

# Pecyn Dogfen Gyhoeddus



Swyddog Cyswllt:  
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At: Bob Aelod o'r Cyngor

23 Chwefror 2018

Annwyl Gyngorydd

Fe'ch gwahoddir i fynychu cyfarfod Cyngor Sir y Fflint a fydd yn cael ei gynnal am 2.00 pm Dydd Iau, 1af Mawrth, 2018 yn Siambr y Cyngor, Neuadd y Sir, Yr Wyddgrug CH7 6NA i ystyried yr eitemau canlynol

## R H A G L E N

### 1 CYFLWYNIADAU

Gwobrau Effeithlonrwydd Ynni Rhanbarthol Cymru

Enillydd gwobr "Awdurdod Lleol y Flwyddyn" am ei raglenni effeithlonrwydd ynni domestig ac enillodd Glod Uchel yn y categori "Cefnogaeth i Gwsmeriaid Diamddiffyn" am y gefnogaeth y mae'n ei darparu i aelwydydd mewn partneriaeth â Chanolfan Cyngor ar Ynni Gogledd Cymru.

National Energy Action a Scottish Power – Gworb Arwr Gwres

I gydnabod Joanna Seymour a'r Tîm Ynni am eu cyfraniad sylweddol i helpu pobl sy'n byw mewn tldi tanwydd.

### 2 YMDDIHEURIADAU AM ABSENOLDEB

**Pwrpas:** I dderbyn unrhyw ymddiheuriadau.

### 3 COFNODION (Tudalennau 5 - 16)

Cadarnhau cofnodion y cyfarfod fel cofnod cywir ar 30 Ionawr 2018.

### 4 DATGAN CYSYLLTIAD

**Pwrpas:** I dderbyn unrhyw ddatganiad o gysylltiad a chynghori'r Aelodau yn unol a hynny.

### 5 CYHOEDDIADAU'R CADEIRYDD

**Pwrpas:** Derbyn unrhyw gyhoeddiad fel y'i dosbarthwyd.

6 **DEISEBAU**

**Pwrpas:** Derbyn unrhyw ddeiseb.

7 **CWESTIYNAU GAN Y CYHOEDD**

**Pwrpas:** Derbyn unrhyw gwestiwn gan y cyhoedd.

8 **CWESTIYNAU**

**Pwrpas:** Nodi'r atebion i unrhyw gwestiwn a gyflwynwyd yn unol a Rheol Sefydlog 9.4(A) v Cyngor Sir.

9 **RHYBUDD O GYNNIG**

**Pwrpas:** Ystyried unrhyw Hysbysiadau o Gynnig a dderbyniwyd.

10 **CYDNABYDDIAETH I CLARE BUDDEN**

**Pwrpas:** Cydnabod y cyfraniad a wnaed i'r Cyngor gan Clare Budden, Prif Swyddog (Cymuned a Menter) sy'n gadael yr Awdurdod ddiwedd Ebrill i ymuno â Chymdeithas Dai Pennaf.

11 **GOSOD TRETH Y CYNGOR AR GYFER 2018-19** (Tudalennau 17 - 30)

Adroddiad Prif Swyddog (Cymuned a Menter)

**Pwrpas:** I'r Cyngor Sir gytuno ar ffioedd Treth Y Cyngor a phenderfyniadau statudol cysylltiol ar gyfer 2018-19.

12 **CYLLIDEB CRONFA'R CYNGOR 2017/18 A 2018/19 - DEFNYDDIO CRONFA WRTH GEFN A GWEDDILL** (llafar)

Adroddiad llafar Prif Weithredwr, Rheolwr Cyllid Corfforaethol

**Pwrpas:** cynghori'r Cyngor ar (1) canlyniad arfaethedig cronfa wrth gefn a gweddill ar ddiwedd y flwyddyn ariannol 2017/18 a (2) y posibilrwydd o ryddhau cronfa wrth gefn a gweddill pellach i ategu'r gyllideb cyllid ysgolion cynlluniedig ar gyfer 2019/20.

13 **ISAFSWM DARPARIAETH REFENIW - POLISI 2018/19** (Tudalennau 31 - 68)

Adroddiad Prif Weithredwr, Rheolwr Cyllid Corfforaethol

**Pwrpas:** I gyflwyno argymhellion y Cabinet i'r Cyngor i isod Isafswm Darpariaeth Refeniw synhwyrol er mwyn ad-dalu dyled, ac i adrodd yn ôl ar statws yr adolygiad parhaus o bolisi isafswm darpariaeth refeniw ac unrhyw gyngor pellach am y dewisiadau i ddiwygio'r polisi.

14 **RHEOLAU'R WEITHDREFN ARIANNOL** (Tudalennau 69 - 134)

Adroddiad Rheolwr Cyllid Corfforaethol

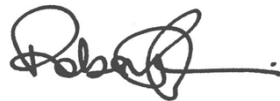
**Pwrpas:** Cyflwyno Rheolau'r Weithdrefn Ariannol diweddaraf i'r Pwyllgor Cyfansoddiad er mwyn gwneud argymhelliad i'r Cyngor Sir.

15 **DATGANIAD AR BOLISIÄU TÄL AR GYFER 2018/19** (Tudalennau 135 - 172)

Adroddiad Uwch Reolwr, Adnoddau Dynol a Datblygu Sefydliadol -

**Pwrpas:** Mae'n ofynnol i Awdurdodau Lleol gyhoeddi eu Datganiad Ar Bolisiäu Täl erbyn mis Ebrill bob blwyddyn. Y Datganiad Ar Bolisiäu Täl a gyhoeddir o fewn yr adroddiad hwn yw'r chweched datganiad blynyddol gan Gyngor Sir y Fflint.

Yn ddiffuant,



Robert Robins  
Rheolwr Gwasanaethau Democraidaidd

**HYSBYSIAD GWEDDARLLEDU**

Bydd y cyfarfod hwn yn cael ei ffilmio a'l ddarlledu'n fyw ar wefan y Cyngor. Bydd y cyfarfod cyfan yn cael ei ffilmio oni bai fod eitemau cyfrinachol neu wedi'u heithrio dan drafodaeth.

Yn gyffredinol ni fydd y manau eistedd cyhoeddus yn cael eu ffilmio. Fodd bynnag wrth i chi ddod i mewn i'r Siambr, byddwch yn cydsynio i gael eich ffilmio ac i'r defnydd posibl o'r delweddau a'r recordiadau sain hynny ar gyfer gweddarlledu a/neu ddibenion hyfforddi.

Os oes gennych chi unrhyw gwestiynau ynglŷn â hyn, ffoniwch aelod o'r Tîm Gwasanaethau Democraidaidd ar 01352 702345.

Mae'r dudalen hon yn wag yn bwrpasol

# Eitem ar gyfer y Rhaglen 3

## **FLINTSHIRE COUNTY COUNCIL** **30<sup>TH</sup> JANUARY 2018**

Minutes of the meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Tuesday, 30<sup>th</sup> January 2018.

### **PRESENT: Councillor Brian Lloyd (Chairman)**

Councillors: Mike Allport, Bernie Attridge, Janet Axworthy, Glyn Banks, Haydn Bateman, Marion Bateman, Sean Bibby, Chris Bithell, Sian Braun, Helen Brown, Derek Butler, Clive Carver, Geoff Collett, Paul Cunningham, Jean Davies, Rob Davies, Ron Davies, Adele Davies-Cooke, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, Carol Ellis, David Evans, Veronica Gay, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Kevin Hughes, Ray Hughes, Dennis Hutchinson, Paul Johnson, Rita Johnson, Christine Jones, Richard Jones, Tudor Jones, Colin Legg, Richard Lloyd, Mike Lowe, Dave Mackie, Hilary McGuill, Mike Peers, Michelle Perfects, Vicky Perfect, Neville Phillips, Mike Reece, Ian Roberts, Tony Sharps, Aaron Shotton, Paul Shotton, Ralph Small, Ian Smith, Carolyn Thomas, Owen Thomas, Martin White, Andy Williams, David Williams, David Wisinger and Arnold Woolley.

### **APOLOGIES:**

Councillors: Bob Connah, David Cox, Chris Dolphin, Rosetta Dolphin, Andrew Holgate, Dave Hughes, Joe Johnson, Billy Mullin and Ted Palmer.

### **IN ATTENDANCE:**

Chief Executive, Chief Officer (Governance), Chief Officer (Organisational Change), Chief Officer (Planning and Environment), Chief Officer (Streetscene and Transportation), Interim Chief Officer (Education and Youth), Chief Officer (Social Services), Corporate Finance Manager, Democratic Services Manager, Benefits Manager, Finance Managers and Team Leader – Committee Services.

Prior to the start of the meeting the Chief Officer (Governance) explained that due to technical problems the webcast of the meeting would not be shown live. However the recording of the meeting would be available on the Council's website in due course.

## **80. MINUTES**

The minutes of the meetings held on 12<sup>th</sup> December were submitted and confirmed as a correct record.

### **RESOLVED:**

That the minutes be approved and signed by the Chairman as a correct record.

## **81. DECLARATIONS OF INTEREST**

Following advice from the Chief Officer (Governance), Councillors Allport and Woolley declared personal and prejudicial interests in agenda item number 8, Notice of Motion. Councillors Carver, Gay, Paul Johnson, Tudor Jones, McGuill and Carolyn Thomas declared personal interests in the same item.

## **82. CHAIRMAN'S COMMUNICATIONS**

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

The Chair commented in particular on the businesses in Flintshire who had been recognised at the Flintshire Business Week. He paid tribute to the late Stephen Hampson, son of the late Councillor Ron Hampson and his wife Rita who had touched the lives of many people.

## **83. PETITIONS**

Councillor McGuill submitted an online petition which had been signed by 10,532 people seeking that the 20% top up for Non Domestic Rates be reintroduced for Scout Groups. A further 358 signatures had been received via a paper petition and a letter of support for the petition had been received from Bear Grylls, the Chief Scout for the United Kingdom.

## **84. PUBLIC QUESTION TIME**

None were received.

## **85. QUESTIONS**

The Chief Officer (Governance) explained that two questions had been received and had been copied, along with the response, and handed out.

Councillor Clive Carver:

"In relation to the removal of Discretionary Business Rate Relief by Flintshire County Council for Registered Charities and voluntary groups, can the Cabinet Member please advise (a) how many Registered Charities and voluntary groups have since applied for hardship rate relief? And (b) how many such applications have been granted".

Answer:

"Since April 2017 a total of 6 Hardship applications have been received from Registered Charities or Voluntary Groups and 1 organisation has been awarded Hardship Relief – which equated to their full liability for 2017-18.

We always promote the Hardship Rate Relief scheme where there are financial risks to any Charitable or Voluntary organisation, or indeed to any commercial business, by making payment of business rates.

It's important to say that each application for Hardship Rate Relief must be looked at on its own merits and where organisations have insufficient funds to pay the 20% liability, we will act in the wider public interest by awarding Hardship Relief. To

date, based on the written evidence submitted from various organisations, there have been very few proven cases that would meet the test of hardship.

The Hardship scheme remains open, and we encourage all organisations to speak to the Business Rates service if they want make an application for the first time (or re-apply again, even if a previous application has been unsuccessful).”

Councillor Carver took the opportunity to ask a supplementary question:

“Can you please provide a breakdown of figures of the six hardship applications, including the one that was awarded hardship relief?” Councillor Aaron Shotton said that information could be obtained and would be sent to Councillor Carver.

Councillor Arnold Woolley:

“Is the authority reliably aware of the number of houses within the County which have been continuously empty/unused for at least six months and how many of such has the authority dealt with by use of existing available powers so as to bring them into purposeful occupation”.

Answer:

There are currently just under 800 long term empty homes in the County.

The Council has a number of strategies in place to bring long term empty (LTE) homes back into full use. One of the most effective ways of bringing these properties back into use has been use of the Local Taxation system to incentivise owners to focus on getting their properties occupied again.

Full Council endorsed the recommendation of cabinet to introduce a Council Tax Premium scheme in April 2017, which effectively now imposes an additional 50% charge on owners of LTE properties, as well as on second homes.

Around the time of introducing the Council Tax Premium scheme, officers were asked to write to owners of all LTE'S to promote access to other Council services which could assist with bringing LTE property back into use.

Since the introduction of this scheme, our records show that 212 LTE properties 45 second homes have been brought back into full use and this scheme is designed to encourage owners to bring these properties back into full use to:

- address local housing need
- support the increase of affordable housing for purchase or let
- enhance the appearance of local communities.

This Council is one of a handful of councils in Wales that has introduced the Council Tax Premium scheme from April 2017 with the primary objective of bringing empty property back into full use. Although we do what we can to bring property back into use, owners, landlords of empty properties should also share in the responsibility of bringing their properties back into use and making the most of their assets.

The Council is the first local authority in Wales to set up its own housing company, North East Wales (NEW) Homes which can offer a very competitive management service to support landlords.

The Council has, for a number of years, used a small capital allocation to support owners to bring empty homes into use as shown below. This allocation has reduced over time in part due to capital constraints and in part due to the availability of alternative Welsh Government funding (below).

Year	FCC grants	FCC loans
2013/14	£164,000	£30,000
2014/15	£105,000	£39,000
2015/16	£79,000	£4,000
2016/17	£62,000	£0
2017/18	£7,000	£10,000

The Council has, until this year, also employed an Empty Homes Development Officer. This role is a mixture of Environmental Health Officer duties as well as work to promote and administer the grant and loan funding. The future intention is to a) pass the EHO work to the Environmental Health team to pick up as their resources allow and b) use the remaining Housing Regeneration team to manage the loans programmes.

The Council currently manages the Houses 2 Homes programme on behalf of Welsh Government which provides repayable finance to bring empty properties back into use. The majority of this funding is currently committed as loans, with £595,815 currently allocated to 25 loans. As loans are repaid, this funding will be recycled into new loans.

It is expected that Welsh Government will shortly increase the flexibility of their repayable finance programmes which will allow the Council to increase the number of Houses 2 Homes loans. It is also expected that Welsh Government will fund officer time to support the loans programme which will enable it to reach more applicants.

The Council intends, during 2018/19, to work with the RSLs to acquire empty homes for social rent. The RSLs will part-fund purchase and renovation and the Council will allocate Social Housing Grant to match fund this. Targeting is underway currently to match identified housing needs with the empty homes stock.

Councillor Woolley thanked the Cabinet Member for the detailed response and did not ask a supplementary question.

## **86. NOTICES OF MOTION**

Having earlier declared an interest, Councillors Allport and Woolley left the room.

One Notice of Motion had been received:



Councillor Hilary McGuill:

“We call upon FCC to reconsider reinstating 100% business rate relief on scout huts for scout organisations in Flintshire who own and manage their scout headquarters”.

In speaking to her Notice of Motion, Councillor McGuill said she felt sure the Council, when approving the removal of the 20% top up of Discretionary Rate Relief to voluntary organisations two years previous, did not realise that it would affect scout groups. She said, in comparison, some small businesses did not pay anything for rates due to their rateable value adding that the scouts was not a business. She felt Welsh Government (WG) should provide 100% rate relief for scout groups in the same way they did for places of worship. Details of the financial impact it would have on some of the groups were provided and whilst this was significant for those individual groups, it was not a significant pressure on the Council’s budget.

The Notice of Motion was seconded by Councillor Tudor Jones.

Councillor McGuill requested a recorded vote.

Councillor Aaron Shotton gave notice of an amendment which was handed out to Members which was:

“We call upon Flintshire County Council to reconsider reinstating 100% business rate relief to all local community organisations with properties under the rateable value of £6,000. This is the threshold which is set by Welsh Government for small businesses to qualify for full business rate relief”.

On speaking to his amendment, Councillor Shotton said the decision taken by the Council to remove the 20% discretionary rate relief two years ago was supported across the chamber. However, he agreed with Councillor McGuill that national schemes should be funded wholly by WG. To address that issue he proposed the amendment and said there was an anomaly relating to voluntary groups with a rateable value below £6,000 as they were not profit making and should not pay the 20% top up. This was an opportunity for the Council to reinstate their decision. On reading out his amendment, he said it provided a commitment to address the original Notice of Motion and to also help other community groups in the county. He suggested that a report be brought back to County Council on 20<sup>th</sup> February 2018 with details of a workable costed scheme.

The Chief Officer (Governance) asked if Councillor McGuill accepted the amendment to the Notice of Motion. She expressed a concern that the amendment may not cover all scout groups as some may be over the £6,000 rateable value. The Revenues Manager said he thought most, if not all, of the 13 scout groups should qualify for the top up. Councillors McGuill and Richard Jones then asked if the 20% could be reinstated immediately to those that would qualify under the amendment. Following a discussion, Councillor McGuill requested a 10 minute adjournment so that legal advice could be sought on retrospectively reinstating Discretionary Rate Relief to the start of 2017/18 and also details of the number of groups affected in total.

Adjournment – 2.53 p.m – 3.03 p.m.

The Chief Executive explained that the guidance on whether the 20% could be reinstated retrospectively was not clear. On the number of groups affected, the details would be provided at the meeting in February.

On that basis Councillor McGuill accepted the amendment put forward by Councillor Aaron Shotton and as the seconder, Councillor Tudor Jones also accepted the amendment. The amendment then became the substantive motion.

A report would be submitted to the meeting on 20<sup>th</sup> February with details of the options to reinstate Discretionary Rate Relief. WG would also be contacted on the lack of equity within the scheme.

Councillor Attridge moved a closure motion as he felt the matter had been sufficiently discussed which was supported by the Chair.

In earlier requesting a recorded vote, the requisite 10 Members stood in support. The following Councillors voted for the Notice of Motion:

Bernie Attridge, Glyn Banks, Haydn Bateman, Marion Bateman, Sean Bibby, Chris Bithell, Sian Braun, Helen Brown, Derek Butler, Clive Carver, Geoff Collett, Paul Cunningham, Jean Davies, Rob Davies, Ron Davies, Adele Davies-Cooke, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, Carol Ellis, David Evans, Veronica Gay, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Kevin Hughes, Ray Hughes, Dennis Hutchinson, Paul Johnson, Rita Johnson, Christine Jones, Richard Jones, Tudor Jones, Colin Legg, Brian Lloyd, Richard Lloyd, Mike Lowe, Dave Mackie, Hilary McGuill, Mike Peers, Michelle Perfect, Vicky Perfect, Neville Phillips, Mike Reece, Ian Roberts, Tony Sharps, Aaron Shotton, Paul Shotton, Ralph Small, Ian Smith, Carolyn Thomas, Owen Thomas, Martin White, Andy Williams, David Williams, David Wisinger and Arnold Woolley.

Councillor Janet Axworthy abstained against the Notice of Motion. No Councillors voted against.

**RESOLVED:**

- (a) That the amended Notice of Motion be supported as follows:  
“We call upon Flintshire County Council to reconsider reinstating 100% business rate relief to all local community organisations with properties under the rateable value of £6,000. This is the threshold which is set by Welsh Government for small businesses to qualify for full business rate relief”; and
- (b) That a report be submitted to County Council on 20<sup>th</sup> February with details of the options to reinstate Discretionary Rate Relief. WG would also be contacted on the lack of equity within the scheme

**87. STAGES ONE AND TWO OF THE COUNCIL FUND BUDGET 2018/19 AND PLANNING FOR THE CLOSING STAGE THREE**

The Chief Executive introduced the Stages One and Two of the Council Fund Budget 2018/19 and Planning for the Closing Stage Three report. Appended to the report were Stage One efficiency options, Stage Two efficiency options confirmed, impact assessment summary and new cost pressures and efficiencies. An amended version of appendix 3, impact assessment summary, was handed out.

An update on Stage One budget proposals was provided and covered garden waste charges and the integration of the music Service and Arts Development Team with Theatr Clwyd. The remaining items to be resolved from Stage Two budget proposals were schools funding, public car parking charges and the Council Tax increase. One a potential efficiency from the GwE budget of 3%, he explained that the best collective outcome that had been negotiated was a 1% reduction in contributions. However, with inflationary pressures the 1% reduction did not save the Council any funding in real terms. The longer term budget for GwE was now subject to a review prior to 2019/20.

Details were also provided on three requests for support that had been submitted to Welsh Government (WG) which were on the maximum charge for domiciliary care costs, guaranteed continuation of the Intermediate Care Fund funding and retention of a proportion of Apprentice Tax Levy contributions.

The Corporate Finance Manager summarised the impact of the known outcomes from Stages One and Two which resulted in a remaining working gap of £5.9m.

On Council Tax, the Chief Executive explained that options had been shared with Members ranging from an increase of between 3% and 5%. The Final Settlement from WG had set the Standard Spending Assessment (SSA) for Flintshire at £264.333m; for Flintshire to be funded at SSA and to maximise its local taxation income against that notional target would require an increase in Council Tax of 6.71%. WG had confirmed that councils had the local flexibility to go above the previous annual 'cap' of a 5% increase if they had a strong local case.

The Council had limited useable reserves and a number of earmarked reserves which included some service balances carried forward to fund specific expenditure in year, and some reserves with terms and conditions attached to them which limited their use. Work was underway to review all earmarked reserves and to challenge those that had not been used within the timeframe originally specified. Any use of reserves to balance the 2018/19 budget would need to be repaid in a later year.

The Chief Executive highlighted one of the risks facing the Council which was the national pay award; the Council had budgeted for a 1% annual pay award in its forecast but Trade Unions were driving potentially higher awards. WG had made it clear that it had no funding to meet higher than forecast national pay awards and expected the UK Government to make additional funding available for it to meet any difference in cost.

Councillor Aaron Shotton expressed his concern on the limited information on specific grants from WG with proposed reductions and changes which posed a significant risk. In particular he referred to the Education Improvement Grant (EIG) and the Single Environment Grant which were of particular concern. He said the remaining gap of £5.9m was not a true figure as it did not take into account the pressures on grants and where those grants underpinned service delivery. The £5.9m gap assumed a cash flat settlement for schools and an increase in car parking charges however that had not yet been agreed. The only options available to the Council were raising the Council Tax and the use of reserves. He commented on the funding formula which assumed the Council had a greater opportunity to yield from Council Tax however the increase to meet SSA would need to be 6.71% but that would still not close the gap.

A document had been handed out by head teachers from primary schools in the County which asked Councillors to consider the following:

- the use of reserves to fund a 'true cash flat' budget;
- efficiency savings from other areas; and
- setting a deficit budget for 2018/19 to raise the issue and highlight Flintshire's continued status as one of the worst funded authorities in Wales and therefore the UK.

He said that to set a deficit budget was illegal but that message needed to be conveyed adding that WG had never known such a statement before.

Following the document that had been handed out, he proposed an additional recommendation in recognition that the Council cared about all of its services and its communities and it was a Council of principles and beliefs. The additional recommendation was as follows, and was seconded by Councillor Attridge:

"That the concerns be brought to the attention of the Cabinet Minister to immediately respond and assist a Council that was standing up against austerity in support of local services, and in particular schools. There must be further assistance from WG for this Council".

He also added that a response was needed on the three requests as referred to by the Chief Executive. The Chief Executive added that in addition to those three requests, WG had also been asked for supplementary general funding specifically for schools and social care funding.

Councillor Sharps expressed concern on the funding situation for schools and social care, the Council not reaching the Standard Spending Assessment (SSA) and the potential rise in Council Tax to 5% or over. He commented that the following year would be more difficult. The Chief Executive explained that the report to County Council on 20<sup>th</sup> February would outline all of the options for a rise in Council Tax from 3% upwards.

Councillor Peers commented on the limited options available for funding the gap adding that he could not support the Council setting a deficit budget as had been

requested by the head teachers, however education needed to be supported as a main priority. On the predicted income generation from garden waste collections, he felt that this was a risk as the take up was not guaranteed. He commented on the number of job vacancies in the Council and the number of positions advertised and asked if there could be a freeze on recruitment and also asked about the possible amalgamation of some of the Chief Officers posts. The Chief Executive said the income from garden waste collections had been carefully calculated and forecast based on the uptake at other local authorities. On staffing, he said Flintshire had the leanest management structure in Wales and that structure would be looked at again given the impending departure of one of the Chief Officers. On the recruitment freeze, there was already a process of assumptions built into the recruitment procedure for all posts and when a vacancy arose, filling of that vacancy was rigorously challenged as to whether it was needed.

Councillor Richard Jones said he had hoped to receive a written document on consequences and an evaluation of them. He commented on the earmarked reserves which he felt were not reserves but service balances that had been put aside the previous year and not utilised for the purposes they had been earmarked for. He felt this sum of £2.45m could be brought back into the budget with a business case to be provided for any of the funds that were still required. The Chief Executive said some things were unknown such as the number of residents who wanted to use and pay for the garden waste collection service. Another area was the pay award and the need to keep reserves if the award was not funded nationally. The consequences of things that had not yet happened could not be predicted.

The Corporate Finance Manager urged caution on the use of reserves, which at the end of March was projected to be £4.2m but this could change and he said affordability and sustainability needed to be considered. Unearmarked reserves needed to be protected as much as possible and he also commented on the significant risk on the pay award.

The Chief Executive said the situation was dire and saw inflationary costs for schools not able to be met. At the meeting of Organisational Change Overview and Scrutiny Committee the previous day assets had been discussed and he explained that Phases 3 and 4 of County Hall were empty and were to be demolished. Options were being reviewed for the sale of parts of the whole site to generate capital receipts.

Councillor Ellis expressed her concern on the situation for schools and social care and said the future of County Hall needed to be explored with capital receipts being put into the capital programme. The only things schools could now do was approach WG. The Corporate Finance Manager explained that any money from the sale of assets had to go into the capital programme and not the revenue budget.

Councillor Bithell said a legal budget had to be set. He said the problem needed to be attacked at its source which was UK Government.

On being put to the vote, the recommendations including the additional recommendation were carried.

## **RESOLVED:**

- (a) That completion of Stages One and Two of the budget be noted with the exception of the Stage Two options for schools funding, car parking charges and Council Tax levels, and the three requests made to Welsh Government which are under negotiation;
- (b) That the final forecast for 2018/19 be noted and approved taking into account the review of in-year cost pressures and their predicted impact on the following year;
- (c) That the arrangements for the third and closing stage of the budget setting process be noted; and
- (d) That the concerns be brought to the attention of the Cabinet Minister to immediately respond and assist a Council that was standing up against austerity in support of local services, and in particular schools. There must be further assistance from Welsh Government for this Council

## **88. TREASURY MANAGEMENT MID-YEAR REPORT 2017/18**

The Corporate Finance Manger introduced the Treasury Management Mid-Year Report 2017/18 for approval.

The report had been considered at Audit Committee on 22<sup>nd</sup> November 2017 where it was recommended to Cabinet. Cabinet received the report on 19<sup>th</sup> December 2017 and approved it for recommendation to County Council.

