

**CABINET**  
**20<sup>TH</sup> FEBRUARY 2018**

Minutes of the meeting of the Cabinet of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Tuesday, 20<sup>th</sup> February 2018.

**PRESENT: Councillor Aaron Shotton (Chair)**

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

**IN ATTENDANCE:**

Chief Executive, Chief Officer (Community and Enterprise), Chief Officer (Governance), Chief Officers (Organisational Change), Chief Officer (Streetscene and Transportation), Corporate Finance Manager, Corporate Business and Communications Executive Officer, Finance Managers, Revenues Manager and Team Leader – Democratic Services.

**APOLOGIES:**

Councillors Derek Butler and Billy Mullin.

**OTHER MEMBERS IN ATTENDANCE:**

Councillors Helen Brown, Patrick Heesom, Rita Johnson, Dave Mackie, Mike Peers, David Wisinger and Arnold Woolley.

**122. DECLARATIONS OF INTEREST**

Councillors Attridge, Jones and Shotton declared personal interests in agenda item number 4 – Council Fund Revenue Budget 2018/19 – Third and Closing Stage, as they were School Governors. Councillors Bithell and Thomas declared personal and prejudicial interests in agenda item number 8, Discretionary Rate Relief Scheme for 2017/18 and 2018/19 as they were Trustee members of community associations. Councillor Bithell declared a personal interest in agenda item number 11, Flintshire Supporting People Programme Grant local Spend Plan and Regional Strategic Plan as he was a trustee of the Domestic Abuse Safety Unit (DASU).

**123. MINUTES**

The minutes of the meetings held on 23<sup>rd</sup> January 2018 had been circulated with the agenda and approved as a correct record.

**RESOLVED:**

That the minutes be approved as a correct record.

**124. COUNCIL FUND REVENUE BUDGET 2018/19 – THIRD AND CLOSING STAGE**

The Chief Executive introduced the Council Fund Revenue Budget 2018/19 – Third and Closing Stage report and explained the Council needed to set a balanced budget to meet its legal duty.

It was the collective responsibility of the whole Council to set the budget on the advice of Cabinet and the options remaining to achieve a legal balanced budget were outlined in the report. He explained that the scope for further service reductions for this financial year had been exhausted and portfolio resilience statements, which demonstrated the risks to service capacity and performance of any further budget reductions, had been accepted by the Overview and Scrutiny Committees and Cabinet.

Beyond a financial intervention by Welsh Government (WG), the only remaining options to balance the budget were Council Tax income and drawing upon reserves and balances.

The Corporate Finance Manager explained that the financial impact of both Stages One and Two were detailed in Table 3 in the report and having taken both into account, the remaining budget gap was £5.771m.

On reserves and balances, he said that compared to many other councils, Flintshire had modest and limited reserves to call upon. In addition, reserves could only be used once and an over-reliance on their use to balance annual budgets was not a sustainable way of funding services.

The Council had limited un-earmarked reserves to draw upon with the Month 9 budget monitoring report projecting a Contingency Reserve at the end of March 2018 of £4.174m. However, that was subject to change between now and the close of the financial year.

The Council also held earmarked reserves which were set aside for specific purposes. The month 9 budget monitoring report provided an update on current projected levels of earmarked reserves and showed that the amount was likely to reduce from £20 to £10m by the end of the financial year. A review of the remaining earmarked reserves had been completed and only those which had a strong business case would be retained with the remainder being released for use as part of the Medium Term Financial Strategy (MTFS). The total amount recommended to be released to assist with setting the budget for 2018/19 was £1.927m. It was the advice of the Corporate Finance Manager that with the use of the earmarked reserves and setting the Council Tax at 5%, a balanced budget could be set. An illustration of the contribution to the budget from a range of Council Tax options was outlined in table 4 of the report. A comparison of Council Tax levels across Wales was appended to the report.

Councillor Shotton commented on the number of years that had seen local government grants reduced which affected services, including Social Care and Education. The challenge now was which options could be drawn upon for Members to balance the budget. He welcomed the support that had been received from head teachers, governors and the community on the position for schools funding which was helping to raise public awareness of the situation. On social care, the country was seeing an ageing population and increasing demand and complex cases in children's services. The budget for social care had risen from £62.4m to £65.8m for 2018/19 which was a rise of 5.4%.

