

# Public Document Pack



Contact Officer:  
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To: Cllr Clive Carver (Chairman)

Councillors: Marion Bateman, Paul Cunningham, Peter Curtis, Andy Dunbobbin, Robin Guest, Ron Hampson, Ray Hughes, Richard Jones, Brian Lloyd, Vicky Perfect, Paul Shotton, Ian Smith, Nigel Steele-Mortimer and Arnold Woolley

16 January 2017

Dear Councillor

You are invited to attend a meeting of the Corporate Resources Overview & Scrutiny Committee which will be held at 10.00 am on Friday, 20th January, 2017 in the Council Chamber, County Hall, Mold CH7 6NA to consider the following items

**Please note: All Members and Co-opted Members are invited to attend.**

## A G E N D A

### 1 APOLOGIES

**Purpose:** To receive any apologies.

### 2 DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

**Purpose:** To receive any Declarations and advise Members accordingly.

### 3 COUNCIL FUND BUDGET REPORT 2017/18 – PART 3 CLOSING STRATEGY (Pages 3 - 24)

Report of Chief Executive - Leader of the Council and Cabinet Member for Finance

**Purpose:** To outline Part 3 of the Budget Strategy

### 4 DEVELOPMENT OF THE 2017/18 TO 2019/20 CAPITAL PROGRAMME (Pages 25 - 44)

Report of Chief Executive - Leader of the Council and Cabinet Member for Finance

**Purpose:** To present proposals for the developing Capital Programme for 2017/18 to 2019/20 for scrutiny

Yours sincerely

A handwritten signature in black ink, appearing to read "Robert Robins", with a long horizontal line extending to the right.

Robert Robins  
Democratic Services Manager



## CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Friday, 20 January 2017
<b>Report Subject</b>	Council Fund Budget 2017/18 – Part 3 Closing Strategy
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Chief Executive and Corporate Finance Manager
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

The annual Council Fund budget for 2017/18 has been developed in two stages:

- Stage One: which covers Part 1 of our Medium Term Financial Strategy (MTFS) – service reform based on the service portfolio business plans; and
- Stage Two: which covers Parts 2 and 3 of our Medium Term Financial Strategy (MTFS) – corporate financial stewardship and working with Welsh Government.

The Stage One proposals were approved by Council on 15 November 2016 and are now closed and being implemented.

The Stage Two proposals on corporate financial stewardship were approved by Council on 6 December 2016 following consideration by Corporate Resources Overview and Scrutiny Committee on 30 November and are also closed and being implemented.

The Provisional Settlement was received on 19 October 2016. The Settlement provided a similar level of financial support to the Council as in 2016/17 and has been referred to as a 'cash flat' Settlement. Given that there was no reduction in Revenue Support Grant for Flintshire the Settlement had a positive impact on the forecast budget 'gap' of £2.8m.

The Final Local Government Settlement was received on 21 December 2016 and was largely unchanged in overall cash terms from the Provisional Settlement (an increase of £0.044m) other than the inclusion of important additional investment for the rising costs of domiciliary care across Wales. Over and above this an amount

of £0.201m was transferred into the settlement as a new responsibility for homelessness prevention. The funding previously received through the Housing Benefit Subsidy for temporary accommodation for the same purpose has been reduced so there is a net reduction in funding of £0.157m. Given demands for homelessness services this is a new pressure which cannot be avoided.

The amount remaining to be found to achieve a balanced budget stands at £2m.

There are limited options to close the remaining 'gap' as set out in the report.

## RECOMMENDATIONS

1	Note the details and the implications of the Welsh Local Government Final Settlement.
2	To review, scrutinise and comment on the limited options for closing the remaining gap of £2m.

## REPORT DETAILS

<b>1.00</b>	<b>The Latest Budget Position</b>
1.01	The annual Council Fund budget for 2017/18 has been developed in two stages: <ul style="list-style-type: none"> <li>• Stage One: which covers Part 1 of our Medium Term Financial Strategy (MTFS) – service reform based on the service portfolio business plans</li> <li>• Stage Two: which covers Parts 2 and 3 of our Medium Term Financial Strategy (MTFS) – corporate financial stewardship and working with Welsh Government.</li> </ul>
1.02	The Stage One proposals were approved by Council on 15 November 2016 and are now closed and being implemented.
1.03	The Stage Two proposals on corporate financial stewardship were approved by Council on 6 December 2016 following consideration by Corporate Resources Overview and Scrutiny Committee on 30 November and are also closed and being implemented.
1.04	The Provisional Settlement was received on 19 October. The Settlement gave a similar level of financial support to the Council as in 2016/17 and has been referred to as a 'cash flat' Settlement. Given that there was no reduction in Revenue Support Grant for Flintshire the Settlement had a positive impact on the forecast budget 'gap' of £2.8m.
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1.06	<p>The amount remaining to be found to achieve a balanced budget stands at £2m as summarised in the table below:</p> <p><b>Table 1</b></p> <table border="1"> <thead> <tr> <th>Description</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Projected Budget "gap"</td> <td>14.4</td> </tr> <tr> <td><b>Less:</b></td> <td></td> </tr> <tr> <td>    Portfolio Business Plans</td> <td>(5.7)</td> </tr> <tr> <td>    Corporate Financial Stewardship</td> <td>(4.6)</td> </tr> <tr> <td>    Provisional Settlement</td> <td>(2.8)</td> </tr> <tr> <td><b>Add:</b></td> <td></td> </tr> <tr> <td>    New and Emerging Pressures</td> <td>0.6</td> </tr> <tr> <td>    Impact of Final Settlement</td> <td>0.1</td> </tr> <tr> <td><b>Remaining Budget "Gap"</b></td> <td><b>2.0</b></td> </tr> </tbody> </table>	Description	£m	Projected Budget "gap"	14.4	<b>Less:</b>		Portfolio Business Plans	(5.7)	Corporate Financial Stewardship	(4.6)	Provisional Settlement	(2.8)	<b>Add:</b>		New and Emerging Pressures	0.6	Impact of Final Settlement	0.1	<b>Remaining Budget "Gap"</b>	<b>2.0</b>
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1.07	<p>Cabinet considered a report on 17 January which summarised the current position and advised of the limited options available to meet the remaining budget gap. The report also detailed some of the outstanding risks and issues that will need to be considered as part of the overall closing strategy.</p>																				
1.08	<p>The Cabinet report is attached as Appendix 1 and members are requested to review, comment and scrutinise the limited options for closing the remaining gap of £2m.</p>																				

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As set out in the report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultation with Group Leaders, Overview and Scrutiny Committees, senior officers and service teams, and external partners have been held in the development of the business plans, budget proposals and resilience assessments.
<b>4.00</b>	<b>RISK MANAGEMENT</b>

4.01	
4.01	All parts of the financial forecast, and all budget solutions, are risk assessed stage by stage. Services have already been assessed against efficiency, value for money and resilience with the assessment being reported to the Overview and Scrutiny Committees throughout July 2016.

5.00	<b>APPENDICES</b>
5.01	Appendix 1: Report to Cabinet on 17 <sup>th</sup> January 2017 – Council Fund Budget 2017/18 – Part 3 Closing Strategy.

6.00	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	Colin Everett, Chief Executive and Gary Ferguson, Corporate Finance Manager  <b>Contact Officer:</b> Gary Ferguson <b>Telephone:</b> 01352 702271 <b>E-mail:</b> <a href="mailto:gary.ferguson@flintshire.gov.uk">gary.ferguson@flintshire.gov.uk</a>

7.00	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Medium Term Financial Strategy (MTFS):</b> a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p><b>Local Government Funding Formula:</b> the system through which the annual funding needs of each council is assessed at a national level, and from which each council's annual AEF (see above) is derived. The formula is very complex. In summary, using information such as statistics on local population change and deprivation, the formula sets a guide for each council's funding needs called the Standard Spending Assessment (SSA).</p> <p><b>Annual Settlement:</b> the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget, and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p><b>Specific Grants:</b> An award of funding from a grant provider (e.g. Welsh</p>

Government) which must be used for a pre-defined purpose.

**Central Loan and Investment Account (CLIA):** brings together the revenue costs of all Council's borrowing and investment activity. Contains; interest on debt, MRP (see below), Treasury Management costs (staff, advisors, software etc., charges for debt rescheduling undertaken in earlier years and income generated from investments. Also referred to as Capital Financing Charges.

**Minimum Revenue Provision (MRP):** method for charging (debt-funded) capital expenditure to the revenue account in local authority accounts. Full Council sets an MRP policy annually selecting from a range of options contained with Welsh Regulations set by Welsh Government.

