CABINET
17 FEBRUARY 2015

Minutes of the meeting of the Cabinet of Flintshire County Council held at County Hall, Mold on Tuesday, 17 February 2015

PRESENT: Councillor Aaron Shotton (Chair)
Councillors: Bernie Attridge, Chris Bithell, Derek Butler, Christine Jones and Kevin Jones

APOLOGIES:
Councillors: Helen Brown and Billy Mullin

IN ATTENDANCE:
Chief Executive, Chief Officer (Community and Enterprise), Chief Officer (Education and Youth), Chief Officer (Governance), Chief Officer (People and Resources), Chief Officer (Organisational Change), Chief Officer (Social Services), Corporate Finance Manager and Team Manager – Committee Services

ALSO PRESENT:
Councillors: Dave Mackie and Hilary Isherwood

117. DECLARATIONS OF INTEREST

Councillor Christine Jones declared a personal interest in agenda item number 8 – Queensferry Campus Project – Pause and Review.

118. MINUTES

The minutes of the meeting held on 20 January 2015 had been circulated with the agenda.

RESOLVED:

That the minutes be approved as a correct record.

119. COUNCIL FUND REVENUE BUDGET 2015/16

The Leader and Cabinet Member for Finance thanked all Cabinet Members and senior officers for their work on the Council Fund Revenue Budget 2015/16 which was being considered at County Council later in the day.

He explained the total funding gap for 2015/16 was £18.265m which was a consequence of a number of impacts which were outlined in the report. At Cabinet in December 2014, corporate and service portfolio efficiencies totalling £12.640m were reported, with a budget gap of £3.625m remaining.

He highlighted the work undertaken to close the remaining gap since an update report was received at Cabinet in January 2015, and also the proposed changes as a consequence of the challenges and suggestions made by the Overview and Scrutiny Committees during the budget consultation process.

The Chief Executive said the budget strategy for 2015/16 had been a major challenge for the organisation with diminishing options being available year on year to secure organisational efficiencies. The budget for 2015/16 relied on a combination of the continued implementation of the organisational change programme and the service-level efficiencies derived from the new Chief Officer portfolio service business plans. There was a sufficient level of confidence that the efficiency targets were achievable provided that the organisation improved its systems for programmes to co-ordinate, track and review the implementation of budget plans in each portfolio.

The Corporate Finance Manager explained that, following the update report to Cabinet in January, a further review of Non Standard Inflation (NSI), the Council Tax precepting level and drawing on reserves and balances had taken place to help achieve a balanced budget.

On NSI, there was market intelligence on fuel, energy and food prices, full details of which were in the report.

Following a review of Council Tax levels, it was proposed that the level for 2015/16 be increased by 3.75% which equated to £37.06 on the Band D rate.

The use of reserves and balances had previously been avoided to help balance the annual budget as, whilst it was lawful, it did pose risks. Reserves could only be used once with the annual efficiency to be funded by them recurring year on year. However, a modest use of reserves and balances could be used to close part of the remaining budget gap noting that the Council had only limited uncommitted reserves and balances with other demands upon them. Those demands included the ongoing need to meet the redundancy and other exit costs of employees leaving the organisation as part of the ongoing programme to reduce workforce numbers. Taking into account the adjustments proposed to NSI and Council Tax levels, there was still a remaining gap of £0.270m and it was proposed that it be met from transitional funding by way of the utilisation of reserves.

RESOLVED:

That the following recommendations be made to Council on 17 February 2015 for approval:

1. That the 2015/16 Council Fund Revenue Budget Requirement to be set at £249.979m (which is £1.827m below its calculated Standard Spending Assessment (5.02 of the report)
2. That there be a 3.75% increase in Council Tax at Band D and an assumed 99% collection rate (5.02 of the report)
3. Inclusion of the Outcome Agreement Grant of £1.479m in the budget (5.03 of the report)
4. Acceptance of the levels of inflation assumed in the budget (5.04- 5.06 of the report)

5. Acceptance of the amounts for transfers in and out of the settlement (5.07 of the report)
6. Inclusion of £2.853m of recurring pressures in the budget (5.08 of the report)
7. Inclusion of £0.730m of one-off costs to be funded from Reserves (5.09 of the report)
8. Inclusion of efficiencies of £12.874m in the budget (5.10 of the report)
9. The use of reserves to fund transitional funding of £0.270m pending the identification of additional efficiencies (5.11 of the report)
10. The contingency reserve be maintained and its use considered in the context of the overall medium term financial plan for 2015/16 and future years (6.03 of the report)

120. COUNCIL FUND CAPITAL PROGRAMME 2015/16 AND INDICATIVE FUNDING TO 2018/19

The Corporate Finance Manager outlined the proposals for the Council Fund Capital Programme for 2015/16, including indicative funding estimated for future years.

