

Pecyn Dogfen Gyhoeddus



Swyddog Cyswllt:
Sharon Thomas / 01352 702324
sharon.b.thomas@flintshire.gov.uk

At: Bob Aelod o'r Cyngor

10 Chwefror 2021

Annwyl Gynghorydd,

RHYBUDD O GYFARFOD ANGHYSBELL
CYNGOR SIR Y FFLINT
DYDD MAWRTH, 16EG CHWEFROR, 2021 at 2.00 PM

Yn gywir

Robert Robins
Rheolwr Gwasanaethau Democraidaidd

Sylwch: Oherwydd y cyfyngiadau presennol ar deithio a'r gofyniad am gadw pellter corfforol, ni chynhelir y cyfarfod hwn yn y lleoliad arferol. Bydd hwn yn gyfarfod rhithiol a bydd 'presenoldeb' yn gyfyngedig i Aelodau'r Cyngor. Bydd y cyfarfod yn cael ei recordio.

Os oes gennych unrhyw ymholiadau, cysylltwch ag aelod o'r Tîm Gwasanaethau Democraidaidd ar 01352 702345.

R H A G L E N

1 YMDDIHEURIADAU AM ABSENOLDEB

Pwrpas: I dderbyn unrhyw ymddiheuriadau.

2 DATGAN CYSYLLTIAD

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

3 DEISEBAU

Pwrpas: Mae hwn yn gyfle i Aelodau'r Cyngor gyflwyno deisebau ar ran pobl yn eu ward. Unwaith y byddant wedi dod i law, caiff deisebau eu pasio i'r Prif Swyddog priodol ar gyfer gweithredu ac ymateb iddynt.

EITEMAU CYFFREDIN BUSNES

4 CYLLIDEB REFENIW CRONFA'R CYNGOR 2021/22 - Y CAM CAU OLAF (Tudalennau 5 - 36)

Adroddiad Prif Weithredwr, Rheolwr Cyllid Corfforaethol -

Pwrpas: I gosod cyllideb gyfreithiol a chytbwys ar gyfer 2021/22 ar argymhelliad y Cabinet.

5 TRETH Y CYNGOR AR GYFER 2021/22 (Tudalennau 37 - 54)

Adroddiad Prif Swyddog (Llywodraethu) -

Pwrpas: Gosod taliadau Treth y Cyngor ar gyfer 2021-22 fel rhan o strategaeth cyllideb ehangach y Cynghorau.

6 CYNLLUN BUSNES ARIANNOL 30 BLYNEDD Y CYFRIF REFENIW TAI (HRA) (Tudalennau 55 - 68)

Adroddiad Prif Swyddog (Tai ac Asedau) - Aelod Cabinet dros Dai

Pwrpas: Cyflwyno, Cyllideb y Cyfrif Refeniw Tai ar gyfer 2021/22, Cynllun Busnes y Cyfrif Refeniw Tai a chrynodeb o'r Cynllun Busnes Ariannol 30 blynedd i'w cymeradwyo.

7 STRATEGAETH RHEOLI'R TRYSORLYS 2021/22 (Tudalennau 69 - 112)

Adroddiad Rheolwr Cyllid Corfforaethol -

Pwrpas: Cyflwyno i'r Aelodau Strategaeth Rheoli'r Trysorlys Drafft 2021/22.

8 **ISAFSWM DARPARIAETH REFENIW - POLISI 2021/22** (Tudalennau 113 - 126)

Adroddiad Rheolwr Cyllid Corfforaethol -

Pwrpas: I cymeradwyo'r polisi ar Isafswm Darpariaeth Refeniw.

9 **DATGANIAD POLISI'AU TÂL AR GYFER 2020/21** (Tudalennau 127 - 164)

Adroddiad Prif Weithredwr, Uwch Reolwr, Adnoddau Dynol a Datblygu Sefydliadol - Aelod Cabinet dros Reolaeth Gorfforaethol ac Asedau

Pwrpas: Mae'n ofynnol bod bob cyngor yn cyhoeddi eu Datganiad ar Bolisiau Tâl erbyn mis Ebrill bob blwyddyn. Y Datganiad ar Bolisiau Tâl a gyflwynir yn yr adroddiad hwn yw'r nawfed Datganiad blynyddol a gyhoeddwyd gan Gyngor Sir y Fflint.

ER GWYBODAETH YN UNIG

10 **CWESTIYNAU GAN Y CYHOEDD**

Pwrpas: Derbyn Cwestiynau Cyhoeddus ar gyfer yr eitem hon: doedd dim wedi dod i law erbyn y dyddiad cau.

11 **CWESTIYNAU**

Pwrpas: Nodi'r atebion i unrhyw gwestiwn a gyflwynwyd yn unol â Rheol Sefydlog 9.4(A) y Cyngor Sir: doedd dim wedi dod i law erbyn y dyddiad cau.

12 **CWESTIYNAU GAN AELODAU AM GOFNODION PWYLLGORAU**

Pwrpas: Mae'r Llyfr Cofnodion, Argraffiad 2 2020/21, wedi ei ddosbarthu i'r Aelodau. Mae hawl gan yr Aelodau ofyn cwestiynau am y cofnodion hyn, yn amodol ar gyfyngiadau penodol, a bydd yr atebion yn cael eu darparu yn y cyfarfod. Mae'n rhaid cyflwyno unrhyw gwestiwn i'r Rheolwr Democratiaeth a Llywodraethu cyn diwedd y diwrnod gwaith ar Dydd Mercher, 10 Chwefror, 2021.

13 **RHYBUDD O GYNNIG**

Pwrpas: Derbyn unrhyw Rhybuddion o Gynnig: doedd dim wedi dod i law erbyn y dyddiad cau.

Sylwch y bydd 10 munud o egwyl yn y cyfarfod hwn os yw'n para fwy na dwy awr

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 4



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 16 th February 2021
Cabinet Member	Cabinet Member for Finance
Report Subject	Council Fund Revenue Budget 2021/22 – Final Closing Stage
Report Author	Chief Executive and Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

The Council has received full reports on previous stages of the budget setting process for 2021/22 and previous reports and appendices are attached as background information.

Cabinet set a revised minimum budget requirement for 2021/22 of £16.750m at its meeting on 15 December and received an update on the implications of the Welsh Government Provisional Settlement for 2021/22 on 23rd December.

In January, Cabinet considered a progress report including a close to final budget estimate. At that stage there were some remaining issues to be resolved in reaching a balanced budget for recommendation to Council. This work has now been concluded.

Cabinet received a report on the Council Fund Budget 2021/22 at its meeting this morning which set out how the Council can achieve a legal and balanced budget. The calculations are based on an annual Council Tax rise of 3.95%. This report is attached as Appendix A.

Cabinet's resolution for balancing the budget will be provided to Members following the meeting in advance of the Council meeting.

RECOMMENDATIONS

1	That the Council approves the recommendations of Cabinet for balancing the budget for 2021/22.
2	That Council approves the level of Council Tax for 2021/22 as recommended by Cabinet.

REPORT DETAILS

1.00	EXPLAINING THE CURRENT POSITION – BALANCING THE BUDGET FOR 2021/22
1.01	The Council has received reports at all stages throughout the budget process for 2021/22.
1.02	Council has been updated on the financial forecast for 2021/22 throughout the year and received an update on the latest budget requirement for 2021/22 on 23rd December together with the impact of the Provisional Settlement.
1.03	In January, Cabinet considered a progress report including a close to final budget estimate. At that stage there were some remaining issues to be resolved in reaching a balanced budget for recommendation to Council.
1.04	The outstanding work to balance the budget is complete and Cabinet considered a report at its meeting this morning which included a recommendation for setting a legal and balanced budget. The report is attached as Appendix A.
1.05	Cabinet's resolution for balancing the budget will be provided to Members following the meeting in advance of the Council meeting and a presentation on the budget will be made to Council.

2.00	RESOURCE IMPLICATIONS
2.01	As contained within the report to Cabinet of 16 February which is attached.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	As contained within the report to Cabinet of 16 February 2021 which is attached.

4.00	RISK MANAGEMENT
4.01	As contained within the report to Cabinet of 16 February 2021 which is attached.
5.00	APPENDICES
5.01	Appendix A – Cabinet Report 16 February 2021
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	As included in the Cabinet Report 16 February 2021
7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Colin Everett, Chief Executive Gary Ferguson, Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk
8.00	GLOSSARY OF TERMS
8.01	As set out in the attached report.

Mae'r dudalen hon yn wag yn bwrpasol



CABINET

Date of Meeting	Tuesday, 16 th February 2021
Report Subject	Council Fund Revenue Budget 2021/22 – Final Closing Stage
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

Council has received full reports on previous stages of the budget setting process for 2021/22 and previous reports and appendices are attached.

