance: Depends on the solution proffered.

NUTS code: UKL

II.1.3) **The notice involves:**

A public contract.

II.1.4) **Information on framework agreement:**

Not applicable.

II.1.5) **Short description of the contract or purchase(s):**

Flintshire Council (for and on behalf of itself and Conwy County Borough Council, Denbighshire County Council, Gwynedd Council and Isle of Anglesey County Council and/or such local authority(ies) in North Wales as may join these authorities or may be substituted for one or more of these authorities (together the North Wales Residual Waste Treatment Partnership ("the **Partnership**")) is seeking (subject to value for money and affordability considerations) to enter into a long-term PPP contract with one contractor (or consortium) for the provision of a solution for the treatment and disposal of the Partnership's residual waste. This may include (but is not limited to) the design, build, finance and operation of a waste treatment facility (or facilities) including waste transfer stations. However the Partnership reserve the right to adopt a contract structure that best meets their respective needs. The Partnership have identified a site within the ownership of the Partnership which is considered suitable and can be considered by the applicants when putting forward their solution, although the Partnership and applicants will be free to put forward other sites for the Project. The Partnership site is located at [Deeside EM1 13 at Weighbridge Road, Deeside Industrial Park, Flintshire]. The Partnership do not intend to specify a particular technology for the solution and will, therefore, consider any technology solution that meets the Partnership requirements which will be assessed in accordance with the evaluation criteria/methodology for the Project. [The potential for the solution to cater for commercial and industrial waste as well as waste from other public sector organisations may be explored during competitive dialogue.]

For further details refer to II.2.1 and IV.1.3.

II.1.6) **Common procurement vocabulary (CPV):**

Main object - 90500000 (Refuse and Waste Related Services)

Additional objects – 90510000 (Refuse Disposal and Treatment), 90530000 (Operation of a Refuse Site) 90531000 (Landfill Management Services), 90513000 (Non-hazardous Refuse and Waste Treatment and Disposal Services), 90514000 (Refuse Recycling Services), 45222100 (Waste Treatment Plant Construction Work), 45222110 (Waste Disposal Site Construction Work).

II.1.7) **Contract covered by the Government Procurement Agreement (GPA):**

Yes.

II.1.8) **Division into lots:**

No.

II.1.9) **Variants will be accepted:**

Yes.

II.2) **QUANTITY OR SCOPE OF THE CONTRACT**

II.2.1) **Total quantity or scope:**

The Partnership are seeking (subject to value for money and affordability considerations) a contractor (or consortium) to enter into a long-term PPP contract (with possible revenue support to be provided by the Welsh Assembly Government

("WAG")) for the provision of a solution for the treatment and disposal of the Partnership's residual waste.

This may include (but is not limited to) the design, build, finance and operation of a waste treatment facility (or facilities) and waste transfer station(s) and/or a merchant waste treatment facility(ies) and or merchant waste treatment capacity. Dependent on the solution proffered, the expectation is that financing for the project will be predominantly, if not wholly, procured from private finance. However the Partnership reserve the right to adopt a contract structure that best meets their respective needs or to provide or procure capital contributions and/or finance for the Project from other sources including (but not limited to) prudential borrowing and/or the European Investment Bank. The Partnership envisages a contract period of approximately 25 (twenty-five) to 40 (forty years) however the actual contract period will be determined by best value considerations during the competitive dialogue procedure and may also be dependent on financial market conditions. For the avoidance of doubt, a 25 (twenty-five) to forty (40) years duration is indicative only and is not intended to specify the maximum or minimum length of the contract.

The Partnership will follow a Lead Authority model and Flintshire County Council will enter into the contract for and on behalf of itself and the other local authorities.

The Partnership reserves the right to explore with the Participants during the procurement process the potential for marketing any energy (heat and/or power and/or electricity) produced by the solution to neighbouring users and/or to the Partnership and/or to the National Grid and/or to other users. [The procurement is not intended to include any of the collection or delivery functions to the solution. However as a matter of flexibility, the Partnership may wish to include some ancillary waste management services such as (but not limited to) construction and operation of waste transfer stations and bulking haulage operations.]