A meeting hosted by Corporate Resources Overview and Scrutiny Committee was held on 30 January 2015 to enable all Members to consider the 2015/16 capital programme. Members raised various comments and questions and a summary of them, including the responses, was appended to the report.

When approving the 2014/15 Capital Programme, Members endorsed a more prudent approach to setting the capital budget, particularly in relation to the recognition of capital receipts. This led to a reduced core programme in 2014/15 and that approach had been replicated again for 2015/16.

Details of how the capital programme was funded were provided in the report, showing that the total projected resources available to date in 2015/16 to fund the core capital programme were £6.868m. The total projected funding available, including the core programme, over the four year period 2015/16 to 2018/19 amounted to £82.719m.

The Leader and Cabinet Member for Finance welcomed that the shortfall of £1.578m for approved schemes from 2014/15 had been eradicated and particularly welcomed the grant funding for 21st Century Schools which saw an exciting new school development at Holywell and the Post 16 Hub at Connah's Quay in the near future.

RESOLVED:

That Cabinet recommend the following to Council on 17 February 2015 for approval:

1. Approval of the allocation of funding to the core capital programme in 2015/16, as shown in Appendix 1 (and note the indicative funding available for future years)

121. HOUSING REVENUE ACCOUNT 2015/16 AND CAPITAL PROGRAMME 2015/16

The Leader and Cabinet Member for Finance welcomed the report which provided details on supporting the achievement of Welsh Housing Quality Standard (WHQS) by 2020 and commencing on a council house building programme of approximately 200 homes over five years in early 2016.

The Chief Officer (Community and Enterprise) provided background details on the draft Housing Revenue Account (HRA) Budget for 2015/16 and the HRA Business Plan developed for the introduction of self-financing in April 2015.

The UK Government and the Welsh Government (WG) had reached an agreement to change the financing arrangements for council housing in Wales from April 2015. A new rent policy had also been introduced which Flintshire was required to implement from April 2015, full details of which were provided in the report.

On the introduction of self financing, the annual subsidy payment of £73m from the eleven stock owning councils across Wales, c£6m from Flintshire, to WG and on to the UK Treasury would cease. The new arrangement would see the annual subsidy payment replaced by a one off payment of c£920m, with the eleven councils being required to take out loans from the Public Works Loan Board (PWLB) which equated to £40m per annum in interest charges. In addition to this, a total borrowing cap of £1.85b had been set for all eleven councils which included the borrowing need to meet the settlement figure, existing HRA borrowing, planned borrowing to meet WHQS and a small amount to start a new build programme.

The Council had an aspiration to build council housing to meet unmet need for social housing and self financing provided an opportunity for that in the coming years.

Details of Flintshire’s borrowing requirements and/or limits for borrowing were detailed in the report, with the initial borrowing of c£92m to achieve settlement resulting in a basket of loans of varying lengths.

Councils were required to implement the new WG rent policy from April 2015. Target rent bands were set for each landlord based on a consistent set of principles and a common methodology across Wales for both local authorities and housing associations. Landlord rents would be based on locality, size, quality and type of dwelling. Rents would be higher for houses and bungalows compared to flats and maisonettes and the framework would be fixed until 2018/19. There was flexibility for each landlord to set the rent band at target, 5% below or 5% above.

Where a landlords weekly rent was lower than the rent band, rents were set at the September CPI figures plus 1.5% plus up to £2 per week, to work towards rent convergence. Where rents were above target, which applied to approximately 1000 Flintshire homes, then the rent increase would be inflation (1.2%) plus 1.5% up to minus £2 until the weekly rent fell within the target rent band. The Business Plan appended to the report described the average rent currently payable and the target rent for each property type. Some tenancies could take up to seven years to achieve the target rent.