Cabinet in January set an upper minimum budget additional requirement for 2021/22 of £16.750m and a lower minimum budget requirement of £13.818m. The upper figure includes provision for national pay awards at 2% across the board, and the lower figure makes no provision for pay. We are using the lower figure for the purposes of balancing the budget as there is no provision within the UK Government budget statement for any public sector annual pay awards with the exception of pay awards for employees with salaries of under £24k per annum. As a consequence of this, Welsh Government has had no uplift in funding to support any annual pay awards for local government employees and teachers which the recognised trade unions and employers might engage in negotiations over at a later point in the financial year.

Cabinet in January also considered the issues which remained to be closed as part of the budget-setting process. This report recommends solutions to all of those issues and sets out recommendations for the Council to be able to reach a legal and balanced budget.

The formal response of the Council to the Welsh Government consultation on the Provisional Local Government Settlement 2021/22 is attached. This response fully takes into account the views expressed by Cabinet as a collective and those of the body of elected members.

This report also sets out the Council Tax resolution for setting taxation levels for 2021/22. We are also able to propose the formal resolution to Council when it meets later on 16 February as we have received notification of the precepts of the Police and Crime Commissioner and all town and community councils within Flintshire.

Cabinet is invited to make final recommendations to Council to set a legal and balanced budget based on the detail as set out in this report.

A full presentation will be made at both Cabinet and Council.

The report includes the following tables:

- Table 1: Revised Minimum Additional Budget Requirement 2021/22
- Table 2: Proposed Budget Solutions 2021/22
- Table 3: Proposed Budget 2021/22
- Table 4: Medium Term Forecast 2022/23 – 2023/24

The Corporate Resources Overview and Scrutiny Committee will receive and consider this report on 11th February and any advice or recommendation the Committee offers will be reported verbally at the Cabinet meeting.

RECOMMENDATIONS

1	That Cabinet notes and approves the revised budget requirement for 2021/22.
2	That Cabinet approves the final proposals for the corporate efficiencies which will contribute to the budget.
3	That Cabinet recommends to Council a legal and balanced budget based on the calculations as set out within this report.
4	That Cabinet notes the open risks which remain to be managed in the course of 2021/22.
5	That Cabinet recommends an annual increase in Council Tax for 2021/22 of 3.95%, and invites Council to pass the formal Council Tax resolution now that we have had notification of the precepts of the Police and Crime Commissioner and all town and community councils within Flintshire.
6	That Cabinet notes the medium-term forecast as a basis for the next revision of the Medium-Term Financial Strategy (MTFS).

REPORT DETAILS

1.00	EXPLAINING THE COUNCIL FUND REVENUE BUDGET 2021/22
1.01	<p>The Financial Forecast</p> <p>The forecast has been continuously revised to take into account the latest available information, and has been presented to members at stages throughout the budget planning and setting process.</p> <p>In December, the minimum additional budget requirement of £14.740m was uplifted to make additional financial provision for Schools Funding, Additional Learning Needs and for Reserves. The revised minimum additional budget requirement was set at £16.750m.</p> <p>The position reported in January included a number of outstanding issues that would need to be resolved as part of closing the budget. These are set out within the report.</p>
	Changes to the Financial Forecast
1.02	<p>Funding for Pay Awards</p> <p>The Chancellor of the Exchequer's UK Spending Review Announcement made no provision for public sector pay awards other than some specific allowances for lower paid workers and the NHS.</p> <p>Within the Provisional Local Government Settlement announcement Welsh Government confirmed their position on pay provision as set out below.</p> <p>"The Minister was clear in the draft budget that one of the hard choices we have faced in setting our spending plans for next year is our approach to public sector pay. The reality is that we did not receive any additional funding through the Barnett formula to provide for public sector-wide pay awards next year given the UK Government's decision to pause public sector pay increases with the exception of the NHS and those on the lowest wages. The implications of pay awards in 2021-22 will therefore need to be accommodated within your budget planning in the light of this Settlement."</p> <p>As a consequence, the upper minimum additional budget requirement has been reduced to remove any provision for annual cost of living pay awards other than a provision to meet the cost of (potentially non-consolidated and 'one-off') pay awards for employees with salaries of under £24k per annum. A provision £0.604m has been included within the budget for this specific award. The minimum additional budget requirement has been reduced by £2.928m in total.</p>
1.03	<p>Council Tax Reduction Scheme (CTRS)</p> <p>A cost pressure of £1.172m had previously been included in the budget requirement based on increases in demand for benefits caused by the socio-economic impacts of the pandemic situation. Demand has since stabilised and Welsh Government has also reimbursed councils for the additional spend</p>

	<p>for the first half of the year, and recently agreed to continue this financial support for the second half of the financial year. The Council will need to make budgetary provision for CTRS entitlement arising from the annual Council Tax increase. Following a review of this cost pressure, and based on current and projected demand the budget provision has been reduced by £0.284m to £0.888m</p>
1.04	<p>Council Tax</p> <p>A cost pressure of £0.600m had previously been included in the budget requirement to mitigate the impacts of a significant reduction in collection levels caused by the socio-economic impacts of the pandemic situation. The purpose of this provision is to absorb any increase in bad debt from non-collected tax. A review of the bad debt provision has been concluded and, taken together with an improvement in the levels of income collected the budget provision has been reduced by £0.500m to £0.100m. Welsh Government has recently announced new funding to make good projected reductions in target Council Tax collection rates and this funding will be set aside as protection against any failure to recover to target collection rates over coming months.</p>
1.05	<p>Out of County Placements</p> <p>Additional funding of £2.7m was included in the budget for 2020/21 to reflect the projected increase in service demand. As at the Month 9 2020/21 Budget Monitoring Report there is a net projected in-year overspend of £0.631m. This will continue into 2021/22 with increased costs for a full year effect of case placements.</p> <p>Therefore, additional budget provision within the budget estimate will be required for 2021/22 and £0.750m has been set aside. This service area poses an open risk as demand can and often does increase in-year.</p>
1.06	<p>Sustainable Waste Management Grant</p> <p>Welsh Government have notified in the Provisional Settlement a further reduction in the Sustainable Waste Management Grant for Wales of £1.1m. This will result in a cost pressure of £0.050m for the Council. This additional pressure has been included in the final budget estimate as no further cost efficiencies are possible, and service standards must be maintained.</p>
1.07	<p>Regional Education Improvement - GwE</p> <p>The annual inflationary uplift for GwE has to be met as per the regional Inter Authority Agreements. A total of £0.035m has been included in the budget estimate to consolidate the increase for 2020/21 which was notified after we had set the annual budget for that year and the new increase for 2021/22.</p>

1.08	<p>The changes in the budget requirement are summarised below:</p> <p>Table 1: Revised Minimum Additional Budget Requirement 2021/22</p> <table border="1" data-bbox="300 264 1225 952"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Budget Requirement December 2020</td> <td>16.750</td> </tr> <tr> <td>Less:</td> <td></td> </tr> <tr> <td>Adjustment for 21/22 Pay increase</td> <td>(2.928)</td> </tr> <tr> <td>Revised Budget Requirement December 2020</td> <td>13.822</td> </tr> <tr> <td>Reductions in Cost Pressures:</td> <td></td> </tr> <tr> <td>Council Tax Debt</td> <td>(0.500)</td> </tr> <tr> <td>Council Tax Reduction Scheme (CTRS)</td> <td>(0.284)</td> </tr> <tr> <td>New Costs Pressures:</td> <td></td> </tr> <tr> <td>Out of County Placements</td> <td>0.750</td> </tr> <tr> <td>Sustainable Waste Management Grant</td> <td>0.050</td> </tr> <tr> <td>GwE Indexation</td> <td>0.035</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Total Revised Budget Requirement</td> <td>13.873</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>		£M	Budget Requirement December 2020	16.750	Less:		Adjustment for 21/22 Pay increase	(2.928)	Revised Budget Requirement December 2020	13.822	Reductions in Cost Pressures:		Council Tax Debt	(0.500)	Council Tax Reduction Scheme (CTRS)	(0.284)	New Costs Pressures:		Out of County Placements	0.750	Sustainable Waste Management Grant	0.050	GwE Indexation	0.035			Total Revised Budget Requirement	13.873		
	£M																														
Budget Requirement December 2020	16.750																														
Less:																															
Adjustment for 21/22 Pay increase	(2.928)																														
Revised Budget Requirement December 2020	13.822																														
Reductions in Cost Pressures:																															
Council Tax Debt	(0.500)																														
Council Tax Reduction Scheme (CTRS)	(0.284)																														
New Costs Pressures:																															
Out of County Placements	0.750																														
Sustainable Waste Management Grant	0.050																														
GwE Indexation	0.035																														
Total Revised Budget Requirement	13.873																														
	<p>Proposed Solutions to meet the Revised Budget Requirement</p>																														
1.09	<p>The Welsh Local Government Provisional Settlement</p> <p>The Welsh Local Government Provisional Settlement was announced on 22 December and full details were included in the January report.</p> <p>The provisional AEF represents a cash uplift of £7.392m over the 2020/21 amount of £199.386m (3.7%).</p> <p>The formal response of the Council to the Welsh Government consultation on the Provisional Local Government Settlement 2021/22 is attached at Appendix 7. This response fully takes into account the views expressed by Cabinet as a collective and those of the body of elected members</p>																														
1.10	<p>Council Tax</p> <p>The level of annual increase in Council Tax is a decision for Full Council.</p> <p>Council has set a clear direction that any annual increase should be at 5% or less.</p> <p>Based on the final minimum additional budget requirement an annual increase of 3.95% is required on Council tax. This amounts to an annual increase of £52.99 to £1394.50 on a Band D equivalent (£1.02 per week equivalent).</p> <p>Police Precept/Town and Community Councils</p>																														

