

# Public Document Pack

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Head of Legal and Democratic Services  
Pennaeth Gwasanaethau Cyfreithiol a Democraataidd



To: ALL MEMBERS OF THE COUNCIL

CS/NG

13 February 2014

Nicola Gittins on 01352 702345  
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Dear Sir / Madam

A meeting of the **FLINTSHIRE COUNTY COUNCIL** will be held in the **COUNCIL CHAMBER, COUNTY HALL, MOLD CH7 6NA** on **TUESDAY, 18TH FEBRUARY, 2014** at **2.00 PM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

## **AGENDA**

- 1 **NOTICE OF MOTION**
- 2 **APOLOGIES FOR ABSENCE**
- 3 **PUBLIC QUESTION TIME**
- 4 **COUNCIL MINUTES** (Pages 1 - 10)

To confirm as a correct record the minutes of the meeting held on 28<sup>th</sup> January 2014.

- 5 **DECLARATIONS OF INTEREST**

To receive any declarations of interests from Members.

- 6 **CHAIR'S COMMUNICATIONS**

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The Council welcomes correspondence in Welsh or English  
Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

7 **PETITIONS**

8 **QUESTIONS**

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

9 **COUNCIL FUND REVENUE BUDGET 2014/15** (Pages 11 - 82)

Report of Head of Finance enclosed.

10 **COUNCIL FUND CAPITAL PROGRAMME 2014/15 AND INDICATIVE FUNDING TO 2017/18** (Pages 83 - 108)

Report of Head of Finance enclosed.

11 **HOUSING REVENUE ACCOUNT 2014/15 & CAPITAL PROGRAMME 2014/15** (Pages 109 - 134)

Report of Head of Finance, Director of Community Services, Head of Housing enclosed.

12 **PRUDENTIAL INDICATORS 2014/15 - 2016/17** (Pages 135 - 144)

Report of Head of Finance enclosed.

13 **MINIMUM REVENUE PROVISION 2014/15** (Pages 145 - 152)

Report of Head of Finance enclosed.

14 **TREASURY MANAGEMENT STRATEGY 2014/15** (Pages 153 - 180)

Report of Head of Finance enclosed.

15 **COUNCIL TAX SETTING 2014-15** (Pages 181 - 194)

Report of Head of Finance enclosed.

**FLINTSHIRE COUNTY COUNCIL**  
**28 JANUARY 2014**

Minutes of the meeting of the Flintshire County Council of Flintshire County Council held in the Council Chamber, County Hall, Mold CH7 6NA on Tuesday, 28 January 2014

**PRESENT: Councillor Carolyn Thomas (Chair)**

Councillors: Alex Aldridge, Bernie Attridge, Glyn Banks, Haydn Bateman, Marion Bateman, Chris Bithell, Amanda Bragg, Derek Butler, Clive Carver, David Cox, Peter Curtis, Adele Davies-Cooke, Chris Dolphin, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, Brian Dunn, Carol Ellis, Jim Falshaw, Veronica Gay, Robin Guest, Alison Halford, Ron Hampson, George Hardcastle, Ray Hughes, Dennis Hutchinson, Hilary Isherwood, Joe Johnson, Christine Jones, Kevin Jones, Richard Jones, Brian Lloyd, Richard Lloyd, Mike Lowe, Dave Mackie, Nancy Matthews, Hilary McGuill, Billy Mullin, Tim Newhouse, Mike Peers, Neville Phillips, Mike Reece, Gareth Roberts, Tony Sharps, Aaron Shotton, Paul Shotton, Ian Smith, Nigel Steele-Mortimer, Owen Thomas, Sharon Williams, David Wisinger, Arnold Woolley and Matt Wright

**APOLOGIES:**

Councillors: Helen Brown, Ron Davies, Glenys Diskin, Stella Jones, Colin Legg, Phil Lightfoot, Ann Minshull, Ian Roberts and David Williams

**IN ATTENDANCE:**

Chief Executive, Director of Environment, Director of Lifelong Learning, Head of Finance and Head of Legal and Democratic Services  
Director of Community Services and Older People's Strategy Co-ordinator for minute number 75

**73. PRESENTATION**

The Chair welcomed members of the Property and Design Consultancy Team who had been awarded the Consortium of Local Authorities Wales (CLAW) 2013 Commendation Award, in recognition of work at Ysgol Cae'r Nant, Connah's Quay. She detailed some of the works that had been undertaken and welcomed the impressive and excellent learning environment for the children.

As Deputy Leader and Cabinet Member for Environment, Councillor Bernie Attridge congratulated the team on the award and said that he had been privileged to attend the ceremony when the award was presented. He commented on the quality of the new school and its learning environment, and added his thanks to the team.

**74. SIGNING OF THE DUBLIN DECLARATION ON AGE FRIENDLY CITIES AND COMMUNITIES IN EUROPE 2013**

The Director of Community Services introduced Eileen Spence, the Older People's Strategy Co-ordinator, to Members.

He explained that every Council in Wales had been invited by the Welsh Local Government Association to make a public declaration by becoming signatories on the Dublin Declaration.

The Dublin Declaration reaffirmed commitment to adopt best practice, to collaborate with regional and international stakeholders, to communicate with regional and international stakeholders, and to communicate through local and regional channels to stimulate and promote equal rights and opportunities for older people living within communities. The Dublin Declaration did not constitute a legally binding contract, however by becoming a signatory the Council would be pledging a commitment to the aspirations and principles referred to in the Declaration.

The Chief Executive advised that Declaration would be signed by the Chair, the Leader of the Council, Cabinet Member for Social Services and Chief Executive following this meeting.

**RESOLVED:**

That the signing of the Declaration be noted.

**75. COMMEMORATION AND TRIBUTES TO THE LATE COUNCILLOR TED EVANS**

The Leader of the Council paid tribute to Councillor Ted Evans and said that he was a great ambassador for Flint and the whole county. He spoke of Councillor Evans' loyalty, dedication, commitment and selfishness and the fact that he had become known as 'Supersub' for the Labour Group due to him always volunteering to substitute on Committees to ensure the Group had its full attendance at meetings. He had put a significant amount of time and dedication into representing the Council and had taken a great deal of pride in serving on the Clwyd Pension Fund and on the Deeside College Board. The Leader felt that many Members would remember Councillor Evans for his keen eye for detail, particularly when highlighting grammatical errors or corrections to figures in reports and said that the Council had lost a good friend. He spoke of Councillor Evans' dedication to his family, faith and the way he always put the community first. He was certain that his family would take great strength in the high regard that Councillor Evans was held in and concluded that he was proud to have known him.

Councillor Alex Aldridge spoke on behalf of Flint Members and thanked the Chief Executive, officers and the many Members who had attended the funeral, which had been a celebration of Councillor Evans' life. Councillor Aldridge said that Councillor Evans' standards were high and he never had a bad word to say about anyone. He felt that Mrs. Evans would have found immense solace in the numbers that had attended the funeral.

Councillor Hilary Isherwood added to the tributes and referred to the work Councillor Evans had undertaken for the Community and also his religious beliefs. She said that he was a wonderful and generous man and she had been privileged to know him.

Councillor Mike Peers spoke of the well thought of and respected man who came across as a gentleman. He referred to his persistence and said that his lasting image would be of Councillor Evans leaving County Hall and walking across to the bus stop, despite his illness, which showed his commitment.

Councillor Tony Sharps agreed with all that had been said and stated that they had served together on Delyn Borough Council. He referred to the death of Councillor Evans' son and said that he felt that he never got over his loss. He said that Councillor Evans was a wonderful man who would be greatly missed and that he should be seen as a role model to all.

Councillor Robin Guest echoed the comments made and said that Councillor Evans had been a man that nobody could fall out with. He spoke of the admiration felt by many for Councillor Evans following the loss of his son and said that he was a delightful man who would be missed and that he would remember him for his musical ties and his cheerful grin.

The Chair concurred that he had been a great role model and added that he had been kind to her when she first became a Councillor.

**76. NOTICE OF MOTION**

The Head of Legal and Democratic Services confirmed that none had been received.

**77. PUBLIC QUESTION TIME**

The Head of Legal and Democratic Services confirmed that none had been received.

**78. COUNCIL MINUTES**

The minutes of the meetings held on 29 October, 12 November and 10 December 2013 were submitted.

**RESOLVED:**

That the minutes be approved as a correct record and signed by the Chair.

**79. DECLARATIONS OF INTEREST**

In response to a query from Councillor Neville Phillips about the need to declare an interest in agenda item 15 – Update on Single Status, the Head of Legal and Democratic Services advised that those who had declared an interest on Single Status previously would be noted as declaring an interest at this meeting. However, he asked that those Councillors also complete a Declaration of Interest form.

The following Councillors had previously declared an interest in Single Status:-

Councillors: Alex Aldridge, Bernie Attridge, Amanda Bragg, Adele Davies-Cooke, Chris Dolphin, Rosetta Dolphin, Hilary Isherwood, Kevin Jones, Hilary McGuill,

Billy Mullin, Neville Phillips, Aaron Shotton, Paul Shotton, Ian Smith and Carolyn Thomas.

Councillor Mike Lowe declared a personal interest in Item 14 – Council Tax Reduction Scheme and had disclosed the nature of that interest to the Monitoring Officer.

**80. CHAIR'S COMMUNICATIONS**

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

The Chair highlighted some of the events that she had attended and provided further details of forthcoming events.

**81. PETITIONS**

None were received.

**82. QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES**

The Head of Legal and Democratic Services confirmed that none had been received.

Councillor Chris Dolphin queried whether the Minute Book could be sent to Members electronically instead of by paper copy. The Chair asked that Members inform the Democratic Services Team if they would prefer to receive it electronically.

Following a comment from Councillor Peter Curtis about having to receive all agendas by paper copy, the Head of Legal and Democratic Services advised that a review of the Member requirements for agendas could be undertaken.

Councillor Richard Jones queried why a Minute Book had to be produced at all. The Head of Legal and Democratic Services advised that it was because all Committees undertook work on behalf of the County Council and this was the forum in which the Council could hold the committees to account by asking questions on the minutes.

**RESOLVED:**

That a review be undertaken on whether Members want to receive their agendas and Minute Book electronically or by paper copy.

**83. QUESTIONS**

The following questions had been submitted by Councillor Tony Sharps:

Are any of the following actions being pursued to unlock the full financial potential of the Enterprise Zone:-

- (a) Simplified planning arrangements

- (b) Improving the road infrastructure
- (c) Improving the power supply
- (d) Making representations to the Welsh Government to alter the grant status from tier two to tier one, so that Flintshire will not be disadvantaged in seeking job creation and investment in comparison with Anglesey, Conwy, Gwynedd, Denbighshire and other significant parts of South Wales which have tier one status.

A copy of the response to the questions, provided by the Cabinet Member for Economic Development is attached at Appendix 1 to the minutes.

Councillor Sharps thanked the Cabinet Member for Economic Development for his reply but detailed his concern about paragraph 3 of the response and the section about the Deeside Enterprise Zone.

#### **84. TREASURY MANAGEMENT MID YEAR REPORT 2013/14**

The Head of Finance introduced the report to present to Council the Treasury Management Mid Year Report for 2013/14 for approval.

The report reviewed the activity and performance of the treasury management operations during the period 1<sup>st</sup> April to 30<sup>th</sup> September 2013 and compared them with the Treasury Management Strategy. The Audit Committee and Cabinet had considered the report and the key points of the report were detailed. The Head of Finance advised that work on developing the Treasury Management Strategy for 2014/15 was well advanced and the draft strategy was to be considered at the meeting of Audit Committee the following day.

Councillor Mike Peers referred to the treasury management training that had been provided recently where the Council's long term borrowing of £172.1m had been described as significant. It accrued interest payments of £9.306m per year with an average interest rate of 5.41%. Councillor Peers queried whether restructuring of some of the loans could be considered to reduce the interest payments to reduce the cost to the Council in view of the financial challenges facing the Council and asked if the Chair of Audit could raise the issue in Audit's consideration of Treasury Management. The Head of Finance recognised that £172.1m was a significant sum but it was important to balance this with the value of the Council's asset portfolio and be mindful that it was there because of previous policy decisions. The Head of Finance went on to explain that restructuring of debt was considered where appropriate but reminded Members that repaying loans through restructuring would result in fees for early repayment of the debt which could overall increase the short term burden on the revenue account. She added that the borrowing had been undertaken to invest in infrastructure as part of Flintshire and predecessor Council's Capital Programme decisions and that the payments for the majority of loans were supported through the revenue support grant by funding from Welsh Government.

As Chair of the Audit Committee, Councillor Alison Halford thanked officers for the treasury management training and confirmed that she would speak to Councillor Peers about the points he had raised.

In response to a query from Councillor Nancy Matthews on the investments with the Icelandic banks, the Head of Finance said that the current expectation was that the principle borrowing of £3.7m made by the Council would be returned. Councillor Matthews also asked whether the debt maturity profile shown in the report showed each column as a separate loan. The Head of Finance explained that loans would have been for a number of projects in the capital programme and the profile showed when the loans were due to mature.

Councillor Richard Jones referred to the breach of the investment criteria as a result of an investment of £7m and asked what was in place to ensure that this did not happen again. The Head of Finance referred to paragraph 7.03 where the breach was reported and explained that more stringent procedures and training had been put in place to ensure that this did not reoccur.

In response to a query from Councillor Clive Carver about maturing loans, the Head of Finance advised that she would ask the Finance Manager to provide a response following the meeting.

**RESOLVED:**

That the Treasury Management Mid Year Report 2013/14 be approved.

**85. COUNCIL TAX REDUCTION SCHEME**

The Head of Finance introduced a report to explain the requirement for the Council to adopt the Council Tax Reduction Scheme for 2014/15 by 31 January 2014.

The report had been considered at Corporate Resources Overview & Scrutiny Committee and Cabinet where the proposals as set out in the report were supported. The scheme was no different to the scheme in place for 2013/14 which also included the discretionary elements as reported in appendix 1. The Head of Finance detailed the estimated additional cost of the scheme for the Council of £0.633m which had been built into the budget proposals for 2014/15.

Councillor Richard Jones asked if the proposals could be agreed in principle subject to the approval of the 2014/15 budget. The Chief Executive explained that the Council had a legal requirement to adopt the scheme by 31 January 2014 and that this decision was not reversible and therefore this part of the budget would be committed at this meeting if Members agreed to adopt the scheme. The Head of Finance explained that if the scheme was adopted then it would revert to the 'fall back' scheme which did not include any discretionary elements.

In response to a query from Councillor Clive Carver about the consultees detailed in the report, the Head of Finance said that the consultation process



allowed Councils to decide who it consulted and those listed, which included strategic partners, had been asked for their comments.

**RESOLVED:**

- (a) That the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations (“the Prescribed Requirements Regulations”) by Wales Government on 26<sup>th</sup> November 2013, as amended by the Council Tax Reduction Schemes (prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014 be noted; and
- (b) That the Council Tax Reduction Scheme discretionary elements as outlined in Appendix 1 be adopted.

**86. UPDATE ON SINGLE STATUS**

The Chief Executive provided a verbal update on Single Status. He thanked Members, the workforce and the Unions for the way that the Single Status outcome had been handled following the October 2013 County Council meeting. Implementation was still on track for 1 April 2014 and officers were confident of a ‘yes’ vote in the Union ballot expected in February 2014 Subject to the timely conclusion of the Equal Pay negotiations which were running.

**RESOLVED:**

That the update be received.

**87. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE**

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

(The meeting started at 2.00 pm and ended at 3.03 pm)

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**Chair**

**QUESTION TO COUNCILLOR DEREK BUTLER  
AT COUNTY COUNCIL ON 28<sup>TH</sup> JANUARY 2014**

**Question by Councillor Tony Sharps**

Are any of the following actions being pursued to unlock the full financial potential of the Enterprise Zone:-

- a) Simplified planning arrangements
- b) Improving the road infrastructure
- c) Improving the power supply
- d) Making representations to the Welsh Government to alter the grant status from tier two to tier one, so that Flintshire will not be disadvantaged in seeking job creation and investment in comparison with Anglesey, Conwy, Gwynedd, Denbighshire and other significant parts of South Wales which have tier one status.

**Answer**

- a) The Council has been successful in securing funding through Welsh Government's Planning Improvement Fund to consider developing a Local Development Order (LDO) for the Enterprise Zone area. An LDO can identify types of development that would not require planning permission within the specified area, thereby making it more attractive to any potential developer.
- b) The DEZ Board has supported and facilitated discussions between Welsh Government and the land owners of Northern Gateway to provide infrastructure to open up the combined sites owned by two neighbouring land owners/developers. Discussions are advanced and Welsh Government are about to procure a contract for major coastal/fluvial flood prevention and alleviation works to protect the sites in readiness for their combined industrial and residential development. Reserved matters planning applications for infrastructure for the Northern Gateway development should be received later in 2014.

The Board has supported the upgrading of traffic management systems to better improve traffic flows in the immediate area and a bid for funding to achieve this forms part of the Business Plan. The Board has also supported a package of major transport improvements in the area, including improving facilities at Hawarden Bridge station, electrification of the North Wales Coast line, improvement of the Wrexham-Liverpool service, together with implementation of the Shotton Curve (providing direct access to Liverpool) and the Halton Chord (providing a direct link to Liverpool Airport) and upgrading of Aston Hill.

- c) This is a key part of the DEZ infrastructure plan and an upgrade of power infrastructure including additional electricity sub-station provisions is part of the Business Plan for the DEZ submitted by the Board which is subject to full Welsh Government approval
- d) Tier 1 designation in Wales applies only to the Convergence Area. Such designation is intended to address areas of severe economic need and/or where standards of living are abnormally low. Currently, income levels in Convergence Areas must be at or below 75% of the EU average, way below that of this County. Tier 2 designation (which currently applies in parts of Flintshire) is intended to address areas of acute labour market need. .

Flintshire cannot make a case for Tier 1 designation under these rules. However, the County's manufacturing strength makes this area one of national and European significance for Tier 2 designation.

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **FLINTSHIRE COUNTY COUNCIL**

**DATE:** **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **COUNCIL FUND REVENUE BUDGET 2014/15**

### **1.00 PURPOSE OF REPORT**

1.01 To provide Members with the recommendations of the Cabinet for the Council Fund Revenue Budget 2014/15.

### **2.00 BACKGROUND**

2.01 A report was considered by Cabinet on 21 January 2014 which presented a first draft of the Council Fund Revenue Budget for 2014/15 for initial approval.

2.02 The Cabinet's initial budget proposals for 2014/15, which at that stage identified a budget gap of £0.915m, were also referred to Overview and Scrutiny for consideration.

2.03 The Overview and Scrutiny meetings were held between 28 January and 3 February 2014 where Members offered comments and asked a number of questions to clarify issues. A summary of these, together with Officer responses is included in Appendix 8 of the Cabinet report attached.

2.04 The final budget proposals for 2014/15, which show a balanced position, were considered by Cabinet this morning and a verbal update will be provided at the meeting. A copy of this report is attached as Appendix A.

### **3.00 CONSIDERATIONS**

3.01 The recommendations of the Cabinet to County Council are set out in Section 9 of the attached report.

3.02 Section 3 of the report provides an update from the Overview and Scrutiny process and details on the proposals for closing the budget gap reported in the January report. The process undertaken for assessing any potential equality impact is also detailed in Section 3.

- 3.03 Details of the final proposed budget and its funding are set out in Section 4 of the report.
- 3.04 Section 5 of the report sets out details of earmarked balances and unearmarked reserves.
- 3.05 Section 6 of the attached report details the Investment Strategy in relation to the budget.
- 3.06 Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to report to the Authority when it is considering its Budget and Council Tax on the robustness of the estimates and adequacy of reserves. Section 7 of the report provides this statement in detail.
- 3.07 Section 8 of the report provides a report from the Chief Executive in relation to the budget strategy and Organisational Change Programme.

#### **4.00 RECOMMENDATIONS**

- 4.01 That the Council approves the recommendations of the Cabinet as set out in Section 9 of the attached report.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 As set out in the report.

#### **6.00 ANTI POVERTY IMPACT**

- 6.01 As set out in the report.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 As set out in the report.

#### **8.00 EQUALITIES IMPACT**

- 8.01 As set out in the report.

#### **9.00 PERSONNEL IMPLICATIONS**

- 9.01 As set out in the report.

#### **10.00 CONSULTATION REQUIRED**

- 10.01 As set out in the report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 As set out in the report.

**12.00 APPENDICES**

12.01 As set out in the report

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

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:**       **HEAD OF FINANCE**

**SUBJECT:**           **COUNCIL FUND REVENUE BUDGET 2014/15**

### **1.00**    **PURPOSE OF REPORT**

1.01    To present the final 2014/15 revenue budget proposals for the Council Fund for recommendation to County Council.

### **2.00**    **BACKGROUND**

2.01    Detailed revenue budget proposals for 2014/15 were presented to Cabinet on 21<sup>st</sup> January 2014 for draft approval. The budget proposals were also referred to Overview and Scrutiny Committees for consideration and feedback to Cabinet.

2.02    The following Overview and Scrutiny meetings were held as planned:-

28<sup>th</sup> January – Joint Housing (CF only) and Social & Health Care

28<sup>th</sup> January – Environment

28<sup>th</sup> January – Corporate Resources

30<sup>th</sup> January – Lifelong Learning

3<sup>rd</sup> February – Corporate Resources (open to all members to review feedback on the Council Fund and consider the Capital Programme).

2.03    The budget strategy and the development of the Organisational Change and Redesign Programme has been reported to members (together with quantum targets) in previous updates to the Medium Term Financial Plan (as at May and October) and in the January Cabinet report. This has been done in the context of the following expectations as commissioned by Cabinet:

- the protection of local services as a first priority
- the more challenging reduction of operating costs and overheads
- the reorganisation of the Council with a marked reduction in management costs
- the reduction of overall workforce costs
- the remodelling of some functions
- building a longer-term financial plan based on optimal efficiency

- 2.04 The budget strategy and proposals and their implications for school budgets were discussed with the School Budget Forum on 23rd January 2014. The budget strategy and proposals were also shared with Flintshire Joint Trades Union Committee on 23<sup>rd</sup> January 2014.
- 2.05 The formal Council Fund budget setting for 2014/15 and setting of the Council Tax for the year will take place at County Council this afternoon.

### **3.00 CONSIDERATIONS**

- 3.01 The report to Cabinet on 21<sup>st</sup> January 2014 advised of a remaining shortfall of £0.915m to be identified to establish a balanced budget for 2014/15. The report formed the basis for the presentations to the Overview and Scrutiny Meetings held on 28<sup>th</sup> and 30<sup>th</sup> January 2014.
- 3.02 Each of the meetings began with the Head of Finance providing a corporate overview of the budget and a reminder of the national and local strategic context within which the budget was being set. The Chief Executive then provided an update on the latest position with regard to the four sub-programmes of the Organisational Change and Redesign Programme:-
- Organisational Design: Structure & Operating Model
  - Organisational Design: Workforce
  - Corporate Value for Money (VFM)
  - Functional Value for Money (VFM)
- 3.03 This was followed by a portfolio specific presentation of the detailed service proposals by the respective Director incorporating:
- Inflationary impact
  - Transfers into the settlement
  - Pressures and investments
  - Efficiency proposals
  - Impact of prior year decisions
- 3.04 A further Corporate Resources meeting, open to all members, was held on 3<sup>rd</sup> February 2014. The purpose of this meeting was to:-
- Provide feedback from the individual scrutiny committees
  - Respond to the information requests from the meetings
  - Identify the latest position on balancing the budget
  - Set out the issues still under discussion
- 3.05 At the meetings, a number of specific comments and issues were raised and responses provided. Appendix 8 provides a summary of all of the comments and responses for each individual committee, and also incorporates any outstanding responses supplied after the meetings. At the meeting on 3<sup>rd</sup> February 2014, supplementary information was provided to all members attending in relation to the questions raised at the previous scrutiny meetings.

## **Closing the Budget Gap**

- 3.06 At the final Corporate Resources Overview and Scrutiny meeting on 3<sup>rd</sup> February 2014, members were advised that the budget shortfall had reduced from the £0.915m to £0.540m as a result of the net effect of the following items identified as part of the emerging Month 8 budget monitoring position. These amounts are now confirmed following completion of the Month 8 monitoring report which is also on this agenda.

### Corporate Services – Housing Benefit Subsidy and Discretionary Housing Payments

- 3.07 An efficiency of £0.380m has been identified following a review of the Housing Benefit Subsidy profile and the level of funding required to meet Discretionary Housing Payment demand.

### MATRIX – Agency Rebates

- 3.08 The Council receives budgeted income (rebates) in relation to efficiencies made due to the utilisation of a centralised system for procuring agency appointments. Now that the Council is successfully reducing the number of agency appointments, the level of income (rebates) will also reduce proportionately. Therefore, it is anticipated that there will be an ongoing pressure of £0.115m from the loss of income and this has been reflected in the budget.

### Flintshire Futures Programme – Assets Review

- 3.09 An efficiency target of £0.060m was previously included in the budget in relation to soft facilities management as part of the Assets Programme. This efficiency has now been reported as unachievable in 2013/14 and has therefore been removed from the 2014/15 budget.

### Specific Grants Adjustment

- 3.10 A review of specific grants has enabled a positive adjustment of £0.170m to be made on the net movement in the overall level of specific grants for 2014/15 over 2013/14.

- 3.11 Members were also advised at the meeting on 3<sup>rd</sup> February that the following items were still under consideration in an attempt to achieve a balanced budget:-

- Further corporate efficiencies (procurement and back to basics)
- Workforce – costs of employment
- Council tax level
- Ongoing review of budget assumptions and intelligence

3.12 Following detailed consideration of the above the budget proposals for 2014/15 are now balanced as a result of the inclusion of the items in the table below:

	£m	£m
<b>Shortfall as per draft budget report 21 January</b>		<b>0.915</b>
<b>Add:</b>		
MATRIX - Agency Rebates	0.115	
Flintshire Futures Programme - Assets Review	0.060	
		0.175
<b>Less:</b>		
Housing Benefit Subsidy/Discretionary Housing Payments	-0.380	
Specific Grants Adjustment	-0.170	
		-0.550
<b>Shortfall as shown at CROSC 3rd February</b>		<b>0.540</b>
<b>Corporate Efficiencies</b>		
Procurement	0.060	
Back to Basics	0.064	
		0.124
<b>Functional Efficiencies</b>		
Central Loans and Investment Account - based on in-year underspend	0.145	
Library Book Fund - reduction based on previous year underspends	0.050	
Youth Service - further reduction in management costs	0.049	
Inclusion Service - further reduction in management costs	0.012	
		0.256
Workforce: costs of employment (See appendix 6c)		0.160
<b>Shortfall</b>		<b>0.000</b>

3.13 The Procurement and Back to Basics efficiencies are additions to the amounts identified in the draft budget proposals and are now included in the summary shown in Appendix 6a.

3.14 The Central Loans and Investment Account amount of £0.145m reflects an efficiency in 2013/14 which is recurring and is now included in Appendix 6b.

3.15 The Library Book Fund reduction reflects spending levels in previous years and is now included in Appendix 6b.

3.16 The Youth Service and Inclusion Service efficiencies are additional management cost reductions to those included in the draft proposals.

3.17 The cost of employment efficiency of £0.160m relates to a reduction in costs in a number of areas as detailed in Appendix 6c.

3.18 The level of Council Tax increase remains unchanged at 3%.

## **Risk Assessment and Assurance**

- 3.19 In line with the financial strategy, a risk based approach has been taken to the potential items of additional cost as to the likelihood and level required and assessments made of the provision to be included for 2014/15, taking a balance between the challenge of the overall budget position and the potential for variations in demand.
- 3.20 The budget has been set based on the very latest information available at this time, whether it be via national intelligence or local activity as reflected in the latest monitoring report. Despite this fact however, there will inevitably be other risks associated with the budget that will need to be managed should they occur, as it is not possible, particularly in the current financial climate, to provide for every risk and eventuality.
- 3.21 Some of the risks that will need to be monitored closely in 2014/15 include:-
- Pay Inflation – the pay award is subject to national negotiations and is not confirmed at this time. The budget proposals currently assume a 1% uplift for non-schools staff.
  - Single Status – the budget assumes an implementation date of 1<sup>st</sup> April 2014. However, it is now anticipated that this will change to 1<sup>st</sup> May 2014 which will result in some efficiencies not being able to be achieved in the first month. The shortfall arising from this will be met from the Single Status/Equal Pay Reserve which is consistent with the way this has been dealt with for some of the 2013/14 efficiency proposals that are dependent upon the implementation of Single Status.
  - Out of County Placements – this highly volatile area has the potential for significant movement in costs (up and down) due to the impact of client demand.
  - Care Fees – the annual uplift in care fees payable to providers is subject to negotiation and consultation and will not be known at the time of setting the budget.
  - Insurance premiums – these are due for renewal during 2014/15 which are subject to volatility, and will not be known until after the budget is set.
  - Member Allowances – the annual increase in these allowance will not be confirmed until after the budget is set.
  - Euticals Site – the ongoing issue around the decommissioning of this site is being reported through the current year's monitoring report. If the conclusion of this issue was to be delayed there would be a financial impact in 2014/15 that would need to be dealt with.