He thanked the Overview and Scrutiny Committees for their input on the budget process which helped to inform the final report to County Council later that day. Due to the enormity of the task of balancing the budget, it had been considered in three stages, details of which were outlined in the report.

He proposed the following recommendations:

- That Cabinet recommend to Council that following a review, £1.927m of reserves and balances is released to contribute to balancing the budget;
- That Cabinet recommend to Council that a 5% rise in Council Tax is set to balance the budget in combination with reserves and balances; and
- That Cabinet recommend to Council that a further rise in Council Tax of 1.71% is set to provide additionality of £1.140m specifically for schools budgets.

The Chief Executive reiterated that the Council was not 'reserve rich' and that reserves would need to be held back for things such as the national pay award which was still under negotiation between local government employers and trade union representatives. Due to those risks the Council would need to be prudent in drawing upon reserves to balance the 2018/19 budget.

In response to a question from Councillor Attridge, the Corporate Finance Manager provided details of the budget increase to schools in previous years which was: 2013/14 £1.021m (1.31%), 2014/15 £0.390m (0.49%), 2015/16 £0.478 (0.61%), 2016/17 £0.869m (1.06%) and 2017/18 £1.201m (1.39%).

Councillor Thomas commented on the impact austerity was having on front line services which resulted in a cumulative effect on residents. She said devolving budgets and grants to local authorities earlier would provide time for councils to plan.

Councillor Shotton said a review of the Standard Spending Assessment (SSA) was overdue. However, the Council had to try to balance its limited funding over a wide range of services, many of which were demand led and could be subject to significant variation. An example of demand led mandatory services where the Council spent over its notional guidelines was Social Services. By setting the Council Tax at an increase of 6.71% this would see the Council spending to SSA and should be recognised by WG. On the Council Tax rise, the Chief Executive confirmed that WG had advised that councils had the local flexibility to set above the previous advisory cap of 5%.

Councillor Roberts thanked Councillor Shotton for the proposals put forward, saying that education was an investment in the future of the county with the additional £1.140m providing considerable relief to schools. He added that to get to this position was a remarkable achievement and he paid tribute to everybody who had been involved in the process. Councillor Jones also expressed her thanks, in particular for the increase in funding for Social Services.

In closing, the Chief Executive also paid tribute to the work carried out by the Overview and Scrutiny Committees in the budget process. He added that the options for car parking charges was still under review but a proposed target income figure had

been set in the Council Fund budget report. He also said that the year in paragraph 3.19 should read 2018/19, not 2019/20, as a correction.

**RESOLVED:**

- (a) That Cabinet recommend to Council that following a review, £1.927m of reserves and balances is released to contribute to balancing the budget;
- (b) That Cabinet recommend to Council that a 5% rise in Council Tax is set to balance the budget in combination with reserves and balances; and
- (c) That Cabinet recommend to Council that a further rise in Council Tax of 1.71% is set to provide additionality of £1.140m specifically for schools budgets.

**125. DEVELOPMENT OF 2018/19 – 2020/21 CAPITAL PROGRAMME**

The Chief Officer (Organisational Change) introduced the Development of 2018/19 – 2020/21 Capital Programme report.

The Finance Manager explained that the report built on the Capital Strategy and Asset Management Plan adopted in February 2016 and split the Council Fund Capital Programme into three sections:

1. Statutory/Regulatory – allocations to cover regulatory and statutory works – examples included 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 by Health and Safety requirements;
2. Retained Assets – allocations to fund infrastructure works necessary to ensure service and business continuity. Allocations to fund schemes that maintained, enhanced and improved retained assets and infrastructure to deliver services. Significant needs identified by service plans/condition surveys; and
3. Investment – to fund costs incurred when remodelling and investing in services. New schemes arising from Portfolio business plans, the Council 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.

Tables 1 and 2 in the report showed schemes approved by Council in February 2017 for the 2017/18 – 2019/20 Capital Programme and how those schemes were being funded. When the programme was set there was an overall shortfall in funding of £3.187m although schemes for 2017/18 were fully funded. The shortfall in funding of schemes in 2018/19 and 2019/20 was kept flexible with options including a combination of future capital receipts, alternative grants, prudential borrowing or scheme phasing over several years. Progress on addressing that shortfall had been regularly reported to Cabinet and Corporate Resources Overview and Scrutiny Committee during 2017/18. Capital receipts had now been received which resulted in the programme approved for 2017/18 – 2019/20 being fully funded with a small surplus of £0.201m.