	The Police Precept and Town and Community Council Precepts for 2021/22 have all been notified to the Council as the Council Tax collection authority. .																								
1.11	<p>Service Transformation and Efficiencies</p> <p>As consistently reported, no new efficiencies of scale are possible. A minimum target of £1.0m was built into the original budget estimate for newly identified service efficiencies. This was reset at £1.75m in December following further work. This work has now been concluded and a final efficiencies total of £1.933m has been set to help close the budget (See Appendix 4).</p>																								
1.12	<p>Social Care Workforce Grant</p> <p>The Provisional Settlement included an additional £10.0m for social care with the Council expected to receive a share of £0.430m. Welsh Government has confirmed that there will not be significant changes to the existing terms and conditions of the current grant to which this additional amount has been attached. Therefore, the funding can be used to offset some additional Social Care cost pressures already included in the budget.</p>																								
1.13	<p>Reserves Uplift</p> <p>Within the upper minimum additional budget requirement £0.510m was included to replenish reserves as a safeguard against known and open risks. As part of the final balancing position, this provision has been reduced by £0.039m to £0.471m.</p>																								
1.14	<p>Table 2: Summary of Proposed Budget Solutions</p> <table border="1"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> <tr> <td>Revised Minimum Additional Budget Requirement (as in Table 1)</td> <td>13.873</td> </tr> <tr> <td>Less:</td> <td></td> </tr> <tr> <td>Provisional Settlement</td> <td>(7.392)</td> </tr> <tr> <td>Corporate Efficiencies</td> <td>(1.933)</td> </tr> <tr> <td>Social Care Workforce Grant</td> <td>(0.430)</td> </tr> <tr> <td>Council Tax (3.95%)</td> <td>(4.079)</td> </tr> <tr> <td>Reduction to reserves contribution</td> <td>(0.039)</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Amount Remaining</td> <td>0.000</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>		£M			Revised Minimum Additional Budget Requirement (as in Table 1)	13.873	Less:		Provisional Settlement	(7.392)	Corporate Efficiencies	(1.933)	Social Care Workforce Grant	(0.430)	Council Tax (3.95%)	(4.079)	Reduction to reserves contribution	(0.039)			Amount Remaining	0.000		
	£M																								
Revised Minimum Additional Budget Requirement (as in Table 1)	13.873																								
Less:																									
Provisional Settlement	(7.392)																								
Corporate Efficiencies	(1.933)																								
Social Care Workforce Grant	(0.430)																								
Council Tax (3.95%)	(4.079)																								
Reduction to reserves contribution	(0.039)																								
Amount Remaining	0.000																								
1.15	<p>SUMMARY AND CONCLUSIONS</p> <p>A legal and balanced budget for 2021/22 can be recommended by Cabinet to Council based on (1) the calculations and assumptions set out above and (2) the detailed proposed budget as set out below.</p>																								

1.16 Table 3: Proposed Budget 2021/22

Funding	£m
Aggregate External Funding (AEF) / RSG NNDR	206.778
Council Tax	90.679
SSA/Budget Requirement	297.457
Specific Grants (Estimated)	34.508
Total Funding	331.965
Expenditure	£m
Base Budget Rolled Forward	317.942
Previous Years Growth/Items Dropping Out (Appendix 1)	0.969
Inflation (Appendix 2)	2.894
Pressures & Investments(Appendix 3)	9.971
Efficiencies	
Corporate Efficiencies (Appendix 4)	(1.933)
Social Care Workforce Grant	(0.430)
Grants	
Less Specific Grants 2020/21	(31.955)
Plus Specific Grants 2021/22 (Estimated Appendix 5)	34.508
Total Expenditure	331.965
BALANCE	0.000

Open Risks 2021/22	
1.17	<p>Pay</p> <p>The Chancellor of the Exchequer's UK Spending Review Announcement made no provision for public sector pay awards other than some specific allowances for lower paid workers and for the NHS.</p> <p>The Council's position on pay is clear. We believe as an employer that there should be annual cost of living pay awards each and every year and that they should be fully funded at source by Governments. As there is no specific provision within the Provisional Settlement for annual pay awards for 2021/22, then there can be none. Both Governments are lacking a public sector pay strategy. The cost burdens of annual pay awards cannot fall on public sector employers. This remains an open risk in 2021/22 as the recognised trade unions and employers may still enter into negotiations in-year.</p>
1.18	<p>Out of County Placements</p> <p>This remains an open risk as set out in 1.05 above.</p>
1.19	<p>Ongoing Impact of the National Emergency</p> <p>The national emergency situation will continue into 2021/22. There is no new provision within the 2021/22 budget for additional emergency expenditure or lost income. However, we are holding the balance of the £3.0m emergency reserve set aside at the outset of the emergency.</p> <p>Welsh Government continues to hold specific funding for the pandemic and has had new funding from the UK Government for 2021/22. It is expected that national hardship and income loss compensatory funding will continue into the new financial year. This is based on the advice of Welsh Government, and is consistent with the budget planning position of the Welsh Local Government Association and all peer Welsh councils.</p> <p>Risks remain over the continuity of Government funding if the emergency situation is a protracted one, and should the recovery of fee earning services be a slow process.</p>
1.20	<p>School Budgets</p> <p>Within this budget the Council plans to make a significant investment in schools with an increase of 3.6% in funds for education and schools. We face (1) additional and more complex service demands in Additional Learning Needs and (2) a deteriorating position on licenced school deficits in secondary schools.</p> <p>The level of balances in the primary school sector are also reducing. This trend reflects the cost pressures in schools, and re-exposes the inadequacy of the current level of funding within the schools funding formula for the medium-term. In the review of the Medium Term Financial Strategy we will need to continue to address these risks with stepped increases in the quantum invested in the schools funding formula.</p>

1.21	<p>RESERVES AND BALANCES</p> <p>Earmarked Reserves</p> <p>The Council holds earmarked reserves which are set aside for specific purposes. Some are restricted in their use by, for example, the terms and conditions of grant where their source is Government funding. An update on current projected levels of earmarked reserves shows that the amount is likely to reduce from £10.2M to £9.4M by the end of the 2021/22 financial year as these reserves are ‘drawn down’ (See Appendix 6).</p> <p>The Council reviews its remaining earmarked reserves on an ongoing basis, and only those for which there is a strong business case will be retained with the remainder being released for use as part of the Medium-Term Financial Strategy.</p>
1.22	<p>Un-earmarked Reserves</p> <p>The Council holds a base level of reserve of £5.769m and this position remains unchanged for 2021/22. Levels of unearmarked reserves over and above this figure are referred to as the Contingency Reserve. This reserve is projected to be at £1.787m at year end based on the Month 9 Budget Monitoring Report.</p> <p>In addition, the Council set aside £3.0m as an emergency fund at the outset of the pandemic and in advance of confirmation of support from Welsh Government. There are still a number of outstanding claims to Welsh Government and the balance of the fund will be reduced if any of the claims are not approved in whole or in part. This fund should remain in place as a safeguard against the financial impacts of the ongoing pandemic situation.</p> <p>The Contingency Reserve is the Council’s main ‘defence’ against in-year cost pressures. It is used to meet the impact of an overall overspend in any given financial year and to mitigate against potential financial risks. The main open risks that the Council will face in 2021/22 are detailed in paras 1.17 – 1.20.</p>
1.23	<p>Formal Advice of the Corporate Finance Manager</p> <p>Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer (for Flintshire this is the Corporate Finance Manager) to report to the Council when it is considering its budget and Council Tax setting on the robustness of the estimates and the adequacy of reserves. The Act requires the Council to have regard to this report in making its decisions on its budget.</p>
1.24	<p>The 2021/22 budget has again been set within the context of the Medium Term Financial Strategy and during a year which has seen the Council adapt to meet the challenges of a national emergency. The emergency situation – in scale and length - has posed significant financial challenges, and this will continue to be the position as we go into the new financial year. The welcome essential support from the Welsh Government’s Hardship Fund and Income Loss Fund is likely to continue. However, the willingness and financial capacity of Governments to continue this funding beyond the early stages of the new financial year is unknown. The Council’s budget strategy for dealing</p>

