

FLINTSHIRE COUNTY COUNCIL
1 MARCH 2018

Minutes of the meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Thursday, 1 March 2018.

PRESENT: Councillor Brian Lloyd (Chairman)

Councillors: Mike Allport, Bernie Attridge, Janet Axworthy, Glyn Banks, Haydn Bateman, Marion Bateman, Sean Bibby, Derek Butler, Clive Carver, Geoff Collett, Bob Connah, David Cox, Paul Cunningham, Jean Davies, Rob Davies, Ron Davies, Chris Dolphin, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, David Evans, Veronica Gay, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Andrew Holgate, Dave Hughes, Kevin Hughes, Dennis Hutchinson, Joe Johnson, Paul Johnson, Christine Jones, Richard Jones, Tudor Jones, Richard Lloyd, Mike Lowe, Dave Mackie, Hilary McGuill, Billy Mullin, Mike Peers, Michelle Perfects, Neville Phillips, Mike Reece, Ian Roberts, Aaron Shotton, Paul Shotton, Ralph Small, Ian Smith, Carolyn Thomas, Owen Thomas, Martin White, Andy Williams, David Wisinger and Arnold Woolley.

APOLOGIES:

Councillors: Chris Bithell, Sian Braun, Helen Brown, Adele Davies-Cooke, Mared Eastwood, Carol Ellis, Ray Hughes, Rita Johnson, Colin Legg, Ted Palmer, Vicky Perfect, Tony Sharps, and David Williams

IN ATTENDANCE:

Chief Executive, Chief Officer (Governance), Chief Officer (Community & Enterprise), Chief Officer (Organisational Change (1)), Chief Officer (Organisational Change (2)), Chief Officer (Planning and Environment), Chief Officer (Social Services) Corporate Finance Manager, Revenues Manager, Senior Manager Human Resources & Organisational Development, Democratic Services Manager, Service Manager Enterprise & Regeneration, Benefits Manager, Finance Managers and Committee Officer.

104. PRESENTATIONS

The Chief Executive welcomed the Energy Efficiency Team to the meeting.

The Chief Executive explained that the efforts of the Energy Efficiency Team had recently been recognised in the following two National Awards.

- Overall Winner – Regional Council/Local Authority Body of the Year: which recognised the Council's commitment to promoting energy efficiency within the region.
- Highly Commended – Regional Vulnerable Customer Support Campaigner of the Year: which recognised the Council's commitment to improving the lives of vulnerable people through energy efficiency within their region.

The Chief Executive advised that the awards recognised both the innovative work of the Council and its partners in tackling fuel poverty and its multi-agency response in meeting the needs of vulnerable households. The Healthy Homes Healthy People programme had been recognised for its person centred approach to addressing individual needs that improved health and wellbeing. The Healthy Homes Healthy People programme also received recognition in the following awards:

- National Energy Action and Scottish Power – Heat Hero Award: which recognised individuals who had made a significant contribution to helping people living in fuel poverty in their local community, either at work or through volunteering. Joanna Seymour, Project Manager Healthy Homes Healthy People North Wales, was one of only fifteen winners chosen from across England and Wales to receive the award.

The Chairman expressed his congratulations to the Energy Efficiency Team and Joanna Seymour on her prestigious award and invited them to receive their awards.

Councillor Bernie Attridge said the work of the Energy Efficiency Team impacted on many of the services provided by the Council and he expressed his congratulations, on behalf of the Council and on behalf of Councillor Chris Bithell, Cabinet Member for Planning and Environment, to the Team and to Joanna on their achievements.

Councillor Attridge advised that last year the Energy Efficiency Team had provided assistance to 1408 households and, on average, had saved residents receiving energy efficient measures or advice the sum of £368 on their fuel bills. He gave a brief outline of the aims of the Team which adopted a person based approach to address need, improve health and wellbeing, and create a safe, warm, and secure home environment. The work of the Team focussed on the following four main areas:

- Home and personal safety
- Income maximisation and personal/family support
- Affordable warmth
- Health and wellbeing

Councillor Glyn Banks also expressed his congratulations to the Energy Efficiency Team and to Joanna for the assistance they had provided to residents in his Ward. Councillor Banks referred to the work of the North Wales Energy Advice Centre and encouraged Members to contact this service and the Energy Efficiency Team for advice and support.