Table 3 of the report detailed the general capital funding projected to be available to fund the Capital Programme over the next 3 years. The Council had developed a prudent policy of only allowing capital receipts to fund capital projects when receipts were actually received. All of the schemes proposed for inclusion invested in assets and / or reconfigured models of service provision. The majority of the programme could be funded from capital receipts and WG funding allocations, although there was an overall shortfall which could require funding by borrowing which had revenue implications. Schemes had therefore been phased over the 3 year period to ensure 2018/19 financial year was fully funded.

Table 4 showed the proposed allocations for the period 2018/19 – 2020/21 for the Statutory / Regulatory Retained Assets of the Capital Programme. Table 5 showed the proposed schemes for the same period for the Investment Section.

There was an overall shortfall in projected funding of £8.216m. To meet that shortfall the Council would potentially need to borrow to fund the schemes which had the impact of increasing debt financing costs of interest and revenue provision for repayment of debt in the revenue budget. There was potential for capital receipts to be generated during the remainder of 2017/18 with a current projection for a further £0.772m to be received by the end of 2017/18, and a further £0.600m however this risked slipping into 2018/19.

Future capital schemes were outlined as 21<sup>st</sup> Century School Building Programme Band B, the Growth Deal Bid and the Digital Strategy.

The proposed Capital Programme had been submitted to Corporate Resources Overview and Scrutiny Committee on 15<sup>th</sup> February 2018 and a copy of the questions, comments and responses was circulated to Cabinet Members. At Corporate Resources Overview and Scrutiny Committee it was resolved to inform the Cabinet of the following:

- (i) That a report had been requested which outlined the effect of capital expenditure (new schemes for approval) and detailing the effects on the revenue account, including cost of borrowing, operational revenue costs and operational benefits, for the meeting in March or April;
- (ii) That there were concerns about the cost of any remedial works required as a result of the inspection of the Flintshire Bridge. Early negotiations with WG on shared responsibility for costs, in advance of any changes arising from the Red Route implementation were welcomed. The results of the inspection to be reported to Environment Overview and Scrutiny Committee and if affecting the capital programme, to Corporate Resources Overview and Scrutiny Committee as well; and
- (iii) That the Committee invited the Cabinet to consider making representations to WG about the wear and tear to Flintshire roads being used as diverted routes as a result of work on the A55.

Councillor Shotton concluded that in a time when revenue budgets were under significant pressure, the capital programme provided hope for communities with the proposed schemes, including the building of new council houses. He commented on the welcome investments in Castell Alun High School and Glan Aber Primary School

and at Marleyfield Residential Home. He also thanked Councillor Carolyn Thomas for her part in national lobbying which resulted in an additional £1.4m for highways and roads from Welsh Government.

**RESOLVED:**

- (a) That the allocations and schemes in Table 4 of the report for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2018/19 – 2020/21 be approved;
- (b) That the schemes in Table 5 of the report for the Investment section of the Council Fund Capital Programme 2018/19 – 2020/21 be approved;
- (c) That it be noted that the shortfall in funding of schemes in 2019/20 and 2020/21 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 2018/19, and included in future capital programme reports;
- (d) That further development and a refresh of a forward Capital Strategy and Asset Management Plan be noted;
- (e) That Cabinet welcome Corporate Resources Overview and Scrutiny Committees request for a report on the consequential revenue impacts of capital expenditure; and
- (f) That Cabinet agrees to approach Welsh Government for assistance with any costs arising from:
  - (i) Remedial works to the Flintshire Bridge;
  - (ii) Early sharing of responsibility in advance of any changes arising from the “Red Route”; and
  - (iii) Increased wear and tear on Flintshire roads as a result of traffic diverted due to the works on the A55.

**126. DRAFT HOUSING REVENUE ACCOUNT (HRA) BUDGET 2018/19 AND 30 YEAR BUSINESS PLAN**

Councillor Attridge introduced the Draft Housing Revenue Account (HRA) Budget 2018/19 and 30 Year Business Plan Report.