	with this has been clearly set out in detail in previous budget reports, supported by Member briefings and updates.
1.25	For the estimates contained within the budget, all figures are supported by a clear and robust methodology with the efficiency proposals considered achievable, but not without risk. The cost pressures are supported by evidenced method statements.
1.26	The Council's Reserves and Balances Protocol sets out how the Council will determine, manage and review the level of its Council Fund Balance and Earmarked Reserves taking into account legislation and professional guidance. An outcome of this protocol was to report to both Cabinet and Corporate Resources Overview and Scrutiny Committee the level of Earmarked Reserves held on a quarterly basis. This has been continued throughout 2020/21 through the monthly budget monitoring report with a detailed challenge of earmarked reserves undertaken throughout January 2021. This process ensures that members can have a good understanding of all the reserves held by the Council.
1.27	I can confirm the reasonableness of the estimates contained in the proposed budget having regard to the Council's spending needs in 2021/22 and the financial context within which the budget is being set. It is clear that there are still some significant and open risks within the 2021/22 budget proposals - particularly around pay provision, social care demands, and the ongoing impact of the pandemic. Therefore, it is important that the Council protects its current level of reserves as far as possible to safeguard against these risks. A robust programme for the delivery of the efficiencies within the budget and to the timescales set together with effective and disciplined in-year financial management is essential to ensure that budgets are managed effectively - with prompt action taken to mitigate any impacts should variances occur.
1.28	I recommend that Council should maintain sufficient general balances of £5.769M and retain its Contingency Reserve in full as a safeguard to manage any in-year cost pressures and variances as detailed in paragraph 1.17 – 1.20.
1.29	The budget proposals do not require the use of temporary reserves which builds on our approach last year where for the first time in many years the proposed budget is funded on a predominantly recurrent and sustainable basis. Due to the level of financial risk including the continuing emergency situation a further contribution to reserves of £0.471m is built into this budget as a prudent additional safeguard.
1.30	Formal Advice of the Chief Executive My professional advice complements that of the Corporate Finance Manager, as set out above.
1.31	The draft budget as presented follows the Medium-Term Financial Strategy adopted by the Council. It has been developed according to the budget setting model which has been adopted by the Council, and our principles and values.

1.32	We have taken a prudent and balanced approach to our annual budget, as required by law and the principles of good governance, whilst protecting the improvement objectives and public service duties and obligations of the Council. Our budget-setting process is an intricate one with all decisions being carefully risk-assessed.									
1.33	We have advised Council throughout that there are no new cost reductions or cost efficiencies of scale beyond those reported in stages one and two of the budget-setting process. Council, as advised by Cabinet and the six Overview and Scrutiny Committees, has concurred with this advice and has not asked for any further reviews of corporate or service portfolio budgets to be undertaken to reduce cost provisions. Our strategy for achieving a legal and balanced budget is heavily reliant on the sufficiency of Government funding for local government and public services as noted by Audit Wales in their most recent commentary on the financial resilience and sustainability of the Council.									
1.34	A number of 'open risks' remain to be managed and we will again be challenged to manage our budget in-year throughout 2021/22. Our advice on risk management and how it affects setting a prudent budget needs to be carefully heard.									
1.35	It is important that we continue to plan for the medium-term and work with Governments on a sustainable funding model for local government – seeing beyond the emergency situation and a recovery from it – and avoiding an over-reliance on Council Tax as a form of local income. We set out our expectations clearly in our response to the consultation on the Provisional Settlement (Appendix 7).									
1.36	<p>Concluding Advice to Close the Budget</p> <p>Council is able to set a legal and balanced budget for 2021/22 based on the calculations and advice set out in this report, and can fulfil its collective legal responsibility. All calculations are based on a Council Tax rise of 3.95% (3.45% for Council purposes and 0.50% for the regional contributions to the North Wales Fire and Rescue Service, the Coroners Service and the North Wales Economic Ambition Board).</p>									
1.37	<p>Medium Term Financial Forecast</p> <p>The financial forecast for the medium-term, for the financial years– 2022/23 – 2023/2024, has been reviewed in readiness to update the Medium-Term Financial Strategy (MTFS). A high-level estimate on the major cost pressures predicted over the next two years following this budget is included in Table 4. The forecast includes (1) potential annual pay awards (2) similar levels of commissioning cost pressures within Social Services and (3) other known cost pressures.</p> <p>Table 4: Medium Term Forecast</p> <table border="1"> <thead> <tr> <th>Cost Pressure Group</th> <th>2022/23 (£M)</th> <th>2023/24 (£M)</th> </tr> </thead> <tbody> <tr> <td>Pay Inflation</td> <td>4.145</td> <td>4.029</td> </tr> <tr> <td>Non-Pay Inflation</td> <td>0.380</td> <td>0.395</td> </tr> </tbody> </table>	Cost Pressure Group	2022/23 (£M)	2023/24 (£M)	Pay Inflation	4.145	4.029	Non-Pay Inflation	0.380	0.395
Cost Pressure Group	2022/23 (£M)	2023/24 (£M)								
Pay Inflation	4.145	4.029								
Non-Pay Inflation	0.380	0.395								

	Social Care Pressures	3.776	2.772
	Other Pressures	1.347	2.003
	Total	9.648	9.199
1.38	From Table 4 it can be seen that the Council will continue to need to rely on improved financial settlements from Welsh Government in future years. The MTFs is being fully reviewed for reporting in the coming months. The Council will continue to press the need for forward planning of budgets by Governments, and certainty over future local government settlements which would enable the Council to plan ahead with a sufficient degree of confidence.		
1.39	<p>The timetable for the closing stages of the annual budget setting process is as follows: -</p> <p>16th February Council Meeting: Final budget-setting decisions including final agreement on the level of Council Tax and the passing of the Council Tax Resolution</p> <p>2 March 2021: Announcement of the Final Welsh Local Government Settlement.</p> <p>It is not anticipated, based on past years, that there will be any significant changes within the Final Settlement when it is announced on 2 March. However, if there are any minor changes it is recommended that the level of contribution to reserves is adjusted up or down to accommodate any such change.</p>		

3.00	RESOURCE IMPLICATIONS
3.01	<p>Revenue: the revenue implications for the 2021/22 budget are set out in the report.</p> <p>Capital: there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p> <p>Human Resources: there are no implications for additional capacity or for any change to current workforce structures or roles at this stage.</p>

4.00	IMPACT ASSESSMENT AND RISK MANAGEMENT		
4.01	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Negative – the absence of longer-term funding settlements from Welsh</td> </tr> </table>	Long-term	Negative – the absence of longer-term funding settlements from Welsh
Long-term	Negative – the absence of longer-term funding settlements from Welsh		

	Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term.
Prevention	As above
Integration	Neutral Impact
Collaboration	Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts.
Involvement	Communication with Members, residents and other stakeholders throughout the budget process.
Well-Being Goals Impact	
Prosperous Wales	Longer term funding settlements from Welsh Government that provide additional funding for indexation, service demands and new legislation will aid sustainability and support a strong economy that encourages business investment in the region. The opposite will be true if settlements are inadequate.
Resilient Wales	Continuation of services to support communities and social cohesion will have a positive impact. The opposite will be true if settlements are inadequate.
Healthier Wales	An appropriate level of funding will ensure that communities are supported and will have a positive impact. The opposite will be true if settlements are inadequate.
More equal Wales	A positive impact with greater parity of funding from Welsh Government for all Welsh Local Authorities. The opposite will be true if settlements are inadequate.
Cohesive Wales	Appropriate level of funding will support services working alongside partners. The opposite will be true if settlements are inadequate.
Vibrant Wales	As Healthier and Cohesive Wales above
Globally responsible Wales	Neutral impact.

5.00	CONSULTATIONS REQUIRED/CARRIED OUT
5.01	Overview and Scrutiny Committees in November 20. Member Briefing December 2020. Consultation with the principle NNDR payers has been undertaken

6.00	APPENDICES
6.01	Appendix 1: Prior Year Decisions Appendix 2: Inflation Appendix 3: Pressures & Investments Appendix 4: Efficiencies Appendix 5: Specific Grants 2021/22 Appendix 6: Balances & Reserves Appendix 7: Council Response to the Provisional Settlement

7.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
7.01	The series of preparatory budget reports for the 2021/22 financial year. The series of presentations made to Cabinet and Council for the 2021/22 financial year.

8.00	CONTACT OFFICER DETAILS
8.01	Contact Officer: Gary Ferguson, Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

9.00	GLOSSARY OF TERMS
9.01	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. Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure. Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.

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.

Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

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

Financial Year: the period of 12 months commencing on 1 April.

Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.