- 3.22 All of the above will be closely monitored throughout the year and any variations from the approved budget reported to members through the monthly budget monitoring report.

### **Schools Budget**

- 3.23 The budget report to Cabinet on 21<sup>st</sup> January 2014 provided details on the impact of the proposed budget on schools. There have been no further changes made to the schools budget and the budget has been set at an overall increase of 0.9% in line with national expectations of protecting investment in schools. Welsh Government have been notified of the schools budget for 2014/15 in line with the statutory deadline of 14<sup>th</sup> February 2014.

### **EQUALITY IMPACT ASSESSMENT (EIA)**

- 3.24 The Council has an obligation to assess the potential equalities impacts of its budget proposals and it is important that all aspects of the Organisational Redesign and Change Programme are subject to an appropriate Equalities Impact Assessment to ensure that there is no potential for discrimination or disadvantaging of either service users or employees. An update on this work is detailed below.

### **Corporate and Functional Efficiencies (VFM)**

- 3.25 As previously reported, the initial efficiency proposals were equality impact assessed as part of a high level filtering exercise undertaken by Directorate Management Teams and supported by both Policy and Finance team members. Each proposal was identified as having a high, medium or low impact on individuals with protected characteristics and whether the impact may increase poverty for vulnerable groups.
- 3.26 The outcome of this work was that 62 were screened as low impact, 8 as medium impact and 1 as high impact. For the medium and high assessed impacts more detailed impact assessments are being undertaken to identify any potential negative impacts and to ensure that robust arrangements are in place to mitigate them.
- 3.27 The proposal with an initial high impact assessment relates to the closure of some youth clubs and a full equality impact assessment is currently being undertaken. This will involve wider consultation with employees and service users to look at ways of reducing the impact and exploring opportunities to facilitate a wider range of service provision which is not dependent upon traditional youth clubs.

## **Workforce Efficiencies**

- 3.28 For the workforce programme, the Council has commissioned some independent support from Northgate, similar to that commissioned for the Single Status EIA work. This is to ensure that the proposals, including any entitlement policies that might apply, do not have any adverse consequences for any groups of employees.
- 3.29 This work will cover the Council's approach to a voluntary redundancy scheme including the criteria for the consideration of applications received and changes to discretionary compensation provisions. Although this work is still in progress, the potential impacts have been discussed verbally with Northgate and no significant issues are anticipated. This work will also incorporate the workforce impacts contained within the VFM reviews.

## **4.00 FINAL BUDGET PROPOSALS**

### **Proposed Budget**

- 4.01 As a result of the changes outlined above, total expenditure and funding now equates to £296.945m and the total budget build up is outlined below. Details of the figures making up the total budget are attached as Appendices 1-7.

**It is recommended that the 2014/15 Council Fund Revenue Budget Requirement be set at £253,718,291 (which is £1,423,025 below the calculated Standard Spending Assessment).**

<b>Funding</b>		<b>£m</b>
Aggregate External Funding (RSG & NDR)		192.942
Council Tax		60.776
Budget Requirement		<u>253.718</u>
Outcome Agreement Grant		1.458
Use of Reserves - Investment Strategy		6.250
Specific Grants (Estimated)		35.519
<b>Total Funding</b>		<b><u>296.945</u></b>
<b>Expenditure</b>		
Total Budget 2013/14		293.346
Previous Year's Growth / Items Dropping Out	Appendix 1	1.138
Pay & Price Inflation	Appendix 2	2.425
New Responsibilities and Transfers into the Settlement	Appendix 3	0.092
Pressures and Investments - Ongoing	Appendix 4	4.872
Pressures and Investments - One-Off and Time Limited	Appendix 5	4.800
Efficiencies	Appendices 6 a - c	(11.950)
Less Specific Grants 2013/14	Appendix 7	(33.297)
Plus Specific Grants 2014/15 (Estimated)	Appendix 7	35.519
<b>Total Expenditure</b>		<b><u>296.945</u></b>
<b>Shortfall</b>		<b><u>0</u></b>

### **Income**

- 4.02 The budget proposals in this report set a budget requirement of £253.718m. At this level of spend, the increase on the Band D Council Tax Rate (excluding Police and Town/Community Councils' precepts) is 3%. This equates to an increase of £28.78 on 2013/14 and a Band D rate of £988.21.

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

**Members are requested to confirm that there is a 3% increase in Council Tax at Band D and an assumed 99% collection rate.**

- 4.03 The amount of Outcome Agreement Grant available for 2014/15 has been advised by Welsh Government. As always the achievement of this is subject to assessment against agreed performance. The Council has been successful in achieving 100% of its grant in previous years and the same assumption has been made for 2014/15.

**Members are requested to confirm the inclusion of the Outcome Agreement Grant of £1,458,151 in the budget.**



## Expenditure

### **Inflation**

4.04 Pay and Price Inflation of £2.425m is included in the budget proposals as detailed in Appendix 2. The proposals include pay inflation of £1.316m which assumes a 1% increase for non-schools staff from April 2014.

4.05 Price inflation of £0.590m has been included which represents a targeted 1% to 3% increase for all services as required. In addition to the standard level of price inflation outlined above, non-standard inflation of £0.670m has been included, as detailed in Appendix 2, to reflect the increasing costs of energy, fuel, business rates and food for which inflation is anticipated to be at higher levels based on national intelligence. This sum will be held centrally until it is demonstrated that there is a requirement for the funding to be released. This will be reported in budget monitoring reports during the year.

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

4.06 Inflation on income amounting to £0.151m has been assumed on the yield from existing fees and charges which has generally been applied at 3%.

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

4.07 The final settlement included one transfer into the settlement in respect of administration subsidy for the Council Tax Reduction Scheme which was previously received through a specific grant and it is proposed that £0.092m is 'passported' to the relevant service area.

**Members are requested to confirm that the amount of £0.092m be 'passported' to the Revenues and Benefits service to administer the Council Tax Reduction Scheme.**

4.08 Appendix 4 sets out recurring pressures totalling £4.872m recommended for inclusion in the budget. These pressures are proposed to be funded from the base budget.

**Members are requested to confirm the inclusion of £4.872m of pressures in the budget for the purposes set out, and that any proposals to vary the use of the sums allocated are to be the subject of a further report to Cabinet for consideration.**

4.09 Appendix 5 details estimated one-off costs of £4.800m which will be funded by way of the Investment Strategy detailed in section 6.

**Members are requested to confirm the inclusion of estimated one-off costs totalling £4.800m in the budget.**

- 4.10 Appendix 6 a-c sets out the efficiencies, totalling £11.950m, recommended for inclusion in the budget.

**Members are requested to confirm the inclusion of efficiencies of £11.950m in the budget. It is recommended that the achievement of all efficiencies be monitored monthly and reported through the budget monitoring report with any corrective action taken in-year as has been the case in previous years.**

## **5.00 UNEARMARKED BALANCES AND EARMARKED RESERVES**

### **Base Level of Unearmarked Reserves**

- 5.01 The Council's Medium Term Financial Strategy confirms the Council's commitment to maintaining a base level of reserves of 2% of turnover. The current base level of reserves is £5.834m as reported in the monthly budget monitoring reports. Despite the fact that funding has reduced in 2014/15 over 2013/14, it is proposed that unearmarked reserves are maintained at the same level for 2014/15 which will provide an additional safeguard in the current uncertain financial climate.

### **Contingency Reserve**

- 5.02 When the 2013/14 budget was set, the Contingency Reserve was estimated to be £0.200m at 31 March 2013. As a result of the net underspend reported in the final outturn for 2012/13 the actual amount in the Contingency Reserve at the year end was £3.159m after taking into account commitments in 2013/14.
- 5.03 Cabinet approved in the final outturn report, that the amount held in the contingency reserve of £3.159m be held and considered within the context of the Medium Term Financial Plan and 2014/15 budget strategy.
- 5.04 The 2013/14 Month 8 Budget Monitoring report which is also on this agenda, shows an estimated balance of £3.709m in the Contingency Reserve as at 31 March 2014.
- 5.05 Whilst the base level of reserves is a known sum which is set aside, the level of Contingency Reserve is based on the current estimate and is subject to the final outturn for the financial year.

### **Council Fund Earmarked Reserves**

- 5.06 Council Fund Earmarked Reserves include service balances, corporate balances and schools balances.
- 5.07 Service balances are made up of those balances held by departments which Cabinet has agreed can be carried forward. Corporate Balances are held to meet commitments which fall in future years on specific items of expenditure.

5.08 The Council also holds Specific Reserves which are set aside for a specific future purpose.

5.09 Appendix 9 details the estimated closing balances for 2013/14 and 2014/15 in respect of all reserves and balances. The Head of Finance is satisfied that the level of these reserves is appropriate (see also section 7).

## **6.00 INVESTMENT STRATEGY**

6.01 As reported to Cabinet in January the scale and ambition of the Organisational Change and Redesign Programme will require significant initial investment to make the changes happen. Therefore it is critical that the Council has a robust investment strategy in place to provide the level of one-off monies required to achieve:-

- Up front investment costs e.g. cost of reducing workforce numbers, investment in technology.
- Transitional Funding for change which recognises the timing of implementation in the first year.

6.02 The base budget is utilised to support the recurring costs of the Council and the investment strategy is utilised to support the one –off costs to deliver the budget proposals. Although these are two distinct elements of the budget, they need to go hand in hand to both enable change and provide a robust sustainable budget.

6.03 The total estimated one-off funding required to support the 2014/15 budget is £6.250m and includes £4.800m (as detailed in appendix 5) to support the 'up front' invest to save costs and £1.450m to provide the transitional funding to take account of the timing of the implementation of some of the efficiency proposals.

### **Review of Reserves and Balances**

6.04 In order to maximise the resources available to the Council for future investment costs, a review of all reserves and balances held has been undertaken. The outcome of this review has identified additional potential resources of £3.1m which are a mixture of items that have previously been set aside that are no longer required and items whereby historical grant income has not been entirely drawn down to match the eligible expenditure incurred.

### **Affordability**

6.05 It can be seen from the table below that a combination of the utilisation of the Single Status/Equal Pay Reserve and the Contingency Reserve will provide total funding of £7.450m which is more than is required to fund the estimated one-off funding requirement of £6.250m for 2014/15 as detailed in para 6.03. In addition the council also holds the £3.1m identified through the review of reserves and balances which will be a first call to mitigate the risks associated with the contingency reserve and Single Status and Equal Pay Reserve.

	£m
<b>Funding</b>	
Contingency Reserve (M8)	3.700
Use of Single Status/Equal Pay Reserve	3.750
	<b>7.450</b>
<b>Investment Costs</b>	
Workforce and VFM	4.800
Transitional Funding	1.450
	<b>6.250</b>
<b>Balance</b>	<u><u>1.200</u></u>
<b>Review of Reserves &amp; Balances</b>	<b>3.100</b>

## **7.00 CHIEF FINANCE OFFICER REPORT ON ESTIMATES AND RESERVES**

- 7.01 Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to report to the Authority when it is considering its Budget and Council Tax on the robustness of the estimates and the adequacy of reserves. The Act requires the Council to have regard to this report in making its decisions (the reference to the first person which follows is to the Head of Finance in this role).
- 7.02 The 2014/15 budget has been set within the context of the Medium Term Financial Plan which recognises a significant reduction in the funding available to the Council from Welsh Government and the continuing effects of the economic downturn on the local economy and citizens. The year on year reduction of 4% in funding, is a real terms cut of some 6% or greater. The Council's Organisational Redesign and Change Plan in response to the financial pressures has been set out in detail for Members in successive reports over the budget period.
- 7.03 The financial strategy for 2014/15 has been to robustly challenge need and the cost of new pressures, target inflation and optimise all efficiency options. This has been done through a risk based approach taking account of a balance of risk and certainty. Central to the overall financial strategy has been establishing an investment strategy to provide resource to deliver change and recognise the timing of its implementation.
- 7.04 I confirm the reasonableness of the estimates contained in the proposed budget, having regard to the Council's spending needs in 2014/15 and the financial context within which the budget is being set. I also confirm that the investment strategy is reasonable and affordable and supports the Council's ability to deliver an ongoing programme of change which will deliver efficiencies in the base budget.
- 7.05 Inevitably in managing a budget of this scale across a large and diverse organisation variances will occur, but I believe that the budget assumptions represent a measured and acceptable level of risk. A robust programme for the delivery of the £11.950m of efficiencies within the budget and to the timescales anticipated is essential. In addition, effective and disciplined in-

year financial management will be key to ensuring that budgets are managed effectively and prompt action taken to mitigate the impacts should variances occur.

- 7.06 Within the context described above, I recommend that the Council should maintain the level of general balances of £5.834m to safeguard its position and be in a strong position to plan ahead to meet the financial challenges in future years as set out in the Medium Term Financial Plan and to underpin its ongoing programme of change. The level of reserves and balances is set out in Section 5.

## **8.00 CHIEF EXECUTIVE REPORT**

- 8.01 The budget strategy for 2014/15 is very different to that in previous years given the unprecedented efficiency return which is required. The budget relies in significant part on the implementation of major organisational change programmes on time and to financial target.
- 8.02 The Council needs to be satisfied that these levels of financial efficiency are achievable in proportion to the overall budget, and that the programmes of organisational change are sufficiently advanced to achieve a financial return by the second quarter of the new financial year.
- 8.03 The programmes of organisational change are not without risk and will require decisive organisational action and careful management to be guided through to fruition. The twin programmes of (1) the review of the corporate operating model and senior management structure, followed by wider senior management review, in two phases and (2) workforce review, are proceeding on time and are being planned to achieve their respective financial targets. The consultation on the first phase of (1) is underway for a final decision in March.
- 8.04 There is a sufficient level of confidence that the efficiency targets are achievable subject to the organisation meeting the deadlines set, and being decisive at each step.
- 8.05 The budget strategy is based on the significant 'front-loading' of internalised organisational efficiencies within 2014/15. For the medium-term strategy to be achievable a broader base of service reform and prioritisation will be required for 2015/16 onwards.

## **9.00 RECOMMENDATIONS**

9.01 That the Cabinet makes the following recommendations to County Council on 18 February 2014:-

1. That the 2014/15 Council Fund Revenue Budget Requirement be set at £253.718m (which is £1.423m below the calculated Standard Spending Assessment) (4.01).
2. That there be a 3.0% increase in Council Tax at Band D and an assumed 99% collection rate (4.02).
3. The inclusion of the Outcome Agreement Grant of £1.458m in the budget (4.03).
4. The levels of inflation assumed in the budget (4.04-4.06).
5. That items of non-standard inflation are only allocated out to services when the actual increase in cost is known (4.05).
6. The amount of £0.092m included in the budget relating to a transfer into the settlement (4.07).
7. The inclusion of £4.872m of recurring pressures in the budget (Appendix 4) and that any proposals to vary the use of the sums allocated are to be the subject of a further report to Cabinet for consideration (4.08).
8. The inclusion of estimated one-off costs totalling £4.800m in the budget (Appendix 5), to be funded in line with the Investment Strategy (section 6).
9. The inclusion of efficiencies of £11.950m in the budget (4.10).
10. The inclusion of efficiencies of £11.950m and that the achievement of all efficiencies be monitored monthly and reported through the budget monitoring report with any corrective action taken in-year as has been the case in previous years. (4.10).

## **10.00 FINANCIAL IMPLICATIONS**

10.01 As set out throughout the report.

## **11.00 ANTI POVERTY IMPACT**

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

## **12.00 ENVIRONMENTAL IMPACT**

12.01 Individual growth and efficiency items may have specific environmental impacts.

### **13.00 EQUALITIES IMPACT**

13.01 As set out in 3.18 – 3.23 of the report.

### **14.00 PERSONNEL IMPLICATIONS**

14.01 There will be significant people implications arising from the workforce elements of the Organisational Change Programme.

14.02 The Discretionary Compensation provisions have been reviewed to ensure that redundancy entitlements offered are fair, are likely to incentivise employees to express an interest in Voluntary Redundancy or Early Voluntary Retirement, and are affordable for the Council.

14.03 Employees who are either displaced, or who leave the Council voluntarily, will receive outplacement advice to support their transition into alternative employment or a new career, or into retirement, which may include opportunities to up-skill or retrain, business 'start up' advice, career counselling and retirement planning guidance, depending on the circumstances.

14.04 The Council will ensure that appropriate consultation arrangements are in place, in conjunction with the Joint Trade Unions, for all affected employees in line with statutory requirements and the Council's Organisational Change and Redundancy Policy.

14.05 As detailed in section 6 there is a robust Investment Strategy in place to ensure that the one-off costs associated with the workforce programme are affordable within the context of the overall budget.

14.06 As detailed in section 3.18 – 3.23 work is also ongoing in relation to assessing any equality impacts in relation to the workforce programme.

### **15.00 CONSULTATION REQUIRED**

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

### **16.00 CONSULTATION UNDERTAKEN**

16.01 Member Workshop (open to all members) held on the afternoon of 28<sup>th</sup> January to consider the budget overview followed by Overview and Scrutiny Committees held as follows:

- 28<sup>th</sup> January - Joint Housing (CF only) and Social & Healthcare
- 28<sup>th</sup> January - Environment
- 28<sup>th</sup> January - Corporate Resources (for Corporate Departments)
- 30<sup>th</sup> January - Lifelong Learning
- 3<sup>rd</sup> February - Corporate Resources - Open to all members (to receive feedback from other scrutiny meetings).

- 16.02 Formal consultation held with the School Budget Forum on 23<sup>rd</sup> January.
- 16.03 Statutory consultation with Business Ratepayers undertaken in writing after the Cabinet meeting with the largest businesses within Flintshire.
- 16.04 The budget proposals were discussed at a meeting with the Flintshire Joint Trades Unions on 23<sup>rd</sup> January, as part of ongoing dialogue and information sharing.
- 16.05 Formal consultation on review of corporate operating model underway and consultation on other workforce proposals will be in accordance with the detailed plans and timescales of the workforce programme taking account of statutory requirements and local policy.

**17.00 APPENDICES**

- 17.01 As set out in the report.

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

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**Budget 2014/15**  
**Council Fund - Revenue**

**Previous Years' Growth / Items Dropping Out**

	2014/15 £m	2014/15 £m	2015/16 £m
<b><u>APPROVED 2012/13 BUDGET</u></b>			
<b><u>Community Services</u></b>			
Homecare - Increased complexity of care	0.100		
Transition to Adulthood	0.975		
Housing Renewal Agency - income	0.104		
Management Efficiencies Through Collaborative Working	(0.025)		
	<hr/> 1.154		
<b><u>Environment</u></b>			
Rental Income Shortfalls and NNDR charges for vacant properties	0.050		
Environmental Waste Management - reduction in grant funding	0.047		
Revenue Lost due to phased disposal of Agricultural Estates	0.026		
Ground Water monitoring at former Castle Landfill site	(0.005)		
Continuation of 2011/12 Landfill Tax efficiency	0.000		
Food Waste - increased diversion from landfill	0.004		
	<hr/> 0.122		
<b><u>Lifelong Learning</u></b>			
Transport Policy Review - rationalisation of non statutory entitlement	0.000		
Saltney Library - Lease	(0.010)		
	<hr/> (0.010)		
<b><u>Corporate Services</u></b>			
Business Systems - Software Maintenance Costs	0.021		
Prudential Borrowing Requirement for Capital Investment	0.169		
Procurement Review	0.000		
HR Management Information System (Phase 2)	(0.003)		
	<hr/> 0.187		
	<hr/> 0.000		
		<hr/> 1.453	
<b><u>APPROVED 2013/14 BUDGET</u></b>			
<b><u>Community Services</u></b>			
Mental Health - Additional Social Work support	0.010		0.000
Transition to Adulthood	0.129		1.239
Disabled Facility Grants / Aids and Adaptations	0.016		0.000
Homelessness - timing of presentations	0.106		0.000
Children's Services - Removal of one team manager post	(0.013)		0.000
Development and Resources - Rationalisation of Management Team	(0.050)		0.000
	<hr/> 0.198		
<b><u>Environment</u></b>			
Loss of Car Park Income	0.068		(0.002)
Highways Asset Management Plan (HAMP) -rephasing of full implementation	0.000		0.225
Review Management Recharge to the Communities First Programme	0.000		0.000
Agricultural Estates - balance not required	0.025		0.000
Licensing / Health & Safety - balance not required	0.025		0.000
	<hr/> 0.118		
<b><u>Lifelong Learning</u></b>			
Staffing Budget Shortfall following restructure	(0.017)		0.000
Free School Meals - increased demand	0.003		0.003
Review of post 16 distance limit	0.000		0.000
Review of Denominational transport provision	(0.070)		(0.030)
Youth Service - Building rationalisation	(0.005)		0.000
Reduction of Postage within the Library Service	(0.001)		0.000

**Budget 2014/15**  
**Council Fund - Revenue**

**Previous Years' Growth / Items Dropping Out**

	2014/15 £m	2014/15 £m	2015/16 £m
School Transport Service - Operational efficiencies	(0.040)		0.000
	<u>(0.130)</u>		
<b><u>Council Wide</u></b>			
Revised Effect of Prudential Borrowing costs for agreed Capital Projects (change due to revised interest rates and receipt of grant funding)	0.017		0.916
	<u>0.017</u>		
<b><u>Corporate Services</u></b>			
Emergency Planning - collaborative working	(0.025)		0.000
Information & Business services - use of LLPG	(0.014)		0.000
Supplies and Services	0.010		0.000
Joint Working - costs reduction	0.002		0.000
Alterations / Improvements reductions - future agile working	0.002		0.000
Employee Safety Measures - reduced demand on budget	(0.005)		0.000
Community Strategy / LSB partnership - reduction in planned requirements	(0.005)		0.000
	<u>(0.035)</u>		
<b><u>Flintshire Futures Programme</u></b>			
E-Procurement and Improved Processes	(0.109)		(0.056)
Assets Workstream - Office Rationalisation	(0.077)		0.000
Customer Workstream - Channel Shift	0.000		(0.050)
	<u>(0.186)</u>		
<b><u>Council-Wide</u></b>			
Income reduction - Vacation of former Council Offices , Ewloe	0.000		0.500
	<u>0.000</u>		
		<u>(0.018)</u>	
<b>ONE OFF AND TIME-LIMITED PRESSURES</b>			
<b><u>Lifelong Learning</u></b>			
School Modernisation Programme	(0.025)		
Schools Service Level Agreements (SLA's)	(0.172)		
Play Areas - Match Funding	(0.035)		
	<u>(0.232)</u>		
<b><u>Corporate Services</u></b>			
Base Level of Reserves - 2% of Turnover	(0.065)		
	<u>(0.065)</u>		
		<u>(0.297)</u>	
<b>Total Previous years items</b>		<u><u>1.138</u></u>	<u><u>2.745</u></u>

**Budget 2014/15**  
**Council Fund - Revenue**

**Inflation**

	£m	£m
<b><u>Pay</u></b>		
Pay Inflation from April 2014 (1%)	<u>1.316</u>	1.316
<b><u>Price</u></b>		
Targeted General Price Inflation (1.5% - 3%)	<u>0.590</u>	0.590
<b><u>Non Standard</u></b>		
Energy - Street Lighting (8%)	0.093	
Energy - Other (8%)	0.173	
Fuel - (11.2%)	0.179	
Food (5.8%)	0.188	
Non Domestic Rates (2%)	<u>0.037</u>	0.670
		(0.151)
<b><u>Income</u></b>		(0.151)
<b>Total Inflation</b>		<u><u>2.425</u></u>



**Budget 2014/15**  
**Council Fund - Revenue**

**Transfers Into the Settlement**

	£m	£m
<b><u>Transfers In to the Settlement</u></b>		
Council Tax Reduction Scheme (CTRS) Administration Subsidy	0.092	
	<hr/>	0.092
<b>Transfers Into the Settlement</b>		<hr/> <b>0.092</b> <hr/>



**Budget 2014/15****Council Fund - Revenue****Pressures & Investments - Summary****Recurring Items**

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Total Welsh Government Policy / Legislative / Regulatory (Appendix 4a)	2.844	5.094	6.651
Total Demand / Local Policy Decisions (Appendix 4b)	2.028	3.633	10.159
<b>Total</b>	<b>4.872</b>	<b>8.727</b>	<b>16.810</b>





**Budget 2014/15**  
**Council Fund - Revenue**

**Pressures & Investments - Welsh Government Policy / Legislative / Regulatory**

	2014/15 £m	2015/16 £m	2016/17 £m
<b><u>Community Services</u></b>			
Independent Living Fund (ILF) estimate of impact of transfer into RSG	0.000	0.450	0.450
<b>Total Community Services</b>	<b>0.000</b>	<b>0.450</b>	<b>0.450</b>
<b><u>Environment</u></b>			
Reduction of Sustainable Waste Management Grant	0.308	0.308	0.308
Landfill Tax - increase cost per tonnage	0.256	0.309	0.362
<b>Total Environment</b>	<b>0.564</b>	<b>0.617</b>	<b>0.670</b>
<b><u>Lifelong Learning</u></b>			
Free Swimming Initiative replacing reduction in grant	0.036	0.036	0.036
<b>Total Lifelong Learning</b>	<b>0.036</b>	<b>0.036</b>	<b>0.036</b>
<b><u>Central &amp; Corporate</u></b>			
Council Tax Reduction Scheme	0.633	0.633	0.633
Impact of Actuarial Valuation	0.991	2.738	4.242
Carbon Reduction Scheme	0.120	0.120	0.120
Fire Levy increase in contribution	0.063	0.063	0.063
Local Government Pension Scheme Reform	0.245	0.245	0.245
Highways Agency Programme (Year 3)	0.192	0.192	0.192
<b>Total Central &amp; Corporate</b>	<b>2.244</b>	<b>3.991</b>	<b>5.495</b>
<b>Total</b>	<b>2.844</b>	<b>5.094</b>	<b>6.651</b>



**Budget 2014/15**  
**Council Fund - Revenue**

**Pressures & Investments - Demand / Local Policy Decisions**

	2014/15 £m	2015/16 £m	2016/17 £m
<b><u>Community Services</u></b>			
Increase in Direct Payments for Social Services for Children	0.060	0.060	0.060
Increase in Foster Care Placements	0.250	0.250	0.250
Children's Out of County Placements	0.250	0.250	0.250
Well Check Increased contribution to service	0.040	0.040	0.040
Transition to Adulthood	0.000	0.000	0.700
<b>Total Community Services</b>	<b>0.600</b>	<b>0.600</b>	<b>1.300</b>
<b><u>Lifelong Learning</u></b>			
Investment in Youth Service Provision	0.046	0.046	0.046
Remission Payments for School meals, trips & uniforms	0.000	0.025	0.050
Leisure Centres	0.962	0.962	0.962
<b>Total Lifelong Learning</b>	<b>1.008</b>	<b>1.033</b>	<b>1.058</b>
<b><u>Corporate Services</u></b>			
Additional cost of Child Protection cases	0.044	0.044	0.044
<b>Total Corporate Services</b>	<b>0.044</b>	<b>0.044</b>	<b>0.044</b>
<b><u>Central &amp; Corporate</u></b>			
Pensioners Grant	0.201	0.201	0.201
Matrix reduction of previous efficiency	0.115	0.115	0.115
Flintshire Futures Asset Programme reduction of previous efficiency	0.060	0.060	0.060
Single Status Agreement	0.000	0.000	5.801
Investment in Organisational Change	0.000	1.580	1.580
<b>Total Central &amp; Corporate</b>	<b>0.376</b>	<b>1.956</b>	<b>7.757</b>
<b>Total</b>	<b>2.028</b>	<b>3.633</b>	<b>10.159</b>



