

Pecyn Dogfen Gyhoeddus



Swyddog Cyswllt:
Nicola Gittins on 01352 702345
nicola.gittins@flintshire.gov.uk

At: Bob Aelod o'r Cyngor

Dydd Mercher, 24 Ionawr 2018

Annwyl Gyngorydd

Fe'ch gwahoddir i fynychu cyfarfod Cyngor Sir y Fflint a fydd yn cael ei gynnal am 2.00 pm Dydd Mawrth, 30ain Ionawr, 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 YMDDIHEURIADAU AM ABSENOLDEB

Pwrpas: I derbyn unrhyw ymddiheuriadau.

2 COFNODION (Tudalennau 5 - 18)

Cadarnhau cofnodion y cyfarfod fel cofnod cywir ar 12 Rhagfyr 2017.

3 DATGAN CYSYLLTIAD

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

4 CYHOEDDIADAU'R CADEIRYDD

Pwrpas: Derbyn unrhyw gyhoeddiad fel y'l dosbarthwyd.

5 DEISEBAU

Pwrpas: Derbyn unrhyw ddeiseb.

6 CWESTIYNAU GAN Y CHYOEDD

Pwrpas: Derbyn unrhyw gwestiwn gan y cyhoedd.

7 CWESTIYNAU

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

8 **RHYBUDD O GYNNIG** (Tudalennau 19 - 20)

Pwrpas: Ystyried unrhyw Hysbysiadau o Gynnig a dderbyniwyd.

9 **CAMAU UN A DAU O GYLLIDEB CRONFA'R CYNGOR 2018/19 A CHYNLLUNIO AR GYFER CAU CAM TRI** (Tudalennau 21 - 86)

Adroddiad Prif Weithredwr, Rheolwr Cyllid Corfforaethol -

Pwrpas: Cymeradwyo diweddu Camau 1 a 2 o'r broses i bennu cyllideb, yn dilyn trefn briodol Trosolwg a Chraffu, a nodi'r gofynion cyllidebol sy'n weddill ar gyfer y trydydd a'r pedwerydd cam i gyflawni cyllideb gytbwys. Bydd Cam 3 o'r broses gyllideb yn cael ei adrodd wrth y Cyngor ym mis Chwefror.

10 **ADOLYGIAD CANOL BLWYDDYN RHEOLI'R TRYSORLYS 2017/18** (Tudalennau 87 - 108)

Adroddiad Rheolwr Cyllid Corfforaethol -

Pwrpas: Cyflwyno i'r Aelodau yr Adroddiad Hanner Blwyddyn Rheoli Trysorlys drafft ar gyfer 2017/18.

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 Democrataidd ar 01352 702345.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 2

FLINTSHIRE COUNTY COUNCIL **12th DECEMBER 2017**

Minutes of the meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Tuesday, 12th December 2017

PRESENT: Councillor Brian Lloyd (Chairman)

Councillors: Mike Allport, Bernie Attridge, Janet Axworthy, Glyn Banks, Haydn Bateman, Marion Bateman, Sean Bibby, Chris Bithell, Derek Butler, Clive Carver, Geoff Collett, Paul Cunningham, Jean Davies, Rob Davies, Ron Davies, Adele Davies-Cooke, Chris Dolphin, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, Carol Ellis, David Evans, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Dave Hughes, Kevin Hughes, Ray Hughes, Dennis Hutchinson, Paul Johnson, Christine Jones, Richard Jones, Tudor Jones, Colin Legg, 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, David Williams, David Wisinger and Arnold Woolley.

APOLOGIES:

Councillors: Sian Braun, Helen Brown, Bob Connah, David Cox, Veronica Gay, Andrew Holgate, Joe Johnson, Rita Johnson, Richard Lloyd, Mike Lowe, Billy Mullin, Ted Palmer and Andy Williams.

IN ATTENDANCE:

Chief Executive, Chief Officer (Governance), Interim Chief Officer (Education and Youth), Chief Officers (Organisational Change), Chief Officer (Planning and Environment), Chief Officer (Streetscene and Transportation), Corporate Finance Manager, Democratic Services Manager, Senior Manager – Children and Workforce, Finance Manager and Team Leader – Committee Services.

67. PRESENTATIONS

In recognition of the Council's Fostering and Corporate Human Resource Teams in being awarded the Fostering Friendly Employer of the Year Award at the Fostering Network's National Excellence Awards, the Chairman welcomed both teams to the meeting. He explained that the Fostering Excellence Awards were the UK's leading foster care awards and celebrated excellence and outstanding achievement in fostering and recognised those who made exceptional contributions to foster care. In their fourth year, the Fostering Excellence Awards were a great opportunity to shine a spotlight on some of the young people, foster carers, social workers and others who made a positive contribution to the fostering community.

In November 2016, as a result of joint working, a 'Foster for Flintshire' Policy was introduced which outlined additional support the Council would provide to employees if they fostered for the Council. Flintshire County Council was the first local authority in Wales to adopt this approach and in recognition of its support to fostering the Council was announced overall winner.

As Cabinet Member for Social Services, Councillor Christine Jones congratulated the teams on the award which reflected the Authority's commitment to foster care. She echoed the words of the Chairman and added that the additional support offered was by way of flexible working and additional leave being allocated. Following the introduction of this policy a further four prospective foster carers had made enquiries. She thanked everybody involved for their continued dedication in an area which has gone from strength to strength.

68. MINUTES

The minutes of the meetings held on 24th October and 14th November were submitted.

In response to a comment from Councillor Carver, the Chief Executive advised that the Armed Forces Covenant would be amended to include "children of both serving and veteran members of the Armed Forces".

Councillor Phillips said he was disappointed that a photo shoot which had taken place after the County Council meeting on 14th November featured Labour Members only. This had followed a unanimous decision on the Notice of Motion by Councillor Aaron Shotton on 'An End to UK Government Austerity'. Councillor Shotton explained that the photo shoot took place before the meeting and related to a petition that was a political campaign that was being submitted to UK Government. It was separate to the Notice of Motion and it was unfortunate that the press had ran it in conjunction. The Chief Executive clarified that the vote on that particular Notice of Motion was not unanimous and details of the recorded vote was shown in the minutes.

RESOLVED:

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

69. DECLARATIONS OF INTEREST

Councillor Dave Hughes declared a personal and prejudicial interest in agenda item number 13, Recommendation from the Clwyd Pension Fund Committee, as he was Chair of that Committee.

70. COMMEMORATION AND TRIBUTES TO THE LATE ASSEMBLY MEMBER CARL SARGEANT

The Leader of the Council led the tributes to the late Assembly Member Carl Sargeant, who he said, had been an integral part of what the Council had done over many years. He commented on the sad day for everybody on hearing the news of Mr Sargeant's death. He had been a passionate and tireless campaigner for the area and had been proud to represent Alyn and Deeside since 2003. He referred to when they had first met and Mr Sargeant's time as a School Governor and as a Member of Connah's Quay Town Council where he was soon to become Chair; his civic ball had been the best which the Council had known. He had been privileged to act as Mr Sargeant's agent in the 2011 election campaign which was enjoyable, full of fun, laughter and memories. He commented particularly on two of the biggest areas which

had been a result of Mr Sargeant's hard work which were (1) the need for an Armed Forces Day, and (2) the suspension of the right to buy scheme in Flintshire. Thoughts and prayers were with his wife Bernadette, children Lucy and Jack and his parents, Malcolm and Sylvia.

Councillor White spoke about his brother in law, Carl Sargeant, who had tragically died 5 weeks previous. He spoke on behalf of the family in thanking the Council for their messages of support during this time, particularly Councillor Attridge and the Chief Executive. He commented on Mr Sargeant's larger than life personality and the many goals he had achieved during his time as Assembly Member. He paid tribute to his nephew Jack, Mr Sargeant's son, who had demonstrated maturity since the sad passing of his father.

Councillors Peers, Sharps, Phillips and Ellis also paid tribute to Carl Sargeant, commenting on the achievements he had made, his popularity and kindness, the support shown to local people, the friendships he had made and the sorrow felt by many on his sad passing.

71. CHAIRMAN'S COMMUNICATIONS

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

The Chairman commented in particular on the funeral of Carl Sargeant which was testament to him.

He also took the opportunity to thank the Chief Officer (Streetscene and Transportation) for the work undertaken during the recent bad weather and asked that his thanks be passed on to the team. As Cabinet Member for Streetscene and Countryside, Councillor Carolyn Thomas also thanked the staff in Streetscene who had worked tirelessly since the bad weather started. An operations centre which had been open all weekend had been set up to ensure that schools, sheltered accommodation and town centres were assisted to ensure people were kept safe.

72. PETITIONS

Councillors Hutchinson and Peers submitted a petition requesting the reinstatement of the speed humps on Drury New Road prior to the junction with Mornington Crescent.

73. PUBLIC QUESTION TIME

None were received.

74. QUESTIONS

None were received.

75. NOTICES OF MOTION

One Notice of Motion had been received:

Councillor Richard Jones:

- “(1) That this Council invests equitably in each of the towns in Flintshire in respect of the Infrastructural Support of any revenue or capital investment to:
- (a) Build or improve highway and transport networks (road, rail, cycle way or footpaths), including parking
 - (b) Redevelop or regenerate towns, streetscapes, or recreation spaces including CCTV
 - (c) Build or redevelop housing including community housing such as extra care
- (2) That the respective investment levels, showing external and internal funding, are reported as part of the Revenue and Capital Strategy reports to Corporate Resources Overview and Scrutiny Committee on a quarterly basis”.

Councillor Attridge queried the additional words to the Notice of Motion that was sent out in the agenda pack and was advised by the Chief Executive that the words “to Corporate Resources Overview and Scrutiny Committee on a quarterly basis” had been added to (2) following advice given to Councillor Jones based on the work that would be required if the Notice of Motion was supported.

In speaking to his Notice of Motion, Councillor Jones added that, in the past, when both the finances and resources of the local authority were available in greater quantities there had been enough to go around. In this situation it made it less necessary to closely scrutinise the spend in towns and communities. As a result of the depth of the financial challenge faced by the Authority, everybody was aware that this situation had changed. Welsh Government (WG) financial settlements could not be relied upon to provide sufficient funding that would avoid further strain on our already stretched budgets. Finances in Flintshire were more difficult to secure any efficiencies were necessary and closer scrutiny was needed. Furthermore, it was clear that those available resources were therefore diminished, there was a greater need to consider whether the principle of match funding and inequitable spend in Flintshire was a fair or transparent method. This method perhaps did not allow every resident to understand whether their town was benefitting or if it was for the chosen few. Match funding and inequitable spend in one area depleted the remaining resource to such an extent that there was little or nothing left to those remaining towns and communities and he believed the situation was both unfair and unsustainable.

This was seconded by Councillor Peers.

Councillor Shotton spoke against the Notice of Motion but thanked Councillor Jones for the opportunity of the debate. Whilst he understood the sentiment behind the Notice of Motion, he asked Members to understand the implications and consequences if passed. The Council was already doing the best it could under difficult circumstances in towns and villages across the County, each with their own identity.

He provided some examples of current schemes (1) the successor to Vibrant and Viable Communities, Targeted Regeneration Investment Programme (TRIP) and the opportunity for the town of Holywell to be a recipient of that regeneration funding; and (2) as part of the Council Plan prioritised extending residential care bed provision through the capital programme in Marleyfield House in Buckley based on the need that was recognised in the south of the County. If the Notice of Motion was supported it would restrict the opportunity to follow through on those investments as the same amount of funding would be required in each town and that would result in everything in each town, or nothing in each town. The result of supporting the Notice of Motion would be a Council that would be unable to take decisions that were needed for the whole County. The Council was doing its best for the whole of County during difficult times and the Notice of Motion was unrealistic.

Councillor Kevin Hughes said he supported the Notice of Motion but with some reservations. He felt failure to support it would send out the wrong message to the people in the County, but he recognised that the towns and villages in the County may not require as much equitable investment as others. However, he felt the Notice of Motion was not just about equitable funding but about politics. He had thought the job of Independent groups would be to hold the Labour group to account and support them when they agreed on matters. He had heard and witnessed poor behaviour and bullying by both Labour and Independent Members to other Members. Some Members who represented the same or adjoining wards openly despised one another. He asked how any community could be represented properly under those circumstances. Austerity and cuts to services were upon the Council and if Flintshire was to get through those difficult times, Members needed to pull together and set aside historical issues to make Flintshire a better and more prosperous County for all residents.

Councillor Attridge called upon Councillor Kevin Hughes to withdraw his comments relating to the Labour group. Councillor Hughes said he had heard it from all groups.