105. MINUTES

The minutes of the meeting held on 30 January 2018 were submitted.

Accuracy

Referring to page 10, Councillor Clive Carver commented that following the adjournment at the January meeting, he had explained that the previous decision

about rate relief had been a Cabinet, rather than a Council decision. This clarification was not in the draft minute and he asked that it be included.

RESOLVED:

That subject to the above amendment the minutes be approved and signed by the Chairman as a correct record.

106. DECLARATIONS OF INTEREST

None were received.

107. CHAIRMAN'S COMMUNICATIONS

A copy of the Chairman's Communications had been circulated to all Members prior to the meeting.

The Chairman commented in particular on the visit of Mrs. Angela Davies, a personal transport assistant, who had been nominated by a mother for recognition of the outstanding professionalism and care Mrs. Davies had provided to a disabled child in her care.

Councillor Carolyn Thomas expressed her appreciation for the service provided by Mrs. Davies and commended the work of all school transport assistants. She also took the opportunity to express her admiration and support for the work of Streetscene and the Emergency Planning team during the current period of adverse weather conditions.

Councillor Sean Bibby expressed his appreciation to the Chairman for the Council's reception and recognition of the service given by Mrs. Angela Davies. He also spoke in support of the work and dedication provided by school transport assistants and the drivers.

Councillor Christine Jones spoke in support of the services provided by social care employees and social workers and their commitment during the current adverse weather conditions.

The Chairman took the opportunity to remind Members of the St. David's Day Charity Concert which was to be held at St. Mary's Church, Mold that evening.

Councillor Paul Cunningham said that on behalf of the Chairman he had attended a celebration of the St. John's Ambulance Brigade which was held at Queensferry. He had been impressed with the number of young people who were involved with the St. John's Ambulance Cadets.

The Chairman commented on the WGU and Wrexham Symphony Orchestra Gala Concert held at Glyndwr University Wrexham, which had been a successful and enjoyable event.

108. PETITIONS

None were received.

109. PUBLIC QUESTION TIME

None were received.

The Chief Executive referred to the previous meeting of the County Council when a number of public questions had been raised on school funding. The questioners had fed back that they had been warmly received and valued the quality of the answers and debates which followed on schools funding.

110. QUESTIONS

None were received.

111. NOTICES OF MOTION

None were received.

112. RECOGNITION OF CLARE BUDDEN

The Chairman led the tributes to recognise the contribution made to the Council by Clare Budden, Chief Officer (Community & Enterprise) who was due to leave the Authority at the end of April 2018 to join Pennaf Housing Association. He expressed personal thanks to Clare for her support and also expressed thanks on behalf of his residents for her commitment in resolving housing matters in his ward.

Councillor Aaron Shotton congratulated Clare on her new role and wished her success in the future. He referred to the contribution which Clare had made to the Council and to the residents of Flintshire and commented on her legacy through her achievements, citing work on the stock transfer ballot, the Welsh Houses Quality Standard (WHQS), and the new build of council houses, as examples of the programmes she had driven through. Councillor Shotton commented on the progress made by the Authority in the housing sector since Clare had been appointed and referred to her commitment to mitigate the impact of changes in the Welfare Reform on Flintshire's tenants. He concluded his tribute by also thanking Clare for her work in Economic Development. He spoke of the high regard held for Clare in Flintshire and said he looked forward to working with her through collaborative service with Pennaf Housing Association in the future.

Councillor George Hardcastle thanked Clare for her excellent work to improve and develop housing in Flintshire and spoke of the high esteem in which she was held by Councillor Ron Hampson, former Chairman of the Community & Enterprise Overview & Scrutiny Committee. He said he regretted the Council's loss but wished her every success in her new position with Pennaf Housing Association.

Councillor Rosetta Dolphin also thanked Clare for her commitment and dedication and said she looked forward to future involvement with Clare through the work of Pennaf Housing Association.

Councillor Mike Peers wished Clare success in her new appointment and referred to her achievements with the Authority in the housing sector, highlighting the implementation of the WQHS and the Strategic Housing and Regeneration Programme (SHARP) New Homes programme as examples, and referred to her drive in the delivery of affordable housing in Flintshire. He spoke of Clare's personal qualities and said she was approachable and willing to provide help and support without hesitation. He reiterated regret at the Council's loss but commented on the opportunity to benefit from Clare's skills and knowledge in the future through her work with Pennaf Housing Association.