**Budget 2014/15  
Council Fund - Revenue**

**One off Investment Costs**

<b>Summary</b>	<b>2014/15 £m</b>
<b><u>Senior Management</u></b>	
Phase 1 - Tier 1 & 2	0.440
Phase 2 - Grades M1-M9	<u>1.294</u>
	1.734
<b><u>Workforce Scale Review</u></b>	
Grades Sc1-SO2	<u>1.211</u>
	1.211
<b><u>VFM related</u></b>	
Community Services	0.202
Environment	0.273
Lifelong Learning	0.511
Corporate Services	<u>0.869</u>
	1.855
<b>Total one off costs</b>	<b><u><u>4.800</u></u></b>



**Budget 2014/15  
Council Fund - Revenue**

**Organisational Change Corporate Value for Money Programme**

**Procurement**

<b>Directorate</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>
Community Services	0.107	0.107	0.107
Environment	0.456	0.456	0.456
Lifelong Learning	0.297	0.295	0.295
Total Corporate Services	0.237	0.237	0.237
<b>Total Procurement</b>	<b>1.097</b>	<b>1.095</b>	<b>1.095</b>

**Back to Basics**

Community Services	0.043	0.043	0.043
Environment	0.052	0.052	0.052
Lifelong Learning	0.068	0.068	0.068
Corporate Services	0.041	0.041	0.041
<b>Total Back to Basics</b>	<b>0.204</b>	<b>0.204</b>	<b>0.204</b>

<b>Total Efficiencies</b>	<b>1.301</b>	<b>1.299</b>	<b>1.299</b>
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Budget 2014/15  
Council Fund - Revenue

Organisational Change Functional Value for Money Programme

Ref	Lead Directorate	Service	Proposal Summary	2014/15 £m	2015/16 £m	2016/17 £m
1	Community Services	Learning Disabilities – Short Term Care	Eliminate on call costs from Home Managers utilising the supported living on call facility already in Adults, reduce Home Manager posts from three to one. Estimated efficiency of 9% of total budget cost. With the assumption that on call costs can be absorbed within the new service provision at no additional cost.	0.045	0.057	0.070
2	Community Services	Learning Disabilities – Short Term Care	Rightsizing project worker staffing levels based on service need and capacity.	0.023	0.023	0.023
3	Community Services	Learning Disabilities – Enhanced Community Residential Services	Rightsizing or re-tender of 4 supported living houses provided externally.	0.031	0.037	0.037
4	Community Services	Childrens Services – structure realignment	Reconfigure the 3rd tier officer cohort following the retirement of a service manager.	0.053	0.053	0.053
5	Community Services	Childrens Services - Accommodation Efficiencies	Vacation of Connahs Quay Offices – staffing efficiencies	0.019	0.037	0.037
6	Community Services	Childrens Services - Youth Justice Service	A review of the Youth Justice Service to maximise grant funding and review services.	0.050	0.050	0.050
7	Community Services	Social Services for Adults – Direct Payments	Increase the update of direct payment services rather than traditional services for PDSI, older people and disability services	0.048	0.072	0.096
8	Community Services	Social Services for Adults – structural realignment	Reduction in management posts	0.032	0.064	0.064
9	Community Services	Learning Disabilities – Day Opportunities	Efficiencies	0.013	0.013	0.013
10	Community Services	Development and Resources - income	Charging as part of the QCF qualification process	0.044	0.044	0.044
11	Community Services	Development and Resources - income	Explore the potential of charging for financial management for appointeeship clients.	0.030	0.060	0.060

Ref	Lead Directorate	Service	Proposal Summary	2014/15 £m	2015/16 £m	2016/17 £m
12	Community Services	Social Services for Adults – Assets	Relocation of Estuary Crafts to Tri Ffordd	0.024	0.047	0.047
13	Community Services	Housing - Administration	Service Review	0.022	0.022	0.022
14	Community Services	Housing – Community Support Services	Restructure	0.019	0.037	0.037
	<b>Total Community Services</b>			<b>0.453</b>	<b>0.616</b>	<b>0.653</b>
15	Environment	Streetscene – Employment Contracts	Review staff employment contracts to increase service flexibility and reduce costs	0.050	0.050	0.050
16	Environment	Streetscene - NWTTRA	Financial benefit from involvement with the NE Wales Trunk Rd Hub. The ongoing review of service delivery will reduce the staff requirement and increase the efficiency of the Trunk Road service delivery	0.050	0.050	0.050
17	Environment	Streetscene - Fleet	Balance of efficiencies from Fleet review (2014-15)	0.350	0.350	0.350
18	Environment	Streetscene & Assets Transportation – Highways Related Services	Service scoping review of Highways related services currently within Streetscene and Assets & Transportation - the ongoing diagnostic of the two service areas will make recommendations on synergies, required staffing levels and the optimised operating model.	0.225	0.300	0.300
19	Environment	Streetscene - Assets	Closure of Halkyn Depot and centralisation at Alltami	0.090	0.090	0.090
20	Environment	Streetscene - Waste	Optimise procurement methods for waste transport	0.030	0.030	0.030
21	Environment	Streetscene - Waste	Rationalise HRC site provision through closing Saltney after opening the new Sandycroft site and reviewing opening hours to match footfall	0.180	0.180	0.180
22	Environment	Streetscene - Waste	Review of clinical waste collection recharges	0.030	0.030	0.030
23	Environment	Streetscene – Employment Contracts	Review operational employment contracts to increase service flexibility and reduce costs	0.450	0.450	0.450
24	Environment	Public Protection and Planning	A review of the operating processes, income potential and management and staffing arrangements across both services.	0.408	0.450	0.450
25	Environment	Regeneration - Communities First	Continuation of current year. Management fee for Communities First programme	0.020	0.020	0.020
	<b>Total Environment</b>			<b>1.883</b>	<b>2.000</b>	<b>2.000</b>

Ref	Lead Directorate	Service	Proposal Summary	2014/15 £m	2015/16 £m	2016/17 £m
26	Lifelong Learning	Services to Schools	Securing Value for Money, increasing locality working and school autonomy within a streamlined but robust approach to accountability for positive student outcomes. Early entitlement, Music Service, ICT, Insurance and Mobile Classrooms.	0.290	0.240	0.240
27	Lifelong Learning	Youth and Community services	Increasing front line youth service delivery through agile working, reducing building and management overheads to maximise front line delivery. Glanrafon, Gronant and Hawarden	0.067	0.113	0.113
28	Lifelong Learning	Inclusion Services	Securing early, local and effective intervention for vulnerable children and young people through increasing locality working and school autonomy,	0.393	0.611	0.611
29	Lifelong Learning	Library Service	Review of contribution to North East Wales School Library Service	0.131	0.130	0.130
30	Lifelong Learning	Library Service	Reduction in Library Book Fund	0.050	0.050	0.050
31	Lifelong Learning	Leisure	Changes to rotas and cover arrangements	0.270	0.270	0.270
32	Lifelong Learning	Development and Resources	School transport efficiencies	0.004	0.004	0.004
33	Lifelong Learning	Development and Resources	Pupil support efficiencies	0.003	0.003	0.003
34	Lifelong Learning	Development and Resources	Youth theatre	0.015	0.015	0.015
35	Lifelong Learning	Development and Resources	Business support	0.010	0.010	0.010
36	Lifelong Learning	Leisure	Recreational grounds and amenities efficiencies	0.025	0.025	0.025
	<b>Total Lifelong Learning</b>			<b>1.258</b>	<b>1.471</b>	<b>1.471</b>
37	Corporate Services	ICT & Customer Services - registrars	Review of working arrangements	0.010	0.010	0.010
38	Corporate Services	Chief Executive	Review of events/marketing and communications activities across the organisation.	0.034	0.034	0.034
39	Corporate Service	Chief Executive	Reduced production of Your Community Your Council	0.040	0.040	0.040
40	Corporate Services	Chief Executive and Democratic Services	Review provision of support to Leadership and Senior Management, Scrutiny, support and information to councillors, report writing and democratic process	0.031	0.141	0.141

Ref	Lead Directorate	Service	Proposal Summary	2014/15 £m	2015/16 £m	2016/17 £m
41	Corporate Services	Chief Executive – Policy, Partnerships and Performance	Review efficiencies in process, co-ordination and resources involved in supporting 'Performance' work.	0.075	0.075	0.075
42	Corporate Services	Administration support across the organisation	Review of all Administration roles / processes as a result of improved technology across the Council	1.000	1.000	1.000
43	Corporate Services	ICT & Customer Services	Service Efficiencies related to equipment lease termination and contract renegotiations	0.192	0.192	0.192
44	Corporate Services	Chief Executive	Clwyd Theatr Cymru subsidy reduction	0.055	0.055	0.055
45	Corporate Services	Legal and Democratic Services	Shared conveyancing service	0.060	0.060	0.060
46	Corporate Services	HR & OD	Increase income from Occupational Health business	0.010	0.010	0.010
47	Corporate Services	HR & OD	Workforce development efficiencies	0.021	0.021	0.021
48	Corporate Services	Finance	Housing Benefit Subsidy efficiency to meet required level of Discretionary Housing Payments.	0.380	0.380	0.380
49	Corporate Services	Finance	Review of investment income in CLIA	0.145	0.145	0.145
	<b>Total Corporate Services</b>			<b>2.053</b>	<b>2.163</b>	<b>2.163</b>
50	Community Services		Review of final out-turn for 2012/13	1.892	2.195	2.195
	<b>Total Functional VFM</b>			<b>7.539</b>	<b>8.445</b>	<b>8.482</b>

**Budget 2014/15**  
**Council Fund - Revenue**

**Workforce Efficiencies**  
**Organisational Design**

	2014/15 £m	2015/16 £m	2016/17 £m
<b>Structure and Operating Model</b>			
Phase 1 - Tier 1 & 2	0.460	0.600	0.600
Phase 2 - Grades M1-M9	0.990	1.400	1.400
Workforce Scale Review	1.500	1.500	1.500
<b>Total Organisational Design</b>	<b>2.950</b>	<b>3.500</b>	<b>3.500</b>
<b>Cost of Employment</b>			
Professional Subscriptions	0.024	0.024	0.024
Disturbance Travel	0.005	0.005	0.005
Subsistence Allowance	0.054	0.054	0.054
Disclosure and Barring Service (DBS)	0.030	0.030	0.030
Overtime	0.047	0.047	0.047
<b>Total cost of Employment</b>	<b>0.160</b>	<b>0.160</b>	<b>0.160</b>
<b>Total Workforce Efficiencies</b>	<b>3.110</b>	<b>3.660</b>	<b>3.660</b>



**Budget 2014/15**  
**Council Fund - Revenue**

**Specific Grants**

		<i>Budget</i> <i>2013-14</i>	<i>Revised Budget</i> <i>2013-14</i>	<i>Projection</i> <i>2014-15</i>	<i>Variance to</i> <i>2013-14</i>	<i>Confirmed (C)</i> <i>or Estimated (E)</i>
		£	£	£	£	
<b>Lifelong Learning</b>	Basic Skills	316,000	137,526	137,526	0	E
Non Delegated	Community Learning	3,311	3,311	3,311	0	E
	Community Focussed Schools	0	97,877	97,877	0	E
	Welsh Baccalureate	0	61,740	61,740	0	E
	Families First	1,735,118	1,735,285	1,735,285	0	E
	Education of Travellers	89,687	70,673	70,673	0	E
	Foundation Phase	5,060,777	5,019,976	4,949,746	(70,230)	C
	Free School Milk	179,773	179,773	179,773	0	E
	Free Swimming	164,807	164,807	156,567	(8,240)	E
	Funding for Youth Work Training in Wales	22,000	22,000	22,000	0	E
	Learning Pathways 14-19	664,080	636,937	360,000	(276,937)	E
	Minority Ethnic Achievement	106,913	134,434	128,032	(6,402)	C
	National Exercise Referral	125,000	125,000	118,750	(6,250)	E
	NE Wales Play Forum	61,660	340,086	340,086	0	E
	School Effectiveness Grant	1,078,580	1,403,508	1,403,508	0	E
	Pupil Deprivation Grant	0	1,251,450	2,295,918	1,044,468	C
	Active Young People	0	463,018	439,867	(23,151)	E
	School Uniform Financial Assistance Scheme	30,080	30,080	30,487	407	C
	Unlocking the Potential of Special Schools	45,572	45,572	0	(45,572)	C
	Youth Service Revenue Grant	90,330	114,877	126,756	11,879	C
	Welsh Language (Athrowen Bro & WEG)	226,611	0	0	0	C
	Welsh Medium Bilingual Grant	46,940	0	0	0	C
	Welsh in Education	0	224,638	215,374	(9,264)	E
	Welsh Network of Healthy School Schemes	87,320	87,320	87,320	0	E
	Flying Start	1,652,623	1,652,623	0	(1,652,623)	C
	National Literacy Tests	0	35,450	35,450	0	E
		<b>11,787,182</b>	<b>14,037,961</b>	<b>12,996,046</b>	<b>(1,041,915)</b>	
Delegated	DCELLS (Post 16 provision in schools)	6,025,131	6,085,382	5,935,481	(149,901)	E
		<b>6,025,131</b>	<b>6,085,382</b>	<b>5,935,481</b>	<b>(149,901)</b>	
<b>Community</b>	Social Care Workforce Development Programme	346,969	346,969	356,833	9,864	C
	Supporting People	6,824,935	6,824,935	6,483,688	(341,247)	C
	Well Being Activity	25,000	10,000	10,000	0	E
	Flying Start	0	0	2,722,790	2,722,790	C
	Implementation of Mental Health Act 2007	12,770	12,770	0	(12,770)	C
	Youth Service Community Service Grants	60,851	60,851	0	(60,851)	C
	YOT / Youth Justice Board	327,280	327,280	327,280	0	E
		<b>7,597,805</b>	<b>7,582,805</b>	<b>9,900,591</b>	<b>2,317,786</b>	
<b>Environment</b>	Communities First	708,911	708,911	708,911	0	E
	Concessionary Travel	1,970,427	1,970,427	1,991,843	21,416	E
	Crime Reduction and Anti Social Behaviour	144,461	144,461	121,203	(23,258)	E
	Domestic Abuse Co-ordinator Funding	27,500	27,500	27,500	0	C
	Local Transport Services	399,062	399,062	399,062	0	E
	Planning - Delivering for Wales	70,000	70,000	20,000	(50,000)	E
	Safer Communities Fund	221,882	221,882	76,868	(145,014)	E
	Food Hygiene Rating	0	0	5,969	5,969	C
	Animal Health & Welfare Enforcement	0	0	15,646	15,646	C
	Substance Misuse	926,141	926,141	293,353	(632,788)	E
	Tidy Towns	81,742	81,742	0	(81,742)	C
	Sustainable Waste Management	3,287,189	3,287,189	2,976,172	(311,017)	E
		<b>7,837,315</b>	<b>7,837,315</b>	<b>6,636,527</b>	<b>(1,200,788)</b>	
<b>Corporate Services</b>	LSB Development Support Grant	50,000	50,000	50,000	0	E
		<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	
<b>Total</b>		<b>33,297,433</b>	<b>35,593,463</b>	<b>35,518,645</b>	<b>(74,818)</b>	





**OVERVIEW & SCRUTINY**  
**Joint Housing & Social & Health - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
<b>1.0</b>	<b><u>Joint Housing &amp; Social &amp; Health Comments / Issues</u></b>	
<b>1.1</b>	<b><u>General Comments / Issues</u></b>	
1.1	Assurance sought about the systems in place to monitor risks particularly around Children's services. Is the system in place for monitoring these risks robust enough?	<ul style="list-style-type: none"> <li>At the close of the budget setting process, we highlight the risks that may impact in the year ahead and throughout the year, we have systems in place which enables us to address issues as they arise.</li> </ul>
1.2	No mention of collaborative ventures within this budget – why and does this mean we cannot make cuts to these?	<ul style="list-style-type: none"> <li>All collaborative ventures are constantly under review an example of this is the Telecare service.</li> </ul>
1.3	Mental Health costs have been discussed at a previous committee where a comparison was made of in house cost v external provision. Why is there no detail of that in the budget?	<ul style="list-style-type: none"> <li>In the future we will continue to look at all options and are doing so. In relation to how we provide and commission services, this will be one of the decisions for Members consideration going forward.</li> </ul>
1.4	Investment from Reserves of £3.7m contingency and £3.7m equal pay. Is there a specific purpose for it to be used for? Clarification sought on this.	<ul style="list-style-type: none"> <li>The contingency reserve is the amount over and above the required base level of reserves and is to meet one off costs including exit costs. The investment strategy is to utilise the equal pay capitalisation as part of a collective approach to total workforce costs. There is also a thorough review underway of all reserves to make sure we have an adequate level of investment to meet one off</li> </ul>

**OVERVIEW & SCRUTINY**  
**Joint Housing & Social & Health - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
		costs.
<b>2.0</b>	<b><u>Pressures</u></b>	
2.1	With reference to the pressures for Foster Care and Children's Out of County Placements, are the amounts enough to meet the demand.	<ul style="list-style-type: none"> <li>▪ The Foster Care placements figure is based on current demand on the service. A risk based approach has had to be taken on the level of this and the Out of County Placements figure given the demand led nature of these services.</li> </ul>
2.2	What was the increase in 13/14	<ul style="list-style-type: none"> <li>▪ In 13/14 an additional £110k was approved for the Family Placement team to meet the increased costs of Foster Care and increased cost of court orders for residences and special guardianships. Within Children's Out of County Placements, an efficiency of £533k was realised as a result of a decrease in costs from improved procurement practice.</li> </ul>
2.3	Pressures and Investments is not spit into categories as per previous years budget report – why is this?	<ul style="list-style-type: none"> <li>▪ These will be categorised for final budget report.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Joint Housing & Social & Health - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
<b>3.0</b>	<b><u>Efficiencies</u></b>	
3.1	VFM efficiency of £50k within the Youth Justice Service. If it has an adverse affect on the service, will it be able to be put back?	<ul style="list-style-type: none"> <li>▪ Members would need to decide if they wanted to put more money into the service. Flintshire are still providing a significant contribution to funding within the Youth Justice Service. The level of efficiency can be met without an impact and nothing can be exempt from the budget review.</li> </ul>
3.2	Can we guarantee level of efficiencies will not impact adversely on services?	<ul style="list-style-type: none"> <li>▪ The aim is to protect services but also to improve, where possible, to be more efficient and to improve outcomes for service users.</li> </ul>
3.3	In relation to the efficiency from moving Estuary Crafts to be co located with Tri Ffordd, this is a small efficiency of £24k but what about the cost of changing the building, and the transport costs for service users who will now need to go to a new location?	<ul style="list-style-type: none"> <li>▪ Capital investment to refurbish the building has been provided from funding within the service. The move provides a better and more appropriate environment for service users. The £24k is as a result of a reduction in management costs due to the co location. There may be an impact on transport costs but these will only be minor and service users will be supported.</li> </ul>
3.4	Agreement that Estuary Crafts needs to be moved, but why Tri Ffordd and not site in Flint near to Castle Connections?	Further information to be provided
3.5	Within the Learning Disability service, there are efficiencies of an unprecedented scale with reduction in Management. Is	<ul style="list-style-type: none"> <li>▪ No</li> </ul>

**OVERVIEW & SCRUTINY**  
**Joint Housing & Social & Health - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
3.6	the efficiency "Structural Management" also to do with Short Term Care?	
3.6	Will the efficiencies in the Short Term Care service have an impact on the number of service users receiving the service?	<ul style="list-style-type: none"> <li>No, the efficiency is about changes to rotas and the way the service is managed.</li> </ul>
3.7	Can we be assured that the efficiency of £822k which is related to transitional services will have no impact on individuals moving from Children's to Adult Services?	<ul style="list-style-type: none"> <li>The efficiency has already been achieved in 2013/14 by doing things differently. Future year's forecasts for transition clients are built into the next three years projections</li> </ul>
3.8	Why is there no procurement efficiencies listed under Social Care?	<ul style="list-style-type: none"> <li>Social Care does make savings on commissioning eg Learning Disability Services and Dementia and Mental Health approaches through the North Wales commissioning hub. In Social Care the main expenditure is on delivering services through the purchase of care.</li> </ul>
3.9	Is the efficiency linked to Connaught Quay offices for staffing or building costs?	<ul style="list-style-type: none"> <li>Staffing costs only.</li> </ul>
3.10	There are many efficiencies that relate to management cuts with the blithe assumption that this means there is no disruption in service. How can that be the case?	<ul style="list-style-type: none"> <li>There is a need to ensure adequate capacity but the efficiency enable us to gain some cross service benefits. There is a need to look at the spans of control and better use of I.T. to ensure we are being as efficient as possible.</li> </ul>
3.11	Need an explanation of "rightsizing".	<ul style="list-style-type: none"> <li>This involves a thorough review of outcomes for service users. A balance between ensuring independence for the</li> </ul>

**OVERVIEW & SCRUTINY**  
**Joint Housing & Social & Health - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
3.12	Development and Resources income – Deputyships. Not clear what is being suggested here?	<p>person involving social workers and specialist nurses and utilising opportunities such as telecare to maintain their safety are taken as part of this process.</p> <ul style="list-style-type: none"> <li>• This relates to weekly charging of £5 per week for the service.</li> </ul>



**OVERVIEW & SCRUTINY**  
**Environment - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
<b>1.0</b>	<b><u>Environment Comments / Issues</u></b>	
1.1	It is pleasing to see collaboration between services. With instances such as inclement weather, would joining up services lead to delays in responses to incidents e.g. Repairing potholes?	<ul style="list-style-type: none"> <li>Such problems are not foreseen and this should make it easier to manage such instances through better coordination of two teams which should result in improved service delivery.</li> </ul>
1.2	HRC Site Sandycroft – Application for planning previously in 2009 was for 5.5k tonnes but the new application is for 4k tonnes. Is that because we are not collecting the expected levels of recycling? Reference was made to previous prudential borrowing requirements of £600k.	<ul style="list-style-type: none"> <li>No there is no correlation between the planning application tonnage at the new level and recycling levels. Recycling is increasing but so are the targets in relation to this. The Director will seek clarification on issue with the Member who raised the specific issue Relating to borrowing outside of the meeting</li> </ul>
1.3	Due to the volatility of plastic recycling prices, would it be more economic to change the frequency of plastic waste collection to fortnightly?	<ul style="list-style-type: none"> <li>To change the way we collect plastics would create efficiency issues, as it would mean putting extra vehicles on, given that rounds are full at the end of the day at the moment. It would also create a clarity issue for the public as all recyclates are currently collected weekly, whereas this suggestion would mean that some would have to be put our fortnightly – this could impact negatively on recycling performance.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Environment - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
<b>2.0</b>	<b><u>Pressures</u></b>	
2.1	Residual Waste Pressure – does this reflect a reduction in the tonnage of residual waste even though the cost per tonne has increased?	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
2.2	Energy inflation amount queried as to why less than last year.	<ul style="list-style-type: none"> <li>• Further information to be provided. A response was provided as part of feedback to Overview and Scrutiny meeting 3/2/14.</li> </ul>
<b>3.0</b>	<b><u>Efficiencies</u></b>	
3.1	When Streetscene was introduced there was a lack of joining up. Assurance is sought about the level of efficiency proposed and that it will not mean a negative impact on the service – needs to be managed effectively.	<ul style="list-style-type: none"> <li>• This is a key efficiency but there is confidence that it can be delivered without an adverse impact on the service. It is centred on reducing the number of agency staff within the service and making teams more flexible. Director to provide further detail to the Councillor on this.</li> </ul>
3.2	Public Protection – concern raised that this may result in increased charges to residents when dealing with problems relating to pest control. Needs to be recognised as an area of risk.	<ul style="list-style-type: none"> <li>• Fees will increase but these will not be greater than 5%. Fees need to reflect the cost of the service and be non-profit making</li> </ul>
3.3	Fleet efficiencies from reducing the 30% downtime is very positive but have we identified who we would hire from?	<ul style="list-style-type: none"> <li>• This will be via the “All Wales Framework for Hire”. Hire companies not known at the moment. Director to inform the Councillor when the information is known.</li> </ul>
3.4	HRC Sandycroft Site – Is this ready for service?	<ul style="list-style-type: none"> <li>• Not yet but an application to Planning Committee is due</li> </ul>



**OVERVIEW & SCRUTINY**  
**Environment - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
3.5	Clinical Waste – Are the Health Board aware that they are going to be charged?	in March. Other sites will not close until this one is open.
3.6	Cost of planning application fees – will these be going up?	<ul style="list-style-type: none"> <li>• Yes and there is agreement to pay. Wrexham CBC are already recharging the Health Board</li> </ul>
3.7	Fleet costs –specialist training requirements.	<ul style="list-style-type: none"> <li>• Fees are set nationally so not under the control of the Council. As part of the Planning Bill, WG have committed to a review of Planning Fees.</li> <li>• No record of passing up opportunities to embrace this specific training</li> </ul>
3.8	Community Assets. Will any within Lifelong Learning be considered as part of the Rationalisation Programme?	<ul style="list-style-type: none"> <li>• All assets are included within the review</li> </ul>
3.9	What is being proposed is rapid change. How much work on business re-engineering has been undertaken because if processes are not changed, this may not be sustainable?	<ul style="list-style-type: none"> <li>• Proposals have been developed over time and thought has been put in to how they can be delivered within the way that we operate. The Service has developed an action plan to bring about changes and Environment have a good track record of achieving delivery in efficiencies.</li> </ul>
3.10	Planning has historically been under pressure. Are we confident we can deliver these changes?	<ul style="list-style-type: none"> <li>• It is recognised that there has been pressure within the service historically. The service is closely managed and performance has improved. There is confidence in the ability to meet the proposal and still maintain</li> </ul>

**OVERVIEW & SCRUTINY**  
**Environment - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
3.11	Fleet – will there be some sort of workshop facility?	performance. <ul style="list-style-type: none"> <li>• Options which will be brought back to Cabinet in March as part of Phase 3 of the proposals included in the November 2013 Cabinet Report.</li> <li>• There is a combination of flexible workforce, utilities, general running costs etc.</li> </ul>
3.12	Closing depots – how do they add to the efficiency?	