Councillor Peers said as Group Leader of the Independent Alliance Group he had not received any reports of bullying from Councillor Kevin Hughes or any other Member. In supporting the Notice of Motion, he said it was clear that Councillor Richard Jones was not just talking about Buckley but he was talking about the whole County. Elected Members needed to look at their own areas and ask had they benefitted to the extent as some other areas of the County that had received investment over a long period of time. He commented on the Local Development Plan (LDP) and the North Wales Economic Growth Deal Bid. There had been a workshop on the North Wales Economic Growth Deal Bid but there was not a lot of information available, despite questions being asked on the Metro and other areas. There were a lot of missing pieces that answers were needed for and it was about being fair and equitable across the County and not just about finance. Everybody should have the opportunity to benefit from investment that the Authority could attract and assurances should be able to be given to all communities that if there was a need for a service then it would be given consideration with investments being shared equitably. Investments were coming into the Authority but they were not being spread around.

Councillor Woolley said different locations required different investments and it would be difficult to say that everything should be equal all of the time. He supported

the Notice of Motion but suggested that the words 'according to need' be added after the word 'equitably' on the first line. The Chief Officer (Governance) asked if the mover and the seconder of the Notice of Motion, Councillors Richard Jones and Peers respectively, accepted that amendment which they said they did.

Councillor Bithell said that a number of the speakers who had spoken in support of the motion had in fact given sound reasons for rejecting it. Improvements for the areas identified in the Notice of Motion were carried out as part of annual programme based on prioritising need as not all of those things needed investment at the same time. Town Centre redevelopment schemes were progressed based on need and would take place when WG funding was received. On recreational spaces, a survey had taken place a number of years ago where all play areas were looked at and a Red-Amber-Green (RAG) list was produced and worked through, again, on the basis of need. On housing schemes, a major scheme was underway and houses were being built where there were sites in the Council's ownership. He also commented on the locations of the Extra Care Homes adding that systematically issues were being dealt with in the County. This Notice of Motion would 'spread the jam too thinly' and would not be to the benefit of anybody.

Councillor McGuill spoke in support of the Notice of Motion as each ward was different and it was on the basis of need. Councillor Heesom also spoke in support of the Motion citing the need for a cohesive collective County. He commented that many people saw Flintshire as a dartboard with Deeside in the middle and all of the outside areas also needed to be considered.

In responding to Councillor Hughes' accusation of bullying, Councillor Sharps said that comment was unwelcome and that he should apologise. He was not aware of any bullying as the Group Leader of the Independents. On the Notice of Motion, he said there were issues with parochialism; he said he lived in a rural area but got his fair share of work carried out in his community.

Councillor Ellis welcomed the extra beds at Marleyfield in Buckley and the other work that had taken place in the town, including the regeneration of the town with the investment of Aldi which had encouraged other developments in the town.

Councillors Butler, David Healey and Carolyn Thomas all spoke against the Notice of Motion, citing it was about making the right decisions for the residents of Flintshire, it was impossible to implement or monitor the Notice of Motion, everything could not be done at once and that all schemes were delivered on a need basis and were assessed in that way.

Councillor Attridge asked for advice, saying that the adding the words 'according to need' was contradictory to the previous word 'equitably'.

Councillor Tudor Jones spoke on Number (2) of the Notice of Motion and said accountability was the most important aspect. He said there was perceived inequality which was widespread but said accountability and transparency was needed so that Members knew where investments were going. If such things were reported to Members, they could inform the residents in their wards. He suggested that prior to

an election such information could be delivered as to what investments had taken place in their community over recent years.

In summing up, Councillor Richard Jones said there was a need to be able to show residents that things were done in the areas most in need. Some parts of the County felt they did not get any investments. He urged Members to vote for fairness and transparency saying that everybody deserved to be treated equally. He added that a report from 2010 showed spend in each town but since that date there was no such information. However, from a report on Vibrant and Viable Places he could see that more than £20m had been spent between Connah's Quay and Queensferry between 2010 and 2016; this information was not available for other towns.

The Chief Executive explained that if the Council was to set a policy it was the responsibility of the officers to advise on how it was to be interpreted in the spirit in which it was meant. The insertion of the words suggested by Councillor Woolley made sense to the lay person and were accepted by the mover and seconder. However, Councillor Attridge's point about being contradictory, was fair – 'equitable' did not sit well with 'need'. He and the Chief Officer (Governance) looked at the amended wording and suggested that the word 'equitably' be replaced by 'fairly'. He added that the Notice of Motion implied for cases where the Authority had control over either the revenue or the capital and said Members needed to consider if funding was external and targeted to a specific area, would there be an expectation that the Council would counterbalance it with its own limited capital resources in another area? He provided examples of where that could happen as an unintended consequence. Following the discussion, and regardless of the outcome, it was accepted that better reporting could be provided several times a year for transparency.

Councillor Richard Jones and Peers, as mover and seconder of the Notice of Motion, accepted the suggestion and agreed that the word 'equitably' should be replaced by the word 'fairly' with the following being the amended Notice of Motion:

- “(1) That this Council invests fairly, according to need, in each of the towns in Flintshire in respect of the Infrastructural Support of any revenue or capital investment to:
- (a) Build or improve highway and transport networks (road, rail, cycle way or footpaths), including parking
 - (b) Redevelop or regenerate towns, streetscapes, or recreation spaces including CCTV
 - (c) Build or redevelop housing including community housing such as extra care
- (2) That the respective investment levels, showing external and internal funding, are reported as part of the Revenue and Capital Strategy reports to Corporate Resources Overview and Scrutiny Committee on a quarterly basis”.

Councillor Richard Jones called for a recorded vote and was supported the requisite number of Members.

The following Councillors voted for the Notice of Motion:

Mike Allport, Bernie Attridge, Janet Axworthy, Glyn Banks, Haydn Bateman, Marion Bateman, Sean Bibby, Chris Bithell, Derek Butler, Clive Carver, Geoff Collett, Paul Cunningham, Jean Davies, Rob Davies, Ron Davies, Adele Davies-Cooke, Chris Dolphin, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, Mared Eastwood, Carol Ellis, David Evans, George Hardcastle, David Healey, Gladys Healey, Patrick Heesom, Cindy Hinds, Dave Hughes, Kevin Hughes, Ray Hughes, Dennis Hutchinson, Paul Johnson, Christine Jones, Richard Jones, Tudor Jones, Colin Legg, Brian Lloyd, Dave Mackie, Hilary McGill, 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, David Williams, David Wisinger and Arnold Woolley.

No Councillors voted against the Notice of Motion or abstained.

RESOLVED:

That the Notice of Motion from Councillor Richard Jones be supported as follows:

- “(1) That this Council invests fairly, according to need, in each of the towns in Flintshire in respect of the Infrastructural Support of any revenue or capital investment to:
- (a) Build or improve highway and transport networks (road, rail, cycle way or footpaths), including parking
 - (b) Redevelop or regenerate towns, streetscapes, or recreation spaces including CCTV
 - (c) Build or redevelop housing including community housing such as extra care
- (2) That the respective investment levels, showing external and internal funding, are reported as part of the Revenue and Capital Strategy reports to Corporate Resources Overview and Scrutiny Committee on a quarterly basis”.

76. FINANCIAL FORECAST AND STAGE TWO OF THE BUDGET 2018/19

The Chief Executive introduced the report on the Financial Forecast and Stage Two of the Budget 2018/19 which had been submitted to a special meeting of Corporate Resource Overview and Scrutiny Committee on 6th December and a special meeting of Cabinet that morning. A copy of the draft recommendations from the special Corporate Resources Overview and Scrutiny Committee, which had been endorsed by Cabinet that morning, had been given to Members.

Councillor Heesom queried why Members were being asked to approve minutes of the Corporate Resources Overview and Scrutiny Committee in this meeting. The Chief Executive explained that Members were not being asked to approve minutes and at the scrutiny meeting the previous week, Members who were present were advised that the outcome of that meeting would be reported to Cabinet and then to County

Council. The recommendations and minute content were draft. Councillor Carver indicated that as Chair of that Committee, they were indeed a fair record of what was agreed. Following a further comment from Councillor Heesom, the Chief Executive confirmed that he was faithfully reporting what Cabinet had decided that morning, taking into account the resolutions of Corporate Resources Overview and Scrutiny Committee.

Cabinet received and accepted in full the six draft recommendations from Corporate Resources, which were:

1. That having considered the Stage 2 budget options, the report and proposals be noted;
2. That the remaining stages of the budget process and timescales be noted;
3. That the letter to the Cabinet Secretaries for Finance and for Local Government and Public services and the Resilience Statements be circulated to all Members;
4. That the full detail of the assessments of the risks, impacts and consequences of all of the budget proposals be made available for review in January;
5. That the Environment and Education and Youth Overview and Scrutiny Committees be convened in January to review in detail the car parking charges and school budget proposals respectively, including the risks and consequences of the proposals, prior to any final decision being taken; and
6. That a report reviewing the process for the setting of the annual budget process be prepared for the Constitution & Democratic Services Committee at its meeting on 31st January 2018.

Cabinet had noted and recommended Stage Two of the budget to County Council with the proviso that the specific proposals on schools budgets and car parking charges would be reported to the respective Overview and Scrutiny Committees in January for full review, for them to report back before any final agreement on those two areas. Cabinet also noted the remaining stages of the budget process and the timescales.

The Corporate Finance Manager explained that following approval of Stage One of the budget proposals the gap had reduced to £10.5m which excluded the impact of any in-year risks and pressures which could continue into the new financial year. Stage Two budget proposals were categorised into high or low level of control/certainty and full details were contained in the Corporate Resources Overview and Scrutiny report which was appended to the Council report and varied from £7.592m to £9.001m. The projected in-year overspend of £1.3m was under critical examination and any carry forward of any recurring overspend in the base budget would increase the budget gap for 2018/19.

The Chief Executive added that three national requests had been made to Welsh Government (WG) on the Domiciliary Care Fee Cap (£0.490m), the Intermediate Care Fund (£0.500m) and the Apprentice Tax Levy (£0.350m) with the

first two at no cost to WG. There was no request to change the formula but those specific requests had been made to help Flintshire with the budget gap. He clarified that those requests would also not be at any cost to other local authorities. A meeting with the Leader, the two Cabinet Ministers and himself was planned to take place before Christmas.

Councillor Shotton reconfirmed the recommendations from Cabinet that morning which was as explained by the Chief Executive. He explained that the new process for setting the budget was now done in three stages, emphasising the importance of planning. He also stressed the importance of the impending discussions with WG to help to achieve a balanced budget, particularly on the three requests. The Cabinet was not prepared to “passport” any further UK Government cuts onto Council services and he was seeking support from WG to fight back against austerity. He sought Members’ support, particularly for the discussions that would take place with WG.

Councillor Peers asked for information on the in-year spend that was under critical examination and the further negative changes to specific grants which was agreed would be sent. On the £13.6m budget gap, he said a negative gap would occur when spending exceeded income. On Stage Two proposals, particularly on no level of control or certainty, this was at some risk and it was out of the Council’s control. He asked if there were contingency plans for the end of Stages Two and Three, citing uncertainties in Stage One which could still change. He added that he had asked a number of questions on Stage One and he had not yet received responses. He queried if all Members would be invited to the Overview and Scrutiny Committees when the schools budgets and car parking charges were to be discussed so that questions that would have been asked at this Council meeting could be asked at those Committees.

The Chief Executive said that work was being undertaken on Councillor Peers’ questions on Stage One of the budget for the New Year. On the crucial examination of the in-year pressures, the question was the predictability of what would happen next year, one area being the increase in spend on Out of County Placements. In January the likely impact of such pressures could be detailed. On specific grants, the Education Improvement Grant and the Single Environment Grant were significant and always late. There was a combination of three ways in which the budget could only be balanced: (1) supplementary support from WG; (2) use of reserves and balances as a temporary measure; and/or (3) service and budget reductions which would result in services being impacted, such as Social Care, Streetscene and Education, all of which had been discussed at Overview and Scrutiny Committee meetings. The Chief Officer (Governance) explained that Chairs of Overview and Scrutiny Committee meetings always welcomed other Members to their meetings.

Councillor Heesom queried the recommendations from the Corporate Resources Overview and Scrutiny Committee that had been handed to Members. He commented on the magnitude of the budget gap faced by the Council and felt there was an air of desperation on the position being faced. Unless WG was prepared to assist then the position was dire. He said the Administration had made the situation and it was for them get the Council out of the position. Comments had been made at the Corporate Resources Overview and Scrutiny Committee the previous week on Stage One and Members were advised by the Leader of the Council that the budget

had been looked at line by line, but he said other Members in Overview and Scrutiny Committees had not had that opportunity. Even if all Stage Two options were put in place that would only raise £9m with a gap still remaining. He asked the Chief Executive, on the three options he referred to, what other options were remaining as if there was a surcharge in addition to a possible 5% rise in Council Tax, Members needed to inform their residents as soon as possible.