The Deputy Leader and Cabinet Member for Environment thanked the Chief Officer for the report and expressed his delight that the authority had not taken the route of stock transfer. By retaining the housing stock, and the new council houses which were to be built, jobs would be brought to the county which was welcomed.

The Cabinet Member for Waste Strategy, Public Protection and Leisure concurred with the views of the Deputy Leader, particularly on the building of council houses in the near future as the Council had previously sold many of their council houses under the right to buy scheme.

RESOLVED:

That Cabinet recommend the following to Council on 17 February for approval:

1. The proposed HRA budget for 2015/16 as set out in the Business Plan at Appendix A, with the 30 year financial assumptions in Appendix B and service efficiency and investment proposals in Appendix C
2. The level of rents for 2015/16 as set out in the Business Plan with target rents applied for new tenancies and the introduction of service charges for new tenancies
3. The proposed HRA Capital Programme for 2015/16 as set out in Appendix D

122. TREASURY MANAGEMENT STRATEGY 2015/16

The Corporate Finance Manager presented the draft Treasury Management Strategy for 2015/16 for recommendation to Council.

Changes made since the 2014/15 Strategy were detailed in the report along with supporting rationale for those changes.

RESOLVED:

That the Treasury Management Strategy 2015/16 be recommended to Council on 17 February 2015 for approval.

123. QUEENSFERRY CAMPUS PROJECT – PAUSE AND REVIEW

The Cabinet Member for Education provided details on the results of the pause and review for the Queensferry Campus project and the proposed next steps.

The pause and review was held due to concern around resilience of the critical data required to support submission of the capital business case to Welsh Government (WG) for funding through the 21st Century Schools programme. The business case had to meet a number of tests it if was to proceed and the latest data brought into question the viability of the project.

Admissions to John Summers High Schools fell to 50 in 2014 with larger year groups leaving the school with compounding budgeting issues. Through the 2015 admissions process the school had 73 first choice preferences against a prediction of the governors of an intake of 94 pupils.

The basis for the original case for capital investment was that by 2019 there would be three forms of entry and, with the proposed Northern Gateway development, this would increase the school population to an eventual four form entry school of approximately 600 places.

A series of meetings had been held between officers and the governors of Queensferry Primary School and John Summers High School, with a representative group of governors testing the resilience of data and to establish whether other information was available that may support a capital business case submission. The group provided their own projections which were based largely on an assumption that the school would attract 80% of all pupils from their nearest primary schools. Figures provided by the group varied significantly from the Council's, with details of both figures provided in the report.

There was no evidence to support the case of the group that 80% transfer rates were achievable given historical data. If the housing development sites within the Northern Gateway were to be developed to the maximum capacity of 1325 homes, and applying the housing yield formula, the total yield of secondary school age child numbers eligible for admission to John Summers would be 231. If it was assumed that the full cohort of children were to be admitted to the school, the school population would still only be approximately 536 pupils.

The Chief Officer (Education and Youth) added that the group requested that a capital business case be submitted to WG for them to make a decision, rather than the Council. However, Members were advised that it would not be justifiable for the County Council to submit a capital case based on inaccurate or less than resilient information in the knowledge that it would fail to meet the 21st Century Schools Programme criteria.

The current and projected pupil numbers meant that it was imperative to review, as a matter of urgency, the secondary provision at John Summers High School. The Governing Body has also expressed the view that they wished to avoid prolonged periods of uncertainty for both the school and the community and the local authority wanted to continue to work with the Governing Body and wider community to meet that aim. Appendix 2 to the report set out a model timeline for the development and consideration of options and proposals which would take between six and 12 months. Implementation of any proposal would be phased over the following years in order to safeguard curriculum continuity for examination year groups.

The Leader and Cabinet Member for Finance said it was disappointing that the data did not support a business case for the Queensferry Campus project, which also was reliant on a number of assumptions such as parental preference. It was important that the authority was honest on whether it felt a business case could be successful which, based on the information contained in the report, it would not. The funding would remain in place and, following the decision today, other options for the county could be explored.

The Chief Executive explained that it was the desire of the authority to have a business case approved for the new Queensferry Campus but unfortunately the data did not support that. It was now important to look at other options for the school and its pupils without delay.