**OVERVIEW & SCRUTINY**  
**Corporate Services - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
<b>PART ONE - Corporate Services</b>		
<b><u>Corporate Comments / Issues</u></b>		
1.0		
1.1	<ul style="list-style-type: none"> <li>• No split shown of how Aggregate External Funding is made up which has always been made in the past.</li> </ul>	<ul style="list-style-type: none"> <li>• The Local Government Final Settlement received from Welsh Government only includes the total amount of £192.942m.</li> </ul>
1.2	<ul style="list-style-type: none"> <li>• Earmarked Reserves should not be under heading "unhypotheated grants"</li> </ul>	<ul style="list-style-type: none"> <li>• This has already been identified and the presentation format will be changed for the final budget report.</li> </ul>
1.3	<ul style="list-style-type: none"> <li>• Previous items dropping out show investment costs out in 2014/15 but back in 2015/16 and 2016/17 – why?</li> </ul>	<ul style="list-style-type: none"> <li>• The Investment Strategy is providing for investment costs in 2014/15 which provides sufficient resources to meet estimated costs to achieve the 2014/15 budget proposals without the need for a further contribution as this would have increased the budget gap. . The amounts remain in for future years but this will be reviewed as part of our ongoing considerations of future years.</li> </ul>
1.4	<ul style="list-style-type: none"> <li>• Leisure Services Para 6.17 of the Cabinet report. Will a part capital payment be made in future years as well?</li> </ul>	<ul style="list-style-type: none"> <li>• Because of previous concerns about the Leisure Services budget, the costs are now being met corporately. In response to the overall Leisure position, the economy has suffered a downturn and so income and Leisure attendance had not been as projected. The Council is investing almost £1m to support the service in the short term, but this is not a sustainable position and the service will be subject to review as part of future service considerations for 2015/16 and beyond.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
1.5	<ul style="list-style-type: none"> <li>• Pensioners Grant Scheme – why is this not in transfer to final settlement appendix?</li> </ul>	<ul style="list-style-type: none"> <li>• This is due to a technicality of the way it was shown within the Local Government Settlement. This was not shown in the Local Government Settlement as a “transfer in” but it appeared as an increase in the amount of our Revenue Support Grant (RSG) by the amount of the previous Pensioner Grant Scheme. This is therefore now included in the RSG but not on a hypothecated basis. The budget proposals provide for the continuation of the scheme for 2014/15.</li> </ul>
1.6	<ul style="list-style-type: none"> <li>• Out of County Placements. There has been an underspend in previous years. Do we now have less control?</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement of placements has improved significantly over the years. There had also been a reduced demand until recently when it as seen an increase. This has always been recognised as a volatile budget.</li> </ul>
1.7	<ul style="list-style-type: none"> <li>• Council Tax collection rate of 99% is an increase of 1.5% on the amount set in the 2013/14 budget. Is this a reflection that the impact of Welfare Reform has not been as great as previously anticipated?</li> </ul>	<ul style="list-style-type: none"> <li>• At the time the 2013/14 Council Tax collection rate was set, there had been no confirmation of the Council Tax Reduction Scheme (CTRS). For 2014/15, the scheme and the level of funding is known and so the collection rate can confidently be set at 99% which is in line with the current years performance. The collection rate should be recognised as a positive achievement. Welfare Reform impacts still need to be monitored and there is a pilot of the new Universal Credit starting in Shotton in June which will need to be monitored.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
1.8	<ul style="list-style-type: none"> <li>• Referring to a previous letter from the Leader to Robert Hay at Welsh Government, did we apply for any collaboration fund grants?</li> </ul>	<ul style="list-style-type: none"> <li>• Authorities had been asked to bid individually. Details to be provided at the CROSC meeting on 3/2/14. The final decision from WG had only been received the previous week for sums that needed to be spent before the end of the financial year.</li> </ul>
1.9	<ul style="list-style-type: none"> <li>• Query raised on food inflation within Legal &amp; Democratic Services</li> </ul>	<ul style="list-style-type: none"> <li>• This was wrongly classified as food and should have referred to an inflationary increase of £1k for increased postal costs for Electoral Services.</li> </ul>
1.10	<ul style="list-style-type: none"> <li>• Software Licensing – Use of “Good” Software</li> </ul>	<ul style="list-style-type: none"> <li>• Purchased as part of a Public Sector Framework agreement. Limited usage for I pads only.</li> </ul>
1.11	<ul style="list-style-type: none"> <li>• Use of reserves for organisational change of £3.7m contingency and £3.7m from Equal Pay/Single Status capitalisation. As this is greater than the amount to be utilised for one off costs, will the remainder be used to balance the budget?</li> </ul>	<ul style="list-style-type: none"> <li>• No. The budget would not be balanced in this way as this would be contrary to the principles of the financial strategy which requires the base budget to be funded from recurrent savings and not one off monies</li> </ul>
<b>2.0</b>	<b><u>Corporate Services Comments / Issues</u></b>	
2.1	<p><b><u>Pressures</u></b></p> <ul style="list-style-type: none"> <li>• Why has this section not been split into the categories as per previous years?</li> </ul>	<ul style="list-style-type: none"> <li>• This will be done as part of final budget report.</li> </ul>
2.2	<ul style="list-style-type: none"> <li>• Increase pensions costs – can we cover this from existing</li> </ul>	<ul style="list-style-type: none"> <li>• This reflects the Actuarial valuation which shows that in</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
2.3	<p>reserves?</p> <ul style="list-style-type: none"> <li>• Single Status impact from 206/17, is that based on current staffing levels? Is reserve available for buffering for 2 years?</li> </ul>	<p>three years time, we will need to step up our funding of the pension scheme by an additional £4.2m. This is a recurrent cost that will continue to rise after 2016/17 also, but will be subject to review through the next Actuarial valuation</p> <ul style="list-style-type: none"> <li>• The Single Status impact on the workforce budget is based on existing staffing levels. The reserve is available for buffering increased cost for the payroll for two years, 2014/15 and 2015/16.</li> </ul>
2.4	<ul style="list-style-type: none"> <li>• Could there be a comparison of the amounts from 2013/14?</li> </ul>	<ul style="list-style-type: none"> <li>• Further detail on individual lines can be provided on request.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
<b><u>Corporate Resources Comments / Issues</u></b>		
<b>3.0</b>	<b><u>Efficiencies</u></b>	
3.1	<ul style="list-style-type: none"> <li>• In the improvement plan, we refer to an achievement of 85% of our overall efficiencies by 2017. Does that mean that of the £8.1m of VFM efficiencies, we will only expect to get 85%?</li> </ul>	<ul style="list-style-type: none"> <li>• All efficiencies are put forward on the assumption that they can be achieved in full. The reference to 85% is to achieve at least 85% of the efficiencies, but recognises that the other 15% must be replaced by other efficiencies.</li> </ul>
3.2	<ul style="list-style-type: none"> <li>• “Your Community your Council” what is the cost of producing this digitally?</li> </ul>	<ul style="list-style-type: none"> <li>• This is being finalised but is likely to be in the region of £10k which has been recognised in the efficiency amount.</li> </ul>
3.3	<ul style="list-style-type: none"> <li>• Organisational Change Efficiencies from administrative savings, why is this shown here as opposed to within Directorates?</li> </ul>	<ul style="list-style-type: none"> <li>• The Administration Review is a significant cross organisational review being undertaken as corporate piece of work.</li> </ul>
3.4	<ul style="list-style-type: none"> <li>• Increased income from Occupational Health, what is the detail behind this?</li> </ul>	<ul style="list-style-type: none"> <li>• The Occupational Health Department has provided a partnership service to Wrexham CBC for nearly two years. We are seeking to build on this by offering the service to a wider range of organisations.</li> </ul>





**OVERVIEW & SCRUTINY**  
**Lifelong Learning - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
1.0	<p><b><u>Lifelong Learning Comments / Issues</u></b></p>	
1.1	<p><b><u>General Comments/Issues</u></b></p> <ul style="list-style-type: none"> <li>• School Governors wanted to record gratitude that there has not been an overall cut made to schools.</li> </ul>	
1.2	<ul style="list-style-type: none"> <li>• Reiteration made that the budget has been handled sensitively and that Officers have presented the detail well</li> </ul>	
1.3	<ul style="list-style-type: none"> <li>• Clarification sought on the 0.45% funding commitment being realised through the increase to the Pupil Deprivation Grant.</li> </ul>	<ul style="list-style-type: none"> <li>• Welsh Government has indicated that 0.45% of the funding commitment to schools will be met through the increase in the Pupil Deprivation Grant. The remaining 0.45% will be met through increases to the schools delegated budget.</li> </ul>
1.4	<ul style="list-style-type: none"> <li>• Organisational Redesign – Expert Independent advice referred to. Does this mean consultants?</li> </ul>	<ul style="list-style-type: none"> <li>• Hay consulting has been appointed to undertake this task for independence and is doing so as cost effectively as possible.</li> </ul>
1.5	<ul style="list-style-type: none"> <li>• Concerned that additional work is not put into schools as head teachers should not be deflected from their role.</li> </ul>	<ul style="list-style-type: none"> <li>• Expectations from headteachers/Estyn are that we should make changes that gain the best outcomes for pupils. Learners need to be supported in their learning communities.</li> </ul>
1.6	<ul style="list-style-type: none"> <li>• Concern that the Repairs and Maintenance budget for schools has been a problem and will continue to</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that we need to look at how we get the best use out of the funding available for repairs and maintenance to</li> </ul>

**OVERVIEW & SCRUTINY**  
**Lifelong Learning - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
1.7	<p>be one. Can this be looked at? Other changes such as refurbishment due to demographic change add to this pressure.</p> <ul style="list-style-type: none"> <li>• Concern highlighted about the capital amount in the budget for 21<sup>st</sup> Century schools and the high cost of new schools..</li> </ul>	<p>maximise the benefits to schools.</p> <ul style="list-style-type: none"> <li>• One benefit will be that the schools replacement/refurbishment through the 21<sup>st</sup> Century Schools Programme will reduce the demand on the Repair and Maintenance budget in the future releasing resources which can be used to the benefit of all schools.</li> </ul>
2.0	<p><b><u>Lifelong Learning Comments / Issues</u></b></p> <p><b><u>Pressures</u></b></p>	
2.1.	<ul style="list-style-type: none"> <li>• Concern raised about Youth Service provision which is recognised as a pressure but noted also a small efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• This relates to new service strategy which involves a reduction in management but more youth workers.</li> </ul>
2.2	<ul style="list-style-type: none"> <li>• Remission Pressure – clarification sought that zero required in 2014/15 does not mean no budget at all?</li> </ul>	<ul style="list-style-type: none"> <li>• No this means that there will be no increase in 2014/15</li> </ul>
2.3	<ul style="list-style-type: none"> <li>• Noted that no budget required for remission in 2014/15 but why a prior year decision amount of £3k?</li> </ul>	<ul style="list-style-type: none"> <li>• Written response to be provided. A response was provided as part of feedback to Overview and Scrutiny meeting 3/2/14.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Lifelong Learning - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
3.0	<p><b><u>Lifelong Learning Comments / Issues</u></b></p> <p><b><u>Efficiencies</u></b></p>	
3.1	<p>Clarification sought on the following:</p> <ul style="list-style-type: none"> <li>• Services to schools £0.290m. Breakdown is needed prior to Monday's meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• There is confidence that the efficiencies can be delivered due to strategies already implemented . A breakdown of this efficiency was provided as part of feedback to Overview and Scrutiny meeting 3/2/14.</li> </ul>
3.2	<ul style="list-style-type: none"> <li>• Inclusion Services £0.381m. This is about transferring responsibility into schools and concern is raised due to this being a delicate area which it is hard to see how can be achieved without affecting the service.</li> </ul>	<ul style="list-style-type: none"> <li>• Further reports are planned to be brought to Cabinet about this efficiency which will be achieved through a combination of reducing administrative overheads and school consortia working closer together. Delegated via formula funding for them to allocated support more speedily than currently. Proposals are to be implemented from September 2014. This also includes adjustment to the Pupil Referral Unit, Learning Support, Behaviour Support and Inclusion welfare.</li> </ul>
3.3	<ul style="list-style-type: none"> <li>• Leisure Services – why an efficiency of £0.280m but also a pressure. Where are the posts coming from to make this and will we be able to maintain the same level of service as a result?</li> </ul>	<ul style="list-style-type: none"> <li>• The £0.270m is as a result of the Leisure Services Review and is due to management review and staffing deployment.</li> </ul>
3.4	<ul style="list-style-type: none"> <li>• Library Services – Review of contribution £0.131m. Problem recalled when Denbighshire CC was going to withdraw from the service. If this is being transferred</li> </ul>	<ul style="list-style-type: none"> <li>• There is confidence that this efficiency can be realised, however the long term resilience is under question over the services due to other Authorities who may want to</li> </ul>

**OVERVIEW & SCRUTINY**  
**Lifelong Learning - Initial Budget Proposals 2014/15**

No.	Comments and Questions:	Responses:
3.5	<p>into schools it may become a problem.</p> <ul style="list-style-type: none"> <li>• Back to Basics – what does this mean?</li> </ul>	<p>withdraw from the service.</p>
3.6	<ul style="list-style-type: none"> <li>• Youth Service – decommissioning of Glanrafon, this centre is used for the music services and other service users.</li> </ul>	<ul style="list-style-type: none"> <li>• Day to day budgets for printing, paper, stationery which are being cut back to make us more efficient. A small but important contribution to setting the budget.</li> </ul>
3.7	<ul style="list-style-type: none"> <li>• Implementation of Service Restructure has reference to Cabinet decision (in detailed papers provided). Why the difference in figures and numbers and posts from that time to the budget report?</li> </ul>	<ul style="list-style-type: none"> <li>• It was confirmed that as part of the decommissioning of this provision alternative arrangements would be identified for the music service.</li> </ul>
3.8	<ul style="list-style-type: none"> <li>• Early Entitlement &amp; Music Service – more clarification sought.</li> </ul>	<ul style="list-style-type: none"> <li>• The Chief Executive indicated that further work has been undertaken to rationalise and release a greater level of efficiency through changes to rotas and operational changes.</li> <li>• This will be secured through maximisation of deployment of the Foundation Phase grant allocation and careful assessment of the levels of training and needs based sustainability budget requirements</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services – Revenue Budget Review Session 2014/15**

No.	Comments and Questions:	Responses:
1.0	<ul style="list-style-type: none"> <li>• <b>General Comments and Questions</b></li> </ul>	<ul style="list-style-type: none"> <li>• The £205k is made up of recurring items. Details are as made up of a reduction in previous years efficiencies from Matrix and the Flintshire Futures Asset Programme (£175k) not being achievable together with recurring efficiencies in the budget for Discretionary Housing Payments as a result of lower demand than anticipated and a reprofiling of Housing Benefit income.</li> </ul>
1.1	<ul style="list-style-type: none"> <li>• In the Scrutiny meetings last week, Members were advised that we could only balance the budget gap which is currently £915k from recurring items only. Why therefore is there a suggested strategy of utilising £205k from the Month 8 monitoring position to do this? Can we have details of the breakdown of this amount?</li> </ul>	<ul style="list-style-type: none"> <li>• £3.7m is the update at Month 8. This is a reasonable assumption to work on that this level will be achieved and is consistent with the approach taken in previous years budget strategies.</li> </ul>
1.2	<ul style="list-style-type: none"> <li>• Concern raised that we are referring to a projected position in relation to the Contingency sum available. Events could happen in Month 9 – Month 12 which could affect the actual year end position.</li> </ul>	<ul style="list-style-type: none"> <li>• This relates to efficiencies that we will not achieve in full in the first financial year (2014/15) even though they will be recurring in later years. The bridging or transitional funding from reserves relates to the timing of these. Without the use of bridging finance funded from through the Investment Strategy, the gap still to find from recurring efficiencies would be £2m.</li> </ul>
1.3	<ul style="list-style-type: none"> <li>• Bridging Finance, why do we have to do this? It is not the usual way of balancing the budget.</li> </ul>	<ul style="list-style-type: none"> <li>• This relates to efficiencies that we will not achieve in full in the first financial year (2014/15) even though they will be recurring in later years. The bridging or transitional funding from reserves relates to the timing of these. Without the use of bridging finance funded from through the Investment Strategy, the gap still to find from recurring efficiencies would be £2m.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services – Revenue Budget Review Session 2014/15**

No.	Comments and Questions:	Responses:
1.4	<ul style="list-style-type: none"> <li>• There is reference to a review of the proposed Council Tax level as part of the strategy to close the gap, has any further work been done on this?</li> </ul>	<ul style="list-style-type: none"> <li>• The projection currently includes an assumption of a 3% increase in Council tax. A further 1% increase would bring in a gross amount of £0.5m but we need to calculate the effect of the Council Tax Reduction Scheme in order for us to have the net position.</li> </ul>
1.5	<ul style="list-style-type: none"> <li>• Is there anything in place to replenish reserves for the future?</li> </ul>	<ul style="list-style-type: none"> <li>• Currently there is £1.580m built in to the assumptions for 2015/16 and 2016/17 for investment costs. In 2014/15 this is not required as the resources available from the review of reserves and balances has provided resource for the investment strategy and there is not a not need to make a contribution from base budget.</li> </ul>
1.6	<ul style="list-style-type: none"> <li>• How do Members know that we have not over assumed the amount of bridging finance?</li> </ul>	<ul style="list-style-type: none"> <li>• The risk management approach to the budget provides assurance that the VFM work can be delivered within agreed timescales and the bridging reflects this.</li> </ul>
1.7	<ul style="list-style-type: none"> <li>• Reference to previous restructures in 2005 and that this did not work out then so what assurance it can be delivered this time?</li> </ul>	<ul style="list-style-type: none"> <li>• The organisation does need to change and this does need to be controlled. Establishment control is essential to this. Much tighter control will be possible following the introduction of the Single Status agreement and the realignment of budgets..</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services – Revenue Budget Review Session 2014/15**

No.	Comments and Questions:	Responses:
1.8	<ul style="list-style-type: none"> <li>• Reference to information which shows that FCC have underspent on staff costs for a number of years. Meeting requested with CEO.</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting to be arranged.</li> </ul>
1.9	<ul style="list-style-type: none"> <li>• With Single Status and future reorganisation, if we are not careful we will be open to further challenges on Equal Pay claims and people who are left in a reduced workforce may need revised job evaluations.</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs may need to be re-evaluated if their role changes but this will not lead to additional equal pay claims as this has been resolved through the Single Status agreement and the new pay structure..</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Services – Revenue Budget Review Session 2014/15**

No.	Comments and Questions:	Responses:
<p><b>2.00</b></p> <p>2.1</p>	<p><b>Pressures/Investments</b></p> <ul style="list-style-type: none"> <li>With regard to the pressure of £0.962m for Leisure, this is partly related to a capital payment. How much is that and can we have further detail on this pressure?</li> </ul>	<ul style="list-style-type: none"> <li>An allocation of £0.505m from the contingency reserve was made in 2013/14 to address the in-year budget implications of the revised Leisure Centres business plan. This amount is included on a recurring basis within the £0.962m for Leisure Centres identified in the budget proposals for 2014/15.</li> </ul>



**OVERVIEW & SCRUTINY**  
**Corporate Services – Revenue Budget Review Session 2014/15**

No.	Comments and Questions:	Responses:
<p><b>3.0</b></p> <p><b><u>Efficiencies</u></b></p> <p>3.1</p> <p>3.2</p> <p>3.3</p>	<p><b><u>Corporate Resources Comments / Issues</u></b></p> <ul style="list-style-type: none"> <li>• With reference to additional efficiencies that may be available from Procurement/Back to Basics, has that not already been included?</li> <li>• Can we have more detail of the Workforce Cost of Employment?</li> <li>• The slide referring to meeting the budget gap makes reference to further efficiencies under the VFM programme. What other types of efficiencies are being included?</li> </ul>	<ul style="list-style-type: none"> <li>• The outcome of the work so far has been included but this work is ongoing and we are striving to find as much as possible from this source.</li> <li>• This relates to Professional Subscriptions/travel etc. It is not related to Part 3 terms and conditions. Discussions have been held with the Unions .</li> <li>• The identification of efficiencies is an ongoing process which will continue until the budget is balanced . A risk based approach is being taken to identify what is achievable. There are no further VFMs in Service areas identified for inclusion..</li> </ul>



**Budget 2014/15**  
**Council Fund - Revenue**

**Summary of Council Fund Earmarked Reserves**

	<b>Estimated Balance 01/04/14 £m</b>	<b>Estimated Balance 31/03/15 £m</b>
<b><u>Service Balances</u></b>		
Community Services	0.029	0.000
Environment	1.140	0.413
Corporate Services	1.319	0.000
<b>Total</b>	<b>2.488</b>	<b>0.413</b>
<b><u>Corporate Balances</u></b>		
Equal Pay / Single Status	27.618	10.767
<b>Total</b>	<b>27.618</b>	<b>10.767</b>
<b><u>Specific Reserves</u></b>		
Insurance Fund - Asbestos	0.160	0.160
Benefits Equalisation	1.200	0.300
Supporting People	1.493	1.293
Building Control	0.200	0.150
Milk Quotas	0.077	0.081
Waste Disposal	0.518	0.418
Flint Castle Landfill Site	0.030	0.030
Flintshire Business Services	0.089	0.039
Winter Maintenance	0.250	0.250
Design Fees	0.120	0.120
County Elections	0.092	0.092
Third Party Insurance Claims	0.087	0.087
Flintshire Insurance	0.600	0.600
Minor Reserves under £0.050m	0.038	0.028
<b>Total</b>	<b>4.954</b>	<b>3.648</b>



## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **FLINTSHIRE COUNTY COUNCIL**

**DATE:** **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **COUNCIL FUND CAPITAL PROGRAMME 2014/15  
AND INDICATIVE FUNDING TO 2017/18**

### **1.00 PURPOSE OF REPORT**

1.01 To present the annual Council Fund Capital Programme for 2014/15 and indicative funding levels to 2017/18.

### **2.00 BACKGROUND**

2.01 The draft annual Council Fund Capital Programme for 2014/15 and the indicative funding to 2017/18 was considered by Cabinet on 21 January 2014 for initial approval and was also referred to Overview and Scrutiny for consideration.

2.02 The draft proposals were considered by the Corporate Resources Overview and Scrutiny Committee on 3 February 2014 (a session open to all members) where Members offered comments and asked a number of questions to clarify issues. A summary of these, together with Officer responses is included in Appendix 3 of the attached Cabinet report.

2.03 The final budget proposals for 2014/15 and indicative funding to 2017/18, which were unchanged from the draft stage, were considered by Cabinet earlier today. A copy of the report is attached as Appendix A.

2.04 Cabinet were recommended to approve the recommendations as set out in 8.01 of the attached report in full for recommendation to Council. A verbal update from Cabinet will be provided at the meeting. It is normal Council practice to approve the annual Capital Programme at the annual budget-setting meeting alongside the annual Council Fund Revenue Budget.

### **3.00 CONSIDERATIONS**

- 3.01 As discussed at the Overview and Scrutiny meeting, and as explained in the report to Cabinet, the financial value of the annual Capital Programme is, in part, dependant on the sale of assets and the availability of the capital receipts from those sales to add to the Council's supported capital borrowing approval and general and specific capital grants.
- 3.02 The Asset Strategy sets out a programme of intended disposals and the capital receipts from those disposals are planned into the Capital Programme year by year. Sale of assets need to both occur during or before the financial year for which their capital receipt is needed, and at the financial value estimated, for there to be sufficient funds available for the total Capital Programme approved for that year.
- 3.03 As discussed at Overview and Scrutiny there is a degree of risk in planning capital receipts due to the unpredictability of market interest in purchase and variations in land valuations. Given the unpredictability this brings the attached report refers, in Sections 5.02.3 to setting a minimal capital receipts target of £1.250m for 2014/15 and subsequently a reduced core programme of £7.400m.
- 3.04 The report also recommends in Section 5.02.4 that any additional capital receipts generated in 2014/15 be kept until the 2015/16 financial year and added to Welsh Government (WG) funding (and continuing in future years) to ensure that the capital programme in future years is set based on an actual level of resources available.

### **4.00 RECOMMENDATIONS**

- 4.01 The Council is recommended to approve the recommendations listed within the attached report from Cabinet at 8.01.

### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 As set out in the report.

### **6.00 ANTI POVERTY IMPACT**

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

### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 Individual capital programme schemes may have specific environmental impacts.

**8.00 EQUALITIES IMPACT**

8.01 Individual capital programme schemes may have specific equalities impacts.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 All Members and Overview & Scrutiny.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Initial capital workshops were held on 16<sup>th</sup> and 18<sup>th</sup> December 2013 for all Members; Overview and Scrutiny on 3<sup>rd</sup> February 2014.

**12.00 APPENDICES**

12.01 Appendix A – Report to Cabinet 18<sup>th</sup> February: Council Fund Capital Programme 2014/15 and Indicative Funding to 2017/18.

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

2014/15 budget papers, including Welsh Government papers

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**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 18 FEBRUARY 2014**

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

**SUBJECT:**           **COUNCIL FUND CAPITAL PROGRAMME 2014/15  
AND INDICATIVE FUNDING TO 2017/18**

**1.00    PURPOSE OF REPORT**

1.01    The purpose of the report is to propose the Council Fund Capital Programme for 2014/15 (with indicative funding estimates for future years), following consultation with the Corporate Resources Overview and Scrutiny Committee.

**2.00    BACKGROUND**

2.01    The Council plans on a 4 year capital programme timescale. Each year, the Council sets its capital programme for the coming year and provides an indication of the estimated level of resources available and has historically shown the potential allocation to service areas in future years.

2.02    Indicative amounts for 2014/15 were shown in the Capital programme 2013/14 report which was agreed by Council on 1<sup>st</sup> March 2013.

2.03    Capital programme and capital monitoring reports over recent years have highlighted the growing pressure being experienced by all councils in relation to capital. The specific background to the setting of the Council's 2014/15 capital programme was discussed with Members at the Budget Workshops on December 16<sup>th</sup> and 18<sup>th</sup> 2013, who supported the proposed approach to the capital programme for 2014/15.

2.04    A meeting hosted by Corporate Resources Overview and Scrutiny Committee was held on 3<sup>rd</sup> February to enable all Members to consider the 2014/15 capital programme. Members raised various comments and questions and responses were provided and a summary of these are detailed in Appendix 3.

2.05 This report covers the Council Fund only. The initial Housing Revenue Account (HRA) capital programme proposals were considered alongside the HRA revenue budget proposals for 2014/15 by Cabinet and the Housing Overview and Scrutiny Committee in January and the final proposals are also on this agenda.

### **3.00 CAPITAL STRATEGY**

3.01 Flintshire, along with all Councils, has experienced significant pressure on the capital programme in recent years. This results from reduced funding available through the annual financial settlement from the Welsh government (WG) and the impact the economy has had on the generation of capital receipts. Furthermore, as WG seeks to manage its own budgets, the specific grants available to Councils for capital investment in particular services has become more limited; with WG switching its support for Highways Maintenance and 21<sup>st</sup> Century Schools to revenue support for Council borrowing in place of capital grant.

3.02 The pressure on capital resources comes at the same time as significant financial pressure on revenue budgets and is a situation which is set to continue until at least the end of the decade. The combination of the two means that it is more important than ever that the Council's revenue and capital service delivery and financial planning are fully integrated.

3.03 Against this backdrop, it was recognised, during the lead into the setting of the capital programme for 2013/14, that there was a need to review:-

- The approach to the management of assets to ensure that they meet Council priorities in terms of service delivery, community development, income generation and capital receipts; and
- The development and management of the capital programme to ensure it most effectively meets the Council's aspirations, with a Capital Financing Strategy as an integral part of the overall Medium Term Financial Strategy.

3.04 Significant work has been undertaken by officers in 2013 to review capital assets and how and where services are delivered from. The information from this review is being brought together for detailed Member consideration and public engagement in the spring of 2014.

3.05 The availability of this review information is crucial to decisions on future service delivery, prioritising investment, aligning resources and achieving value for money in the longer term.

3.06 Whilst this work on planning for the longer term is developing, it is important that the Council sets its core capital programme and puts in place funding to meet urgent needs for 2014/15 to enable the resources to be in place to:-

- Support key services e.g. schools maintenance;
- Support investment which enables change e.g. ICT networks;
- Provide funding for property related costs e.g. DDA, Health & Safety; and
- Meet essential contractual commitments and health & safety issues.

#### **4.00 FUNDING THE CAPITAL PROGRAMME**

4.01 The capital programme includes the following elements which are funded as shown below:-

(a) A core capital programme resourced by:-

- The funding mechanisms within the WG financial settlement (general capital grant and supported borrowing where WG recognise the cost of repaying the borrowing in the revenue financial settlement); and
- Capital receipts from the sale of Council assets in accordance with the disposal programme.

The Council has discretion to allocate both of these resources as it determines to meet local priorities and needs.

(b) Capital schemes funded from specific grants which are for specific purposes as directed by WG or other grant providers;

(c) WG supported borrowing through the Local Government Borrowing Initiative (LGBI) for highways and 21<sup>st</sup> Century schools (WG element); and

(c) Locally determined unsupported (prudential) borrowing which is met from the Council's revenue budget without support from WG.

#### **5.00 CORE CAPITAL PROGRAMME**

5.01 The total projected core funding available over the 4 year period 2014/15 to 2017/18, by way of the sources in 4.01 (a) above, is shown in the table below and amounts to £31.898m.

ESTIMATED AVAILABLE CORE FUNDING 2014/15 - 2017/18					
	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m
<b>Funding (Excluding Specific Items)</b>					
Unhypothesized Supported Borrowing (USB) <sup>1</sup>	4.299	4.299	4.299	4.299	17.196
General Capital Grant (GCG) <sup>1</sup>	2.616	2.616	2.616	2.616	10.464
Capital Receipts	1.250	1.250	1.250	1.250	5.000
(Shortfall) / Surplus from 2013/14	(0.762)				(0.762)
<b>Total</b>	<b>7.403</b>	<b>8.165</b>	<b>8.165</b>	<b>8.165</b>	<b>31.898</b>
<b>1 As per 14/15 Final Settlement.</b>					

- 5.01.1 This shows that the total resources available in 2014/15 to fund the core capital programme are £7.403m.

### **Funding**

- 5.02 The basis for the estimates of funding levels are as follows:-

#### **USB and GCG**

- 5.02.1 The final financial settlement received from WG in December 2013 provided a total of £6.915m, £4.299m through USB and £2.616m via GCG. This has been assumed to be consistent throughout the reporting period.

#### **Capital Receipts**

- 5.02.2 The issue of capital receipts continues to be a problematic one for the Council. In the current economic climate it is difficult to predict with certainty when disposals will be effected and the funds therefore realised to support the capital programme. This led to the Council's decision to withhold 20% of the core programme in the current financial year. The Month 6 report to Cabinet on 17<sup>th</sup> December recommended that this 20% continue to be held back in 2013/14.
- 5.02.3 As a consequence of this continued position it is considered to be imprudent to set capital budgets where the funding may not be realised. It is therefore recommended that the 2014/15 core capital programme budget be set based on a minimal capital receipts target of £1.250m, which the Council is confident can be achieved. This will have the effect of reducing the overall core programme by c30% (£3.083m) in 2014/15 from that indicated last year.