The Chief Executive said the financial situation was extremely serious. The responsibility of setting the budget was for Members, based on professional advice provided by Officers which could then be scrutinised. He advised that it was not appropriate to personalise comments to him on options such as Council Tax levels. He said it may not be necessary to raise the Council Tax up by 5% and added that a Council Tax rise was not mentioned by any Members at the Corporate Resources Overview and Scrutiny Committee the previous week as an area of major concern. Councillors Richard Jones and David Healey had both indicated that the recommendations were correct and he reiterated that they had been accepted by Cabinet that morning. The Chief Officer (Governance) also said the recommendations reflected what had been discussed at that meeting and they would form part of the draft minutes for that Committee to consider. As Chair of Corporate Resources Overview and Scrutiny Committee, Councillor Carver also said they were a true reflection of what was agreed. He also said that he welcomed other Members to his meetings. The Democratic Services Manager confirmed the dates as, Environment Overview and Scrutiny Committee, 16th January at 10.00 a.m. and Education and Youth Overview and Scrutiny Committee, 18th January at 2.00 p.m.

Councillor Richard Jones thanked the Chief Executive for capturing the main points from the Corporate Resources Overview and Scrutiny Committee. He raised concern on the possibility that some of the options may not be felt to be acceptable, citing car parking charges which could result in a town no longer being viable, but he did not understand the consequences sufficiently to be able to make such decisions. He felt there was an immunity for Deeside due to the Deeside Plan. He believed that the £500k for the Intermediate Care Fund should be included in the figures.

The Chief Executive explained that the three proposals which would have consequences for the public were Council Tax, schools and car parking and two of those had been taken out of the main report for separate discussions at the Overview and Scrutiny Committees as previously discussed. All of the remaining options were a corporate risk and did not impact people directly; equalities impacts assessments looked at the risks to people and communities. Details of the assessments, impacts and consequences would be available in January. In response to the point on Intermediate Care Fund, he explained that this was not guaranteed at this early stage.

Councillor David Healey also said the draft recommendations faithfully reflected what had been said at Corporate Resources Overview and Scrutiny Committee and he also welcomed all Members to the Education and Youth Overview and Scrutiny Committee meeting in January. He expressed his concern on schools budgets and commented that some schools in England had reduced to a four day week to meet budget pressures. He expressed his appreciation that such a situation had not occurred in Flintshire.

The Chief Executive explained the importance of schools knowing the situation as soon as possible to enable them to plan. As Cabinet Member for Education, Councillor Roberts said he had attended a number of consultation meetings and general feedback from schools was they were grateful for what the Council had done thus far and they expected the situation as set out. However, he concurred with the Chief Executive on the importance of them being provided with information as soon as possible.

On being put to the vote, the recommendations were carried.

RESOLVED:

- (a) That the Stage Two Budget options within the Scrutiny report and the recommendations of Cabinet detailed below be received;
- (i) *That feedback from Corporate Resources Overview and Scrutiny Committee be received with a recommendation to Council on Stage 2 of the budget strategy;*
 - (ii) *That the remaining stages of the budget process and the timescales be noted; and*
 - (iii) *Cabinet received and accepted in full the 6 draft recommendations from Corporate Resources Overview and Scrutiny Committee (listed below). Cabinet noted and recommended Stage 2 of the budget to County Council with the proviso that the specific proposals on schools budgets and car parking charges would be reported to the respective Overview and Scrutiny Committees in January for full review, for them to report back before any final agreement on those two areas.*

Corporate Resources Overview and Scrutiny Recommendations:

1. *That having considered the Stage 2 budget options, the report and proposals be noted;*
2. *That the remaining stages of the budget process and timescales be noted;*
3. *That the letter to the Cabinet Secretaries for Finance and for Local Government and Public services and the Resilience Statements be circulated to all Members;*
4. *That the full detail of the assessments of the risks, impacts and consequences of all of the budget proposals be made available for review in January;*
5. *That the Environment and Education and Youth Overview and Scrutiny Committees be convened in January to review in detail the car parking charges and school budget proposals respectively, including the risks and consequences of the proposals, prior to any final decision being taken; and*
6. *That a report reviewing the process for the setting of the annual budget process be prepared for the Constitution & Democratic Services Committee at its meeting on 31st January 2018.*

(2) That the remaining stages of the budget process and the timescales be noted; and

(b) That the remaining stages of the budget process and the timescales be noted.

77. APPOINTMENT OF INDEPENDENT MEMBER

The Chief Officer (Governance) introduced the report on the Appointment of an Independent Member to the Standards Committee. There was one vacancy on the Committee for an independent (co-opted) member and the North Wales Fire and Rescue Authority (NWFRA) had two such vacancies.

The Council had undertaken a joint recruitment exercise with the NWFRA with the costs of advertising being shared. The vacancies were advertised in the local press, on the website and on social media. There were 8 applicants who were shortlisted against criteria that had previously been approved by County Council. He was in communication with one of the applicants who had not been shortlisted and who believed the process had been flawed.

Five candidates were invited to interview by a panel which agreed to recommend Julia Hughes to both Flintshire County Council and the North Wales Fire and Rescue Authority (NWFRA) with Sally Ellis being recommended for the second vacancy on the NWFRA. Given the appointment to Julia Hughes to both the Standards Committee and the NWFRA, this would allow the two authorities to share the investment in training, provide her with a wider experience and also cross fertilise between the two organisations.

Councillor Carver said he had been contacted by one of the applicants who had not been shortlisted and he expressed his concerns about the recruitment process and the low number of applicants. He queried why on the advert it was stated that travelling and subsistence could be claimed for, but it did not state the remuneration of £99 for half a day or £198 for a full day which he felt may have put people off from applying. He also referred to the successful applicant being a serving member on the Standards Committee at Denbighshire County Council since 2015 and asked if that two year term that had been served would be taken off the term of office at Flintshire and whether or not it would be a disadvantage serving on two different Standards Committees. He moved deferral of the item for it to be considered by the Constitution and Democratic Services Committee. This was seconded by Councillor Hardcastle.

The Chief Officer (Governance) explained that compared to previous occasions when applications have been sought, this time a good response had been received. Alongside the advert was a full application pack which provided more detailed information, including the remuneration rates as set by the Independent Remuneration Panel for Wales. He confirmed that if a member served on another Councils Standards Committee, this did not disbar them from being a member nor did affect their term of office. It would also bring an added depth of experience. He added that the recruitment process had been followed correctly as laid down in legislation and he took the opportunity to thank the Chair of Standards Committee, Councillor Arnold Woolley and the lay person, Noella Jones, for being on the Panel.

On being put to the vote, the amendment for deferral was lost.

On being put to the vote, the substantive motion was carried.

RESOLVED:

- (a) That Julia Hughes be appointed by the Council to the Standards Committee until 2022; and
- (b) That Noella Jones be thanked for her participation.

78. RECOMMENDATION FROM THE CLWYD PENSION FUND COMMITTEE

Having declared an interest, Councillor David Hughes left the Chamber for this item.

The Chief Officer (Governance) introduced the report which recommended to approve an allowance of £8,700 to the Chair of the Clwyd Pension Fund Committee which would be back dated to the start of the municipal year. The cost would be borne by the Clwyd Pension Fund.

Councillor Attridge moved approval of the recommendations which was seconded by Councillor Dunbobbin.

RESOLVED:

- (a) That an allowance of £8,700 be approved for the Chair of the Clwyd Pension Fund Committee, which would be back dated to the start of the municipal year, 18th May 2017; and
- (b) That details of the payment be included within the Council's Schedule of Member Remuneration as being additional to the regulated 18 senior salaries.

79. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

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

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

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Chairman

Eitem ar gyfer y Rhaglen 8

Notices of Motion Flintshire County Council – 30th January 2018

Councillor Hilary McGill:

“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”.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 9



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 30 January 2018
Report Subject	Stages One and Two of the Council Fund Budget 2018/19 and Planning for the Closing Stage Three
Report Author	Corporate Finance Manager and Chief Executive

EXECUTIVE SUMMARY

The annual Council Fund budget for 2018/19 is being developed in three stages:

Stage One: Portfolio Business Plan proposals endorsed by Cabinet were reviewed by the respective Overview and Scrutiny Committees throughout October and approved by Council on 14 November. They had all been approved with the exception of the proposal to introduce charging for green waste collection which was called in for further review by Overview and Scrutiny.

Stage Two: secondary options were considered at Corporate Resources Overview and Scrutiny Committee on 6 December and considered by Council on 12 December. All were approved with the exception of schools funding and public car parking charges which were referred for further consideration by the Education and Youth and Environment Overview and Scrutiny Committees respectively. The options for Council Tax income were shown as a range and deferred for full consideration at Stage Three of the budget setting process. Three requests for specific support from Welsh Government were also included in the Stage Two proposals.

An update on the incomplete Stage One and Stage Two proposals is included within the report.

Stage Three: final Balancing options will be considered at Council on 20 February with the advice and recommendations of Cabinet which will meet prior to full Council. At Stage Three the Council will attempt to set a balanced budget to meet its statutory duty.

The Stage One budget proposals of £3.0m approved by Council reduced the forecast budget gap from £13.6m to £10.6m (excluding the impact of any in-year cost pressures which would continue into the new financial year if not able to be mitigated).

The Final Local Government Settlement was announced on 20 December. Whilst still providing a reduction in the allocation to Flintshire, an uplift in funding from the earlier Provisional Settlement improved the forecast position by £1m and further reduced the working gap to £9.6m.

The value of the Stage Two options is in the range of £7.590m to £9.000m noting that several of the options are subject to the agreement of Welsh Government and other parties, and that the level of Council Tax to be charged for 2018/19 will not be determined until February.

Further work has been concluded on other in-year variances and cost pressures that will impact on 2018/19 and the outcome is included in the report.

Cabinet will make recommendations to Council in February on (1) the incomplete Stage Two options taking into account the feedback from the respective Overview and Scrutiny Committees and (2) final balancing options for setting the budget.

RECOMMENDATIONS

1	Council to note that Stages One and Two of the budget are complete 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.
2	Council to note and approve the final forecast for 2018/19 taking into account the review of in-year cost pressures and their predicted impact on the following year.
3	Council to note the arrangements for the third and closing stage of the budget setting process.

REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION ON THE BUDGET 2018/19
1.01	Budget Process and Timeline The annual budget for 2018/19 is being developed in three stages.
1.02	<p>Stage One: Portfolio Business Plan proposals endorsed by Cabinet were reviewed by the respective Overview and Scrutiny Committees throughout October and approved by Council on 14 November. They had all been approved with the exception of the proposals to introduce charging which was called in for further review by Overview and Scrutiny.</p> <p>Stage Two: Secondary options were considered at Corporate Resources Overview and Scrutiny Committee on 6 December and then considered by Council on 12 December. All were approved with the exception of schools funding and public car parking charges which were referred for further consideration by the Education and Youth and Environment Overview and Scrutiny Committees respectively. The options for Council Tax income were shown as a range and deferred for Stage Three of the budget setting process. Three requests for support from Welsh Government were also included in the Stage Two proposals.</p> <p>To ensure that impacts and consequences for all public facing budget options have been considered, detailed impact and consequence statements have been prepared. These include consideration of the impacts following mitigating actions. The summary of these is attached at Appendix 3.</p> <p>Stage Three: Final Balancing options will be considered at Council on 20 February with the advice and recommendations of Cabinet which will meet prior to full Council. At Stage Three the Council will attempt to set a balanced budget to meets its statutory duty.</p> <p>The progress of these stages, and intervening national developments, are explained in chronological order.</p>
1.03	<p>Stage One</p> <p>The Stage One budget proposals of £3.0m were approved by Council in November, reducing the then forecast budget gap from £13.6m to £10.6m. The proposal for introducing charging for green waste collection was called in for further review by the Environment Overview and Scrutiny Committee. The Committee met on 16 January and the outcome is set out below:-</p> <p><i>That having considered the explanations which it has received, the Committee is satisfied and the decision to introduce garden waste collection charging in Flintshire may now be implemented.</i></p> <p>This call-in is now complete and the charging will be implemented as planned. The income target can be re-included in the Stage One budget total to reinstate the £3.0m staged target.</p>