Councillor Ian Dunbar spoke of the expertise Clare had provided to Committee meetings and specifically the Community & Enterprise Overview and Scrutiny Committee and the support she had given to Members concerning housing matters in their ward. He referred to the tragic circumstances regarding the Grenfell Tower fire and the implications for all high rise buildings in Flintshire and expressed praise for how Clare and her team had responded to the immediate concerns and issues raised by residents and Members and the ongoing support that had been provided. Councillor Dunbar expressed best wishes to Clare on behalf of the Community & Enterprise Overview and Scrutiny Committee.

Councillor Ian Roberts expressed his personal thanks to Clare for her significant contribution and commitment to the Flint regeneration programme and spoke of her drive and determination to see the demolition of the old maisonettes in Flint and the successful replacement with new quality housing which had been welcomed by residents.

Councillor Sean Bibby thanked Clare for the help and support she had provided to him as a newly elected member and also for her work to improve social housing in Flintshire.

Councillor Derek Butler said it had been a privilege to have Clare as his Senior Officer, and spoke of his trust in her abilities. He said Clare had been an advisor when needed and had respect on a regional and national level as a representative of the Authority. He spoke of her stalwart support and contribution to the Mersey Dee Alliance, North Wales Economic Ambition Board and the Growth Deal. Councillor Butler said he had also been contacted by Lord Barry Jones who asked that his commendations be passed to Clare.

Councillor Patrick Heesom referred to Clare's appointment to the Council which had been at a difficult time and said he was grateful for the time that Clare had been with the Authority. He fully endorsed the tributes which had been made and praised her performance, her skills, and her ability to work with Members and officers to achieve the best outcomes.

Councillor Billy Mullin said it had been a privilege to work with Clare and spoke of the progress made in Flintshire in the housing sector, the quality of housing

provided, and the overriding satisfaction of tenants throughout Flintshire. Councillor Mullin also praised Clare for her work on economic enterprise and cited the support she had given in supporting industry and commerce in his own ward.

Councillor Hilary McGuill said that Clare would be missed by Members, officers and the staff within her department. She said through her drive and personality she had made her vision a reality and wished Clare success in her future career on behalf of the Liberal Democrat Group.

Councillor Bernie Attridge endorsed the tributes paid to Clare and added his own thanks for her support on a personal level when needed. He commented on the vision to set up North East Wales Homes and said that despite some initial difficulties Clare's drive and determination had made the scheme a reality. He said Clare had been an excellent officer in all aspects and thanked her for her time at Flintshire and wished her well for the future.

In conclusion the Chief Executive spoke on behalf of the senior officer team and paid tribute to Clare. He referred to her personal and professional qualities which had been greatly valued in the Authority and expressed best wishes for her continued success in her new role with Pennaf Housing Association and her future career.

Following a presentation made by the Chairman on behalf of the Council, Clare thanked Members and Officers for their warm tributes and said it had been a privilege to work in the area where she had been born and raised and where her family still lived. She said that she had worked in the Authority longer than in any of her previous positions because she enjoyed the work and felt a personal commitment to do her best to make a positive difference in Flintshire and to improve outcomes in the housing sector. She thanked Members for the challenges presented which were important as Members represented the needs and views of Flintshire's residents on the services provided for them. She continued that it had been Members' ambitions around the New Homes programme and the new build programme for council housing which had driven the schemes through. She hoped to build a stronger partnership with the Authority through her new role in Pennaf Housing Association and to work collaboratively with the Authority on a range of services to have a positive impact on the lives of residents in Flintshire.

113. COUNCIL TAX SETTING FOR 2018-19

The Revenues Manager introduced the report to agree the Council Tax charges and associated statutory resolutions for 2018/19. He provided background information and advised that council tax was set to increase by Flintshire's precept of 6.71%. He explained that Council Tax included three separate charges which make up the overall level of Council Tax charged against each property. These included the County Council precept as well as the precepts of the Office of the Police and Crime Commissioner for North Wales and the Town and Community Council precepts.

The Revenues Manager explained that for 2018/19 Flintshire's precept would be set at a Band D charge of £1,177.60 which would generate a total income for the Authority of £75,172M which would help to partly fund the running of local services.