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## CABINET

<b>Date of Meeting</b>	Tuesday, 17 January 2017
<b>Report Subject</b>	Council Fund Budget 2017/18 – Part 3 Closing Strategy
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Chief Executive and Corporate Finance Manager
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### EXECUTIVE SUMMARY

The annual Council Fund budget for 2017/18 has been developed in two stages:

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The Final Local Government Settlement was received on 21 December 2016 and was largely unchanged in overall cash terms from the Provisional Settlement (an increase of £0.044m) other than the inclusion of important additional investment

for the rising costs of domiciliary care across Wales. Over and above this an amount of £0.201m was transferred into the settlement as a new responsibility for homelessness prevention. The funding previously received through the Housing Benefit Subsidy for temporary accommodation for the same purpose has been reduced so there is a net reduction in funding of £0.157m. Given demands for homelessness services this is a new pressure which cannot be avoided.

The amount remaining to be found to achieve a balanced budget stands at £2m.

There are limited options to close the remaining 'gap' as set out in the report.

## RECOMMENDATIONS

1.	Note the details and the implications of the Welsh Local Government Final Settlement.
2.	Review the limited options for closing the remaining 'gap' of £2m for consultation with the Corporate Resources Overview and Scrutiny Committee (which meets on 20 January).

## REPORT DETAILS

<b>1.00</b>	<b>The Latest Budget Position</b>
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1.05	<p>The Final Local Government Settlement was received on 21 December 2016 and was largely unchanged in overall cash terms from the Provisional Settlement (an increase of £0.044m) other than the inclusion of important additional investment for the rising costs of domiciliary care across Wales. Over and above this an amount of £0.201m was transferred into the settlement as a new responsibility for homelessness prevention. The funding previously received through the Housing Benefit Subsidy for temporary accommodation for the same purpose has been reduced so there is a net reduction in funding of £0.157m. Given demands for homelessness services this is a new pressure which cannot be avoided.</p> <p>A briefing note on the Final Settlement is attached as Appendix 2.</p>																														
1.06	<p>The amount remaining to be found to achieve a balanced budget stands at £2m. There are limited options for balancing the budget at this third and final stage as set out in the report.</p>																														
2.00	<p><b>Summary of Stage 1 Service Portfolio Business Plans</b></p>																														
2.01	<p>Stage One of the budget was concluded at the Council meeting on 15 November. A summary of the approved efficiency proposals is shown below.</p> <p><b>Table 1</b></p> <table border="1" data-bbox="284 1021 1289 1518"> <thead> <tr> <th data-bbox="284 1021 970 1081">Portfolio</th> <th data-bbox="978 1021 1129 1081"></th> <th data-bbox="1137 1021 1289 1081">£m</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1104 970 1142">Planning and Environment</td> <td data-bbox="978 1104 1129 1142"></td> <td data-bbox="1137 1104 1289 1142">0.205</td> </tr> <tr> <td data-bbox="284 1149 970 1187">Streetscene and Transportation</td> <td data-bbox="978 1149 1129 1187"></td> <td data-bbox="1137 1149 1289 1187">1.350</td> </tr> <tr> <td data-bbox="284 1193 970 1232">Social Care</td> <td data-bbox="978 1193 1129 1232"></td> <td data-bbox="1137 1193 1289 1232">0.690</td> </tr> <tr> <td data-bbox="284 1238 970 1276">Education and Youth</td> <td data-bbox="978 1238 1129 1276"></td> <td data-bbox="1137 1238 1289 1276">0.873</td> </tr> <tr> <td data-bbox="284 1283 970 1321">Organisational Change</td> <td data-bbox="978 1283 1129 1321"></td> <td data-bbox="1137 1283 1289 1321">0.943</td> </tr> <tr> <td data-bbox="284 1328 970 1366">Community and Enterprise</td> <td data-bbox="978 1328 1129 1366"></td> <td data-bbox="1137 1328 1289 1366">0.629</td> </tr> <tr> <td data-bbox="284 1373 970 1411">Corporate Services</td> <td data-bbox="978 1373 1129 1411"></td> <td data-bbox="1137 1373 1289 1411">0.903</td> </tr> <tr> <td data-bbox="284 1417 970 1456">Central and Corporate Finance</td> <td data-bbox="978 1417 1129 1456"></td> <td data-bbox="1137 1417 1289 1456">0.150</td> </tr> <tr> <td data-bbox="284 1462 970 1518">Total</td> <td data-bbox="978 1462 1129 1518"></td> <td data-bbox="1137 1462 1289 1518">5.743</td> </tr> </tbody> </table> <p><b>Footnotes:</b></p> <ol style="list-style-type: none"> <li>1. The figures above may be subject to change at implementation stage</li> <li>2. The proposals originate from the third and final year of service planning.</li> </ol>	Portfolio		£m	Planning and Environment		0.205	Streetscene and Transportation		1.350	Social Care		0.690	Education and Youth		0.873	Organisational Change		0.943	Community and Enterprise		0.629	Corporate Services		0.903	Central and Corporate Finance		0.150	Total		5.743
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3.00	<p><b>Summary of Stage 2a Corporate Financial Stewardship</b></p>																														
3.01	<p>Stage Two of the budget was concluded at the Council meeting on 6 December. A summary of the approved efficiency proposals is shown below.</p>																														

**Table 2**

Description		£m
Council Tax Base Increase		0.345
Independent Living Fund (ILF)		0.412
Transition to Adulthood		0.162
Flint Extra Care Scheme		0.170
Schools Investment		0.400
Apprentice Tax Levy		0.470
Central Loans and Investment Account (CLIA)		2.690
<b>Total</b>		<b>4.649</b>

**Footnotes:**

1. The figures above are precise estimates and will not be subject to any material change
2. The Council Tax base increase has been notified to Welsh Government
3. The figures assume the utilisation of reserves to meet the costs of the new Apprentice Levy.
4. The CLIA figure reflects the approved changes to the Minimum Revenue Provision (MRP) policy.

3.02 At the meeting on 6 December new and emerging pressures totalling £0.597m were also reported and added to the budget requirement for 2017/18.

4.00 **Summary of Stage 2b Working with Welsh Government**

4.01 As detailed in para. 1.05 The Final Local Government Settlement was received on 21 December 2016 and has resulted in a net reduction in funding of £0.157m. This takes into account the transfer into the settlement as a new responsibility for homelessness prevention of £0.201m for funding previously received through the Housing Benefit Subsidy for temporary accommodation.

A briefing note on the Final Settlement is attached as Appendix 2.

4.02 Following completion of Stages One and Two, and receipt of the Settlement, a gap of £2m remains to achieve a balanced budget.

**Table 3**

Description		£m
Projected Budget "gap"		14.4
<b>Less:</b>		
Portfolio Business Plans		(5.7)
Corporate Financial Stewardship		(4.6)
Provisional Settlement		(2.8)
<b>Add:</b>		
New and Emerging Pressures		0.6
Impact of Final Settlement		0.1
<b>Remaining Budget "Gap"</b>		<b>2.0</b>

5.00 **Closing Strategy to Reach a Balanced Budget**

5.01 There are only limited options available to close the remaining gap of £2m and these are set out below:

5.02 **Domiciliary Care - Charging Levels**

A Welsh Government announcement has recently been made on raising the charging cap from the current amount of £60 per week to £70 per week (from 1 April 2017). For Flintshire this will generate projected additional income of £0.238m in 2017/18. Welsh Government also announced, as part of the Settlement, an additional £10m to support the rising costs of domiciliary care across Wales. Based on an assumed formula distribution the Council should receive additional funds, in the form of a specific grant, in the region of £0.430m.

5.03 **Local Taxation**

The forecast assumes a Council Tax increase of 3% for 2017/18. The maximum permissible annual rise for councils is 5% per year. As a guideline every 0.1% of increase in Council Tax contributes approximately £0.057m to the budget position (net of the impact of increased benefit entitlements under the Council Tax Reduction Scheme budget).

5.04 The North Wales Fire and Rescue Authority approved an increase of 4% on its levy at its meeting on the 19 December 2016. When taking into account population changes Flintshire's annual increase come in at 4.52% - an increased cost of £0.317m which is not currently included in the budget estimate. This increase cannot be met by further reductions in Council services as Stage One of the budget strategy is now closed. An option is to add the levy increase to the planned Council Tax increase. If this option was adopted the planned Council Tax rise would increase from 3.00% to 3.55%. The only other options are to utilise further one-off reserves or to reduce the overall level of investment in schools.