	<p>The Stage One proposals included a potential efficiency from the GwE budget of 3%. GwE is the regional school improvement service. The GwE contributions are controlled by a binding Inter Authority Agreement and a collective decision is required by all six contributing authorities on budget setting. The best outcome that could be negotiated was a collective 1% reduction in contributions. Having allowed for inflationary pressures, as per the Inter Authority Agreement, the 1% reduction does not save the Council any funding in real terms. The longer term budget for GwE is now to be subject to a review prior to 2019/20.</p> <p>The planned Stage One efficiency proposal for integrating the Music Service and Arts Development Team within Theatr Clwyd has been included within the Stage Two proposal to recover £0.075m of the Theatre Tax Relief that Theatr Clwyd is due to receive annually.</p>
1.04	<p>Impact of the Final Local Government Settlement</p> <p>The Final Local Government Settlement was announced on 20 December.</p> <p>The Standing Spending Assessment (SSA) for Flintshire for 2018/19 is set at £264.333m (£262.516m at the provisional stage) and the final Aggregate External Finance (AEF) for 2018/19 is £189.156m – an annual decrease for Flintshire of 0.2% compared to an all Wales average increase of 0.2%.</p> <p>One new responsibility was confirmed at this final stage - increasing Capital Limits for Residential Care estimated at of £0.303m – this is included in the Settlement as an additional cost pressure to the Council.</p> <p>The funding impact of the Final Settlement is a reduction of £1.037m to the forecast gap for 2018/19.</p>
1.05	<p>Stage Two – Portfolio Budget Options</p> <p>Stage Two: these were considered at Corporate Resources Overview and Scrutiny Committee on 6 December and then considered by Council on 12 December. All were approved with the exception of schools funding and public car parking charges which were referred for further consideration by the Education and Youth and Environment Overview and Scrutiny Committees respectively. The options for Council Tax income were shown as a range and deferred for Stage Three of the budget setting process. Three requests for support from Welsh Government were also included in the Stage Two proposals.</p>
1.06	<p>Education and Youth Scrutiny Committee considered the proposals for school budgets on 18 January. The outcome is set out below:-</p> <p><i>(a) That the Committee acknowledges the work done in previous years to protect schools budgets;</i></p> <p><i>(b) That the Committee recognises that a ‘cash flat’ settlement poses risks to schools and their ability to deliver the curriculum effectively;</i></p> <p><i>(c) That should additional resources become available, the Committee recommends that Council provides an uplift to schools budgets if at all possible; and</i></p>

	<p><i>(d) That the Committee urge all parties to campaign as vigorously as possible to the National UK Government and Welsh Government to press for an increase in quantum funding.</i></p> <p>Cabinet is to consider the feedback in February and make a recommendation to full Council on 20 February. Council should note that the Council does not have the resources to meet the inflationary costs for schools and has received a reduced annual settlement from Welsh Government. The position is compounded by planned reductions to certain specific grants which fund education.</p>
1.07	<p>Environment Scrutiny Committee considered the options to increase public car parking charges at its meeting on 16 January.</p> <p>The outcome is set out below:-</p> <p><i>That the comments and concerns raised by the Committee be forwarded to Cabinet for consideration.</i></p> <p>Cabinet is to consider the feedback and make a recommendation to full Council. If this work is incomplete by the Council meeting on 20 February, and there is no final proposal at that stage, Council will be in the position of having to set an income target for car park charging as part of balancing the budget. Cabinet will then have to agree a scheme which will meet that target. Otherwise, the Council Fund budget will be deficient in balancing.</p>
1.08	<p>Of the remaining Stage Two options, two requests for support from Welsh Government in social care are under negotiation. These requests are (1) agreement to move to the maximum weekly charge for recovering domiciliary care costs of £100 from 2018/19, two years ahead of the date planned by Welsh Government and (2) guaranteed continuation of the £0.500m Intermediate Care Fund (ICF) funding which supports intensive temporary support for elderly clients to prevent hospital admissions/enable timely discharges for 2018/19. On the third request, for the Council to retain a proportion of its Apprentice Tax Levy contributions to maintain our own trainee and apprenticeship programme, Welsh Government is still developing its strategy for the deployment of the additional tax income available to it through this national scheme.</p> <p>Council Tax is covered in 1.11 below.</p>
1.09	<p>New Pressures and Efficiencies</p> <p>As previously reported expenditure is currently projected to exceed budget in the 2017/18 financial year (£0.846m at month 8). A comprehensive and robust piece of work has been undertaken to assess the risks and mitigations of these variances and any potential impacts on the 2018/19 budget. The outcome of this work is detailed in Appendix 4 and has the result of increasing the budget gap by £0.635m.</p>
1.10	<p>The impact of the known outcomes from Stages One and Two have been brought together in the following summary.</p>

1.13	Next Steps and Timescales Council is due to set a balanced budget on 20 February 2018
1.14	Stage Three of the budget – the closing stage – will be the most challenging. Local solutions which remain are (1) further service reductions (2) new or increased sources of income (3) the prudent use of reserves and balances and (4) Council Tax setting. The scope for the first of these four options has been exhausted as accepted by all Overview and Scrutiny Committees and Cabinet.

2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>Chief Officers and their management teams.</p> <p>All-Member Workshops in July, September and November.</p> <p>Overview and Scrutiny Meetings.</p> <p>School Budget Forum and Headteacher Federations.</p> <p>Trade Unions</p> <p>Public Engagement Sessions throughout October and November.</p> <p>Workforce through a special seminar.</p>

4.00	RISK MANAGEMENT
4.01	<p>Within the Settlement there is limited information on specific grants. Proposed reductions in and change to specific grants pose a significant risk. The Education Improvement Grant (EIG) and Single Environment Grant are of particular concern.</p> <p>The new pressures and efficiencies included within the revised forecast include the latest intelligence on the reduction in the Single Environment Grant. However until final confirmation is received, further reductions remain a risk.</p> <p>Welsh Government (WG) has announced a reduction in EIG of 11.36%. This would be a significant reduction; as yet no guidance has been issued as to how the grant terms will be changed to reflect this funding.</p> <p>Further information and guidance is awaited on the Minor Ethnic and Language Achievement Grant (MEAG) which funds support services for pupils from Gypsy/Traveller Communities and for those for whom English is an additional language. The value of this grant to Flintshire is £0.174m. There is no information whether this funding has been included in the Revenue Support Grant (RSG) or is to be funded through some other means.</p>

4.02	<p>National Pay Negotiations</p> <p>The Council has budgeted for a 1% annual pay award in its forecast.</p> <p>Given national developments and raised expectations amongst trade unions and the public sector workforces, UK level national negotiations between employer representatives and trade union representations are driving potentially higher pay awards.</p> <p>Welsh Government has made it clear that it has no funding to meet higher than forecast national pay awards and expects the UK Government to make additional funding available for it to meet any difference in cost.</p> <p>Public sector employers are the ones exposed to this risk. There has been no meaningful consultation with Flintshire as one of the member councils bound up in the national machinery. We have confirmed our position to the national bodies, and Welsh Government, that we have no funding provision above 1%. This has also been shared with the local trade unions. This remains an open and a significant budget risk.</p>
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5.00	APPENDICES
6.01	<p>Appendix 1 – Stage 1 Efficiency Options</p> <p>Appendix 2 – Stage 2 Efficiency Options Confirmed</p> <p>Appendix 3 – Impact Assessment Summary</p> <p>Appendix 4 - New Cost Pressures and Efficiencies</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officers: Colin Everett and Gary Ferguson</p> <p>Telephone: 01352 702101</p> <p>E-mail: gary.ferguson@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p>

Office of Budget Responsibility: created in 2010 to provide independent and authoritative analysis of the UK public finances.

Institute of Fiscal Studies: formed in 1969 and established as an independent research institute with the principal aim of informing public debate on economics in order to promote the development of effective fiscal policy.

Independent Commission on Local Government Finance in Wales: established to examine how local government funding can be made more sustainable with a view to providing specific recommendations for improvement and reform.

Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

Mae'r dudalen hon yn wag yn bwrpasol

Stage 1 Budget Proposals 2018/19

	Total £m
Social Services	0.450
Community & Enterprise	0.837
Education & Youth*	0.070
Organisational Change 1	0.416
Organisational Change 2	0.286
Streetscene & Transportation	0.800
Planning & Environment	0.160
Corporate Services	0.010
Total	3.029

Tudalen 31

*Refers to 1.03 on Music Service and GWE

Operating Models and Projected Efficiencies 2018/19 and Onwards

Social Services Summary

2018-19 Projected Efficiencies – ranked by confidence in delivery

Risk	Efficiencies
High	£0.405m
Medium	£0.045m
TOTAL POTENTIAL SAVINGS	£0.450m



Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTOLIO	SOCIAL SERVICES								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	*Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Mental Health Services	Mandatory	Council / Collaborative	Protect	Possible Opportunities	None				
Disability Services Tudalen 33	Mandatory	Council / Commission	Protect/ Develop	None	Review current contract with external agency to deliver Employment Support Services for Service Users who receive Direct Payments. Bring service in-house and make efficiencies.	£30,000	£30,000	H	H
					Relates to reduction in 3 posts.	£110,000	£110,000	H	H
Older People's Services	Mandatory	Council / Collaborative / Commissioned	Protect/ Develop	None	None				
Reablement Services	Mandatory	Council / Collaborative	Develop	None	None				
Children/Adult First Contact Services	Mandatory	Council / Collaborative	Protect	None	None				
Safeguarding	Mandatory	Council / Collaborative	Protect	None	None				

Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTOLIO	SOCIAL SERVICES								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
Children's Fieldwork Services	Mandatory	Council / Collaborative	Protect/ Develop	None	None				
Children's Resources	Mandatory	Council / Collaborative / Commissioned	Protect/ Develop	None	None				
Early Years & Family Support Services	Mandatory	Council / Collaborative / Commissioned	Develop	None	None				
Commissioning, Planning, Wellbeing, Complaints and Performance	Mandatory	Council / Collaborative	Develop	None	None				
Workforce Development	Mandatory	Council	Protect	None	Additional income from QCF assessors through annual subcontracting contract with Coleg Cambria. The contract is renewed every 12 months and if renewed the income will be given as a corporate efficiency.	£30,000	£30,000	M	M

Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTOLIO	SOCIAL SERVICES								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	<ul style="list-style-type: none"> * Mandatory * Council Discretion * Historical 	<ul style="list-style-type: none"> * Council * Collaborative * Commissioned * Cease 	<ul style="list-style-type: none"> *Reduce *Protect *Develop *National Resolution 		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Business Support and Management Tudalalen 35	Mandatory	Council	Protect	None	<u>Staffing</u> Reduction in 2 posts (1x Grade G 0.8 FTE ; 1x Grade G 0.4 FTE)	£45,000	£45,000	M	H
					<u>Accommodation</u> Rationalisation of Rented accommodation under consideration.	£15,000	£15,000	M	M
Additional cross-cutting efficiencies	Mandatory	Collaborative / Commissioned	Protect	None	Anticipated increase in domiciliary care charging ceiling will deliver £0.220m.	£220,000	£220,000	H	H