5.02.4 Any receipts generated over and above the target figure of £1.250m could either be:-

- Released in year to supplement the programme; or
- Allocated in 2015/16 by adding them to WG funding to fund the core capital programme or utilised to fund capital works arising from the asset review.

It is further recommended that any such additional receipts in 2014/15 be kept until the 2015/16 financial year, so that going forward each subsequent year's budget is based on actual receipts from the previous year, placing the Capital Programme on a more secure footing during difficult economic times.

5.02.5 As a result of the uncertainty about receipt levels, the forecast of receipts in this report is limited to four years rather than the 10 years which has been provided in reports in previous years and is forecast at a consistent level over the period.

5.02.6 Whilst it is appreciated that this approach may cause short term operational challenges, this process will allow future core capital programmes to be set based on known levels of funding and will remove the uncertainty over capital planning that has been inherent in previous years.

#### **Shortfall from 2013/14**

5.02.7 As previously reported in capital monitoring reports, the final shortfall carried into 2013/14 was £3.028m as a result of receipts in previous years not reaching anticipated levels. This was mitigated by the 20% holdback in year and the capital receipt received on the liquidation of AD Waste and increased by a shortfall in in-year capital receipts and new budget pressures, resulting in a revised shortfall of £0.762m carried into 2014/15 (Section 3.05.5 of the Month 6 monitoring report to Cabinet on 17<sup>th</sup> December 2013 refers).

#### **Allocation of the available funding**

5.03 As indicated in 5.01.1, the total amount available to fund the core capital programme in 2014/15 is £7.403m.

5.04 In taking a broadly one year approach to the capital programme, pending the longer term planning described in 3.04, it is important to adopt a risk based approach to identify any urgent capital needs which need to be addressed in 2014/15 to avoid known and unavoidable pressures arising and causing pressure on the programme in year. This has been restricted to contractual and health & safety matters only.

- 5.05 As a result, two items for inclusion have been identified and it is recommended that these be met from the core programme resources before allocating the remainder to core schemes:-

<b><u>CAPITAL BUDGET 14/15 - ADDITIONAL ITEMS</u></b>		
<b>SCHEME</b>	<b>DESCRIPTION</b>	<b>VALUE £m</b>
Glanrafon Centre, Queensferry	Health and safety works to roof and internal facilities	0.060
A548 Highways Works	Contractual claim re additional works	0.085
		<b>0.145</b>

- 5.06 This leaves £7.258m to be allocated to the remaining core schemes. Heads of Service from all three operational Directorates and Corporate Services carried out an in-depth review of the core schemes to recognise any statutory/contractual obligations and inherent risks in reducing funding from previously indicated levels. In addition, consideration has been given to the timing of programmes, client groups, links with external funding partners, the level of funding in prior years and specific funding needs for 2014/15.

- 5.07 The resulting recommended allocations for 2014/15 can be found in Appendix 1. Detailed programmes for future years will be drawn up in the light of actual levels of receipts becoming known.

## **6.00 ESTIMATED TOTAL COUNCIL FUND CAPITAL PROGRAMME**

- 6.01 The total projected funding available (including the core programme) over the 4 year period 2014/15 to 2017/18, by way of the sources in 4.01 (a) to (d) above, is shown in the table below and amounts to £101.361m.

ESTIMATED AVAILABLE TOTAL FUNDING 2014/15 - 2017/18					
	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m
<b>Funding (Total)</b>					
<u>General Funding</u>					
Unhypothesized Supported Borrowing (USB) <sup>1</sup>	4.299	4.299	4.299	4.299	17.196
General Capital Grant (GCG) <sup>1</sup>	2.616	2.616	2.616	2.616	10.464
Capital Receipts	1.250	1.250	1.250	1.250	5.000
(Shortfall) / Surplus from 2013/14	(0.762)				(0.762)
<b>Sub Total</b>	<b>7.403</b>	<b>8.165</b>	<b>8.165</b>	<b>8.165</b>	<b>31.898</b>
<u>Specific Funding</u>					
Specific Capital Grants	5.275	0.747	0.576		6.598
Unsupported (Prudential) Borrowing	1.960	21.558	4.043	0.504	28.065
Local Govt Borrowing Initiative - Highways	2.700				2.700
Local Govt Borrowing Initiative - 21st C Schools	3.635	22.698	5.263	0.504	32.100
<b>Sub Total</b>	<b>13.570</b>	<b>45.003</b>	<b>9.882</b>	<b>1.008</b>	<b>69.463</b>
<b>Total Funding Available</b>	<b>20.973</b>	<b>53.168</b>	<b>18.047</b>	<b>9.173</b>	<b>101.361</b>
<b>1 As per 14/15 Final Settlement.</b>					

- 6.02 This shows that the total resources available in 2014/15 to fund the capital programme are £20.973m.
- 6.03 Appendix 2 sets out the estimated total capital programme for 2014/15, taking account of all funding sources referred to in Section 4. These are detailed below.
- 6.04 The core allocations, as funded by those sources referred to in Section 5, can be found in the column 'General'.
- 6.05 Specific allocations can be found in the column 'Specific'. In 2014/15 this adds further investment of £13.570m (See 6.06 to 6.09 below).

- 6.06 Specific grants amount to £5.275m and include £1.7m Regional Transport Grant, £1.542m Transition to 21C Schools and £0.950m for Land Drainage. The amounts included are based on historical allocations and information available at the time of writing the report, any subsequent variation in the level of individual grants will be dealt with by amending the budget as necessary in year. These allocations are for specific time durations hence the variation in amount year on year.
- 6.07 Unsupported (prudential) borrowing of £1.960m relates to funding for schemes approved in previous years.
- 6.08 A further £4m is to be made available across Wales by WG in 2014/15 under the Local Government Borrowing Initiative (on top of the £4m provided in 2012/13 and 2013/14) to support the borrowing charges (revenue) of highways capital works. This equates to £2.7m for Flintshire in 2014/15.
- 6.09 In addition to the above, WG has recently announced an extension of the LGBI to include schools; this will bring forward funding (between 2014/15 and 2016/17) of £200m across Wales, which will be used to support the borrowing charges (revenue) that fund the WG element of the 21st Century Schools Programme. This equates to £3.635m for Flintshire in 2014/15.
- 6.10 It can be seen that the indicative funding for 2015/16 includes £44.176m related to 21<sup>st</sup> C schools. Whilst preliminary expenditure on the 21<sup>st</sup> C schools programme has taken place in 2013/14, the programme is for significant expenditure to commence from 2015/16 to deliver on the £64m of investment in Flintshire schools under the 21<sup>st</sup> C programme which is funded equally by Flintshire and WG.

## **7.00 CONSULTATION**

- 7.01 A meeting of the Corporate Resources Overview & Scrutiny Committee was held on 3rd February 2014, at which the capital programme proposals as set out in this paper were considered. The scrutiny meeting was open to all Members of the Council and the feedback from the meeting is incorporated at Appendix 3



**8.00**     **RECOMMENDATIONS**

8.01     Cabinet is asked to recommend to Council on 18<sup>th</sup> February that they:

- (a)     Note the report.
- (b)     Approve the allocation of funding to the core capital programme in 2014/15, as shown in Appendix 1, including the additional items referred to in Section 5.05, and note the indicative funding available for future years.
- (c)     Approve the setting of a minimal capital receipts target for 2014/15 and the process whereby receipts generated in one financial year are used to fund expenditure in the next (See Section 5.02.3 and 5.02.4).

**9.00**     **FINANCIAL IMPLICATIONS**

9.01     As set out in the report.

**10.00**    **ANTI-POVERTY IMPACT**

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

**11.00**    **ENVIRONMENTAL IMPACT**

11.01    Individual Capital Programme Schemes may have specific environmental impacts.

**12.00**    **EQUALITIES IMPACT**

12.01    Individual Capital Programme Schemes may have specific equality impacts.

**13.00**    **PERSONNEL IMPLICATIONS**

13.01    None directly as a result of this report.

**14.00**    **CONSULTATION REQUIRED**

14.01    All Members through Overview & Scrutiny.

**15.00 CONSULTATION UNDERTAKEN**

15.01 Initial discussion took place at the Member workshops on 16<sup>th</sup> and 18<sup>th</sup> December, 2013.

15.02 Corporate Resources Overview & Scrutiny Committee on 3<sup>rd</sup> February.

**16.00 APPENDICES**

16.01 Appendix 1 – Core Capital Programme Schemes 2014/15

Appendix 2 – Total Capital Programme 2014/15

Appendix 3 – Feedback from Overview and Scrutiny

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

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**CORE CAPITAL PROGRAMME SCHEMES**

**APPENDIX 1**

	2014/15 Estimate £m
<b>SUMMARY</b>	
<b>COUNCIL FUND</b>	
COMMUNITY SERVICES	1.885
ENVIRONMENT	2.345
LIFELONG LEARNING	2.035
CORPORATE SERVICES	1.135
<b>TOTAL - COUNCIL FUND</b>	<b>7.400</b>

<b>FINANCING</b>	
Unhypothesized Supported Borrowing (USB)	4.299
General Capital Grant	2.616
Capital Receipts	0.488
(Unallocated - Headroom)) / Under Financing	(0.003)
<b>TOTAL - FINANCING</b>	<b>7.400</b>

## CORE CAPITAL PROGRAMME SCHEMES APPENDIX 1 (Cont.)

		2014/15 Estimate £m
<b>COMMUNITY SERVICES</b>		
<b>Grants</b>		
Various	Private Sector Renewal and Improvements	1.730
Shotton	Housing Renewal Area Support	0.155
<b>TOTAL - COMMUNITY SERVICES</b>		<b>1.885</b>

<b>ENVIRONMENT</b>		
<b>Administrative Buildings</b>		
Various	Disability Discrimination Act (DDA) Works	0.175
Various	Energy Efficiency Measures	0.100
Various	Renewable Energy Installations	0.100
Various	Asbestos Removal	0.070
Various	Legionella Monitoring	0.070
Various	Upgrading Fire and Intruder Alarms	0.055
Various	Fire Safety Order Works	0.100
Various	Corporate Property Maintenance	0.350
Queensferry	Glanrafon - Health & Safety Works	0.060
<b>Engineering</b>		
Various	Land Drainage Works - General	0.045
Various	Coast Protection Works - General	0.070
<b>Highways</b>		
Various	Highways Infrastructure	0.520
Various	Bridge Assessments and Replacement	0.100
Various	Street Lighting Replacement	0.120
Various	Structural Maintenance	0.120
Gronant	A548 Contractual Claim	0.085
<b>Regeneration</b>		
Various	Town Centre Regeneration	0.130
Flint	Townscape Heritage Initiative	0.075
<b>TOTAL - ENVIRONMENT</b>		<b>2.345</b>

## CORE CAPITAL PROGRAMME SCHEMES    APPENDIX 1 (Cont.)

		2014/15 Estimate £m
<b>LIFELONG LEARNING</b>		
<b>Education - General</b>		
Various	School Buildings Repairs and Maintenance	1.700
Various	Disability Discrimination Act - Individual Pupils	0.250
Various	Furniture and Equipment	0.045
<b>Primary Schools</b>		
Various	Learning Environments (Foundation Phase)	0.040
<b>TOTAL - LIFELONG LEARNING</b>		<b>2.035</b>

<b>CORPORATE SERVICES</b>		
<b>ICT and Customer Services</b>		
General	ICT Infrastructure	0.170
General	Agile Working Investment	0.070
General	EDRMS Implementation	0.065
General	ICT Infrastructure	0.140
General	Microsoft Enterprise Agreement	0.350
<b>Flintshire Connects</b>		
Various	Flintshire Connects	0.250
<b>Corporate Finance</b>		
General	Minor Capital Works - Health & Safety	0.075
General	Corporate Provision - Feasibility Studies	
<b>Clwyd Theatr Cymru</b>		
General	Provision	0.015
<b>TOTAL - CORPORATE SERVICES</b>		<b>1.135</b>

<b>TOTAL - COUNCIL FUND</b>		<b>7.400</b>
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**TOTAL CAPITAL PROGRAMME SCHEMES**

**APPENDIX 2**

	Estimate 2014/15		
	Estimated Payments	Financing	
		General	Specific
	£m	£m	£m
<b>SUMMARY</b>			
<b>COUNCIL FUND</b>			
COMMUNITY SERVICES	2.461	1.885	0.576
ENVIRONMENT	8.146	2.345	5.801
LIFELONG LEARNING	9.228	2.035	7.193
CORPORATE SERVICES	1.135	1.135	0.000
<b>TOTAL - COUNCIL FUND</b>	<b>20.970</b>	<b>7.400</b>	<b>13.570</b>

<b>FINANCING</b>			
Unhypothesized Supported Borrowing (USB)	4.299	4.299	
General Capital Grant	2.616	2.616	
Capital Receipts	0.488	0.488	
Specific Capital Grants	5.275		5.275
Unsupported (Prudential) Borrowing	1.960		1.960
Local Government Borrowing Initiative (LGBI) - Highways	2.700		2.700
Local Government Borrowing Initiative (LGBI) - 21C Schools	3.635		3.635
(Unallocated - Headroom) / Under Financing	(0.003)	(0.003)	0.000
<b>TOTAL - FINANCING</b>	<b>20.970</b>	<b>7.400</b>	<b>13.570</b>

**TOTAL CAPITAL PROGRAMME SCHEMES**

**APPENDIX 2 (Cont.)**

		Estimate 2014/15		
		Estimated Payments £m	Financing	
			General £m	Specific £m
<b>COMMUNITY SERVICES</b>				
<b>Grants</b>				
Various	Private Sector Renewal and Improvements	1.878	1.730	0.148
Shotton	Housing Renewal Area Support	0.433	0.155	0.278
<b>Travellers' Sites</b>				
Queensferry	Riverside Caravan Site	0.150		0.150
<b>TOTAL - COMMUNITY SERVICES</b>		<b>2.461</b>	<b>1.885</b>	<b>0.576</b>

<b>ENVIRONMENT</b>				
<b>Administrative Buildings</b>				
Various	Disability Discrimination Act (DDA) Works	0.175	0.175	
Various	Energy Efficiency Measures	0.100	0.100	
Various	Renewable Energy Installations	0.100	0.100	
Various	Asbestos Removal	0.070	0.070	
Various	Legionella Monitoring	0.070	0.070	
Various	Upgrading Fire and Intruder Alarms	0.055	0.055	
Various	Fire Safety Order Works	0.100	0.100	
Various	Corporate Property Maintenance	0.350	0.350	
Alltami	Depot Rationalisation	0.075		0.075
Queensferry	Glanrafon - Health & Safety Works	0.060	0.060	
<b>Engineering</b>				
Various	Land Drainage Works - General	0.995	0.045	0.950
Various	Coast Protection Works - General	0.070	0.070	
<b>Highways</b>				
Various	Highways Infrastructure	2.220	0.520	1.700
Various	Bridge Assessments and Replacement	0.100	0.100	
Various	Street Lighting Replacement	0.120	0.120	
Various	Structural Maintenance	0.120	0.120	
Various	Local Government Borrowing Initiative (LGBI)	2.700		2.700
Gronant	A548 Contractual Claim	0.085	0.085	
<b>Regeneration</b>				
Various	Town Centre Regeneration	0.137	0.130	0.007
Flint	Townscape Heritage Initiative	0.309	0.075	0.234
<b>Ranger Services</b>				
Connahs Quay	Wepre Park Development	0.135		0.135
<b>TOTAL - ENVIRONMENT</b>		<b>8.146</b>	<b>2.345</b>	<b>5.801</b>



**TOTAL CAPITAL PROGRAMME SCHEMES**

**APPENDIX 2 (Cont.)**

		Estimate 2014/15		
		Estimated Payments	Financing	
			General	Specific
		£m	£m	£m
<b>LIFELONG LEARNING</b>				
<b>Education - General</b>				
Various	School Buildings Repairs and Maintenance	1.700	1.700	
Various	Disability Discrimination Act - Individual Pupils	0.250	0.250	
Various	Furniture and Equipment	0.045	0.045	
<b>School Modernisation</b>				
Various	21st Century Schools	5.268		5.268
Shotton	Taliesin Junior/Shotton Infant	1.794		1.794
<b>Primary Schools</b>				
Various	Learning Environments (Foundation Phase)	0.040	0.040	
Various	Flying Start Capital Expansion Programme	0.131		0.131
<b>TOTAL - LIFELONG LEARNING</b>		<b>9.228</b>	<b>2.035</b>	<b>7.193</b>

<b>CORPORATE SERVICES</b>				
<b>ICT and Customer Services</b>				
General	ICT Infrastructure	0.170	0.170	
General	Agile Working Investment	0.070	0.070	
General	EDRMS Implementation	0.065	0.065	
General	ICT Infrastructure	0.140	0.140	
General	Microsoft Enterprise Agreement	0.350	0.350	
<b>Flintshire Connects</b>				
Various	Flintshire Connects	0.250	0.250	
<b>Corporate Finance</b>				
General	Minor Capital Works - Health & Safety	0.075	0.075	
General	Corporate Provision - Feasibility Studies			
<b>Clwyd Theatr Cymru</b>				
General	Provision	0.015	0.015	
<b>TOTAL - CORPORATE SERVICES</b>		<b>1.135</b>	<b>1.135</b>	<b>0.000</b>
<b>TOTAL - COUNCIL FUND</b>		<b>20.970</b>	<b>7.400</b>	<b>13.570</b>



**OVERVIEW & SCRUTINY**  
**Corporate Resources – Council Fund Capital Programme**

No.	Comments and Questions:	Responses:
1.0	<p><b><u>School Modernisation</u></b></p> <ul style="list-style-type: none"> <li>• Is the £5.268m in Appendix 2 in addition to the £3.635m in the Table in 6.01 of the Report?</li> <li>• Who decides which schools are in the 21<sup>st</sup> Century Schools Programme?</li> </ul>	<ul style="list-style-type: none"> <li>• No, the £3.635m makes up part of the £5.268m.</li> <li>• Tranche 1 schemes in Holywell, Connah's Quay and Queensferry have already been agreed by WG and by Council (December 2011). Details of Tranche 2 schemes are currently being worked on by officers.</li> </ul>
2.0	<p><b><u>School Repair &amp; Maintenance</u></b></p> <ul style="list-style-type: none"> <li>• There is still a large backlog of repairs and the 2014/15 allocation is down to £1.700m. If deterioration in our school buildings continues at more than this level, we are not even addressing the backlog.</li> </ul>	<ul style="list-style-type: none"> <li>• The maintenance backlog is reducing by more than the annual allocation from the core programme.</li> </ul>
3.0	<p><b><u>Highways</u></b></p> <ul style="list-style-type: none"> <li>• What is the £0.085k in Gronant?</li> </ul>	<ul style="list-style-type: none"> <li>• This is part of ongoing contractual negotiations and is therefore commercially sensitive, details will be provided outside of the meeting.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Resources – Council Fund Capital Programme**

No.	Comments and Questions:	Responses:
4.0	<p><b><u>Local Government Borrowing Initiative (LGBI)</u></b></p> <ul style="list-style-type: none"> <li>• Relating to paras 6.08 and 6.09 of the report, is it correct that we are borrowing on WG's behalf?</li> <li>• Is the LGBI revenue support for principal and interest repayments or interest only?</li> <li>• If the revenue support is in the Revenue Support Grant (RSG) and that reduces in future years, does the support reduce also? Could it not be ringfenced as it is a known commitment?</li> <li>• Will the Leader of the Council take this up with WG for future settlements?</li> </ul>	<ul style="list-style-type: none"> <li>• WG are providing the revenue support to enable the Council to borrow on their behalf. This revenue support is in the RSG for the period of the borrowing (20 years in the case of highways).</li> <li>• The response to this will be part of a more comprehensive response to a similar query raised recently at County Council. A copy of the response will be sent to all Members.</li> <li>• RSG is unhypothecated and no ringfencing of amounts within the settlement takes place, though that does not mean that the Council cannot ringfence these funds when setting the annual revenue budget. WGA is call for more hypothecation in the future.</li> <li>• Research since the Scrutiny meeting has identified that the amount for LGBI is shown specifically in the make up of the RSG amount, although the total sum remains unhypothecated.</li> </ul>

**OVERVIEW & SCRUTINY**  
**Corporate Resources – Council Fund Capital Programme**

No.	Comments and Questions:	Responses:
5.0	<p><b><u>General</u></b></p> <ul style="list-style-type: none"> <li>• <b>Shortfall</b> - What is the explanation for the projected shortfall of £0.762m?</li> <li>• <b>Capital Programme</b> – There are a number of schemes where the stated location is 'various'. Why is this?</li> <li>• Are there already programmes drawn up for those items marked as 'various'?</li> </ul>	<ul style="list-style-type: none"> <li>• This shortfall is the estimated under-funding of committed capital schemes as at the year end as a result of capital receipts being lower than estimated in prior years. This shortfall has first call on the resources for 2024/15.</li> <li>• Many of the allocations in the Core Programme are not site or area specific but are there to address issues as they arise in year e.g. DDA works.</li> <li>• Programmes are developed based on identified needs and priorities once the funding has been approved by Council.</li> </ul>



## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** FLINTSHIRE COUNTY COUNCIL

**DATE:** TUESDAY, 18 FEBRUARY 2014

**REPORT BY:** HEAD OF FINANCE, DIRECTOR OF COMMUNITY SERVICES, HEAD OF HOUSING

**SUBJECT:** HOUSING REVENUE ACCOUNT 2014/15 & CAPITAL PROGRAMME 2014/15

### **1.00 PURPOSE OF REPORT**

- 1.01 To present the Housing Revenue Account (HRA):-
- 1.02 Revenue budget proposals for the 2014/15 financial year, including proposed rent changes, key areas of income and expenditure, and the level of closing balance at the year end.
- 1.03 Budget proposals for the HRA capital programme 2014/15, which is year three of a six year improvement programme.

### **2.00 BACKGROUND**

- 2.01 The final proposals for the HRA Revenue and Capital budget for the 2014/15 financial year, including proposed rent increases were considered by Cabinet on 18<sup>th</sup> February 2014, and recommendations made to County Council. A copy of the report is attached as Appendix 1.

### **3.00 CONSIDERATIONS**

- 3.01 The outcome of the Cabinet meeting will be reported verbally to the Council, along with a presentation on the main details of the HRA for 2014/15.

### **4.00 RECOMMENDATIONS**

- 4.01 Members are recommended to receive and approve the recommendation from Cabinet on 18<sup>th</sup> February 2014.

### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 As set out in the report to Cabinet on 18<sup>th</sup> February 2014.

**6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 None directly as a result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None directly as a result of this report.

**12.00 APPENDICES**

12.01 Appendix 1 – Report to Cabinet – 18<sup>th</sup> February 2014.

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

2014/15 Budget Working Papers

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**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:** **CABINET**

**DATE:** **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:** **CHIEF EXECUTIVE, HEAD OF FINANCE, DIRECTOR  
OF COMMUNITY SERVICES, HEAD OF HOUSING**

**SUBJECT:** **HOUSING REVENUE ACCOUNT 2014/15 & CAPITAL  
PROGRAMME 2014/15**

**1.00 PURPOSE OF REPORT**

- 1.01 To consider the Housing Revenue Accounts (HRA) budget as set out in 1.02 and 1.03.
- 1.02 Revenue budget proposals for the 2014/15 financial year, including proposed rent and service charge changes, key areas of income and expenditure, and the level of closing balance at the year end.
- 1.03 Budget proposals for the HRA Capital programme 2014/15, which is year three of a six year improvement programme.
- 1.04 To note the impact of the proposed revenue budget and capital programme on the HRA 30 year Business Plan.

**2.00 BACKGROUND**

- 2.01 As the Council has a stock of Council housing, it is required by the Local Government and Housing Act 1989 to keep a HRA in accordance with proper accounting practices, and to budget to avoid an end of year deficit.
- 2.02 The HRA is a "ring-fenced" account of certain defined transactions relating to Local Authority Housing. The ring-fenced nature of the account means that funding cannot be transferred between the Council Fund and HRA or vice versa, other than in certain prescribed circumstances.
- 2.03 Although there is a legal requirement to avoid an end of year deficit, it is also considered to be good practice to budget for a closing balance of at least 3% of total expenditure of the HRA.
- 2.04 Prior to the start of each financial year, the Welsh Government (WG) consults with Local Authorities on the draft HRA subsidy and Item 8 determinations. These are the key financial determinations set each year by WG which influence Local Authority rent increases, and also the amount of HRA subsidy payable by the council. The two main

elements of the consultation are the “guideline rent increase” and the Management and Maintenance (M&M) element of the HRA subsidy.

- 2.05 The management and maintenance allowance element of HRA subsidy is the amount which WG considers each Local Authority requires per HRA dwelling to manage and maintain the housing stock held within the HRA.
- 2.06 Initial budget proposals for 2014/15 were approved by Cabinet on 21 January 2014 and considered by the Housing Overview and Scrutiny Committee later the same day. The revenue budget and capital programme proposals were welcomed by scrutiny and no changes were requested to the initial budget proposals set out by the Cabinet. A summary of the questions raised at the scrutiny meeting and responses provided is included as Appendix 6.

#### **New Rent Policy for Wales and exit from the HRA subsidy system**

- 2.07 The new rent policy will be introduced in April 2015 and will allow for the convergence of rents for both local authority and registered social landlords. The rent policy sets a target rent band for each landlord and landlords will be required to operate with average weekly rent levels that fall within the scope of those bands. The banding is 5% above or below the target rent.
- 2.08 Where a landlord’s weekly rent is higher than the target rent band, the landlord will be expected to increase its rents more slowly e.g. at 0.5% less than the rate of rent increases for the sector as a whole until the average weekly rent falls within the target rent band.
- 2.09 Where a landlord’s weekly rent is lower than the target rent band, transitional protection will apply to tenants. In any year a landlord will not be permitted to increase the rent for any individual tenant by more than £2 per week in addition to the agreed average annual rate of rent increases for the sector as a whole.
- 2.10 The introduction of the new rents policy will also mark the end of the current subsidy system where the HRA returns an element of its rents back to WG (Currently £6.0m for Flintshire) each year. Stock owning local authorities will ‘buy out’ of the system via a one off payment to HM Treasury funded from HRA prudential borrowing. It is anticipated that the change will be advantageous for Councils. WG agreed the principle of the exit from the subsidy system in June 2013 and the details of how this will be brought into place across Wales are being developed. Further reports will be brought to Members, when the details are known.

### 3.00 **CONSIDERATIONS**

#### **REVENUE BUDGET 2014/15**

3.01 The final Housing Revenue Account subsidy and Item 8 determinations were received from WG on the 3<sup>rd</sup> February 2014. There was one minor adjustment to the proposed guideline rent for Flintshire to the Draft determinations that were received 20<sup>th</sup> December 2013, with all other aspects of the determinations unchanged.

#### **Guideline Rent Increase**

3.02 The final determinations from WG are to increase the all-Wales average weekly guideline rent by 4.2%.

- using the previous September CPI inflation figure of 2.7% and
- and apply a 1.5% real increase to the average local authority guideline rent for 2014-15.

The guideline rent increase is the amount by which WG considers each Authority should increase weekly rents in order to make progress towards achievement of the key WG objective of "benchmark" rents, where Local Authority and Registered Social Landlords (RSL) rents for similar properties in similar areas are broadly the same.

3.03 The final guideline weekly rent increase for Flintshire 2014/15 is £3.32 per week, (on a 52 week collection basis). This is a percentage increase of 4.63% (4.60% at provisional stage) to rents compared to the all Wales average of 4.2%. The difference mainly due to a factor that is applied to all councils for economic value of the stock, this is however a reduced increase compared to the 2013/14 budget which saw an increase in rents of 5.0%. Currently 9% of Flintshire social rents are at the benchmark level.