BUDGET 2021/22 - COUNCIL FUND REVENUE
--

Prior Years Growth / Items Dropping Out	£m
<u>Central & Corporate</u>	
20/21 One off efficiencies dropping out	0.300
Minimum Revenue Provision	0.300
<u>Social Services</u>	
Work Opportunities Pressure Reduction	(0.056)
Marleyfield & Holywell Extra Care Revenue Costs	0.425
TOTAL - PRIOR YEARS	0.969

BUDGET 2021/22 - COUNCIL FUND REVENUE
--

Inflation	£m
NJC Pay (Non Schools) - 20/21 impact and lower scales <£24k for 21/22	0.953
NJC Pay (Schools) - 20/21 Impact and lower scales <£24k for 21/22	0.469
Teachers Pay Award - 20/21 Impact only	1.437
Other Schools Inflation (GWE)	0.035
TOTAL - INFLATION	2.894

BUDGET 2021/22 - COUNCIL FUND REVENUE	
Pressures & Investments	£m
<u>Central & Corporate</u>	
North Wales Fire and Rescue - Levy increase	0.314
Independent Review Panel for Wales (IRPW)	0.028
Coroners Service - Fee Increase	0.025
Procurement 2 Pay (P2P) System Upgrade	0.024
Capital Borrowing costs	0.015
Unachieved Efficiency - Salary Sacrifice - AVC's	0.070
Increase in Feasibility Study Provision	0.050
21s Century Schools - Band B Borrowing Costs	0.015
Contribution to Reserves	0.471
SubTotal - Central & Corporate	1.011
<u>Out of County Placements</u>	
Out of County Placements	0.750
SubTotal - Out of County Placements	0.750
<u>Education & Youth</u>	
Additional Learning Needs (ALN) - Reforms	0.144
Additional Schools Funding	1.500
New Pupil Referral Unit Building - Revenue Costs	0.027
Free School Meals Demand	0.253
Home Education	0.046
Primary Learning Advisor	0.080
Sub Total - Education & Youth	2.050
<u>Governance</u>	
Registration Service - Income loss	0.036
Unrealised Efficiency - Legals Services/Industrial Estate Review	0.092
Unrealised Efficiency - Postage - Council Tax	0.035
Unrealised Efficiency - Postage - Benefits	0.041
Council Tax Collection Fund	0.100
Sub Total - Governance	0.304
<u>Housing & Assets</u>	
Sale of Assets - loss of income	0.095
Enterprise Centres - Reduced Occupancy	0.050
Benefits - Council Tax Reduction Scheme (CTRS)	0.888
Carelink - Alarm Monitoring Contract	0.125
Carelink - Housing Support Grant (HSG)	0.216
Benefits - Additional Staffing	0.300
Sub Total - Housing & Assets	1.674

Pressures & Investments	£m
<u>Planning & Environment</u>	
Markets - Reduced income levels	0.074
Pest Control - Reduction in demand	0.040
Private Water Supplies	0.104
Unrealised Efficiency - Market Review	0.035
Sustainable Drainage Systems (SUDS)	0.112
North Wales Economic Ambition Board (NWEAB) Contribution	0.104
Sub Total - Planning & Environment	0.469
<u>Social Services</u>	
Social Care Commissioning	1.880
Transition to Adulthood	0.495
Sleep in Pay Ruling	0.125
Adoption Service	0.022
Children's Registered Residential Care Home	0.138
Missing from Home Co-ordinator	0.034
Sub Total - Social Services	2.694
<u>Streetscene & Transportation</u>	
School Transport	0.163
School Transport - Closure of John Summers	0.050
Post 16 Transport	0.047
Social Services Adults Transport	0.063
Social Services Childrens Services Transport	0.044
Reduced Energy Sales - Reduction in gas generation	0.120
Parc Adfer Contract Inflation	0.052
Ash Die back	0.060
Business Manager	0.072
Recyclate Markets - Volatility in price and volume	0.299
Reduction in Sustainable Waste Management Grant	0.050
Sub Total - Streetscene & Transportation	1.019
TOTAL - PRESSURES & INVESTMENTS	9.971

BUDGET 2021/22 - COUNCIL FUND REVENUE
--

Efficiencies	£m
<u>Corporate Efficiencies</u>	
<u>Central & Corporate</u>	
Employer Pension Contributions	(0.300)
Workforce - Vacant Post	(0.030)
Remote Working Impacts - Reduced Travel and operating costs	(0.270)
Price Inflation	(0.113)
Total - Central & Corporate	(0.713)
<u>Housing & Assets</u>	
Property Savings (Incl. Demolition of Phases 3 & 4 and Utility Savings)	(0.450)
NDR Inflationary Savings	(0.120)
Climate Change Levy	(0.295)
Sub Total - Housing & Assets	(0.865)
<u>Business Planning Efficiencies</u>	
<u>Education & Youth</u>	
Youth Centres Provision	(0.020)
Post 16 / Coleg Cambria	(0.200)
Sub Total - Education & Youth	(0.220)
<u>Social Services</u>	
Strategic use of Grant Funding	(0.060)
Vacancy Savings	(0.030)
Sub Total - Social Services	(0.090)
<u>Planning & Environment</u>	
Service Review	(0.045)
Sub Total - Planning & Environment	(0.045)
TOTAL - Efficiencies	(1.933)

BUDGET 2021/22 - COUNCIL FUND REVENUE

Specific Grants	Budget 2020/21 £	Budget 2021/22 £	Variance £	Conf (C) or Est (E)
Education & Youth - Non Delegated				
Promoting Positive Engagement (Youth Crime Prevention Fund)	196,143	196,143	0	C
YOT / Youth Justice Board (inc. JAC)	221,956	227,966	6,010	E
Welsh Network of Healthy School Schemes	101,380	101,380	0	E
Youth Support Grant (Youth Service Revenue Grant)	126,820	468,614	341,794	C
Free School Milk	245,891	245,891	0	E
Families First	1,505,090	1,505,090	0	C
Pupil Development Grant	3,910,757	4,422,900	512,143	E
Reducing Infant Class Sizes	355,000	333,000	(22,000)	E
Rural Schools Grant	139,625	139,625	0	C
Additional Learning Needs (ALN)	360,000	0	(360,000)	E
ALN Transformation	45,000	45,000	0	E
Adult Community Learning	52,405	216,000	163,595	E
Feminine Hygiene	10,243	124,137	113,894	C
Education Improvement Grant for Schools	5,988,773	5,880,701	(108,072)	E
Sub Total - Education & Youth (Non Delegated)	13,259,083	13,906,447	647,364	
Education & Youth - Delegated				
6th Form Funding (Formally DCELLs)	4,439,673	4,439,673	0	E
Sub Total - Education & Youth (Delegated)	4,439,673	4,439,673	0	
Housing & Assets				
Housing Support Grant (formerly Supporting People)	5,950,819	7,828,610	1,877,791	E
Sub Total - Housing & Assets	5,950,819	7,828,610	1,877,791	
Planning & Environment				
Substance Misuse	522,744	500,832	(21,912)	C
Domestic Abuse Co-ordinator Funding (VAWDASV)	92,400	167,674	75,274	C
Legacy Fund	127,680	127,680	0	C
Communities for Work Plus	431,300	431,300	0	C
Sub Total - Planning & Environment	1,174,124	1,227,486	53,362	
Social Services				
Social Care Workforce Development Programme	312,069	312,069	0	C
Flying Start	2,901,515	2,901,515	0	C
St. David's Day	40,758	40,758	0	C
Childcare & Play	97,877	97,877	0	C
Project Management - Children and Communities Grant	0	33,329	33,329	C
Childcare Admin Offer	0	298,050	298,050	C
Sub Total - Social Services	3,352,219	3,683,598	331,379	
Strategic Programmes				
Free Swimming	60,750	60,750	0	E
National Exercise Referral	123,750	123,750	0	E
Active Young People	43,860	43,860	0	E
Sub Total - Strategic Programmes	228,360	228,360	0	

Specific Grants	Budget 2020/21 £	Budget 2021/22 £	Variance £	Conf (C) or Est (E)
Streetscene & Transportation				
Concessionary Travel	2,180,000	1,900,000	(280,000)	E
Sustainable Waste Management Grant	754,000	737,209	(16,791)	E
Bus Service Support Grant	557,000	557,000	0	E
Welsh Young Person Travel Discount Scheme	60,000	0	(60,000)	E
Sub Total - Streetscene & Transportation	3,551,000	3,194,209	(356,791)	
TOTAL - GRANTS	31,955,278	34,508,383	2,553,105	

Social Care Workforce & Sustainability Workforce Grant	1,737,000	2,167,000	430,000	E
--	-----------	-----------	---------	---