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

Community and Enterprise Summary

2018-19 Projected Efficiencies – ranked by confidence in delivery

Risk	Efficiencies
High	£0.614m
Medium	£0.223m
TOTAL POTENTIAL SAVINGS	£0.837m



Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Tudalen 37	Mandatory service	Council /collaboration (build on SARTH model)	Protect but there is a potential budget pressure National campaigning needed to keep transitional protection of £140k	No Alternative delivery in 2019-20 might mitigate some cost pressures of £140k in 2018-19, subject to successful bid for innovative housing funding.	None				
New Homes	Council discretion	Commissioned	Develop	Yes Review of landlord fees	Return anticipated trading surplus to the Council	£30k in 2018-19, increasing by additional £10k per annum from 2019-20	£30k	H	H
SARTH (Single Access Route to Housing)	Mandatory	Collaborative	Protect and Grow	Yes (fees)	Subject to a new partner subscribing – however no known partner at present time				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Strategic Housing Function	Mandatory service	Council	Protect	No	No				
SHARP (Strategic Housing)	Council discretion	Council / Collaborative (with BCU) / Commissioned	Develop	No further opportunities apart from those income targets previously identified in 2016-17 and 2017-18 to sell rights to other LA'S to utilise SHARP contract	No				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Tudalen 39	Mandatory service	Council / Collaborative / Commissioned	Develop Build new transit site and replacement for Riverside	Yes	Develop regional training courses in 2018-19 delivered by GT Officer		£3k	H	M
					Develop transit site which will earn pitch fee income for the Council (note: fees v cost of service)	'Invest to save' £30k savings potential from 2019-20 to mitigate against budget pressures through reduced spend on illegal encampments	Nil	H	M
Supporting People	Mandatory	Commissioned	Protect through lobbying hard (grant funding)	No	No				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
<p>Customer Services – to include phone contract</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Flintshire 40</p>	Council discretion	Council while transformed, then commissioned	Reduce – contact centre callers should reduce as more shift to digital – but needs corporate approach to deliver savings with potential ‘invest to save’ investments	Yes	Yes – savings with new customer service models. Council wide potential; Strategy to increase customer access to digital (self-service) and reduce reliance on face to face and telephone based services	Additional £50k in 2019-20 n.b. recorded efficiencies are just those in C&E	£50k	M	M
Flintshire Connects	Council discretion	Council (while customer transformation taking place)	Protect – different model delivered more flexibly in the communities with lower demand Options to consider include full	Provide customer transactions for community on behalf of BCUHB/ companies with no high street presence – booking appointments/	Yes Reduce staff numbers by delivering more flexibly. Potential income to deliver wider customer transactions/further back office efficiencies				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Tudalen 41			closure, partial or commissioned service	health clinic admin function etc	More flexible delivery across Mold, Buckley and Saltney/Broughton (2 posts and efficiency savings)		£56k	H	M
Registration	Mandatory service	Council	Protect	New crematorium – funeral packages Fees	None in 2018-19 but development of new crematorium might provide some scope for income generation in 2019/20 through funeral packages				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Tudalen 42					Chargeable declaration of births could provide income generation (based on 1,200 births at £10.00 charge based on legislation). NB.		£12k	H	M
Revenues	Mandatory service	Council	Protect & Develop Service recognised a high performing, low cost operating model with limited scope to deliver further efficiencies without impacting on collection rates	Yes Develop and grow the bailiff service by working in collaboration with other LA'S when the opportunity arises but apart from working with Wrexham no further opportunities emerging in 2018-19	Increase in collection rates enables adjustment to bad debt provision Second year windfall for single person discount review National campaigning to develop local rate retention scheme could provide savings potential of £200k from 2021-22.		£94k (one-off) £140k (one off)	H H	H H

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Tudale 43	Welfare Rights	Council discretion	Commissioned or cease	Protect	No	Explore whether some activity PIP claims etc could be absorbed into a single financial assessment team, releasing an efficiency	£32k	M	M
	Benefits	Mandatory service	Council	Reduce Numbers Protect & Grow (Financial Assessment Service)	No	Adjustment to bad debt provision Efficiency saving for CTRS if spend continues at existing level	£50k (one-off) £250k	H H	H H
					No	Remove duplication and provide a single financial assessment service – needs corporate agreement	£50k	L	M
	Welfare Reform	Council discretion	Council / Commissioned	Protect but potential pressure	No	No			

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
DFG's / Home Loans / Empty Homes	Mandatory service	Collaborative	Protect	No	No				
Regeneration	Council discretion	Cease	None Unless capital and revenue found for new programmes. Staff costs to be met from programmes	No	Cease service				
Economic Development	Council discretion	Collaborative	Protect	No	Workforce efficiency if regional service developed	£20k	£20k	M	M
Energy	Council discretion	Collaborative	Protect	No further opportunities apart from those income targets previously identified in	No				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Energy (Cont'd)				2016-17 and 2017-18 to sell rights to energy contract					
Employability	Council discretion	Council / Commission to voluntary sector	Grow	No	No				
Markets	Council discretion	Collaborative	Reduce	No	No				
				Service already running with a £50k annual overspend so transfer of markets service to Town Councils and/or cease markets at Connahs					

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	COMMUNITY AND ENTERPRISE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Markets (Cont'd)				Quay, Holywell and Flint will help to tackle the overspend by £25k					
Management costs		Council	Reduce in line with reduced budget	No	Reduce C&E senior managers (non HRA) from 5 to 4.	£50k	£50k	H	H

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46

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

Education and Youth Summary

2018-19 Projected Efficiencies – ranked confidence in delivery

Risk	Efficiencies
High	£0.010m
Medium	£0.060m
TOTAL POTENTIAL SAVINGS	£0.070m

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	EDUCATION AND YOUTH								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
School Improvement (direct to schools)	Mandatory	Collaborative Model with Regional School Improvement Service (GwE)	Protect Develop	No	None	3% annual efficiency target on LA contribution to GwE			
Foundation Phase Support to schools	Mandatory	Collaborative Model with Regional School Improvement Service (GwE)	Protect Develop	No	Grant Funded (Education Improvement Grant)				
Foundation Phase Support to Early Education Providers	Mandatory	Council. Collaborative with 20 targeted schools	Protect	No	Grant funded (EIG)				
Early Entitlement/Early Education Places	Mandatory	Council. Collaborative with non-maintained sector	Protect	No		Early Entitlement - reductions in sustainability grant payments & remodelling of training to cut costs	20K	M	M

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	EDUCATION AND YOUTH								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Music Service to schools	Council Discretion	Council	Protect. Develop	Potential through ADM	ADM	£0k	£0k	M	M
Welsh Advisory Service	Mandatory	Council. collaborative	Protect	No	Grant Funded (EIG)	Maximise grant funding			
Healthy Schools & Healthy Pre-Schools Service	Mandatory	Council. Collaborative Public Health	Protect	No	Grant funded (Public Health Wales)	Maximise grant funding			
School Modernisation	Mandatory	Council	Protect. Develop	No	Grant funded in part				
Universal Youth Clubs & Outreach Work Partnership working	Mandatory	Council Commission	Protect	No	Fees and Charges review Will be part of income strategy budget efficiency		TBC	M	M
Youth justice	Mandatory	Council Commission	Protect	No	Grant funded				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	EDUCATION AND YOUTH								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Young people's drug and alcohol team	Council Discretion	Council Commission	Protect	No	Grant funded				
Duke of Edinburgh's Award Scheme	Council Discretion	Council	Protect Develop	No	Grant funded				
Youth forum and engagement	Mandatory	Council	Protect	No	None				
Voluntary sector youth work	Council Discretion	Council Commissioned	Protect	No	Grant funded				
Families First	Council Discretion	Council commissioned	Protect	No	Grant funded				
Education Psychology Service	Mandatory	Council Collaborative	Protect	No	None				
Young Persons Counselling Service	Mandatory	Council	Protect	No	None				
Portfolio Pupil Referral Units	Mandatory	Council	Develop	No	Efficiency already achieved 16-17				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	EDUCATION AND YOUTH								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
ALN Service	Mandatory	Council	Protect	No	Efficiency already achieved 16-17				
Sensory Service	Council Discretion	Collaborative	Protect	No	Efficiency already achieved 16-17				
CLASS (Lang & Speech)	Council Discretion	Collaborative	Protect	No	None				
BAL/GT Eng Additional Language/Gypsy Traveller	Council Discretion	Council	Protect	No	Partial grant funding (EIG)				
Education Welfare Service	Council Discretion	Council	Protect	No	None				
Progression (TRAC/14-19/YEPF)	Mandatory	Collaborative	Protect	No	Grant funding (ESF)				
Business Support	Council Discretion	Council	Reduce	No	£10k	Staff reductions	10k	H	H
Nursery Education	Mandatory	Council	Reduce	No	Reduce from 12.5 hrs to 10 hrs weekly	Minimal staff reductions achieved & redundancy costs to cover	40k	M	M



Organisational Change 1 Summary

2018-19 Projected
Efficiencies – ranked by
confidence in delivery

Risk	Efficiencies
High	£0
Medium	£0.416m
TOTAL POTENTIAL SAVINGS	£0.416m

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	ORGANISATIONAL CHANGE 1								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Leisure, Libraries and Heritage	Council discretion, libraries part mandatory	Commissioned (Employee Owned Company)	Reduce	Yes	Continuation of previous years' Business Plan	£300,000 - £416,000	£416,000	M	M
Archives and Records Office	Part mandatory, part discretionary	Collaborative	Protect	None	None				
Arts Development	Discretionary	Council / Collaborative	Protect	None	None				
Theatr Clwyd	Discretionary	Commissioned (Employee Owned Company)	Reduce Council financial contribution	None	The current Council contribution is £750k. Work is taking place to maximise income and other contributions.				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards



Organisational Change 2 Summary

2018-19 Projected
Efficiencies – ranked by
confidence in delivery

Risk	Efficiencies
High	£0.271m
Medium	£0.015m
TOTAL POTENTIAL SAVINGS	£0.286m

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	ORGANISATIONAL CHANGE 2								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Tudalen 55	Council Discretion	Develop commissioning client function	Reduce	Potential to offer, in the future valuation services to other LAs	Property rationalisation through the closure and amalgamation of services into other more efficient assets	£50,000	£50,000	H	H
					Increase farm income through renewal of grazing licences	£21,000	£21,000	H	H
					CAT process, efficiencies through reduced costs	£10,000	£10,000	H	H
					Restructure of service as part of move to a commissioning client	£20,000	£20,000	H	H
					Remove caretaking/security services at County Offices, Flint	£15,000	£15,000	H	M
Corporate Property Maintenance Services	Council Discretion	Develop commissioning client function	Reduce	None	Restructure of service as part of move to a commissioning client	£80,000	£80,000	H	H
Design and Project Management Services	Council Discretion	Commissioned	Reduce	None	Restructure of service as part of move to a commissioning client	£40,000	£40,000	H	H

Future Operating Models and Projected efficiencies 2018/19 and onwards

PORTFOLIO	ORGANISATIONAL CHANGE 2								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
Tudun 06	<ul style="list-style-type: none"> * Mandatory * Council Discretion * Historical 	<ul style="list-style-type: none"> * Council * Collaborative * Commissioned * Cease 	<ul style="list-style-type: none"> * Reduce *Protect *Develop *National Resolution 		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
NEWydd Catering and Cleaning Services	Council Discretion	Local Authority Trading Company with Teckal exemption (as is)	Develop	Yes	Continuation of previous Business and Marketing plans	£50,000	£50,000	H	H

Future Operating Models and Projected Efficiencies 2018/19 and Onwards



Streetscene and Transportation Summary

2018-19 Projected Efficiencies – ranked confidence in delivery

Risk	Efficiencies
High	£0
Medium	£0.800m
TOTAL POTENTIAL SAVINGS	£0.800m

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	STREETSCENE AND TRANSPORTATION								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Winter Service	M	Council	Protect	No	None				
Reactive Highways	M	Council/ Comm/Teckal	Protect	No	None				
Streetlighting	D	Council/ Comm/Teckal	Protect	Yes	None				
Grass Cutting – Amenity Areas	D	Council/ Comm/Through T&CC	Reduce Include in 'core offer'	No	None				
Litter Collection and Cleansing	M	Council/ Comm/Through T&CC	Reduce Include in 'core offer'	No	None				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	STREETSCENE AND TRANSPORTATION								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
HRC Operations	M	Council/ Comm/Teckal	Develop	Yes	None				
Waste Collections	M	Council/ Teckal	Protect	Some	None				
Transportation: Local Services (Social Services and Schools)	M	Council Enabled Tendered Routes	Reduce	No	None				
Transportation: Public Transport and Regional Services	Some M Some D	Collaborative	Reduce National Resolution	No	None				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	STREETSCENE AND TRANSPORTATION								
Service Area / Function	Statutory Status * Mandatory * Council Discretion * Historical	Operating Model: * Council * Collaborative * Commissioned * Cease	Level of Service * Reduce *Protect *Develop *National Resolution	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Transportation Strategy	Part M Part H	Cease	Remove	No	None				
Fleet	D	Commissioned	Protect	Yes	None				
Waste Services	M	Commissioned Teckal	Develop	Yes	None				
Car Parking charges	D	Council	Protect	No	None				
Transport Strategy incl. Trunk and Principal Road Management and Maintenance	M	Collaborative	Protect Nation Res	Yes	None				

Future Operating Models and Projected Efficiencies 2018/19 and Onwards

PORTFOLIO	STREETSCENE AND TRANSPORTATION								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Cemeteries	M	Council / Commissioned through T & CC	Reduce	No	None				
Enforcement	M	Commissioned	Develop	Some	None				
Road Safety and Traffic Services	M	Council	Protect	No	None				
Waste Strategy	M	N/A	Reduce	Some	Charges for Garden waste	£800k - £1,200k	0.800	M/H	M