5.05 The Police Precept is still yet to be formally notified to the Council although an increase of between 3.5% and 5% is expected. This is equal to an annual increase of between £8.40 and £12.01 on the 2016/17 Band D equivalent

	charge of £240.12.
5.06	<p><b>School Investment</b></p> <p>An uplift of £1.2m (1.34%) is currently included for the overall schools budget. The budget is distributed to schools through the local schools funding formula. Any reduction in this provision would cause risks for schools budget planning.</p>
6.00	<p><b>Use of Reserves and Balances</b></p>
6.01	There is the option to utilise reserves to assist in the budget for 2017/18 - noting that this only provides a one year solution. As part of the approved Corporate Financial Stewardship options an amount of £0.699m has already been earmarked to meet the first year costs of the new UK Government introduced Apprentice Tax Levy.
6.02	A decision on what is considered to be a prudent use of reserves needs to take into account both the future sustainability of the budget and the impact on the reserve levels which remain for future years.
6.03	Any use of reserves in the budget would need to be made good in the base budget the following year.
6.04	Earmarked reserves are projected to stand at £2.885m at the financial year end.
6.05	The Contingency Reserve is projected to stand at £4.268m at the financial year end (calculated as at month 8) although this will be subject to the final outturn. It is recommended that a significant portion of this reserve is maintained as a safeguard against in-year risks and unforeseen events. Any use of reserves to balance the budget greater than £2m is considered to be high risk (bearing in mind it has already been agreed that £0.699m of reserves will be utilised for the costs of the apprentice levy for 2017/18).
7.00	<p><b>Outstanding Risks and Issues</b></p>
7.01	<p><b>Single Environment Grant</b></p> <p>Welsh Government is considering making a reduction in this grant of 6.7% in 2017/18. This would cause an immediate operational budget pressure of £0.200m.</p>
7.02	<p><b>Transportation Costs</b></p> <p>Following on from one of the Council's main transport providers going into liquidation there is a risk that the cost of maintaining the local public and school bus services could require an additional £0.675m in a full year. Negotiations with Welsh Government over future funding, and reviews of routes and service frequency, continue.</p>
7.03	<p><b>Household Recycling Centres</b></p> <p>The new configuration of the local Household Recycling sites will not become</p>

	operational until quarter two of 2017/18. A shortfall in the planned operational efficiencies target of £0.240m is forecast as a result of the newly adopted strategy of the Council. However, this cost pressure can be mitigated by the ending of a previous prudential borrowing loan arrangement within the service where capital was borrowed to purchase household recycling receptacles.
7.04	<b>Car Park Income – County Hall</b>  A planned change in the policy for workforce essential car user allowances and mileage cost levels aimed to achieve an upper target of savings in the region of £0.750m. It was anticipated that this upper target could offset a projected shortfall of £0.080m of car parking income caused by the decision to change the planned County Hall car parking scheme for the workforce and to only charge employees an administrative fee for the issue of car parking permits. The cost savings made to the change in policy for workforce essential car user allowances and mileage cost levels should generate an estimated saving of £0.650m in a full year having taking into account appeals made by employees against the planned withdrawal of their allowance. Therefore, there is a potential overall cost pressure of £0.080m.
7.05	<b>Impact of the Outturn 2016/17</b>  Any emerging issues from the outturn for the current financial year will also need to be considered where they will have an impact on 2017/18 or beyond. Any new pressures identified over time will need to be considered as part of the final balancing proposals.
8.00	<b>Next Steps and Timescales</b>
8.01	This report will be considered by Corporate Resources Overview and Scrutiny Committee on 20 January. This meeting is open to all members.
8.02	Final budget proposals will be considered by Cabinet on the morning of 14 February for recommendation to Council for approval in the afternoon.
8.03	The formal Council Tax setting meeting of Council will be held on 1 March.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As set out in the report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultation with Group Leaders, Overview and Scrutiny Committees, senior officers and service teams, and external partners have been held in the development of the business plans, budget proposals and resilience assessments.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
	All parts of the financial forecast, and all budget solutions, are risk assessed stage by stage. Services have already been assessed against efficiency, value for money and resilience with the assessment being reported to the Overview and Scrutiny Committees throughout July 2016.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Council response to the Welsh Local Government Provisional Settlement.
5.02	Appendix 2 – Briefing note on the Welsh Local Government Final Settlement

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Council Report 15 November 2016 Stage One  <a href="http://committeemeetings.flintshire.gov.uk/mglIssueHistoryHome.aspx?lId=20333&amp;LLL=0">http://committeemeetings.flintshire.gov.uk/mglIssueHistoryHome.aspx?lId=20333&amp;LLL=0</a></p> <p>Council Report 6 December 2016 – Stage Two  <a href="http://committeemeetings.flintshire.gov.uk/mglIssueHistoryHome.aspx?lId=20481&amp;LLL=0">http://committeemeetings.flintshire.gov.uk/mglIssueHistoryHome.aspx?lId=20481&amp;LLL=0</a></p> <p>Colin Everett, Chief Executive and Gary Ferguson, Corporate Finance Manager</p> <p><b>Contact Officer:</b> Gary Ferguson  <b>Telephone:</b> 01352 702271  <b>E-mail:</b> <a href="mailto:gary.ferguson@flintshire.gov.uk">gary.ferguson@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Medium Term Financial Strategy (MTFS):</b> a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p><b>Local Government Funding Formula:</b> the system through which the annual funding needs of each council is assessed at a national level, and</p>



from which each council's annual AEF (see above) is derived. The formula is very complex. In summary, using information such as statistics on local population change and deprivation, the formula sets a guide for each council's funding needs called the Standard Spending Assessment (SSA).

**Annual Settlement:** the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget, and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.

**Specific Grants:** An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

**Central Loan and Investment Account (CLIA):** brings together the revenue costs of all Council's borrowing and investment activity. Contains; interest on debt, MRP (see below), Treasury Management costs (staff, advisors, software etc.), charges for debt rescheduling undertaken in earlier years and income generated from investments. Also referred to as Capital Financing Charges.

**Minimum Revenue Provision (MRP):** method for charging (debt-funded) capital expenditure to the revenue account in local authority accounts. Full Council sets an MRP policy annually selecting from a range of options contained with Welsh Regulations set by Welsh Government.

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**Colin Everett**  
Chief Executive  
Prif Weithredwr



Simon Edwards  
Local Government Funding and Performance  
Branch  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

Your Ref/Eich Cyf

Our Ref/Ein Cyf

Date/Dyddiad 30<sup>th</sup> November 2016

Ask for/Gofynner am Colin Everett

Direct Dial/Rhif Union 01352 702101

Email/Ebost:  
chief.executive@flintshire.gov.uk

Dear Simon

## Local Government Provisional Settlement

Thank you for the opportunity to comment on the Local Government Provisional Settlement for 2017/18. We appreciate the timely announcement of the Provisional Settlement following the lateness of the respective announcement last year.

We have grouped our comments under four headings as set out below.

### Medium-Term Planning

We do understand the difficulty in being able to plan ahead for the medium term with any certainty as the Cabinet Secretary thoughtfully explained both privately when we met, and in public statements. The absence of a medium-term indicative settlement does seriously compromise our ability to plan ahead for sustainable services, and service continuity, with sufficient confidence.

Given that the Chancellor has now made his Autumn Statement, and that civil servants will be analysing and advising on the immediate and medium-term implications of the Statement, we would request a statement of medium-term commitments to local government and the public services at the earliest possible point in the New Year. Deferral of medium-term commitments by Welsh Government to this time next year would seriously compromise future planning. New council administrations will need to plan ahead their priorities and investment choices for their five year term with some confidence as they settle in May post-elections.

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

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



## **Overview of the Provisional Settlement**

We appreciate that the case made by local government on the impacts of compounded reductions in Revenue Support Grant over a series of years, and the need for some relief to protect critical public services, has been heard.

We recognise the need for a form of annual funding 'floor' to protect the councils most exposed to a reduction in Revenue Support Grant and support the initiative of Welsh Government in funding the floor rather than requiring other councils to support the subsidy from a reduction in their own Grant. As a Council which has not benefited from a funding floor in any previous financial years this is an important point for us to make.

We share the concern at the relatively late emergence of considerable demography-led budget distribution changes from the Distribution Sub-Group. Many of us were unsighted on these changes. We appreciate and support the action taken to mitigate the impacts of these proposed changes as the consequences of their full introduction would have been de-stabilising for some councils.

## **Specific Comments on the Provisional Settlement**

As a Council which has made a strong case for a 'cash-flat' settlement we support the Provisional Settlement as one which gives a minimum of protection to local government and to Flintshire. As a council which is poorly and unfairly funded under the Local Government Funding Formula we are particularly exposed to the risks and compound impacts of successive annual reductions in the Revenue Support Grant. Retention of our Grant at the 2016/17 level was our minimum expectation of the Provisional Settlement. The recent summary revision of our Medium Term Financial Strategy (MTFS) sets out our position and our need for Revenue Support Grant to be maintained at current levels, as a minimum, for future years.

We welcome the recognition of the escalating cost pressures in social care. However, the current Government investment levels are not sufficient to sustain critical care services - both directly provided and commissioned. The additional investment of £24M assumed in the Provisional Settlement calculations method is an under-estimate. The additional costs pressures for commissioned residential and domiciliary care services in 2017/18 are £2.7M for Flintshire alone. Social care and health should be given parity of esteem in funding decisions as co-dependent parts of the wider care sector. If a crisis in social care is to be avoided additional and continued investment is required in the short-term. We would request that Welsh Government increases the level of support for social care and that a proportion of the additional funds announced for health, including the Winter Pressures investment, is made available for shared cost pressures.