Regulatory changes were coming into force in the near future with the main change being MiFID II (the second Markets in Financial Instruments Directive) which would come into force on 3<sup>rd</sup> January 2018. MiFID II required local authorities to be categorised by regulated financial services firms as retain clients by default who could “opt up” to be professional clients, providing that they met certain criteria.

The Council was classed as a professional client. To “opt up” and continue its status the Council must hold an investment balance of at least £10m with the person authorised to make investment decisions having at least one year’s relevant experience. Officers had considered the differing impacts of remaining a professional client or changing to a retail client and it was recommended that the Council maintained its current MiFID status of professional in order to continue to manage the Council’s daily treasury management activities as at present.

**RESOLVED:**

- (a) That the Treasury Management Mid-Year Report 2017/18 be approved; and
- (b) That the decision to 'opt up' to professional client status by regulated financial services firms as a result of the second Markets in Financial Instruments Directive (MiFID II) be approved. This will enable the Council to continue to manage its treasury management activities as at present.

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

There was one member of the press and 52 members of the public in attendance.

(The meeting started at 2.00pm and ended at 4.48pm)

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**Chairman**

Mae'r dudalen hon yn wag yn bwrpasol



# Eitem ar gyfer y Rhaglen 11



## FLINTSHIRE COUNTY COUNCIL

<b>Date of Meeting</b>	Thursday, 1 March 2018
<b>Report Subject</b>	Council Tax Setting for 2018-19
<b>Report Author</b>	Chief Officer (Community & Enterprise)

### EXECUTIVE SUMMARY

At a meeting on the 20<sup>th</sup> February 2018, a decision was reached on the Council Fund Revenue Budget for 2018-19 which incorporates setting Council Tax as detailed in this report.

Council Tax includes three separate charges, otherwise known as precepts, which make up the overall level of Council Tax which is charged against each property. These include the County Council precept as well as the precepts for the Office of the Police and Crime Commissioner for North Wales and the Town and Community Council precepts.

Council Tax is usually expressed at a standard Band D rate which results in Council Tax being charged at lower levels for those properties in Bands A to C, and at higher levels 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 area are set out in Appendix 1 to this report.

### RECOMMENDATIONS

1	Set 2018-19 Council Tax as detailed in Appendix 1.
2	Note and endorse 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, and 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.
3	Approve designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court for unpaid taxes.

## REPORT DETAILS

1.00	EXPLAINING THE COUNCIL TAX SETTING EXERCISE
1.01	The Council Tax charges for 2018-19 include precepts relating to the County Council, Police and Crime Commissioner for North Wales and all Town/Community Councils.
1.02	There are several statutory decisions that need to be taken and these are divided into the following sections in Appendix 1 :-
1.03	<b>Section 1</b> – this details the Council Tax Base for 2018-19, as previously approved by cabinet, and shows the number of properties expressed as Band D equivalents (shown in total and by each Town/Community Council). The Tax Base also takes into account appropriate adjustments for statutory discounts, exemptions, premiums and assumed losses in collection.
1.04	<b>Section 2</b> – this details the income and expenditure of the County Council and Town and Community Councils. It also sets out the amount of Council Tax to be charged across the various Valuation Bands in respect of the County Council precept and each Town/Community Council precept.
1.05	<b>Section 3</b> – this details the specific amount of Council Tax that is to be charged in each Valuation Band as a direct result of the precept set by the Police & Crime Commissioner for North Wales.
1.06	<b>Section 4</b> – details the standard amount of Council Tax that taxpayers will be required to pay from April 2018, recognising that some households will pay less because of discounts or exemptions and some will pay more in the event of the Council Tax Premium being payable.
1.07	<p><b>Section 5</b> – re-affirms the continuation of the current policy in 2018-19 of not granting discounts on second homes and long term empty properties which are defined by Regulations as three Prescribed Classes of Dwellings</p> <ul style="list-style-type: none"> <li>• Class A – dwellings which are not a person’s sole and main residence and which are substantially furnished with a restriction on occupancy for a period of at least 28 days consecutive days in any 12 month period (referred to as second homes)</li> <li>• Class B – dwellings which are not a person’s sole and main residence and which are substantially furnished with no restriction on occupancy (also referred to as second homes)</li> <li>• Class C – dwellings which are not a person’s sole and main residence which are also unfurnished and unoccupied and have been so for a period of over 6 months in most cases.</li> </ul> <p>The current policy of not offering a discount on second and long term empty homes forms part of a wider strategy of encouraging owners to bring property back into full use and is crucial to the implementation of the Council Tax Premium scheme where an additional charge, otherwise known as a Premium, will apply. In other words, is it essential to continue to adopt of policy of not awarding discounts on such properties in order to levy a Council Tax Premium.</p>

1.08	<b>Section 6</b> – in view of the determination previously made by full Council in March 2016 to introduce a Council Tax Premium scheme from April 2017, unless there are exceptions to be applied, Council Tax for 2018-19 will be charged at a premium rate of 50% above the standard rate of Council Tax for those dwellings that are defined as ‘second homes’. A Council Tax premium of 50% will also apply to those dwellings defined as ‘long term empty’ which have been empty for a continuous period of one year.
1.09	<b>Section 7 &amp; 8</b> – approves designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court when prosecuting in cases of unpaid Council Tax and Business Rates.
1.10	<b>Section 9</b> – provides for the advertisement of the Council Tax for 2018-19 in the local press as required by Regulation.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Setting the Council Tax for 2018-19 is an annual process to determine the new charges for the next financial year as part of the overall budget strategy.
2.02	Setting Council Tax at the levels recommended in this report will allow the Council to work to a balanced budget after taking into account other considerations and efficiency targets for 2018-19.
2.03	The Council will raise, through its own precept, Council Tax of £75,172,096 which will help to partly fund the running of local services.
2.04	As part of the setting of Council Tax for 2018-19, the Council will also pay to the Police and Crime Commissioner for North Wales a total precept of £16,477,090 The precepts for each Town and Community Council vary but collectively a precept £2,847,055 will be distributed between the Town and Community Councils, based on the individual precept requirements for each Town and Community Council.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	There is a statutory duty to consult with non-domestic ratepayers on the Council’s budget proposals, including proposals for capital expenditure, before the commencement of each financial year and a consultation exercise has been undertaken to fulfil the legal requirements.
3.02	The Councils budget agreement for 2018-19 now result in the setting of Council Taxes as detailed in this report. The budget proposals have already been discussed at all Overview and Scrutiny Committees and finally at Corporate Resources Overview and Scrutiny Committee.
3.03	The final budget proposals to determine the proposed level of Council Tax charges were also agreed at County Council on 20 <sup>th</sup> February 2018.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The Council also has a responsibility to issue Council Tax bills and to also collect the precepts on behalf of the Police & Crime Commission for North Wales and Town/Community Council.
4.02	Setting the Council Tax at full Council will therefore fulfil all statutory requirements to set and collect Council Taxes from April 2018.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 contains all resolutions and decisions needed to set the 2018-19 Council Tax.
5.02	Appendix 2 provides statistical information of the 2018-19 Council Tax charges by Town and Community Council area.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• Local Government Finance Act 1992</li> <li>• Local Government Act 1972 and 2003</li> <li>• Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations</li> <li>• Housing (Wales) Act 2014</li> </ul> <p><b>Contact Officer:</b> David Barnes, Revenues Manager  <b>Telephone:</b> 01352 703652  <b>E-mail:</b> <a href="mailto:david.barnes@flintshire.gov.uk">david.barnes@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Council Tax Base:</b> is a measure of the Council's 'taxable capacity' taking into account the number of properties subject to Council Tax after taking into account discount and exemption schemes.
7.02	<b>Council Tax Precepts:</b> Council Tax is made up of three separate components or charges, these are often referred to as 'precepts'. The Police and Crime Commissioner get part of their funding from Council Tax to pay for Police services and local Town and Community Councils rely almost entirely on funding from Council Tax to fund the running of Town and Community Council services.
7.03	<b>Valuation Bands:</b> The amount of Council Tax that is paid depends on the Valuation Band for each domestic property. The Valuation Office Agency (VOA) is responsible for valuing all properties in Wales and placing every property in one of nine property bands, ranging from Band A to Band I.
7.04	<b>Council Fund Revenue Budget:</b> Prior to the start of each financial year, the Council is required to set a budget for its day-to-day expenditure to pay

	for local service. This is called a Revenue Budget and is the amount of money the Council requires to provide its services during the year, taking into account grants it also receives from Welsh Government.
7.05	<b>Council Tax Premium scheme:</b> From April 2017, local authorities in Wales will be able to charge a premium of up to 100% of the standard rate of council tax on long term empty homes and second homes. The scheme is intended to be a useful tool to help local authorities to bring back these homes into full use and to support the supply of housing.

Mae'r dudalen hon yn wag yn bwrpasol

**STATUTORY & OTHER NECESSARY COUNCIL TAX  
RESOLUTIONS FOR 2018-19**

1. That it be noted that at its meeting on 21<sup>st</sup> November 2017 the Council calculated interim amounts, subsequently modified as follows, for the year 2018-19 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

63,835 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Wales Regulations 1995, as its Council Tax base for the year, broken down into the following Town/Community areas :-

Argoed	2,467.27
Bagillt	1,477.33
Broughton & Bretton	2,701.35
Brynford	477.97
Buckley	6,645.29
Caerwys	621.14
Cilcain	732.97
Connahs Quay	6,157.86
Flint	4,598.48
Gwernaffield & Pantymwyn	1,033.75
Gwernymynydd	563.23
Halkyn	1,356.10
Hawarden	6,320.80
Higher Kinnerton	843.04
Holywell	3,324.14
Hope	1,843.47
Leeswood	850.13
Llanasa	1,961.51
Llanfynydd	884.18
Mold	4,329.86
Mostyn	711.12
Nannerch	273.38
Nercwys	308.50
Northop	1,554.25
Northop Hall	820.63
Penyffordd	2,021.94
Queensferry	695.08
Saltney	1,871.46
Sealand	1,176.40
Shotton	2,201.95
Trelawnyd & Gwaenysgor	413.79
Treuddyn	758.80
Whitford	1,158.01
Ysceifiog	679.82
<b>TOTAL TAX BASE</b>	<b>63,835.00</b>

being the amounts calculated in accordance with regulation 6 of the Regulations as the amounts of its Council Tax base for the year for dwelling in those parts of its area to which special items relate.

2. That the following amounts be now calculated by the Council for the year 2018-19 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 and Alteration of Requisite Calculations (Wales) Regulations 2013 :-
  - (a) Aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a)-(d) (including Community Council precepts totalling £2,847,055) £383,815,342
  - (b) Aggregate of the amounts which the Council estimates for items set out in Section 32 (3) (a) and 32 (3) (c). £116,639,908
  - (c) Amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above calculated in accordance with Section 32 (4) as the budget requirement for the year. £267,175,434
  - (d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant or Additional Grant. £189,156,283
  - (e) The amount at 2(c) above less the amount at 2(d) above, all divided by the amount at section 1 above, calculated in accordance with Section 33 (1) as the basic amount of Council Tax for the year. £,1222.20
  - (f) Aggregate amount of all special items referred to in Section 34 (1). £2,847,055
  - (g) Amount at 2(e) above less the result given by dividing the amount at 2(f) above by the amount at section 1 above calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate. £1,177.60
  - (h) The amounts given by adding to the amount at 2(g) above the amounts of special items relating to dwellings in those part of the Council's area mentioned below, divided in each case by the amount at 1(b) above, calculated in accordance with Section 34(3) as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which special items relate. £0.00



**FLINTSHIRE COUNTY COUNCIL CHARGES (BAND D) 2018-19  
(Including Community/Town Councils)**

	£
Argoed	1,206.73
Bagillt	1,206.22
Broughton & Bretton	1,217.25
Brynford	1,214.26
Buckley	1,225.23
Caerwys	1,229.12
Cilcain	1,215.97
Connahs Quay	1,227.83
Flint	1,222.13
Gwernaffield & Pantymwyn	1,209.04
Gwernymynydd	1,205.12
Halkyn	1,213.73
Hawarden	1,216.29
Higher Kinnerton	1,210.81
Holywell	1,247.84
Hope	1,223.71
Leeswood	1,243.47
Llanasa	1,208.70
Llanfynydd	1,213.79
Mold	1,237.62
Mostyn	1,222.60
Nannerch	1,219.60
Nercwys	1,232.71
Northop	1,199.60
Northop Hall	1,212.71
Penyffordd	1,221.23
Queensferry	1,235.15
Saltney	1,220.57
Sealand	1,226.05
Shotton	1,224.69
Trelawnyd & Gwaenysgor	1,229.92
Treuddyn	1,223.73
Whitford	1,217.32
Ysceifiog	1,214.58

- (i) The amounts given by multiplying the amounts at 2(h) above by the number which in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D calculated in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

**APPENDIX 1**

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	804.49	938.57	1072.65	1206.73	1474.89	1743.06	2011.22	2413.46	2815.70
Bagillt	804.15	938.17	1072.20	1206.22	1474.27	1742.32	2010.37	2412.44	2814.51
Broughton & Bretton	811.50	946.75	1082.00	1217.25	1487.75	1758.25	2028.75	2434.50	2840.25
Brynford	809.51	944.42	1079.35	1214.26	1484.10	1753.93	2023.77	2428.52	2833.27
Buckley	816.82	952.96	1089.10	1225.23	1497.50	1769.78	2042.05	2450.46	2858.87
Caerwys	819.42	955.98	1092.56	1229.12	1502.26	1775.40	2048.54	2458.24	2867.94
Cilcain	810.65	945.75	1080.87	1215.97	1486.19	1756.40	2026.62	2431.94	2837.26
Connahs Quay	818.56	954.98	1091.41	1227.83	1500.68	1773.53	2046.39	2455.66	2864.93
Flint	814.76	950.54	1086.34	1222.13	1493.72	1765.30	2036.89	2444.26	2851.63
Gwernaffield & Pantymwyn	806.03	940.36	1074.71	1209.04	1477.72	1746.39	2015.07	2418.08	2821.09
Gwernymynydd	803.42	937.31	1071.22	1205.12	1472.93	1740.73	2008.54	2410.24	2811.94
Halkyn	809.16	944.01	1078.88	1213.73	1483.45	1753.17	2022.89	2427.46	2832.03
Hawarden	810.86	946.00	1081.15	1216.29	1486.58	1756.87	2027.15	2432.58	2838.01
Higher Kinnerton	807.21	941.74	1076.28	1210.81	1479.88	1748.95	2018.02	2421.62	2825.22
Holywell	831.90	970.54	1109.20	1247.84	1525.14	1802.44	2079.74	2495.68	2911.62
Hope	815.81	951.77	1087.75	1223.71	1495.65	1767.58	2039.52	2447.42	2855.32
Leeswood	828.98	967.14	1105.31	1243.47	1519.80	1796.13	2072.45	2486.94	2901.43
Llanasa	805.80	940.10	1074.40	1208.70	1477.30	1745.90	2014.50	2417.40	2820.30
Llanfynydd	809.20	944.06	1078.93	1213.79	1483.52	1753.25	2022.99	2427.58	2832.17
Mold	825.08	962.59	1100.11	1237.62	1512.65	1787.68	2062.70	2475.24	2887.78
Mostyn	815.07	950.91	1086.76	1222.60	1494.29	1765.98	2037.67	2445.20	2852.73
Nannerch	813.07	948.58	1084.09	1219.60	1490.62	1761.65	2032.67	2439.20	2845.73
Nercwys	821.81	958.77	1095.75	1232.71	1506.65	1780.58	2054.52	2465.42	2876.32
Northop	799.74	933.02	1066.32	1199.60	1466.18	1732.76	1999.34	2399.20	2799.06
Northop Hall	808.48	943.22	1077.97	1212.71	1482.20	1751.69	2021.19	2425.42	2829.65
Penyffordd	814.16	949.84	1085.54	1221.23	1492.62	1764.00	2035.39	2442.46	2849.53
Queensferry	823.44	960.67	1097.92	1235.15	1509.63	1784.11	2058.59	2470.30	2882.01
Saltney	813.72	949.33	1084.96	1220.57	1491.81	1763.05	2034.29	2441.14	2847.99
Sealand	817.37	953.59	1089.83	1226.05	1498.51	1770.96	2043.42	2452.10	2860.78
Shotton	816.46	952.54	1088.62	1224.69	1496.84	1769.00	2041.15	2449.38	2857.61
Trelawnyd & Gwaenysgor	819.95	956.60	1093.27	1229.92	1503.24	1776.55	2049.87	2459.84	2869.81
Treuddyn	815.82	951.79	1087.76	1223.73	1495.67	1767.61	2039.55	2447.46	2855.37
Whitford	811.55	946.80	1082.07	1217.32	1487.84	1758.35	2028.87	2434.64	2840.41
Ysceifiog	809.72	944.67	1079.63	1214.58	1484.49	1754.40	2024.30	2429.16	2834.02

3. That it be noted that for the year 2018-19 the Police and Crime Panel have stated the following amounts in precepts issued to the Council, amounting to a total precept of £16,477,090 in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below :-

	Valuation Bands								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
<b>Precept</b>	172.08	200.76	229.44	258.12	315.48	372.84	430.20	516.24	602.28

4. Having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2018-19 for each of the categories of dwellings shown below:

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	976.57	1139.33	1302.09	1464.85	1790.37	2115.90	2441.42	2929.70	3417.98
Bagillt	976.23	1138.93	1301.64	1464.34	1789.75	2115.16	2440.57	2928.68	3416.79
Broughton & Bretton	983.58	1147.51	1311.44	1475.37	1803.23	2131.09	2458.95	2950.74	3442.53
Brynford	981.59	1145.18	1308.79	1472.38	1799.58	2126.77	2453.97	2944.76	3435.55
Buckley	988.90	1153.72	1318.54	1483.35	1812.98	2142.62	2472.25	2966.70	3461.15
Caerwys	991.50	1156.74	1322.00	1487.24	1817.74	2148.24	2478.74	2974.48	3470.22
Cilcain	982.73	1146.51	1310.31	1474.09	1801.67	2129.24	2456.82	2948.18	3439.54
Connahs Quay	990.64	1155.74	1320.85	1485.95	1816.16	2146.37	2476.59	2971.90	3467.21
Flint	986.84	1151.30	1315.78	1480.25	1809.20	2138.14	2467.09	2960.50	3453.91
Gwernaffield & Pantymwyn	978.11	1141.12	1304.15	1467.16	1793.20	2119.23	2445.27	2934.32	3423.37
Gwernymynydd	975.50	1138.07	1300.66	1463.24	1788.41	2113.57	2438.74	2926.48	3414.22
Halkyn	981.24	1144.77	1308.32	1471.85	1798.93	2126.01	2453.09	2943.70	3434.31
Hawarden	982.94	1146.76	1310.59	1474.41	1802.06	2129.71	2457.35	2948.82	3440.29
Higher Kinnerton	979.29	1142.50	1305.72	1468.93	1795.36	2121.79	2448.22	2937.86	3427.50
Holywell	1003.98	1171.30	1338.64	1505.96	1840.62	2175.28	2509.94	3011.92	3513.90
Hope	987.89	1152.53	1317.19	1481.83	1811.13	2140.42	2469.72	2963.66	3457.60
Leeswood	1001.06	1167.90	1334.75	1501.59	1835.28	2168.97	2502.65	3003.18	3503.71
Llanasa	977.88	1140.86	1303.84	1466.82	1792.78	2118.74	2444.70	2933.64	3422.58
Llanfynydd	981.28	1144.82	1308.37	1471.91	1799.00	2126.09	2453.19	2943.82	3434.45
Mold	997.16	1163.35	1329.55	1495.74	1828.13	2160.52	2492.90	2991.48	3490.06
Mostyn	987.15	1151.67	1316.20	1480.72	1809.77	2138.82	2467.87	2961.44	3455.01
Nannerch	985.15	1149.34	1313.53	1477.72	1806.10	2134.49	2462.87	2955.44	3448.01
Nercwys	993.89	1159.53	1325.19	1490.83	1822.13	2153.42	2484.72	2981.66	3478.60
Northop	971.82	1133.78	1295.76	1457.72	1781.66	2105.60	2429.54	2915.44	3401.34
Northop Hall	980.56	1143.98	1307.41	1470.83	1797.68	2124.53	2451.39	2941.66	3431.93
Penyffordd	986.24	1150.60	1314.98	1479.35	1808.10	2136.84	2465.59	2958.70	3451.81
Queensferry	995.52	1161.43	1327.36	1493.27	1825.11	2156.95	2488.79	2986.54	3484.29
Saltney	985.80	1150.09	1314.40	1478.69	1807.29	2135.89	2464.49	2957.38	3450.27
Sealand	989.45	1154.35	1319.27	1484.17	1813.99	2143.80	2473.62	2968.34	3463.06
Shotton	988.54	1153.30	1318.06	1482.81	1812.32	2141.84	2471.35	2965.62	3459.89
Trelawnyd & Gwaenysgor	992.03	1157.36	1322.71	1488.04	1818.72	2149.39	2480.07	2976.08	3472.09
Treuddyn	987.90	1152.55	1317.20	1481.85	1811.15	2140.45	2469.75	2963.70	3457.65
Whitford	983.63	1147.56	1311.51	1475.44	1803.32	2131.19	2459.07	2950.88	3442.69
Ysceifiog	981.80	1145.43	1309.07	1472.70	1799.97	2127.24	2454.50	2945.40	3436.30

5. In line with the existing policy of the Council, that for 2018-19, in accordance with Section 12 of the Local Government Finance Act 1992 (as amended by Section 75 of the Local Government Act 2003 and the Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004, no discounts shall be granted to second homes subject to Council Tax which are unoccupied and furnished, (defined as Prescribed Classes A and B) and long term empty and unfurnished properties (defined as Prescribed Class C)
6. In accordance with section 12a and 12b of the Local Government Finance Act 1992, as inserted by section 139 of the Housing Act 2014, by virtue of a determination made at Council on 1<sup>st</sup> March 2016, the Council Tax Premium scheme will continue to apply from 1<sup>st</sup> April 2018. Therefore, from 1<sup>st</sup> April 2018, unless there are exceptions to be applied in line with The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015, Council Tax shall be charged at a premium rate of 50% above the standard rate of Council Tax for those dwellings that are defined as 'second homes'. A Council Tax premium of 50% will also apply to those dwellings defined as 'long term empty' which have been empty for a continuous period of one year.
7. Authorisations - Council Tax
  - a) That the holders of the posts of Revenues Manager, Team Manager for Council Tax and Business Rates Assessment, Team Manager for Collection and Enforcement, Court/Prosecutions Officer, Revenues Officers, be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings and to appear on behalf of the County Council at the hearing of any legal proceedings in the Magistrates Court by way of an application for the issue of a Liability Order in respect of unpaid Council Taxes and penalties under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; by way of an application for the issue of a warrant of commitment to prison under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; to require financial information to make an Attachment of Earnings Order; to levy the appropriate amount by taking control of goods and sale of goods; and to exercise all other enforcement powers of the County Council under the Council Tax (Administration and Enforcements) Regulations 1992 and any subsequent amendments of such Regulations.
8. Authorisations - National Non-Domestic Rates
  - a) That the holders of the posts of Revenues Manager, Team Manager for Council Tax and Business Rates Assessment, Team Manager for Collection and Enforcement, Court/Prosecutions Officer, Revenues Officers, be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings in the Magistrates Courts by way of application for the issue of a liability order in respect of unpaid rates; by way of an application for the issue of a warrant of commitment and to exercise all other powers of enforcement of the County Council under the Non-Domestic (Collection and Enforcement) (Local Lists) Regulations 1989 and any amendment thereto.
9. That notices of the making of the said Council Taxes for 2018-19, signed by the Council's Corporate Finance Manager/Section 151 officer, be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.

**Appendix 2**

**2018-19 Council Tax Charges**

**Lowest to Highest Amounts by Town/Community Council**

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Northop	22.00	1,177.60	258.12	1,457.72
Gwernymynydd	27.52	1,177.60	258.12	1,463.24
Bagillt	28.62	1,177.60	258.12	1,464.34
Argoed	29.13	1,177.60	258.12	1,464.85
Llanasa	31.10	1,177.60	258.12	1,466.82
Gwernaffield & Pantymwyn	31.44	1,177.60	258.12	1,467.16
Higher Kinnerton	33.21	1,177.60	258.12	1,468.93
Northop Hall	35.11	1,177.60	258.12	1,470.83
Halkyn	36.13	1,177.60	258.12	1,471.85
Llanfynydd	36.19	1,177.60	258.12	1,471.91
Brynford	36.66	1,177.60	258.12	1,472.38
Ysceifiog	36.98	1,177.60	258.12	1,472.70
Cilcain	38.37	1,177.60	258.12	1,474.09
Hawarden	38.69	1,177.60	258.12	1,474.41
Broughton & Bretton	39.65	1,177.60	258.12	1,475.37
Whitford	39.72	1,177.60	258.12	1,475.44
Nannerch	42.00	1,177.60	258.12	1,477.72
Saltney	42.97	1,177.60	258.12	1,478.69
Penyffordd	43.63	1,177.60	258.12	1,479.35
Flint	44.53	1,177.60	258.12	1,480.25
Mostyn	45.00	1,177.60	258.12	1,480.72
Hope	46.11	1,177.60	258.12	1,481.83
Treuddyn	46.13	1,177.60	258.12	1,481.85
Shotton	47.09	1,177.60	258.12	1,482.81
Buckley	47.63	1,177.60	258.12	1,483.35
Sealand	48.45	1,177.60	258.12	1,484.17
Connahs Quay	50.23	1,177.60	258.12	1,485.95
Caerwys	51.52	1,177.60	258.12	1,487.24
Trelawnyd & Gwaenysgor	52.32	1,177.60	258.12	1,488.04
Nercwys	55.11	1,177.60	258.12	1,490.83
Queensferry	57.55	1,177.60	258.12	1,493.27
Mold	60.02	1,177.60	258.12	1,495.74
Leeswood	65.87	1,177.60	258.12	1,501.59
Holywell	70.24	1,177.60	258.12	1,505.96



# Eitem ar gyfer y Rhaglen 13



## FLINTSHIRE COUNTY COUNCIL

<b>Date of Meeting</b>	Tuesday, 20 <sup>th</sup> February 2018
<b>Report Subject</b>	Minimum Revenue Provision - 2018/19 Policy
<b>Report Author</b>	Corporate Finance Manager

### EXECUTIVE SUMMARY

This report seeks Council approval in setting the annual policy for prudent Minimum Revenue Provision for the repayment of debt.

Cabinet will consider the detailed report from the Corporate Finance Manager in respect of the setting of Prudential Indicators for the period 2018/19 to 2020/21, included at Appendix 1, at their meeting on 20<sup>th</sup> February 2018 and their recommendations will be reported at the meeting.