Future Operating Models and Projected Efficiencies 2018/19 and onwards



Planning and Environment Summary

2018-19 Projected Efficiencies – ranked by confidence in delivery

Risk	Efficiencies
High	£0.050m
Medium	£0.110m
TOTAL POTENTIAL SAVINGS	£0.160m

Tudalen 62

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Development Management Tudalen 63	Mandatory	Council with some collaboration to initially support EAB Growth Bid and then potential phase 2 of North Wales DM project	Protect and develop	Limited scope to produce planning statements or carry out appeals for private market or neighbouring authorities but this would have to be matched by sufficient resource	Limited Current budget is largely staffing and therefore any reduction would impact on number of staff and therefore service delivery.	Support on collaborative work Minimum £0 Maximum £15k	£15k	M	M
Highways DC	Mandatory	Council and possible Collaboration with other North Wales authorities such as Wrexham or Denbighshire	Protect and develop	Introduce further charges. Review current charges. Retain supervisory function of highway works in the team.	Limited Current budget is largely staffing and therefore any reduction would impact on number of staff and therefore service delivery.	Minimum - £10K Maximum -£50K	£15k	M	M
Building Control	Council Discretion	Council and collaboration with a whole North Wales Local Authority Building Control lead model or	Protect and develop	Review charges. Introduce charges. Increase partnership working. Increase authorized	Limited Current budget is largely staffing and therefore any reduction would impact on number of staff and	Minimum - £10K Maximum -£50K	£30k	M	M

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
T Building Control (Cont'd) 64 64	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution	commencements inspections.	therefore service delivery.	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Land Charges	Mandatory	Council	Protect and develop	None	None				
Planning Strategy	Mandatory	Council with some collaborative potential. Potential to support Strategic Development Plan for EAB area followed by a lighter touch LDP review	Protect and develop	Very limited/none	None				

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Built Environment Tudalen 65	Mandatory	Council with some collaborative potential On-going	Protect and Develop	Charging for preapp advice	None but some income potential to offset	Minimum - £10K Maximum -£50K	£10k	M	M
Flooding and Drainage	Mandatory/ Council Discretion	Full collaborative potential	Protect and Develop	Fees for capital project work	Moderate. Evaluate shared service model potential with WCBC and DCC. Income potential for collaborative work	Minimum - £10K Maximum -£50K Savings from service review Support on review/ADM	£10k	M	M

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Tudalen 66 Energy	Council Discretion	Council with some collaborative potential	Protect	Fees for energy efficiency assessment (eg DEC)	None but some income potential to offset Income potential for collaborative work	Savings from service review Support on review/ADM	£10k	M	M
Minerals and Waste	Mandatory	Collaborative. Provides a consultancy style service for minerals and waste planning to Councils across North Wales.	Protect and develop	Yes. Long term, retained service, or bespoke one-off contracts with other Councils within a reasonable travel distance. Potential to maximize regulatory compliance income. Review day rate charging	Moderate but dependent upon market conditions and availability of work in other Council areas.	Minimum - £10K Maximum -£50K	£50k	M	H
Countryside	Council Discretion	Council with some collaborative potential	Protect	Limited Room Hire and Car parking charges	None				

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Rights of Way Tudale	Mandatory	Council with some collaborative potential	Protect	Increase in charging, and reduction in expenditure e.g. strimming contract	Moderate Increase income target	Minimum - £10K Maximum -£50K	£20k	L	M
Rural Environment 57	Mandatory	Council with some collaborative potential	Protect	Potential charging through the tree team	None				
Greenfield Valley	Council Discretion	Trust with delivery through Management Agreement with FCC	Protect and potentially develop	Yes, managed as an entry fee attraction. Income used for site expenditure	None				

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Trading Standards and Animal Health Open 68	Mandatory	Council Voluntary regional collaboration through the work streams and projects identified by the North Wales Heads of Public Protection	Protect	No	None				
Trading Standards Investigations and Community Safety	Mandatory	Council Voluntary regional collaboration through the work streams and projects identified by the North Wales Heads of Public Protection	Protect	No	None				

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Licensing Tudalen 69	Mandatory	Council Voluntary regional collaboration through the work streams and projects identified by the North Wales Heads of Public Protection	Protect		None				
Pest Control	Council Discretion	Council	Protect	Yes – the commercial opportunities have been identified and quantified in the P&E Business Plan	None				

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
T Food Safety and Standards 70	Mandatory	Council Voluntary regional collaboration through the work streams and projects identified by the North Wales Heads of Public Protection	Protect	Yes – but limited incomes in terms of charging for advice.	None	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Public Health and Housing Enforcement	Mandatory	Council Voluntary regional collaboration through the work streams and projects identified by the North Wales Heads of Public Protection	Develop – Due to increasing demands on the section dealing with private sector housing enforcement	No	None				

Future Operating Models and Projected Efficiencies 2018/19 and onwards

PORTFOLIO	PLANNING AND ENVIRONMENT								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
Corporate Health and Safety	Mandatory	Council	Protect	No	None	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)



Corporate Services Summary

2018-19 Projected Efficiencies – Ranked by confidence in delivery

Risk	Efficiencies
High	£0.010m
Medium	£0
TOTAL POTENTIAL SAVINGS	£0.010m

PORTFOLIO / SERVICE	HUMAN RESOURCES								
	Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)
Employee Relations	Council Discretion	Council / Collaboration	Protect and develop to operate more effectively	No	None – unless service provision reviewed and reduced. HR & OD budget is 99% staffing so any savings would require a reduction in staff which will impact on service delivery.				
Organisational Development	Council Discretion	Council / Collaboration	Protect and develop to operate more effectively	No	None – unless service provision reviewed and reduced. HR & OD budget is 99% staffing so any savings would require a reduction in staff which will impact on service delivery.				
Organisational Development - Policy	Council Discretion	Council / Collaboration	Protect and develop to operate more effectively	No	None – unless service provision reviewed and reduced.				

PORTFOLIO / SERVICE	HUMAN RESOURCES								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Organisational Development - Learning and Development	Council Discretion	Council / Collaboration	Protect and develop to operate more effectively.	No	None – unless service provision reviewed and reduced. HR & OD budget is 99% staffing so any savings would require a reduction in staff which will impact on service delivery				
Employment Services (including Payroll, Safeguarding and sys.Admin)	Mandatory	Council / Collaboration	Protect and refresh Explore opportunities with other North Wales authorities such as Wrexham and/or Denbighshire	Yes – limited opportunities to provide payroll services to others.	None – unless service provision reviewed and reduced.				

PORTFOLIO / SERVICE	HUMAN RESOURCES								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Occupational Health and Well-being	Part Mandatory, part council discretion	Council / Collaboration	Protect and develop to operate more effectively.	Yes – limited opportunities unless alternative trading model adopted to provide service to others.	None – unless service provision reviewed and reduced. HR & OD budget is 99% staffing so any savings would require a reduction in staff which will impact on service delivery				

PORTFOLIO / SERVICE	GOVERNANCE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Democratic Services – Committees and Scrutiny	Mandatory	Council	Protect	No	None				
Democratic Services - Elections	Mandatory	Council	Protect	No	None				
Democratic Services - Member Support	Discretionary	Council	Protect	No	None				
Digital Print	Discretionary	Commissioned	Reduce	No	Cease this service and commission externally				
ICT	Discretionary	Council / Collaborate / Outsource	Protect Service committed to investigate further opportunities for cloud based delivery	Potential commercial opportunity for hosting business systems on behalf of region/sub region (dependant on timescales and appetite across region for collaboration.	Income will depend on timescales for collaboration projects				

PORTFOLIO / SERVICE	GOVERNANCE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
ICT - Training and Support	Discretionary	Council	Protect	No	ICT training service provides training and support for members of staff and Council Members. The Training Service provides formal training, one 2 one training and User acceptance testing and associated users guides for new / upgraded IT facilities e.g. Outlook / Skype Procurement of this service externally likely to cost more than current provision.				

PORTFOLIO / SERVICE	GOVERNANCE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required) Minimum £ Maximum £	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Internal Audit	Mandatory	Council / Collaborate	Protect	No					
Legal Services	Mandatory	Council / Collaborate	Protect / develop	No					
Records Management	Mandatory	Council	Protect	No	Reducing the amount of records in storage will save at least £10k per annum. The service has historically carried a pressure. The efficiency delivered will reduce the budget pressure	£5K - £10k 2 years invest to save funding of £13k (already agreed)	£10k	H	H

PORTFOLIO / SERVICE	CORPORATE FINANCE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council * Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution		2018-19	Minimum £ Maximum £	£	Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Treasury Management	Mandatory	Council	Protect/Develop (structural opportunities)	No	None (already high risk)				
Insurance	Mandatory	Council / Collaborative (Strategic)	Protect/Develop	No	None (already high risk) Key Manager Savings already made				
Taxation	Mandatory	Council	Protect	No	None (already high risk) Key Manager Savings already made				
Financial Accounting	Mandatory	Council	Protect/Develop (succession planning)	No	No – Team already lean				
Management Accounting	Mandatory	Council	Reduce/Protect	No	Yes (already assumed in previous business plan)				
AP/AR	Mandatory	Council/ Collaborative	Reduce (share and/or system improvements)	No	Possibly but system and organisational changes needed. Roles are expanding with P2P support and training now moved to within this team.				

PORTFOLIO / SERVICE	CORPORATE FINANCE								
Service Area / Function	Statutory Status	Operating Model:	Level of Service	Commercial Opportunities	Savings potential / Income generation - description 2018-19	Range of Efficiencies 2018/19 and Organisational Change support (if required)	Estimated Efficiency 2018/19 £	Level of Confidence in Financial Forecasts	Level of Confidence in Delivery
	* Mandatory * Council * Discretion * Historical	* Council * Collaborative * Commissioned * Cease	* Reduce *Protect *Develop *National Resolution			Minimum £ Maximum £		Low (L) Medium (M) High (H)	Low (L) Medium (M) High (H)
Schools Services	Mandatory	Council/Commissioned	Protect	No	No – Team already Lean.				
Financial Systems	Mandatory	Council/Collaborative (Internal and External)	Protect / develop	No	No – Roles are expanding, small team, new responsibilities for P2P transferred.				
Organisational Change (ADM) etc	Mandatory	Council (initially)	Protect	Potentially	No				



Portfolio/Service Area	Savings potential / Income generation - description 2018-19	Estimated Efficiency 2018/19 £m	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
Organisational Change	Theatre Clwyd Tax Relief Income	0.075	H	H
Organisational Change	County Hall Efficiency	0.300	M	H
Central & Corporate/Community & Enterprise	Reduction of Council Tax Reduction Scheme (CTRS) Pressure	0.323	H	H
People & Resources/Central & Corporate Finance	Pensions Auto-Enrolment Pressure Reduction	0.100	H	H

Stage 2 Budget Proposals Confirmed

Appendix 2



Portfolio/Service Area	Savings potential / Income generation - description 2018-19	Estimated Efficiency 2018/19 £m	Level of Confidence in Financial Forecasts Low (L) Medium (M) High (H)	Level of Confidence in Delivery Low (L) Medium (M) High (H)
People & Resources/Central & Corporate Finance	Removal of Price Inflation	0.139	H	M
Social Care	Social Care Commissioning Costs	0.831	H	M
Social Care	Autism Spectrum Disorder (ASD) Pressure Reduction	0.100	M	M
Social Care	Intermediate Care Fund (ICF)	0.500	M	M
Planning & Environment	Planning Fee Income Pressure Reduction	0.050	M	M
Total		2.418		

SUMMARY OF POTENTIAL RISK IMPACTS AND CONSEQUENCES OF BUDGET DECISIONS

STAGE ONE BUDGET OPTIONS

Portfolio	Description of Efficiency	Estimated Efficiency 2018/19 £M	Impact Risk Assessment	RAG status following mitigating actions
Community and Enterprise	Welfare Rights – reduction in existing team from two employees to one and the possibility of integrating some less complex activity into a single financial assessment team.	0.032M	RED	AMBER
Education and Youth	Reduction in Nursery Funding – reduction from 12.5 hrs per week to statutory minimum of 10 hrs per week	0.040M	AMBER	AMBER
Organisational Change 1	Flintshire County Council funding 2017/18 to 2018/19 to Aura Leisure and Libraries - proposed reduction of £416,000 based on Aura's business plan proposals which are mainly about income increases. Those changes which directly affect the public are subject to this impact assessment.	0.255M	GREEN	GREEN
Social Services	Relaxation of domiciliary care cap – introduction of the maximum capped amount for domiciliary care services of £80 per week currently set by Welsh Government Policy.	0.220M	RED	GREEN
Streetscene	Brown Bin Collection - the service currently provided does not fully comply with WG's blueprint for waste collections in Wales. It recommends Councils charge for the provision of the garden waste collection service and income generated be reinvested to support the overall recycling service.	0.800M	AMBER	GREEN