We remain concerned at the continuation of an excessive number of specific grants, the reduction in funding for certain specific grants specifically the Single Environment Grant, and the parallel announcement of the cessation of the Communities First

Programme with no transition plan or succession plan yet in place. We urge re-consideration, and the reinstatement of the Single Environment Grant to the current funding level. This Grant directly funds waste collection and recycling services, and any reduction will threaten the continuation of key services which are essential for councils to achieve their waste diversion and recycling targets. The proposal to reduce the Grant undermines Welsh Government's own environmental policy objectives and is contrary to the principles of the Well-being of Future Generations Act 2015. Further information is being shared with Welsh Government by the family of local government on the risks to environmental services posed by the proposed reduction in Grant.

Flintshire is one of the councils which has been pressing for a relaxation of the Domiciliary Care Fee Cap both on the principle that councils should have the freedom to set local charging schemes for services, and from necessity to recover a fuller proportion of service costs to ensure the sustainability of domiciliary care services. We appreciate that a decision on the relaxation of the Cap and/or additional investment to subsidise commissioning councils is imminent. We request a positive decision for 2017/18 supported by a plan for the revised Cap to be raised by a minimum of £10 per year in successive financial years.

### **Future Work**

The case for a review of local government funding in Wales – the quantum of funding, the distribution method of funding, and local freedoms and flexibilities to act including income charging, taxation and the retention of Non Domestic Business Rates growth – has been well made, most recently by the Independent Commission on Local Government Funding in Wales. We urge Welsh Government to commit to an urgent review.

Flintshire is one of the councils with an evidential case for a review of the Local Government Funding Formula as part of this wider review. The disparity in funding per capita across councils is unfair and no longer justifiable. Low funded councils such as Flintshire are being exposed to a high level of risk with an unsustainable funding base which is not based on a balanced assessment of local need and does not recognise some of the greatest local cost pressures, such as workforce costs, in its calculation and distribution methodologies.

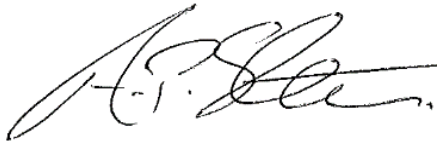
The reduction of specific grants should be included within this review.

Flintshire is keen to contribute to this review. The urgency of our case is expressed in the latest summary of our Medium Term Financial Strategy (MTFS) which is attached.

Yours sincerely

Handwritten signature of Colin Everett in black ink.

**Colin Everett**  
Chief Executive

Handwritten signature of Aaron Shotton in black ink.

**Aaron Shotton**  
Leader

## **APPENDIX 2 - BRIEFING NOTE ON FINAL WELSH LOCAL GOVERNMENT SETTLEMENT 2017/18**

### **Background**

The Final Settlement was received on 21st December 2016.

### **Headlines**

#### Standard Spending Assessment (SSA)

The final SSA for 2017/18 is £257.526m (£256.492m at Provisional stage) which is an increase of 1.5% on the SSA for 2016/17 (£253.738m)

#### Aggregate External Finance (RSG & NDR)

The final AEF for 2017/18 is £185.033m (£184.989m at Provisional stage) which when compared to the adjusted 2016/17 AEF figure of £184.722m represents an increase of 0.2% (All Wales 0.2%).

### **Transfers into Settlement**

The following transfers into the settlement were confirmed on the same basis identified at the provisional stage:

- Delivering Transformation (£0.123m)
- Deprivation of Liberty Standards (£0.009m)
- Food Hygiene Rating (£0.002m)

### **Transfers out of Settlement**

The following transfers out of the settlement was confirmed on the same basis identified at the provisional stage:

- Education Workforce Council Teachers Registration Fees (£0.050m)

### **New Responsibilities**

The following new responsibilities were confirmed on the same basis identified at the provisional stage:

- Increasing capital limits for Residential Care (£0.195m)
- War disablement pension disregard (£0.013m)

The final settlement identified one additional new responsibility:

- Homelessness Prevention (FCC £0.201m All Wales £6m)

### **Additional Funding (Floor)**

- £1.6m included to ensure that no authority sees a reduction of greater than 0.5% compared to its 2016/17 allocation and top-up funding.

## **Specific Grants**

Only very limited information at an All Wales level has been received at the present time.

## **General Capital Funding**

Flintshire's General Capital Funding has now been consolidated into a single funding stream and reduced from a 2016/17 total of £6.728m to £6.634m, which is a net decrease of £0.094m (same as at provisional stage).

## **Funding Impact of the Settlement**

There is an increase in AEF in cash terms of £0.044m when compared with the Provisional Settlement stage.

However, there is an additional new responsibility of £0.201m identified in the final settlement in relation to Homelessness Prevention which will need to be assessed in detail with regards to funding requirements for Flintshire. Taking this adjustment into account the settlement effectively shows a net reduction in funding of £0.157m

## **Other Headline Figures Identified outside of the AEF (All Wales)**

- £10m available to local authorities for domiciliary care purposes
- £10m to provide non-domestic rates relief for businesses on high street

Gary Ferguson  
Corporate Finance Manager  
21/12/2016





## CORPORATE RESOUCRES OVERVIEW & SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Friday 20th January 2017
<b>Report Subject</b>	Development of 2017/18 – 2019/20 Capital Programme
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Chief Executive, Chief Officer Organisational Change and Corporate Finance Manager
<b>Report Type</b>	Strategic

### EXECUTIVE SUMMARY

This report presents the developing Capital Programme for the period 2017/18 – 2019/20.

The Council funded Capital Programme is only one part of the Council's contribution to investing in local infrastructure, facilities and assets. Regional programmes such as the Economic Growth Strategy which draw on national funds, and separate capital programmes such as the Housing Revenue Account (HRA) Capital Programme which includes Wales Housing Quality Standard (WHQS) and Strategic Housing and Regeneration Programme (SHARP), and the 21<sup>st</sup> Century Schools Programme delivered in partnership between the Council and Welsh Government, supplement the Council funded capital programme.

The Council funded programme primarily supports infrastructure assets and buildings (e.g. highways and schools) and investment in our new or readopted service models (e.g. leisure and social care). The proposed capital investments are aligned to the portfolio service business plans and the Improvement Plan.

The Capital Strategy and Asset Management Plan is being updated to support the current and emerging longer term Council priorities and to meet the investment needs of our new or readopted service business models. The new Strategy will be more visionary and will be an evidential basis for the leverage of national funds to meet Council priorities.

This report builds on the Capital Strategy and Asset Management Plan adopted in February 2016 which splits the Council Fund Capital Programme into three sections;

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

The majority of the programme can be funded from supported borrowing, capital receipts and grants. There is a shortfall in general funding which would need to be met through a combination of future capital receipts, alternative grants, prudential borrowing or by phasing schemes over several years.

The information in this report refers to Council Fund (CF) schemes only.

The report was considered and approved by Cabinet in December 2016.

## RECOMMENDATIONS

1	Members are asked to consider and support the allocations and schemes in Table 2 (paragraph 1.07) for Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2017/18 - 2019/20.
2	Members are asked to consider and support the schemes included in Table 3 (paragraph 1.20) for the Investment section of the Council Fund Capital Programme 2017/18 - 2019/20.
3	Members are asked to note that the shortfall in funding of schemes in 2018/19 and 2019/20 (paragraph 1.30) at this point in the approval process is flexible. Options including a combination of future capital receipts, alternative grants, prudential borrowing or phasing schemes over several years will be considered during 2017/18, and included in future capital programme reports.
4	Members are asked to note the development of a more longer term Capital Strategy and Asset Management Plan.
5	Members are asked to consider the report and feedback any comments for Cabinet to consider before the final Capital Programme 2017/18 – 2019/20 report is considered by Council.