BUDGET 2021/22 - COUNCIL FUND REVENUE
--

Summary of Council Fund Earmarked Reserves	Est Bal 01/04/21 £m	Est Bal 31/03/22 £m
<u>Service Balances</u>		
Corporate Services	0.544	0.498
Housing & Assets	0.077	0.074
Education & Youth	0.106	0.103
Theatre Clwyd	0.188	0.188
Planning & Environment	0.365	0.201
Social Services	0.127	0.127
Total - Service Balances	1.408	1.191
<u>Corporate Balances</u>		
Single Status / Workforce Costs	0.730	0.705
General Reserve - Investment in Organisational Change	1.355	1.056
Total Corporate Balances	2.085	1.761
<u>Specific Reserves</u>		
Benefits Equalisation	0.133	0.133
County Elections	0.212	0.000
Local Development Plan	0.180	0.000
Waste Disposal	0.023	0.000
Winter Maintenance	0.250	0.250
Insurance Funds	2.503	2.803
Car Parking	0.045	0.045
Cash Receipting Review	0.003	0.003
Flintshire Trainees	0.524	0.524
Rent Income Shortfall	0.031	0.000
Customer Services Strategy	0.022	0.000
Supervision Fees	0.049	0.000
LMS Curriculum	0.339	0.339
Solar Farm	0.025	0.025
Tribunal Costs	0.104	0.104
Property Claims	0.021	0.000
North Wales Residual Waste Treatment Project (NWRWTP)	0.065	0.065
Grants & Contributions	2.166	2.166
Total Specific Reserves	6.694	6.456
Total Earmarked Reserves	10.186	9.408

Councillor/Cynghorydd Ian Roberts
Leader of the Council
Arweinyddi Cyngor



Via email :

Mark Drakeford, First Minister of Wales
 Julie James, Minister for Housing & Local
 Government
 Rebecca Evans, Minister for Finance & Trefnydd
Correspondence.FM@gov.wales
Correspondence.Rebecca.Evans@gov.wales
Correspondence.Julie.James@gov.wales

Our Ref/Ein Cyf CE/IBR0221
 Date/Dyddiad 3rd February 2021
 Ask for/Gofynner ar Ian Roberts
 Direct Dial/Rhif Union 01352 702105
 Email/Ebost: Ian.b.roberts@flintshire.gov.uk

Dear Ministers,

Provisional Local Government Settlement 2021/22

Thank you for the opportunity to comment on the Provisional Local Government Settlement 2021/22.

In past years we have engaged with Ministers directly on the sufficiency of annual settlements, and on the inadequacy and unfairness of a local government funding formula that is dated and no longer fit-for-purpose. Our long-established view is that it is for Governments to ensure that local authorities are properly funded to meet their legal, mandatory public service, policy and ethical duties and obligations noting that most of these are prescribed or set by Governments themselves, the commissioners and other advisors they appoint and/or the statutory regulators. Governments need to ensure that local authorities can be resilient not only to meet these duties and obligations but also to cope with unexpected events and disruption. No more so than now, in the midst of a protracted emergency situation.

We recognise and value the commitment Welsh Government has made to funding local government through the emergency situation through the Hardship Fund and the Income Loss Fund. We also value the renewed relationship between central and local government in Wales.

Our general observations on the Provisional Settlement are set out below: -

1. given this renewed central-local relationship, and the welcome statements made by Ministers in recent months, we had expected local government to be given a high priority in this year's Welsh Government budget. We are disappointed that this is not the case as illustrated in the comparative Year-on-Year Percentage Change in Main Expenditure Groups (MEGs) analysis on page 47 of the *Draft Budget 2021-22 Protect, Build and Change*. **The Welsh**

County Hall, Mold. CH7 6NB
www.flintshire.gov.uk
 Neuadd y Sir, Yr Wyddgrug, CH7 6NB
www.siryfflint.gov.uk



We welcome correspondence in Welsh. We will respond to correspondence received in Welsh without delay.

Rydym yn croesawu gohebiaeth Gymraeg. Ymatebwn yn ddi-oed i ohebiaeth a dderbynnir drwy gyfrwng y Gymraeg.

Local Government Association made a detailed and compelling case for a recommended uplift in the Provisional Settlement for 2021/22 and the offer of Welsh Government, in response, falls short;

2. it is established annual practice to protect those councils most exposed to the annual changes to entitlement through the formula (based on the work of the Distribution Sub-Group) with a 'funding floor'. Several councils are left extremely exposed by the annual changes in this year's settlement and should be protected in the same way that peer councils have in previous years with some supplementary funding over and above the settlement quantum. We formally request that a funding floor is set at a minimum of 3% for 2021/22. The disparity in funding per council which is driven by annual demographic change, as illustrated in a range of settlement increases from 2.0%-5.6% in a single year is yet another indication that the funding formula is too sensitive to change based on certain indices of need, and is overdue an overhaul. **We appreciate that this issue is for another day, and we formally request that a commitment is made to a review of the formula;**
3. Welsh Government remains silent on Council Tax policy. The proportion of local authority income which is derived from Council Tax has grown steadily year-on-year. This trend cannot be sustained, and the tolerance of the public for above inflation annual increases in local taxation is being tested. **Our ability to achieve our Council Tax collection targets has been compromised by the socio-economic impacts of the emergency situation, and a longer-term strategy for local taxation is now called for;**
4. we had expected all core specific grants to be maintained at the current funding level if not increased to allow for inflation-indexation. We are assured that in most cases this protection has been given. However, the Sustainable Waste Management Grant is an exception and has again been reduced, this year by £1.1m. This is in conflict with Welsh Government stated policy objectives and aspirations to be a world leader in waste generation prevention and recycling. This grant directly funds operational waste and recycling collection and treatment services. All councils will either have to reduce services or fund the difference as a new cost pressure. We have had to make provision for a new cost pressure. This is a false economy. **We formally request that the grant is reinstated to its former level, and is both protected and index-linked for future years; and**
5. Welsh Government has no public sector pay policy for 2021/22 and the medium-term. The position of the UK Government on pay policy for the short-term is clear. We do not agree with this position as an employer and believe that there should be annual cost-of-living pay awards each year, even if set at a modest level. However, we do not have the capacity to locally fund any pay awards which might be negotiated nationally during the course of the financial year we are about to enter. Ministerial statements on this subject are rather ambivalent, and councils cannot be left exposed in this way. **We call on Welsh**

Government to make a clear and firm statement that it cannot support (1) any negotiations between trade unions and employers for a UK national pay award for employees contracted under NJC and JNC terms and conditions unless there is a UK Government commitment to fund that pay award for England and Wales and (2) any annual devolved pay award for teaching staff in Wales unless additional funding is provided by the UK Government for comparable awards in England and Wales.

Turning to Flintshire itself our response to the Provisional Settlement based on our specific circumstances and needs is as follows: -

- We had set two levels of a minimum Council Fund Revenue Budget requirement estimate in our budget planning prior to the announcement of the Provisional Settlement. The higher of the two included a provision for annual pay awards at 2% for all NJC and JNC employees and all teaching staff. The lower of the two was based on the same calculations but with the provision for pay awards removed. Following the budget announcement by the Chancellor of the Exchequer we have opted for the lower of the two estimates, noting that Welsh Government Ministers have confirmed in their own statements that no provision has been made in the UK budget for pay awards in the public sector (other than the NHS) and that Welsh Government accordingly has no new funds for this purpose. The higher of the two estimates would have required an AEF/RSG uplift of 5.7% and the lower estimate an uplift of 4.1%. We are set to receive an uplift of 3.8% which falls short of the lower estimate. **Therefore, whilst there are some financial benefits from several extended specific grants, the Provisional Settlement is barely sufficient for our needs;**
- To follow the local budget planning set out above we have made no provision for any annual cost-of-living pay awards as (1) this is UK Government policy for the public sector and (2) neither Welsh Government or public sector employers are funded to meet any pay awards for 2021/22 which the recognised trade unions might attempt to negotiate. **The Provisional Settlement is insufficient for Flintshire to be able to meet the costs of any pay awards for 2021/22. We would refer you to our formal request in point 5 above;**
- We have set a local policy of containing any future annual rises in Council Tax to 5% or under. The public expect this of us and the tolerance for a continual shift of responsibility from national to local funding to sustain local services is being tested. **Therefore, we have limited financial ‘headroom’ to derive local income noting that we already have a commercial fees and charges policy in place for chargeable services. We request that Welsh Government commits to a review of the sustainability of Council Tax in its current form;**
- The planned reduction in the Sustainable Waste Management Grant will impact on direct service delivery and will cause an unexpected local budget pressure for the Council to be able to maintain service delivery standards. **We formally**

request that the grant is reinstated to its former level, and is both protected and index-linked for future years; and

- All councils are being exposed to significant demand-led cost pressures for Looked After Children and in particularly for Out of County Placements in a market-place where the providers are dominant. We have had to make a further increase in our base budget provision for Children's Services of £0.750m for 2021/22. **We formally request that a national fund be set aside for councils to be able to claim against in-year for sudden escalations in costs in Children's Services over and above a certain annual threshold.**

In addition, we would request that consideration is given to the following: -

- Support to councils in the last quarter of 2020/21 through the timely release of available in-year Welsh Government underspends which might otherwise be returned to the Treasury under the national exchequer operating rules and guidelines. Councils to have the discretion to allocate such funds against planned expenditure to give them the flexibility to (1) help reach a balanced out-turn position at 31st March and/or (2) cross-allocate funds to reserves as a protective measure for future financial risks; and
- That the Hardship Fund and Income Loss Fund are continued into 2021/22 (1) for as long as restrictions on trading and fee generating services apply and (2) as part of longer-term recovery planning. We appreciate that announcements will be made as part of the final Welsh budget.