3.04 The current levels of benefit claimants amongst Flintshire housing tenants are illustrated in the table below :-

<b>Flintshire Tenants - Housing Benefit Claimants</b>		
<b>Benefit Status</b>	<b>Tenants</b>	
	<b>Number</b>	<b>%</b>
Full/Partial Benefit	4985	67.1%
Full Rent	2441	32.9%
Total	7426	100.0%

- 3.05 As illustrated above, approximately 67.1% of the Councils 7,426 tenants would face no additional hardship as a consequence of the proposed rent increase. This will be met by housing benefit subject to claimants personal circumstances remaining the same and their households being unaffected by Welfare Reform. Those tenants who are not currently in receipt of benefit will naturally have to meet the full increase in rent, unless they become eligible for housing benefit.
- 3.06 It is proposed to reduce the bad debt provision which will create savings of £0.208m. Welfare reform has not impacted on arrears as severely as anticipated in 2013/14 and this has been reflected in the 2014/15 budget proposals.
- 3.07 **Management and Maintenance allowance**  
The Management and Maintenance allowance element of Housing Revenue Account Subsidy increases to £2,769 per dwelling for each local authority, reflecting an increase of £159 per dwelling (6.1%) on 2013/14.
- 3.08 **Rent Increase – Garages**  
The 2014/15 increased rent level for all HRA garages is £5.75 per week, an increase of £0.25 per week (4.63%) compared to 2013/14 (and in line with rent increases for homes).
- 3.09 **General Income**  
The HRA budget has been realigned for 2014 to follow the same format of the 30 year business plan which is submitted to WG. This includes showing all areas of income under one heading.
- 3.10 £0.734m general income has been included in the plan reflecting £0.531m for water bill collection and other smaller items of general income. It also includes increased income of £0.126m following a new charging policy for the tenants gardening service.
- 3.11 **HRA – Key areas of expenditure**  
Appendix 1 sets out a summary of the proposed HRA budget for 2014/15 and compares it to the 2013/14 budget.  
Appendix 2 shows the assumptions which have been made in calculating the figures.  
Appendix 3 shows the detail of proposed savings and efficiencies, and investment for service improvements.
- 3.12 The approach to developing the draft budget has been to maximise the efficiencies which could be made and to invest in service improvements as set out in the Choices document. Overall the proposed budget provides £0.536m of additional investment in services and £0.789m of additional funding for the capital programme over the levels in 2013/14 and makes savings of £1.144m. The total savings figure equates to 6.9% of total operating costs.

### 3.13 **Estate Management**

Estate management has identified efficiencies of £0.021m against the 2013/14 budget following VFM and back to basic reviews.

The funding for 2 full year Anti Social Behaviour (ASB) posts is proposed as agreed in the Choices Document and also opening of the ASB out of hours service to direct referrals is proposed. This will be at a cost of £0.017m.

Service improvements totalling £0.038m are proposed to introduce a Handy Person Service in Flintshire which is designed to aid tenants with minor property repairs.

The funding for 2 posts to support tenants at risk of financial exclusion is proposed at a cost of £0.052m as agreed in the Choices Document.

### 3.14 **Landlord Services**

The Landlord service is reflecting an increased spend of £0.336m compared to 2013/14.

£0.324m is a realignment of the garden service including communal land which is now reflected under landlord services rather than Estate management. The gardening service has also created a saving of £0.125m on 2013/14 costs following a review of the contract.

WG expects landlords to introduce charging for services that are only available to specific tenants to maximise income through the HRA and enable improvements to stock. As agreed at Cabinet, on 17<sup>th</sup> December 2013, it is the intention to provide a chargeable service for grass and hedge cutting from 1<sup>st</sup> April 2014. The new contract costs of £0.126m will be recovered via a chargeable service to the tenant creating additional income in the HRA.

### 3.15 **Repairs and Maintenance**

The housing repairs service is continuing its drive to develop into a modern and efficient customer focused service. Repairs and Maintenance is the largest element of expenditure within the HRA at £8.467m. It is proposed to spend an additional £0.074m compared to 2013/14 a unit cost of £1,170 per property in 2014/15, compared to £1,138 in 2013/14.

Repairs and maintenance have created savings of £0.070m following value for money reviews on fleet and back to basics. The budget on subcontractors has also been reduced by £0.050m.

An increased cost of £0.300m has been anticipated on materials. This budget has been adjusted to reflect an increase of approximately 2,000 repairs per year and the requirement for subcontractors to utilise the stores to enable greater control over material costs charged via subcontractors.

3.16 **Capital Expenditure financed from Revenue Account**

Capital expenditure financed from the revenue account (CERA) enables additional investment in the HRA Capital Programme. The use of this additional source of financing for capital improvements helps to progress the work to achieve the requirements of the Welsh Housing Quality Standard (WHQS). An investment of £6,581m has been included in the 2014/15 budget which is an increase of £0.789m on the 2013/14 budget.

3.17 **Finance and Support Services**

Finance and Support have identified an efficiency of £0.102m against the 2013/14 budget. These savings have been identified through the reduction of support recharges, one year temporary staff efficiencies and a review of the admin service.

3.18 **Closing Balance**

A closing balance of 3.20% is recommended for 2014/15 as per 2013/14. This enables the Council to maximise investment in WHQS.

3.19 **CAPITAL PROGRAMME 2014/15**

Executive approved a 6 year capital improvement programme commencing in 2012/13, on 19th July 2011.

At the end of the programme all council homes will have:-

- A WHQS standard kitchen
- A WHQS heating system
- Smoke detectors
- 1300 homes will have WHQS standard bathrooms

This is year 3 of the original 6 year programme and Appendix 4 sets out the proposed capital expenditure for 2014/15. The total proposed capital funding for 2014/15 is £12.106m as set out below. This figure is reduced marginally by £0.275m from the initial proposals in the January report to Cabinet and Scrutiny. A further assessment of the likely level of capital receipts in 2014/15 has been made which takes account on market conditions. As a result the estimate for capital receipts has been reduced from £0.600m to £0.325m. Should further land receipts materialise in 2014/15 then further work can be undertaken as agreed at scrutiny.

A revised Asset Management strategy is under development and will be implemented from April 2015, subject to approval. This revised strategy will ensure that all stock achieves the WHQS by 2020, and will therefore involve the introduction of a number of new work streams to address all investment needs both internal, external and estate based environmental improvements.

3.20 **Home Ownership**  
Zero sales have been assumed for Right to Buy in 2014/15 for budget purposes.

3.21 **30 YEAR BUSINESS PLAN**  
It is a requirement of WG for all stock owning local authorities to produce a robust business plan showing how they will meet WHQS by the target of 2020.

3.22 Appendix 5 sets out the most up to date estimate of Flintshire's 30 year HRA business plan, based on the proposed 2014/15 revenue budget and capital programme as set out in this report. The plan shows a projected funding shortfall of £8.005m to meet WHQS by 2020 a reduction of £6.520m on the funding shortfall projected in the 2013/14 business plan submitted to WG.

3.23 This is a slight change from initial proposals in the January report to Cabinet and Scrutiny which reflects the reduced level of capital receipts. A draft business plan was submitted on 17th January 2014 as required to access the MRA and a revised Business Plan and a slightly revised capital programme will be submitted following Council approval.

3.24 The Council's preference in relation to achieving WHQS is to seek to avoid borrowing for this purpose, but the Council has indicated to WG that should this be necessary in order to achieve WHQS by 2020 then it would do so. It can be seen that the gap has reduced significantly because of the efficiencies within the HRA and additional revenue income. The shortfall could potentially be met by prudential borrowing if the gap is not closed over the next three years from savings anticipated following rent reform and the exit from the subsidy system along with driving through ingoing efficiencies to create more resources for investment.

#### **4.00 RECOMMENDATIONS**

4.01 Members are asked to approve and recommend to Council :

- i. The proposed HRA budget for 2014/15 as set out in Appendix 1, incorporating the financial assumptions in Appendix 2 and the service Improvements and Efficiencies in Appendix 3.
- ii. The level of rent and service charges for 2014/15 as set out in paragraphs 3.01 to 3.07
- iii. The level of projected balances at 31<sup>st</sup> March 2015 at 3.20% of total expenditure.
- iv. The proposed HRA Capital Programme as set out in Appendix 4.

4.02 Members are asked to note the impact of the proposed revenue budget and capital programme on the 30 year Business Plan.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 The Council has a statutory duty to review the income and expenditure of the HRA, and to set a budget for the forthcoming financial year which avoids a deficit closing balance position. This report sets out how this can be achieved for the Council in 2014/15. The key financial assumptions on which this is proposed are set out in Appendix 2. The proposed budget estimates a closing balance of 3.20% to total expenditure.

#### **6.00 ANTI POVERTY IMPACT**

6.01 HRA activity helps alleviate poverty by providing safe and secure homes that are energy efficient and economical to run. The ongoing programme maintains the impetus to upgrade heating etc., to minimise fuel use and thereby boost disposable income.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 There are no direct environmental impacts arising from the HRA budget as outlined in the report.

#### **8.00 EQUALITIES IMPACT**

8.01 There are no direct equalities impacts arising from this report.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 There are no direct personnel implications arising from the report.

#### **10.00 CONSULTATION REQUIRED**

10.01 Consultation with all tenants over any rent increase must take place and must be at least 28 days before any rent increase is due to come into effect.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 Consultation with tenants on the draft budget and proposed rent increase was undertaken at the tenants' conference on 3<sup>rd</sup> February 2014. The Housing Scrutiny committee considered the draft budget proposals at their meeting on 21<sup>st</sup> January 2014 and fully supported the proposals.



**12.00 APPENDICES**

Appendix 1 – HRA budget 2014/15 Summary

Appendix 2 – HRA financial assumptions

Appendix 3 – HRA budget pressures, savings & service improvements.

Appendix 4 – HRA capital budget 2014/15

Appendix 5 – HRA 30 year business plan summary

Appendix 6 – Summary of Questions and Responses

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

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HRA BUDGET 2014/15

	2013/14 Budget	2014/15 Budget	Variance £ to 2013/14	Variance % to 2013/14
<b>INCOME</b>	£	£	£	
Rents (Council Dwellings & Garages)	-26,918,901	-27,712,804	-793,903	3%
Capitalised Salaries	-1,138,661	-1,111,523	27,138	-2%
General Income	-590,756	-734,242	-143,486	24%
	-28,648,318	-29,558,570	-910,252	3%
<b>EXPENDITURE</b>	£	£	£	
HRA Subsidy (Negative/Deficit)	6,166,805	6,403,697	236,892	4%
Capital Financing - Loan Charges	2,044,557	1,909,344	-135,213	-7%
Estate Management	2,318,001	1,887,596	-430,405	-18.6%
Landlord Services	500,632	836,225	335,593	67%
Repairs and Maintenance	8,392,993	8,466,870	73,877	1%
Welsh Housing Quality Standard - CERA	5,792,000	6,580,997	788,997	14%
Finance and Support	2,791,460	2,689,804	-101,656	-3.6%
Capitalised Salaries	1,138,661	1,111,523	-27,138	-2%
	29,145,108	29,886,056	740,948	3%
(Surplus) / Deficit for the year	496,790	327,486	-169,304	
Opening Balance	-1,930,630	-1,283,840	646,790	
HRA Closing Balance	-1,433,840	-956,353	477,486	
% of Total Expenditure (Guideline 3%)	4.92%	3.20%		



HRA FINANCIAL ASSUMPTIONS - Appendix 2

No	Description	2014/15
1	Guideline Rent av. Rent based on 50 weeks	£ 74.96
2	Guideline Rent applied, this level assumed for future years	104.6%
3	Empty Properties rent loss	1.70%
4	M and M allowance average per property	£ 2,769
5	M and M allowance	106.1%
6	Increase applied to Garage Rents. Charge per week.	£ 0.25
7	Empty Garages rent loss	21.2%
8	CERA contribution to Capital	£6.581m

	2014/15 %	2015/16 %	2016/17 %	
	1.000	1.000	1.000	Prices
	1.000	1.000	1.000	Pay
	1.030	1.030	1.030	Income
	1.080	1.080	1.080	Energy
	1.030	1.030	1.030	Insurance
	1.046	1.042	1.042	Garage Rents
	1.061	1.055	1.055	M and M Allowance
	0.020	0.020	0.020	Empty Property
	1.000	1.000	1.000	Bad Debt Provision
	1.112	1.112	1.112	Fuel
	1.000	1.000	1.000	Price non inflation
	1.050	1.050	1.050	Aerial Systems
	1.023	1.023	1.023	Rates



HRA BUDGET PRESSURES, SAVINGS & INVESTMENT OPTIONS- Appendix 3

ADDITIONAL CAPITAL INVESTMENT				2014/15	Notes
Code	Bid Ref			2014/15	
HRR/HRR		CERA		788,997	Increased contribution to the Capital programme
Increase in Rents				2014/15	Notes
Code	Bid Ref			2014/15	
HRR/HRR		4.63% Rental Increase as per Welsh Government Guidance		-342,622	
EFFICIENCY SAVING OPTIONS				2014/15	Notes
Code	Bid Ref			2014/15	
HRX	1S	Support Recharges		-106,702	Reduction in support recharges to the HRA following a review of costs and agile working
HRM/HRX	2S/4P	Salary savings		-14,954	Finance review implemented. Vacant posts reflected at Single Status grades.
HRE/HRM/HRX	7S/12S/2P	Consolidation of general costs		-16,015	Realignment of general costs under "Back to Basics"
HRX/HRM	13S/20S	Software review		-155,448	Review of software costs and licences, reversal of one off expenditure.
HRR/HRRP	21S	Capital Financing costs		-135,213	Review of costs
HRE	8S/6P	Tenant Garden works		-129,147	Contract tendered
HRE	9S	Cleaning of Walks/Leas		-28,560	Contract cancelled due to demolition
HRE	10S	Strand House		-2,793	Property handed back to HRA
HRE	11S	Housing News printing		-7,305	Printing costs lower than previous years
HRM	16S	Subscriptions		-3,368	Review of costs
HRM	15S	Subcontractors		-50,000	Less sub contractor spend
HRM	17S	Call out monitoring		-3,000	Saving in the contract costs
HRM	26S	Fleet Review		-50,000	Savings as a result of the corporate fleet review
HRX/HRM	26S	Admin Review		-71,941	Review of Admin service
HRD/HRL	4S/5S	Void properties		-31,306	Savings due to a decrease in number of void properties.
HRL	22S	Right to Buy fees		-3,275	Reduction in RTB fees
HRD	24S	Income from Garden Service recharges		-126,000	Charging of service to tenants
HRD	18S	Bad Debt Provision - Welfare Reform		-208,216	Calculated on Pdb arrears figures, impact not as severe as expected.
<b>Total Savings</b>				<b>-1,143,242</b>	<b>6.8% of Total Operating Costs</b>
Budget Realignment/One off pressures reversed				2014/15	Notes
Code	Bid Ref			2014/15	
HRL	6S	Adhoc aerial costs		-8,500	Reversal of 1yr budget
<b>Total Savings</b>				<b>-8,500</b>	<b>0.1% of Total Operating Costs</b>

Code		Bid Ref	BUDGET PRESSURES/SERVICE IMPROVEMENTS	2014/15	Notes
HRD	14P		Garage Voids	16,276	Increase in garage voids and removal of Castle Hgts
HRX	1P		Maisonette Decants	7,442	Council Tax and Utility costs
HRX	3P		Handy person service as per Choices Document	37,360	Agreement for handy person services.
HRX	4P		Total Mobile IT Support post	26,271	1 yr additional IT post to implement Total Mobile
HRX	4P		2 posts to support tenants at risk of financial exclusion - Choices Document	52,542	Currently have 2 people short term funded, this funding is ending.
HRE	10P		Court Costs	6,000	Increase in court action taken by Rents and ASB
HRE	13P		ASB posts as per Choices document	16,200	Salary 13/14 part year only
HRL	5P		Launderette Machine Rental	18,798	Contract reviewed for 5yrs
HRE	9P/11P		Agile working	17,525	Costs to implement agile working
HRM	16P		Materials	300,000	More repairs completed and more expenditure through stores
ALL			Inflation	37,648	Average %
<b>Service Improvements</b>				<b>536,062</b>	<b>2.0% of Rental Income</b>



**Appendix 4**  
**Draft HRA Capital Programme 2014/15**

<b>HRA Capital programme</b>	<b>2014/15</b>
<b>WHQS</b>	<b>£'m</b>
Smoke Alarm Installations	0.100
Planned urgent works	0.150
Bathroom replacements	0.500
Heating Replacement - Programme and survey	2.000
Kitchen Replacements - Programme	4.000
DDA Audits	0.100
Fire Risk Assessments Work	0.400
Off Gas Programme	0.400
Environmental Works (footpaths and fences)	0.300
UPVC	0.200
Asbestos Survey and Removal (Ongoing Programme)	0.150
Envelope Works - Roofs, Fascias, Rendering	0.250
Electrical periodicals and rewires	0.150
Capitalised Salaries	0.478
Eco Funding	0.428
Welfare Reform - Remodelling	0.150
<b>Total WHQS</b>	<b>9.756</b>
<b>Non WHQS</b>	
Planned urgent works	0.150
Vacant Properties	0.300
Maisonettes	0.575
Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps	1.000
<b>Total Non - WHQS</b>	<b>2.025</b>
<b>RingFenced Work</b>	
Envelope Works - Roofs, Fascias, Rendering	-
Vacant Properties	0.100
Eco Funding	0.150
Maisonettes	0.075
<b>Total Ring Fenced Work</b>	<b>0.325</b>
<b>Total Spend</b>	<b>12.106</b>

<b>Funding - Base Programme</b>	
M.R.A	5.200
CERA	6.581
<b>Total Base funding</b>	<b>11.781</b>
<b>Capital Receipts</b>	
RTB's 13/14	0.000
Land Receipts	0.325
<b>Capital receipts</b>	<b>0.325</b>
<b>HRA Capital Funding 2014/15 Programme</b>	<b>12.106</b>
<b>Unallocated Funds</b>	<b>-</b>



## Flintshire Housing Capital Operating Account

Year No	Year	Capital Expenditure £000	Funding B/fwd £000	Major Repairs Allowance £000	Usable Capital Receipts £000	HRAS Supported Borrowing £000	Prudential Borrowing £000	CERA £000	Funding C/FWD £000	Shortfall £000	Cumulative Shortfall £000	Shortfall Exc Inflation £000
1	2014.15	12,379	0	5,200	600	0	0	6,581	0	-2	-2	-2
2	2015.16	15,901	0	5,200	0	0	0	7,550	0	3,151	3,149	3,102
3	2016.17	15,461	0	5,200	0	0	0	8,121	0	2,139	5,288	5,133
4	2017.18	15,693	0	5,200	0	0	0	8,884	0	1,609	6,897	6,596
5	2018.19	15,928	0	5,200	0	0	0	9,674	0	1,054	7,951	7,492
6	2019.2	16,167	0	5,200	0	0	0	11,095	0	-128	7,823	7,262
7	2020.21	16,409	0	5,200	0	0	0	11,344	0	-135	7,689	7,032
8	2021.22	7,073	0	5,200	0	0	0	14,068	0	-12,195	-4,507	-4,061
9	2022.23	4,319	0	5,200	0	0	0	14,951	0	-15,832	-20,339	-18,055
10	2023.24	11,315	0	5,200	0	0	0	15,760	0	-9,644	-29,983	-26,223
11	2024.25	7,396	0	5,200	0	0	0	16,593	0	-14,397	-44,380	-38,241
12	2025.26	7,507	0	5,200	0	0	0	18,179	0	-15,873	-60,253	-51,150
13	2026.27	11,883	0	5,200	0	0	0	18,338	0	-11,654	-71,907	-60,142
14	2027.28	12,062	0	5,200	0	0	0	19,251	0	-12,390	-84,297	-69,463
15	2028.29	12,242	0	5,200	0	0	0	20,192	0	-13,150	-97,447	-79,112
16	2029.3	12,426	0	5,200	0	0	0	21,163	0	-13,937	-111,383	-89,090
17	2030.31	12,612	0	5,200	0	0	0	22,163	0	-14,751	-126,134	-99,398
18	2031.32	11,971	0	5,200	0	0	0	24,063	0	-17,291	-143,426	-111,354
19	2032.33	12,151	0	5,200	0	0	0	24,259	0	-17,308	-160,733	-122,947
20	2033.34	12,333	0	5,200	0	0	0	25,355	0	-18,222	-178,955	-134,862
21	2034.35	12,518	0	5,200	0	0	0	26,486	0	-19,168	-198,123	-147,101
22	2035.36	12,706	0	5,200	0	0	0	27,653	0	-20,147	-218,270	-159,664
23	2036.37	10,515	0	5,200	0	0	0	28,856	0	-18,222	-241,811	-174,270
24	2037.38	10,673	0	5,200	0	0	0	31,133	0	-20,147	-267,471	-189,914
25	2038.39	10,833	0	5,200	0	0	0	31,375	0	-23,541	-293,214	-205,116
26	2039.4	10,995	0	5,200	0	0	0	32,695	0	-25,660	-320,113	-220,624
27	2040.41	11,160	0	5,200	0	0	0	34,056	0	-25,743	-348,209	-236,441
28	2041.42	8,495	0	5,200	0	0	0	35,459	0	-26,900	-380,373	-254,464
29	2042.43	8,622	0	5,200	0	0	0	36,907	0	-28,095	-413,857	-272,773
30	2043.44	8,752	0	5,200	0	0	0	39,637	0	-32,164	-449,942	-292,174



**OVERVIEW & SCRUTINY**  
**Housing Revenue Account - Initial Budget Proposals for Revenue and Capital 2014/15**

No.	Comments and Questions:	Responses:
1.0	<p><u>Housing Revenue Account (Revenue) - Comments / Issues</u></p> <p><u>General Comments/Issues</u></p>	
1.1	<p>• What will we get back by exiting the subsidy system?</p>	<ul style="list-style-type: none"> <li>• The working figure is approx.£1m per annum. An exit from the HM Treasury subsidy system will benefit the HRA. It will be during next year financial year that we will be better placed to talk through the figures and report on the amounts as the work to exit the subsidy system progresses. With regards to the borrowing, this is still under review about whether the terms of the exit is fixed term or repayment term as with a mortgage.</li> <li>• The borrowing cap may allow potential building of new homes in the future.</li> <li>• M&amp;M allowance – WG guidelines were always conservative in terms of what could be included within the Council’s Business Plan, but, year on year, the Council has received more than was allowed to be reported in the business plans. The previously reported gap for achieving WHQS by 2020 was £14m now. This has halved to £7m as a result of these budget proposals and it is hoped this will be a future trend.</li> </ul>
1.2	<p>• How does agile working work?</p>	<ul style="list-style-type: none"> <li>• Rather than staff being based at a desk in a specific area,</li> </ul>

**OVERVIEW & SCRUTINY**  
**Housing Revenue Account - Initial Budget Proposals for Revenue and Capital 2014/15**

No.	Comments and Questions:	Responses:
1.3	<ul style="list-style-type: none"> <li>• Communications was an issue with repairs and maintenance, has it been resolved?</li> </ul>	<p>they are able to work more flexibly. This reduces mileage and office costs and allows the service to be more flexible with the aim to get better value from staff for customers.</p> <ul style="list-style-type: none"> <li>• A new phone system has been installed and calls are now answered quicker and we also have the facility to monitor all calls.</li> </ul>
1.4	<ul style="list-style-type: none"> <li>• What is being done with the old Canton depot?</li> </ul>	<ul style="list-style-type: none"> <li>• This is being marketed but it is not owned by HRA. Any capital receipt from its sale will be General Fund resource</li> </ul>
1.5	<ul style="list-style-type: none"> <li>• Gardening service, will the rate be reduced for disabled tenants?</li> </ul>	<ul style="list-style-type: none"> <li>• The gardening service will come into effect on April 1<sup>st</sup>. There will be a lower rate for disabled tenants claiming benefits.</li> </ul>
1.6	<ul style="list-style-type: none"> <li>• Eco energy – what is the criteria on which houses are “cased”, does the Council have any input?</li> </ul>	<ul style="list-style-type: none"> <li>• Areas of deprivation are targeted, although the criteria has just changed. Further details to be sent to Cllr Curtis on the selection process, work to be carried out etc</li> </ul>
1.7	<ul style="list-style-type: none"> <li>• Handy person service – can you please clarify?</li> </ul>	<ul style="list-style-type: none"> <li>• This will involve a multi skilled person and vehicle. Costs are being looked at on whether this is delivered in house or externally. Firm proposals will be presented to members before implementation</li> </ul>

**OVERVIEW & SCRUTINY**  
**Housing Revenue Account - Initial Budget Proposals for Revenue and Capital 2014/15**

No.	Comments and Questions:	Responses:
2.0	<p><b><u>Housing Revenue Account (Capital) - Comments / Issues</u></b></p> <p><b><u>General Comments/Issues</u></b></p>	
2.1	<ul style="list-style-type: none"> <li>• UPVC, we would like to see more budget spent on this work due to cold weather, will this happen?</li> </ul>	<ul style="list-style-type: none"> <li>• Housing would like to increase the budget on UPVC. The Repairs Service are receiving more complaints and are aware that there is a problem. £200k was allocated to the budget to carry out repairs until they are replaced. In the new 2016/17 Programme there is significant budget for the replacement of UPVC.</li> </ul>
2.2	<p>Potential land receipts, would the money raised from a specific site stay within that area?</p>	<ul style="list-style-type: none"> <li>• No. The money that is raised from land receipts is put back into the HRA Capital Programme all HRA properties benefit from the proceeds according to the priorities agreed to address need across the whole Council.</li> </ul>





## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **FLINTSHIRE COUNTY COUNCIL**

**DATE:** **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **PRUDENTIAL INDICATORS 2014/15 - 2016/17**

### **1.00 PURPOSE OF REPORT**

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

### **2.00 BACKGROUND**

2.01 At its meeting of 18<sup>th</sup> February 2014, Cabinet considered a report from the Head of Finance in respect of setting of Prudential Indicators for the period 2014/15 to 2016/17.

### **3.00 CONSIDERATIONS**

3.01 The recommendations of Cabinet to County Council are set out in Appendix 1 – Prudential Indicators 2014/15 to 2016/17 (the report to Cabinet of 18<sup>th</sup> February 2014).

### **4.00 RECOMMENDATIONS**

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

### **5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in the report.

### **6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

### **7.00 ENVIRONMENTAL IMPACT**

7.-01 None directly as a result of this report.

### **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 None required.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Appendix 1 – Report to Cabinet 18<sup>th</sup> February 2014: Prudential Indicators 2014/15 to 2016/17.

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

Various Welsh Government papers.

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**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:**       **HEAD OF FINANCE**

**SUBJECT:**           **PRUDENTIAL INDICATORS 2014/15**

**1.00**   **PURPOSE OF REPORT**

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

**2.00**   **BACKGROUND**

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

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

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

**3.00**   **CONSIDERATIONS**

3.01    The prudential indicators required by the Prudential Code are designed to support and record local decision making; they are not designed to be comparative performance indicators - the use of them in this way would 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 this agenda.

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

- Service objectives, e.g. strategic planning for the authority
- Stewardship of assets, e.g. asset management planning
- Value for money, e.g. option appraisal
- Affordability, e.g. implications for Council Tax and Council housing rents
- Prudence and sustainability, e.g. implications for external borrowing
- Practicality, e.g. achievability of the forward plan

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

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

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

3.05 Based on those resources currently allocated (including specific grants, but excluding any rephasing of expenditure from 2013/14 to future years), the estimates of capital expenditure to be incurred in 2014/15 (and the following two years), are as indicated in the table below; unsupported (prudential) borrowing of £27.561m has been assumed in the three year period for Council Fund purposes. This is in line with the capital programme proposals recommended to commence in 2014/15 in the Council Fund Capital Programme 2014/15 to 2017/18 report which is included elsewhere on this agenda.

<b>CAPITAL EXPENDITURE</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council Fund	20.970	53.168	18.047
Housing Revenue Account	12.381	15.901	15.461
<b>Total</b>	<b>33.351</b>	<b>69.069</b>	<b>33.508</b>

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 2014/15 based on those expenditure assumptions outlined in the Council Fund and Housing Revenue budget report (both included elsewhere on this agenda), are as included in the table below; these indicators of affordability address the revenue implications of the Council's financial strategy.

<b>RATIO OF FINANCING COSTS TO NET REVENUE STREAM</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Council Fund	6.004%	6.932%	7.432%
Housing Revenue Account	6.755%	5.923%	5.434%

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

- 3.07 The Prudential Code requires that the estimate of the incremental impact of capital investment decisions as proposed in the capital budget report for the period 2014/15 to 2016/17, over and above capital investment decisions that have previously been taken by the Council are reported in terms of their impact on Band D Council Tax and Housing Rents. The 2014/15 Council Fund and HRA capital programmes contain no new capital investment decisions (only those decisions previously approved by Council).