### RECOMMENDATIONS

1	<p>Members approve for Council Fund (CF):-</p> <ul style="list-style-type: none"><li>• 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.</li><li>• Option 3 (Asset Life Method) 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.</li><li>• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2018/19 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements.</li></ul>
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2	<p>Members approve for Housing Revenue Account (HRA):-</p> <ul style="list-style-type: none"> <li>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.</li> </ul>
3	<p>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:-</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE MINIMUM REVENUE PROVISION</b>
1.01	<p>Local Authorities are required each year, under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations'), to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', though the regulation itself does not define 'prudent provision'.</p> <p>Welsh Government (WG) has provided guidance which makes recommendations to authorities on the interpretation of the term, this guidance was last updated in April 2010.</p> <p>Authorities are required to prepare an annual statement of their policy on making MRP.</p> <p>Further detail is provided in the attached report to Cabinet (Appendix 1).</p>



<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As per the attached report (Appendix 1).

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	As per the attached report (Appendix 1).

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As per the attached report (Appendix 1).

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 - Report to Cabinet 20 <sup>th</sup> February, 2018 - Minimum Revenue Provision - 2018/19 Policy.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Officer:</b> Liz Thomas, Finance Manager, Technical Accountancy <b>Telephone:</b> (01352) 702289 <b>E-mail:</b> <a href="mailto:liz.thomas@flintshire.gov.uk">liz.thomas@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	As per the attached report (Appendix 1).

Mae'r dudalen hon yn wag yn bwrpasol



## CABINET

<b>Date of Meeting</b>	Tuesday 20 <sup>th</sup> February 2018
<b>Report Subject</b>	Minimum Revenue Provision – 2018/19 Policy
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

Local Authorities are required each year to set aside some of their revenue resources as provision for the repayment of debt.

Regulations require an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent'. The Regulations themselves do not define 'prudent' provision. Welsh Government (WG) has provided guidance which makes recommendations to local authorities on the interpretation of the term and authorities are required to prepare an annual statement of their policy on making minimum provision.

As part of the budget strategy for 2017/18 officers critically reviewed the Council's 2016/17 MRP policy along with our treasury management advisors and recommended that changes be made to parts of the policy. Detailed reports and presentations were made to Cabinet, Corporate Resources Overview and Scrutiny Committee and Council through November and December 2016 outlining the review and the recommended changes. Changes to the 2016/17 and the 2017/18 policy were approved at the December 2016 Council meeting.

Local Authorities are required to set a policy for each financial year and this report recommends that the 2018/19 MRP policy remains the same as that of 2017/18 and is presented to Members as part of the suite of 2018/19 budget setting reports being considered by Cabinet and Council during February 2018.

## RECOMMENDATIONS

1	<p>Members approve and recommend to County Council for Council Fund (CF) outstanding debt that:-</p> <ul style="list-style-type: none"><li>• 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.</li><li>• Option 3 (Asset Life Method) 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.</li><li>• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2018/19 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements.</li></ul>
2	<p>That members approve and recommend to the County Council for Housing Revenue Account (HRA) outstanding debt:-</p> <ul style="list-style-type: none"><li>• 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.</li></ul>
3	<p>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:-</p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li></ul>

## REPORT DETAILS

1.00	<b>EXPLAINING THE MINIMUM REVENUE PROVISION</b>
	<b>Background to Capital Expenditure and Financing</b>
1.01	<p>Capital expenditure is defined as expenditure to acquire, enhance or prolong the useful life of non-current assets, those which have a useful life of more than one year e.g. buildings or infrastructure improvements.</p> <p>Capital expenditure is funded from a combination of capital receipts, revenue contributions, specific grants and debt in the form of borrowing or other long term financing arrangements such as leasing.</p> <p>Borrowing can be either:</p> <ul style="list-style-type: none"> <li>• Supported borrowing - funding is provided by Welsh Government through the Revenue Support Grant to cover the revenue debt financing costs of interest and repayment costs; or</li> <li>• Unsupported borrowing (commonly referred to as prudential borrowing) – Councils have the freedom to determine the level of borrowing considered affordable in revenue debt financing costs with no support from Welsh Government.</li> </ul>
1.02	<p>The annual charge to the revenue account for repaying debt is known as the Minimum Revenue Provision (MRP).</p> <p>Local Authorities are required each year, under the Capital Finance and Accounting Wales Amendment Regulations 2008, to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to, make an amount of MRP each year which it considers to be ‘prudent’, though the Regulations themselves do not define ‘prudent’ provision.</p> <p>Regulation 21(B) of the 2008 Regulations requires local authorities to have regard to guidance issued by Government.</p>
1.03	<p>The Welsh Government has issued guidance for the setting of MRP policy. It states that the broad aim of prudent provision is to ensure that the debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by the Welsh Government, reasonably commensurate with the period implicit in the determination of that grant.</p> <p>The WG guidance provides 4 options for making ‘prudent provision’ outlined below but states in its informal commentary that:-</p> <p><i>‘The options are those likely to be most relevant for the majority of</i></p>

	<p><i>authorities but other approaches are not meant to be ruled out, provided they are fully consistent with the statutory duty to make prudent revenue provision. Authorities must always have regard to the guidance, but having done so, may in some cases consider that a more individually designed MRP approach is justified.</i></p> <p><i>The decision on what is prudent is for the Authority and it is not for the Welsh Government to say in particular cases whether any proposed arrangement is consistent with the statutory duty.'</i></p>
1.04	In a recent letter to all local authorities the Auditor General for Wales concurred that it is for each authority to determine what is a 'prudent' policy.
	<b>Options for Prudent Provision within WG Guidance</b>
1.05	<p>Option 1 - Regulatory Method</p> <p>For capital expenditure funded from supported borrowing which is supported through funding in the Revenue Support Grant (RSG), authorities may continue to use the formula specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the regulations which preceded the 2008 Regulations).</p> <p>Under this method the outstanding capital expenditure (known as the Capital Financing Requirement CFR) funded from supported borrowing less Adjustment A is written down annually by 4% on a reducing balance basis. Adjustment A is a commutation adjustment, a fixed value determined by changes to statutory regulations referred to above (which all Welsh Council's will have).</p> <p>The method implies that borrowing will be repaid over a 25 year period (in that <math>100\% / 4\% = 25</math>), however as the calculation applies the 4% to the reducing balance it takes much more than 25 years to fully repay the borrowing.</p> <p>The method is commensurate with the methodology used in the Revenue Support Grant to allocate revenue funding from WG to finance debt, as it also uses the 4% reducing balance method on notional outstanding debt.</p>
1.06	<p>Option 2 - Capital Financing Requirement Method</p> <p>The same as Option 1 without adjusting for Adjustment A, which results in a higher charge.</p>
1.07	Option 3 - Asset Life Method

	<p>Provision is made over the estimated life of the asset for which debt is undertaken.</p> <p>This can be calculated using the 'straight line' method or the 'annuity' method. To illustrate the difference, as an example an asset which is purchased at a cost of £4m which has an estimated useful life of 50 years;-</p> <ul style="list-style-type: none"> <li>• Straight line method - equal annual MRP charge £4m / 50 years = £0.080m</li> <li>• Annuity or inflation method – annual MRP charge that takes the time value of money in the form of inflation into consideration Year 1 = £0.047m Year 2 = £0.048m Year 3 = £0.049m Year 4 = £0.050m Year 5 = £0.051m</li> </ul>
1.08	<p>Option 4 - Depreciation Method</p> <p>Alternatively, provision is made in accordance with the standard rules for depreciation accounting. The method is similar to option 3 above</p>
1.09	<p>Welsh Government guidance requires that either option 3 or 4 be used for all capital expenditure which is to be financed by unsupported borrowing or other long term liabilities. Options 1 and 2 are not permitted for this use.</p>
	<p><b>Housing Revenue Account (HRA)</b></p>
1.10	<p>Following the introduction of self-financing for the HRA and the voluntary exit from the negative subsidy system on 31<sup>st</sup> March, 2015, from 1<sup>st</sup> April 2015 the calculation of the HRA MRP is now similar to the Council Fund as set out above, with the following modifications:</p> <ul style="list-style-type: none"> <li>• Options 1 and 2 - the percentage is 4% for the Council Fund and 2% for the HRA; and</li> <li>• Options 1 and 2 can be used in relation to capital expenditure incurred before 1<sup>st</sup> April 2021. After that date only Options 3 and 4 may be used.</li> </ul>
1.11	<p>The Council approved loans to its wholly owned subsidiary NEW Homes for the purpose of building affordable homes. The loans qualify as capital expenditure and therefore need to be part of the MRP policy. At its meeting on 14th June 2016 the Council approved the MRP calculation for loans to NEW Homes as outlined in recommendation 3 above.</p>
	<p><b>Practical Considerations</b></p>

1.12	The useful life of an asset will vary depending on the class of asset concerned; a vehicle or ICT equipment may be financed over 5 years whereas a new school over 50 years. Judgements about the useful life will need to be made on an individual basis as expenditure is incurred.
1.13	Large capital projects may take a number of years to complete, for example the 21 <sup>st</sup> Century Schools building programme. In this instance the MRP is incurred in the year after the asset has become operational, rather than during the construction phase.
1.14	<p>The MRP on most assets will be calculated on a 'straight line' basis, with consideration being given to an 'annuity' method when appropriate including:</p> <ul style="list-style-type: none"> <li>• Where the flow of benefits from an asset are expected to increase in later years, for example capital schemes promoting administrative efficiencies or revenues that increase over time</li> <li>• Capital schemes whose purpose is to generate income that will increase with inflation over time for example rents from house building</li> </ul>
1.15	<p>It is important to note that the capital financing position on outstanding capital expenditure (the Capital Financing Requirement) and the Council's level of external borrowing are not the same.</p> <p>Regulations stipulate that the Council can only borrow for capital purposes. However in day to day cash management, no distinction can be made between revenue cash and capital cash. External debt arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. (Though checks are in place to ensure the Council does not borrow in the medium to long term for revenue purposes, as referred to in the Prudential Indicator report included elsewhere on the agenda).</p> <p>In practice the Council is under borrowed, this arises when the level of external borrowing is below the capital financing position on outstanding capital expenditure. The Council through its treasury management processes makes use of available cash arising from reserves etc. to fund capital expenditure and has 'internally' borrowed to an extent. This cash would otherwise have been invested at very low rates of return. External borrowing would also be that much more, at higher borrowing interest rates than any returns on cash invested. Such activities are considered best practice and are done so in accordance with the Council's Treasury Management Policy Statement, Strategy, Schedules and Practices.</p>
1.16	The MRP annual charge to the revenue account is based on the Capital Financing Requirement (the outstanding capital expenditure). It is not the



	<p>same as the cash repayment of external borrowing.</p> <p>The simplified example below illustrates the difference: Assume a 10 year maturity loan of £15m is taken out to fund capital expenditure of £15m on an asset with a life of 20 years.</p> <p>The annual MRP charge to the revenue account on straight line asset life basis is £15m / 20 years = £0.750m.</p> <p>At year 10, the loan is repaid from cash on the balance sheet at £15m, but only £0.750m x 10 = £7.5m has been charged through the Council's revenue account. A decision would need to be made, either to take out another 10 year loan, or fund from internal cash resources for that 10 year period, dependent on the Council's position at that time. MRP would continue to be made at £0.750m per annum regardless of the treasury decision made.</p>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The 2018/19 Council Fund and HRA budgets provide for the MRP charges in accordance with the calculations set out in the report.
2.02	There are no other resource implications as a direct result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<p>In changing the Council's MRP policy during 2017/18 detailed discussions took place with the Council's treasury management advisors, senior internal officers and key Cabinet members.</p> <p>Wales Audit Office were also consulted as external auditors.</p>
3.02	The revised MRP policy was reviewed by Cabinet and Corporate Resources Overview and Scrutiny Committee before being approved at County Council as part of Stage 2 of setting the 2017/18 budget in December 2016.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
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4.01	
	<p>The impacts of an MRP policy has long term effects that cannot be readily undone and therefore carries a significant amount of associated risk for future generations.</p> <p>The Well-being of Future Generations (Wales) Act 2015, when fully enacted, will put in place a requirement to;</p> <p><i>“act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.</i></p> <p>It also requires that authorities take account of, amongst other things;</p> <p><i>“the importance of balancing short term needs with the need to safeguard the ability to meet long term needs”.</i></p> <p>The MRP policy ensures that costs are spread evenly amongst the tax and rent payers benefiting from the capital expenditure. This is not considered as compromising the ability of future generations to meet their own needs merely that future generations pay for assets from which they benefit from using.</p>

<b>5.00</b>	<b>APPENDICES</b>
5.01	None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Hyperlink to Council Fund Stage 2 Budget 2017/18 report to Council 6<sup>th</sup> December 2016  <a href="http://committeemeetings.flintshire.gov.uk/documents/s40871/201718%20Council%20Fund%20Budget%20Stage%202.pdf?LLL=0">http://committeemeetings.flintshire.gov.uk/documents/s40871/201718%20Council%20Fund%20Budget%20Stage%202.pdf?LLL=0</a></p> <p><b>Contact Officer:</b> Liz Thomas – Finance Manager, Technical Accountancy  <b>Telephone:</b> (01352) 702289  <b>E-mail:</b> <a href="mailto:liz.thomas@flintshire.gov.uk">liz.thomas@flintshire.gov.uk</a></p>

7.00	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Capital Expenditure:</b> Expenditure on the acquisition of non-current assets or expenditure that extends the life or value of an existing asset</p> <p><b>Capital Financing Requirement (CFR):</b> A measure of the capital expenditure incurred historically by an authority that has yet to be financed from capital receipts, capital grants or revenue financing.</p> <p><b>Council Fund (CF):</b> The fund to which all the Council's revenue and capital expenditure is charged.</p> <p><b>Housing Revenue Account (HRA):</b> The fund to which all the Council's revenue and capital expenditure relating to its housing stock is charged.</p> <p><b>Minimum Revenue Provision (MRP):</b> A charge made to the Council Fund to repay borrowing taken out for capital expenditure. Authorities must determine their own prudent MRP charge each year, taking into consideration statutory guidance issued by the Government.</p> <p><b>Prudential Code:</b> The code of practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment needs.</p> <p><b>Revenue Expenditure:</b> All expenditure incurred by an authority that cannot be classified as capital expenditure</p> <p><b>Revenue Support Grant (RSG):</b> Is paid to each authority to cover the cost of providing standard services less the Council Tax income at the standard level.</p> <p><b>Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing:</b> Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.</p> <p><b>Unsupported Prudential Borrowing:</b> Borrowing administered under the <b>Prudential Code</b>, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.</p>

Mae'r dudalen hon yn wag yn bwrpasol

**MRP 100 YEAR ANALYSIS - 4% REDUCING BALANCE AND 50 YEAR STRAIGHT LINE**

**CFR @ 31/03/2016 - CAPITAL EXPD (COUNCIL FUND) FUNDED FROM SUPPORTED BORROWING**  
**Adjustment A**

**149,649,776**  
**1,721,525**  


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**147,928,251**

Year	CFR	MRP on current 4% reducing balance basis	MRP on proposed 50 years straight line	Additional Cost/ (Saving)	Total Additional Cost / (Saving)	NPV Additional Cost / (Saving)
1	2016/17	147,928,251	5,917,130	2,992,996	(2,924,135)	
2	2017/18	142,011,121	5,680,445	2,992,996	(2,687,449)	
3	2018/19	136,330,676	5,453,227	2,992,996	(2,460,232)	
4	2019/20	130,877,449	5,235,098	2,992,996	(2,242,102)	
5	2020/21	125,642,351	5,025,694	2,992,996	(2,032,699)	
6	2021/22	120,616,657	4,824,666	2,992,996	(1,831,671)	
7	2022/23	115,791,991	4,631,680	2,992,996	(1,638,684)	
8	2023/24	111,160,311	4,446,412	2,992,996	(1,453,417)	
9	2024/25	106,713,899	4,268,556	2,992,996	(1,275,560)	
10	2025/26	102,445,343	4,097,814	2,992,996	(1,104,818)	
11	2026/27	98,347,529	3,933,901	2,992,996	(940,906)	
12	2027/28	94,413,628	3,776,545	2,992,996	(783,550)	
13	2028/29	90,637,083	3,625,483	2,992,996	(632,488)	
14	2029/30	87,011,599	3,480,464	2,992,996	(487,468)	
15	2030/31	83,531,135	3,341,245	2,992,996	(348,250)	
16	2031/32	80,189,890	3,207,596	2,992,996	(214,600)	
17	2032/33	76,982,294	3,079,292	2,992,996	(86,296)	(23,144,324)
18	2033/34	73,903,003	2,956,120	2,992,996	36,875	(21,070,637)
19	2034/35	70,946,883	2,837,875	2,992,996	155,120	
20	2035/36	68,109,007	2,724,360	2,992,996	268,635	
21	2036/37	65,384,647	2,615,386	2,992,996	377,610	
22	2037/38	62,769,261	2,510,770	2,992,996	482,225	
23	2038/39	60,258,491	2,410,340	2,992,996	582,656	
24	2039/40	57,848,151	2,313,926	2,992,996	679,069	
25	2040/41	55,534,225	2,221,369	2,992,996	771,627	
26	2041/42	53,312,856	2,132,514	2,992,996	860,481	
27	2042/43	51,180,342	2,047,214	2,992,996	945,782	
28	2043/44	49,133,128	1,965,325	2,992,996	1,027,670	
29	2044/45	47,167,803	1,886,712	2,992,996	1,106,283	
30	2045/46	45,281,091	1,811,244	2,992,996	1,181,752	
31	2046/47	43,469,847	1,738,794	2,992,996	1,254,202	
32	2047/48	41,731,053	1,669,242	2,992,996	1,323,753	
33	2048/49	40,061,811	1,602,472	2,992,996	1,390,523	
34	2049/50	38,459,339	1,538,374	2,992,996	1,454,622	
35	2050/51	36,920,965	1,476,839	2,992,996	1,516,157	
36	2051/52	35,444,127	1,417,765	2,992,996	1,575,230	
37	2052/53	34,026,362	1,361,054	2,992,996	1,631,941	
38	2053/54	32,665,307	1,306,612	2,992,996	1,686,383	
39	2054/55	31,358,695	1,254,348	2,992,996	1,738,648	
40	2055/56	30,104,347	1,204,174	2,992,996	1,788,822	
41	2056/57	28,900,173	1,156,007	2,992,996	1,836,989	
42	2057/58	27,744,166	1,109,767	2,992,996	1,883,229	
43	2058/59	26,634,400	1,065,376	2,992,996	1,927,620	
44	2059/60	25,569,024	1,022,761	2,992,996	1,970,235	
45	2060/61	24,546,263	981,851	2,992,996	2,011,145	
46	2061/62	23,564,412	942,576	2,992,996	2,050,419	
47	2062/63	22,621,836	904,873	2,992,996	2,088,122	
48	2063/64	21,716,962	868,678	2,992,996	2,124,317	
49	2064/65	20,848,284	833,931	2,992,996	2,159,064	
50	2065/66	20,014,352	800,574	2,992,996	2,192,421	44,079,628
						21,265,301

51	2066/67	19,213,778	768,551	-	(768,551)		
52	2067/68	18,445,227	737,809	-	(737,809)		
53	2068/69	17,707,418	708,297	-	(708,297)		
54	2069/70	16,999,121	679,965	-	(679,965)		
55	2070/71	16,319,156	652,766	-	(652,766)		
56	2071/72	15,666,390	626,656	-	(626,656)		
57	2072/73	15,039,735	601,589	-	(601,589)		
58	2073/74	14,438,145	577,526	-	(577,526)		
59	2074/75	13,860,619	554,425	-	(554,425)		
60	2075/76	13,306,195	532,248	-	(532,248)		
61	2076/77	12,773,947	510,958	-	(510,958)		
62	2077/78	12,262,989	490,520	-	(490,520)		
63	2078/79	11,772,469	470,899	-	(470,899)		
64	2079/80	11,301,571	452,063	-	(452,063)		
65	2080/81	10,849,508	433,980	-	(433,980)		
66	2081/82	10,415,528	416,621	-	(416,621)		
67	2082/83	9,998,906	399,956	-	(399,956)		
68	2083/84	9,598,950	383,958	-	(383,958)		
69	2084/85	9,214,992	368,600	-	(368,600)		
70	2085/86	8,846,392	353,856	-	(353,856)		
71	2086/87	8,492,537	339,701	-	(339,701)		
72	2087/88	8,152,835	326,113	-	(326,113)		
73	2088/89	7,826,722	313,069	-	(313,069)		
74	2089/90	7,513,653	300,546	-	(300,546)		
75	2090/91	7,213,107	288,524	-	(288,524)		
76	2091/92	6,924,583	276,983	-	(276,983)		
77	2092/93	6,647,599	265,904	-	(265,904)		
78	2093/94	6,381,695	255,268	-	(255,268)		
79	2094/95	6,126,428	245,057	-	(245,057)		
80	2095/96	5,881,370	235,255	-	(235,255)		
81	2096/97	5,646,116	225,845	-	(225,845)		
82	2097/98	5,420,271	216,811	-	(216,811)		
83	2098/99	5,203,460	208,138	-	(208,138)		
84	2099/00	4,995,322	199,813	-	(199,813)		
85	2100/01	4,795,509	191,820	-	(191,820)		
86	2101/02	4,603,689	184,148	-	(184,148)		
87	2102/03	4,419,541	176,782	-	(176,782)		
88	2103/04	4,242,759	169,710	-	(169,710)		
89	2104/05	4,073,049	162,922	-	(162,922)		
90	2105/06	3,910,127	156,405	-	(156,405)		
91	2106/07	3,753,722	150,149	-	(150,149)		
92	2107/08	3,603,573	144,143	-	(144,143)		
93	2108/09	3,459,430	138,377	-	(138,377)		
94	2109/10	3,321,053	132,842	-	(132,842)		
95	2110/11	3,188,211	127,528	-	(127,528)		
96	2111/12	3,060,682	122,427	-	(122,427)		
97	2112/13	2,938,255	117,530	-	(117,530)		
98	2113/14	2,820,725	112,829	-	(112,829)		
99	2114/15	2,707,896	108,316	-	(108,316)		
100	2115/16	2,599,580	103,983	-	(103,983)	(16,718,181)	(4,619,906)
	CFR O/S	2,495,597			(2,495,597)	(2,495,597)	(351,364)
	Adj A	1,721,525			(1,721,525)	(1,721,525)	(242,380)
					(0)	(0)	<b>(5,018,986)</b>

**CABINET**

<b>Date of Meeting</b>	Tuesday 20 <sup>th</sup> February 2018
<b>Report Subject</b>	Minimum Revenue Provision – 2018/19 Policy
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Strategic

**EXECUTIVE SUMMARY**

Local Authorities are required each year to set aside some of their revenue resources as provision for the repayment of debt.

Regulations require an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent'. The Regulations themselves do not define 'prudent' provision. Welsh Government (WG) has provided guidance which makes recommendations to local authorities on the interpretation of the term and authorities are required to prepare an annual statement of their policy on making minimum provision.

As part of the budget strategy for 2017/18 officers critically reviewed the Council's 2016/17 MRP policy along with our treasury management advisors and recommended that changes be made to parts of the policy. Detailed reports and presentations were made to Cabinet, Corporate Resources Overview and Scrutiny Committee and Council through November and December 2016 outlining the review and the recommended changes. Changes to the 2016/17 and the 2017/18 policy were approved at the December 2016 Council meeting. The MRP Policy is currently under an urgent review, following a recommendation made in the recent independent peer review of the Council's financial position, and will be resolved in the current financial year.

Local Authorities are required to set a policy for each financial year and this report recommends that the 2018/19 MRP policy remains the same as that of 2017/18 (pending the results of the review described above) and is presented to Members as part of the suite of 2018/19 budget setting reports being considered by Cabinet and Council during February and March 2018.