The strategic priorities for the year, and the business plan, included:

- Achieving Welsh Housing Quality Standard (WHQS) by 2020 and providing adequate ongoing investment to maintain WHQS levels;
- Following de-pooling of rents a continued move towards efficient service charges and full cost recovery;
- Ongoing transition of rents to Welsh Government (WG) targets;
- Setting a balanced budget with a minimum of 3% surplus revenue over expenditure;

- Maximisation of revenue efficiencies to minimise the borrowing required to meet WHQS by 2020; and
- Delivery of new build Council housing.

WG policy allowed flexibility for each landlord to set the rent band at either target rent, 5% below or 5% above. The Council had agreed to set Flintshire rents for existing stock at target to support tenant affordability. Rents for new builds had been set at 5% above target. The inflation indices used for uplifting rents each year were based on Consumer Price Index (CPI) at the previous September and a real increase of 1.5%. CPI for September 2017 was 3% plus 1.5% giving rent inflation for 2018/19 of 4.5%. There was concern about the affordability of a significant increase and following consideration of alternative options and listening to the views of the Overview and Scrutiny Committee and the Tenants Federation, Councillor Attridge recommended that the rent increase be at 3% plus up to £2 for 2018/19.

The Chief Officer (Community and Enterprise) explained that by setting the recommended lower income, the reduced income for the Council would be £300,000 in 2018/19. This did not have a negative impact on the Council's ability to meet the WHQS standard by 2020, or its new build programme commitments. She added that discussions were ongoing with WG on whether the borrowing cap could be increased.

Councillor Thomas welcomed the report and commended the investment in Council housing stock.

Councillor Shotton commented on the increase in rent arrears for those tenants who were in receipt of Universal Credit and asked how that would be managed. He said the number of discretionary housing payments had doubled in the last three months which was indicative of the issues in the private sector and reinforced the importance of the Council's new building programme which would see the lowest rents in the County for tenants. The Chief Officer (Community and Enterprise) explained that the rent arrears were £200k more than the previous year and before Universal Credit had been introduced. Officers were working with customers to set up repayment programmes to address any arrears.

### **RESOLVED:**

- (a) That the Housing Revenue Account budget for 2018/19 and Business Plan be approved and recommended to Council;
- (b) That the option of setting a rent increase for 2018/19 be approved, and recommended to Council, at 3% (plus or minus £2), with target rents applied for new tenancies, as a more affordable increase than the Welsh Government rent Policy formula which would set an increase of 4.5% (plus or minus £2);
- (c) That a garage rent increase of £1 per week and a garage plot rent increase of £0.20p per week be approved and recommended to Council; and
- (d) That the proposed Housing Revenue Account Capital Programme for 2018/19 be approved and recommended to Council.

**127. TREASURY MANAGEMENT STRATEGY 2018/19**

The Corporate Finance Manager introduced the Treasury Management Strategy 2018/19 report for approval and recommendation to Council.

**RESOLVED:**

That the Treasury Management Strategy 2018/19 be approved and recommended to Council.

**128. DISCRETIONARY RATE RELIEF SCHEME FOR 2017/18 AND 2018/19**

Having earlier declared personal and prejudicial interests, Councillors Bithell and Thomas left the room.

Councillor Shotton introduced the Discretionary Rate Relief Scheme for 2017/18 and 2018/19 report.

Following representations from Members, Charitable organisations and a Notice of Motion at the County Council meeting on 30<sup>th</sup> January 2018, officers were tasked with exploring the feasibility of changing the 2017/18 Discretionary Rate Relief scheme by re-introducing 20% discretionary 'top-up' relief targeted specifically to Charities, Voluntary and Community organisations who occupied small premises with rateable values of up to £6,000.

Potential changes were outlined in the report which would ensure that approximately 88 Charities, Voluntary and Community organisations occupying small premises benefited from 100% rate relief, funded through a combination of Mandatory and/or Discretionary Rate Relief. The proposed changes would ensure that those organisations were treated similarly to small 'for-profit' businesses who qualified for 100% rate relief as part of Welsh Government's (WG) fully funded Small Business Rate Relief Scheme (SBR).

The Revenues Manager explained that the financial implications to the changes would be at a cost to the Council of £16,200 for 2017/18, which could be met from existing budget provision set aside to deal with potential hardship applications, and £18,000 for 2018/19 which would be a budget pressure.

Councillor Attridge thanked the Revenues Manager for the work undertaken on this item which resulted in 88 Charities, Voluntary and Community organisations benefitting from 100% rate relief.