STAGE TWO BUDGET OPTIONS

Portfolio	Description of Efficiency	Estimated Efficiency 2018/19 £M	Impact Risk Assessment	RAG status following mitigating actions
Education and Youth	School Budgets – cash flat	1.143M	RED	RED
	School Demography – reduction in quantum into school budgets	0.288M	AMBER	AMBER
Streetscene	Bus Subsidies - some bus services in Flintshire are under-utilised and heavily subsidised, which makes them less sustainable. It is intended that the subsidy for poorly used services or poorly used journeys will be reduced or withdrawn.	1.025M	GREEN	GREEN
	Car Parking Charges - car parking charges have not been reviewed since their introduction. Income generated through pay and display machines does not meet the full cost of managing and operating the car parks. This is contrary to the Council's new corporate fees and charges policy which expects chargeable non-mandatory functions to be provided on a full cost recovery basis wherever possible.	0.456M	GREEN	GREEN

Tudalen 84

New Pressures and Efficiencies 2018/19

Efficiencies/Pressure Reduction	£m
Pension Deficit Recovery	-(0.300)
Social Care Commissioning costs	-(0.514)
Social Care Additional funding	-(0.847)
Reduction in Homelessness new responsibility pressure	-(0.046)
Additional Business Plan Efficiency for ICT (Digital Strategy)	-(0.048)
Additional Business Plan Efficiency Out of Hours Service	-(0.020)
Audit Fee Efficiency	-(0.127)
Single Person Discount 18/19 Additional efficiency	-(0.160)
Removal of Insurance pressure	-(0.063)
Reduction of Auto Enrolment Pressure	-(0.170)
Transition pressure reduction	-(0.130)
Total Efficiencies/Pressure Reduction	-(2.425)
Pressures	£m
Single Environment Grant	0.266
Street Lighting 17/18 increase	0.131
County Hall Car Parking	0.080
Supplier Charging	0.116
Fire Levy Increase 18.19 confirmed	0.070
Single Person Discount 17/18 (one off efficiency dropping out)	0.132
Members Allowances	0.017
Credit Card Surcharge	0.025
GDPR Software and Direct Debit software maintenance	0.011
Markets Income	0.025
Shared Specialist Plant	0.050
LD Work Ops Efficiency	0.180
Bus Shelters/Community Asset Transfer (CAT)	0.050
Renewable Energy Income	0.200
HR Unachievable Efficiency	0.240
Loss of Occupational Health Income	0.088
Income Target	0.200
Transport Routes	0.341
Support Services	0.124
Bailiff Service	0.050
Cloud/Datacentre Pressure	0.060
GwE Inflationary Increase	0.004
Out of County Placements	0.500
Deprivation of Liberty Safeguards (Dols) Assessments	0.100
Total Pressures	3.060
Overall Impact	0.635

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 10



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 30 th January 2018
Report Subject	Treasury Management Mid-Year Report 2017/18
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the Treasury Management Mid-Year review 2017/18 for approval.

At a meeting of the Audit Committee on 22nd November 2017 Members reviewed the Mid-Year report and recommended it to Cabinet.

Cabinet received the Mid-Year report on 19th December 2017 and approved its recommendation to Council.

RECOMMENDATIONS

1	Council approves the Treasury Management Mid-Year Report 2017/18
2	Council approves 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) as explained in paragraphs 1.09 - 1.15. This will enable the Council to continue to manage its treasury management activities as at present.

REPORT DETAILS

1.00	BACKGROUND TO THE REPORT
1.01	On 14 th February 2017, the Council approved the Treasury Management Strategy 2017/18, following the recommendation of the Cabinet and consideration by the Audit Committee.
1.02	<p>The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for execution and administration of treasury management decisions to the Corporate Finance Manager, who acts in accordance with the Council's Treasury Management Policy Statement, Strategy and Practices.</p> <p>The Council has nominated Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies.</p>
1.03	<p>The Treasury Management Mid-Year Report for 2017/18 is attached as Appendix 1. The Mid-Year Report reviews the activities and performance of the treasury management operations during the period 1st April to 30th September 2017.</p> <p>As required by the Council's Financial Procedure Rules, this Mid-Year Report was reviewed by Audit Committee on 22nd November 2017 and Cabinet on 19th December 2017. Audit Committee had no matters to draw to the Cabinet's or Council's attention.</p>
1.04	<p><u>Summary of Key Points</u></p> <p>2017/18 continues the trend of 2016/17 as an extraordinary year politically. The Prime Minister called an unscheduled General Election in June, to resolve uncertainty but the result has led to a minority Government. Lack of clarity over future trading partnerships, in particular future customs agreements with the rest of the EU block flowing from UKs negotiations to leave the EU, is denting business sentiment and investment.</p>
1.05	The Bank of England made no change to monetary policy at its meetings in the first half of the financial year with the official Bank Rate remaining at 0.25%. The Monetary Policy Committee highlighted concerns about rising inflation over risks to growth and implied a rate rise in the coming months. Section 3 of the mid-year report provides a full economic and interest rate review of the first half of 2017/18.
1.06	The historic low Bank Rate contributed to the low level of interest the Council was able to generate on its investments, with an average return of 0.25%. Section 5 provides further details of the Council's investment activity during the year.
1.07	No new long term borrowing was undertaken to date in 2017/18. Short term borrowing was undertaken as necessary in accordance with the 2017/18 borrowing strategy. The total short term (temporary) borrowing as at 30 th September 2017 was £15.1m with an average rate of 0.29%. Section 4

	provides more information on borrowing and debt management during the period.
1.08	The treasury function has operated within the limits detailed in the Treasury Management Strategy 2017/18 to date.
1.09	Section 6 provides information on regulatory changes coming into force in the near future.
1.10	The main change is called MiFID II (the second Markets in Financial Instruments Directive) which came into force on the 3 rd of January 2018. MiFID II requires local authorities to be categorised by regulated financial services firms as retail clients by default who can “opt up” to be professional clients, providing that they meet certain criteria.
1.11	The Council is currently classed as a professional client. To opt up and continue its status as professional the Council must hold an investment balance of at least £10 million and the person authorised to make investment decisions on behalf of the authority must have at least one year’s relevant professional experience to ensure that they benefit from the greatest level of investor protection along with other qualitative and quantitative tests. In addition, the financial service firm must assess that the person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.
1.12	The main additional protection for retail clients is a duty on the firm to ensure that the investment is “suitable” for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. The Council doesn’t currently use many of the kinds of products where it would benefit from the additional protection offered from being a retail client for example; shares, bonds and derivatives.
1.13	It is anticipated that retail clients will face increased transaction costs due to the increased level of advice that firms will need to provide, and will potentially face restricted access to certain money market / pooled funds, treasury bills and to financial advice from brokers etc. The costs of being a retail client would potentially outweigh any benefits.
1.14	Officers have considered the differing impacts of remaining a professional client or changing to be a retail client. The assessment considered the security, liquidity and yield of investments and the availability, flexibility and costs of short and long term borrowing. Officers recommend that the Council maintains its current MiFID status of professional in order to continue to manage the Council’s daily treasury management activities as at present.
1.15	This will result in a slight change to operating procedures to maintain the daily investment balance required of £10m. The status will be reviewed regularly and can be subsequently changed.

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are addressed in the attached report to Cabinet and its appendices; no other resource implications directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Arlingclose Ltd, being the Council's treasury management advisors.

4.00	RISK MANAGEMENT
4.01	Risk Management directly addressed within appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.

5.00	APPENDICES
5.01	Appendix 1 - Treasury Management Mid-Year Review 2017/18.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Liz Thomas – Technical Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p> <p>Bank Rate: The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".</p> <p>Basis Point: A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points.</p>

Bond: A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.

Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.

Capital Financing Requirement (CFR): The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.

Certificates of Deposits (CD's): A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years.

Cost of Carry: The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

Consumer Price Index (CPI): The UK's main measure of inflation (along with Retail Price Index or 'RPI') The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

Credit Rating: Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

Corporate Bonds: Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Counterparty List: List of approved financial institutions with which the Council can place investments.

Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Facility (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.

Federal Reserve: The US central bank, the equivalent of the Bank of England. (Often referred to as "the Fed").

Financial Instruments: Financial instruments are tradable assets of any kind. They can be cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument.

Gilts: Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged'. They are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

LOBO: Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.

IFRS: International Financial Reporting Standards.

Maturity: The date when an investment or borrowing is repaid.

Maturity Structure / Profile: A table or graph showing the amount (or percentage) of debt or investments maturing over a time period.

Monetary Policy Committee (MPC): A committee of the Bank of England, which meets to decide the Bank Rate. Its primary target is to keep CPI inflation within 1% of a central target of 2%. Its secondary target is to support the Government in maintaining high and stable levels of growth and employment.

Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Non Specified Investment: Investments which fall outside the WG Guidance for Specified investments (below).

Operational Boundary: This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts: In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

Prudential Code: Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators: Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators.

Public Works Loans Board (PWLB): The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE): QE is a form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This cash injection lowers the cost of borrowing and boosts asset prices to support spending.

Revenue Expenditure: Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

Retail Price Index (RPI): A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent.

Term Deposits: Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments: Term used in the Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing: Borrowing for which the costs are supported by the government or third party.

Supranational Bonds: Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

Treasury Bills (T-Bills): Treasury Bills are short term Government debt

instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.

Treasury Management Code: CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP): Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

Temporary Borrowing: Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Unsupported Borrowing: Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield: The measure of the return on an investment instrument.



FLINTSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT

MID YEAR REPORT 2017/18

1.00 PURPOSE OF REPORT

- 1.01 To provide members with a mid-year update on matters relating to the Council's Treasury Management function.

2.00 BACKGROUND

- 2.01 Treasury management comprises the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2.02 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.
- 2.03 The Council's policy is to appoint external consultants to provide advice on its treasury management function. In September 2016 Arlingclose Ltd were reappointed as the Council's advisors for a period of 3 years, following a competitive tendering exercise.
- 2.04 The Council has adopted the 2012 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.
- 2.05 In addition, the Welsh Government (WG) Guidance on Local Government Investments recommends that local authorities amend their investment strategies in light of changing internal or external circumstances.
- 2.06 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.
- 2.07 The Council approved the 2017/18 Treasury Management Strategy at its meeting on 14th February 2017.

3.00 ECONOMIC & INTEREST RATE REVIEW APRIL – OCTOBER 2017.

Provided by Arlingclose Ltd the Council's Treasury Management advisors.

Economic backdrop: Commodity prices fluctuated over the period with oil falling

below \$45 a barrel before inching back up to \$58 a barrel. UK Consumer Price Inflation (CPI) index rose with the data print for August showing CPI at 2.9%, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. The new inflation measure CPIH, which includes owner occupiers' housing costs, was at 2.7%.

The unemployment rate fell to 4.3%, it's lowest since May 1975, but the squeeze on consumers intensified as average earnings grew at 2.5%, below the rate of inflation. Economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these will be a constraint on economic activity in the second half of 2017.

The Bank of England made no change to monetary policy at its meetings in the first half of the financial year. The vote to keep Bank Rate at 0.25% narrowed to 5-3 in June highlighting that some MPC members were more concerned about rising inflation than the risks to growth. Although at September's meeting the Committee voted 7-2 in favour of keeping Bank Rate unchanged, the MPC changed their rhetoric, implying a rise in Bank Rate in "the coming months". The Council's treasury advisor Arlingclose is not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.

In contrast, near-term global growth prospects improved. The US Federal Reserve increased its target range of official interest rates in June for the second time in 2017 by 25bps (basis points) to between 1% and 1.25% and, despite US inflation hitting a soft patch with core CPI at 1.7%, a further similar increase is expected in its December 2017 meeting. The Fed also announced confirmed that it would be starting a reversal of its vast Quantitative Easing programme and reduce the \$4.2 trillion of bonds it acquired by initially cutting the amount it reinvests by \$10bn a month.

Geopolitical tensions escalated in August as the US and North Korea exchanged escalating verbal threats over reports about enhancements in North Korea's missile programme. The provocation from both sides helped wipe off nearly \$1 trillion from global equity markets but benefited safe-haven assets such as gold, the US dollar

and the Japanese yen. Tensions remained high, with North Korea's threat to fire missiles towards the US naval base in Guam, its recent missile tests over Japan and a further testing of its latent nuclear capabilities.

Prime Minister Theresa May called an unscheduled General Election in June, to resolve uncertainty but the surprise result has led to a minority Conservative government in coalition with the Democratic Unionist Party. This clearly results in an enhanced level of political uncertainty. Although the potential for a so-called hard Brexit is diminished, lack of clarity over future trading partnerships, in particular future customs agreements with the rest of the EU block, is denting business sentiment and investment. The reaction from the markets on the UK election's outcome was fairly muted, business confidence now hinges on the progress (or not) on Brexit negotiations, the ultimate 'divorce bill' for the exit and whether new trade treaties and customs arrangements are successfully concluded to the UK's benefit.

