

CABINET
19 FEBRUARY 2019

Minutes of the meeting of the Cabinet of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Tuesday, 19th February 2019.

PRESENT: **Aaron Shotton (Chairman)**

Councillors: Bernie Attridge, Chris Bithell, Christine Jones, Billy Mullin, Ian Roberts and Carolyn Thomas.

IN ATTENDANCE:

Chief Executive, Chief Officer (Governance), Chief Officer (Housing and Assets), Corporate Finance Manager, Corporate Business and Communications Executive Officer and Team Leader – Democratic Services.

APOLOGY:

Councillor Derek Butler.

OTHER MEMBERS IN ATTENDANCE:

Councillor Patrick Heesom.

305. DECLARATIONS OF INTEREST

None.

306. MINUTES

The minutes of the meeting held on 22nd January 2019 were approved as a correct record.

RESOLVED:

That the minutes be approved as a correct record.

307. COUNCIL FUND BUDGET 2019/20 – THIRD AND CLOSING STAGE

The Chief Executive introduced the verbal Council Fund Budget 2019/20 – Third and Closing Stage report and provided copies of the slides that would be presented at County Council later that day.

The slides covered the following areas:

- Setting a legal and balanced budget;
- Reminder of the current budget position;
- Update on the review of specific areas of Corporate Finance following deferral of the budget at the Council meeting on 29th January 2019;
 - Minimum Revenue Provision (MRP) – use of capital receipts
 - Un-earmarked and Earmarked Reserves
 - Debt rescheduling and cash flow management
- Professional opinions.

The Corporate Finance Manager provided details on the overall position, including the Medium Term forecast. Full details were outlined in the slides on the use of Capital Receipts including his professional advice that Capital Receipts should not be used to repay debt. Detailed information was also provided on the use of un-earmarked reserves and earmarked reserves, including the impact it would have on future years. He recommended that an additional amount of £0.321m from surplus reserves built up in-year be used, which was a reasonable adjustment (made up of £0.189m from un-earmarked reserves and £0.132 of earmarked reserves).

An analysis of Band D charges, including the annual, monthly and weekly increases, was provided. This includes the precepts for Town and Community Councils and the North Wales Police & Crime Commissioner.

The professional opinions of the Section 151 Officer/Corporate Finance Manager and the Chief Executive remained unchanged. In addition to those opinions were their professional opinions on the future. They stated that the sustainability of Council budgets was under serious threat with few local service choice options of any scale remaining. There was concern on the reliance on diminishing reserves in annual budget-setting over a series of years, and the proliferation of unfunded national commitments caused on ongoing major concern. It was difficult to see how the Council would be able to successfully balance the budget for 2020/21 onwards without some reversal of national fiscal policy. Early planning for 2020/21 – 2022/23 was critical with an updated forecast for the medium-term.

The Chief Executive concluded that the cut-off date after which it was not practical for officers to be able to respond to Member questions/requests for information had passed. Members had been notified of this.

Councillor Shotton said this had been the most difficult budget to date for the Council and concurred that there needed to be a reversal of national fiscal policy. He commented on the challenging years that were being faced which needed to be borne in mind as any additional use of reserves would compound the problem in future years. He was not comfortable with the proposed Council Tax rise but there were no other options available.

A set of proposed resolutions was circulated which were accepted by all Cabinet Members.

Councillor Attridge expressed his disappointment that Welsh Government (WG) did not prioritise local government as they did with Health. Some other local authorities were seeing a higher rise in Council Tax than what was proposed at Flintshire but Flintshire continued to deliver more services. He commented on the three care homes that had been retained in Flintshire where other local authorities had closed theirs. He agreed with the professional advice from the Section 151 Officer and the Chief Executive, and of that from the Wales Audit Office (WAO), which was outlined in the slides. He supported the recommendations, particularly the one for a cross-party working group to make proposals to WG on a more sustainable and equitable funding system for local government in Wales.

Councillor Bithell concurred that there were no other options available, agreeing that there was limited scope for using reserves and balances and to utilise any further than what was being recommended would be reckless. If the Council Tax rise was set lower this would result in vital services being stopped.

Councillor Thomas provided an example of if the rise was 1% less, this could result in 3/4 weekly bin collections and the monetary difference to the Council Tax payer would be approximately £0.23p per week.

Councillor Roberts said the Council was being forced to implement the Council Tax rise which was supported albeit reluctantly - pressure needed to be put on UK Government and WG.