## REPORT DETAILS

1.00	DEVELOPING THE CAPITAL PROGRAMME 2017/18 – 2019/20
1.01	<p>The Council funded capital programme has limited resources to support Council priorities, needs and liabilities. The council funded programme is only one part of the Council’s contribution to investing in local infrastructure, facilities and assets. Regional programmes such as the Economic Growth Strategy which draw on national funds, and separate capital programmes such as the Housing Revenue Account (HRA) Capital Programme which includes Wales Housing Quality Standard (WHQS) and Strategic Housing and Regeneration Programme (SHARP), and the 21<sup>st</sup> Century Schools Programme, delivered in partnership between the Council and Welsh Government, supplement the council funded capital programme. The Council will need to be inventive to attract greater capital funds in the future through alternative funding sources and the use of land assets.</p> <p>The council funded programme primarily supports infrastructure assets and buildings (e.g. highways and schools) and investment in our new or readopted service models (e.g. leisure and social care). The proposed capital investments are aligned to the portfolio service business plans and the Improvement Plan.</p> <p>The Capital Strategy and Asset Management Plan is being updated to support the current and emerging longer term Council priorities and to meet the investment needs of our new or readopted service business models. The new Strategy will be more visionary and will be an evidential basis for the leverage of national funds to meet Council priorities. Longer-term planning will put the Council in a stronger position to attract national funds of different types – from capital grant to borrowing approvals - to support its priorities in areas such as economic development infrastructure, transport, education, housing and service models for example in social care.</p>

<b>Projected Funding Available 2017/18 - 2019/20</b>																																												
1.02	<p>Table 1 below shows the general capital funding currently projected to be available to fund the capital programme over the next 3 years.</p> <p><b><u>Table 1</u></b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5" style="text-align: center;"><b>ESTIMATED AVAILABLE FUNDING 2017/18 - 2019/20</b></th> </tr> <tr> <th></th> <th style="text-align: center;">2017/18</th> <th style="text-align: center;">2018/19</th> <th style="text-align: center;">2019/20</th> <th style="text-align: center;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Funding (Excluding Specific Funding)</b></td> </tr> <tr> <td>Un-hypothecated Supported Borrowing (USB) <sup>1</sup></td> <td style="text-align: center;">4.124</td> <td style="text-align: center;">4.124</td> <td style="text-align: center;">4.124</td> <td style="text-align: center;">12.372</td> </tr> <tr> <td>General Capital Grant (GCG) <sup>1</sup></td> <td style="text-align: center;">2.510</td> <td style="text-align: center;">2.510</td> <td style="text-align: center;">2.510</td> <td style="text-align: center;">7.530</td> </tr> <tr> <td>Capital Receipts Available (As at M6 2016/17)</td> <td style="text-align: center;">3.567</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">3.567</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>10.201</b></td> <td style="text-align: center;"><b>6.634</b></td> <td style="text-align: center;"><b>6.634</b></td> <td style="text-align: center;"><b>23.469</b></td> </tr> </tbody> </table> <p><b>1 As per 17/18 Provisional Settlement.</b></p>				<b>ESTIMATED AVAILABLE FUNDING 2017/18 - 2019/20</b>						2017/18	2018/19	2019/20	Total		£m	£m	£m	£m	<b>Funding (Excluding Specific Funding)</b>					Un-hypothecated Supported Borrowing (USB) <sup>1</sup>	4.124	4.124	4.124	12.372	General Capital Grant (GCG) <sup>1</sup>	2.510	2.510	2.510	7.530	Capital Receipts Available (As at M6 2016/17)	3.567	0.000	0.000	3.567	<b>Total</b>	<b>10.201</b>	<b>6.634</b>	<b>6.634</b>	<b>23.469</b>
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1.03	<p>Table 1 above assumes that the Un-hypothecated Supported Borrowing allocation and the General Capital Grant received from Welsh Government (WG) in the years 2017/18 to 2019/20 remains the same as the information provided in the 2017/18 provisional financial settlement for Welsh local government. Welsh Government will not publish the final settlement until later this month.</p> <p>Compared with 2016/17 final financial settlement the Un-hypothecated Supported Borrowing allocation has reduced by £0.057m and General Capital Grant by £0.034m, a total reduction of £0.091m.</p>																																											
1.04	<p>The only capital receipts included in the total funding available in Table 1 are those that have been received to date (£3.567m). That is prior year's receipts, and 2016/17 receipts (to date, as at the month 6 capital monitoring report 2016/17) which are unspent to date.</p> <p>This strategy continues and builds upon the prudent policy of allocating capital receipts to fund capital projects when these receipts are actually received rather than when we anticipate the receipt.</p> <p>The current projection is for a further £2.2m of capital receipts to be received by the end of 2016/17. This only includes sales that are actively progressing to legal completion and are rated as a low risk of not being achieved. A further £2.8m of capital receipts is anticipated by the end of the financial year, but there is more risk due to their size and complexity that these will slip into the early part of 2017/18.</p> <p>Future capital receipts over the period 2017/18 – 2019/20 are estimated to be in the region of £7m.</p>																																											

1.05	The figures in Table 1 relate to the Council Fund only with the HRA Capital Programme being reported separately to Cabinet in January.
	<b>Capital Programme 2017/18 – 2019/20</b>
1.06	<p>The Council's Capital Strategy and Asset Management Plan sets out the Capital Programme in three parts;</p> <ol style="list-style-type: none"> <li>1. Statutory / Regulatory section – allocations to cover regulatory and statutory works. Examples include; providing support to improve and adapt private sector homes (Disabled Facilities Grants), adaptations to schools for children with disabilities, any works required to keep buildings open due to Health and Safety requirements etc.</li> <li>2. Retained Assets section – to ensure service and business continuity. Allocations to fund schemes that maintain, enhance and improve retained assets and infrastructure to deliver services. Significant needs identified by service plans / condition surveys etc.</li> <li>3. Investment section – to fund costs incurred when remodelling and investing in services. New schemes arising from Portfolio business plans, the Improvement Plan, other relevant and emerging plans, and other strategies or emerging Council priorities approved through a selection process based on the provision of a sound business case.</li> </ol>

**Statutory / Regulatory and Retained Asset Allocations – 2017/18 – 2019/20**

1.07 Table 2 shows the proposed allocations for the period 2017/18 - 2019/20 for the Statutory / Regulatory and Retained Asset sections of the Capital Programme.

**Table 2**

<b>PROPOSED ALLOCATIONS 2017/18 - 2019/20</b>				
	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m
<b>Statutory / Regulatory Section</b>				
DD Act - Individual pupils	0.250	0.250	0.250	0.750
Private sector renewals & improvements	1.496	1.496	1.496	4.488
School building works	0.100	0.100	0.100	0.300
Corporate property works	0.300	0.300	0.300	0.900
IT - Firewalls, protection from cyber attacks	0.070	0.000	0.000	0.070
Special inspections - Flintshire bridge	0.510	0.000	0.000	0.510
<b>Total Statutory / Regulatory</b>	<b>2.726</b>	<b>2.146</b>	<b>2.146</b>	<b>7.018</b>
<b>Retained Assets Section</b>				
School building works	1.000	1.000	1.000	3.000
Corporate property works	0.300	0.300	0.300	0.900
Highways asset management plan	0.600	0.600	0.600	1.800
IT - Network replacement	0.300	0.000	0.000	0.300
IT - Server replacement	0.200	0.000	0.000	0.200
IT - Replacement of equip. to 'back up' data	0.050	0.000	0.000	0.050
TC - Telephony / Box office upgrade	0.100	0.000	0.000	0.100
Playareas and synthetic sports pitches	0.487	0.200	0.200	0.887
Headroom	0.250	0.250	0.250	0.750
<b>Total Retained Assets Section</b>	<b>3.287</b>	<b>2.350</b>	<b>2.350</b>	<b>7.987</b>

1.08 The information in Table 2 is explained in more detail in paragraphs 1.09 to 1.19 below.

1.09 **Equalities Act – Individual Pupils**  
An annual allocation to adapt and modify schools for children who have disabilities to support and create increasingly inclusive school environments.

1.10	<p><b>Private Sector Renewals and Improvements</b></p> <p>Annual allocations to improve and adapt private sector homes:</p> <ul style="list-style-type: none"> <li>• Disabled Facilities Grants – adaptations enabling residents to continue to live independently in their own homes</li> <li>• Partnership working with Care and Repair to support vulnerable residents</li> <li>• Delivery of ‘Houses into Homes’ and ‘Home Improvement Loans’ loan schemes in partnership with Welsh Government</li> <li>• Property appreciation loans – support to older and vulnerable residents to adapt and improve their homes, where they would not necessarily have the financial means to do so.</li> </ul>
1.11	<p><b>School Building Works</b></p> <p>An annual allocation to fund the most urgent property works required at schools split across the regulatory / statutory and retained assets sections of the capital programme.</p> <p>The retained assets section has been increased by £0.100m from 2017/18 onwards to introduce a programme of toilet upgrades in both primary and secondary schools to ensure compliance with Education (School Premises) Regulations 1999 and Department for Education and Skills document "Toilets in Schools". There is currently a backlog of such works estimated to be in the region of £1.5m which is often reflected as a Health and Safety issue in Estyn inspections of schools.</p>
1.12	<p><b>Corporate Property Works</b></p> <p>An annual allocation to fund the most urgent property works required at non-school premises split across the regulatory / statutory and retained assets sections of the capital programme.</p>
1.13	<p><b>IT – Firewalls, Protection from Cyber Attacks</b></p> <p>To access Department of Works and Pensions systems in undertaking Housing Benefit work the Council must connect to the Public Sector Network (PSN). To connect to the PSN the Council’s security systems must meet accreditation standards, and to maintain accreditation the firewall currently in use needs to be upgraded as does the server which checks inbound e-mails and protects the Council from cyber-attack.</p>
1.14	<p><b>Flintshire Bridge</b></p> <p>The Flintshire Bridge is a complex and unique cable suspended structure that requires a variety of frequent and complex inspections to identify maintenance issues and remedial treatments. These inspections are classified as general, principal and special.</p>