## RECOMMENDATIONS

1	<p>Members approve and recommend to County Council for Council Fund (CF) outstanding debt that:-</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Option 3 (Asset Life Method) 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.</li> <li>• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2018/19 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements.</li> </ul>
2	<p>That members approve and recommend to the County Council for Housing Revenue Account (HRA) outstanding debt:-</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
3	<p>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:-</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
4	<p>Members note that the MRP Policy is currently under an urgent review following a recommendation made in the recent independent peer review of the Council's financial position, and is therefore subject to change but will be resolved in the current financial year.</p>



## REPORT DETAILS

1.00	<b>EXPLAINING THE MINIMUM REVENUE PROVISION</b>
	<b>Background to Capital Expenditure and Financing</b>
1.01	<p>Capital expenditure is defined as expenditure to acquire, enhance or prolong the useful life of non-current assets, those which have a useful life of more than one year e.g. buildings or infrastructure improvements.</p> <p>Capital expenditure is funded from a combination of capital receipts, revenue contributions, specific grants and debt in the form of borrowing or other long term financing arrangements such as leasing.</p> <p>Borrowing can be either:</p> <ul style="list-style-type: none"> <li>• Supported borrowing - funding is provided by Welsh Government through the Revenue Support Grant to cover the revenue debt financing costs of interest and repayment costs; or</li> <li>• Unsupported borrowing (commonly referred to as prudential borrowing) – Councils have the freedom to determine the level of borrowing considered affordable in revenue debt financing costs with no support from Welsh Government.</li> </ul>
1.02	<p>The annual charge to the revenue account for repaying debt is known as the Minimum Revenue Provision (MRP).</p> <p>Local Authorities are required each year, under the Capital Finance and Accounting Wales Amendment Regulations 2008, to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to, make an amount of MRP each year which it considers to be ‘prudent’, though the Regulations themselves do not define ‘prudent’ provision.</p> <p>Regulation 21(B) of the 2008 Regulations requires local authorities to have regard to guidance issued by Government.</p>
1.03	<p>The Welsh Government has issued guidance for the setting of MRP policy. It states that the broad aim of prudent provision is to ensure that the debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by the Welsh Government, reasonably commensurate with the period implicit in the determination of that grant.</p> <p>The WG guidance provides 4 options for making ‘prudent provision’</p>

	<p>outlined below but states in its informal commentary that:-</p> <p><i>‘The options are those likely to be most relevant for the majority of authorities but other approaches are not meant to be ruled out, provided they are fully consistent with the statutory duty to make prudent revenue provision. Authorities must always have regard to the guidance, but having done so, may in some cases consider that a more individually designed MRP approach is justified.</i></p> <p><i>The decision on what is prudent is for the Authority and it is not for the Welsh Government to say in particular cases whether any proposed arrangement is consistent with the statutory duty.’</i></p>
1.04	In a recent letter to all local authorities the Auditor General for Wales concurred that it is for each authority to determine what is a ‘prudent’ policy.
	<b>Options for Prudent Provision within WG Guidance</b>
1.05	<p>Option 1 - Regulatory Method</p> <p>For capital expenditure funded from supported borrowing which is supported through funding in the Revenue Support Grant (RSG), authorities may continue to use the formula specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the regulations which preceded the 2008 Regulations).</p> <p>Under this method the outstanding capital expenditure (known as the Capital Financing Requirement CFR) funded from supported borrowing less Adjustment A is written down annually by 4% on a reducing balance basis. Adjustment A is a commutation adjustment, a fixed value determined by changes to statutory regulations referred to above (which all Welsh Council’s will have).</p> <p>The method implies that borrowing will be repaid over a 25 year period (in that <math>100\% / 4\% = 25</math>), however as the calculation applies the 4% to the reducing balance it takes much more than 25 years to fully repay the borrowing.</p> <p>The method is commensurate with the methodology used in the Revenue Support Grant to allocate revenue funding from WG to finance debt, as it also uses the 4% reducing balance method on notional outstanding debt.</p>
1.06	<p>Option 2 - Capital Financing Requirement Method</p> <p>The same as Option 1 without adjusting for Adjustment A, which results in a higher charge.</p>
1.07	Option 3 - Asset Life Method

	<p>Provision is made over the estimated life of the asset for which debt is undertaken.</p> <p>This can be calculated using the 'straight line' method or the 'annuity' method. To illustrate the difference, as an example an asset which is purchased at a cost of £4m which has an estimated useful life of 50 years;-</p> <ul style="list-style-type: none"> <li>• Straight line method - equal annual MRP charge £4m / 50 years = £0.080m</li> <li>• Annuity or inflation method – annual MRP charge that takes the time value of money in the form of inflation into consideration Year 1 = £0.047m Year 2 = £0.048m Year 3 = £0.049m Year 4 = £0.050m Year 5 = £0.051m</li> </ul>
1.08	<p>Option 4 - Depreciation Method</p> <p>Alternatively, provision is made in accordance with the standard rules for depreciation accounting. The method is similar to option 3 above</p>
1.09	<p>Welsh Government guidance requires that either option 3 or 4 be used for all capital expenditure which is to be financed by unsupported borrowing or other long term liabilities. Options 1 and 2 are not permitted for this use.</p>
	<p><b>Housing Revenue Account (HRA)</b></p>
1.10	<p>Following the introduction of self-financing for the HRA and the voluntary exit from the negative subsidy system on 31<sup>st</sup> March, 2015, from 1<sup>st</sup> April 2015 the calculation of the HRA MRP is now similar to the Council Fund as set out above, with the following modifications:</p> <ul style="list-style-type: none"> <li>• Options 1 and 2 - the percentage is 4% for the Council Fund and 2% for the HRA; and</li> <li>• Options 1 and 2 can be used in relation to capital expenditure incurred before 1<sup>st</sup> April 2021. After that date only Options 3 and 4 may be used.</li> </ul>
1.11	<p>The Council approved loans to its wholly owned subsidiary NEW Homes for the purpose of building affordable homes. The loans qualify as capital expenditure and therefore need to be part of the MRP policy. At its meeting on 14th June 2016 the Council approved the MRP calculation for loans to NEW Homes as outlined in recommendation 3 above.</p>
	<p><b>Practical Considerations</b></p>

1.12	The useful life of an asset will vary depending on the class of asset concerned; a vehicle or ICT equipment may be financed over 5 years whereas a new school over 50 years. Judgements about the useful life will need to be made on an individual basis as expenditure is incurred.
1.13	Large capital projects may take a number of years to complete, for example the 21 <sup>st</sup> Century Schools building programme. In this instance the MRP is incurred in the year after the asset has become operational, rather than during the construction phase.
1.14	<p>The MRP on most assets will be calculated on a 'straight line' basis, with consideration being given to an 'annuity' method when appropriate including:</p> <ul style="list-style-type: none"> <li>• Where the flow of benefits from an asset are expected to increase in later years, for example capital schemes promoting administrative efficiencies or revenues that increase over time</li> <li>• Capital schemes whose purpose is to generate income that will increase with inflation over time for example rents from house building</li> </ul>
1.15	<p>It is important to note that the capital financing position on outstanding capital expenditure (the Capital Financing Requirement) and the Council's level of external borrowing are not the same.</p> <p>Regulations stipulate that the Council can only borrow for capital purposes. However in day to day cash management, no distinction can be made between revenue cash and capital cash. External debt arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. (Though checks are in place to ensure the Council does not borrow in the medium to long term for revenue purposes, as referred to in the Prudential Indicator report included elsewhere on the agenda).</p> <p>In practice the Council is under borrowed, this arises when the level of external borrowing is below the capital financing position on outstanding capital expenditure. The Council through its treasury management processes makes use of available cash arising from reserves etc. to fund capital expenditure and has 'internally' borrowed to an extent. This cash would otherwise have been invested at very low rates of return. External borrowing would also be that much more, at higher borrowing interest rates than any returns on cash invested. Such activities are considered best practice and are done so in accordance with the Council's Treasury Management Policy Statement, Strategy, Schedules and Practices.</p>
1.16	The MRP annual charge to the revenue account is based on the Capital Financing Requirement (the outstanding capital expenditure). It is not the

	<p>same as the cash repayment of external borrowing.</p> <p>The simplified example below illustrates the difference: Assume a 10 year maturity loan of £15m is taken out to fund capital expenditure of £15m on an asset with a life of 20 years.</p> <p>The annual MRP charge to the revenue account on straight line asset life basis is £15m / 20 years = £0.750m.</p> <p>At year 10, the loan is repaid from cash on the balance sheet at £15m, but only £0.750m x 10 = £7.5m has been charged through the Council's revenue account. A decision would need to be made, either to take out another 10 year loan, or fund from internal cash resources for that 10 year period, dependent on the Council's position at that time. MRP would continue to be made at £0.750m per annum regardless of the treasury decision made.</p>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The 2018/19 Council Fund and HRA budgets provide for the MRP charges in accordance with the calculations set out in the report.
2.02	There are no other resource implications as a direct result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<p>In changing the Council's MRP policy during 2017/18 detailed discussions took place with the Council's treasury management advisors, senior internal officers and key Cabinet members.</p> <p>Wales Audit Office were also consulted as external auditors.</p>
3.02	The revised MRP policy was reviewed by Cabinet and Corporate Resources Overview and Scrutiny Committee before being approved at County Council as part of Stage 2 of setting the 2017/18 budget in December 2016.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
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4.01	
	<p>The impacts of an MRP policy has long term effects that cannot be readily undone and therefore carries a significant amount of associated risk for future generations.</p> <p>The Well-being of Future Generations (Wales) Act 2015, when fully enacted, will put in place a requirement to;</p> <p><i>“act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.</i></p> <p>It also requires that authorities take account of, amongst other things;</p> <p><i>“the importance of balancing short term needs with the need to safeguard the ability to meet long term needs”.</i></p> <p>The MRP policy ensures that costs are spread evenly amongst the tax and rent payers benefiting from the capital expenditure. This is not considered as compromising the ability of future generations to meet their own needs merely that future generations pay for assets from which they benefit from using.</p>

<b>5.00</b>	<b>APPENDICES</b>
5.01	None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Hyperlink to Council Fund Stage 2 Budget 2017/18 report to Council 6<sup>th</sup> December 2016  <a href="http://committeemeetings.flintshire.gov.uk/documents/s40871/201718%20Council%20Fund%20Budget%20Stage%202.pdf?LLL=0">http://committeemeetings.flintshire.gov.uk/documents/s40871/201718%20Council%20Fund%20Budget%20Stage%202.pdf?LLL=0</a></p> <p><b>Contact Officer:</b> Liz Thomas – Finance Manager, Technical Accountancy  <b>Telephone:</b> (01352) 702289  <b>E-mail:</b> <a href="mailto:liz.thomas@flintshire.gov.uk">liz.thomas@flintshire.gov.uk</a></p>

7.00	GLOSSARY OF TERMS
7.01	<p><b>Capital Expenditure:</b> Expenditure on the acquisition of non-current assets or expenditure that extends the life or value of an existing asset</p> <p><b>Capital Financing Requirement (CFR):</b> A measure of the capital expenditure incurred historically by an authority that has yet to be financed from capital receipts, capital grants or revenue financing.</p> <p><b>Council Fund (CF):</b> The fund to which all the Council's revenue and capital expenditure is charged.</p> <p><b>Housing Revenue Account (HRA):</b> The fund to which all the Council's revenue and capital expenditure relating to its housing stock is charged.</p> <p><b>Minimum Revenue Provision (MRP):</b> A charge made to the Council Fund to repay borrowing taken out for capital expenditure. Authorities must determine their own prudent MRP charge each year, taking into consideration statutory guidance issued by the Government.</p> <p><b>Prudential Code:</b> The code of practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment needs.</p> <p><b>Revenue Expenditure:</b> All expenditure incurred by an authority that cannot be classified as capital expenditure</p> <p><b>Revenue Support Grant (RSG):</b> Is paid to each authority to cover the cost of providing standard services less the Council Tax income at the standard level.</p> <p><b>Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing:</b> Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.</p> <p><b>Unsupported Prudential Borrowing:</b> Borrowing administered under the <b>Prudential Code</b>, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.</p>

Mae'r dudalen hon yn wag yn bwrpasol



# Eitem ar gyfer y Rhaglen 14



## FLINTSHIRE COUNTY COUNCIL

<b>Date of Meeting</b>	Thursday, 1 March 2018
<b>Report Subject</b>	Financial Procedure Rules
<b>Report Author</b>	Corporate Finance Manager

### EXECUTIVE SUMMARY

To provide County Council with the proposed updated Financial Procedure Rules (FPR's) as detailed in Appendix A.

The proposed changes have been prepared in consultation with the relevant service managers and the Chief Officer Team.

The draft financial procedure rules were reported to Audit Committee on 22 November 2017 and to Constitution Committee on 31 January 2018.

Both Committees resolved that the draft FPR's should be referred to Council for approval.

The Constitution Committee requested amendments relating to clarification of the threshold for action plans for overspends and amendments of wording relating to disposal of assets and use of Reserves.

These changes have been incorporated in the final version of the FPR's.

### RECOMMENDATIONS

1	That Members approve the updated Financial Procedure Rules.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE FINANCIAL PROCEDURE RULES</b>
1.01	Section 151 of the Local Government Act 1972 and the Accounts and Audit (Wales) Regulations require the Council to make arrangements for the

	proper administration of its financial affairs.
1.02	The FPR's state that: 'The Chief Finance Officer is the Officer responsible for the interpretation of these Procedure Rules, responsible for ensuring that they remain appropriate to the Council's activities. An annual review will take place and each individual rule will be reviewed at least every two years. The outcome of each review will be reported to Council, along with any recommendations for changes. Should there be any urgent changes required; these will be recommended to Council between annual reviews.
1.03	The FPR's were fully reviewed in 2017 and minor changes made to reflect updated procedures and service delivery methods. A summarised version of the Financial Procedure Rules is available for Managers.
1.04	<p>The main changes to the following sections are:</p> <p>3.2 Budgets and Medium Term Planning – changes to reflect the status of Medium Term Financial Strategy</p> <p>3.3 Budgetary Control – refers to the responsibilities of Chief Officers and Collaborative Planning</p> <p>3.3.2 Virement amount changed from £75,000 to £100,000</p> <p>4.5 Treasury Management – to ensure compliance with current legislation</p> <p>4.6 Imprest Accounts – changed to tighten controls</p> <p>5.3 Ordering of Goods and Services – reflects P2P</p> <p>5.4 Payments to employees and members – reviewed to ensure controls are relevant</p> <p>5.5 Taxation – reviewed to ensure current VAT legislation and practice followed</p> <p>5.6 Trading Accounts and Business Units – refers to where services provided via an ADM specific Financial Regulations will be incorporated into individual models</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The implementation of these rules ensures robust, consistent financial processes across the Authority.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Chief Officer Team Audit Committee

	Constitution Committee
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<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Financial Procedure Rules are a key part of management of financial risk within the Council.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Copy of the updated Financial Procedure Rules Appendix B – Glossary of Terms

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	As detailed in Appendix B

Mae'r dudalen hon yn wag yn bwrpasol

# Flintshire County Council

## Financial Procedure Rules

Revised 2017

## Contents

1. Status of Financial Regulations
2. Financial Management – General Roles and Responsibilities
3. Financial Planning
4. Risk Management and Control of Resources
5. Financial Systems and Procedures
6. External Arrangements

# 1. Status of Financial Regulations

## 1.1 What are Financial Procedure Rules?

1.1.1 Financial Procedures provide the framework for managing the Authority's financial affairs. They apply to every member and officer of the authority and anyone acting on its behalf.

1.1.2 The procedures identify the financial responsibilities of the full Council, the Cabinet and officers.

1.1.3 Where there are references to the Chief Executive and Chief Officer the responsibility is as follows:

The Chief Executive as Head of Paid Service at a strategic level provides oversight, coordination and direction across the organisation and ensures the Chief Officer Team work collectively.

Chief Officers are accountable at a strategic and operational level for resource management, performance management and delivery of services for the Portfolio for which they have responsibility.

In addition, the Council holds the following statutory posts:

The Head of Paid Service is the Chief Executive

The Chief Finance Officer is the Corporate Finance Manager

The Chief Education Officer is the Chief Officer (Education and Youth)

The Monitoring Officer is the Chief Officer (Governance)

The Chief Officer Social Services

Democratic Services Manager

1.1.4 These Financial Procedure Rules are part of the Authority's Rules of Procedure. They must be read in conjunction with the rest of the Constitution, of which they form part, including the Contract Procedure Rules.

1.1.5 These Financial Procedure Rules and other regulatory rules apply to the Clwyd Pension Fund except where separate legislation exists, e.g. Local Government Investment Regulations.

## **1.2 Why are they important?**

1.2.1 To conduct its business effectively, the Authority needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedures which set out the financial responsibilities of the Authority. These procedures have been devised as a control to help the Authority manage its financial matters properly in compliance with all necessary requirements.

1.2.2 Good, sound financial management is a key element of the Authority's Corporate Governance framework which helps to ensure that the Authority is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.2.3 Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.

1.2.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.

1.2.5 Financial Procedures should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority as set out in the Council's Constitution.

## **1.3 Who do Financial Procedures apply to?**

1.3.1 Financial Procedures apply to every member and officer of the Authority and anyone acting on its behalf. Members and officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, is consistent with Authority policies and priorities, and is properly Authorised, provides value for money and achieves best value.

1.3.2 Separate financial procedures have been incorporated into the Authority's Scheme for Financing of Schools and relate to those matters where decisions have been delegated to school governing bodies.

1.3.3. These Financial Procedures shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise. Where services are provided via an 'Alternative Delivery Model', specific financial procedures will be incorporated into the individual models.



1.3.4 Failure to observe Financial Procedures may result in action under the Authority's disciplinary procedures.

## **1.4 Who is responsible for ensuring that they are applied?**

1.4.1 The Chief Executive and Chief Officers are ultimately responsible to the Council for ensuring that Financial Procedures are applied and observed by his/her staff and contractors providing services on the Authority's behalf and for reporting to the Chief Finance Officer any known or suspected breaches of the procedures.

1.4.2 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedures and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedures to the Council and/or to the Members.

1.4.3 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedures which Members, Chief Executive and Chief Officers and others acting on behalf of the Authority are required to follow.

1.4.4 Where any Officer considers that complying with Financial Procedures in a particular situation might conflict with the achievement of value for money or the principles of Best Value or the best interests of the Local Authority, he/she shall raise the issue with the Chief Finance Officer who will, if he/she considers necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

## 2. Financial Management – General Roles and Responsibilities

### The Role of the Full Council

2.1.1. The Council has a duty towards its Council Tax payers with regard to financial decisions and their consequences. The full Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the budget and policy framework within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The full Council is also responsible for monitoring compliance with policies and related Cabinet decisions.

### 2.2 The Role of the Cabinet

2.2.1 The Cabinet (as the Council's Executive) is responsible for proposing the Budget and Policy Framework to full Council, and for discharging executive functions in accordance with the Budget and Policy Framework.

### 2.3 The Role of the Chief Finance Officer

2.3.1 The Chief Finance Officer is accountable to the Chief Executive and the Council and has statutory duties that provide overall responsibility for the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations (Wales) Regulations currently in force

2.3.2 The Chief Finance Officer among other functions is responsible for;

- a) The proper administration of the Council's financial affairs.
- b) Setting and monitoring compliance with financial management standards.
- c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.

- d) Advising on all matters which affect, or potentially affect, the finances or financial administration of the Council.
- e) Providing financial information.
- f) Making recommendations to the Cabinet and Council for the preparation of the revenue budget and capital programme.
- g) Preparing the approved revenue budget and capital programme.
- h) Treasury management.

The Chief Executive and Chief Officers are responsible for promoting the financial management standards set by the Chief Finance Officer in their portfolio and monitoring adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to every Member of the Cabinet or the Council as appropriate and to the External Auditor, if the Council, a Committee or Officer of the Authority, or a Joint Committee on which the Council is represented:

- Has made, or is about to make, a decision which involves or would involve the Council incurring expenditure which is unlawful.
- Has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the Council.
- Is about to make an unlawful entry in the Council's accounts.

The Chief Finance Officer must consult with the Head of Paid Service and the Monitoring Officer when preparing any report under Section 114.

The Chief Finance Officer shall make a report under this Section if it appears to him or her that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she is unable to perform the duties under Section 114 personally, due to absence or illness.
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

(All references to a Committee (joint or otherwise) include Sub-Committees).

Where a report has been issued by the Chief Finance Officer under Section 114 of the Local Government Finance Act 1988, the Council and the Local Authority's Head of the Paid Service shall then follow the requirements of Sections 115 and 116 of the said Act.

## **2.4 The Role of Chief Officers**

2.4.1 Chief Officers are each accountable to the Council for the financial Management and administration of those services and activities allocated to them in accordance with Council policy.

2.4.2 Chief Officers are responsible for:

- a) Ensuring that adequate and effective systems of internal control are operated to ensure the accuracy, legitimacy and proper processing of transactions and the management of activities, having regard to advice and guidance from the Chief Finance Officer.
- b) Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- c) Consulting with the Chief Finance Officer in seeking approval regarding any matters which may affect the Council's finances materially, before any commitments are incurred.
- d) Consulting with each other on any issue with corporate financial implications before submitting policy options or recommendations to Members.

## 3. Financial Planning

### 3.1 Strategic Planning

#### Why is this important?

Planning is a continuous process and is a fundamental tool in the management and control of the Authority. The Local Authority has a statutory responsibility to produce various plans. Financial planning is a key part of this process, setting out the financial consequences of the actions planned to meet the objectives and targets set within the plan.

#### Key Controls

- Ensure that all relevant plans are produced and that they are consistent with Corporate objectives
- Produce plans in accordance with statutory requirements
- Meet the timetables set
- Ensure that all performance information is accurate, complete and up to date
- Provide improvement targets that are meaningful, realistic and challenging

#### Responsibilities of the Chief Finance Officer

- a) To advise and supply the financial information that needs to be included in plans in accordance with the statutory requirements and agreed timetables
- b) To contribute to the development of corporate and service targets and objectives and performance information
- c) To ensure that performance information is monitored frequently to allow corrective action to be taken if targets are not likely to be met

#### Responsibilities of the Chief Officers

- a) To contribute to the development of plans in line with statutory requirements
- b) To contribute to the development of corporate and service targets and objectives and performance information.

## **3.2 Budgets and Medium Term Planning**

### **Why is this important?**

The Local Authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively to enable scarce resources to be allocated in accordance with the Council's priorities.

Flintshire's Medium Term Financial Strategy (MTFS) provides a framework for the financial principles through which revenue and capital resources will be forecast, organised and managed to deliver the Authority's vision and strategic objectives.

The MTFS uses detailed intelligence led forecasting to estimate available resources, investment needs linked to the Authority's Council Plan and priorities, demand and externally led cost pressures and opportunities for efficiencies / savings for both revenue services and the capital programme over the medium term. The MTFS enables the gap between forecast funding levels and resource requirements to be identified over the medium term.

Detailed work is undertaken on an annual basis by Corporate Finance Team, in conjunction with the Chief Executive and Chief Officer Team to build on the MTFS to enable a balanced revenue budget and capital programme which is approved by Authority for the following financial year.

### **Responsibilities of the Chief Finance Officer**

- a) To prepare and submit reports on budget prospects for the Cabinet including resource constraints set by the Welsh Government
- b) To determine the detailed form of revenue estimates after consultation with the Cabinet, Chief Executive and Chief Officers
- c) To prepare and submit forecasting reports to the Cabinet on the aggregate spending plans and resources available to fund them.
- d) To advise on the medium term implications of spending decisions and prepare forecasts.
- e) To encourage the best use of resources and value for money by working with Chief Officers to identify opportunities to improve economy, efficiency and effectiveness
- f) To advise the Authority on proposals in accordance with responsibilities under section 151 of the Local Government Act 1972

## Responsibilities of the Chief Officers

- a) To integrate financial and budget plans into service planning so that budget plans can be supported by financial and non financial performance measures
- b) To encourage the best use of resources and value for money by working with the Chief Finance Officer to identify opportunities to improve economy, efficiency and effectiveness.

## 3.3 Budgeting

### 3.3.1 Revenue Budget

#### Why is this important?

Budgetary control and monitoring procedures ensure that once the budget has been formally approved by the County Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year.

By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity.

#### Key Controls

The key controls for managing and controlling the revenue budget are:

- Budget managers should be responsible only for income and expenditure that they can influence
- There is a nominated budget manager for each cost centre heading and the responsibilities for budgetary control are clearly defined.
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- Budget managers follow an approved certification process for all expenditure
- Income and expenditure are properly recorded and accounted for
- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.
- An annual cycle is established to ensure budgets are promptly prepared

## **Responsibilities of the Chief Finance Officer**

To ensure an appropriate framework of budgetary management and control that ensures that:

- a) A revenue budget is prepared on an annual basis, together with a revenue projection over the medium term, for consideration by the Cabinet, which will make recommendations to the Council. The Council is responsible for the approval of the revenue budget.
- b) A resource allocation process is developed and maintained for consideration by Members at each stage of the revenue budget process
- c) The revenue budget includes the proposed level of unallocated Council Fund reserves, proposed taxation levels and the proposed budgets for each Chief Officer and for central and corporate budget heads.
- d) Each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- e) Expenditure is committed only against an approved budget head
- f) Significant variances from approved budgets are investigated and reported by budget managers on a regular and timely basis.

## **Responsibilities of the Chief Officers**

- a) To maintain budgetary control within their departments and ensure that all income and expenditure are properly recorded and accounted for.
- b) To ensure that an accountable budget manager is identified for each area of income and expenditure under the control of the Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision making that commits expenditure
- c) Ensure that Managers and all staff understand their financial responsibilities.
- d) Ensure that budget managers follow the monthly budget monitoring procedures when using Collaborative Planning (CP) system.



- e) To prepare annual service plans linked to the Council Plan identifying any budgetary implications for inclusion in the Medium Term Financial Plan for Member consideration.
- f) To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer.
- g) Prepare budget action plans where an overspend variance of greater than 0.5% of budget is forecast at Portfolio level. The action plan should identify if mitigation of the overspend is possible and explain the action that can be taken to show how expenditure will be brought back into line with budget, and identify any pressures that cannot be mitigated by such action which may need corporate attention and resolution.
- h) Report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.
- i) Consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.
- j) Report significant variations from budget to the Chief Finance Officer, who will report the position and any budget actions plans in the overall budget monitoring report to Cabinet and subsequently to Corporate Overview and Scrutiny Committee. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with the budget wherever possible.
- k) Budget action plans will be monitored by the relevant Chief Officer who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend. The Chief Finance Officer will report the position to Cabinet.
- l) In exceptional cases submit reports to the Cabinet and to the Authority, in consultation with Chief Finance Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only.
- m) Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local

Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the “Belwin” scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and the funding for such expenditure must be agreed as soon as possible.

n) To ensure compliance with the scheme of virement.

### 3.3.2 Budget Virements/Accounting Adjustments

#### Why is this important?

Transfers between budgets is an integral and important feature of budgetary control for an organisation to ensure sound financial management.

In general terms there are two main types of budget transfers:-

1. Accounting Adjustments – this is where it is necessary to transfer a budget from one place to another to account properly for the relevant expenditure or income but where the approved purpose of that expenditure/income does not change from that approved by County Council. An example of this is the allocation of energy inflation which is held centrally and allocated to portfolio areas based on evidenced need.
2. Formal Virements – this is where there is an intended action to transfer budget from one place to another that does change the purpose of the expenditure/income approved by County Council. An example of this would be the transfer of an amount from Adult Social Services to Children’s Social Services to deal with a pressure in the Children’s Services area.

The Key Principles underpinning the control of budget transfers are as follows:

- Where Budget transfers relate to a change of use or policy they should be authorised and there should be formal evidence of this.
- Transferring budgets simply to minimise variances are specifically precluded.
- Where an approved budget is a lump sum provision or contingency intended for allocation during the year, its allocation will not be treated as a virement provided the amount is used in accordance with the purposes for which it was originally intended, or if Cabinet has approved the basis on which it will be allocated.

Formal Virements in excess of £100,000 (this includes cumulative amounts over £100,000) should be submitted to Cabinet for Approval.

- Where there are policy implications for the Council which require a budget virement, Cabinet approval must be obtained.

Overall control of budget transfers is undertaken within the Strategy, Accounting and Systems team which tracks the movements as part of the budget monitoring process and also ensures that any virements that change the purpose of the funding are subject to the relevant approval.

The Corporate Finance Manager as Section 151 officer for the Council has a legal responsibility to ensure the proper management of the Councils financial affairs and is content that the rules and procedures in place governing the virement of budget are adequate.

### **Key Controls**

- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- Notification of virements should be given to the Chief Finance Officer and approved

### **Responsibilities of the Chief Finance Officer**

- a) Ensure that budget virements in excess of £100,000 (cumulative) are submitted to Cabinet for approval.
- b) Where there are policy implications for the Council ensure that Cabinet approval is obtained where it is proposed to vire between budgets of different Cabinet Portfolio holders or vire between budgets managed by different Chief Officers.
- c) Where there are implications to the policy framework submit a joint report with the relevant Chief Officer.

### **Responsibilities of the Chief Officers**

- a) To ensure compliance with the scheme of virement
- b) To agree with the relevant Chief Officer where it appears that a virement proposal may impact materially on another service area.

## **3.4 Capital Programmes**

### **Why is this important?**

Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the authority such as land, buildings and major items of plant, equipment and vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

## Key Controls

The key controls for capital programmes are:

- Specific approval by the County Council for the programme of capital expenditure
- Expenditure on capital schemes is subject to the approval of the Chief Officer
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project
- Accountability for each proposal is accepted by a named manager
- Monitoring of progress in conjunction with expenditure and comparison with approved budget.