We would welcome the opportunity to explore any of the above points either as part of the collective local government family or individually.

We ask that careful thought is given to the point and arguments we have set out above.

Yours sincerely



Councillor Ian Roberts
Leader and Cabinet Member for Education



Colin Everett
Chief Executive



Councillor Glyn Banks
Cabinet Member for Finance



Gary Ferguson
Chief Officer, Finance

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 5



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 16 February 2021
Report Subject	Council Tax Setting for 2021/22
Report Author	Chief Officer (Governance)

EXECUTIVE SUMMARY

At a meeting on the 16th February 2021, a decision will be reached on the Council Fund Revenue Budget for 2021/22. Having determined the budget requirement which is contained in a separate report, Council will also be able to set the Council Tax which is the subject of this report.

Council Tax includes three separate charges, otherwise known as precepts, which make up the total sum which is charged against each property. These are precepts set by:

- the County Council
- the Office of the Police and Crime Commissioner for North Wales, and
- the Town and Community Councils.

Council Tax is usually expressed at a standard Band D rate which results in Council Tax being charged at lower levels for those properties in Bands A to C, and at higher levels for those properties in Band E to I.

For 2021/22, the recommended levels of Council Tax for approval for each property band and for Town and Community Council area are set out in Appendix 1 to this report.

RECOMMENDATIONS

1	Set 2021/22 Council Tax as detailed in Appendix 1.
2	Note and endorse the continuation of the policy of not providing a discount in the level of 2021/22 Council Tax charges for second homes and long term empty homes, and where exceptions do not apply, to charge the Council Tax Premium rate of 50% above the standard rate of Council Tax for second homes and long term empty dwellings.
3	Approve designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court for unpaid taxes.

REPORT DETAILS

1.00	EXPLAINING THE COUNCIL TAX SETTING EXERCISE
1.01	The Council Tax charges for 2021/22 include precepts relating to the County Council, Police and Crime Commissioner for North Wales and all Town/Community Councils. There are several statutory decisions that need to be taken and these are divided into the following sections in Appendix 1 :-
1.02	Section 1 – this details the Council Tax Base for 2021/22, as previously approved by Cabinet, and shows the number of properties expressed as Band D equivalents (shown in total and by each Town/Community Council). The Tax Base also takes into account appropriate adjustments for statutory discounts, exemptions, premiums and assumed losses in collection.
1.03	Section 2 – this details the income and expenditure of the County Council and Town and Community Councils. It also sets out the amount of Council Tax to be charged across the various Valuation Bands in respect of the County Council precept and each Town/Community Council precept.
1.04	Section 3 – this details the specific amount of Council Tax that is to be charged in each Valuation Band as a direct result of the precept set by the Police & Crime Commissioner for North Wales.
1.05	Section 4 – details the standard amount of Council Tax that taxpayers will be required to pay from April 2021, recognising that some households will pay less because of discounts or exemptions and some will pay more in the event of the Council Tax Premium being payable.
1.06	<p>Section 5 – re-affirms the continuation of the current policy in 2021/22 of not granting discounts on second homes and long term empty properties which are defined by Regulations as three Prescribed Classes of Dwellings:</p> <ul style="list-style-type: none"> • Class A – dwellings which are not a person’s sole and main residence and which are substantially furnished with a restriction on occupancy for a period of at least 28 days consecutive days in any 12 month period (referred to as second homes) • Class B – dwellings which are not a person’s sole and main residence and which are substantially furnished with no restriction on occupancy (also referred to as second homes) • Class C – dwellings which are not a person’s sole and main residence which are also unfurnished and unoccupied and have been so for a period of over 6 months in most cases. <p>The current policy of not offering a discount on second and long term empty homes forms part of a wider strategy of encouraging owners to bring property back into full use. This is crucial to the implementation of the Council Tax Premium scheme where an additional charge, otherwise known as a Premium, will apply. In other words, is it essential to continue</p>

	to adopt of policy of not awarding discounts on such properties in order to levy a Council Tax Premium.
1.07	Section 6 – in view of the determination previously made by full Council to introduce a Council Tax Premium scheme, unless there are exceptions to be applied, Council Tax for 2021/22 will be charged at a premium rate of 50% above the standard rate of Council Tax for those dwellings that are defined as ‘second homes’. A Council Tax premium of 50% will also apply to those dwellings defined as ‘long term empty’ which have been empty for a continuous period of one year.
1.08	Section 7 & 8 – approves designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court when prosecuting in cases of unpaid Council Tax and Business Rates.
1.09	Section 9 – provides for the advertisement of the Council Tax for 2021/22 in the local press as required by Regulation.

2.00	RESOURCE IMPLICATIONS
2.01	Setting the Council Tax is an annual process to determine the new charges for the next financial year as part of the overall budget strategy.
2.02	Setting Council Tax at the levels recommended in this report and will allow the Council, in respect of its own precept, to work to a balanced budget after taking into account other considerations and efficiency targets for 2021/22.
2.03	This year, the proposed 3.95% increase in the County Council elements of Council Tax is in line with the expectations of the Cabinet to keep the Council Tax rise to an affordable level - and below 5.0%.
2.04	The Council will raise, through its own precept, Council Tax of £90,678,757 which, along with central government funding and Revenue Support Grant, will help to protect front line services and to keep up with the scale and complexity of demand for services.
2.05	As part of the setting of Council Tax for 2021/22, the Council will also pay to the Police and Crime Commissioner for North Wales a total precept of £19,868,694. The precepts for each Town and Community Council vary but collectively a precept £3,110,430 will be distributed between the Town and Community Councils, based on the individual precept requirements for each Town and Community Council.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	There is a statutory duty to consult with non-domestic ratepayers on the Council’s budget proposals, including proposals for capital expenditure, before the commencement of each financial year and a consultation exercise has been undertaken to fulfil the legal requirements.

3.02	The Councils budget agreement for 2021/22 now result in the setting of Council Taxes as detailed in this report. The budget proposals have already been discussed at all Overview and Scrutiny Committees and finally at Corporate Resources Overview and Scrutiny Committee.
------	---

4.00	RISK MANAGEMENT
4.01	The Council also has a responsibility to issue Council Tax bills and to also collect the precepts on behalf of the Police & Crime Commission for North Wales and Town/Community Council.
4.02	Setting the Council Tax at full Council will therefore fulfil all statutory requirements to set and collect Council Taxes from April 2021.

5.00	APPENDICES
5.01	Appendix 1 - contains all resolutions and decisions needed to set the 2021/22 Council Tax.
5.02	Appendix 2 - provides statistical information of the 2021/22 Council Tax charges by Town and Community Council area.

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

7.00	GLOSSARY OF TERMS
7.01	<p>Council Tax Base: is a measure of the Council's 'taxable capacity' taking into account the number of properties subject to Council Tax after taking into account discount and exemption schemes.</p> <p>Council Tax Precepts: Council Tax is made up of three separate components or charges, these are often referred to as 'precepts'. The Police and Crime Commissioner get part of their funding from Council Tax to pay for Police services and local Town and Community Councils rely almost entirely on funding from Council Tax to fund the running of Town and Community Council services.</p>

Valuation Bands: The amount of Council Tax that is paid depends on the Valuation Band for each domestic property. The Valuation Office Agency (VOA) is responsible for valuing all properties in Wales and placing every property in one of nine property bands, ranging from Band A to Band I.

Council Fund Revenue Budget: Prior to the start of each financial year the Council is required to set a budget for its day-to-day expenditure to pay for local service. This is called a Revenue Budget and is the amount of money the Council requires to provide its services during the year, taking into account grants it receives from Welsh Government.

Revenue Support Grant: is paid to each Council to cover the cost of providing standard services less the council tax income at the standard level.