	<p>General and principal inspections (revenue funded) are sufficient for the reinforced concrete form of the bridge, and these are undertaken at three and six year intervals, respectively. Special inspections are concerned with the cables, which are the most dynamic parts of the bridge. Significant defects can only be identified through special inspections, conducted at 10 year intervals which can be capitalised as they are necessary to ensure safe continued use of the asset. The 10 year inspection is overdue. There is a risk that further capital works will be required depending on the results of the 10 year inspection.</p>
1.15	<p><b>Highways Asset Management Plan (HAMP)</b></p> <p>An annual allocation to fund the HAMP which includes resurfacing of the classified highway network, replacement programme for street lighting columns and structural maintenance.</p> <p>Whilst the Council has a statutory duty to maintain the Highways Network in a safe condition for travel, how the Council does this is not defined. WG set targets for road condition indices, and at present Flintshire is performing better than the target set as a result of significant additional investment from WG in recent years.</p> <p>A longer term view over the next 20 years needs to be considered with decisions made regarding how the Council wants the Highways Network to perform against the target set, alongside the annual investment required to achieve that target. Maintaining the current position would require annual investment of circa £3m. Discussions will take place as part of the development of the longer term Capital Strategy outlined later in the report.</p>
1.16	<p><b>IT Infrastructure</b></p> <p>Various schemes required to maintain service and business continuity;</p> <ul style="list-style-type: none"> <li>• <b>Network replacement</b> – networking equipment will reach the end of its life during 2017/18 and will no longer be supported by the manufacturer. Failure to replace the equipment will result in reduced network performance.</li> <li>• <b>Server replacement</b> – the database server which supports Human Resource, Housing and Revenues and Benefits systems is reaching the end of its life and needs to be replaced. Failure to replace will result in reduced performance for these systems.</li> <li>• <b>Replacement of equipment to ‘back up’ data</b> – the equipment and technologies are outdated and need to be updated to ensure effective back up of data.</li> </ul>



1.17	<p><b>Theatr Clwyd – IT Infrastructure</b></p> <p>Theatr Clwyd generates revenues ranging between £1.5 and £1.8m per annum through box office sales over the phone and via the internet. The IT infrastructure which support sales is old and failing at peak sale times (evenings and weekends) when limited corporate IT support is available. Upgraded systems with external support are needed to ensure the Theatr’s core business continues and customers and their theatre bookings are not lost.</p>
1.18	<p><b>Play Areas and Synthetic Sports Pitches</b></p> <p>An annual allocation to fund the most urgent requirements to;</p> <ul style="list-style-type: none"> <li>• Replace play equipment that has reached the end of its useful life at play areas</li> <li>• Replace the playing surface of synthetic sport pitches which are in poor condition and have reached the end of their useful lives</li> <li>• Upgrade play areas</li> </ul>
1.19	<p><b>‘Headroom’</b></p> <p>‘Headroom’ has been built in to the capital programme to enable the programme to be more flexible such that funding can be allocated to small schemes as they present in year either as a result of opportunities or unforeseen circumstances. An example would be the need to complete further highways works as a result of an exceptionally severe winter over and above any planned works funded from the annual allocation.</p>

<b>Investment Section of the Capital Programme 2017/18 – 2019/20</b>																																																																					
1.20	<p>Table 3 shows the proposed schemes for the period 2017/18 - 2019/20 for the Investment section of the Capital Programme.</p> <p><b><u>Table 3</u></b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5" style="text-align: center;"><b>PROPOSED INVESTMENT SCHEMES 2017/18 - 2019/20</b></th> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">2017/18</th> <th style="text-align: center;">2018/19</th> <th style="text-align: center;">2019/20</th> <th style="text-align: center;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Investment Section</b></td> </tr> <tr> <td>Community asset transfers*</td> <td style="text-align: center;">0.250</td> <td style="text-align: center;">0.250</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.500</td> </tr> <tr> <td>School extension and remodelling</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Castell Alun High School - Hope</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.600</td> <td style="text-align: center;">4.000</td> <td style="text-align: center;">4.600</td> </tr> <tr> <td style="padding-left: 20px;">Glan Aber Primary - Bagillt</td> <td style="text-align: center;">0.073</td> <td style="text-align: center;">0.683</td> <td style="text-align: center;">0.241</td> <td style="text-align: center;">0.997</td> </tr> <tr> <td>Property works at leisure centres / libraries</td> <td style="text-align: center;">0.454</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.454</td> </tr> <tr> <td>LD Day services facility*</td> <td style="text-align: center;">2.045</td> <td style="text-align: center;">1.955</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">4.000</td> </tr> <tr> <td>Extension and remodelling of Arosfa**</td> <td style="text-align: center;">0.100</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.100</td> </tr> <tr> <td>Household recycling centres**</td> <td style="text-align: center;">1.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">0.000</td> <td style="text-align: center;">1.000</td> </tr> <tr> <td><b>Total Investment Section</b></td> <td style="text-align: center;"><b>3.922</b></td> <td style="text-align: center;"><b>3.488</b></td> <td style="text-align: center;"><b>4.241</b></td> <td style="text-align: center;"><b>11.651</b></td> </tr> </tbody> </table> <p>* Subject to approval of business case &amp; confirmation of amount  ** Subject to grant funding becoming available during the year</p>				<b>PROPOSED INVESTMENT SCHEMES 2017/18 - 2019/20</b>						2017/18	2018/19	2019/20	Total		£m	£m	£m	£m	<b>Investment Section</b>					Community asset transfers*	0.250	0.250	0.000	0.500	School extension and remodelling					Castell Alun High School - Hope	0.000	0.600	4.000	4.600	Glan Aber Primary - Bagillt	0.073	0.683	0.241	0.997	Property works at leisure centres / libraries	0.454	0.000	0.000	0.454	LD Day services facility*	2.045	1.955	0.000	4.000	Extension and remodelling of Arosfa**	0.100	0.000	0.000	0.100	Household recycling centres**	1.000	0.000	0.000	1.000	<b>Total Investment Section</b>	<b>3.922</b>	<b>3.488</b>	<b>4.241</b>	<b>11.651</b>
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1.21	Schemes within Table 3 are explained in more detail below at paragraphs 1.22 to 1.29.																																																																				
1.22	<p><b>Community Asset Transfers</b></p> <p>Capital funding has previously been granted to community groups to ‘pump prime’ Community Asset Transfers (CATs) with £1m of funding earmarked to date. To continue with the project a further £0.500m is needed.</p>																																																																				
1.23	<p><b>School Extension and Remodelling</b></p> <p>A high level suitability assessment of the entire school estate is nearing completion. The service is developing a range of criteria to assist in objectively prioritising school capital projects for inclusion within future capital programmes.</p> <p>The following school buildings (see paragraphs 1.24 and 1.25) are considered to have the most pressing needs requiring extension and remodelling of current buildings. Construction will take place over more than four financial years and has phased start dates in order to make the overall capital programme affordable over the time period.</p>																																																																				

1.24	<p><b>Castell Alun High School</b></p> <p>To bring the school building up to current day standards providing facilities that are fit for purpose and suitable for delivering the future curriculum. The school would be extended with the provision of a new two storey Art and Design Technology block and remodelled in other areas. This will remove the need for mobile classrooms currently on site but which are nearing the end of their economic working life (and will need replacing). Start date 2018/19 financial year.</p>
1.25	<p><b>Glan Aber Primary School, Bagillt</b></p> <p>The school building currently has a number of issues including; classrooms which do not meet minimum size requirements for classes of 30 pupil places such that classes are being taught in the hall, resulting in the school being unable to deliver aspects of the PE curriculum. The proposed scheme will convert the existing hall to provide two suitable teaching spaces, with circulation, and the construction of a new hall at the appropriate size for the number of pupils on roll together with minor extensions to three classrooms to provide appropriate size and shape, more suitable for curriculum delivery. The scheme will take place over four financial years. Start date 2017/18 financial year.</p>
1.26	<p><b>Property Works at Leisure Centres and Libraries</b></p> <p>The buildings will be run by a separate entity under an Alternative Delivery Models (ADMs) in the future. Undertaking priority works highlighted within building condition surveys is key to enhancing service provision and the success of the ADM. Assisting the new organisations sustainability and prospects of maximising income generation. It is possible that some of the works may need to be completed within the 2016/17 financial year.</p>
1.27	<p><b>Learning Disability Day Services Facility</b></p> <p>The scheme involves a replacement day care facility with an option to include other community based facilities. The current building (Glanrafon) is not capable of supporting an efficient service and has reached the end of its useful life. A replacement facility is needed to transform the way the service is delivered.</p> <p>A full business case is being developed with construction starting in 2017/18 which will take place over more than a single financial year.</p>
1.28	<p><b>Extension and Remodelling at Arosfa Disability Short Breaks</b></p> <p>Arosfa is a short term care facility supporting children and young people who have a physical or learning disability. The facility is regularly oversubscribed meaning short term care has to be purchased out of county at additional cost. Capital investment is needed to refurbish the facility to provide an additional two bedrooms. This will generate revenue savings by reducing the costs of Out of County placements, and provide additional, higher quality short term care closer to home for our clients.</p>