The Corporate Finance Manager explained that this would alter the budget figures slightly for the use of reserves for 2018/19 to increase to £1.945m from the £1.927m reported earlier as part of the budget item.

**RESOLVED:**

- (a) That a retrospective change to the 2017/18 policy framework to provide 20% Discretionary 'top up' relief to all Charitable organisations that already benefit



from 80% Mandatory Rate Relief and who occupy small premises with a rateable value of up to £6,000, be agreed;

- (b) That a retrospective change to the 2017/18 policy framework, to increase Discretionary awards by 20% to all Voluntary and Community organisations, who currently receive 80% Discretionary Rate Relief and who occupy small business premises with a rateable value of up to £6,000, be agreed; and
- (c) That it be noted the financial implications for the policy changes will cost £16.2k for 2017/18 and approximately £18k for 2018/19.

## **129. WELSH GOVERNMENT TRANSPORT GRANT FUNDING BIDS**

Councillor Thomas introduced the Welsh Government Transport Grant Funding Bids report which outlined the details of the bids submitted in the following categories: Local Transport Fund; Local Transport Network Fund; Road Safety Grant; and Safe Routes in the Community Grant.

The total value of the bids for 2018/19 was approximately £1.6m and the successful councils would be notified in April/May.

The Chief Officer (Streetscene and Transportation) said the Council had an excellent record in obtaining funds through the various funding streams available. The schemes from each area would be considered and were dependent on the match to the scheme criteria and the level of accidents along the route, rather than location.

In response to a question from Councillor Shotton, the Chief Officer confirmed that a report would be submitted to a future Cabinet meeting to provide details of the outcome of the bids.

### **RESOLVED:**

That the schemes submitted to Welsh Government for funding in January 2018 for the 2018/19 financial year be approved.

## **130. DIGITAL STRATEGY – DIGITAL CUSTOMER**

The Chief Officer (Organisational Change) introduced the Digital Strategy – Digital Customer report which proposed an approach to deliver those strategies, focusing on enabling customers to contact the Council and use the services, where appropriate, through the use of technology.

Specific examples of how it would work were outlined in the report including proposals to launch a Customer Account and a Payment Portal which would enable customers to buy a range of services from the Council on line and from one point of access. Customers that needed telephone contact or face to face contact would receive more support from customer service staff who might otherwise be handling queries that could be resolved through digital access.

Over time the approach would result in efficiencies that would support delivery of the Council's financial strategy. However, the overall approach was about modernising and improving the Council's delivery of customer services by making the best and most appropriate use of digital technology. To achieve that, an initial investment of £0.550m was proposed to support the improvement of providing digital content for the customer and to ensure that back office IT systems could present in the way the approach required. The investment would be paid back through future efficiencies.

The Chief Officer (Governance) explained that the report had been submitted to Corporate Resources Overview and Scrutiny Committee the previous week where it was supported and welcomed by Members. Members of that Committee requested details of best practice by other Councils; those details would either be circulated to Members or a workshop would be arranged. He said that in addition to the Digital Strategy being a tool for the benefit of residents, it was also a key tool in working with key partners such as Betsi Cadwalader University Health Board (BCUHB) He expressed his thanks to the IT department for developing the customer portal in house.

Following a question from Councillor Thomas, the Chief Officer (Governance) confirmed that telephone and face to face contact would still be available. He added that current smaller customer service teams would be consolidated which would increase resilience during peak demand in different areas.

**RESOLVED:**

- (a) That the implementation of the Digital Strategy and Customer Strategy through a priority and focus on improving services for 'Digital Customers' be agreed;
- (b) That, subject to a completion of a review of reserves to identify where funding will come from, an investment fund of £0.550m be agreed in principle to support the implementation of this work with the condition that as a minimum this amount will be paid back in future efficiencies, resulting in a zero net cost to the Council. This includes the appointment of the three year fixed contract appointments and the redesign of the work of the Customer Service team roles as detailed in the report. Delegated authority is approved for the relevant Chief Officers in consultation with the appropriate Cabinet Members to implement these appointments and the job re-design; and
- (c) That the Customer Account be launched in March 2018 enabling customers to use this service, and give initial feedback on the service so it can be developed over time.