## Prudential Indicators for Prudence

- 3.08 Estimates of the capital financing requirement, as described in section 3.09 below, for 2014/15 are:

<b>CAPITAL FINANCING REQUIREMENT</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council Fund	166.707	189.626	212.582
Housing Revenue Account	24.701	24.207	23.722
<b>Total</b>	<b>191.407</b>	<b>213.833</b>	<b>236.304</b>

- 3.09 The capital financing requirement measures the Council's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements. In accordance with best professional practice, The Council does not associate debt with particular items or type of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its debt and investments in accordance with its approved Treasury Management Policy and Strategy. The Treasury Management Policy Statement 2013 – 2016 and the Treasury Management Strategy 2014/15 appear elsewhere on this agenda following consideration by the Audit Committee in January 2014. In day to day cash management, no distinction can be made between revenue cash and capital cash. External debt arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Council's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements.

- 3.10 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following; gross debt and the capital financing requirement, as a key indicator of prudence.

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

In November 2012 CIPFA issued an amendment to the Prudential Code changing the indicator from net debt (total borrowing and other long-term liabilities less any investments held) to gross debt. Following reflection that comparing the capital financing requirement to the net position i.e., net of investments, could potentially mask a position where an authority had borrowed other than for a capital purpose and then subsequently invested the surplus funds.

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

### **Prudential Indicators for External Debt and Treasury Management**

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

<b>AUTHORISED LIMIT FOR EXTERNAL DEBT</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
All Borrowing (Cap/Rev)	202.300	247.300	257.300
Other Long Term Liabilities	20.100	21.100	22.100
<b>Total</b>	<b>222.400</b>	<b>268.400</b>	<b>279.400</b>

The authorised limits are consistent with the authority's current commitments, existing plans and the proposals in the capital programme report, and with its approved Treasury Management Strategy 2014/15. They are based on the estimate of most likely, prudent position with, sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

3.12 Council is also asked to approve the following operational boundary for external debt for the same period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the estimate of the most likely, prudent provision, without the additional headroom included in the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures borrowing and other long term liabilities are separately identified. 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 Council at its next meeting following the change.

<b>OPERATIONAL BOUNDARY FOR EXTERNAL DEBT</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
All Borrowing (Cap/Rev)	182.300	227.300	237.300
Other Long Term Liabilities	10.100	11.100	12.100
<b>Total</b>	<b>192.400</b>	<b>238.400</b>	<b>249.400</b>

The figure for all borrowing has increased in line with the assumption made in 3.05 that for Council Fund purposes there is a requirement to borrow £27.561m through unsupported (prudential) borrowing over the three year period.

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

Council is asked to note that the authorised limit determined in 2014/15 (see section 3.11 above) will be the statutory limit determined under section 3 (1) of the Local Government Act 2003.

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



#### **4.00 RECOMMENDATIONS**

4.01 That Members approve and recommend to County Council on 18<sup>th</sup> February 2014:

- (a) the prudential indicators as detailed in Section 3 of the report
- Capital expenditure (3.05)
  - Ratio of financing costs to net revenue stream (3.06)
  - Incremental impact of capital investment decisions on the council tax (3.07)
  - Incremental impact of capital investment decisions on housing rents (3.07)
  - Capital financing requirement (3.08)
  - Gross debt and the capital financing requirement (3.10)
  - Authorised limit for external debt (3.11, 3.13)
  - Operational boundary for external debt (3.12)
  - Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (3.14)
- (b) delegated authority for the Head of Finance to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (3.11, 3.12)

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in the report.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

#### **10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None directly as a result of this report.

**12.00 APPENDICES**

12.01 None.

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

Various Welsh Government and CIPFA Papers.

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **FLINTSHIRE COUNTY COUNCIL**

**DATE:** **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **MINIMUM REVENUE PROVISION 2014/15**

### **1.00 PURPOSE OF REPORT**

1.01 To present to Council the recommendations of the Cabinet in relation to the setting of a prudent minimum revenue provision for the repayment of debt.

### **2.00 BACKGROUND**

2.01 At its meeting of 18<sup>th</sup> February 2014, Cabinet considered the Head of Finance's report in respect of the calculation of Minimum Revenue Provision for 2013/14.

2.02 The report of 18<sup>th</sup> February 2014 detailed the requirements and associated guidance in respect of:-

- The four available options for making prudent provision.
- The circumstances for using the options, two of which are available in respect of capital expenditure funded by way of Welsh Government supported borrowing and a further two in respect of that funded by unsupported (prudential) borrowing.

### **3.00 CONSIDERATIONS**

3.01 The recommendations of Cabinet to County Council are set out in Section 4.00 of the report to Cabinet of 18<sup>th</sup> February 2014, a copy of which is included as Appendix 1 to this report.

### **4.00 RECOMMENDATIONS**

4.01 Council is requested to agree the recommendations of the Cabinet, being that:-

- Option 1 (Regulatory Method) be used for the calculation of the minimum revenue provision in 2014/15 for all supported borrowing.

- Option 3 (Asset Life Method) be used for the calculation of the minimum revenue provision in 2014/15 for all unsupported (prudential) borrowing.

## **5.00 FINANCIAL IMPLICATIONS**

5.01 The 2014/15 Council Fund Revenue Budget provides for the minimum revenue provision in respect of all supported borrowing, on the basis of Option 1 – Regulatory Method calculation.

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

## **6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

## **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

## **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

## **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

## **10.00 CONSULTATION REQUIRED**

10.01 None required.

## **11.00 CONSULTATION UNDERTAKEN**

11.01 None.

## **12.00 APPENDICES**

Appendix 1 – Report to Cabinet 18<sup>th</sup> February 2014: Minimum Revenue Provision 2014/15.

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

Various Welsh Government papers.

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**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**                   **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:**           **HEAD OF FINANCE**

**SUBJECT:**               **MINIMUM REVENUE PROVISION 2014/15**

**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 2014/15, as required under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations').

**2.00   BACKGROUND**

2.01   Local Authorities are required each year to set aside some of their revenue reserves as provision for the repayment of debt i.e. a provision in respect of capital expenditure financed from borrowing or credit arrangements.

2.02   Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', but the regulation does not itself define 'prudent provision'. However, the Welsh Government (WG) has provided guidance which makes recommendations to authorities on the interpretation of the term; the guidance was last updated in April 2010.

2.03   Authorities are required to prepare an annual statement of their policy on making MRP, which mirrors the existing requirements on the prudential borrowing limit and investment policy.

**3.00   CONSIDERATIONS**

**Meaning of 'Prudent Provision'**

3.01   The WG guidance provides for 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.

## **Options for Prudent Provision**

### 3.02 Option 1 – Regulatory Method.

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

### 3.03 Option 2 – Capital Financing Requirement Method

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

### 3.04 Option 3 – Asset Life Method

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

### 3.05 Option 4 – Depreciation Method

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

## **Conditions for using the options**

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



#### **4.00 RECOMMENDATIONS**

4.01 That members approve and recommend to the County Council on 18<sup>th</sup> February 2014:-

- Option 1 (Regulatory Method) be used for the calculation of the minimum revenue provision in 2014/15 for all supported borrowing; this represents a continuation of the approved and adopted policy for 2013/14.
- Option 3 (Asset Life Method) be used for the calculation of the minimum revenue provision in 2014/15 for all unsupported (prudential) borrowing; this represents a continuation of the approved and adopted policy for 2013/14.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 The 2014/15 Council Fund revenue budget provides for the minimum revenue provision in respect of all supported borrowing, on the basis of Option 1 – Regulatory Method calculation.

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

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

#### **10.00 CONSULTATION REQUIRED**

10.01 None.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 None.

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

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **FLINTSHIRE COUNTY COUNCIL**  
**DATE:** **TUESDAY, 18 FEBRUARY 2014**  
**REPORT BY:** **HEAD OF FINANCE**  
**SUBJECT:** **TREASURY MANAGEMENT STRATEGY 2014/15**

### **1.00 PURPOSE OF REPORT**

1.01 To present to Council the recommendations of Cabinet in relation to Treasury Management Strategy for 2014/15.

### **2.00 BACKGROUND**

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

2.02 The Council has adopted The CIPFA Code of Practice which requires:-

- The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities.
- The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled.
- The Council to receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Standard of Professional Practice on Treasury Management*.

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

### **3.00 CONSIDERATIONS**

- 3.01 At a meeting of the Audit Committee on 29<sup>th</sup> January 2014 Members reviewed the draft Treasury Management Strategy for 2014/15. The Audit Committee recommended to Cabinet that the Council approves the Strategy for 2014/15.
- 3.02 This mornings Cabinet meeting (18<sup>th</sup> February 2014) received the recommendation of the Audit Committee. The Cabinet report, which includes the Treasury Management Strategy for 2014/15, is included at Appendix 1. Any comments from the Cabinet will be reported verbally.
- 3.03 A training session open to all Members on treasury management was run by Arlingclose, the Council's Treasury Management advisors on the morning of 27<sup>th</sup> January. The aim of the workshop was to aid Members' understanding of the Treasury Management Strategy.
- 3.04 On 1<sup>st</sup> March 2013 the Council approved the current Treasury Management Policy and Treasury Management Practices with both documents covering 3 financial years, 2013 to 2016. It was agreed that these documents would not require annual approval by Members, unless any significant changes was required. No changes need to be made to the Policy, and only minor changes need to be made to the Practices simply to bring them in line with changes approved to the Strategy.

### **4.00 RECOMMENDATIONS**

- 4.01 Council approves the Treasury Management Strategy 2014/15.

### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 As set out in the report.

### **6.00 ANTI POVERTY IMPACT**

- 6.01 None directly as a result of this report.

### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None directly as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Arlingclose Ltd as Treasury Management Advisers.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Arlingclose Ltd as Treasury Management Advisers.

**12.00 APPENDICES**

12.01 Appendix 1 – Cabinet report of 18<sup>th</sup> January 2014

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

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:**       **HEAD OF FINANCE**

**SUBJECT:**           **TREASURY MANAGEMENT STRATEGY 2014/15**

### **1.00 PURPOSE OF REPORT**

1.01 To present to Members the draft Treasury Management Strategy for 2014/15 for recommendation to Council.

### **2.00 BACKGROUND**

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

2.02 The Council has adopted The CIPFA Code of Practice which requires:-

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

Finance, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Standard of Professional Practice on Treasury Management*.

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

2.03 A training session open to all Members on treasury management was run by Arlingclose, the Council's Treasury Management advisors on the morning of 27<sup>th</sup> January. The aim of the workshop was to aid Members' understanding of the Treasury Management Strategy.

### **3.00 CONSIDERATIONS**

3.01 The draft Treasury Management Strategy for 2014/15 is attached at Appendix 1. The changes made from the 2013/14 strategy are summarised below:

- Section 3 – Local context.  
A new section bringing together current levels of borrowing and investments, along with the Council's projections for capital expenditure and use of reserves to estimate either the level of borrowing required, or the level of investments the Council will have, over the medium term.
- Section 5 – Investment Strategy.  
Additional counterparties have been added to the list of organisations which the Council can invest its surplus funds with.  
In preparation for amendments to building society regulatory framework, changes have been made to investments with building societies.
- Section 6 – Borrowing Strategy.  
In 2013/14 the borrowing strategy was to create short term revenue savings by not undertaking any new borrowing and funding capital expenditure internally from reserves. In all probability the situation will remain the same in 2014/15 and possibly beyond, however this is not sustainable in the medium term. The borrowing strategy for 2014/15 will be to regularly review the level of internal borrowing against the potential for incurring additional revenue costs by deferring borrowing into future years when long-term borrowing costs are forecast to rise.



3.02 At a meeting of the Audit Committee on 29<sup>th</sup> January 2014 Members reviewed the draft Treasury Management Strategy for 2014/15. Discussion was as follows:

3.03 Investments

Members debated the inclusion in the 2014/15 Strategy of the ability to invest in any other organisation (that is, unrated organisations). There was recognition that this exposed the Council to additional risks, and in response Officers will develop an additional policy framework for consideration by members before any investments of this type are made, these changes have been reflected in the strategy. Members also recognised that this could be an opportunity to support local organisations such as credit unions, and potentially meet economic development or other policy aims subject to striking a balance with the security, liquidity and yield of the Council's surplus funds. The Committee recommended that the enquiry be put before Cabinet.

3.04 Debt

Queries had been raised regarding the Council's level of debt and the interest costs of the debt at the training session on 27<sup>th</sup> January 2014 and County Council on 28<sup>th</sup> January 2014, and a discussion regarding debt ensued at the Committee.

Members of the Committee recognised that in absolute terms the figures for debt and interest on debt are significant, however must be viewed in proportion to the level of assets that the Council has invested in over a very long period of time. There was recognition that the rate of interest charged on some loans were high by today's standards, however these loans were taken out at a time when those interest rates were the best available. The Committee is satisfied that processes are in place to review debt and to take debt rescheduling opportunities when appropriate (higher rated loans could be replaced by new loans at lower rates when the premium charged is not prohibitive).

3.05 On 1<sup>st</sup> March 2013 the Council approved the current Treasury Management Policy and Treasury Management Practices with both documents covering 3 financial years, 2013 to 2016. It was agreed that these documents would not require annual approval by Members, unless any significant changes was required. No changes need to be made to the Policy, and only minor changes need to be made to the Practices simply to bring them in line with changes approved to the Strategy.

**4.00 RECOMMENDATIONS**

4.01 That the Cabinet considers the enquiry put forward by the Audit Committee outlined in 3.03

4.02 That the Cabinet approves and recommends to the Council the Treasury Management Strategy 2014/15.

**5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in the report.

**6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Arlingclose Ltd as Treasury Management Advisers.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Arlingclose Ltd as Treasury Management Advisers.

**12.00 APPENDICES**

12.01 Appendix 1 – Draft Treasury Management Strategy 2014/15

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

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## **FLINTSHIRE COUNTY COUNCIL**

### **TREASURY MANAGEMENT STRATEGY**

**2014/15**

## CONTENTS

<u>Section</u>		<u>Page</u>
1.0	Introduction	1
2.0	Economic Context	1
3.0	Local Context	3
4.0	Current and Expected Treasury Portfolios	4
5.0	Investment Strategy	5
6.0	Borrowing Strategy	12
7.0	Policy on the use of Financial Derivatives	13
8.0	Treasury Management Indicators	13
9.0	Other Matters	15
APPENDIX A – Debt Maturity Profile		17

## Treasury Management Strategy Report 2014/15

**The Council is recommended to:**

- **approve the Treasury Management Strategy for 2014/15**
- **approve the Treasury Management Indicators for 2014/15**

### **1.0 Introduction**

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

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

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

The successful identification, monitoring and control of risk are central to the Council's treasury management strategy as the Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

### **2.0 Economic Context (including Interest Rate Forecast – as provided by Arlingclose Ltd, November 2013.**

**Economic background:** The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.7% in August 2013, but is not forecast to fall below the threshold until 2016, due to the UK's flexible workforce.

The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.7% in September 2013 will allow real wage increases (i.e. after inflation) to slowly turn positive and aid consumer spending.

Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop.

However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.

In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets. The Federal Reserve did not taper in September and has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.

**Credit outlook:** The likelihood of banking failures has diminished, but remains a significant risk. Regulatory changes in the UK, US and Europe are underway to move away from the bank bail-outs of previous years (e.g. Lloyds Banking Group and RBS in 2008) to bank resolution regimes in which shareholders, bond holders and unsecured creditors are the first port of call to re-capitalise an institution via bail-in. This is already apparent to holders of subordinated debt issued by the Co-operative Bank, which will suffer a haircut and conversion to alternative securities and/or equity in the bank's liability management exercise. There are also proposals for EU regulatory reforms to Money Market Funds which will, in all probability, result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

**Interest rate forecast:** Arlingclose's projected path for short term interest rates remains flat. Markets are still pricing in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. The MPC will not raise rates until there is a sustained period of strong growth. However, upside risks weight more heavily at the end of our forecast horizon.

Arlingclose continue to project gilt yields on an upward path through the medium term. The recent climb in yields was overdone given the soft fundamental global outlook and risks surrounding the Eurozone, China and US.

Table 1: Interest rate forecast

	Bank Rate	3 month LIBID	12 month LIBID	25-year gilt yield
Q1 2014	0.50	0.45	0.90	3.35
Q2 2014	0.50	0.45	0.95	3.40
Q3 2014	0.50	0.50	0.95	3.45
Q4 2014	0.50	0.55	0.95	3.50
H1 2015	0.50	0.55	1.00	3.55
H2 2015	0.50	0.75	1.05	3.60
H1 2016	0.50	0.75	1.15	3.75
H2 2016	0.50	0.75	1.25	3.95

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.5%, and that new long-term loans will be borrowed at an average rate of 4.3%.

### **3.0 Local Context**

As at 31<sup>st</sup> December 2013 the Authority had £172.1m of long term borrowing and £59.7m of investments. This is set out in further detail in section 4. Forecast changes in these sums are shown in the balance sheet analysis in the table below.

Table 2: Balance Sheet Summary and Forecast

	31.3.13 Actual £m	31.3.14 Estimate £m	31.3.15 Estimate £m	31.3.16 Estimate £m	31.3.17 Estimate £m
* Non-HRA CFR	159	163	169	209	216
i HRA CFR	26	25	24	24	23
n Total CFR	185	188	193	233	239
a Less: Other long-term liabilities *	-8	-8	-8	-8	-8
f Borrowing CFR	177	180	185	225	231
c Less: External borrowing **	-172	-172	-172	-172	-172
Internal (over) borrowing	5	8	13	53	59
t Less: Usable reserves	-63	-60	-31	-24	-22
e Less: Working capital	3	3	3	3	3
a Investments (or New borrowing)	55	49	15	-32	-40

\* finance leases and PFI liabilities that form part of the Authority's debt

\*\* shows only loans to which the Authority is currently committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing below their underlying levels, sometimes known as internal borrowing.

The table shows the Authority's CFR increasing steadily until 2015/16, this is linked with the capital programme which increases sharply in 2015/16 due to the 21<sup>st</sup> century schools building programme. The level of reserves the Authority has is expected to fall in 2014/15 following the implementation of the Single Status Agreement. The combination of the increase in capital expenditure and a reduction in reserves, results in, an expected reduction in investments in 2014/15, and a projected new borrowing requirement in 2015/16.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2014/15.

#### **4.0 Current and Expected Treasury Portfolios**

##### Current portfolio

The Council's treasury portfolio as at 31<sup>st</sup> December 2013 was as follows:

Table 3: Current Treasury Portfolio

	Principal amount £m	Interest rate %
<b>Investments:</b>		
Call accounts	6.0	0.57
Money market funds	12.6	0.41
Short-term deposits	37.3	0.61
Long-term deposits	2.0	0.95
Landsbanki (Iceland)	1.8	
<b>Total Investments</b>	<b>59.7</b>	<b>0.57</b>
<b>Borrowing:</b>		
Short-term loans	-	-
Long-term PWLB loans (fixed)	143.16	5.86
Long-term PWLB loans (variable)	10.00	0.55
Long-term market loans (LOBOs)	18.95	4.53
<b>Total Borrowing</b>	<b>172.11</b>	<b>5.42</b>
<b>Net Borrowing</b>	<b>114.21</b>	<b>7.85%</b>

##### Expected changes in portfolio

Current cash flow forecasts show net borrowing increasing to £126m by 31<sup>st</sup> March 2014, as borrowing is expected to remain at this same level but investments reduce. Net borrowing will further increase during 2014/15, when the single status agreement is implemented and the reserve created specifically is used.

##### Budget implications

The budget for investment income in 2014/15 is £248k, based on an average investment portfolio of £50m at an average interest rate of 0.50%. The budget for loan interest paid in 2014/15 is £9.3m, based on an average debt portfolio of £172.11 million at a weighted average interest rate of 5.4%. If levels of investments borrowing, and interest rates differ from those forecast, performance against budget will be correspondingly different.



## 5.0 Investment Strategy

The Council holds surplus funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £57.9 and £83.3 million.

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### Investment criteria and limits

The Council may invest its surplus funds with any of the counterparties in the table below, subject to the monetary and time limits shown.

Table 4: Investment criteria and limits

	<u>Fitch</u>	<u>Moody's</u>	<u>S &amp; P</u>	<u>Cash Limit</u>	<u>Time Limit</u>
Banks, Building Societies, other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	Aaa	AAA	£7m each	5 years*
	AA+	Aa1	AA+		5 years*
	AA	Aa2	AA		4 years*
	AA-	Aa3	AA-		3 years*
	A+	A1	A+		2 years
	A	A2	A		1 year
	A-	A3	A-	£5m each	1 year
The council's current account bank (NatWest Bank plc) if rated below A-				£5m	next day
UK Building Societies without credit ratings				£1m each	1 year
Money Market Funds <sup>1</sup> and similar pooled vehicles				£7m each	N/A
UK Central Government (irrespective of credit rating)				unlimited	5 years
UK Local Authorities <sup>2</sup>				£7m each	5 years

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

<sup>2</sup> as defined in the Local Government Act 2003

\* but no longer than 2 years in fixed-term deposits and other illiquid instruments

Additional counterparties, new to the 2014/15 Treasury Management Strategy, which the Council may invest its surplus funds with, are shown in the table below, subject to the monetary and time limits shown.

Table 5: Investment criteria and limits

	<b>Fitch</b>	<b>Moody's</b>	<b>S &amp; P</b>	<b>Cash Limit</b>	<b>Time Limit</b>
UK Registered Providers of Social Housing whose lowest published long-term credit rating is:	A-	A3	A-	£7m each	5 years
UK Registered Providers of Social Housing without credit ratings or those whose lowest published long-term credit rating is:	BBB-	Baa-	BBB-	£1m each	1 year
Any other organisation, subject to: <ul style="list-style-type: none"> <li>an external credit assessment and specific advice from the Authority's treasury management adviser</li> <li>a further policy framework for investing with any other organisations being developed</li> </ul>				£1m each £100k each	1 year 5 years

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

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.

In addition, the Authority may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Authority's treasury management adviser.

#### Current account bank

The Council's current accounts are held with NatWest Bank plc, which currently meets the above credit rating criteria. During the year should its rating not meet the above criteria the Council will treat NatWest as "high credit quality" for the purpose of making investments that can be withdrawn on the next working day, subject to the bank maintaining a credit rating no lower than BBB-.

#### Building societies

The Council takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council's deposits would be paid out in preference to retail depositors. The Council will consider investing with unrated building

societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.

#### Money market funds

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

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

#### Registered Providers

Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Welsh Government or the Homes and Communities agency and retain a high likelihood of receiving government support if needed. The Council will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

#### Other Organisations

The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

#### Foreign countries

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

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

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

#### Risk assessment and credit ratings

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

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

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

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

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

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

#### Other information on the security of investments

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

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

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

### Specified investments

The WG Guidance defines specified investments as those:

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

The Council defines ‘high credit quality’ organisations as those having a credit rating of A- or higher that are, domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher.

### 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. Non- specified investments will therefore be limited to long term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure, such as money market funds; and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 5 below.

Table 6: Non-Specified Investment Limits

	Cash Limit
Total long-term investments	£10m
Total shares in money market funds	£30m
Total investments without credit ratings or rated below A-	£10m
Total non-specified investments	£50m

### Approved Instruments

The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice),
- callable deposits and loans where the borrower may repay before maturity
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

#### Liquidity management

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

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

#### Planned investment strategy for 2014/15

The economic climate improved slightly during 2013/14 and several longer term investments were made.

However, following discussions with the Council's treasury management advisors after their review of building society risk, the focus has turned away from building societies and returned to placing money "on call" with banks, depositing with other local authorities and extensive use of Money Market Funds.

Treasury management staff will continue to seek out investments that meet the criteria detailed within this strategy whilst having full regard for the Council's cash flow requirements, in particular the expectancy to meet single status and equal pay obligations during the 2014/15 financial year.

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

- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
- Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.

- Long-term – cash not required to meet cash flows, and used primarily to generate investment income.

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

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

Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on achieving returns that will support spending on local authority services. Security remains important, as any losses from defaults will impact on the total return, but fluctuations in price and even occasional losses can be managed over the long term within a diversified portfolio. Liquidity is of lesser concern, although it should still be possible to sell investments, with due notice, if large spending commitments arise unexpectedly. A wider range of instruments, including structured deposits, certificates of deposit, gilts and corporate bonds will be used to diversify the portfolio. The Council will consider employing external fund managers that have the skills and resources to manage the risks inherent in a portfolio of long-term investments. However, in the current economic and financial environment it is likely that only a small percentage, about 10% will be invested longer term, probably over two years in fixed term deposits or callable deposits.

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

## **6.0 Borrowing Strategy**

The Council currently holds £172.11m of long-term loans, as part of its strategy for funding previous years' capital programmes. The balance sheet

forecast in section 3 shows that the Council does not anticipate undertaking any long term borrowing during 2014/15.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which the funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term instead.

By doing so, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing costs are forecast to rise. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2014/15 with a view to keeping future interest costs low, even if this causes additional cost in the short term

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

#### Sources of borrowing

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

- Public Works Loan Board
- UK local authorities
- any institution approved for investments above
- any other bank or building society approved by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds (except the Clwyd Pension Fund)
- capital market bond investors
- special purpose companies created to enable joint local authority bond issues.

#### Planned borrowing strategy for 2014/15

The Head of Finance will:

- Manage the Council's debt maturity profile, i.e. to leave no one future year



with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix A analyses the debt portfolio of the Council, as at 31st December, 2013.

- To effect any borrowing that maybe required in 2014/15 at the cheapest cost commensurate with future risk based on interest rate forecasts.
- To monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

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

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

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

## **7.0 Policy on Use of Financial Derivatives**

In the absence of any legislative power, the Council's policy is not to enter into standalone financial derivatives transactions such as swaps, forwards, futures and options. Derivatives embedded into loans and investments may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

## **8.0 Treasury Management Indicators**

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

### Interest rate exposures

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

	2014/15	2015/16	2016/17
Upper limit on fixed interest rate exposures	£200m	£200m	£200m
Upper limit on variable interest rate exposures	£40m	£40m	£40m

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

### Maturity structure of borrowing

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

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

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

### Principal sums invested for periods longer than 364 days

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

	2014/15	2015/16	2016/17
Limit on total principal invested beyond year end	£10m	£10m	£10m

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

### Borrowing limits

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

	2014/15	2015/16	2016/17
Operational boundary – borrowing	£182.3m	£227.3m	£237.3m
Operational boundary – other long-term liabilities	<u>£10.1m</u>	<u>£11.1m</u>	<u>£12.1m</u>
Operational boundary – TOTAL	£192.4m	£238.4m	£249.4m
Authorised limit – borrowing	£202.3m	£247.3m	£257.3m
Authorised limit – other long-term liabilities	<u>£20.1m</u>	<u>£21.1m</u>	<u>£22.1m</u>
Authorised limit – TOTAL	£222.4m	£268.4m	£279.4m

## **9.0 Other Matters**

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

### Treasury Management Advisers

The Council's treasury management adviser, Arlingclose continues to provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision making remains with the Council and its officers. The services received include:

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

The quality of this service is controlled by Financial Procedure Rules

### Investment training

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

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

### Investment of Money Borrowed in Advance of Need

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

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

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

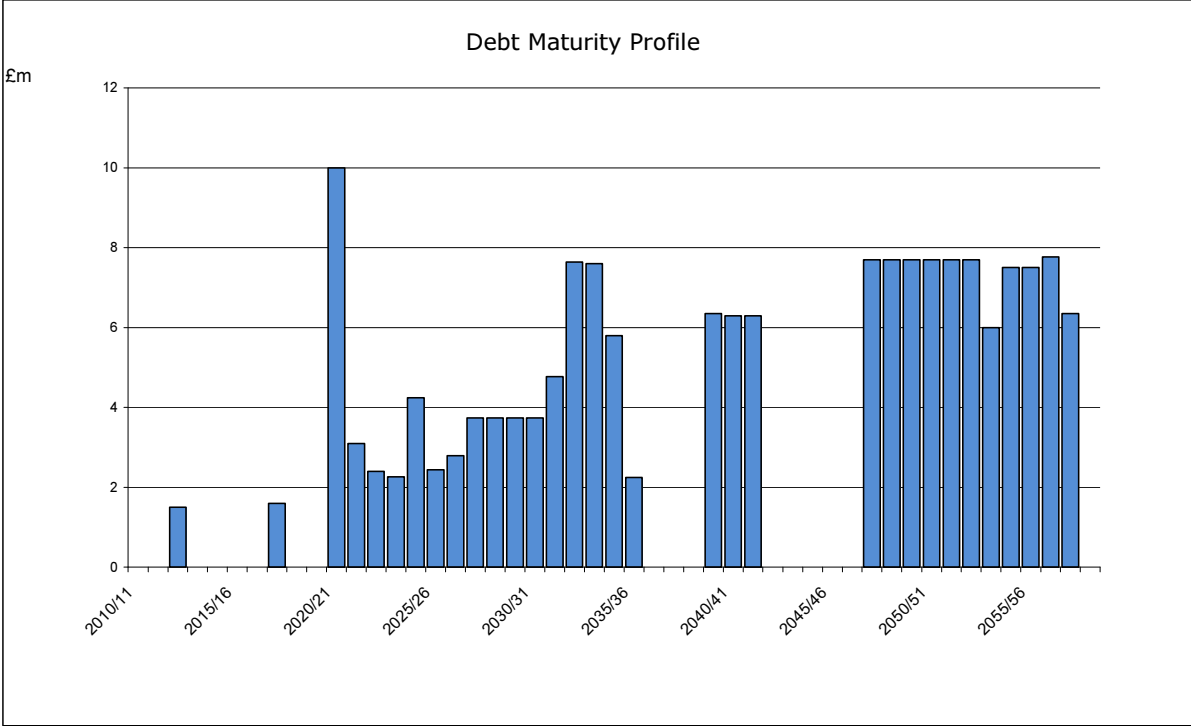
The Council will only invest money borrowed in advance of need for known debt maturities or to finance the borrowing requirement for the year concerned.