The Revenues Manager advised that as part of the setting of Council Tax for 2018/19 the Council would also pay to the Police and Crime Commissioner for North Wales a total precept of £16,477M (a Band D charge of £258.12 which was an increase of 3.79%). The Revenues Manager also advised that the collective precept for all 34 Town and Community councils would be £2,847M which on average would equate to a Band D charge of around £44.60. In summary for 2018/19 the Authority would be raising Council Tax charges of £94,496M.

The Revenues Manager advised that Council Tax was usually expressed at a standard Band D rate which resulted in Council Tax being charged at lower levels for those properties in Bands A to C and at a higher level for those properties in Band E to I. For 2018/19 the recommended levels of Council Tax for each property band and for Town and Community Council areas were set out in Appendix 1 to the report.

The Revenues Manager referred to the key considerations as detailed in the report. He commented on existing policies and the previous decisions by Council and referred to the Council Tax premium scheme and the need to endorse continuation of the policy of not providing a discount in the level of Council Tax charges for second homes and long term empty homes. Also, where exceptions did not apply, to charge the Council Tax Premium rate of 50% above the standard rate of Council Tax as part of a wider strategy to encourage owners to bring long term empty properties and, in certain situations, second homes, back into use.

In conclusion the Revenues Manager drew attention to the need to approve designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court for unpaid taxes.

Councillor Aaron Shotton moved the recommendations in the report and thanked the Revenues Manager and his team for their hard work in the annual process of setting the Council Tax as part of the overall budget strategy.

Councillor Mike Peers asked if it was possible to provide a breakdown of the 6.71% charge in the bills to provide clarity to residents around the 5% plus 1.71% charge for education. The Revenues Manager explained that it was not possible to provide a breakdown of the Council's precept on the Council Tax bill as only one charge could be shown for Flintshire, however, additional information could be provided through supplementary budget information on the Council's website. The Chief Executive confirmed that the Authority was restricted in the information it could provide on the Council Tax bill and said he expected that the supplementary information which would be made available to the public at the time when the bills were despatched would help understanding.

Councillor Richard Jones reiterated the need to provide clarity for residents around the 6.71% Council Tax charge. He referred to the policy of not granting discounts on second homes and long term empty properties and queried the reason for the use of the wording 'in most cases' in paragraph 1.07. The Revenues Manager explained that there were certain situations where an unfurnished and unoccupied property could be exempt under other statutory provisions set out in Council Tax legislation, and cited as an example if the last resident in the property had moved into a care home.

RESOLVED:

- (a) That the 2018-19 Council Tax be set as detailed in Appendix 1 to the report;
- (b) That the continuation of the policy of not providing a discount in the level of Council Tax charges for second homes and long-term empty homes be endorsed. Also where exceptions do not apply, to charge the Council Tax Premium rate of 50% above the standard rate of Council Tax for second homes and long-term empty dwellings; and
- (c) That approval be given for designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates' Court for unpaid taxes.

114. COUNCIL FUND BUDGET 2017/18 AND 2018/19 – USE OF RESERVES AND BALANCES

The Chief Executive gave a verbal report to advise the Council on the projected out-turn of reserves and balances at the close of the 2017/18 financial year and the possibility of the release of further reserves and balances to supplement the planned schools funding budget for 2019/20.

The Chief Executive referred to the previous meeting of the Council held on 20 February, and a resolution arising from consideration of the Council Fund Budget 2018/19, that a report be submitted to the next meeting to provide an update on any additional one-off funding from Welsh Government (WG) to be used to fund in-year expenditure and thereby increase levels of reserves at the year-end, with priority to be given to supplementary funding support for schools. He said that the Authority was confident that WG would announce some one-off extra funding specifically for schools in 2017/18 shortly.

The Chief Executive explained that in the past week the WG had announced additional funding for Flintshire of £428K for social services; specifically for winter service pressures around domiciliary care, residential care, and adaptations at home. He advised that the funding did not have to be spent on additionality and would be allocated to expenditure which had already been committed. Therefore the allocation would reduce the Council's projected overspend for 2017/18 by £428K and would release a reserve of the same amount for redistribution.

Following discussion with the Leader of the Council, Deputy Leader, Cabinet Member for Education, and Corporate Finance Manager, the Chief Executive said it was proposed that Council considered increasing the available £428K to £460K to raise the additional funding for schools for 2018/19 to £1.6M. He emphasised that the additional 1.71% funding from Council Tax would be included in the base funding for schools year on year but the additional funding from the WG was 'one-off' and would not be part of the base funding each year.