Councillor Shotton thanked all of the officers involved for the work undertaken on the budget.

Copies of the Cabinet resolutions would be provided at County Council later that day.

RESOLVED:

- (a) That Council is advised that the duty to set a legal and balanced budget is a primary duty and one which cannot be deferred or defaulted upon. Council needs to take into account the expenditure requirement for both 2019/20 and the medium term in setting the annual budget. In the absence of any change in position on the local government funding allocation for 2019/20 by Welsh Government, and given the professional advice and opinion provided by statutory officers, the only options which remain open to Council to balance the budget are Council Tax and the proportionate use of reserves and balances;
- (b) That Cabinet recommends to Council the further use of a combination of earmarked (£132k) and un-earmarked (£189k) reserves and balances of £321k to reduce the remaining budget gap. A budget requirement of £2.781m then remains to be met by Council Tax (to include the levy for the North Wales Fire and Rescue Service). An annual rise of 8.75% is recommended to meet this total requirement. Once combined with the precepts of the Town and Community Councils and the Police and Crime Commissioner this annual rise will average out at 8.38% for a Band D property, equal to an additional £10.33 per month;
- (c) That Cabinet invite Council to note that a greater reliance on Council Tax to fund local services is inevitable given the funding policies of the UK and Welsh Governments. The UK Government has set a policy of reducing Revenue Support Grant with English Councils expected to be more independent in relying on Council Tax, retained National Non-Domestic Rates and other income to fund the majority of their expenditure, and Welsh Government has made a working assumption that Council Tax will rise by 6.5% on average across Wales in its own budget calculations;

- (d) That Cabinet invite Council to accept the invitation of the Minister for Local Government and Housing to make proposals for a more sustainable and equitable funding system for local government in Wales; and
- (e) That Cabinet invite Council to form a cross-party working group, to be supported by internal professional advice and external expertise, to make proposals to Welsh Government and the family of local government in Wales to follow (d) above.

308. DEVELOPMENT OF 2019/20 - 2021/22 CAPITAL PROGRAMME

The Chief Officer (Housing and Assets) introduced the Development of 2019/20 – 2021/22 Capital Programme report for approval and recommendation to Council later that day.

The report split the Council Fund Capital Programme into three sections:

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

Details were provided on the support planned for the digital delivery of the school curriculum which prepared for changes being introduced in assessing the literacy and numeracy of pupils online, and the need to upgrade the IT infrastructure across schools. Failure to invest in the scheme could potentially lead to learners not developing the appropriate skills to engage in the digital world. Developing connectivity in schools would cost £0.276m in 2019/20, with a further £0.130m being included in the 2018/19 programme funded from the headroom budget. The expenditure would lever in £0.120m from Welsh Government (WG) who had agreed to increase connectivity capacity. Increasing schools' wireless capacity would cost £0.250m in 2019/20.

Also outlined was the laptop/PC replacement scheme. There was a need to replace old laptops that were unable and too old to deliver the required level of service and/or support the latest operating systems and security software. If they were not replaced there were risks that cyber security could potentially be breached and could threaten the public sector network accreditation, and that service delivery would be impaired due to officers being unable to utilise systems effectively. Windows 7 would cease to be supported after January 2020. The amount to be included in the programme was £0.106m.

In response to a question from Councillor Thomas, the Chief Officer (Housing and Assets) confirmed that reference to the Highways Asset Management Plan (HAMP) funding requirements identified within the report under 'potential future schemes' would be retained within the capital programme as part of ongoing future considerations.

RESOLVED:

- (a) That the allocations and schemes in Table 4 for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2019/20 – 2021/22 be approved;
- (b) That the schemes included in Table 5 for the Investment section of the Council Fund Capital Programme 2019/20 – 2021/22 be approved;
- (c) That it be noted that the shortfall in funding of schemes in 2019/20 and 2020/21 in Table 6 at this point in the approval process is flexible. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2019/20, and included in future capital programme reports; and
- (d) That the schemes included in Table 7 for the specifically funded section of the Council Fund Capital Programme which will be funded in part through Prudential Borrowing be approved.

309. HOUSING REVENUE ACCOUNT BUDGET 2019/20, HOUSING REVENUE ACCOUNT BUSINESS PLAN & CAPITAL PROGRAMME 2019/20

Councillor Attridge introduced the Housing Revenue Account Budget 2019/20, Housing Revenue Account Business Plan & Capital Programme 2019/20 report for approval and recommendation to Council later that day.