**131. FLINTSHIRE SUPPORTING PEOPLE PROGRAMME GRANT LOCAL SPEND PLAN AND REGIONAL STRATEGIC PLAN**

Councillor Attridge introduced the Flintshire Supporting People Programme Grant Local Spend Plan and Regional Strategic Plan report which had been developed to align with the priorities laid out within the North Wales Supporting People Regional Strategic Plan.

Following a strong case being made by local government, he was pleased to report that the grant had been protected for 2018/19.

The report provided a summary of the pressures on the homeless service and the risk of a growing financial burden for the Council. Supporting People Services played a key role in contributing to homeless prevention and targeting funding at services that prevented homelessness remained a strategic priority for the Council.

The Chief Officer (Community and Enterprise) commented on the risk to the revenue budget in future years for the prevention of homelessness due to the budget proposal for 2019/20 showing the Supporting People budget line being reduced to £zero. The funding that would usually be allocated was being moved to a new budget line called 'Early Intervention – Prevention and Support Grant' which merged the budgets for Flying Start, Families First, Communities First Legacy Fund and a new Employability Grant, making the new budget a total of £252m across Wales. However, that was £13m less than the combined total of those granted in 2018/19.

**RESOLVED:**

That the Local Spend Plan for 2018/19 and the North Wales Strategic Plan be approved.

**132. QUARTER 3 COUNCIL PLAN 2017/18 MONITORING REPORT**

The Chief Executive introduced the Quarter 3 Council Plan 2017/18 Monitoring Report.

The monitoring report for the 2017/18 Council Plan was a positive report, with 81% of activities being assessed as making good progress, and 69% likely to achieve the desired outcome. Performance Indicators showed good progress with 84% meeting or near to period target.

Risks were also being successfully managed with the majority being assessed as moderate (67%) or minor (10%). On the major red risks, all were funding related.

**RESOLVED:**

- (a) That the levels of progress, performance and risk levels in the Quarter 3 Council Plan 2017/18 monitoring report be noted and endorsed; and
- (b) That Cabinet is assured by plans and actions to manage the delivery of the 2017/18 Council Plan.

**133. REVENUE BUDGET MONITORING 2017/18 (MONTH 9)**

The Corporate Finance Manager introduced the Revenue Budget Monitoring 2017/18 (Month 9) report which provided the current revenue budget monitoring position for 2017/18 for the Council Fund and the Housing Revenue Account. The report presented the position, based on actual income and expenditure, and projected

how the budget would stand at the close of the financial year if all things remained equal.

The projected year end position, without mitigation to reduce cost pressures and improve the yield on efficiency planning, was:

**Council Fund:**

- Net in year expenditure forecast to be £0.908m greater than budget; and
- Projected contingency reserve balance as at 31<sup>st</sup> March 2018 of £4.174m.

**Housing Revenue Account:**

- Net in year expenditure forecast to be £0.035m greater than budget; and
- Projected contingency reserve balance as at 31<sup>st</sup> March 2018 of £1.081m.

The reasons for the projected variances were summarised in the appendix to the report with key significant portfolio variances explained in the report.

The report covered the latest in year forecast by portfolio; tracking of in year risks and emerging issues; inflation and reserved and balances. The earmarked reserved outlined in paragraph 1.23 of the report were prior to the review that had been carried out as reported on the budget item.

**RESOLVED:**

- (a) That the overall report and the projected Council Fund contingency sum as at 31<sup>st</sup> March 2018 be noted; and
- (b) That the projected final level of balances on the Housing Revenue Account (HRA) be noted.

**134. CAPITAL PROGRAMME 2017/18 (MONTH 9)**

The Corporate Finance Manager introduced the Capital Programme 2017/18 (Month 9) report which summarised changes made to the Capital Programme since September 2017 (Month 6) to the end of December 2017 (Month 9), along with expenditure to date and projected outturn.

The report contained details on changes since budget approval; carry forward from 2016/17; changes during this period; capital expenditure compared to budget; and carry forward into 2018/19.

Councillor Shotton commented on the request for approval for an increase of £0.400m in the prudential borrowing allocation for Aura Leisure and Libraries for schemes outlined in the report, which was pleasing to see.

**RESOLVED:**

- (a) That the report be approved;

- (b) That the additional Prudential Borrowing of £0.400m in regard to AURA capital works be approved; and
- (c) That the carry forward adjustments be approved.