RESOLVED:

That on the basis that the data analysis does not support the continuation through to a Full Business Case for capital funding, Cabinet agreed:

(a) To not proceed with the Full Business Case; and

(b) To open a period of formal consultation with key stakeholders for the area on how best to secure resilient sustainable high quality education in the area for a future report to Cabinet

NB – Councillor Christine Jones left the room during discussion of the item.

124. MIMIMUM REVENUE PROVISION 2015/16 POLICY

The Corporate Finance Manager introduced the proposals for the setting of a prudent Minimum Revenue Provision (MRP) for the repayment of debt in 2015/16, as required under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations').

The Regulations required the authority to each year make an amount of MRP which it considered to be 'prudent'. The Welsh Government (WG) guidance provided for a number of options for making 'prudent provision', conditions for using the options and practical consideration, full details of which were in the report.

Also, from 1 April 2015 the calculation of the Housing Revenue Account (HRA) MRP would be similar to the Council Fund, with modifications as detailed in the report.

RESOLVED:

That the following be recommended to Council on 17 February 2015 for approval:

1. Option 1 (Regulatory Method) be used for the calculation of the MRP in 2015/16 for all capital expenditure funded from supported borrowing; this represents a continuation of the approved and adopted policy for 2014/15
2. Option 3 (Asset Life Method) be used for the calculation of the MRP in 2015/16 for all capital expenditure funded from unsupported (prudential) borrowing; this represents a continuation of the approved and adopted policy for 2014/15.

That the following be recommended to Council on 17 February 2015 for approval for the HRA:

1. Option 2 (Capital Financing Requirement Method) be used for the calculation of the HRA's MRP in 2015/16 for all HRA capital expenditure funded by debt. This represents a continuation of how the calculation has been carried out in 2014/15, all though the governing regulations have changed for 2015/16

125. REVENUE BUDGET MONITORING 2014/15 (MONTH 8)

The Corporate Finance Manager provided Members with the latest revenue budget monitoring information for 2014/15 for the Council Fund and Housing Revenue Account based on actual income and expenditure as at Month 8 and projected forward to year-end based on the most up to date information available.

The projected year-end position, as estimated at Month 8 was:

Council Fund
- Net in year expenditure forecast to be £1.014m lower than budget.
- Projected contingency reserve balance at 31 March 2015 of £3.955m

Housing Revenue Account
- Net in year expenditure forecast to be £0.324m less than budget
- Projected closing balance as at 31 March 2015 of £1.490m

The table in the report showed the projected position by portfolio which reflected the Council's new Operating Model, and showed a projected in year expenditure to be £1.014m less than budget.

The report provided details on corporate and functional efficiencies, workforce efficiencies, inflation, monitoring budget assumptions and risks and changes to previously reported risks which were now closed.

On unearmarked reserves and the current projected outturn at Month 8, the projected balance on the contingency reserve at 31 March 2015 was £3.955m, full details of which were contained in Appendix 4 to the report.

The position at Month 8 on the Housing Revenue Account (HRA) was an overall projected underspend of £0.324m and a projected closing balance at Month 8 of £1.490m, which at 4.96% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%. Appendix 5 to the report provided details of the reasons for significant variances.

The Cabinet Member for Waste Strategy, Public Protection and Leisure asked for an update on the former Euticals Site which was identified as an existing risk in the report. The Chief Executive explained that an update had also been provided at a recent Corporate Resources Overview and Scrutiny Committee. A meeting was due to be held during the next few weeks with Welsh Government (WG) to discuss an exit strategy for decommissioning of the site which would have a considerable cost. The authority would request that WG share the total cost incurred to date and to also share the cost of the final decommissioning of the site. He added that this was a unique situation that had not previously occurred in the UK. This was due to the site being abandoned following the company going into liquidation.

RESOLVED:

(a) That the report be noted; and

(b) That the projected Council Fund contingency sum as at 31 March 2015 be noted (note the projected final level of balances on the Housing Revenue Account).

126. COUNCIL TAX AND BUSINESS RATE POLICIES FOR 2015/16

The Chief Officer (Community and Enterprise) introduced the report which sought approval of various policies for the administration of Council Tax and Business Rates for the financial year 2015-16, which did not propose any changes to the current policies.