Details of the proposed rent increase of up to 2.4% (plus up to £2), was outlined in the report, as was the proposal for a garage rent increase of £1 per week and a garage plot rent increase of £0.20p per week.

The Chief Officer (Housing and Assets) commented on the apprentice and job opportunities that were made available through the Housing Revenue Account and Capital Programme and the Strategic Housing and Regeneration Programme (SHARP).

RESOLVED:

- (a) That the Housing Revenue Account budget and Business Plan for the financial year 2019/20 be approved and recommended to Council;
- (b) That the proposed rent increase of up to 2.4% (plus up to £2) be approved;
- (c) That the garage rent increase of £1 per week and a garage plot rent increase of £0.20p per week be approved; and
- (d) That the proposed Housing Revenue Account Capital Programme for 2019/20 be approved.

310. MINIMUM REVENUE PROVISION 2019/20 POLICY

The Corporate Finance Manager introduced the Minimum Revenue Provision (MRP) 2019/20 Policy report and explained that local authorities were required, each year, to set aside some of their revenue resources as provision for the repayment of debt.

The report recommended to Council later that day that the 2019/20 MRP policy remains the same as 2018/19, following two back to back reviews. The Chief Executive added that this had been discussed in great detail at the all Member briefing the previous week.

RESOLVED:

- (a) That the following be approved and recommended to County Council for Council Fund (CF) outstanding debt that:
- Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2019/20 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31st March 2017. The calculation will be the 'annuity' method over 49 years.
 - Option 3 (Asset Life Method) be used for the calculation of the MRP in 2019/20 for all capital expenditure funded from supported borrowing from 1st April 2016 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
 - Option 3 (Asset Life Method) be used for the calculation of the MRP in 2019/20 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
- (b) That the following be approved and recommended to County Council for Housing Revenue Account (HRA) outstanding debt:
- Option 2 (Capita Financing Requirement Method) be used for the calculation of the HRA's MRP in 2019/20 for all capital expenditure funded by debt.
- (c) That the following be approved and recommended to County Council that MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be as follows:
- No MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use.
 - Once the assets are brought into use, capital repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made will be equal to the repayments classed, in accounting terms, as capital

receipts, which can only be used to fund capital expenditure or repay debt. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.

311. TREASURY MANAGEMENT STRATEGY 2019/20 & TREASURY MANAGEMENT POLICY STATEMENT, PRACTICES AND SCHEDULES 2019/20 - 2021/22

The Corporate Finance Manager introduced the Treasury Management Strategy 2019/20 & Treasury Management Policy Statement, Practices and Schedules 2019/20 – 2021/22 report for approval and recommendation to Council later that day.

The report had been reported to Audit Committee where it was supported and endorsed.

RESOLVED:

That the following be approved and recommended to Council:

- Draft Treasury Management Strategy 2019/20;
- Draft Treasury Management Policy Statement 2019/20 – 2021/22; and
- Draft Treasury Management Practices & Schedules 2019/20 – 2021/22.

312. CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2019/20 - 2021/22

The Corporate Finance Manager introduced the Capital Strategy Including Prudential Indicators 2019/20 – 2021/22 report for approval and recommendation to Council later that day.

The report explained the need for the Strategy, its key aims and the content of each of its sections. The report had also been submitted to Corporate Resources Overview and Scrutiny Committee the previous week and there were no comments to feed back.

RESOLVED:

(a) That the Capital Strategy be approved and recommended to Council; and

(b) That Cabinet approve the following and recommend to Council:

- The Prudential Indicators for 2019/20 – 2021/22 as detailed within Tables 1, and 4-7 inclusive of the Capital Strategy
- Delegated authority be given to the Corporate Finance Manager to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (Table 6 of the Capital Strategy).

313. DIVERSITY AND EQUALITY POLICY 2019

Councillor Mullin introduced the Diversity and Equality Policy 2019 report for approval prior to its publication. The overall aim of the Diversity and Equality policy was to:

- Eliminate unlawful discrimination and harassment;
- Promote equality of opportunity; and
- Foster good relations between diverse communities

in the Council's delivery of services, goods, works and facilities, provision of grants and in engagement with partners.

The Corporate Business and Communications Executive Officer explained that it was not a requirement to produce and publish a policy, however publishing a policy demonstrated the Council's commitment to equality and treating everybody fairly.

The report had been submitted to Corporate Resources Overview and Scrutiny Committee the previous week where it had been well received.