The Chief Executive explained that the Authority would receive a further £1.427M capital from the WG as its share for road schemes and repairs in Wales in

year. The Chief Executive explained that he also expected that the WG would make an announcement soon on additional one-off funding this year which was to be passported to schools via local authorities for spend on next year's budget. It was proposed that following any such announcement that any further one-off funding also be awarded to schools.

Councillor Aaron Shotton moved the proposal to top-up the £428K additionality to £460K which would provide a total of £1.6M additional investment to schools for 2018/19. He welcomed the positive development from the WG and expressed appreciation it had been recognised there was a need for additional funding by local authorities and the recommendation that £460K be passported to schools which would be welcomed. Councillor Shotton said the Council would continue through the collective voice of the Welsh Local Government Association to lobby the WG for any further opportunities for budget underspends in the WG to be allocated to local authorities and specifically for the provision for education.

Councillor Richard Jones welcomed the additional funding but emphasised the need for caution as the £460K and any additional funding received from the WG was one-off and would not be sustainable for schools in the future.

The Chief Executive referred to two unforeseen budget pressures in year. He commented on the WG withdrawal of the Minority Ethnic and Language Grant (MEAG) of around £175K which supported English as a Second Language and traveller learning needs, and advised that this service had to be maintained. He also commented on the pressure on the winter maintenance budget and explained that the base annual winter budget had been spent, with a draw-off from the winter maintenance reserve required. The Council might also need to access the WG reserves for salt provision. He said that the Council would need to re-build for a reserve for the 2019/20 winter period.

Councillor David Healey welcomed the additional funding for schools but reiterated the view expressed by Councillor Richard Jones that there was a need for schools to be cautious as only part of the additional funding was guaranteed for future years. He emphasised the need for lobbying to continue to ensure that the WG produced a 'fairer deal' for Flintshire which was a low funded authority. He also commented on the need to lobby the UK government on the issue of national pay awards which should be funded nationally and not passported to either local authorities or to schools, and for an end to the overarching policy of austerity which was causing distress across the UK.

RESOLVED:

That the report be noted.

115. MINIMUM REVENUE PROVISION – REVIEW OF 2017/18 POLICY AND SETTING 2018/19 POLICY

The Corporate Finance Manager introduced the report to present the recommendations of Cabinet for the setting of a prudent Minimum Revenue Provision (MRP) for the repayment of debt, and to report on the status of the ongoing review of MRP policy and any further advice on the options to revise the policy.

The Corporate Finance Manager provided background information and referred to the recent review of the Council's method of calculating the Minimum Revenue Provision policy and the merits of moving to a different model similar to a number of English local authorities. He reported on the three main options for consideration and the difference between the straight line and annuity methods as detailed in the report. The Corporate Finance Manager also explained the reasons why the straight line method was favoured in the 2016/17 review and why the annuity method could be considered at least as prudent. He drew attention to the table in the report which summarised the difference in the MRP charged for outstanding council fund capital expenditure funded from supported borrowing and unsupported borrowing using the current straight line method and the annuity method for the next fifty years.

In conclusion the Corporate Finance Manager commented that prudence was a subjective concept and therefore none of the options or methods described could be assessed as being the absolute correct method as it was a matter of judgement. The option must first and foremost be prudent but also sustainable and affordable over the long term and it was for Council to decide which method it considered to be prudent.

The Chief Executive acknowledged the complexity of the subject and commented on the work which had been undertaken on the review of the MRP policy last year. He provided background information and context on the recent urgent review of the MRP policy following a recommendation made through a very recent independent peer review of the Council's financial position. The Chief Executive advised that following further recent discussions with the Welsh Audit Office and the retained advisors Arlingclose, officers were confident in recommending that option 2, the annuity method, was a prudent method, consistent with guidance, and was an 'open' option for consideration by the Council.

Councillor Richard Jones said he did not support the recommendation for option 2, as he felt it was not prudent or sustainable due to the fact that there would be an increase in future years. He referred to a report to a meeting of the Cabinet in 2016 and the advice and decision making at that time regarding prudence and the MRP. He suggested that the straight line method be continued for the MRP for the sake of the medium term financial plan.