## Responsibilities of the Chief Finance Officer

- a) To prepare capital estimates jointly with Chief Officers to report them to the Cabinet for approval which will make recommendations to the Council.
- b) To be responsible for the monitoring of the capital programme in conjunction with the Chief Officer for Organisational Change.
- c) To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates on a quarterly basis. The report will identify changes in capital resources, including the generation of capital receipts and the effect of carry forward together with quantifying contractually uncommitted values by scheme.
- d) To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.
- e) To ensure that whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.
- f) Ensure that the approved Capital Programme includes information on grant funded schemes if appropriate.

## Responsibilities of the Chief Officers

- a) To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer
- b) To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer.

- c) To prepare regular reports reviewing the capital programme provisions for their services
- d) To ensure that adequate records are maintained for all capital contracts
- e) To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer, where required.
- f) To ensure that credit agreements such as leasing agreements are not entered into without the agreement of the Chief Finance Officer (via the Treasury Management Team) and if applicable approval of the scheme through the capital programme.
- g) To ensure that for the purchase of all items which are not brand new that a Hire Purchase Information (HPI) check has been undertaken to ensure that there is no outstanding finance.

### **3.5 Maintenance of Reserves**

#### **Why is this important?**

The **Council** must decide the general level of reserves it wishes to maintain before it can decide the level of Council tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and therefore protect it from overspending should such events occur. Reserves for specific purposes may also be maintained such as the purchase or renewal of capital items.

#### **Key Controls**

To maintain reserves in accordance with the CIPFA Code of Practice and agreed accounting policies.

The Councils Reserves protocol must be adhered to by all officers to ensure the controls governing reserves are followed.

#### **Responsibilities of the Chief Finance Officer**

To advise the Cabinet and/or the full Council on prudent levels of reserves for the authority and to provide an annual statement as to the adequacy of the level of reserves held.

#### **Responsibilities of the Chief Officers**

To ensure that resources are used only for the purposes for which they were intended.  
To ensure the Reserves Protocol is followed.

# 4. Risk Management and Control of Resources

## 4.1 Risk Management

### Why is this important?

The Local Authority like any organisation faces risk to people, property and continued business operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Authority and ensure the continued financial and organisation well being of the organisation. Risk management is concerned with evaluating the measures the Authority has in place to manage identified risks and recommending the course of action the organisation needs to take to control these risks effectively.

Risk Management is an integral part of the Council's Governance Framework and Internal Control. The Council has a Risk Management Strategy which outlines how the Authority manages risk corporately.

### Key Controls

The key controls for risk management are:

- Procedures are in place to identify, assess, prevent or contain material known risks
- A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
- Managers know that they are responsible for managing relevant risk and are provided with relevant information
- Provision is made for losses that might result from the risks that remain
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- Business Continuity Plans are in place.

## Responsibilities of the Chief Finance Officer

- a) To develop and implement risk management controls in conjunction with Chief Officers.
- b) To include all appropriate employees of the authority in a suitable fidelity guarantee insurance
- c) To effect corporate insurance cover, through external insurance and internal funding and negotiate all claims in consultation with other officers.

## Responsibilities of the Chief Officers

- a) To notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the Chief Finance Officer for the Authority's insurers.
- b) To take responsibility for risk management, having regard to advice from the Chief Finance Officer and other specialist officers e.g. health and safety
- c) To implement the Risk Management Strategy and ensure a regular review of risks within the service they manage
- d) To notify the Chief Finance Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances
- e) To ensure that employees or anyone covered by the Authority's insurances do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- f) To ensure Business Continuity plans are in place and regularly reviewed

## 4.2 Internal Controls

### Why is this important?

Overall responsibility for the control environment rests with the Authority as a whole. The Chief Officer Team is responsible for overseeing and monitoring the control environment.

Monitoring of compliance with policies, procedures, laws and regulations is undertaken by relevant key officers. The Chief Finance Officer and Monitoring Officer have statutory responsibilities. Chief Officers have responsibility for the development and maintenance of the internal control environment to ensure:

- The Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.

- Compliance with all applicable statutes and procedure rules, and other relevant statements of best practice.

## **Key Controls**

The key controls and objectives for internal control systems are:

- Key controls should be reviewed on a regular basis
- Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- An effective internal audit function that is properly resourced.

## **Responsibilities of the Chief Finance Officer**

To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

## **Responsibilities of the Chief Officers**

- a) To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- b) To be responsible for having in place procedures to ensure that established controls are being adhered to and for evaluating their effectiveness. Chief Officers are required to periodically assess their systems of internal control to ensure that they are adequate to manage the risks associated with the service. They are also required to undertake such reviews when material changes are to be made either to structures or to working practices. This requirement applies equally to those arrangements in which the Authority has a partnership relationship with a third party.
- c) Assess, at least once a year, the effectiveness of the systems of internal control, in line with current Accounts & Audit (Wales) Regulations.
- d) Provide appropriate information to the Corporate Governance Working Group to enable the Annual Governance Statement to be included within the financial statements, as required.



- e) Review existing controls in the light of changes affecting the Authority and establish and implement new controls as necessary. Also remove controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- f) Ensure that staff have a clear understanding of all procedures, and of the consequences of lack of control.

### **4.3 Audit Requirements – Internal Audit**

#### **Why is this important?**

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972 and is required by the Accounts and Audit (Wales) Regulations 2005. The regulations state that 'a local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'.

Internal audit is defined in the Public Sector Internal Audit Standards as:

'Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'

#### **Key Controls**

The key controls for internal audit are:

- That it is independent in its planning and operation
- The Internal Audit Manager has direct access to the Head of Paid Services, the Monitoring Officer, External Audit and the Chair of the Audit Committee

#### **Responsibilities of the Chief Finance Officer**

To ensure that an effective Internal Audit function is resourced and maintained. Under Section 151 the local authority should 'make arrangements for the proper administration of their financial affairs'. Proper administration includes compliance with the statutory requirements for accounting and internal audit.

#### **Responsibilities of the Chief Officers**

Chief Officers will:

- (a) Ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- (b) Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) Consider and respond promptly to recommendations in audit reports.
- (d) Ensure that any agreed actions arising from audit recommendations are carried out timely and efficiently.
- (e) Ensure that whenever any matter arises which involves, or potentially involves, any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources, Internal Audit are notified and take any such other immediate action as considered necessary (subject to any Authority rules and protocols).
- (f) Internal Audit shall notify the Chief Officer Governance where appropriate, and take such action by way of investigation and report, including informing and consulting with the relevant Chief Officer, Chief Officer People and Resources, notifying the Head of Paid Service, the Police and/or the External Auditor, as considered appropriate. Pending investigations and reporting, the Chief Officer will follow the fraud response plan and will take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- (g) Where sufficient evidence exists to believe that a criminal offence may have been committed, Internal Audit will consult with the Chief Officer People and Resources and Monitoring Officer and determine whether to refer the matter to the Police. The Police will determine with the Crown Prosecution Service whether any prosecution will take place. Where fraud, theft, improper use or misappropriation of the Authority's property or resources is proved, and the Authority has suffered a financial loss, the Authority will seek to recover the full value of any loss as outlined in the Corporate Anti-Fraud and Anti Corruption Strategy, Fraud Response Plan and Prosecution Policy.
- (h) Instigate the Authority's disciplinary procedure when the outcome of an audit investigation indicates improper behaviour (by a member of staff), or indicates that a wider investigation is appropriate.

- (i) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation, to ensure that control issues are fully considered and complied with.

## **4.4 Security of Assets**

### **Why is this important?**

The Authority holds assets in the form of property, vehicles, equipment, furniture, and other items. It is important that assets are safeguarded and used efficiently in service delivery and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a pre-requisite for sound asset management.

### **Key Controls**

The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- Resources are used only for the purposes of the authority and are properly accounted for
- Resources are available for use when required
- Resources no longer required are disposed of in accordance with the law and the regulations of the Authority so as to maximise benefits
- An asset register is maintained, assets are recorded when acquired and the record is updated as changes occur with respect to the location and condition of the asset
- All staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information including the requirements of the Data Protection Act and software copyright legislation
- All staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and the compliance with the authority's computer and internet security policies.

### **Responsibilities of the Chief Finance Officer**

Ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the authority with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.

To receive the information required for accounting, costing and financial records from each Chief Officer.

To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

Ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds.

## Responsibilities of the Chief Officers

- a) Ensure that records and assets are properly maintained and securely held.
- b) The corporate property function resides within the Organisational Change Portfolio, with property records maintained by Valuation and Estates Services in conjunction with Legal.
- c) The Chief Officer Governance, in consultation with the Chief Officer for Organisational Change, shall maintain a register of:
  - All lands and properties owned by the Authority (with the exception of dwellings provided under the Housing Acts) in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference, purchase details, particulars of all interests, tenancies granted and rents receivable.
  - All lands and properties leased to the Authority in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference and lease rental payment details.
- d) The Chief Officers (Planning and Environment and Organisational Change) will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer and, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC).
- e) The Legal Services Manager shall have custody of all title deeds and will put in place secure arrangements for this.
- f) The Chief Officer Community & Enterprise shall maintain a record of all dwellings provided under the Housing Acts in a form agreed with the Chief Finance Officer.
- g) Chief Officers shall be responsible for maintaining proper security and confidentiality of all financial and related information in the Chief Officer's possession including complying with the requirements of the Authority's Information Security Policy, Data Protection Act, (General Data Protection Regulation – May 2018 GDPR) the Computer Misuse Act and any subsequent legislation.

h) Chief Officers must ensure that:

- All staff are aware of their responsibilities with regard to safeguarding the Authority's assets and the protection and confidentiality of information, whether held in manual or computerised records, including the requirements of the Data Protection Act (GDPR May 2018) and software copyright legislation.
- All staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's computer, portable storage media acceptable usage, e-mail and internet security policies.
- Arrangements are in place for the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores and other assets under their control.
- Lessees and other prospective occupiers of authority land or buildings are not allowed to take possession or enter the land or building until a lease or legal agreement, in a form approved by the Chief Officer Governance in consultation with the Chief Finance Officer, has been established as appropriate.
- Where land or buildings are surplus to requirements, a recommendation for sale is the subject of a report by the Chief Officer, or where action is taken under delegated powers this is reported to the Cabinet.
- Each Chief Officer maintains a register of assets with a value of over £500 which are moveable or desirable assets. The register should list the asset, location recorded, and that they are appropriately marked and insured.
- Cash holdings on premises are kept to a minimum and shall not exceed such limit as the Chief Finance Officer may prescribe, and that the arrangements for such cash holdings have been agreed with Internal Audit. Each Chief Officer must, in consultation with the Chief Finance Officer ensure safe and efficient cover for cash in transit.
- Keys to safes and similar receptacles are carried in the possession of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible. All official keys of buildings, alarms and secure places shall be securely maintained at all times using a designated key tagging system by the individual responsible for their custody. If not held on the person of the individual responsible for their custody, they should be held under secure arrangements. The loss of any such keys shall be reported to the Chief Finance Officer immediately.
- Assets are only used in the course of the Authority's business, unless the Chief Officer concerned has given permission, in writing, for personal use by an employee.
- Records are kept of the disposal or part-exchange of assets.

- Inventories or other records are maintained, in a form approved by the Chief Finance Officer, of all vehicles, plant, equipment (including portable equipment such as FCC Laptops), machinery, protective clothing and such other items as the Chief Finance Officer may require for each location under the Chief Officer's control. Unless otherwise authorised in writing by the Chief Finance Officer, each inventory shall record, in respect of each item a brief description of the item, the serial number or other identifying mark (where applicable), particulars of acquisition (including details of ownership where applicable) and, in due course, particulars of disposal.
- An annual check of all items on the inventory is carried out in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Authority.
- There are arrangements for the care and custody of stocks and stores in the Portfolio. Each Chief Officer shall be responsible for the care and custody of all stocks and stores held in that Portfolio and shall account for their purchase, control, issue and return and disposal in a manner approved by the Chief Finance Officer.
- Items shall be held in stock only where ready availability or where purchase in bulk is more economical than purchase of individual items, having due regard to the storage and administration costs associated with each method. Stocks shall not exceed the level required to meet reasonable anticipated needs or to obtain the benefits of bulk purchasing, except in special circumstances in consultation with the Chief Finance Officer.
- Stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion, referring issues to Internal Audit, where appropriate.
- The Chief Finance Officer shall receive from the appropriate Chief Officer such information relating to stocks as the Chief Finance Officer may require for accounting or costing purposes, and shall require the appropriate Chief Officer to conduct, by persons other than the storekeeper, a complete stock-take at intervals of not more than one year together with one interim stock check.
- Sample checks are made of all actual stock holdings against recorded stock holdings. The checks should be such that all items of stock are included within the check at least once a year.
- Discrepancies are investigated and written off as necessary.

- i) Surplus, obsolete or defective items held in stock shall be disposed of at regular intervals not exceeding one year. Procedures for disposal of such stocks and equipment, including inventory items, should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case. Such write-offs or disposals will be reported to the Cabinet.
- j) When the Chief Officer considers it appropriate, the stock or inventory item may be offered to other Portfolio's or employees for the highest quotation received in a **sealed bid process** and competitive basis or disposed of by public auction. **In each case officers, should seek to achieve the highest amount of value for the Council, whichever method of disposal is appropriate. Disposal shall be certified in the stock records or inventory by the signature of the Chief Officer or other authorised Officer.**
- k) The names of Officers authorised to certify such disposals shall be agreed with and notified to the Chief Finance Officer by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and amendments as they may occur. Disposal of items by any other method shall be subject to prior written authority from the Chief Finance Officer.
- l) In the event that the Authority decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Cabinet.
- m) Whenever, in case of eviction, re-possession or similar circumstances, the Authority takes possession or custody of private moveable property, an itemised inventory shall be taken in the presence of two persons, one of whom shall be an Authority Officer or representative, who both shall witness it as a correct record.
- n) Each Chief Officer shall be responsible for ensuring safe custody and maintaining adequate records of lost property found on premises for which that Chief Officer is responsible. Unclaimed items shall be disposed of by the Chief Officer under arrangements approved by the Chief Finance Officer.
- o) Each Chief Officer will ensure that controls are in place to ensure that staff do not carry out private work in Authority time and that staff are aware of an employer's rights with regard to intellectual property. The Chief Officer People and Resources will ensure that this is reflected in the Authority's HR Policies.

- p) Ensure that income received for the disposal of an asset is properly banked and recorded.
- q) If any aspect of security is considered defective, or if special security arrangements are considered desirable, the Chief Officer concerned shall consult with the Chief Finance Officer with a view to remedial action.

## **4.5 Treasury Management**

### **Why is this important?**

Many millions of pounds pass through the authority's books each year. This has led to the establishment of codes of practices. These aim to provide assurances that the authority's money is managed in a way that balances risk with return with the overriding consideration being given to the security of the authority's capital sum.

### **Key Controls**

That the authority's borrowing and investments comply with the CIPFA Code: Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition), Welsh Government (WG) guidance on local authority investments and the authority's Treasury Management Strategy.

The Authority nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

### **Responsibilities of the Chief Finance Officer**

- a) Ensure that the Authority has an annual Treasury Management Strategy which fulfils the Council's legal obligation under the Local Government Act 2003 and to have regard to both the CIPFA code and the WG guidance.
- b) The Chief Finance Officer will operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Chief Finance Officer. Heads of Service will follow the instructions on banking issued by the Chief Finance Officer.
- c) The Chief Finance Officer will act as the Authority's registrar of stocks, bonds and mortgages and maintain records of all borrowing of money by the Authority.



## **Responsibilities of the Chief Officers**

- a) Arrange for all trust funds to be held, wherever possible, in the name of the Authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.
- b) Arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and for the maintenance of written records of all transactions.
- c) Ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

## **4.6 Imprest Accounts**

### **Responsibilities of the Chief Finance Officer**

- a) Provide employees of the Authority with cash or bank imprest accounts to meet minor expenditure on behalf of the Authority and prescribe rules for operating these accounts.
- b) Agree, in consultation with the relevant Chief Officer, the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- c) Reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.
- d) Issue to Officers authorised to receive official money, such change floats as considered necessary, following consultation with the relevant Chief Officer, for the efficient performance of cash collection duties. Such a float shall not be used for any purpose other than the giving of change, and the Officer to whom it is issued shall be responsible at all times for its safe custody until such time as it is repaid to the Chief Finance Officer.
- e) The Chief Finance Officer may at any time require the authorised Officer to produce the float for inspection, to repay it or to sign a certificate of the amount held.
- f) Where considered appropriate the Chief Finance Officer shall open an account with the Authority's bankers or other approved agency.

## Responsibilities of the Chief Officers

Ensure that a business case is submitted to the Chief Finance Officer for any new Imprest Account. Payments shall be limited to minor items of expenditure up to a general individual limit of £50.

Ensure that employees operating an imprest account:

- (a) Obtain and retain receipts/invoices and vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained in order to ensure the correct recovery of VAT as per Her Majesty's Revenue and Customs (HMRC) regulations.
- (b) Ensure reimbursement claims are signed by the claimant and one authorising signatory. Imprest controllers must ensure that two authorising signatories are obtained where there are no valid receipts/invoices to support the expenditure.
- (c) Make adequate arrangements for the safe custody of the account.
- (d) Produce upon demand by the Chief Finance Officer cash and all receipts/invoices and vouchers to the total value of the imprest amount.
- (e) Record transactions promptly.
- (f) Reconcile and balance the account at least monthly irrespective of the frequency of reimbursement claims. Reconciliation sheets are to be signed by the imprest holder and two authorising signatories and placed on file.
- (g) The Imprest holder shall not allow the account to become overdrawn. It shall be a standing instruction to the Authority's bankers or approved agency that the amount of any overdrawn balance on a Petty Cash Imprest holder's bank account be reported to the Chief Finance Officer.
- (h) Provide the Chief Finance Officer with a certificate of the value of the imprest account/float at the date requested by the Chief Finance Officer.
- (i) Ensure that the imprest is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (j) Ensure that payments are never made to individuals, contractors, consultants, casual staff or self-employed persons. The exceptions are where incentive bonus payments are made to service users in Social Services Day Opportunities and payments are made to residents from deputyship monies. Payments can be made from petty cash and then coded appropriately to the correct budget. In the case of deputyship, this is then reclaimed from personal monies.

- (k) Where emergency loans are made to service users, Officers will comply with the Monitoring and Recovery of Loans Procedure.
- (l) On leaving the Authority's employment or otherwise ceasing to be entitled to hold or be a signatory for an imprest account inform the Chief Finance Officer so that arrangements can be made to close the account or transfer to another authorised Officer.

## **4.7 Staffing**

### **Why is this important?**

In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level

### **Key Controls**

The key controls for staffing are:

- a) An appropriate workforce strategy and policy exists in which staffing requirements and budget allocations are matched
- b) Procedures are in place for forecasting staffing requirements and cost
- c) Controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority
- d) Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy

The management of employee costs within schools is the responsibility of the governing body.

### **Responsibilities of the Chief Finance Officer**

To act as an advisor on workforce related costs (e.g. pension contributions) as appropriate.

### **Responsibilities of the Chief Officers**

The Senior Manager (HR & OD) will act as an advisor to a Chief Officer on Human Resources (HR) policies.

Chief Officers will:

- (a) Ensure that budget provision exists for all existing and new employees.
- (b) Monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

- (c) Ensure that the staffing budgets are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided.
- (d) When reporting to the Cabinet or Authority on any matter which has, or is liable to have, staffing / HR implications, the Chief Officer shall, in consultation with the Chief Finance Officer and the Senior Manager (HR & OD), incorporate into the report both the staffing / HR and financial implications of the matter under discussion.
- (e) Maintain a register of interests, in which any hospitality or gifts accepted, must be recorded:
  - In compliance with the Flintshire County Authority Code of Conduct for Local Government Employees, no employee of the Authority shall accept any fee, gift or reward which is intended as, or might be construed as, an inducement to influence that employee in the execution of that employee's duties.
  - The offer of any such fee, gift or reward shall be reported immediately by the employee concerned to the appropriate Chief Officer, and shall be recorded in the register of gifts and hospitality.

The Senior Manager (HR & OD) will ensure that this policy will be reflected in the HR Policies and other policies, as relevant, of the Authority.

# 5. Financial Systems and Procedures

## 5.1 General

### Why is this important?

The information held in financial systems must be accurate and the systems and procedures well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

### Key Controls

The key controls for systems and procedures are:

- a) Basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated
- b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis
- c) Early warning is provided of deviations from target, plans and budgets that require management attention
- d) Operating systems and procedures are secure

### Responsibilities of the Chief Finance Officer

To make arrangements for the proper administration of the authority's financial affairs, including to:

- a) Issue advice, guidance and procedures for officers and others acting on the authority's behalf
- b) Determine the accounting systems, form of accounts and supporting financial records
- c) Establish arrangements for audit of the authority's financial affairs
- d) Approve any new financial systems to be introduced
- e) Approve any changes to be made to existing financial systems

### Responsibilities of the Chief Officers

- a) To ensure that accounting records are properly maintained and held securely
- b) To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Chief Finance Officer

- c) To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original documents and vice versa is maintained
- d) To incorporate appropriate controls to ensure where relevant that all input is genuine, complete, accurate, timely and not previously processed. All processing is carried out in an accurate, complete and timely manner and output from the system is complete, accurate and timely.
- e) To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice
- f) To ensure there is a documented and tested disaster recovery plan to allow for information system processing to resume quickly in the event of an interruption
- g) To ensure that systems are documented and staff trained in operations.
- h) To consult with the Chief Finance Officer before changing any existing system or introducing new systems
- i) To establish a scheme of delegation identifying officers authorised to act upon the Chief Officer's behalf in respect of payments, income collection and placing orders, including variations and showing the limits of their authority.
- j) To supply lists of authorised officers, with specimen signatures and delegated limits to the Chief Finance Officer and any subsequent variations
- k) To ensure that where appropriate, computer systems are registered in accordance with current data protection legislation and that staff are aware of their responsibilities under the legislation. The law around data protection is changing, the General Data Protection Regulation (GDPR) will apply in the UK from 25th May 2018 and will replace the current Data Protection Act (DPA).

## 5.2 Income and Expenditure

### Why is this important?

Effective income collection systems are necessary to ensure that all income is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cashflow and avoids the time and cost of administering debts.

### Key Controls

The key controls for income are:

- a) All income due to the Authority is identified and charged correctly, in accordance with the approved charging policy which is regularly reviewed
- b) All income is collected from the correct person at the right time using the correct procedures
- c) All money received by an employee on behalf of the authority is paid without delay to the Chief Finance Officer or as he or she directs to the Authority's bank account and properly recorded. The responsibility for cash collection should be separated from that of identifying the amount due and for reconciling the amount due to the amount received.
- d) Effective action is taken to pursue non-payment within defined timescales

- e) Formal approval for debt write-off is obtained
- f) Appropriate write-off action is taken within defined timescales
- g) Appropriate accounting adjustments are made following write-off action
- h) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- i) Money collected and deposited is reconciled to the back account by a person who is not involved in the collection or banking process.
- j) The Council's position on money laundering is contained within the Money Laundering Policy, which is available upon request from the Chief Finance Officer. Officers involved in the collection of income should make themselves aware of this policy and report suspected cases to the Chief Finance Officer. For this purpose, the Council cannot accept cash in excess of £5,000, although it is for individual officers to decide if, in specific instances, they should report incidents involving lesser amounts. In any situation requiring a sizeable refund the Officer involved should check the original type of lodgement.

### **Responsibilities of the Chief Finance Officer**

- a) To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection
- b) Order, control and issue all receipts, invoices, tickets and other documents recording, acknowledging, or demanding the receipt of monies paid to the Council, except where the Chief Finance Officer has given written approval to alternative arrangements in specific instances.
- c) Agree the write-off of bad debts up to £5,000 in aggregate for each single domestic or business debtor, agree in consultation with Cabinet the write-off of bad debts over those amounts but up to £25,000 and refer for approval items for write-off in excess of £25,000 to the Cabinet. A record of all sums written off up to the approved limit is maintained to adhere to the requirements of the Accounts and Audit Regulations
- d) Make or approve secure and efficient arrangements for the recording of all income received by direct debit, standing order, debit and credit cards and such other methods of payment as the Council may approve
- e) To ensure that appropriate accounting adjustments are made following write-off action

### **Responsibilities of the Chief Officers**

- a) To comply with the Income Generation Policy which has been established to support the provision of setting the Council's fees and charges and annual increases.
- b) Where possible income should be obtained in advance of supplying goods or services to improve the Council's cash flow, to avoid the time and cost of administering debts, and to reduce the risk of non-collection, particularly for low value items.
- c) No Sundry debt invoices with a value of less than £40, with the exception of invoices relating to peppercorn rents, licenses or leases in connection with the occupation of council land or property shall be raised without the approval of the Chief Finance Officer.
- d) To separate the responsibility for identifying amounts due and the responsibility for collection
- e) To initiate appropriate debt recovery procedures in accordance with the Corporate Debt policy
- f) To issue official receipts or to maintain other documentation for income collection
- g) To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- h) To lock away all income to safeguard against loss or theft and to ensure the security of cash handling
- i) To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received
- j) To ensure income is not used to cash personal cheques or other payments
- k) To supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer to record correctly the sums due to the authority and to ensure accounts are sent out promptly. If possible all invoices should be raised within 5 working days of the provision of goods or services or at the earliest opportunity.
- l) Have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.



- m) To recommend to the Chief Finance Officer all debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled except by full payment or by it being subject to formal writing off.
- n) Ensure that levels of cash held on the premises do not exceed approved limits.
- o) Keep a record of every transfer of cash between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy. Every transfer of cash shall be made direct by hand and not through the internal or external post (unless by prior approval from the Chief Finance Officer).
- p) To obtain the approval of the Chief Finance Officer when writing off debts in excess of the approved limit and the approval of Cabinet where required.

### **5.3 Ordering and paying for work, goods and services**

#### **Why is this important?**

Public money should be spent with demonstrable probity and in accordance with the authorities' policies. The Authority has a statutory duty to achieve best value through economy and efficiency. The Authority's procedures should help ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the authority's Contract Procedure Rules.

#### **General**

Every officer and member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority in accordance with the appropriate codes of conduct.

Official orders must be submitted in advance via the Purchase to Pay system (P2P). No retrospective orders should be placed. Official orders must be issued for all work, goods or services to be supplied to the authority except for petty cash purchases or other exceptions specified by the Chief Finance Officer.

Each order must conform to the guidelines approved by the full authority on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Chief Finance Officer.

Apart from petty cash, schools own bank accounts and other payments in advance accounts, the normal method of payment from the authority shall be by BACS or other instrument or approved method drawn on the authority's bank account. The use of direct debit shall require the prior agreement of the Chief Finance Officer.

Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

## **Key Controls**

The key controls for ordering and paying for work, goods and services are:

- a) All goods and services are ordered only by appropriate persons and are correctly recorded
- b) All goods and services shall be ordered in accordance with the authority's contract procedure rules
- c) All orders are submitted via Purchase to Pay (P2P) and placed in advance of the relevant work, goods services or works being supplied.
- d) Goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order
- e) Payments are not made unless goods have been received by the authority to the correct price, quantity and quality standards
- f) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- g) All appropriate evidence of transaction and payment documents are retained and stored for the defined period in accordance with the document retention schedule.
- h) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions corrected.
- i) The effect of electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

## **Responsibilities of the Chief Finance Officer**

- a) To ensure that all the authority's financial systems and procedures are sound and properly administered.
- b) All procurement activities (ordering or goods, services and works) will be undertaken on the Council's approved Purchase to Pay (P2P) system.
- c) To approve any changes to existing financial systems and to approve any new systems before they are introduced
- d) To approve the form of official orders and associated terms and conditions
- e) To make payments from the authority's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules
- f) To make payments, whether or not provision exists within the estimates where the payment is specifically required by statute or is made under a court order
- g) To make payments to contractors on the certificate of the appropriate Chief Officers which must include details of the value of work, retention money, amounts previously certified and amounts now certified

- h) To provide advice and encouragement on making payments by the most economical means
- i) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into accounts in budget monitoring reports.

## **Responsibilities of the Chief Officers**

- a) To ensure that upfront electronic orders using the Purchase to Pay (P2P) system are placed for all goods and services other than petty cash purchases and any other exemptions specified by the Chief Finance Officer.
- b) To ensure that orders are only used for goods and services provided to the Portfolio. Individuals must not order goods or services for their private use
- c) To ensure that only those staff authorised by the Chief Officer approve orders and to maintain an up to date list of such authorised staff including specimen signatures identifying in each case the limits of their authority. The list should be reviewed annually. Names of authorising Officers together and details of the limits of their authority shall be forwarded to the Chief Finance Officer and any subsequent amendments incorporated into the P2P system
- d) The authoriser of the order should be satisfied that the goods and services ordered are appropriate and that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurements. Value for money should always be achieved.
- e) To ensure that all expenditure, including VAT, is accurately recorded against the correct budget head and any exceptions are corrected. If it is deemed that a budget amount has been incorrectly allocated, a Chief Officer will request a journal adjustment. Under no circumstances will the expenditure be incorrectly coded in order to match the expenditure with an incorrect budget allocation.
- f) Each Chief Officer shall be responsible for all orders issued from, or on behalf of, his or her Portfolio. Where one Chief Officer places an order on behalf of another, that Chief Officer shall obtain the latter's consent in advance.
- g) To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should where possible be carried out by a different officer from the person who authorised the order.
- h) To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:
  - Receipt of goods or services

- That the invoice has not been previously paid
  - That expenditure has been properly incurred and is within budget provision
  - That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
  - Correct accounting treatment of tax
  - That discounts have been taken where available
  - That appropriate entries will be made in accounting records
- f) To ensure that two authorised members of staff are involved in the ordering, receiving and payment process and appropriate segregation of duties are maintained at each stage.
- g) To ensure that the Portfolio maintains and reviews periodically a list of staff approved to authorise the invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Chief Finance Officer
- h) To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice
- i) To encourage suppliers of goods and services to receive payments by the most economical means for the authority. Payments made by direct debit must have the prior approval of the Chief Finance Officer.
- j) To ensure that the directorate obtains the best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality with regard to best value principles and contract procedure rules
- k) To ensure that loans, leasing or rental arrangements are not entered into without prior agreements from the Chief Finance Officer.
- l) To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.
- m) To notify the Chief Finance Officer immediately of any expenditure incurred as a result of statute/court order where there is no budgetary provision
- n) To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the document retention schedule.

## 5.4 Payments to employees and members

### Why is this important?

Staff costs are the largest item of expenditure for most authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and that payments accord with individuals' conditions of employment. It is important that all members' allowances are authorised in accordance with the scheme adopted by the full council.

## Key Controls

The key controls for payments to employees and members are:

- a) Proper authorisation procedures are in place and that there are corporate timetables in relation to starters, leavers and variations to pay.
- b) Frequent reconciliation of payroll expenditure against approved budget and bank account.
- c) All appropriate payroll documents are retained and stored for the defined period in accordance with the retention schedule.
- d) Compliance with HMRC and other statutory regulations.
- e) All claims for payment of financial loss, attendance, travelling, subsistence and car allowances and other incidental expenses paid for by the claimant, shall be completed and signed by the claimant in a form approved by the Corporate Finance Manager or Senior Manager, HR & OD as appropriate.
- f) The off-payroll (IR35) working rules are in place to ensure that where an individual would have been an employee if they were providing their services directly, their payments are processed via payroll.

## Responsibilities of the Corporate Finance Manager

The Corporate Finance Manager or Senior Manager, HR & OD as appropriate will:

- a) Arrange and control secure and reliable payment of salaries, pensions, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- b) Record and make arrangements for the accurate and timely payment to all appropriate statutory and non statutory bodies including Pay as you Earn (PAYE), pensions and other payroll deductions.
- c) Make arrangements for payment of all travel and subsistence claims or financial loss allowance.

- d) Make arrangements for paying Members' under the Members Allowances Scheme and the Members Travel and Subsistence Scheme, which will be maintained by the Corporate Finance Manager or Senior Manager, HR & OD as appropriate.
- e) Ensure that there are adequate arrangements for administering pension scheme matters on a day-to-day basis.
- f) Maintain a list of all officers who are approved to authorise any payroll related records as notified by the relevant Chief Officer. This shall be reviewed on a regular basis. Chief Officers must communicate any changes as soon as they are known.
- g) Implement pay agreements as soon as possible after their notification from the appropriate body and process increments. Arrangements for funding such awards will be determined each year as part of the budgetary process.
- h) Retain for each employee, a copy of contracts and terms and engagements together with sufficient information to identify service, salary scale and current amount payable and absences from duty (apart from approved leave).

### **Responsibilities of the Chief Officers**

- a) To provide the Corporate Finance Manager or Senior Manager, HR & OD as appropriate, in writing with the names of officers authorised to certify claims for expenses together with the specimen signature of each such authorised Officer, and any amendments on the occasion of any change. Certification of a claim by, or on behalf of, a Chief Officer shall signify that the certifying Officer is satisfied that the journeys were authorised, that the expenses were necessarily incurred in the performance of duty, that the allowances are properly payable by the Council, and that cost-effective travel arrangements are achieved.
- b) To ensure that claims are submitted to the Corporate Finance Manager or Senior Manager, HR & OD as appropriate for payment within the specified timescale. Ensure appointments are made in accordance with the Procedure Rules of the Council and approved establishments, grades, scale of pay and that adequate budget provision is available.
- c) Notify the Corporate Finance Manager or Senior Manager, HR & OD as appropriate of all appointments, terminations (resignations, dismissals) or variations (secondments, transfers, absences from duty through sickness or other reasons apart from approved leave, changes in remuneration, other than normal increments and pay awards and agreements of general application) which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Corporate Finance Manager or Senior Manager, HR & OD as appropriate.

- d) Ensure that adequate and effective systems and procedures are operated in a form approved by the Senior Manager, HR & OD, so that payments are only authorised to bona fide employees:
- Payments are only made where there is a valid entitlement.
  - Conditions and contracts of employment are correctly applied.
  - Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- e) Provide information necessary to maintain records of service for pensions, income tax, national insurance or other statutory obligations.
- f) Ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Senior Manager, HR & OD.
- g) Ensure that the Senior Manager, HR & OD is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- h) In conjunction with the Senior Manager, HR & OD, maintain an up to date establishment structure and adhere to the Establishment Control Maintenance Process.
- i) The Senior Manager, HR & OD will be responsible for recovering payroll overpayments where the employee continues to have employment with the Council and where the overpayment is £750 or less. A repayment schedule, ensuring repayment is made within the same financial year as the overpayment, will be formally agreed with the employee.
- j) For all payroll overpayments in excess of £750, irrespective of employment status, recovery of the overpayment will be the responsibility of Debt Recovery, ensuring that such overpayments are included within the Council's total debt.
- k) All pay documents shall be, in a manner prescribed by the Senior Manager, HR & OD, certified manually by or on behalf of the appropriate Chief Officer. The names of Officers authorised to certify such documents shall be agreed with, and notified in writing to the Senior Manager, HR & OD by each Chief Officer, who shall provide the Corporate Finance Manager with the specimen signature and initials of each such authorised Officer and any amendments on the occasion they arise.
- l) Chief Officers and the Senior Manager, HR & OD will ensure that all appropriate payroll documents are retained and stored, as required, by the Senior Manager, HR & OD.

- m) No cheque made payable to a Member or Employee will be cashed by the Council, unless it is under a scheme approved by the Corporate Finance Manager and is presented by the person named on the cheque, and duly endorsed.
- n) Members and employees will submit claims for travel and subsistence on a monthly and comply with the Mileage and Expenses Policy. Mileage and Expense claims over three months old will only be paid once a satisfactory written explanation of the late submission has been provided from the relevant Service Manager to the Senior Manager – HR and OD.
- o) Timesheets, Employee Self Service and other documents which are used to generate payment of salaries or other employee related expenses must be on official forms or via authorised electronic inputs. Chief Officers are responsible for ensuring that they are certified by an authorised Certifying Officer.

## **5.5 Taxation**

### **Why is this important?**

The Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important that all officers are made aware of their role.

### **Key Controls**

The key controls for taxation are:

- a) Budget managers are provided with the relevant information and kept up to date on tax issues
- b) Budget managers are instructed on required record keeping
- c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- d) Records are maintained in accordance with instructions
- e) Returns are made to the appropriate authorities within the stipulated timescale

### **Responsibilities of the Chief Finance Officer**

- a) The Chief Finance Officer and / Senior Manager HR & OD (as appropriate as described below) is responsible for advising Chief Officers and Heads of Service, on all taxation issues that affect the Council.



- b) The Chief Finance Officer or Senior Manger HR & OD as appropriate is responsible for maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date.
- c) Complete a monthly return of Value Added Tax (VAT) inputs and outputs to HMRC.
- d) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- e) Provide details to HMRC regarding the construction industry tax deduction scheme.
- f) Maintain up-to-date guidance for each Chief Officer on their responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.
- g) The Senior Manger HR & OD, with guidance from the Chief Finance Officer, will:
- Account to HMRC for all tax deducted from employees' emoluments under the PAYE arrangements.
  - Maintain up-to-date guidance for Chief Officers on their responsibilities in regard to taxation matters relating to Payroll, and inform Council employees of taxation issues arising within Payroll.
- h) The Chief Finance Officer or Senior Manger HR & OD as appropriate may require from any employee of the Council such information as is necessary for fulfilment of their obligation under this Financial Procedure Rule.

### **Responsibilities of the Chief Officers**

- (a) Ensure that for any purchase which is taxable under current VAT legislation, payment will only be made on receipt of a proper invoice complying with the VAT regulations. The only exceptions are where an invoice is properly issued by the supplier on receipt of payment or where the use of authenticated VAT receipts has been agreed with the supplier.

- (b) Ensure that the correct VAT liability is attributed to all income due and that the recovery of VAT on purchases, including those paid for via an imprest account or corporate card, complies with HMRC Customs regulations.
- (c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- (d) Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- (e) Follow the guidance on taxation issued by the Senior Manger HR & OD such as the "Tax Management: Corporate Policy Statement"; in the "VAT Manual" and in taxation updates issued periodically.
- (f) Seek advice from the Chief Finance Officer or Senior Manger HR & OD as appropriate on VAT, or other tax implications, when entering into partnerships and other joint working arrangements.

## **5.6 Trading Accounts and Business Units**

### **Why is this important?**

Trading accounts and business units will become more important as services develop a more commercial culture. Authorities are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost.

Where services are provided via an 'Alternative Delivery Model' (separate legal entities), specific financial procedures will be incorporated into the individual models.

### **Responsibilities of the Chief Finance Officer**

To advise on the establishment and operation of trading accounts and business units.

### **Responsibilities of the Chief Officers**

- a) To consult with the Chief Finance Officer where a business unit wishes to enter into a contract with a third party where the contract exceeds the remaining life of their main contract with the authority
- b) To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited

and all relevant expenditure, including overhead costs is charged to produce an annual report in support of the final accounts.

- c) To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units
- d) To ensure that each business unit prepares an annual business plan

## 6. External Arrangements

### 6.1 Partnerships

#### Why is this important?

Partnerships play a key role in delivering community strategies and in helping to promote and improve the well being of an area. The Local Authority can still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders and deliver a shared vision of services based on user wishes.

#### Key Controls

The key controls for authority partners are:

- a) If appropriate to be aware of their responsibilities under the authority's financial regulations and contract standing orders
- b) To ensure that risk management processes are in place to identify and assess all known risks
- c) To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- d) To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- e) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution

#### General

- a) Both the Council and the Cabinet are responsible for approving delegations, including frameworks for partnerships and joint ventures. The Cabinet is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.

b) Both the Council and the Cabinet can delegate functions – including those relating to partnerships – to Officers. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated the Officers remain accountable for them to the Council and the Cabinet as appropriate.

c) The Head of Paid Service or other nominated Officers will represent the Council on partnerships and external bodies, in accordance with decisions of the Council/Cabinet or otherwise as authorised by the Head of Paid Service

### **Responsibilities of the Chief Finance Officer**

a) Be responsible for (with the Monitoring Officer) for encouraging the same high standards of conduct (with regard to financial administration and other matters, respectively) in partnerships and joint ventures that apply throughout the Council insofar as the constitutions of respective organisations permit them to do so.

b) Ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are appropriate. He or she, in consultation with the Monitoring Officer, must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, ensuring that the risks have been fully appraised before agreements are entered into.

c) Advise on the key elements of funding a project, including:

- An options appraisal scheme for financial viability.
- Risk appraisal and management.
- Resourcing, including taxation and pension issues.
- Audit, security and control requirements.
- Carry-forward arrangements.

d) Ensure that the accounting arrangements are appropriate.

### **Responsibilities of the Chief Officers**

a) To be responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. (The Monitoring Officer will advise on legal matters)

b) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.

- c) Ensure that, before entering into agreements with external bodies, a risk management and options appraisal has been prepared for the Cabinet, in consultation with the Chief Finance Officer and Monitoring Officer.
- d) Ensure that all agreements and arrangements are properly documented.
- e) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- f) Ensure that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.
- g) Ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the Chief Finance Officer.
- h) Seek advice from the Chief Finance Officer or Chief Officer People and Resources as appropriate on VAT, or other tax implications, when entering into partnerships.

## **6.2 External Funding including Grants**

### **Why is this important?**

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers.

### **Key Controls**

The key controls for external funding are:

- a) To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full council.
- c) To ensure that any match funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

### **Responsibilities of the Chief Finance Officer**

- (a) Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- (b) Ensure that all grant income and associated information is logged on the Corporate Grants Database and adhere to the requirements of the Grant Manual.
- (c) Ensure that audit requirements are met.
- (d) Ensure that match funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

## Responsibilities of the Chief Officers

- a) Ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) Ensure that funds are acquired only to meet the priorities approved by the Council in the policy framework.
- c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
- d) Ensure that all claims for funds are made by the due date.
  
- e) Ensure that proposals are costed properly and that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- f) Ensure that contracts are drawn up and maintain a register of all contracts entered into with third parties.
- g) Ensure that appropriate insurance arrangements are made, via the Chief Finance Officer.
- h) Ensure that, as far as possible, the Council is not put at risk from any bad debts.
- i) Ensure that no contract is subsidised by the Council.
- j) Ensure that such contracts do not impact adversely upon the services provided for the Council.
- k) Have in place an exit strategy to implement when the funding ceases. This strategy must allow for all costs associated with the winding up, including any costs arising because staff have gained employment rights, being met from within the externally provided monies and, therefore, at no additional cost to the Council. If the terms of the external funding do not allow such costs to be met from it, then they must be met from within the base budget of the Portfolio concerned.
- l) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.
- m) Ensure that all grant income is coded, in the first instance, to the appropriate balance sheet code in order to avoid double counting the overall income and expenditure of the Council.

## Other Funds

## Why is this important?

The Council will not as a general rule supervise the financial administration of, nor audit, unofficial funds, and accepts no liability whatsoever for any loss however caused. Unofficial funds are defined as those which are not the property of the Council, for example school monies collected by schools for school trips and monies held in Amenities Funds in Social Services establishments. Those operating such funds, therefore, have an overall responsibility to ensure that proper financial stewardship is observed.

## Key Controls

- (a) A Treasurer and independent auditor are formally appointed.
- (b) Proper rules are operated to secure adequate standards.
- (c) Adequate records and procedures are maintained.
- (d) Regular reports on fund transactions and balances are received and checked against bank statements.
- (e) Annual statements of income and expenditure and fund balances are prepared and audited on a timely basis.

## General

The School Fund Regulations, 2013 must be followed for the operation of all school funds in Flintshire Schools and ensure that funds are only used for the purpose that they are intended for as per the regulations.

## Responsibilities of the Chief Finance Officer

Prepare the note to be entered into the Statement of Accounts

## Responsibilities of the Chief Officers

Those operating or intending to operate unofficial funds are also required to:

- (a) Notify the Chief Finance Officer of details of the fund as soon as it is set up.
- (b) Provide an independent audit certificate for the fund on an annual basis.
- (c) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.



## **Protection of Clients Assets**

### **Why is this important?**

Where the Council is appointed as a Deputy for a Client by the Office of the Public Guardian (OPG), the Chief Officer will ensure that all OPG regulations and guidelines are complied with.

Where the Council is approved by the Department for Work and Pensions (DWP) to act as a Corporate Appointee for a Client, Chief Officers will ensure that all guidelines provided by the DWP are complied with.

### **Key Controls**

#### **Responsibilities of the Chief Officers**

Heads of Service will ensure that a separate bank account is arranged for each Client, with the bank account reconciled on a regular basis, at least monthly.

Every transfer of clients monies from one Officer to another shall be recorded immediately in a manner approved by the Chief Finance Officer and shall be evidenced by the signature of the receiving Officer.

Mae'r dudalen hon yn wag yn bwrpasol

<b>GLOSSARY OF FINANCIAL TERMS</b>	
Aggregate External Finance (AEF)	Aggregate external finance (AEF) represents the support for local revenue spending from the Welsh Government and is made up of formula grant. Formula grant includes the revenue support grant (RSG), and the distributable part of non-domestic rates (NDR). Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement.
Annual Report & Accounts	The document that contains a summary of the purpose of the local authority, its activities and performance for the year, as well as the annual accounts.
Anti Canvassing	A declaration that a supplier, provider or contractor has not been party to canvassing or lobbying Council staff or Members either directly or indirectly to gain preferential treatment in competitive tendering processes.
Anti Collusive	A declaration that a supplier, provider or contractor has not been party to possibly fraudulent arrangements between two or more of them whereby prices or service requirements are manipulated to get round competitive tendering.
Assets	Any item of value owned by an entity (e.g. buildings, vehicles). Assets can be classed as Non-current or capital assets where the asset has a useful life of more than one year (e.g. buildings, vehicles), or a current asset which includes cash or other assets which can reasonably be expected to be converted to cash in the normal course of business including stocks, debtors etc.
Audit Certificate	The document that contains the opinion of the external auditor regarding an organisation's accounts, systems and standards.
Audit Committee	Audit Committees monitor and review the risk, control and governance processes that have been established in an organisation and the associated assurance processes to ensure that internal control systems are effective and that activities are within the law and governing regulations. This is done through a process of constructive challenge.
Audit Plan	Internal audit identification of the work that they intend carrying out over the audit planning period (up to a year) and the resources needed for that work.
Barnett Formula	The formula used to allocate a population based share of changes in planned expenditure on comparable services by Departments of the UK Government to the devolved administrations of Wales, Scotland and Northern Ireland. The Barnett Formula calculates the size of change to the assigned budget rather than the total assigned budget.
Benchmarking	A method for councils to work out how well they are doing, by comparing their performance with other, similar councils, and with performance indicators.
Best value	A statutory duty owed by local authorities to their local community, requiring them to make continuous improvements in the way they carry out their functions having regard to a combination of economy, efficiency and effectiveness.
Block Grant	The Block Grant is the sum of money voted by parliament to the

	Secretary of State for Wales. It constitutes the assigned element of the Welsh Governments' Departmental Expenditure Limit and is calculated from the existing baseline using the Barnett Formula.
Budget	A statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and the capital programme and any authorised amendments to them.
Budget Book	The publication in which the Council sets out its budget for a particular financial year.
Budget Head	For a particular service activity, the level of detail at which revenue or capital budgets are approved by the Council, whether in the Budget Book, the latest approved capital programme or as a result of supplementary estimates approved for the budget year.
Budgetary Control	The continual review of expenditure and income, both revenue and capital, against planned levels of expenditure and income to help ensure that service objectives are achieved and the overall resources of the Council are not over or under spent. This process is aided by the use of budget profiles.
Capital Programme	The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.
Capital Charges	A calculation of the annual costs, included within the revenue accounts of using capital assets. This includes, where appropriate depreciation.
Capital Expenditure	Spending on non-current assets (buildings, equipment and land) intended to benefit future accounting periods or spending that increases the capacity, economy, efficiency or lifespan of an existing asset.
CIPFA	Chartered Institute of Public Finance and Accountancy
Code of Corporate Governance	The part of the Council's constitution which sets out the systems and processes, and cultures and values necessary for achieving and demonstrating good corporate governance.
Codes of Conduct	The protocols within which Members and Officers will work as set out in the Constitution.
Codes of Practice	Guidance issued by professional bodies in relation to standards which are not regulated by statute, or by the Council itself.
Collaborative Arrangement	A contract or agreement established in conjunction with one or more other organisations.
Collaboration/ Consortium	The process of procurement shared between different Councils or other public sector organisations.
Construction Industry Scheme 2007	Legislation designed to ensure that all payments to contractors are made in accordance with HMRC legislation.
Consultant	A person (not an employee), agency or firm engaged for a limited period of time on a fee basis to carry out a specific task or tasks. A consultant provides subject matter expertise and/or experience to the Council either because it does not possess the skills or resource in-house or which requires an independent evaluation/assessment to be

	made
Contract	An agreement to be supplied with goods, works, services or supplies on mutually agreed and binding terms, often in writing.
Contractor/ Supplier/ Provider	The successful 'other party' with whom a contract is formed to provide the specified requirement.
Corporate Contracts	A contract which has been procured by Flintshire County Council or a Consortium for the potential use of, and on behalf of, the whole of Flintshire.
Corporate Governance	The system by which organisations are directed and controlled. The framework that ensures that an organisation fulfils its overall purpose, achieves its intended outcomes for residents of Flintshire and service users, and operates in an effective, efficient and ethical manner.
Council Fund	The fund to which all the Council's revenue expenditure is charged
Council Tax	A local tax based on the capital value of residential properties.
Council Tax Base	The estimated number of chargeable properties, expressed as the equivalent number of 'Band D' properties in the Council's area. The Council is required to annually advise the Welsh Government of its Council Tax Base (as at 31 <sup>st</sup> October), which they use in the Local Government Financial Settlement, and to allow the County Council, North Wales Police Authority and Town / Community Councils to calculate the following year's Council Tax charges.
Council's Constitution	The Constitution sets out how Flintshire County Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Council's Monitoring Officer	The Officer designated by the Council as its Statutory Monitoring Officer.
Creditors	A person or body to whom the Council owes money.
Debtors	A person or body who owes the Council money. The debt may derive from a number of sources such as Council Tax or rent arrears, rechargeable works or where an account has been rendered for a service provided by the Council.
E procurement	The effective use of ICT to communicate and transact Council business with suppliers etc.
E tender	The effective use of ICT to undertake tenders.
Estimated Outturn	Estimates of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.
External Audit	External auditors provide an independent check that the annual accounts of a body properly reflect the financial year, funds were spent in accordance with relevant regulations or directions, and that the body achieves the best possible value for public money. External audit may also carry out value for money or other reviews of services.
Financial Regulations	That part of the Council's Constitution which provides an approved framework for the proper financial management of the authority.
Financial year	The period of twelve months commencing on 1 April
Framework Agreements	An arrangement under which a contracting Authority establishes with a provider of goods, works or services, the terms under which contracts subsequently can be entered into, or 'called-off' (within the limits of the

	agreement) when particular needs arise.
Fraud	Fraud is an intentional deception made for personal gain or to damage another individual. Good internal controls and governance arrangements are essential to minimise the risk of fraud. When council suffer fraud or theft it is often the case that the perpetrator has prepared false documents to disguise or to cover up the theft or fraud. In many cases the false documents include invoices and minutes
Goods	Tangible, moveable commodities (e.g. furniture and equipment etc)
Housing Revenue Account	The Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the council fund and trading accounts and is funded primarily from rents and government subsidy. Rent increases and the Housing Revenue Account Subsidy (HRAS) are approved annually under Standing Order 29, by the Welsh Government, through the <i>(Wales) General Determination of the Item 8 Credit and Item 8 Debit</i> and the <i>Housing Revenue Account Subsidy (Wales) Determination</i> .
Hypothecated Funding	Ring-fenced funding, which must be spent on particular services or initiatives
Indicator Based Assessments (IBAs)	Service specific Indicator Based Assessments (IBAs) are combined to generate total Standard Spending Assessments (SSAs, see further on) which are used by the Welsh Government to distribute the Revenue Support Grant funding to Local Authorities. IBAs are for use in calculating total SSAs and are not intended for use in determining individual authorities' budgeted expenditure on particular services.
Investment Income	Income from interest receipts on investments held by the council
Indemnity	Protection against future loss, or legal exemption from liability for damages
Insurance	Insurance is one of the ways that the councils manage the risk of losses
Internal Audit	Internal audit provides an objective appraisal service within an organisation, to improve the organisation's risk management, control and governance procedures, and to provide assurance to the accountable officer and the audit committee on these matters.
Internal control	The systems an organisation has in place to manage and mitigate risk.
Inventory	A detailed listing of all goods, materials, furniture and equipment in the ownership or use of a particular service, other than those held in stocks and stores records. They are also subject to periodic physical checks. Inventories are normally maintained in sufficient detail as to description, location, age, value etc. to enable any material loss arising from a fire, theft or other event to be identified and to support any insurance claim.
Land Terrier	Records of land owned by the Council
Liabilities	Items that are owed by the entity such as loans, leases, etc.
Liquidated Damages	A prior estimate of a justifiable financial loss in the event of a failure to complete by the specified date(s).
Materiality	An expression of the relative significance of a particular matter in the context of the financial statements as a whole