Councillors Bithell and Jones commented on an event they had been privileged to attend the previous day, where a presentation had been delivered from pupils from Mold Alun High School as part of the LGBT history month which covered improving tolerance and acceptance.

RESOLVED:

- (a) That the Diversity and Equality Policy be approved prior to publication and implementation; and
- (b) That the action being taken to improve the number of employees completing the equality e-learning modules be noted.

314. QUARTER 3 COUNCIL PLAN 2018/19 MONITORING REPORT

Councillor Mullin introduced the Quarter 3 Council Plan 2018/19 Monitoring report which was an exception based report with details focussing on the areas of under-performance.

The Corporate Business and Communications Executive Officer explained that Flintshire was a high performing Council as was evidenced in previous Council Plan monitoring reports, as well as in the Council's Annual Performance Reports. This second monitoring report for the 2018/19 Council Plan was a positive report, with 92% of activities being assessed as making good progress, and 85% likely to achieve the desired outcome. In addition, 67% of the performance indicators met or exceeded target. Risks were also being successfully managed with the majority being assessed as moderate (61%) or minor/insignificant (22%).

On the red RAG status for the average number of calendar days taken to deliver a Disabled Facility Grant (DFG), this was an area that had required

improvement for a number of years. Overall performance was affected by older cases from 2017/18, which was bringing the figure down when compared with the current year cases that were being delivered using the improved processes. This was evidenced as follows:

- Five adaptations delivered in Quarter 3 were 2017/18 legacy cases and averaged 397 days
- Three adaptations delivered from 2018/19 claims, using the new approach, averaged at 198 days.

Once the backlog of legacy cases had been completed during the remainder of this year, 2019/20 performance would show a marked improvement. Councillor Attridge thanked the Chief Executive and officers involved in the work undertaken to reduce the number of days for the delivery of DFGs. Councillor Bithell also welcomed the improvements, but said that the number of days should be reduced further.

RESOLVED:

- (a) That the levels of progress, performance and risk levels in the Quarter 3 Council Plan 2018/19 monitoring report be noted and endorsed; and
- (b) That Cabinet be assured by plans and actions to manage the delivery of the 2018/19 Council Plan.

315. REVENUE BUDGET MONITORING 2018/19 (MONTH 9)

The Corporate Finance Manager introduced the Capital Programme 2018/19 (Month 9) report which provided the latest revenue budget monitoring position for 2018/19 for the Council Fund and Housing Revenue Account. The report presented the position, based on actual income and expenditure, as at Month 9 of the financial year.

The report projected how the budget would stand at the close of the financial year without any changes to the projected expenditure and income levels. The projected year end position, without new actions to reduce cost pressures and/or improve the financial return on efficiency planning and cost control was:

Council Fund

- An operating surplus of £0.233m (£0.026m at Month 8); and
- A projected contingency reserve balance as at 31st March 2019 of £7.885m which, when taking into account the agreed contributions for the 2019/20 budget, reduced to £5.985m.

Housing Revenue Account

- Net in-year revenue expenditure forecast to be £0.026m lower than budget; and
- A projected closing balance as at 31st March 2019 of £1.165m.

The Chief Executive commented on the tight financial management of the budget which resulted in the projected operating surplus of £0.233m, which was a reduction from the previous month.

The report covered the Council Fund projected position; projected position by portfolio; tracking of in-year risks and emerging issues; out of county placements; achievement of planned in-year efficiencies; other tracked risks; independent inquiry into child sexual abuse; income; recycling income; schools – risks and impacts; other in-year issues; reserves and balances and earmarked reserves.

RESOLVED:

- (a) That the overall report and the projected Council Fund contingency sum as at 31st March be noted; and
- (b) That the projected final level of balances on the Housing Revenue Account be noted.

316. CAPITAL PROGRAMME 2018/19 (MONTH 9)

The Corporate Finance Manager introduced the Capital Programme 2018/19 (Month 9) report which summarised the changes made to the Capital Programme 2018/19 since it was set in February 2018 to the end of Month 9 (December 2018, along with expenditure to date and projected outturn.

The Capital Programme had seen a net increase of £0.903m during the period, which comprised of:

- Net increases in the programme of £3.133m (Council Fund £4.110m, Housing Revenue Account £0.977m); and
- Net Carry Forward to 2019/20, approved at Month 6 (£2.230m).

Actual expenditure was £41.316m.