It is envisaged that the construction of the facilities may take up to 3 years to complete depending on the chosen technical solution, and the services will be for a period of up to 37 years following completion. In 2008/9 approximately [335500] tonnes of municipal waste were generated in the Partnership area. The Partnership estimates that around [150000] tonnes per annum of residual municipal waste may be required to be treated through a residual waste treatment facility (but reserves the right to amend this figure up or down).

The Partnership may accept variant bids provided the Partnership's output requirements are met and provided the variant is submitted in accordance with the tender/contract documents.

Estimated value excluding VAT: [TBC] This is provided by way of estimate only and depends upon the solution put forward. The Partnership reserve the right to invite variant solutions and further details are set out in the [Information Memorandum].

II.2.2) Options:

The Partnership may discuss with the applicants during the competitive dialogue procedure the possibility of being granted option(s) to extend the Contract for a period of about 5 (five) years (subject to the caveats outlined in section II.2.1

II.3) DURATION OF THE CONTRACT OR TIME-LIMIT FOR COMPLETION:

Duration in months: 480(from the award of the contract).

SECTION III: LEGAL, ECONOMIC, FINANCIAL AND TECHNICAL INFORMATION

III.1) CONDITIONS RELATING TO THE CONTRACT

III.1.1) Deposits and guarantees required:

The Partnership reserves the right to require guarantees, parent company guarantees (in a form acceptable to the Partners), direct agreements, deposits, bonds or other forms of appropriate security as it may require. Further details will be set out in the project documentation.

III.1.2) **Main financing conditions and payment arrangements and/or reference to the relevant provisions regulating them:**

Payment and the payment terms and conditions will be set out in the Contract and the Payment Mechanism. The Contract and the Payment Mechanism will be based on the WIDP/Defra Model Form (as set out in the WIDP Residual Waste Procurement Pack) and as further amended and approved by WAG to be relevant for Wales. The payment terms and conditions will be discussed with the applicants during competitive dialogue procedure and further information will be provided in the project documentation.

III.1.3) **Legal form to be taken by the group of economic operators to whom the contract is to be awarded:**

Requests to participate will be accepted from groupings of economic operators (consortia). In the event of a successful consortium bid, the Partnership may specify that the consortium (and or member of the consortium) takes a particular legal form and/or require that a single consortium member takes primary liability or that each member undertakes joint and several liability irrespective of the legal form adopted. Where a subsidiary company is used, the ultimate parent company may be required to provide a guarantee in respect of the performance of the Contract by the subsidiary before acceptance. Full details of the proposed contracting structures must be provided in the Pre-Qualification stage.

III.1.4) **Other particular conditions to which the performance of the contract is subject:**

Yes.

The successful applicant (and any consortium members and/or sub-contractors) will be required to actively participate in the achievement of social, economic and environmental regeneration of the locality of and surrounding the place of delivery of the project. Accordingly contract performance conditions may relate in particular to social, economic, environmental or other corporate social responsibility considerations. Further details of these and any other conditions will be set out in the tender documents.

III.2) **CONDITIONS FOR PARTICIPATION**

III.2.1) **Personal situation of economic operators, including requirements relating to enrolment on professional or trade registers:**

Information and formalities necessary for evaluating if requirements are met: In accordance with Articles 45 to 50 of Directive 2004/18/EC and Regulations 23 to 25 of the Public Contracts Regulations 2006 and as set out in the PQQ.

III.2.2) **Economic and financial capacity:**

Information and formalities necessary for evaluating if requirements are met: In accordance with Article 47 of Directive 2004/18/EC and Regulation 24 of the Public Contracts Regulations 2006 and as set out in the PQQ.

Minimum level(s) of standards possibly required: As set out in the PQQ.

Technical capacity:

Information and formalities necessary for evaluating if requirements are met: In accordance with Articles 48 to 50 of Directive 2004/18/EC and Regulation 25 of the Public Contracts Regulations 2006 and as set out in the Pre-Qualification Questionnaire.

Minimum level(s) of standards possibly required: As set out in the PQQ.

III.2.3) **Reserved contracts:**

No.

III.3) **CONDITIONS SPECIFIC TO SERVICES CONTRACTS**

III.3.1) **Execution of the service is reserved to a particular profession:**

No.