The Chief Executive and Corporate Finance Manger provided further clarity in response to the concerns raised by Councillor Jones and advised that the annuity method was no less prudent than the existing straight line method and was no more costly to the Council or Flintshire's tax-payers as it takes into account the time value of money.

Councillor Dave Mackie referred to the term 'the life of the asset' in the report and asked if this was the same as the length of the loan. He expressed concern that if the loan was shorter than the 'life of the asset' there may not be sufficient funds available in that situation as funds would be credited for a longer period. He also

referred to the final sentence in paragraph 1.08 of the report which referred to the possibility of updated guidance later in the year from the Welsh Government on setting the MRP policy and asked if it would be better to wait until the guidance had been received before changing the MRP again.

The Chief Executive explained that at the present time the UK guidance also applied in Wales and commented that there would be no benefit in waiting, based on past experience, as the new Welsh guidance was expected to be the same as the new English guidance. He also referred to the financial considerations and emphasised that the Council had to adopt an MRP policy for 2017/18 by 31 March 2018 and if the Council was to approve the annuity method it would release funds in 2017/18 as well as future years. The Corporate Finance Manager also responded to the concerns expressed by Councillor Mackie on the 'life of the asset' and referred to historical spend, and the averaging of the life of the assets which came out at a 50 year cycle, and borrowing costs.

The two officers emphasised that a decision on MRP had to be made on the basis of setting a prudent policy as part of the Medium Term Financial Strategy, and should not be made as a short-term measure to support annual budget setting.

Councillor Derek Butler said he supported the recommendation to approve option 2 which had been endorsed by the Wales Audit Office and was recommended as prudent by officers, and said that the rationale was clearly set out in the report.

Councillors Bernie Attridge and Arnold Woolley also spoke in support of approval of option 2; the annuity method.

Councillor Mike Peers referred to the setting aside of revenue resources for the payment of debt and asked for further information on how much was being set aside and where the figures were presented for information. He drew attention to the reference to an historic document linked in the report which referred to the sum of £22.97M of internal cash which related to capital expenditure and asked for an explanation of where the fund was held and for what purpose. Officers advised that the sum of £22.97M was due to day to day cash flow/balances at that point in time. Councillor Peers also sought further clarification around the consequences of the annuity method. The Chief Executive and Corporate Finance Manager referred to the graph on page 48 of the report and provided further details in response to the questions raised by Councillor Peers.

Councillor Aaron Shotton moved the recommendations in the report which were duly seconded.

When put to the vote the recommended method Option 2 – change to annuity method from 2017/18, and recommendations 2 and 3 as detailed in the report were carried.

RESOLVED:

- (a) That Members approved for the Council Fund (CF) unfinanced capital expenditure, changing the MRP policy for supported and unsupported

borrowing from 'straight line' to the 'annuity' method from 2017/18. This would mean that:-

- The historic balance of outstanding capital expenditure funded from supported borrowing as at 31 March 2017, will be provided for on an annuity basis over the remaining 49 year period (as it was changed to straight line over 50 years in 2016/17)
 - 2016/17 capital expenditure funded from supported and unsupported borrowing (and future years) will be provided for based on the asset's life on an annuity basis
- (b) That Members approve for the Housing Revenue Account (HRA):-
- 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) That Members approve 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.

116. FINANCIAL PROCEDURE RULES

The Corporate Finance Manager introduced a report to provide the updated Financial Procedure rules as detailed in appendix A of the report. He provided background information and advised that the draft FPRs had been submitted to the Audit Committee and the Constitution and Democratic Services Committee and both Committees had resolved that the draft FPRs be referred to Council for approval. He reported that a summary of the changes to the FPRs were detailed in paragraph 1.04 of the report.

Councillor Richard Jones expressed concern around the change in the virement amount which had been increased from £75K to £100K. He explained the reasons why he felt the increase to £100K was not appropriate and said budgets had not been increased. Councillor Jones moved a motion that the FPRs be approved subject to the current virement of £75K being lowered to £50K to exercise greater control. This was duly seconded.

The Corporate Finance Manager explained that a £100K virement was still a low percentage in context of the overall budget of £255M and advised that all virements were reported to the Corporate Resources Overview & Scrutiny Committee when actioned and centrally co-ordinated control was actioned by the accountancy team. It was agreed that the word 'cumulative' would be added to the final version of the FPRs.