### **Other Options Considered**

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

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

**APPENDIX A – DEBT MATURITY PROFILE**



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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **FLINTSHIRE COUNTY COUNCIL**

**DATE:** **TUESDAY, 18 FEBRUARY 2014**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **COUNCIL TAX SETTING 2014-15**

### **1.00 PURPOSE OF REPORT**

1.01 For Council to set Council Tax for 2014-15 and agree the statutory resolutions for the purpose of administering Council Tax and Non-Domestic Rates.

### **2.00 BACKGROUND**

2.01 Also on this agenda is consideration of the Council Fund Revenue Budget for 2014-15. The recommendation of the Cabinet is that the Council Fund Budget Requirement for 2014-15 be set at £253,718,291 which will result in Council Tax charges as detailed in this report.

### **3.00 CONSIDERATIONS**

3.01 The Council Tax resolution includes elements relating to the County Council, Police & Crime Commissioner – North Wales and all Town/Community Councils.

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

**Section 1** details the Council Tax Base set for 2014-15, which shows the number of properties (shown in total and for each specific Town/Community Council) expressed as Band 'D' equivalents, taking into account appropriate adjustments for statutory discounts and exemptions.

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

**Section 3** details the amount of Council Tax to be charged in each Valuation Band in respect of the Police & Crime Commissioner – North Wales.

**Section 4** details the overall amount of Council Tax that taxpayers will be required to pay from April 2014, subject to entitlements to any discounts or exemptions. This is made up of three chargeable precepts, Flintshire County Council, Police & Crime Commissioner – North Wales, and the Town/Community Councils.

**Section 5** re-affirms the Councils policy for 2014-15 not to grant discounts on second and long term empty properties which are defined by Regulations under three Prescribed Classes of Dwellings - Class A dwellings are second home which are unoccupied and furnished with a restriction on occupancy for a period of at least 28 consecutive days in any 12 month period. Class B dwellings are second homes which are unoccupied and furnished, with no restriction on occupancy. Class C dwellings are long empty and unfurnished dwellings and have been such for a period of over 6 months in most cases.

**Section 6** gives the Section 151 officer the authority to make payments to the Police and Crime Commissioner – North Wales in twelve equal payments payable on the 15th day of each month from April 2013.

**Sections 7 & 8** provide authority to specified officers to issue legal proceedings for non payment of Council Tax and Business Rates and to appear on behalf of the Council to prosecute in cases of non payment.

**Section 9** provides for the advertisement of the Council Tax for 2014-15 in the local press, as defined by Regulations.

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

**4.00 RECOMMENDATIONS**

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

**5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in the report.

**6.00 ANTI POVERTY IMPACT**

6.01 None.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None.



**8.00 EQUALITIES IMPACT**

8.01 None.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Appendix A to this report details all resolutions necessary to set the 2014-15 Council Tax charges.

12.02 Appendix B to this report provides Members with some statistical information relating the breakdown of Council Tax charges for 2014 15 by Town & Community Council area.

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

- Local Government Finance Act 1992
- Local Government Act 1972 and 2003
- Council Tax (Prescribed Classes of Dwellings) (Wales) (Regulations)

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**STATUTORY & OTHER NECESSARY COUNCIL TAX  
RESOLUTIONS FOR 2014-15**

1. That it be noted that at its meeting on 19<sup>th</sup> November 2013 the Council calculated interim amounts, subsequently modified as follows, for the year 2013-14 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

61,501 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Wales Regulations 1995, as its Council Tax base for the year, broken down into the following Town/Community areas :-

Argoed	2,446.09
Bagillt	1,459.04
Broughton & Bretton	2,370.28
Brynford	470.90
Buckley	6,331.53
Caerwys	614.17
Cilcain	739.74
Connahs Quay	5,991.51
Flint	4,405.17
Gwernaffield	1,020.83
Gwernymynydd	556.13
Halkyn	1,346.09
Hawarden	6,134.53
Higher Kinnerton	801.77
Holywell	3,243.19
Hope	1,829.60
Leeswood	833.43
Llanasa	1,903.38
Llanfynydd	829.32
Mold	4,177.88
Mostyn	706.09
Nannerch	271.03
Nercwys	303.93
Northop	1,518.58
Northop Hall	719.63
Penyffordd	1,728.78
Queensferry	686.73
Saltney	1,779.96
Sealand	1,138.42
Shotton	2,170.34
Trelawnyd & Gwaenysgor	417.28
Treuddyn	731.27
Whitford	1,152.39
Ysceifiog	671.99

**TOTAL BAND "D" PROPERTIES**

**61,501.00**

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

2. That the following amounts be now calculated by the Council for the year 2014-15 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 and Alteration of Requisite Calculations (Wales) Regulations 2013 :-
  - (a) Aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a)-(d) (including Community Council precepts totalling £2,386,600). £378,322,368
  - (b) Aggregate of the amounts which the Council estimates for items set out in Section 32 (3) (a) and 32 (3) (c). £122,217,477
  - (c) Amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above calculated in accordance with Section 32 (4) as the budget requirement for the year. £256,104,891
  - (d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant or Additional Grant. £192,942,209
  - (e) The amount at 2(c) above less the amount at 2(d) above, all divided by the amount at section 1 above, calculated in accordance with Section 33 (1) as the basic amount of Council Tax for the year. £1,027.02
  - (f) Aggregate amount of all special items referred to in Section 34 (1). £2,386,600
  - (g) Amount at 2(e) above less the result given by dividing the amount at 2(f) above by the amount at section 1 above calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate. £988.21
  - (h) The amounts given by adding to the amount at 2(g) above the amounts of special items relating to dwellings in those part of the Council's area mentioned below, divided in each case by the amount at 1(b) above, calculated in accordance with Section 34(3) as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which special items relate. £0.00

**FLINTSHIRE COUNTY COUNCIL CHARGES (BAND D) 2014-15  
(Including Community/Town Councils)**

	<u>£</u>
Argoed	1,013.29
Bagillt	1,014.89
Broughton & Bretton	1,029.13
Brynford	1,023.21
Buckley	1,033.45
Caerwys	1,026.78
Cilcain	1,016.46
Connahs Quay	1,036.43
Flint	1,026.57
Gwernaffield	1,003.88
Gwernymynydd	1,013.38
Halkyn	1,018.67
Hawarden	1,024.89
Higher Kinnerton	1,021.89
Holywell	1,034.92
Hope	1,015.54
Leeswood	1,029.01
Llanasa	1,020.26
Llanfynydd	1,021.97
Mold	1,040.04
Mostyn	1,026.31
Nannerch	1,025.21
Nercwys	1,035.92
Northop	1,008.21
Northop Hall	1,018.58
Penyffordd	1,015.98
Queensferry	1,039.18
Saltney	1,031.18
Sealand	1,034.77
Shotton	1,031.99
Trelawnyd & Gwaenysgor	1,020.92
Treuddyn	1,031.97
Whitford	1,025.21
Ysceifiog	1,018.63

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

**APPENDIX A**

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	675.53	788.12	900.70	1,013.29	1,238.46	1,463.64	1,688.82	2,026.58	2,364.34
Bagillt	676.60	789.36	902.13	1,014.89	1,240.42	1,465.95	1,691.49	2,029.78	2,368.07
Broughton & Bretton	686.09	800.44	914.78	1,029.13	1,257.82	1,486.52	1,715.22	2,058.26	2,401.30
Brynford	682.14	795.83	909.52	1,023.21	1,250.59	1,477.97	1,705.35	2,046.42	2,387.49
Buckley	688.97	803.80	918.62	1,033.45	1,263.10	1,492.76	1,722.42	2,066.90	2,411.38
Caerwys	684.52	798.61	912.69	1,026.78	1,254.95	1,483.12	1,711.30	2,053.56	2,395.82
Cilcain	677.64	790.58	903.52	1,016.46	1,242.34	1,468.22	1,694.10	2,032.92	2,371.74
Connahs Quay	690.96	806.11	921.27	1,036.43	1,266.75	1,497.06	1,727.39	2,072.86	2,418.33
Flint	684.38	798.45	912.51	1,026.57	1,254.69	1,482.82	1,710.95	2,053.14	2,395.33
Gwernaffield	669.26	780.80	892.34	1,003.88	1,226.96	1,450.04	1,673.14	2,007.76	2,342.38
Gwernymynydd	675.59	788.19	900.78	1,013.38	1,238.57	1,463.77	1,688.97	2,026.76	2,364.55
Halkyn	679.12	792.30	905.49	1,018.67	1,245.04	1,471.41	1,697.79	2,037.34	2,376.89
Hawarden	683.26	797.14	911.01	1,024.89	1,252.64	1,480.39	1,708.15	2,049.78	2,391.41
Higher Kinnerton	681.26	794.81	908.35	1,021.89	1,248.97	1,476.06	1,703.15	2,043.78	2,384.41
Holywell	689.95	804.94	919.93	1,034.92	1,264.90	1,494.88	1,724.87	2,069.84	2,414.81
Hope	677.03	789.87	902.70	1,015.54	1,241.21	1,466.89	1,692.57	2,031.08	2,369.59
Leeswood	686.01	800.34	914.68	1,029.01	1,257.68	1,486.34	1,715.02	2,058.02	2,401.02
Llanasa	680.18	793.54	906.90	1,020.26	1,246.98	1,473.70	1,700.44	2,040.52	2,380.60
Llanfynydd	681.32	794.87	908.42	1,021.97	1,249.07	1,476.17	1,703.29	2,043.94	2,384.59
Mold	693.36	808.92	924.48	1,040.04	1,271.16	1,502.28	1,733.40	2,080.08	2,426.76
Mostyn	684.21	798.24	912.28	1,026.31	1,254.38	1,482.44	1,710.52	2,052.62	2,394.72
Nannerch	683.48	797.39	911.30	1,025.21	1,253.03	1,480.85	1,708.69	2,050.42	2,392.15
Nercwys	690.62	805.72	920.82	1,035.92	1,266.12	1,496.32	1,726.54	2,071.84	2,417.14
Northop	672.14	784.17	896.19	1,008.21	1,232.25	1,456.30	1,680.35	2,016.42	2,352.49
Northop Hall	679.06	792.23	905.41	1,018.58	1,244.93	1,471.28	1,697.64	2,037.16	2,376.68
Penyffordd	677.32	790.21	903.09	1,015.98	1,241.75	1,467.52	1,693.30	2,031.96	2,370.62
Queensferry	692.79	808.25	923.72	1,039.18	1,270.11	1,501.03	1,731.97	2,078.36	2,424.75
Saltney	687.46	802.03	916.61	1,031.18	1,260.33	1,489.48	1,718.64	2,062.36	2,406.08
Sealand	689.85	804.82	919.80	1,034.77	1,264.72	1,494.66	1,724.62	2,069.54	2,414.46
Shotton	688.00	802.66	917.33	1,031.99	1,261.32	1,490.65	1,719.99	2,063.98	2,407.97
Trelawnyd & Gwaenysgor	680.62	794.05	907.49	1,020.92	1,247.79	1,474.66	1,701.54	2,041.84	2,382.14
Treuddyn	687.98	802.65	917.31	1,031.97	1,261.29	1,490.62	1,719.95	2,063.94	2,407.93
Whitford	683.48	797.39	911.30	1,025.21	1,253.03	1,480.85	1,708.69	2,050.42	2,392.15
Ysceifiog	679.09	792.27	905.45	1,018.63	1,244.99	1,471.35	1,697.72	2,037.26	2,376.80

3. That it be noted that for the year 2014-15 the Police and Crime Panel have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below :-

	Valuation Bands								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
<b>Precept</b>	151.74	177.03	202.32	227.61	278.19	328.77	379.35	455.22	531.09

4. Having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2014-15 for each of the categories of dwellings shown below:

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	827.27	965.15	1,103.02	1,240.90	1,516.65	1,792.41	2,068.17	2,481.80	2,895.43
Bagillt	828.34	966.39	1,104.4,5	1,242.50	1,518.61	1,794.72	2,070.84	2,485.00	2,899.16
Broughton & Bretton	837.83	977.47	1,117.10	1,256.74	1,536.01	1,815.29	2,094.57	2,513.48	2,932.39
Brynford	833.88	972.86	1,111.84	1,250.82	1,528.78	1,806.74	2,084.70	2,501.64	2,918.58
Buckley	840.71	980.83	1,120.94	1,261.06	1,541.29	1,821.53	2,101.77	2,522.12	2,942.47
Caerwys	836.26	975.64	1,115.01	1,254.39	1,533.14	1,811.89	2,090.65	2,508.78	2,926.91
Cilcain	829.38	967.61	1,105.84	1,244.07	1,520.53	1,796.99	2,073.45	2,488.14	2,902.83
Connahs Quay	842.70	983.14	1,123.59	1,264.04	1,544.94	1,825.83	2,106.74	2,528.08	2,949.42
Flint	836.12	975.48	1,114.83	1,254.18	1,532.88	1,811.59	2,090.30	2,508.36	2,926.42
Gwernaffield	821.00	957.83	1,094.66	1,231.49	1,505.15	1,778.81	2,052.49	2,462.98	2,873.47
Gwernymynydd	827.33	965.22	1,103.10	1,240.99	1,516.76	1,792.54	2,068.32	2,481.98	2,895.64
Halkyn	830.86	969.33	1,107.81	1,246.28	1,523.23	1,800.18	2,077.14	2,492.56	2,907.98
Hawarden	835.00	974.17	1,113.33	1,252.50	1,530.83	1,809.16	2,087.50	2,505.00	2,922.50
Higher Kinnerton	833.00	971.84	1,110.67	1,249.50	1,527.16	1,804.83	2,082.50	2,499.00	2,915.50
Holywell	841.69	981.97	1,122.25	1,262.53	1,543.09	1,823.65	2,104.22	2,525.06	2,945.90
Hope	828.77	966.90	1,105.02	1,243.15	1,519.40	1,795.66	2,071.92	2,486.30	2,900.68
Leeswood	837.75	977.37	1,117.00	1,256.62	1,535.87	1,815.11	2,094.37	2,513.24	2,932.11
Llanasa	831.92	970.57	1,109.22	1,247.87	1,525.17	1,802.47	2,079.79	2,495.74	2,911.69
Llanfynydd	833.06	971.90	1,110.74	1,249.58	1,527.26	1,804.94	2,082.64	2,499.16	2,915.68
Mold	845.10	985.95	1,126.80	1,267.65	1,549.35	1,831.05	2,112.75	2,535.30	2,957.85
Mostyn	835.95	975.27	1,114.60	1,253.92	1,532.57	1,811.21	2,089.87	2,507.84	2,925.81
Nannerch	835.22	974.42	1,113.62	1,252.82	1,531.22	1,809.62	2,088.04	2,505.64	2,923.24
Nercwys	842.36	982.75	1,123.14	1,263.53	1,544.31	1,825.09	2,105.89	2,527.06	2,948.23
Northop	823.88	961.20	1,098.51	1,235.82	1,510.44	1,785.07	2,059.70	2,471.64	2,883.58
Northop Hall	830.80	969.26	1,107.73	1,246.19	1,523.12	1,800.05	2,076.99	2,492.38	2,907.77
Penyffordd	829.06	967.24	1,105.41	1,243.59	1,519.94	1,796.29	2,072.65	2,487.18	2,901.71
Queensferry	844.53	985.28	1,126.04	1,266.79	1,548.30	1,829.80	2,111.32	2,533.58	2,955.84
Saltney	839.20	979.06	1,118.93	1,258.79	1,538.52	1,818.25	2,097.99	2,517.58	2,937.17
Sealand	841.59	981.85	1,122.12	1,262.38	1,542.91	1,823.43	2,103.97	2,524.76	2,945.55
Shotton	839.74	979.69	1,119.65	1,259.60	1,539.51	1,819.42	2,099.34	2,519.20	2,939.06
Trelawnyd & Gwaenysgor	832.36	971.08	1,109.81	1,248.53	1,525.98	1,803.43	2,080.89	2,497.06	2,913.23
Treuddyn	839.72	979.68	1,119.63	1,259.58	1,539.48	1,819.39	2,099.30	2,519.16	2,939.02
Whitford	835.22	974.42	1,113.62	1,252.82	1,531.22	1,809.62	2,088.04	2,505.64	2,923.24
Ysceifiog	830.83	969.30	1,107.77	1,246.24	1,523.18	1,800.12	2,077.07	2,492.48	2,907.89

5. In line with the existing policy of the Council, that for 2014-15, in accordance with Section 12 of the Local Government Finance Act 1992 (as amended by Section 75 of the Local Government Act 2003 and the Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004, no discounts shall be granted to second homes subject to Council Tax which are unoccupied and furnished, (defined as Prescribed Classes A and B) and long term empty and unfurnished properties (defined as Prescribed Class C)
6. That the Council's Chief Financial/Section 151 Officer be authorised to make payments under section 38(9) Local Government (Wales) Act 1994 and the Local Authorities (Precepts) (Wales) Regulations 1995 from the Council Fund by equal instalments on the 15<sup>th</sup> day of each month from April 2014 (adjusted to the next working day as necessary) to March 2015 in respect of the precept levied by the Police and Crime Panel in the sum of £13,998,243
7. Authorisations - Council Tax
  - a) That the holders of the posts of Chief Financial/Section 151 Officer, Revenues & Benefits Manager, Revenues Manager, Revenues Team Leaders, Court/Prosecutions Officer, Revenues Officers within Finance for the time being be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings and to appear on behalf of the County Council at the hearing of any legal proceedings in the Magistrates Court by way of an application for the issue of a Liability Order in respect of unpaid Council Taxes and penalties under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; by way of an application for the issue of a warrant of commitment to prison under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; to require financial information to make an Attachment of Earnings Order; to levy the appropriate amount by taking control of goods and sale of goods; and to exercise all other enforcement powers of the County Council under the Council Tax (Administration and Enforcements) Regulations 1992 and any subsequent amendments of such Regulations.
  - b) That the Council's Chief Financial/Section 151 Officer be authorised to engage the services of enforcement agents for the purpose of taking control of goods, and where necessary, the sale of goods, in cases where Liability Orders are awarded, obtaining financial information where necessary and enforcing warrants of arrest and warrants of commitment in certain cases on behalf of the Courts and in accordance with the provisions of the Local Government Finance Act 1992 and any Regulations made there under.
8. Authorisations - National Non-Domestic Rates
  - a) That the holders of the posts of Chief Financial/Section 151 Officer, Revenues & Benefits Manager, Revenues Manager, Revenues Team Leaders, Court/Prosecutions Officer, Revenues Officers within Finance for the time being be authorised under Section 223 of the Local Government Act 1972, to institute legal proceedings and to appear on behalf of the Council at the hearing of any legal proceedings in the Magistrates Courts by way of application for the issue of a liability order in respect of unpaid rates; by way of an application for the issue of a warrant of commitment; and to exercise all other powers of enforcement of the County Council under the Non-Domestic (Collection and Enforcement) (Local Lists) Regulations 1989 and any amendment thereto.
  - b) That the Council's Chief Financial/Section 151 Officer be authorised to engage the services of enforcement agents for the purposes of taking control of goods, and where necessary, the sale of goods, in cases where Liability Orders are awarded, and to enforce warrants of arrest and warrants of commitment on behalf of the Courts as may be necessary to recover outstanding rates.
9. That notices of the making of the said Council Taxes for 2014-15, signed by the Council's Chief Financial/Section 151 Officer, be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.



## Appendix B

### 2014-15 Council Tax Charges

#### Lowest to Highest Amounts by Town/Community Council

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Gwernaffield	15.67	988.21	227.61	1,231.49
Northop	20.00	988.21	227.61	1,235.82
Argoed	25.08	988.21	227.61	1,240.90
Gwernymynydd	25.17	988.21	227.61	1,240.99
Bagillt	26.68	988.21	227.61	1,242.50
Hope	27.33	988.21	227.61	1,243.15
Penyffordd	27.77	988.21	227.61	1,243.59
Cilcain	28.25	988.21	227.61	1,244.07
Northop Hall	30.37	988.21	227.61	1,246.19
Ysceifiog	30.42	988.21	227.61	1,246.24
Halkyn	30.46	988.21	227.61	1,246.28
Llanasa	32.05	988.21	227.61	1,247.87
Trelawnyd & Gwaenysgor	32.71	988.21	227.61	1,248.53
Higher Kinnerton	33.68	988.21	227.61	1,249.50
Llanfynydd	33.76	988.21	227.61	1,249.58
Brynford	35.00	988.21	227.61	1,250.82
Hawarden	36.68	988.21	227.61	1,252.50
Nannerch	37.00	988.21	227.61	1,252.82
Whitford	37.00	988.21	227.61	1,252.82
Mostyn	38.10	988.21	227.61	1,253.92
Flint	38.36	988.21	227.61	1,254.18
Caerwys	38.57	988.21	227.61	1,254.39
Leeswood	40.80	988.21	227.61	1,256.62
Broughton & Bretton	40.92	988.21	227.61	1,256.74
Saltney	42.97	988.21	227.61	1,258.79
Treuddyn	43.76	988.21	227.61	1,259.58
Shotton	43.78	988.21	227.61	1,259.60
Buckley	45.24	988.21	227.61	1,261.06
Sealand	46.56	988.21	227.61	1,262.38
Holywell	46.71	988.21	227.61	1,262.53
Nercwys	47.71	988.21	227.61	1,263.53
Connahs Quay	48.22	988.21	227.61	1,264.04
Queensferry	50.97	988.21	227.61	1,266.79
Mold	51.83	988.21	227.61	1,267.65

**Appendix B****2014-15 Council Tax Charges****Amounts in Town / Community Council order**

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Argoed	25.08	988.21	227.61	1,240.90
Bagillt	26.68	988.21	227.61	1,242.50
Broughton & Bretton	40.92	988.21	227.61	1,256.74
Brynford	35.00	988.21	227.61	1,250.82
Buckley	45.24	988.21	227.61	1,261.06
Caerwys	38.57	988.21	227.61	1,254.39
Cilcain	28.25	988.21	227.61	1,244.07
Connahs Quay	48.22	988.21	227.61	1,264.04
Flint	38.36	988.21	227.61	1,254.18
Gwernaffield	15.67	988.21	227.61	1,231.49
Gwernymynydd	25.17	988.21	227.61	1,240.99
Halkyn	30.46	988.21	227.61	1,246.28
Hawarden	36.68	988.21	227.61	1,252.50
Higher Kinnerton	33.68	988.21	227.61	1,249.50
Holywell	46.71	988.21	227.61	1,262.53
Hope	27.33	988.21	227.61	1,243.15
Leeswood	40.80	988.21	227.61	1,256.62
Llanasa	32.05	988.21	227.61	1,247.87
Llanfynydd	33.76	988.21	227.61	1,249.58
Mold	51.83	988.21	227.61	1,267.65
Mostyn	38.10	988.21	227.61	1,253.92
Nannerch	37.00	988.21	227.61	1,252.82
Nercwys	47.71	988.21	227.61	1,263.53
Northop	20.00	988.21	227.61	1,235.82
Northop Hall	30.37	988.21	227.61	1,246.19
Penyffordd	27.77	988.21	227.61	1,243.59
Queensferry	50.97	988.21	227.61	1,266.79
Saltney	42.97	988.21	227.61	1,258.79
Sealand	46.56	988.21	227.61	1,262.38
Shotton	43.78	988.21	227.61	1,259.60
Trelawnyd & Gwaenysgor	32.71	988.21	227.61	1,248.53
Treuddyn	43.76	988.21	227.61	1,259.58
Whitford	37.00	988.21	227.61	1,252.82
Ysceifiog	30.42	988.21	227.61	1,246.24

## Appendix B

### 2014-15 Council Tax Charges

Lowest to Highest % amounts by Town / Community Council

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Shotton	-6.49	3.00	2.00
Bagillt	-4.88	3.00	2.00
Sealand	-2.94	3.00	2.00
Higher Kinnerton	-2.69	3.00	2.00
Hawarden	-2.08	3.00	2.00
Llanfynydd	-1.86	3.00	2.00
Gwernaffield	-1.82	3.00	2.00
Buckley	-1.80	3.00	2.00
Llanasa	-1.54	3.00	2.00
Gwernymynydd	-1.14	3.00	2.00
Queensferry	-0.88	3.00	2.00
Broughton & Bretton	-0.32	3.00	2.00
Brynford	0.00	3.00	2.00
Saltney	0.00	3.00	2.00
Treuddyn	0.07	3.00	2.00
Penyffordd	0.29	3.00	2.00
Leeswood	0.54	3.00	2.00
Caerwys	0.84	3.00	2.00
Mold	0.99	3.00	2.00
Connahs Quay	1.01	3.00	2.00
Flint	1.13	3.00	2.00
Argoed	1.58	3.00	2.00
Mostyn	1.82	3.00	2.00
Halkyn	1.94	3.00	2.00
Nannerch	2.78	3.00	2.00
Whitford	2.78	3.00	2.00
Northop Hall	2.98	3.00	2.00
Holywell	3.50	3.00	2.00
Cilcain	3.56	3.00	2.00
Nercwys	3.65	3.00	2.00
Trelawnyd & Gwaenysgor	3.84	3.00	2.00
Ysceifiog	4.97	3.00	2.00
Hope	23.33	3.00	2.00
Northop	42.86	3.00	2.00

**Appendix B****2014-15 Council Tax Charges****% Amounts in Town / Community Council order**

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Argoed	1.58	3.00	2.00
Bagillt	-4.88	3.00	2.00
Broughton & Bretton	-0.32	3.00	2.00
Brynford	0.00	3.00	2.00
Buckley	-1.80	3.00	2.00
Caerwys	0.84	3.00	2.00
Cilcain	3.56	3.00	2.00
Connahs Quay	1.01	3.00	2.00
Flint	1.13	3.00	2.00
Gwernaffield	-1.82	3.00	2.00
Gwernymynydd	-1.14	3.00	2.00
Halkyn	1.94	3.00	2.00
Hawarden	-2.08	3.00	2.00
Higher Kinnerton	-2.69	3.00	2.00
Holywell	3.50	3.00	2.00
Hope	23.33	3.00	2.00
Leeswood	0.54	3.00	2.00
Llanasa	-1.54	3.00	2.00
Llanfynydd	-1.86	3.00	2.00
Mold	0.99	3.00	2.00
Mostyn	1.82	3.00	2.00
Nannerch	2.78	3.00	2.00
Nercwys	3.65	3.00	2.00
Northop	42.86	3.00	2.00
Northop Hall	2.98	3.00	2.00
Penyffordd	0.29	3.00	2.00
Queensferry	-0.88	3.00	2.00
Saltney	0.00	3.00	2.00
Sealand	-2.94	3.00	2.00
Shotton	-6.49	3.00	2.00
Trelawnyd & Gwaenysgor	3.84	3.00	2.00
Treuddyn	0.07	3.00	2.00
Whitford	2.78	3.00	2.00
Ysceifiog	4.97	3.00	2.00