In the face of a struggling economy and Brexit-related uncertainty, Arlingclose expects the Bank of England to take only a very measured approach to any monetary policy tightening, any increase will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.

Financial markets: Gilt yields displayed significant volatility over the six-month period with the appearing change in sentiment in the Bank of England's outlook for interest rates, the push-pull from expectations of tapering of Quantitative Easing (QE) in the US and Europe and from geopolitical tensions, which also had an impact. The yield on the 5-year gilts fell to 0.35% in mid-June, but then rose to 0.80% by the end of September. The 10-year gilts similarly rose from their lows of 0.93% to 1.38% at the end of the quarter, and those on 20-year gilts from 1.62% to 1.94%.

The FTSE 100 nevertheless powered away reaching a record high of 7548 in May but dropped back to 7377 at the end of September. Money markets rates have remained low: 1-month, 3-month and 12-month LIBID rates have averaged 0.25%, 0.30% and 0.65% over the period from January to 21st September.

Credit background: UK bank credit default swaps continued their downward trend, reaching three-year lows by the end of June. Bank share prices have not moved in any particular pattern.

Outlook for the remainder of 2017/18

The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Both consumer and business confidence remain subdued. Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages. Savings rates are at an all-time low and real earnings growth (i.e. after inflation) struggles in the face of higher inflation.

The Bank of England's Monetary Policy Committee has changed its rhetoric, implying a rise in Bank Rate in "the coming months". Arlingclose is not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.

This decision is still very data dependant and Arlingclose is, for now, maintaining its central case for Bank Rate at 0.25% whilst introducing near-term upside risks to the forecast as shown below. Arlingclose's central case is for gilt yields to remain broadly stable in the across the medium term, but there may be near term volatility due to shifts in interest rate expectations.

	Dec 17	Mar 18	Jun 18	Sept 18	Dec 18	Mar 19	Jun 19	Sept 19	Dec 19	Mar 20	Jun 20
Upside Risk	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Interest Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Downside Risk	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

4.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

4.01 PWLB (Public Works Loans Board) Certainty Rate Update.

The Authority submitted its application to WG along with the 2017-18 Capital Estimates Return to access this reduced rate for a further 12 months from 1st November 2017.

4.02 The total long term borrowing outstanding totals £253.7 million.

4.03 Loans with the Public Works Loans Board are in the form of fixed rate (£222.41m) and variable rate (£10m), £18.95m is variable in the form of Lobo's (Lender's Option, Borrower's Option) and £2.341m is interest free loans from government.

The Council's average borrowing rate is currently 4.96%.

	Balance 01/04/2017 £m	Debt Maturing £m	New Debt £m	Balance 30/09/2017 £m
Long Term Borrowing	251.36	0.00	0.00	251.36
Government Loans	1.29	0.00	1.05	2.34
TOTAL BORROWING	252.65	0.00	0.00	253.70
Other Long Term Liabilities *	6.50	0.55	0.00	5.95
TOTAL EXTERNAL DEBT	259.15	0.00	0.00	259.65
Increase/ (Decrease) in Borrowing £m				0.50

- 4.04 No other new long term borrowing has been undertaken so far during 2017/18. Other than specific government loans available for specific capital schemes.

Affordability (interest costs charged on new loans) and the “cost of carry” (costs associated with new long term loans) remain important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of long term borrowing.

- 4.05 Loans at Variable Rates

The extent of variable rate borrowing the Council can potentially undertake is influenced by the level of Reserves and Balances. The interest rate on the Council's £10m variable rate loans averaged 0.36%.

The Council has determined that exposure to variable rates is warranted. It also assists with the affordability and budgetary perspective in the short-to-medium term. Any upward movement in interest rates and interest paid on variable rate debt would be offset by a corresponding increase in interest earned on the Council's variable rate investments. The interest rate risk associated with the Council's strategic exposure of £10m is regularly reviewed with our treasury advisor against clear reference points, this being a narrowing in the gap between short and longer term interest rates. If appropriate, the exposure to variable interest rates will be reduced by switching into fixed rate loans.

- 4.06 Internal Borrowing and Short Term Borrowing

Given the significant cuts to local government funding putting pressure on Council finances, the borrowing strategy is to minimise debt interest payments without

compromising the longer-term stability of the portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term instead.

The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant at around 2.73%.

The use of internal resources in lieu of borrowing has therefore continued to be used over the period as the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments.

Short term borrowing was undertaken as necessary. The total short term (temporary) borrowing as at 30th September 2017 was £15.1m with an average rate of 0.29%.

The Council acknowledges that this position is not sustainable over the medium term. The Council's capital expenditure plans will be monitored throughout 2017/18 to inform and confirm the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and borrow unnecessarily which will be costly. The continued use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast.

4.07 Lender's Option Borrower's Option Loans (LOBOs)

The Authority holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The option to change the terms on £18.95m of the Council's LOBOs was not exercised by the lender. The Authority acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.08 Debt Rescheduling

FCC has a long term debt portfolio of £259m, a mix of PWLB maturity loans, bank loans and loans from government. Options for debt rescheduling have been explored and the following can be surmised from work in conjunction with our treasury management advisors:

PWLB Loans:

The premium charged for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for

debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

LOBOs:

The authority explored the option to repay LOBOs early and received valuations for the LOBO loans from the bank. Following a review it has been established that the premium would cost £11.7m is 62% of principal amount of the LOBOs. Therefore, to repay the loans the Council would need to repay the principal of £18.95m and the premium of £11.7m a total of £30.65m. This reflected the expected prolonged low interest rate environment. FMS (the lender of the Lobos) did not offer any discounts on the premium cost.

Given the valuations offered by FMS and the Council's financial position, costs were unlikely to be lower due to the need to refinance both the principal and premium. The Council was advised not to repay unless FMS agrees a lower valuation of the loans and have decided at this time to not to refinance.

While the Council could reduce its exposure to the optionality contained within the loans, i.e. uncertain refinancing risk, this risk is very low in the short to medium term.

The Corporate Finance Manager, in conjunction with the Council's treasury advisors will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

5.0 INTERIM INVESTMENT AND PERFORMANCE REPORT

- 5.01 The Welsh Government's Investment Guidance gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.
- 5.02 The maximum investments the Authority had on deposit at any one time totalled £29.6m. The average investment balance for the period was £13.8m and the average rate of return was 0.25%, generating investment income of £16k.
- 5.03 Investments have been made with UK banks and building societies up to periods of 35 days, as well as utilising investment opportunities afforded by money market funds and call accounts.
- 5.04 The average of long and short term borrowing was £266.4m and the average rate paid was 4.73% generating interest payable of £6,300m in line with budget forecasts (to date).

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
Actual	16	0.25	6,300	4.73
Budget	22.5	0.30	6,600	4.47
Difference	-6.5	-	300	-

Year-end projections are as follows:

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
Actual	32	0.20	13,060	5.00
Budget	45	0.30	13,200	4.47
Difference	-13	-	140	-

5.05 Credit Risk (security)

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Counterparty Update (provided by Arlingclose Ltd)

There were a few credit rating changes during the quarter. The significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities. Moody's downgraded Standard Chartered Bank's long-term rating to A1 from Aa3 on the expectation that the bank's profitability will be lower following management's efforts to de-risk their balance sheet. The agency also affirmed Royal Bank of Scotland's and NatWest's long-term ratings at Baa1, placed Lloyds Bank's A1 rating on review for upgrade, revised the outlook of Santander UK plc, and Nationwide and Coventry building societies from negative to stable but downgraded the long-term rating of Leeds BS from A2 to A3. The agency downgraded long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment and the ratings of the large Australian banks on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential

property investors.

S&P also revised Nordea Bank's outlook to stable from negative, whilst affirming their long-term rating at AA-. The agency also upgraded the long-term rating of ING Bank from A to A+.

Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In May, following Arlingclose's advice, the Authority reduced the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as until banks' new structures are finally determined and published, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.

The new EU regulations for Money Market Funds were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility NAV (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

5.06 *Liquidity*

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts.

5.07 *Yield*

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Council's investment yield is outlined in 5.02.

6.00 REGULATORY UPDATES

6.01 MiFID II: Local authorities are currently treated by regulated financial services firms as professional clients who can "opt down" to be treated as retail clients instead. From 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can "opt up" to be professional clients, providing that they meet certain criteria. Regulated financial services firms include banks, brokers, advisers, fund managers and

custodians, but only where they are selling, arranging, advising or managing designated investments. In order to opt up to professional, the authority must have an investment balance of at least £10 million and the person authorised to make investment decisions on behalf of the authority must have at least one year's relevant professional experience. In addition, the firm must assess that that person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The main additional protection for retail clients is a duty on the firm to ensure that the investment is "suitable" for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. It is also likely that retail clients will face an increased cost and potentially restricted access to certain products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice. The Authority has declined to opt down to retail client status in the past as the costs were thought to outweigh the benefits.

The Council meets the majority of conditions to opt up to professional status, the one exception being holding an investment balance of £10m. As previously reported the Council has a forecast borrowing requirement. This is due to an increased capital programme which includes prudential borrowing to fund the 21st century schools programme, and the investment in improving the quality of Council housing and building new Council homes. In the current low interest rate environment the strategy has been to use hold minimal investments and maximise the use of internal borrowing to fund capital expenditure reducing the Council's exposure to counterparty risk and reducing borrowing costs, without compromising the long term stability of the Council's debt portfolio.

As outlined in 4.06 over the period the Council has been utilising short term borrowing to confirm the need for longer term borrowing. Ensuring the Council doesn't commit to any unnecessary and costly long term borrowing. Over the past six months the daily average investment balance has been £13.7m with highs of £29.6m and lows of £3.7m. The Councils monthly investment balance can vary by £19.7m as shown in quarterly updates. To continue to operate Treasury Management activities of investing and borrowing as present a daily investment balance of £10m will need to be held.

Having considered the differing impacts of remaining a professional client or changing to a retail client on the security, liquidity and yield of any investments held and on the availability, flexibility and costs of short and long term borrowing Officers would recommend that the Council maintains its current MiFID status of professional and seeks approval from Members to do so.

- 6.02 CIPFA Consultation on Prudential and Treasury Management Codes: In February 2017 CIPFA canvassed views on the relevance, adoption and practical application of the Treasury Management and Prudential Codes and after reviewing responses launched a further consultation on changes to the codes in August with a deadline for responses of 30th September 2017.

The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report to full council which will cover the basics of the capital programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit would be included in this report but other indicators may be delegated to another committee. There are plans to drop certain prudential indicators, however local indicators are recommended for ring fenced funds (including the HRA) and for group accounts. Other proposed changes include applying the principles of the Code to subsidiaries.

Proposed changes to the Treasury Management Code include the potential for non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares brought for service purposes. Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy. Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council. There are also plans to drop or alter some of the current treasury management indicators.

CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018/19, although CIPFA plans to put transitional arrangements in place for reports that are required to be approved before the start of the 2018/19 financial year. The Department of Communities and Local Government (DCLG) and CIPFA wish to have a more rigorous framework in place for the treatment of commercial investments as soon as is practical. It is understood that DCLG will be revising its Investment Guidance (and its MRP guidance) for local authorities in England; however there have been no discussions with the devolved administrations yet.

The impacts of the changes are currently being considered by Officers who will report to Members in due course.

7.00 COMPLIANCE

- 7.01 The Council can confirm that it has complied with its Prudential Indicators for the period April to September 2017. These were approved on 14th February 2017 as part of the Council's 2017/18 Treasury Management Strategy.
- 7.02 In compliance with the requirements of the CIPFA Code of Practice this report

provides members with a summary report of the treasury management activity during the period April – September 2017. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

8.00 OTHER ITEMS

8.01 Other treasury management related activity that took place during April – September 2017 includes:

- The Treasury Management Annual Report 2016/17 was reported to Audit Committee on 19th July 2017, Cabinet on 26th September 2017 and approved by Council on 27th September 2017.
- Quarterly Treasury Management updates were reported to the Audit Committee.
- The Council continues to be a member of the CIPFA Treasury Management Forum and the TM Network Advisory Group.

9.00 CONCLUSION

9.01 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2017/18.

9.02 As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

9.03 In order to continue to manage the Council's daily treasury management activities as at present, the Council elects 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). This will result in a slight change to operating procedures to maintain a daily investment balance of £10m. The status will be reviewed regularly and can be changed subsequently.

Debt Maturity Profile - October 2017