	<p>Welsh Government Intermediate Care Fund Grant will start the scheme in 2016/17. It is likely that further grant funding will be available in 2017/18, however, this cannot be confirmed at this point in time and therefore it is necessary to include within the Council's Capital Programme so that the works can be completed.</p>																																													
1.29	<p><b>Household Recycling Centres (HRCs)</b></p> <p>Cabinet, at its meeting in July 2016 noted progress in reviewing provision at and location of, HRCs, including an option for two additional large or 'super sites' to supplement the two existing facilities at Sandycroft and Greenfield. Cabinet is due to receive a full report on the preferred location and individual site layouts shortly.</p> <p>Whilst costs are not yet fully finalised, the working estimate is in the region of £0.500m - £1m, with the possibility of further grant funding from Welsh Government.</p>																																													
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1.30	<p>Table 4 below summarises the Capital Programme and available funding:</p> <p><b>Table 4</b></p> <table border="1"> <thead> <tr> <th colspan="5"><b>SUMMARY (GENERALLY FUNDED) CAPITAL PROGRAMME 2017/18 - 2019/20</b></th> </tr> <tr> <th></th> <th><b>2017/18</b></th> <th><b>2018/19</b></th> <th><b>2019/20</b></th> <th><b>Total</b></th> </tr> <tr> <th></th> <th><b>£m</b></th> <th><b>£m</b></th> <th><b>£m</b></th> <th><b>£m</b></th> </tr> </thead> <tbody> <tr> <td>Statutory / Regulatory Section</td> <td>2.726</td> <td>2.146</td> <td>2.146</td> <td>7.018</td> </tr> <tr> <td>Retained Assets Section</td> <td>3.287</td> <td>2.350</td> <td>2.350</td> <td>7.987</td> </tr> <tr> <td>Investment Section</td> <td>3.922</td> <td>3.488</td> <td>4.241</td> <td>11.651</td> </tr> <tr> <td><b>Total (All Sections)</b></td> <td><b>9.935</b></td> <td><b>7.984</b></td> <td><b>8.737</b></td> <td><b>26.656</b></td> </tr> <tr> <td>Estimated available general funding*</td> <td>10.201</td> <td>6.634</td> <td>6.634</td> <td>23.469</td> </tr> <tr> <td><b>Surplus / (Shortfall)</b></td> <td><b>0.266</b></td> <td><b>(1.350)</b></td> <td><b>(2.103)</b></td> <td><b>(3.187)</b></td> </tr> </tbody> </table> <p>* As per 17/18 Provisional Settlement.</p>	<b>SUMMARY (GENERALLY FUNDED) CAPITAL PROGRAMME 2017/18 - 2019/20</b>						<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	Statutory / Regulatory Section	2.726	2.146	2.146	7.018	Retained Assets Section	3.287	2.350	2.350	7.987	Investment Section	3.922	3.488	4.241	11.651	<b>Total (All Sections)</b>	<b>9.935</b>	<b>7.984</b>	<b>8.737</b>	<b>26.656</b>	Estimated available general funding*	10.201	6.634	6.634	23.469	<b>Surplus / (Shortfall)</b>	<b>0.266</b>	<b>(1.350)</b>	<b>(2.103)</b>	<b>(3.187)</b>
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1.31	<p>Table 4 shows that there is an overall shortfall in projected funding of £3.187m, with specific shortfalls in 2018/19 and 2019/20</p> <p>To meet the shortfall the Council will potentially need to borrow to fund the schemes (unsupported borrowing commonly referred to as prudential borrowing), which has the impact of increasing debt financing costs of interest and revenue provision for repayment of debt in the revenue budget.</p>																																													

	<p>There is the potential for significant capital receipts to be generated during the remainder of 2016/17 - with a current projection for a further £2.2m (low risk rating) to be received by the end of 2016/17, and, a further £2.8m with a moderate risk of slipping into 2017/18 as detailed in paragraph 1.04 above. A total of £5m, which is in excess of the shortfall.</p> <p>Furthermore over the period 2017/18 – 2019/20 a prudent estimate in the region of £7m of receipts is forecast.</p>
1.32	<p>The Council has developed a prudent policy of only allocating capital receipts to fund capital projects when receipts are actually received; rather than when we anticipate the receipt to be received, and this position continues to be the case.</p> <p>All of the schemes proposed for inclusion within the Capital Programme invest in assets and / or reconfigure models of service provision. They are pivotal to support the delivery of the Council's strategic priorities outlined in portfolio business plans and the Improvement Plan.</p>
1.33	<p>There is also the possibility of grant funding from Welsh Government for some schemes which will reduce the borrowing requirement and the pressure in generating capital receipts.</p>
1.34	<p>The scheme at Castell Alun school costing £4.8m in total over a four year period will not begin until financial year 2018/19 by which time the capital receipts needed to fund the scheme should have been realised. In the event that capital receipts were not available, the scheme could be delayed until capital receipts are made available. Similarly, should the capital receipts be realised earlier the scheme could be brought forward and started earlier.</p> <p>Further, between the design phase and the construction phase of the larger schemes such as the schools and the Learning Disabilities Day services facilities there will be an opportunity to 'pause and review' such schemes to consider, amongst other things, the funding available before construction commences.</p>

**Specific Grants and Borrowing**

1.35 In addition to those schemes funded from general resources, as summarised in Table 4 above, there are also schemes funded from specific grants and unsupported (prudential) borrowing. A summary of known funding and borrowing commitments already approved is shown in Table 5.

**Table 5**

**ESTIMATED AVAILABLE SPECIFIC FUNDING 2017/18 - 2019/20**

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
<b>Specific Funding</b>				
Specific Capital Grants	2.847	4.116	1.238	8.201
Unsupported (Prudential) Borrowing	6.653	5.406	1.239	13.298
Local Govt Borrowing Initiative - 21st C Schools	0.000	1.080	0.000	1.080
<b>Total</b>	<b>9.500</b>	<b>10.602</b>	<b>2.477</b>	<b>22.579</b>

1.36 At the time of setting the budget the details of many capital grants have not been released by WG and so are not included in Table 5 above. As details become available they will be reported to Members via the quarterly 2017/18 Capital Programme monitoring reports.

1.37 Details of the schemes funded by the above are shown in Table 6 below.

**Table 6**

**SPECIFICALLY FUNDED SCHEMES 2017/18 - 2019/20**

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
<b>Specifically Funded Schemes</b>				
21st Century Schools - Band A	5.952	10.392	2.477	18.821
SHARP - Loans to NEW Homes for Affordable Homes	3.548	0.210	0.000	3.758
<b>Total</b>	<b>9.500</b>	<b>10.602</b>	<b>2.477</b>	<b>22.579</b>