The final outturn for 2017/18 was a minor funding deficit of £0.068m. There had been a number of capital receipts in year, a request for an additional allocation of £0.500m towards the relocation of services to Ty Dewi Sant and a small increase in capital funding announced in the Final Settlement. In addition, in November Welsh Government (WG) announced an additional £100m of capital funding spread across 2018/19 to 2020/21. All that together, taken with the original projected shortfall of £8.216m in the capital programme 2018/19 to 2020/21, put the current funding deficit for the three year period at £1.428m. That was in advance of any additional capital receipts or other funding being released.

RESOLVED:

- (a) That the overall report be approved;
- (b) That the carry forward adjustments be approved; and

- (c) That the funding of the Schools Connectivity and Mount Pleasant Road layby be approved from the current Headroom provision.

317. DIGITAL STRATEGY UPDATE

Councillor Mullin introduced the Digital Strategy Update report which provided details of the single digital programme plan which would help the Council to more effectively manage limited resources and make better informed choices around prioritisation.

The Chief Officer (Governance) explained that a number of key issues on digital strategy were explored with Members in a briefing session in January 2019, specifically on:

- A reminder of why we needed to progress the rollout of digital services;
- An explanation of how the Council would ensure that no one in its communities was excluded as a result of the addition of online services;
- An overview of current digital services and the lessons learned in delivering them; and
- A description of the next phases of functionality which was to be launched.

It was recognised that the development and delivery of the Digital Strategy was a long term commitment and would require ongoing engagement and dialogue with services, customers and elected Members. Accordingly, there was a commitment to ongoing reporting to and conversations with Members as delivery got underway.

To ensure that consistent standards were applied in the way projects were designed and services modernised, a number of design principles had been agreed which were outlined in the report.

In response to a question, the Chief Officer (Governance) explained that alternative means of communication would remain for those people who did not have access to the internet.

RESOLVED:

- (a) That the key points arising from January's briefing for elected Members on the development of online functionality for customers be noted; and
- (b) That the design principles and programme for the delivery of the Digital Strategy be approved.

318. ANNUAL CORPORATE SAFEGUARDING REPORT

Councillor Jones introduced the Annual Corporate Safeguarding report which set out the work being undertaken to ensure that the Council fulfilled its safeguarding responsibilities.

Safeguarding was the responsibility of all services across the Council, not just those who worked directly with children and vulnerable people. The Council's responsibilities for safeguarding was set out in legislation including the Social Services and Well-being (Wales) Act 2014. The Act was implemented in April 2016 and created a duty on all local authority employees, elected Members and relevant partners to report any actual or suspected incidents of abuse or harm.

Councillor Mullin explained that the report identified good news stories including how concerns raised by a Council sub-contractor regarding the safety of a child resulted in Social Services intervention. This demonstrated the importance of all employees and contractors reporting concerns, ensuring appropriate investigations and actions were taken. Key actions to be completed during 2019, agreed by the Corporate Safeguarding Panel, were outlined in the report.

RESOLVED:

- (a) That Cabinet be assured that work is being undertaken to improve corporate arrangements for safeguarding children and adults; and
- (b) That the Corporate Safeguarding Annual Report 2018 be approved prior to publication.

319. EXERCISE OF DELEGATED POWERS

An information item on the actions taken under delegated powers was submitted. The actions were as set out below:-

Housing and Assets

- **Sale of Land at Ffordd Llanarth, Phase 2, Connah's Quay**
The subject land comprises a greenfield site extending to approximately 3.14 acres fronting Ffordd Llanarth and adjacent to the existing District Retail Centre.

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

RESOLVED:

That the press and public be excluded for the remainder of the meeting for the following items by virtue of exempt information under paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

320. ACCELERATED PAYMENT FACILITY

The Chief Officer (Governance) introduced the Accelerated Payment Facility report which provided details on how the Council could pay its suppliers more quickly, whilst also potentially generating income. The full benefits of the scheme were outlined in the report.

RESOLVED:

- (a) That approval be given to introduce a supplier Accelerated Payment Facility for the Council;
- (b) That delegated authority be given to the Chief Officer (Governance) to undertake a procurement exercise and let a contract with a Service Provider in accordance with the principles in the report;
- (c) That delegated authority be given to the Chief Officer (Governance) and the Corporate Finance Manager, in consultation with the Cabinet Member for Corporate Management and Assets, to implement the changes required to the Council's policies and practices as required; and
- (d) That a review on performance and impact be carried out within 12 months.

321. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was 1 member of the press and no members of the public in attendance.

(The meeting commenced at 9.30 a.m. and ended at 11.10 a.m.)

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Chair