Councillor Mike Peers suggested that the date and year that the FPRs applied from should be recorded in full on the front page of the rules. He referred to page 83, paragraph 3.3.1, of the report and the information that the resources allocated were used for their intended purposes and were properly accounted for, and asked if detail on where the resources were allocated and the ongoing expenditure could be provided. On page 86, paragraph 3.3.2, the first key principle referred to where budget transfers related to a change of use or policy they should be authorised, and said that the report did not advise who undertook the authorisation of the transfers and suggested that this information should be included.

The Corporate Finance Manager explained that authorisation depended on whether the transfer was an accounting adjustment or form of virement and explained the process and purpose in each case. The Corporate Finance Manager also responded to the query on the allocation of resources and explained that resources were allocated to service areas in line with approved budgets and was reported in the monthly budget monitoring report where the totals were shown by portfolio.

Members were asked to vote on the motion put forward by Councillor Richard Jones that the FPRs be approved subject to an amendment in the virement amount from £75K to £50K. When put to the vote the motion was lost.

The substantive motion was put forward by Councillor Bernie Attridge and seconded by Councillor Derek Butler that Members vote on the recommendation as detailed in the report. On being put to the vote the recommendation was carried.

RESOLVED

That the updated Financial Procedure Rules be approved

117. PAY POLICY STATEMENT FOR 2018/19

The Senior Manager Human Resources and Organisational Development introduced a report to seek approval of the appended Pay Policy Statement for 2018/19. She explained that the draft Pay Policy Statement summarised the organisation's approach to pay and remuneration and set this within an organisational, regional and national context. It had been updated to provide a more comprehensive account of the Council's approach to the remuneration of its workforce

The Senior Manager advised that this year's statement was consistent with the previous and, whilst there was no change to the proposed principles or approach to remuneration, there were a few additional sections as detailed in the report. She drew attention to sections 10 and 11 in the Statement which had been re-written and provided more details on the role of National Negotiating Bodies and Pay Awards and National Living Wage (NLW) and the impact to date and ongoing. She provided further

detail on Section 11 and the ongoing negotiations at a national level in relation to the pay award for 2018 and the proposed changes to the pay spine from 2019. She advised that there had been a formal offer by the national employers in December which had been rejected by the trade unions and that the trade unions were in the process of balloting their members. The outcome of the ballot was expected in March and as a result there may be a further change to the pay policy. The Senior Manager said a full report detailing the implications financial and otherwise of any such agreement once achieved would be referred to full Council at the earliest opportunity. In conclusion she detailed what the implications of the pay award, if accepted, would be on all staff spinal column points and the effect over two years.

The Chief Executive advised that the Council had recently completed its first full Equal Pay audit since the start of the Single Status Agreement, and this had been shared with the trade unions which were satisfied with the outcome. He reported that the Council did not have any current or historical unresolved cases of unequal pay which might be discriminatory.

Referring to page 146 of the report concerning bonus payments and performance related pay, Councillor Mike Peers queried if consideration should be given to whether employees should have annual appraisals linked to performance related pay to be consistent with the arrangements for Chief Officers. He asked if this could be given consideration by the Corporate Resources Overview & Scrutiny Committee.

Councillor Peers also referred to the reference to child care vouchers on page 152 of the report and said that from April 2018 they were to be replaced by a new UK government backed scheme of tax free child care and said this needed to be incorporated into the Pay Policy Statement.

In response to the queries raised by Councillor Peers, the Chief Executive advised that the Council did not operate bonus payments. On the subject of performance related pay he also advised that the Council did not operate enhanced payments over and above salary performance, however, there was a right to incremental pay progression annually which was the system the Council applied. The appraisal system was not linked to the incremental system other than for Chief Officers.

Councillor Richard Jones queried the amount of funding which had been set aside by the Council for pay increases and the effect over two years. The Senior Manager commented on the need for more detailed modelling to be undertaken and said that a further report would be brought to Council when this work had been completed.

Councillor Bernie Attridge moved that the recommendation in the report be agreed and this was duly seconded. When put to the vote the recommendation was carried

RESOLVED:

That the Pay Policy Statement for 2018/19 appended to the report be approved.

118. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was one member of the press and 3 members of the public in attendance.

(The meeting started at 2.00pm and ended at 4.34pm)

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Chairman