III.3.2) **Legal entities should indicate the names and professional qualifications of the staff responsible for the execution of the service:**

Yes.

SECTION IV: PROCEDURE

IV.1) **TYPE OF PROCEDURE**

IV.1.1) **Type of procedure:**

Competitive dialogue.

IV.1.2) **Limitations on the number of operators who will be invited to tender or to participate:**

Envisaged minimum number: 3. Maximum number: 10

Objective criteria for choosing the limited number of candidates: As stated in the PQQ.

IV.1.3) **Reduction of the number of operators during the negotiation or dialogue:**

Yes - Recourse to staged procedure to gradually reduce the number of solutions to be discussed or tenders to be negotiated.

IV.2) **AWARD CRITERIA**

IV.2.1) **Award criteria:**

The most economically advantageous tender in terms of the criteria stated in the specifications, in the invitation to tender or to negotiate or in the descriptive document.

IV.2.2) **An electronic auction will be used:**

No.

IV.3) **ADMINISTRATIVE INFORMATION**

IV.3.1) **File reference number attributed by the contracting authority: [Partnership to provide]**

IV.3.2) **Previous publication(s) concerning the same contract: [No]**

IV.3.3) **Conditions for obtaining specifications and additional documents or descriptive document [Partnership to provide]**

Payable documents: [TBC]

Terms and Method of payment: [TBC]

IV.3.4) **Time-limit for receipt of tenders or requests to participate:**

[Partnership to confirm date] 16:00

IV.3.5) **Date of dispatch of invitations to tender or to participate to selected candidates:**
[TBC]

IV.3.6) **Language(s) in which tenders or requests to participate may be drawn up:**

English.

IV.3.7) **Minimum time frame during which the tenderer must maintain the tender:** [TBC]

IV.3.8) **Conditions for opening tenders:** [TBC]

SECTION V: COMPLEMENTARY INFORMATION

V.1) **THIS IS A RECURRENT PROCUREMENT:**

No.

V.2) **CONTRACT RELATED TO A PROJECT AND/OR PROGRAMME FINANCED BY EU FUNDS:**

No.

V.3) **ADDITIONAL INFORMATION:**

[TBC_ Additional Information may be inserted here i.e. key drivers and/or further projections and current projections of tonnages etc]

The Partnership may accept variant bids in addition to a standard bid as set out in the tender/contract documents provided the Partnerships core requirements are met and provided the variant is submitted in accordance with the tender/contract documents.

Candidates should note that it is very important to the Partnership that this project be completed within the shortest possible timeframe. Candidates' ability to comply with the timeframes specified by the Partnership will be an important factor in the evaluation of the Candidates' proposals at tender- evaluation stage.

Requests to participate must be made by completion and return of the Pre-Qualification Questionnaire by the date and time specified in Section IV.3.4 above and in accordance with the instructions set out in the Pre-Qualification Questionnaire and in the manner prescribed electronically via E-Box. Completed Pre-Qualification Questionnaires submitted after the deadline may not be considered. For consortium bids, the information in Section III.2 must be supplied by each consortium member but the lead member should aggregate its members' details and submit this as a single application. Candidates are advised that the Partnership is subject to the Freedom of Information Act 2000 (the "**Act**"). If a candidate considers that any of the information supplied as part of this procurement procedure should not be disclosed because of its commercial sensitivity, confidentiality or otherwise, they must, when providing this information, clearly identify the specific information they do not wish to be disclosed and clearly specify the reasons for its sensitivity. The Partnership shall take such statements into consideration in the event that it receives a request pursuant to the Act which relates to the information provided by the interested party. Please note, it is not sufficient to include a statement of confidentiality encompassing all the information provided in the response.

There may be a TUPE requirement associated with this contract.

Please note that all dates, time periods and figures in relation to values and volumes specified in this notice are approximate only and the Partnership reserves the right to change any or all of them.

The Partnership shall not be responsible for any costs, charges or expenses incurred by participants and accepts no liability for any costs, charges or expenses, irrespective of the outcome of the competition, or if the competition is cancelled or postponed. The Partnership reserves the right to not award any or part of this contract and to abandon this procurement at any stage.

V.4) **PROCEDURES FOR APPEAL**

V.4.1) **Body responsible for appeal procedures:** See V.4.2 below.