Members Allowances	A scheme of payments to elected Members of the Council in recognition of their duties and responsibilities in accordance with the relevant Regulations.
Medium Term Financial Strategy	The approved strategic process by which the council expects to finance its activities in the medium term.
Outturn	Expenditure actually incurred
Overspend	When referring to expenditure the actual expenditure incurred is greater than the budget. Shown as a +ve When referring to income the actual income achieved is less than the budget. Shown as a +ve.
PAYE	Tax deductions from salaries and wages payments made by the Council in accordance with HMRC legislation.
Petty Cash/Imprest Account	A small amount of cash kept on hand by a service for incidental expenses
Precept	This is the Council Tax collected by the Council on behalf of the Community Councils and the North Wales Police Authority
Procurement	Procurement is the process of obtaining supplies, services and works spanning the life cycle of the asset or service contract. It has a wider meaning than traditional terms such as purchasing, buying or commissioning. It is about securing services and products which best meet the needs of all stakeholders; anyone who can or might be affected by the services and products involved.
Reserves	These are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.
Revenue	A term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes however charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.
Revenue Support Grant (RSG)	<p>The Revenue Support Grant (RSG) represents the major element in the support for local revenue spending that the Council receives from the Welsh Government, as required by section 78(1) of the <i>Local Government Finance Act 1988</i>. Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement, and form a part of the Aggregate External Finance (AEF).</p> <p>The objective of the revenue support grant system is to enable authorities to provide a common level of service consistent with an aggregate figure of total standard spending (as assessed by Welsh Government using Standard Spending Assessments, see below). Its aim is to compensate for differences in the levels at which authorities need to spend and at which they can raise council tax in order to provide a common level of service. This objective is met by calculating the revenue support grant for each authority as the difference between its standard spending assessment and the sum of its re-distributed non-domestic rate income and council tax (as calculated by the Welsh Government for standard spending purposes.)</p>

Risk Management	A planned and systematic approach, involving culture, structure and processes, to provide assurance that the Council's significant risks are identified, evaluated and managed effectively
Risk Management Policy	An agreed policy which sets out how and why the Council will manage risk of all types across all of its activities
Scheme of Delegation	The framework by which budgetary control and financial monitoring are exercised at a local level.
Section 151 Officer	Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. In Flintshire, this responsibility is vested in the Head of Finance.
Select List	A list of suitably qualified contractors, suppliers or providers that has been drawn up and assessed through an advertising and short-listing exercise for a particular contract or procurement activity.
Services	Intangible commodities (e.g. agency staff, consultants etc). It can also mean support to individuals or groups.
Standard Spending Assessments (SSAs)	<p>Standard Spending Assessments (SSAs) are notional assessments of each council's need to spend on revenue services, calculated each year by the Welsh Government for use in the distribution of the Revenue Support Grant (RSG). SSAs are calculated prior to the year to which they relate using principles established by the Welsh Government, which encompass the demographic, physical and social characteristics of each area, as reflected by a range of indicators. SSAs include the need to spend on the current element of revenue expenditure and the need to spend on the capital charges element of revenue expenditure. The distribution of the current element between local authorities is based on the distribution of, such as pupil numbers, population and measures of deprivation and rurality. The distribution of the capital charges element between local authorities is based on the latest available credit ceiling figure for each authority (which is essentially the level of unpaid debt) together with estimates of how this will change in the year to which the SSAs relate.</p> <p>SSAs are intended to reflect variations in the need to spend which might be expected if all authorities responded in a similar way to the demand for services in their area, and as this is the mechanism for distributing the RSG to local authorities this would enable all authorities in Wales to charge the same level of council tax for the provision of a similar standard of service.</p> <p>An authority's SSA is derived as a funding mechanism to distribute the RSG, it is not and should not be viewed as a target level of expenditure for an authority. The RSG funding is unhypothecated, SSAs are not meant to be prescriptive in any way, and therefore authorities will spend at levels above and below their SSA according to decisions that have been made locally.</p>
Statement of	The Statement of Accounts provides details of the Council's financial



Accounts	<p>position over the previous financial year. Its purpose is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances. Statements of Accounts across all local authorities should reflect a common pattern of presentation, although this does not require them to be in an identical format.</p> <p>The Statement of Accounts is produced in accordance with the requirements of the Code of Practice on Local Authority Accounting in the UK (the code). The code is updated annually and in 2010/11 the code was based on International Financial Reporting Standards (IFRS) issued by CIPFA for the first time.</p>
Sub-contractors	A subcontractor is a legal person appointed by a contractor to get the contract, part of the contract or any section of the contract assigned to him to be executed.
Supplies	Consumables (e.g. paper, stationery, foodstuffs etc).
Tender List	Drawn from a previously determined select list, the list of suppliers, providers or contractors actually invited to tender
Tenderer	A potential supplier or provider or contractor.
Third Sector	Third Sector Organisations are key partners in the delivery of services on behalf of the people of Flintshire
Treasury Management	The management of the authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.
Treasury Management Strategy	The strategy for the Treasury Management activities to be adopted for a particular financial year. The strategy needs to be flexible enough to allow the Head of Finance to respond appropriately to changing circumstances during the course of the year to the best advantage of the Council.
Underspend	When referring to expenditure the actual expenditure incurred is less than the budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a -ve.
Unhypothecated Funding	Funding allocated without restrictions on how it should be spent.
Unhypothecated Supported Borrowing	A source of funding from the Welsh Government to finance general capital expenditure. Allocations are issued annually to each local authority as part of the Local Government Financial Settlement. The Welsh Government includes an element within the Revenue Support Grant to fund the cumulative costs of this borrowing that is classed as supported borrowing.
Unsupported (Prudential) Borrowing	Borrowing to fund capital expenditure which exceeds Welsh Government support in the Revenue Support Grant. Councils can choose to fund capital expenditure through Unsupported (Prudential) Borrowing so long as they demonstrate that borrowing is prudent, sustainable and affordable, as the ongoing revenue costs of unsupported borrowing will still need to be met from available

	resources.
Value for Money	<p>Broadly value for money is the extent to which objectives are achieved in relation to costs. It is about achieving the optimum combination of costs and benefits to an organisation.</p> <p>Value for money is more formally defined as the relationship between economy, efficiency and effectiveness.</p> <p>Economy is the price paid for what goes into providing a service</p> <p>Efficiency is a measure of productivity – how much you get out in relation to what is put in</p> <p>Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.</p>
Variance	<p>Difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected for example projected to the end of the month or financial year.</p>
Virement	<p>The transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.</p>

# Eitem ar gyfer y Rhaglen 15



## FLINTSHIRE COUNTY COUNCIL

<b>Date of Meeting</b>	Thursday, 1 March 2018
<b>Report Subject</b>	Pay Policy Statement for 2018/19
<b>Report Author</b>	Senior Manager, Human Resources and Organisational Development

### EXECUTIVE SUMMARY

All local authorities are required to publish an annual Pay Policy Statement.

The Pay Policy presented within this report is the sixth annual Statement published by Flintshire County Council.

### RECOMMENDATIONS

1	That County Council approves the appended Pay Policy Statement for 2018/19.
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### REPORT DETAILS

<b>1.00</b>	<b>Pay Policy Statements</b>
1.01	<p>Under the Localism Act 2011 local authorities are required to publish an annual Pay Policy Statement. A Pay Policy Statement should include:</p> <ul style="list-style-type: none"><li>• the local authority's policy on the level and elements of remuneration for each chief officer</li><li>• the policy on the remuneration of its lowest-paid employees - together with its definition of lowest-paid employees and its reasons for adopting that definition</li><li>• the policy on the relationship between the remuneration of its chief officers and other officers</li><li>• the policy on other specific aspects of chief officers' remuneration such</li></ul>

	as recruitment, pay increases, the use of performance related pay and bonuses, termination payments, and pay transparency.
1.02	The Council's current Pay Policy Statement was approved by Council on 1 March 2017.
1.03	The Pay Policy Statement forms a key component of the organisation's approach to managing its workforce in general and in particular, reward and recognition, which is one of the five strategic priorities of the People Strategy 2016-19.
1.04	The draft Pay Policy Statement for 2018/19 is appended to this report. The Statement summarises the organisation's approach to pay and remuneration and sets this within an organisational, regional and national context. It has also been updated to provide a more comprehensive account of the Councils approach to the remuneration of its workforce.
1.05	The proposed Pay Policy Statement appended to this report sets out: <ul style="list-style-type: none"> <li>• The Councils approach to job evaluation and the grading of posts;</li> <li>• The Council's pay multiple (the ratio between the highest paid employee and the median average salary of the Council's workforce) which is 1:7.51 (1:7.72 in 2017/18);</li> </ul>
1.06	This year's statement is largely consistent with that agreed twelve months ago. Whilst there is no change to the proposed principles or approach to remuneration, there are a few additional sections, as follows: <ul style="list-style-type: none"> <li>• Section 12 which provides an overview of the statutory process relating to School Teacher's Pay and Conditions</li> <li>• Section 14 which details additional observations, including the quantum of savings made to date and required in the future</li> <li>• Section 15 which confirms the Council's position in relation pension benefits.</li> <li>• Section 17 confirms that the Council will continue to work closely with the recognised Trade Unions on pay and pay related issues</li> <li>• Section 19 confirms the frequency that the pay policy statement will be monitored, evaluated and reviewed.</li> </ul> <p>Two sections (section 10 and 11 respectively) have had a significant re-write and provide more details in relation to the role of National Negotiating Bodies and Pay Awards and National Living Wage (NLW) its impact to date and ongoing.</p>
1.07	Sections subject to amendment during the course of the year are: <ul style="list-style-type: none"> <li>• Section 11 – The statement refers to 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. A full report detailing the implications financial and otherwise, of any such agreement, once achieved, will be referred to full Council at the earliest opportunity.</li> <li>• The Government has for some time, been planning to implement a cap</li> </ul>

	on Public Sector exit payments at £95,000 and a process of recovery of Chief Officer exit payments where certain conditions apply. Welsh Ministers will have a power of waiver on this matter, but it is unclear how this will operate in practice. At the time of writing, these proposals have still not become law, so we continue to await their implementation.
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as the Pay Policy Statement appended to this report is a description of existing arrangements.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None required.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	None.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Pay Policy Statement 2017/18

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Officer:</b> Sharon Carney, Senior Manager, Human Resources and Organisational Development <b>Telephone:</b> 01352 702139 <b>E-mail:</b> <a href="mailto:Sharon.carney@flintshire.gov.uk">Sharon.carney@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	As detailed in the attached Pay Policy Statement for 2018/19.

Mae'r dudalen hon yn wag yn bwrpasol

**Pay Policy Statement 2018/19**  
(incorporating LGPS Discretionary Pension Statement)

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## 1. Introduction and Purpose

This Pay Policy Statement (the statement) sets out the Council's approach to pay policy in accordance with the requirements of the Localism Act 2011 (the Act). Under section 38 (1) of the Act 2011 English and Welsh local authorities are to produce and publish a pay policy statement for each financial year covering:

- The authority's policies for the remuneration of chief officers;
- The arrangements for the publication of and access to information on the remuneration of chief officers;
- The authority's policies towards the remuneration of its lowest paid employees; and
- The relationship between the remuneration of its chief officers and other employees.

The Council has published information on senior pay for a number of years on its website and in its Statement of Accounts. It has also responded openly and in full to Freedom of Information Act requests for such details.

In relation to other organisations in all sectors across the UK, we are a large, complex organisation providing a very diverse range of services. Many of these services are vital to the wellbeing of individuals and groups of residents in our local community. These can be delivered in very challenging circumstances, which means the Council must take account of the levels of need and ensure the availability of resources to meet them.

We compete with other local employers to recruit and retain managers capable of meeting the challenges of delivering our services to the required standards. This has an important bearing on the levels of remuneration we offer. At the same time, we are obligated to secure the best value for money for our residents and taxpayers in taking decisions on our pay levels. Therefore, the arrangements for the evaluation of posts across the workforce, and pay and terms and consideration of employment, are complex and require careful planning, maintenance and control.

## 2. Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation including the following:

- The Equality Act 2010;
- Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000;
- The Agency Workers Regulations 2010;
- Where relevant the Transfer of Undertakings (Protection of Earnings) Regulations.

The Council will ensure that there is no pay discrimination within its pay and grading structures and that all pay differentials in pay can be objectively justified through the use of a Job Evaluation system. The Council's Single Status Agreement is compliant with all relevant legislation and industry practice.

### 3. Scope of the Pay Policy Statement

The Localism Act 2011 requires authorities to publish their pay policy on all aspects of Chief Officer Remuneration (including on ceasing to hold office) and to explain the relationship between remuneration for Chief Officers and other workforce groups including the 'lowest paid'.

In the interests of transparency the Council has chosen to take a broader approach and produces a policy covering all employee groups.

Nothing within the provisions of the Localism Act 2011 detract from the Council's autonomy in making decisions on pay that are appropriate to local circumstances and which deliver achieve business objectives and value for money. The Council will follow its own policy in setting remuneration levels for all workforce groups within its scope.

### 4. Independent Remuneration Panel for Wales (IRPW)

Section 143A of the Local Government (Wales) Measure 2011, as inserted by Section 63 of the Local Government (Democracy) (Wales) Act 2013 refers to the Independent Remuneration Panel in Wales (the "IRP") and sets out their functions for the remuneration of heads of paid service. All councils should note that the IRP may make recommendations about any on the salary of the head of paid service and any proposed change to the salary of the position.

The responsibilities of the IRPW are increasing. For example, on recruitment, directions may impose restrictions on proposed recruitment to certain posts, including chief officers. Should the Welsh Ministers decide to issue directions under subsection (1), no chief officer may be recruited without the consent of a person specified in the direction.

Detailed guidance to the Independent Remuneration Panel for Wales on the pay of Heads of Paid Service and Chief Officers under Section 143A of the Local Government (Wales) Measure 2011 and Section 39 of the Local Government (Wales) Act 2015 can be found via the following link <http://gov.wales/topics/localgovernment/publications/guidance-salaries-irp/>.

## 5. Broad Principles of our Pay and Reward Strategy

### I) Transparency, accountability and value for money

The Council is committed to an open and transparent approach to pay policy which will enable anyone to access, understand and assess information on remuneration levels across all groups of Council employees. The following is available on the council's website at [www.flintshire.gov.uk](http://www.flintshire.gov.uk).

#### Remuneration data

- All employee pay scales
- Individual remuneration details for senior employees whose remuneration is over £60,000 per annum, and the number of employees whose remuneration exceeds £60,000 as required under the Accounts and Audit (Wales) (Amendment) Regulations 2010.

#### Policy documents

- [Additional Payments](#)
- [Policy Statement on Redundancy and Severance Payments \(including additional pension payments\)](#)

All relevant policies are reviewed periodically to ensure they are current and meet the principles of fairness, equality, accountability and value for money.

### II) Development of Pay and Reward Strategy

The primary aim of a reward strategy is to attract, retain and motivate suitably skilled employees so that the organisation can perform to its best. The biggest challenge for the Council in the current financial climate is to maximise productivity and efficiency within current resources. Pay policy is a matter of striking a balance between setting remuneration levels at appropriate levels to ensure a sufficient 'supply' of appropriately skilled, experienced and qualified individuals to fill the Council's wide range of posts, and ensuring that the burden of cost does not become greater than can be justified.

It should be recognised that in a competitive recruitment 'market' remuneration levels need to enable the attraction of a suitably wide pool of talent (which will ideally include people from across the public sector and from outside as well as within Wales), and the retention of suitably skilled and qualified individuals once in post. It should be recognised that the Council will often be seeking to recruit in competition with other public and private sector employers.

The Council is a major employer in the area. The availability of good quality employment on reasonable terms and conditions and fair rates of pay has a beneficial impact on the quality of life in the community as well as on the local economy. The Council also has a role in setting a benchmark example on pay and conditions to other employers in the area for the same reasons.

In designing, developing and reviewing the Pay and Reward strategy the Council will seek to balance these factors to achieve performance outcomes for the organisation and the community it serves, whilst managing and controlling total pay costs. This has remained a challenge year on year for the Council against a backdrop of recent pay 'freezes' for local government workers. The 1% NJC national 'cost of living' pay award for 2013/14 made for most employees followed an unprecedented three-year pay freeze.

For senior posts regulated under the Joint Negotiating Council (JNC) the pay 'freeze' had lasted for 6 years to 2015/16 and, for the most senior posts such as Chief Executives, for seven years to 2015/16.

### III) The Councils Pay and Grading Structure

Section 112 of the Local Government Act 1972 provides that a local authority shall appoint such Officers for the proper discharge of its functions on such reasonable terms and conditions, including conditions as to remuneration as the local authority thinks fit.

The remuneration of the large majority of employees of the Council is in accordance with the locally agreed pay scale with spinal column points based on the nationally agreed pay spine (the NJC pay scale).

As part of its ongoing commitment to ensure the integrity of the Single Status Agreement, the Council regularly reviews and analyses a variety of reports to ensure that reward processes are consistently applied in line with the relevant policies and to challenge where appropriate, and to receive Equal Pay Audits and to recommend an action plan as needed.

The Council uses a range of methods to evaluate pay and has multiple pay scales dependent on the terms and conditions of employment.

For roles that are not nationally prescribed and are not Chief Officer posts, the Council uses the Greater London Provincial Committee (GLPC), which is part of the Single Status Collective Agreement, and role profiles for support workers employed by School Governing Bodies.

For employees under JNC Craft Agreement (Red Book) we have a multi-skilling local agreement in place for pay which is based on 3 bands of pay in each trade and is dependent on employees being competent

to undertake multi-trade working. The pay scale is based on the National Pay Scales for Craft but is all inclusive of 'tool' and 'dirt money' etc.

In 2016 the Council introduced a collective agreement known as the 'House Agreement' for Theatr Clwyd covering pay and terms and conditions of employment. The agreement introduced a new pay scale and terms and conditions of employment that ensured future payments were equitable, affordable and sustainable whilst facilitating retention and recruitment. Generic profile descriptors are used as a basis for matching each job to the most appropriate grade.

### **Pay Progression**

With the exception of Chief Officers whose pay progression is based on performance, all employees receive annual increments until the maximum spinal point in the grade is reached, subject to six months in that grade (whether attained by appointment, promotion or re-grading).

All employees, including senior employees, will normally be appointed to the minimum point of the pay grade for the job. In certain circumstances it may be appropriate to appoint to a higher point in the pay grade. This may arise when, for example, the preferred candidate for the job is or has been in receipt of a salary at a higher level than the grade minimum, subject to approval by their respective Chief Officer.

For employees on the Craft Rates of Pay, progression through the bands of pay will be dependent upon multi-trade working.

Within Theatr Clwyd incremental progression will be dependent on Theatr Clwyd achieving collective targets which are agreed and reviewed annually by the Board of Trustees.

### **Bonus Payments and Performance Related Pay**

The Council does not apply any bonus payments. The Council operates an appraisal system as part of its performance management strategy and with the exception of Chief Officers (see above) this is not linked to pay.

### **Chief Officer Job Evaluation**

For Chief Officers, the Council uses the nationally recognised Hay Job Evaluation Scheme. The scheme is an analytical one that takes into consideration three key elements of a post:

- Know How – the levels of knowledge, skill and experience (gained through work experience, education and tradition) which are required to perform the job successfully;
- Problem Solving – the complexity of thinking required to perform the job when applying Know How;

- Accountability – the impact the job has on the organisation and the constraints the job holder has on acting independently.

The Council undertook reviews of Chief Officer's roles and associated pay arrangements in 2014. Therefore, current arrangements are modern for the business needs of the Council.

#### IV) Additional Payments

There may be occasions when an employee is asked to carry out additional duties to those of their substantive post for a period of time. In such circumstances an additional payment may be made in line with the Council's Additional Payments policy. The policy provides a framework to ensure the continued fairness, equitability and affordability of the pay and grading structure and differentiates between the following scenarios:

##### **Honorarium**

Subject to certain conditions, employees who are temporarily required to undertake some or all of the duties of a higher graded posts are eligible to be paid an honorarium. Details of the scheme can be found in the Council's Additional Payments Policy.

##### **Market Supplements**

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity and apply a time limited, market supplement. Where necessary, the Council will ensure the requirement is objectively justified by reference to a clear and transparent evidence of relevant market comparators, using data sources available from the local government sector and outside, as appropriate.

#### V Salary Protection

The Council will take reasonable steps to protect an employee's basic pay where it is reduced as a result of:

- Organisational change
- Redeployment where the individual is at risk of or under notice of redundancy and is redeployed or assimilated into either a lower graded post or a post which attracts a lower total remuneration package than their previous post

The Council protects the remuneration of employees for a maximum of twelve months from the date of the change to basic pay, subject to a maximum of one grade difference or equivalent between the old post and the new post.

## 6. Chief Officer Remuneration

### i) Definitions of Chief Officer

For the purposes of this statement, 'Chief Officers' are as defined within S43 of the Localism Act. The relevant posts within the Council are as follows:

- a) Chief Executive (including Head of Paid Service)
- b) Chief Officer, Governance
- c) Chief Officer, Streetscene and Transportation
- d) Chief Officer, Planning & Environment
- e) Chief Officer, Social Services
- f) Chief Officer, Education and Youth,
- g) Chief Officer, Community and Enterprise
- h) Chief Officer, Organisational Change 1
- i) Chief Officer, Organisational Change 2

These officers are responsible for working alongside and advising elected members over the strategic direction of the Council, carrying out the stated aims of the Council, ensuring the efficiency and effectiveness of all services provided by the Council and its partners, and providing overall day to day operational management of services.

A new single grade and pay range for the new Chief Officer group was introduced in June 2014. All roles in the structure are positioned in the same single incremental range, given that all roles are broadly the same size, other than the Chief Executive. Placing the new Chief Officer roles on the same grade also removes any hierarchy at senior management level and reflects the single, collective tier.

All roles have access to the same four increments. The pay range has a clear rationale, building on the options developed with the independent advice from Hay Group and being mindful of both affordability and the relativity to management roles in the grades below. The range overlaps with the increments which existed for the former Heads of Service but falls below the former Director pay. It also represents a consistent policy of paying between the lower quartile and the median. Progression through the range is based on performance. The approach is affordable and fair, and has ensured that the Council can meet its financial targets for the reduction of senior management costs.

### ii) Policy on the Remuneration of Chief Officers

The Terms and Conditions of employment applicable to Chief Officers are as determined by the JNC (Joint Negotiating Council) for Chief Officers of Local Authorities (or JNC for Chief executives of Local Authorities)



as amended/ supplemented or superseded by decisions on conditions of service made by the Council from time to time and contained within the Councils Employment Policies and Procedures.

### iii) Recruitment of Chief Officers

The Council's policy and procedures for the recruitment of Chief Officers is set out within Article 15, 15.01 sub section (b) of the Constitution.

The Council's Management Structure is as approved by Council. The Job Descriptions and Person Specifications for each Chief Officer post are approved prior to advertisement by the Council's appointment panel which comprises seven elected members. The determination of the remuneration to be offered to any newly appointed Chief Officer will take account of such factors as the requirements of the job, the relative size of the organization, local and national market rates and the relationship with other posts within the grading structure. It is the responsibility of the Chief Executive to make and maintain arrangements for the professional management of the Council which meet both its legal duties and its business needs.

There is a requirement under the Welsh Government Regulations that all vacant posts with a salary of over £100,000 are publicly advertised. The Council has not appointed to any posts in this range since 2007. The only exception to this new rule is where the appointment is for 12 months or less. It is also possible to divide up the duties from one deleted Chief Officer post between other existing post holders.

### iv) Chief Officer Salaries

Details of the Chief Officer's basic salary are set out below (salaries are those applicable at 31<sup>st</sup> January 2018).

#### Chief Executive

The salary falls within a range of 1 – incremental points between £123,163 rising to a maximum of £133,870. This salary range was set by the Council in 2007 with external advice. It was reviewed again in 2014 but a decision was taken not to change at that time.

#### Chief Officers

The salary falls within a range of 1 – 4 incremental points between £82,200 rising to a maximum of £92,605.

#### v) Additions to Salary of Chief Officers

The Council does pay all reasonable travel and subsistence expenses on produced of receipts and in accordance with JNC conditions and other local conditions. Part III changes which formed part of the Single Status Agreement have removed other previous entitlements. A number of senior employees choose not to claim in full expenses to which they are contractually entitled as a 'conscious' voluntary decision given the current financial constraints.

The Returning Officer for the County Council is the Chief Executive. The Returning Officer duties are not part of the Chief Executive's substantive role. Fees for these duties are paid separately and are determined by the full Council for Council elections and by legislation for the Police and Crime Commissions, the National Assembly for Wales, the Parliamentary Elections, European Elections and national referenda.

#### vi) Performance Related Pay and Bonuses

The Council does not apply any bonuses or performance related pay to its Chief Officers' pay or employees engaged on other terms and conditions (for example, Green Book). However, the annual increment (if not already at top of scale) is only awarded once the Annual Appraisal has been passed as satisfactory (page 7 refers).

All Chief Officers have annual and mid-year appraisals and the Chief Executive has an annual appraisal facilitated by an external party as per national guidance and the post's contractual rights.

The Council has recently undertaken a benchmarking exercise to establish if any models of Performance Related Pay (PRP) have been introduced successfully in other Welsh Councils. 16 of the 22 authorities responded and none of them are or have considered operating such a scheme.

#### vii) Payments on Termination

The Council's policies for redundancy payments and retirement are set out respectively within its Discretionary Compensation Scheme and Early Retirement Policy.

Under the Local Government (Early Termination of Employment) Discretionary Compensation) (England and Wales) Regulations 2006, the Council applies its discretion under Regulation 5 in the case of both voluntary and compulsory redundancy to base any payments on an employee's actual week's pay.

Under Regulation 6, the Council makes redundancy payments (compulsory and voluntary) based upon the statutory redundancy payments scale with the entitlement in terms of the number of weeks payable being multiplied by a factor of 1.5 for employees who are not eligible to access their pension, subject to a maximum of 45 weeks.

The Government had announced its intention to introduce a cap on Public Sector exit payments in order to restrict these to a maximum of £95,000. This was anticipated to be in the Autumn of 2017, however, at time of writing this has now been delayed and an implementation date is not currently known. This has the potential to reduce both redundancy dismissal and efficiency pension benefits where the Chief Officer is aged 55+ and may have some of their pension benefits reduced where the overall cost of termination exceeds £95,000 including pension strain costs.

Outside of the policies outlined above the Council does not operate any other policy of making any specific or general payment to its Chief Officers or any other employees on their ceasing to hold office or to be employed by the Council but it may, where appropriate, agree to waive contractual notice.

#### viii) Publication of Chief Officer and Other Senior Post Salaries

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is over £60,000 per annum the Council's Annual Statement of Accounts will include a note setting out by posts the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination; and
- any benefits received that do not fall within the above.

#### ix) Pay Increases – Chief Officers

The Council employs Chief Officers under JNC terms and conditions which are incorporated into their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of the same is determined on this basis. Chief Officers employed on JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual arrangements.

## 7. Remuneration of the Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are defined as those employed on full time 37 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure post single status. As at 1 January 2018, this is

£15,246 per annum. The Council has adopted this definition as it is recommended in relevant guidance as the most easily understood.