**135. MINIMUM REVENUE PROVISION – 2018/19 POLICY**

The Corporate Finance Manager introduced the Minimum Revenue Provision (MRP) – 2018/19 Policy report which recommended that the 2018/19 MRP remained the same as the previous year, for approval by Council.

The Chief Executive explained that the MRP was under urgent review following a recent voluntary independent peer review of the Council's financial position. External advice was being sought from the Council's retained advisors and the Wales Audit Office (WAO) as the Council's auditors. MRP policy was for approval by Council annually. Given the review, it was therefore subject to change before the financial year was ended.

**RESOLVED:**

- (a) That the following be approved and recommended to Council for Council Fund (CF) outstanding debt:
  - Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2018/19 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31<sup>st</sup> March 2016. The calculation will be the 'straight line' method over 50 years
  - Option 3 (Asset Life Model) be used for the calculation of the MRP in 2018/19 for all capital expenditure funded from supported borrowing from 1<sup>st</sup> April 2016 onwards. The calculation will be the 'straight line' or 'annuity' (where appropriate) 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 Model) be used for the calculation of the MRP in 2018/19 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements
- (b) That the following be approved to County Council for the Housing Revenue Account (HRA) outstanding debt:
  - Option 2 (Capital Financing Requirement Method) be used for the calculation of the HRA's MRP in 2018/19 for all capital expenditure funded by debt
- (c) Members approve and recommend 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 by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt which is a form of MRP. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.

(d) That it be noted that the MRP Policy is undergoing an urgent review and is, therefore, subject to change within the current financial year.

### **136. PRUDENTIAL INDICATORS 2018/19 TO 2020/21**

The Corporate Finance Manager introduced the Prudential Indicators 2018/19 to 2020/21 report which provided details on the Prudential Indicators for Prudence and the Prudential Indicators for Affordability.

On Table 1, he explained that the 2018/19 estimate for the Council Fund should read £23.773m not £30.408, and the 2019/20 estimate also for the Council Fund should read £13.659m and not £1.644m.

#### **RESOLVED:**

That the following be approved and recommended to Council for approval:

- The Prudential Indicators for 2018/19 – 2020/21; and
- 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.

### **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 paragraphs 14 and 15 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

### **137. COMMUNITIES FIRST**

The Chief Officer (Organisational Change) introduced the Communities First report which provided details of the phasing out process that was currently underway.

Welsh Government (WG) would operate two new programmes from 1<sup>st</sup> April 2018. The first, the Legacy Fund, would offer small scale funding to Local Delivery Bodies and enable them to continue to deliver some particularly effective Communities

First activities for a further two years. The second was the Employability Programme which would provide Local Delivery Bodies with the management infrastructure for the Communities 4 Work programme and would fund additional support for unemployed people in deprived areas which would also operate until March 2020.

A proposed structure to deliver the new programmes was set out in the report.

**RESOLVED:**

- (a) That Flintshire’s successful management of the transitional Communities First programme be noted; and
- (b) That the proposed new structure to deliver Communities 4 Work and the associated programmes be approved.

**138. CONNAH’S QUAY SWIMMING POOL AND HOLYWELL LEISURE CENTRE COMMUNITY ASSET TRANSFER**

Councillor Roberts introduced the Connah’s Quay Swimming Pool and Holywell Leisure Centre Community Asset Transfer report which provided an update on progress of both and recommended a grant award for 2018/19.

**RESOLVED:**

- (a) That a grant to Cambrian Aquatics for the year 2018/19 of £0.065m be provided with the condition that this must be reduced in the year 2019/20;
- (b) That a grant to Holywell Leisure Centre for the year 2018/19 of £0.086m be provided with the condition that the need for this level of grant be reviewed thoroughly prior to the year 2019/20; and
- (c) That delegated authority be approved for these projects specifically to the Chief Officer (Organisational Change) in consultation with the Cabinet Member for Education, to be able to provide an early payment of grant or small loan (up to a maximum of £0.025m) to Cambrian Aquatics or Holywell Leisure Centre only in exceptional circumstances, and where after completing a full financial review it is considered this would ensure the facilities can remain open and that the business remains viable.

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

There was 1 member of the public and one member of the press in attendance.

(The meeting commenced at 9.30 a.m. and ended at 11.35 a.m.)

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**Chair**