V.4.2) **Lodging of appeals:**

Precise information on deadline(s) for lodging appeals: In accordance with Regulation 32 (Information about Contract Award Procedures and the application of standstill period prior to Contract Award) and Regulation 47 (Enforcement of Obligations) of the Public Contracts Regulations 2006, the Partnership will incorporate a minimum ten (10) calendar day standstill period at the point information on the award of the contract is communicated to Candidates. This period allows unsuccessful Candidates to seek further debriefing from the Partnership before the contract is entered into. The Candidates have two (2) working days from notification of the award decision to request additional debriefing and that information has to be provided a minimum of three (3) working days before expiry of the standstill period. Such additional information should be requested from the address in section I.1. If an appeal regarding the award of a contract has not been successfully resolved the Public Contracts Regulations 2006 (SI 2006/5) provide for aggrieved parties who have been harmed or are at risk of harm by a breach of the rules to take action in the High Court. Any such action must be brought promptly (generally within three (3) months). Where a contract has not been entered into, the court may order the setting aside of the award decision

or order the Partnership to amend any document and may award damages. If the contract has been entered into the court may only award damages.

V.4.3) **Service from which information about the lodging of appeals may be obtained:**

V.5) **DATE OF DISPATCH OF THIS NOTICE:**

[T

FLINTSHIRE COUNTY COUNCIL - EXEMPT INFORMATION SHEET

COMMITTEE: Executive

DATE: 16 February 2010

AGENDA ITEM NO: 22

REPORT OF: (Director of originating Department)

Director of Environment and Chief Executive

SUBJECT:

NORTH WALES RESIDUAL WASTE TREATMENT PROJECT - OUTLINE
BUSINESS CASE

The report on this item is NOT FOR PUBLICATION because it is considered to be exempt information in accordance with the following paragraph(s) of Schedule 12A to the Local Government Act 1972.

	<u>Para</u>	
Information relating to a particular individual *	12	
Information likely to reveal the identity of an individual *	13	
Information relating to financial/business affairs of a particular person * See Note 1	14	<input checked="" type="checkbox"/>
Information relating to consultations/negotiations on labour relations matter *	15	
Legal professional privilege	16	
Information revealing the authority proposes to:	17	
(a) give a statutory notice or		
(b) make a statutory order/direction *		
Information on prevention/investigation/prosecution of crime *	18	
<u>For Standards Committee meetings only:</u>	Sec.	
Information subject to obligations of confidentiality	18a	
Information relating to national security	18b	
The deliberations of a Standards Committee in reaching a finding	18c	

Confidential matters which the County Council is not permitted to disclose

Sec.
100A(3)

PLEASE TICK APPROPRIATE BOX

* Means exempt only if the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Note 1: Information is not exempt under paragraph 14 if such information is required to be registered under Companies Act 1985, the Friendly Societies Acts of 1974 and 1992, the Industrial and Provident Societies Act 1965 to 1978, the Building Societies Act 1986 or the Charities Act 1993.

**SCHEDULE 12A LOCAL GOVERNMENT ACT 1972
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**

REPORT: NORTH WALES RESIDUAL WASTE
TREATMENT PROJECT - OUTLINE
BUSINESS CASE

AUTHOR: Neal Cockerton

**MEETING AND DATE
OF MEETING:** Executive on 16 February 2010

I have considered grounds for exemption of information contained in the report referred to above and make the following recommendation to the Proper Officer:-

Exemptions applying to the report:

Paragraph 14.

Factors in favour of disclosure:

Transparency.

Prejudice which would result if the information were disclosed:

Disclosure of the complete document would be likely to seriously prejudice the Council's ability to undertake an effective procurement process due to the commercially sensitive nature of some of the information contained in the Outline Business Case. This information relates to and is owned by each of the five authorities involved in the Partnership Project.

My view on the public interest test is as follows:

The public interest test favours non-disclosure at this stage.

Recommended decision on exemption from disclosure:

That the report and Outline Business Case be considered as exempt under Paragraph 14 and the press and public be excluded during consideration of the item.

Date: 27/01/2010

Signed:



Post: Head of Legal and Democratic Services

I accept the recommendation made above.



Proper Officer

Date: 27/01/2010