<b>Summary Total Council Fund Capital Programme 2017/18 - 2019/20</b>																																																																																				
1.38	<p>Table 7 summarises the total proposals for the 2017/18 - 2019/20 Capital Programme.</p> <p><b>Table 7</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5" style="text-align: center;"><b>SUMMARY CAPITAL PROGRAMME 2017/18 - 2019/20</b></th> </tr> <tr> <th></th> <th style="text-align: center;">2017/18</th> <th style="text-align: center;">2018/19</th> <th style="text-align: center;">2019/20</th> <th style="text-align: center;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Expenditure</b></td> </tr> <tr> <td>Statutory / Regulatory Section</td> <td style="text-align: right;">2.726</td> <td style="text-align: right;">2.146</td> <td style="text-align: right;">2.146</td> <td style="text-align: right;">7.018</td> </tr> <tr> <td>Retained Assets Section</td> <td style="text-align: right;">3.287</td> <td style="text-align: right;">2.350</td> <td style="text-align: right;">2.350</td> <td style="text-align: right;">7.987</td> </tr> <tr> <td>Investment Section</td> <td style="text-align: right;">3.922</td> <td style="text-align: right;">3.488</td> <td style="text-align: right;">4.241</td> <td style="text-align: right;">11.651</td> </tr> <tr> <td>Specific Section</td> <td style="text-align: right;">9.500</td> <td style="text-align: right;">10.602</td> <td style="text-align: right;">2.477</td> <td style="text-align: right;">22.579</td> </tr> <tr> <td><b>Total Programme (All Sections)</b></td> <td style="text-align: right;"><b>19.435</b></td> <td style="text-align: right;"><b>18.586</b></td> <td style="text-align: right;"><b>11.214</b></td> <td style="text-align: right;"><b>49.235</b></td> </tr> <tr> <td colspan="5"><b>Funding</b></td> </tr> <tr> <td>General Funding*</td> <td style="text-align: right;">10.201</td> <td style="text-align: right;">6.634</td> <td style="text-align: right;">6.634</td> <td style="text-align: right;">23.469</td> </tr> <tr> <td>Grant Funding</td> <td style="text-align: right;">2.847</td> <td style="text-align: right;">4.116</td> <td style="text-align: right;">1.238</td> <td style="text-align: right;">8.201</td> </tr> <tr> <td>Unsupported (Prudential) Borrowing</td> <td style="text-align: right;">6.653</td> <td style="text-align: right;">5.406</td> <td style="text-align: right;">1.239</td> <td style="text-align: right;">13.298</td> </tr> <tr> <td>Local Govt Borrowing Initiative - 21st C Schools</td> <td style="text-align: right;">0.000</td> <td style="text-align: right;">1.080</td> <td style="text-align: right;">0.000</td> <td style="text-align: right;">1.080</td> </tr> <tr> <td><b>Total Projected Funding</b></td> <td style="text-align: right;"><b>19.701</b></td> <td style="text-align: right;"><b>17.236</b></td> <td style="text-align: right;"><b>9.111</b></td> <td style="text-align: right;"><b>46.048</b></td> </tr> <tr> <td><b>Surplus / (Shortfall)</b></td> <td style="text-align: right;"><b>0.266</b></td> <td style="text-align: right;"><b>(1.350)</b></td> <td style="text-align: right;"><b>(2.103)</b></td> <td style="text-align: right;"><b>(3.187)</b></td> </tr> </tbody> </table> <p>* As per 17/18 Provisional Settlement.</p>				<b>SUMMARY CAPITAL PROGRAMME 2017/18 - 2019/20</b>						2017/18	2018/19	2019/20	Total		£m	£m	£m	£m	<b>Expenditure</b>					Statutory / Regulatory Section	2.726	2.146	2.146	7.018	Retained Assets Section	3.287	2.350	2.350	7.987	Investment Section	3.922	3.488	4.241	11.651	Specific Section	9.500	10.602	2.477	22.579	<b>Total Programme (All Sections)</b>	<b>19.435</b>	<b>18.586</b>	<b>11.214</b>	<b>49.235</b>	<b>Funding</b>					General Funding*	10.201	6.634	6.634	23.469	Grant Funding	2.847	4.116	1.238	8.201	Unsupported (Prudential) Borrowing	6.653	5.406	1.239	13.298	Local Govt Borrowing Initiative - 21st C Schools	0.000	1.080	0.000	1.080	<b>Total Projected Funding</b>	<b>19.701</b>	<b>17.236</b>	<b>9.111</b>	<b>46.048</b>	<b>Surplus / (Shortfall)</b>	<b>0.266</b>	<b>(1.350)</b>	<b>(2.103)</b>	<b>(3.187)</b>
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1.40	<p>The Council is a partner in the North Wales Economic Growth Strategy. Regional partners will be expected to co-invest in the Strategy with the Welsh and UK Governments. This is a major initiative for which priorities, and funding solutions, are under development.</p>																																																																																			
1.41	<p>Investment will be needed in the regional waste transfer station network to support the operation of the new regional energy from waste facility secured by the North Wales Residual Waste Treatment Project. The regional partnership is in discussion with Welsh Government over possible additional capital grant to subsidise the shared investment to be made by the five partner councils.</p>																																																																																			

1.42	A feasibility study to assess options to increase provision at the Council's residential care homes is underway. This follows a recent detailed analysis of future demand for such services and consideration of the ability of private sector care home providers to effectively address an increase in future demand.
1.43	The Council will shortly be submitting schemes to Welsh Government for inclusion within Band B of the 21 <sup>st</sup> Century Schools Programme. Whilst WG's selection criteria and funding mechanism for Band B has not yet been confirmed, it is anticipated that Council's will have to fund a share of the costs. Successful schemes forming part of this programme would not commence until 2019 at the earliest.
1.44	A feasibility study is underway to review options and recommend a credible and affordable proposal for a redevelopment of the Theatr to be funded by national sources including the Arts Council of Wales Lottery Fund.
1.45	Implementation of 'Digital Flintshire' the Councils refreshed IT Strategy which will; <ul style="list-style-type: none"> <li>• ensure Information is treated as a key corporate asset ensuring it is compliant, accurate, relevant and secure so that it is used to design and deliver more effective and efficient services, and</li> <li>• deliver secure, reliable, resilient and cost effective digital infrastructure that is responsive to the needs of the council and its customers</li> </ul>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Financial consequences for capital resources are as set out within the report.
2.02	As previously stated there are revenue consequences of borrowing in interest costs and revenue provision for debt repayment. The costs of supported borrowing and prudential borrowing for the 21 <sup>st</sup> century schools programme has been built into the Medium Term Financial Plan (MTFP).



2.03 In the event that the Council needs to prudentially borrow to fund the investment section of the capital programme as outlined in paragraphs 1.31 to 1.34 the estimated revenue costs of borrowing are outlined in Table 8 below for information. This assumes that the borrowing is associated with the schemes which have a long estimated useful life over which to spread the debt financing charges, 50 years for school extensions. The costs are not included within the MTFP at present:

**Table 8**

<b>ESTIMATED DEBT FINANCING COSTS</b>				
	<b>Expd</b>	<b>Interest</b>	<b>MRP</b>	<b>Total</b>
	<b>£m</b>	<b>From year of expd</b>	<b>2019/20 onwards</b>	<b>Annual</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Expenditure Incurred</b>				
2018/19 - School extensions	1.350	0.036	0.027	0.063
2019/18 - School extensions	2.103	0.056	0.042	0.098
<b>Total</b>	<b>3.453</b>	<b>0.092</b>	<b>0.069</b>	<b>0.161</b>

**3.00 CONSULTATIONS REQUIRED / CARRIED OUT**

3.01 Any comments from Corporate Resources Overview and Scrutiny Committee on the proposed Capital Programme will be referred back to the February 2017 meeting of the Cabinet for consideration before the final Capital Programme for 2017/18 – 2019/20 is considered and approved by County Council in February 2017.

**4.00 RISK MANAGEMENT**

4.01 Any decisions made which involve the Council's assets and its Capital Programme often have very large and long term financial implications. When the Council sets its capital programme a separate report to assessing the affordability, prudence and sustainability of the capital plans called the Prudential Indicator report is produced.

**5.00 APPENDICES**

5.01 None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Expressions of Interest forms and Business Case forms completed by Portfolios</p> <p><b>Contact Officer:</b> Liz Thomas, Finance Manager – Technical Accounting  <b>Telephone:</b> 01352 702289  <b>E-mail:</b> <a href="mailto:liz.thomas@flintshire.gov.uk">liz.thomas@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Asset Management Plan</b> - A plan maintained by an authority of the condition and suitability of its assets, updated regularly and utilised to assess future capital needs</p> <p><b>Capital Expenditure</b> - Expenditure on the acquisition of <b>Non-current Assets</b> or expenditure that extends the life or value of an existing asset</p> <p><b>Capital Programme</b> - The Council’s financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p> <p><b>Capital Receipt</b> - Receipts (in excess of £10,000) from the disposal of an asset</p> <p><b>Capital Scheme</b> - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the <b>Capital Programme</b></p> <p><b>Capital Strategy</b> - A corporate document providing clear strategic guidance about an authority’s objectives, priorities and spending plans, demonstrating the link to key corporate and service objectives. May be combined with the <b>Asset Management Plan (AMP)</b> to form a single document</p> <p><b>Council Fund</b> - The fund to which all the Council’s revenue and capital expenditure is charged</p> <p><b>Disposal</b> - The decommissioning or transfer of an asset to another party</p> <p><b>Financing</b> - The process of allocating resources to meet the cost of capital expenditure, which can be done on a project, asset or whole programme basis. This contrasts with making the invoice payments relating to capital expenditure, which should be managed within the authority’s overall treasury management policy</p> <p><b>General Capital Grant</b> - Annual capital grant from Welsh Government; the Council decides how to use the funding.</p> <p><b>Housing Revenue Account</b> - The fund to which all the Council’s revenue and capital expenditure relating to its housing stock is charged.</p>

**Local Government Borrowing Initiative (LGBI)** - Similar to **supported borrowing**. In recent years as Welsh Government funding has been under pressure, schemes that would have been funded by capital grant have been funded by LGBI. Welsh Government provides the revenue support for borrowing costs incurred by the Council in borrowing to fund capital schemes (the difference with supported borrowing being that it's for a specific purpose aligned to Welsh Government priorities). LGBI has recently been used for highways maintenance and is now being used to part fund the Welsh Government element of the 21<sup>st</sup> century schools programme.

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

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

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

**Revenue Expenditure** - All expenditure incurred by an authority that cannot be classified as capital expenditure

**Revenue Financing** - Charges made to the revenue account to finance capital expenditure. May also be referred to as Capital Expenditure charged to Revenue Account (CERA).

**Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing** - Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.

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

**Whole Life Costs** - The costs of acquiring or creating an asset, operating it, maintaining it over its useful life and finally any costs of disposal (i.e. the total cost of ownership).

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