RESOLVED:

That continuation of the current Council Tax and Business Rate Policies for 2015-16 be approved as follows:

1. Not to award Council Tax discounts on any prescribed class and that this applies to the whole of the county area
2. For the Chief Officer (Community and Enterprise) and Cabinet Member for Corporate Management to consider section 13a discretionary discounts through the use of delegated powers
3. Discretionary rate relief as set out in 5.01 of the report
4. For the Chief Officer (Community and Enterprise) and Cabinet Member for Corporate Management to consider any applications for Business Rate discretionary discounts not within the scope of the existing policy as set out in 5.01 of the report through the use of delegated powers
5. Not to award discretionary 'top up' discounts to small business

127. PRUDENTIAL INDICATORS 2015/16 AND 2017/18 AND REVISION OF THE 2014/15 PRUDENTIAL INDICATORS

The Corporate Finance Manager presented proposals for setting a range of prudential indicators in accordance with the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) for recommending to Council for approval on 17 February 2015.

RESOLVED:

That the following be recommended to Council on 17 February 2015 for approval:

1. The Prudential Indicators for 2015/16 – 2017/18 and revised Indicators for 2014/15 as detailed in Section 3 of the report

2. Delegated authority for 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 – sections 3.06.5 and 3.06.6 of the report

128. GREENFIELD VALLEY HERITAGE LOTTERY PROJECT

The Deputy Leader and Cabinet Member for Environment introduced the report on the Greenfield Valley Uncovered Project for the approval of a Round 2 application to the Heritage Lottery Fund (HLF) and if successful, to enter into a funding agreement with the HLF.

The aims of the project were identified, including the estimated economic impact of visitors to Greenfield Valley Heritage Park and Museum and the value to the local economy which could rise to over £625,000 per year if the benefits were realised.

A Round 2 HLF was ready for submission which sought £940,050 in funding. This was a joint project between Flintshire County Council (FCC) and the Greenfield Valley Trust and as such, both partners must agree to comply with the HLF's Terms of Grant.

The Cabinet Member for Education supported the recommendations citing the Greenfield Valley Heritage Park as a ideal local facility and tourist attraction, unique in what it could offer.

Full details of the project costs and funding breakdown were contained in the report.

RESOLVED:

(a) That the submission of a Round 2 application to the HLF for £940,050 in funding be approved; and

(b) That if successful, Cabinet approve a funding agreement with the HLF.

129. CHANGING TIMES: HELPING FLINTSHIRE'S TOWN CENTRES ADAPT TO A CHANGING WORLD - RECOMMENDATIONS

The Leader and Cabinet Member for Finance welcomed the Chair of Environment Overview and Scrutiny Committee, Councillor Hilary Isherwood, to the meeting and invited her to present the report.

Councillor Isherwood thanked Cabinet for the opportunity to present the report which represented the culmination of work by the Committee, the Cabinet Member for Economic Development and officers.

A workshop was held with over 45 stakeholder representatives which resulted in discussion groups considering their top five priorities for revitalising the town centres. The recommendations for consideration were that, as a Council, we should:

- Review town centre partnerships to ensure continued effectiveness and build upon the inter-disciplinary internal team approaches already used in major regeneration programmes;
- Review and improve communication channels with town centre stakeholders and the wider regeneration sector;
- Use the opportunity offered by the development of the Local Development Plan to create a flexible planning framework to support the changing roles of the town centres;
- Maximise the use of external funding in supporting town centre regeneration; and
- Review and improve the marketing of Flintshire and of the town centres.

The Leader and Cabinet Member for Finance thanked Councillor Isherwood and said this was a good example of a consultation event.

The Cabinet Member for Economic Development said the workshop was valuable as were the discussions at Environment Overview and Scrutiny Committee. He supported the recommendations but added that they had to be taken in context of what could be achieved in the current financial climate. He then provided examples of where town centre improvements had been undertaken.

The Leader and Cabinet Member for Finance said work was underway on town centres and the Cabinet would continue to show aspiration and support for that.

RESOLVED:

That the recommendations detailed above be accepted.

130. EXERCISE OF DELEGATED POWERS

There were none to report.

131. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There were two members of the press in attendance.

(The meeting commenced at 9.30am and ended at 11.00am)

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Chairman