The Council employs apprentices (and other such trainees) who are not included within the definition of 'lowest paid employees' and are paid less than the minimum spinal column point for other employees during their apprenticeship. The purpose of paying a lower salary is to reflect the particular nature and/or duration/frequency of their employment and to maximize the number of apprenticeships offered.

## 8. Salary Sacrifice Scheme

The Council has offered childcare vouchers and cycle to work scheme for many years but, following a review of our total reward strategy in 2016 we launched a new 'eRewards' scheme. This scheme introduced retail and leisure discounts for employees as well as providing an opportunity to re-launch childcare vouchers and cycle to work scheme via new providers all under the National Procurement Service for Wales (NPS) framework.

The aim of the schemes is to stretch net pay for employees following recent years of pay freezes and 1% pay awards against a rise in living costs. The retail and leisure discounts provides many of ways of saving on everyday expenses such as everyday shopping, motoring and insurance.

## 9. Pay Relativities within the Authority

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Governments Code of Recommended Practice on Data Transparency recommends the publication of the ratio between the highest paid salary and the median average salary of the whole of the Authority's workforce. The median salary for Flintshire County Council based on payroll data as at 31 January 2018 is £17,772.

The multiples of pay for Flintshire County Council are as follows:

1. The multiple between the lowest paid (full time equivalent) employee and the Chief Executive is **1:8.78** (compared to 1:8.97 last year)
2. The multiple between the lowest paid employee and mean average chief officer is **1:5.40** (previous year 1:5.89)

3. The multiple between the median (average) full time equivalent employee and the Chief Executive is **1:7.51** (previous year 1:7.72)

*(based on payroll data January 2018)*

The interim Hutton Fair Pay Report noted that most top to bottom pay multiples in the public sector are in the region of **1:8.1 to 1: 12.1**. The multiples in Flintshire are therefore well within this notional range.

## 10. National Negotiating Bodies and Pay Awards

The National Joint Council negotiates the pay, terms and conditions of employees in local authorities. It agrees an annual cost of living uplift to the national pay spine, on which each individual council decides where to place its employees. Each council takes into account a number of factors such as job size and local market conditions when deciding an employee's salary. There are no nationally determined jobs or pay grades in local government, unlike in other parts of the public sector.

As with other Welsh councils, the Council continues to comply with all national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions at a UK level. The current national pay deal runs until 31 March 2018. Rates of pay beyond this date have not yet been agreed. However, it is clear further changes will be required to the lower end of the pay spine in order to effectively accommodate the National Living Wage and a review of the national pay spine is now under way. Further details are outlined in section 11 of this statement.

## 11. National Living Wage (NLW)

The Government introduced the National Living Wage (NLW) for employees aged 25 and above on 1 April 2016 with the aim of reaching 60% of median UK earnings by 2020. This rate is currently £7.50 per hour and is projected to rise to at least £9 per hour by 2020. It should be noted, the Government have announced the NLW rate will rise to £7.83 per hour from 1 April 2018.

It is recognised at national level that the current pay spine has lost its relevance to modern working arrangements and is unable to absorb the new NLW along with the planned increases. It is also clear that a number of Councils have already taken a decision to pay the Foundation Living Wage (or their own version of this) and therefore a restructure of the national pay spine is required.

A two-year pay agreement was reached from 2016 to 2018, with a headline of one per cent increase in each of 2016 and 2017 in addition to increasing the bottom pay points to take account of the NLW. While

the 2016-18 pay deal made considerable progress in meeting that challenge, there will still be a need to increase the bottom pay point by a further 16% to achieve the Government's target of 60% of median earnings in 2020.

The National Employers have undertaken a longer-term review of the pay spine with Trade Unions which resulted in a two year offer being made on 5 December 2017. Since then the three local government trade unions (UNISON, GMB and Unite) have rejected the offer. The next stage is for the three unions to consult with their members. The unions have coordinated their consultations to end in early March so that they can jointly announce the result in mid-March.

If accepted, in year one, all staff on SCPs 6-19 (inclusive) would see their pay increase by between 3.7% and 9.1%. All staff on SCP20 and above would receive an increase of 2.0%.

In year two, the Employers have proposed that a new pay spine be introduced that would see staff on current SCPs 6-28 (inclusive) receiving pay increases of between 2.3% and 7.3%. All staff on current SCP 29 and above would receive an increase of 2.0%.

As an employer we fully support the principle of the National Living Wage. The challenge arises from the lack of any national funding to support its introduction in the public services and within the sectors from which we commission services such as the social care sector. Given our difficult financial position this pay offer, if accepted, will only serve to put further pressure on our diminishing budgets.

## 12. School Teachers Pay and Conditions

The School Teachers' Pay and Conditions Document (STPCD) is an annually-published document which forms a part of the contract of all teachers and head teachers in maintained schools in England and Wales.

Each year, the document is constructed by the Department for Children, Schools and Families outlining the pay and conditions of teachers in schools. It must then be enacted by secondary legislation, and this too is produced annually in the name of Secretary of State for Education and Skills. The secondary legislation usually takes the form of a statutory instrument entitled 'The Education (School Teachers' Pay and Conditions) Order'. This document revokes the previous year's document, replacing it with the new version. The legislation is normally brought in during August of each year, coming into effect on 1 September before new school terms start.

Ordinarily, this annual review process results in a recommendation in respect of the statutory elements by the Statutory Teachers Review Body (STRB) which are required to be implemented. For a number of years there has been discretionary element which local authorities across Wales have recommended and schools have applied, resulting in an across the board uplift which exceeds the statutory obligation.

Each Governing Body is required to have its own pay policy/procedure which sets out the framework for making decisions on teachers' pay. The Council recommends a model policy/procedure for adoption by

the governing body on an annual basis to meet this obligation, however, governing bodies do not have to accept the Council's recommendation and are free to develop their own, subject to consultation with the relevant trade unions.

### 13. Additional Costs/Contributions faced by the Council and its Employees

From 1 April 2016, the changes to the Single Tier Pension affected employees currently in contracted out pension schemes who now have to pay an additional 1.4% in National insurance contributions and therefore, have seen a reduction in their 'take-home' pay. The Council was also affected and now pays an additional 3.4% which equates to £2.7m per annum (including Schools).

Employees are also making increased contributions to their work-based pension scheme under the Local Government Pension Scheme Regulations, with the more senior employees making a proportionately greater contribution on a 'sliding scale' of contributions.

### 14. Additional Observations

The Council has delivered in excess of £9,500,000 workforce related savings over the last 4 years (15/16 to 18/19) and it is forecast that there will be a requirement to make further savings year on year.

Flintshire County Council clearly recognizes the complex, challenging and competing drivers underpinning public sector remuneration, including:

- The financial constraints of the public purse and imperative to demonstrate value for money at all times
- The organisation's obligations under equal pay legislation
- The importance of competitive terms and conditions to enable the Council to attract and retain quality staff.

The Council has reviewed elements of its pay and grading arrangements which relate to terms and conditions of employment to ensure they remain fit for purpose and meet the current needs of the Council. This has resulted in the following changes:

- Removal of the car leasing scheme with effect from 1 April 2016
- A revised Essential Car User Allowance Policy was introduced on 1 October 2016 which introduced a revised eligibility criteria, a reduced lump sum for those who remain eligible and a reduced mileage allowance. The reduction in the number of eligible employees has resulted in savings in excess of £300k to date.

If the proposed pay spine outlined in section 11 is adopted, there will be additional areas requiring further work/analysis as follows:

- Differentials in the pay model following single status have been eroded over last two years, the model as outlined, will result in further erosion and is likely to impact on recruitment/retention in some professional groups.
- Impact of any changes to the pay model on Part III
- Impact of changes which arise via indirect costs (for contracted services)

## 15. Pension benefits

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee.

The rate of contribution is set by Actuaries advising the Clwyd Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded.

There are two sections to the LGPS - MAIN and 50/50. The main section is calculated using 1/49th of an individual's annual pensionable pay (CARE pay). The 50/50 section is a new option (since 01/04/2014). Employees who join this scheme, pay half contributions but build up half the normal pension. This is calculated using 1/98th of annual pensionable pay (CARE pay) instead of the 1/49th in the MAIN scheme.

The rate of contribution is based on actual pensionable pay, and there are nine different contribution rates ranging from 5.5% to 12.5% in the MAIN scheme and 2.75% to 6.25% in the 50/50 scheme.

The Council has prepared a written statement of policy in relation to its exercise of certain discretionary functions, available under the LGPS regulations. The Council's Local Government Pension Scheme (LGPS) Discretionary Pension Statement is detailed in Appendix 2.

## 16. Re-engagement of Chief Officers

No Chief Officer who was previously made redundant or granted early retirement from the Council will be later re-employed or re-engaged either as an employee (Contract of Service), as a Consultant (Contract for Service) or through an external contractor commission to work in behalf of the Council.

This is aligned to the principles applied within the Voluntary Redundancy Policy which provides that employees who voluntarily leave the Councils employment under the Scheme should not be re-engaged



in any capacity within a period of 24 months from the end of their employment, save for exceptional circumstances and only if approved by the Chief Executive as Head of Paid Service.

## 17. Partnership with Trade Unions

The Council will endeavor to maintain the constructive partnership approach it has developed with the recognised Trade Unions and will continue to work closely with them on pay issues.

## 18. Future Legislation

The Council will comply with changes to legislation in relation to remuneration and exist payments requirements should legislation change.

## 19. Monitoring, Evaluation and Review

This policy statement is subject to review on a minimum of an annual basis and the policy for the next financial year will be approved annually by 31<sup>st</sup> March. Should circumstances require, the policy can be amended during the course of the year subject to the same requirement of approval by full council.

## Appendix 1

### Salary Scales

#### Chief Executive Pay Scale

Scale	SCP	Salary 01/04/2017 and continuing
CEO Point 01	1	£121,945.00
CEO Point 02	2	£125,477.00
CEO Point 03	3	£129,012.00
CEO Point 04	4	£132,546.00

#### Chief Officer's Pay Scale

Grade	SCP	Salary range 01/04/2017 and continuing
Chief Officer	1	£82,200
Chief Officer	2	£85,321
Chief Officer	3	£88,443
Chief Officer	4	£92,605

#### Young People's/Community Service Managers (Soulbury)

##### Assistant Educational Psychologists

SCP	01/04/17 continuing	and	SCP	01/04/17 and continuing
Point 01	£28,218.00		Point 03	£30,523.00
Point 02	£29,371.00		Point 04	£31,669.00

### Educational Psychologists

SCP	01/04/17 continuing	and	SCP	01/04/17 continuing	and
Point 01	£35,731.00		Point 07	£46,504.00	
Point 02	£37,545.00		Point 08	£48,211.00	
Point 03	£39,359.00		Point 09	£49,810.00	
Point 04	£41,171.00		Point 10	£51,411.00	
Point 05	£42,984.00		Point 11	£52,903.00	
Point 06	£44,797.00		Point 07	£46,504.00	

### Senior Educational Psychologists

SCP	New Salary 1st April 2017	SCP	New Salary 1st April 2017
Point 01	£44,797.00	Point 09	£55,795.00
Point 02	£46,504.00	Point 10	£56,950.00
Point 03	£48,211.00	Point 11	£58,081.00
Point 04	£49,810.00	Point 12	£59,235.00
Point 05	£51,411.00	Point 13	£60,409.00
Point 06	£52,903.00	Point 14	£61,543.00
Point 07	£53,516.00	Point 15	£62,731.00
Point 08	£54,661.00	Point 10	£56,950.00

### Youth Workers (Pink Book)

Scale Point	01/04/17 continuing	and	Scale Point	01/04/17 continuing	and
Point 02	£15,807.00		Point 17	£26,929.00	
Point 03	£16,417.00		Point 18	£27,670.00	

Point 04	£16,931.00	Point 19	£28,404.00
Point 05	£17,491.00	Point 20	£29,141.00
Point 06	£18,006.00	Point 21	£29,969.00
Point 07	£18,636.00	Point 22	£30,907.00
Point 08	£19,260.00	Point 23	£31,820.00
Point 09	£20,055.00	Point 24	£32,737.00
Point 10	£20,677.00	Point 25	£33,662.00
Point 11	£21,682.00	Point 26	£35,511.00
Point 12	£22,665.00	Point 27	£36,446.00
Point 13	£23,679.00	Point 28	£37,375.00
Point 14	£24,730.00	Point 29	£38,304.00
Point 15	£25,446.00	Point 30	£38,930.00
Point 16	£26,194.00	Point 31	£39,961.00
		Point 32	£35,511.00

### JNC Craft Pay Scales (Red Book)

SCP	01/04/17 and continuing
Building Labourer	£15,246.00
Heating and Ventilation Mate	£15,613.00
Building Craft Operative	£15,807.00
Plumber	£16,491.00
Engineer & Electrician	£17,072.00
Band 1 - Electrician	£22,778.11
Band 1 - Joiners & Builders	£20,410.08
Band 1 - Labourer	£18,605.89
Band 1 - Plumber	£21,650.49

Band 2 - Diag/Electrician	£24,807.86
Band 2 - Joiners & Builders	£22,552.59
Band 2 - Joiners & Builders + 7%	£24,131.27
Band 2 - Labourer	£20,861.15
Band 2 - Plumber	£23,680.22
Band 2 - Plumber (Gas Qual)	£24,807.86
Band 3 - Diag/Electrician	£26,499.29
Band 3 - Joiners & Builders	£24,018.52
Band 3 - Plumber	£25,371.67
Band 3 - Plumber (Gas Qual)	£26,499.29
Trades Supervisor	£28,529.03

**Occupational Health Nurses Pay Scales (aligned to NHS professional bands)**

<b>Point</b>	<b>Salary 01/04/16 and continuing</b>	<b>Point</b>	<b>Salary 01/04/16 and continuing</b>
Point 16	£21,692.00	Point 28	£33,227
Point 17	£22,236.00	Point 29	£3,876.00
Point 18	£23,132.00	Point 30	£35,891.00
Point 19	£24,063.00	Point 31	£37,032.00
Point 20	£25,047.00	Point 32	£38,300.00
Point 21	£26,041.00	Point 33	£39,632.00
Point 22	£27,090.00	Point 34	£40,964.00
Point 23	£28,180.00	Point 35	£42,612.00
Point 24	£29,043.00	Point 36	£44,261.00
Point 25	£30,057.00	Point 37	£46,164.00
Point 26	£31,072.00	Point 38	£47,559.00
Point 27	£32,086.00		

**Post Single Status Pay Scales (Green Book)**

<b>Grade</b>	<b>SCP</b>	<b>Salary April 2017</b>
A	08	£15,246.00
	09	£15,375.00
	10	£15,613.00
	11	£15,701.00
B	12	£15,807.00
	13	£16,123.00
	14	£16,491.00
C	14	£16,491.00
	15	£17,072.00
	16	£17,419.00
D	16	£17,419.00
	17	£17,772.00
	18	£18,292.00
	19	£18,859.00
E	19	£18,859.00
	20	£19,432.00
	21	£20,140.00
	22	£20,661.00
F	23	£21,269.00
	24	£21,964.00
	25	£22,660.00
	26	£23,399.00
	27	£24,175.00
G	30	£26,725.00
	31	£27,669.00
	32	£28,487.00
	33	£29,325.00
H	34	£30,153.00
	35	£30,785.00
	36	£31,601.00
	37	£32,487.00
I	39	£34,538.00
	40	£35,445.00
	41	£36,286.00
J	42	£37,307.00
	43	£38,237.00
	44	£39,178.00

K	45	£40,057.00
	46	£41,027.00
	47	£41,968.00
	48	£42,899.00
L	51	£45,903.00
	52	£47,122.00
	53	£48,373.00
M	53	£48,373.00
	54	£49,659.00
	55	£50,976.00
N	56	£52,328.00
	57	£53,718.00
	58	£55,143.00
	59	£56,605.00

### Theatr Pay Scales (NJC)

<b>SCP</b>	<b>01/04/17 and continuing</b>	<b>SCP</b>	<b>01/04/17 and continuing</b>
Point 06	£15,014.00	Point 31	£30,153.00
Point 07	£15,115.00	Point 32	£31,601.00
Point 09	£15,375.00	Point 33	£32,486.00
Point 10	£15,613.00	Point 34	£33,437.00
Point 11	£15,807.00	Point 35	£34,538.00
Point 13	£16,491.00	Point 36	£35,444.00
Point 15	£17,072.00	Point 37	£32,486.00
Point 16	£17,419.00	Point 38	£33,437.00
Point 17	£17,772.00	Point 39	£34,538.00
Point 18	£18,070.00	Point 40	£35,444.00
Point 19	£18,746.00	Point 41	£36,379.00
Point 20	£19,430.00	Point 42	£37,306.00
Point 21	£20,138.00	Point 43	£38,237.00
Point 22	£20,661.00	Point 44	£39,177.00
Point 23	£21,268.00		
Point 24	£21,962.00		
Point 25	£22,658.00		
Point 26	£23,398.00		
Point 27	£24,174.00		
Point 29	£25,951.00		
Point 30	£26,822.00		



## Appendix 2

### Local Government Pension Scheme (LGPS) Discretionary Pension Statement

#### **PART A**

The regulations of the LGPS require every employer to

- (i) issue a written policy statement on how it will exercise the various discretions provided by the scheme,
- (ii) keep it under review and
- (iii) revise it as necessary.

This document meets these requirements stating the regulation requirement and the organisation decision on these.

These discretions are subject to change, either in line with any change in regulations or by due consideration by Flintshire County Council. These provisions do not confer any contractual rights.

#### **Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014**

1.0 LGPS (Benefits, Membership and Contributions) Regulations 2014 Regulation 16 (2) (e) & 16 (4) (d) (purchasing additional pensions)

An employer may choose to contribute to a Shared Cost Additional Pension Contribution (APC) scheme in certain circumstances. In the case of an employee paying APCs to buy any or all the 'lost' pension for a period of authorised unpaid leave of absence (including any period of unpaid additional maternity, paternity or adoption leave), the employer shall pay 2/3rds of the cost of the APC (election by the employee to buy back lost membership must be made within 30 days of returning to work). This is known as a Shared Cost Additional Pension Contribution (SCAPC).

Where the absence is in relation to a trade dispute, the employee meets 100% of the cost.

If an employee chooses to make a one off contribution or regular additional contributions in order to buy a set amount of additional pension. It is possible for an employer to contribute towards the cost of purchasing such pension on a voluntary basis. The split between an employee's and employers' additional contributions for an SCAPC can be any ratio as agreed but not 100% cost to the employer.

Details of Policy Concerning Resolution

**Due to potential cost burden Flintshire County Council will not contribute towards the cost of the employee (purchasing additional pension).**

1.1 LGPS (Benefits, Membership and Contributions) Regulations 2014 Regulation 30 (6) & Transitional Regulation 11 (2) (flexible retirement)

*An employer may allow a member of the pension scheme who has attained the age of 55 to reduce the hours he / she works, or the grade in which he / she is employed and gain access to some or all of their pension benefits.*

Details of Policy Concerning Resolution

**Flintshire County Council have a policy on Flexible Retirement which requires a minimum reduction of 20% in hours/salary with no backfill arrangements.**

**An employee who is Aged 55 and over may request flexible retirement and each case will be considered on its own merits following full consideration of all financial and service delivery implications via a retirement panel.**

**This does not preclude younger employees, under 55 years of age requesting flexible working but without the payment of their retirement benefits.**

**The Council may review its policy at any time.**

1.2 LGPS (Benefits, Membership and Contributions) Regulations 2014 Regulation 30 (8) (flexible retirement)

*A member of the pension scheme who has attained the age of 55 and with his / her employer's consent, reduces the hours he / she works, or the grade in which he / she is employed, may make a request in writing to receive all or part of his / her benefits under the Benefits Regulations.*

*If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction.*

Details of Policy Concerning Resolution

***It is not the policy of Flintshire County Council to waive, in whole or in part any actuarial reduction resulting from Flexible Retirement.***

1.3 LGPS (Benefits, Membership and Contributions) Regulations 2014 Regulation 30 (8) (early retirement)

An employer may waive, in whole or in part, actuarial reduction on benefits which a member voluntarily withdraws before normal pension age.

Details of Policy Concerning Resolution

**Flintshire County Council have a policy on Early Retirement. Any employee from their 55th birthday can voluntarily retire and access their benefits with an actuarial reduction.**

**An employee may request that Flintshire County Council waive in full or in part their reduction on compelling compassionate grounds only. Each case will be considered on its own merits following full consideration of all financial and service delivery implications via a retirement panel.**

**The Council may review its policy at any time**

1.4 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Schedule 2 – (85 Year Rule)

The “85 Year Rule”, where a member’s service and age equal 85, can be activated for individual members, prior to age 60 in the case of Early Retirement, the cost of which can be borne, in full or in part, by the employer.

Details of Policy Concerning Resolution

**Employees can request that the Flintshire County Council to apply the 85 year rule, if they are eligible. To be eligible, the employee's LGPS Service pre 1st April 2014 and their age must equal 85 years or more, and they must have joined the pension scheme before 1st October 2006.**

**Flintshire County Council will approve the ‘switch on’ of the 85 year rule in cases where there is no cost to the employer, allowing the member to take their benefits early with some actuarial reduction.**

**The Council may review its policy at any time.**

1.5 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Schedule 2 – (waiving reductions)

It is an employer’s discretion review applications for waiving the reductions applied to benefits from pre 1 April 2014 membership where an employer has switched on the rule of 85 for a member voluntarily drawing benefits on or after age 55 but before age 60.

**If it is agreed to apply the '85 year rule', Flintshire County Council may waive the actuarial reduction in full or in part following careful consideration of the financial implications and affordability. *Each case will be considered on its own merits following full consideration of all financial and service delivery implications via a retirement panel.***

**The Council may review its policy at any time.**

1.6 LGPS (Benefits, Membership and Contributions) Regulations 2014 Regulation 31

From 1 April 2014, an employer may grant additional pension up to a maximum of £6,500. The decision to award additional pension can be made only in respect of an employee who is an active member of the LGPS, or within 6 months of leaving employment if the reason for leaving was redundancy or business efficiency.

Details of Policy Concerning Resolution

***It is not the policy of Flintshire County Council to award additional pension***

#### **PART B - Discretionary policies relating to earlier Scheme rules**

1.1 LGPS (Benefits, Membership and Contributions) Regulations 2007 Regulation 12

An employer may increase (i.e. augment) the total membership of an employee who is currently paying contributions to the Scheme, for example, to enhance a redundancy package for staff with scarce and/or key skills. The member's (of the pension scheme) increase in membership under this regulation (including additional membership in respect of different employments) must not exceed 10 years or go beyond age 75 if retiring after age 65. This discretion is spent entirely after 30/09/14.

Details of Policy Concerning Resolution

**It is not the policy of Flintshire County Council to augment pension.**

2.2 LGPS (Benefits, Membership and Contributions) Regulations 2007  
Regulation 30 (2) (deferred pension)

It is an employer's discretion review applications from former employee's for releasing the deferred benefits on or after age 55 but before age 60.

Details of Policy Concerning Resolution

**Flintshire County Council will only consider a request to waive an actuarial reduction, either in full or in part only in exceptional circumstances on a case by case basis.**

2.3 LGPS (Benefits, Membership and Contributions) Regulations 2007 Regulation 30 (5) (deferred pension)

It is an employer's discretion to review applications for waiving the reductions applied to benefits where an employer has agreed to release the deferred benefits on or after age 55.

Details of Policy Concerning Resolution

**Flintshire County Council will only consider a request to waive an actuarial reduction, either in full or in part only in exceptional circumstances on a case by case basis.**

2.4 LGPS (Benefits, Membership and Contributions) Regulations 2007 Regulation 30A (3) (deferred pension)

It is an employer's discretion review applications from former employee's for releasing the deferred benefits on or after age 55 but before age 60 following a suspended ill health pension.

Details of Policy Concerning Resolution

**It is not the policy of the Flintshire County Council to waive the actuarial reduction on early payment of a deferred pension unless there are compelling, compassionate\* reasons to do so and there is no cost to the Council.**

2.5 LGPS (Benefits, Membership and Contributions) Regulations 2007 Regulation 47

*A scheme member who meets the normal criteria for a refund of pension contributions is not entitled to such a refund if he/she left his/her employment because of:*

- *An offence of fraudulent character – unless the employer directs that a total or partial refund may be made to the member.*
- *Grave misconduct – unless the employer directs that a total or partial refund may be made to the member, his/her spouse, civil partner nominated cohabiting partner or any dependant of his/her.*

Details of Policy Concerning Resolution

**It is not the policy of Flintshire County Council to allow a refund in the circumstances above.**

## PART C

### 3.1 Background

There are a further five discretions that are not compulsory to include in the Policy Statement but that are recommended to be included:

### 3.2 LGPS (Administration) Regulations 2008 Regulation 22 (2)

*A scheme member may elect to pay optional contributions to cover a period of absence from work providing the option is made within 30 days of return to work or cessation of employment or such longer period as the employer allows.*

Details of Policy Concerning Resolution

**It is the policy of Flintshire County Council to consider an extension in cases where the member of staff was not notified of their rights to pay contributions in respect of a period of absence before returning to work, or ceasing to be employed without returning to work. The extension would be for one month from the date that they were notified of their right to pay.**

### 3.3 LGPS (Administration) Regulations 2008 Regulation 83 (8)

*If a scheme member wishes to transfer pension into the LGPS he/she must opt to do so within 12 months of joining the LGPS or such longer period as the employer may allow.*

Details of Policy Concerning Resolution

**It is not the policy of Flintshire County Council to consider extending the time limit for a transfer in of previous pension rights to proceed after twelve months.**

### 3.4 LGPS (Administration) Regulations 2008 Regulation 25 (3)

*Where the member's employing authority contributes to the scheme, the additional voluntary contributions arrangement is to be known as a shared cost additional voluntary contributions arrangement and contributions to it as "SCAVCs".*

Details of Policy Concerning Resolution

**It is not the policy of Flintshire County Council to contribute towards a shared cost additional voluntary contributions scheme.**

### 3.5 LGPS (Benefits, Membership & Contribution) Regulations 2007 Regulation 3 (4)

*Where a member is employed in any employment for part only of any financial year, the range (and the contribution rate) applicable to him/her are those that would have applied had he/she been so employed for the whole of that financial year.*

**The tiered contribution rate for each employee will be based on the pensionable pay elements. Basic salary is assessed at the full time equivalent rate, in each post an employee holds at 1 April.**

The contribution rate will be re-assessed annually on implementation/application (regardless of when the award is made) of the annual pay award. Re-assessment will take place at any point in the year in the following circumstances:-

- Promotion
- Demotion
- Incremental progression
- Pay award
- Acting up starts/Acting up ceases
- Contractual Allowance starts/Contractual Allowance ceases

Mae'r dudalen hon yn wag yn bwrpasol