Mae'r dudalen hon yn wag yn bwrpasol

STATUTORY & OTHER NECESSARY COUNCIL TAX
RESOLUTIONS FOR 2021/22

1. That it be noted that at its meeting on 17th November 2020 the Council calculated interim amounts, subsequently modified as follows, for the year 2021/22 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

65,026 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Wales Regulations 1995, as its Council Tax base for the year, broken down into the following Town/Community areas :-

Argoed	2,517.93
Bagillt	1,480.35
Broughton & Bretton	2,775.64
Brynford	477.16
Buckley	6,723.22
Caerwys	651.31
Cilcain	745.85
Connahs Quay	6,186.68
Flint	4,949.11
Gwernaffield & Pantymwyn	1,017.54
Gwernymynydd	575.12
Halkyn	1,355.15
Hawarden	6,362.18
Higher Kinnerton	879.91
Holywell	3,380.78
Hope	1,846.57
Leeswood	856.88
Llanasa	1,984.19
Llanfynydd	881.64
Mold	4,441.17
Mostyn	707.57
Nannerch	280.01
Nercwys	309.41
Northop	1,591.30
Northop Hall	843.55
Penyffordd	2,060.53
Queensferry	708.56
Saltney	1,953.05
Sealand	1,221.57
Shotton	2,220.17
Trelawnyd & Gwaenysgor	418.66
Treuddyn	760.10
Whitford	1,168.32
Ysceifiog	694.82
TOTAL TAX BASE	65,026.00

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

2. That the following amounts be now calculated by the Council for the year 2021/22 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 and Alteration of Requisite Calculations (Wales) Regulations 2013 :-
 - (a) Aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a)-(d) (including Community Council precepts totalling £3,110,430) £431,224,598
 - (b) Aggregate of the amounts which the Council estimates for items set out in Section 32 (3) (a) and 32 (3) (c). £130,657,250
 - (c) Amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above calculated in accordance with Section 32 (4) as the budget requirement for the year. £300,567,348
 - (d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant or Additional Grant. £206,778,161
 - (e) The amount at 2(c) above less the amount at 2(d) above, all divided by the amount at section 1 above, calculated in accordance with Section 33 (1) as the basic amount of Council Tax for the year. £1,442.33
 - (f) Aggregate amount of all special items referred to in Section 34 (1). £3,110,430
 - (g) Amount at 2(e) above less the result given by dividing the amount at 2(f) above by the amount at section 1 above calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate. £1,394.50
 - (h) The amounts given by adding to the amount at 2(g) above the amounts of special items relating to dwellings in those part of the Council's area mentioned below, divided in each case by the amount at 1(b) above, calculated in accordance with Section 34(3) as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which special items relate. £0.00

**FLINTSHIRE COUNTY COUNCIL CHARGES (BAND D) 2021/22
(Including Community/Town Councils)**

	£
Argoed	1,426.18
Bagillt	1,422.79
Broughton & Bretton	1,437.92
Brynford	1,455.28
Buckley	1,442.60
Caerwys	1,452.84
Cilcain	1,433.15
Connahs Quay	1,450.11
Flint	1,442.97
Gwernaffield & Pantymwyn	1,426.93
Gwernymynydd	1,423.19
Halkyn	1,431.40
Hawarden	1,439.03
Higher Kinnerton	1,430.05
Holywell	1,469.90
Hope	1,445.25
Leeswood	1,464.52
Llanasa	1,427.91
Llanfynydd	1,433.06
Mold	1,457.25
Mostyn	1,439.73
Nannerch	1,445.50
Nercwys	1,454.29
Northop	1,418.70
Northop Hall	1,430.56
Penyffordd	1,443.39
Queensferry	1,448.13
Saltney	1,437.47
Sealand	1,441.16
Shotton	1,444.48
Trelawnyd & Gwaenysgor	1,449.45
Treuddyn	1,441.81
Whitford	1,439.44
Ysceifiog	1,434.25

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

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	950.79	1109.25	1267.72	1426.18	1743.11	2060.04	2376.97	2852.36	3327.75
Bagillt	948.53	1106.61	1264.71	1422.79	1738.97	2055.14	2371.32	2845.58	3319.84
Broughton & Bretton	958.62	1118.38	1278.16	1437.92	1757.46	2077.00	2396.54	2875.84	3355.14
Brynford	970.19	1131.88	1293.59	1455.28	1778.68	2102.07	2425.47	2910.56	3395.65
Buckley	961.74	1122.02	1282.32	1442.60	1763.18	2083.76	2404.34	2885.20	3366.06
Caerwys	968.56	1129.99	1291.42	1452.84	1775.69	2098.55	2421.40	2905.68	3389.96
Cilcain	955.44	1114.67	1273.92	1433.15	1751.63	2070.11	2388.59	2866.30	3344.01
Connahs Quay	966.74	1127.86	1288.99	1450.11	1772.36	2094.61	2416.85	2900.22	3383.59
Flint	961.98	1122.31	1282.64	1442.97	1763.63	2084.29	2404.95	2885.94	3366.93
Gwernaffield & Pantymwyn	951.29	1109.83	1268.39	1426.93	1744.03	2061.12	2378.22	2853.86	3329.50
Gwernymynydd	948.80	1106.92	1265.06	1423.19	1739.46	2055.72	2371.99	2846.38	3320.77
Halkyn	954.27	1113.31	1272.36	1431.40	1749.49	2067.58	2385.67	2862.80	3339.93
Hawarden	959.36	1119.24	1279.14	1439.03	1758.82	2078.60	2398.39	2878.06	3357.73
Higher Kinnerton	953.37	1112.26	1271.16	1430.05	1747.84	2065.63	2383.42	2860.10	3336.78
Holywell	979.94	1143.25	1306.58	1469.90	1796.55	2123.19	2449.84	2939.80	3429.76
Hope	963.50	1124.08	1284.67	1445.25	1766.42	2087.59	2408.75	2890.50	3372.25
Leeswood	976.35	1139.07	1301.80	1464.52	1789.97	2115.42	2440.87	2929.04	3417.21
Llanasa	951.94	1110.60	1269.26	1427.91	1745.22	2062.54	2379.85	2855.82	3331.79
Llanfynydd	955.38	1114.60	1273.84	1433.06	1751.52	2069.98	2388.44	2866.12	3343.80
Mold	971.50	1133.42	1295.34	1457.25	1781.08	2104.92	2428.75	2914.50	3400.25
Mostyn	959.82	1119.79	1279.76	1439.73	1759.67	2079.61	2399.55	2879.46	3359.37
Nannerch	963.67	1124.28	1284.89	1445.50	1766.72	2087.95	2409.17	2891.00	3372.83
Nercwys	969.53	1131.11	1292.71	1454.29	1777.47	2100.64	2423.82	2908.58	3393.34
Northop	945.80	1103.43	1261.07	1418.70	1733.97	2049.24	2364.50	2837.40	3310.30
Northop Hall	953.71	1112.66	1271.61	1430.56	1748.46	2066.37	2384.27	2861.12	3337.97
Penyffordd	962.26	1122.64	1283.02	1443.39	1764.14	2084.90	2405.65	2886.78	3367.91
Queensferry	965.42	1126.32	1287.23	1448.13	1769.94	2091.75	2413.55	2896.26	3378.97
Saltney	958.32	1118.03	1277.76	1437.47	1756.91	2076.35	2395.79	2874.94	3354.09
Sealand	960.78	1120.90	1281.04	1441.16	1761.42	2081.68	2401.94	2882.32	3362.70
Shotton	962.99	1123.48	1283.99	1444.48	1765.48	2086.47	2407.47	2888.96	3370.45
Trelawnyd & Gwaenysgor	966.30	1127.35	1288.40	1449.45	1771.55	2093.65	2415.75	2898.90	3382.05
Treuddyn	961.21	1121.41	1281.61	1441.81	1762.21	2082.62	2403.02	2883.62	3364.22
Whitford	959.63	1119.56	1279.51	1439.44	1759.32	2079.19	2399.07	2878.88	3358.69
Ysceifiog	956.17	1115.53	1274.89	1434.25	1752.97	2071.70	2390.42	2868.50	3346.58

3. That it be noted that for the year 2021/22 the Police and Crime Panel for North Wales have stated the following amounts in precepts issued to the Council, amounting to a total precept of £19,868,694 in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below :-

Council Tax	Valuation Bands								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
	203.70	237.65	271.60	305.55	373.45	441.35	509.25	611.10	712.95

4. Having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2021/22 for each of the categories of dwellings shown below:

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	1154.49	1346.90	1539.32	1731.73	2116.56	2501.39	2886.22	3463.46	4040.70
Bagillt	1152.23	1344.26	1536.31	1728.34	2112.42	2496.49	2880.57	3456.68	4032.79
Broughton & Bretton	1162.32	1356.03	1549.76	1743.47	2130.91	2518.35	2905.79	3486.94	4068.09
Brynford	1173.89	1369.53	1565.19	1760.83	2152.13	2543.42	2934.72	3521.66	4108.60
Buckley	1165.44	1359.67	1553.92	1748.15	2136.63	2525.11	2913.59	3496.30	4079.01
Caerwys	1172.26	1367.64	1563.02	1758.39	2149.14	2539.90	2930.65	3516.78	4102.91
Cilcain	1159.14	1352.32	1545.52	1738.70	2125.08	2511.46	2897.84	3477.40	4056.96
Connahs Quay	1170.44	1365.51	1560.59	1755.66	2145.81	2535.96	2926.10	3511.32	4096.54
Flint	1165.68	1359.96	1554.24	1748.52	2137.08	2525.64	2914.20	3497.04	4079.88
Gwernaffield & Pantymwyn	1154.99	1347.48	1539.99	1732.48	2117.48	2502.47	2887.47	3464.96	4042.45
Gwernymynydd	1152.50	1344.57	1536.66	1728.74	2112.91	2497.07	2881.24	3457.48	4033.72
Halkyn	1157.97	1350.96	1543.96	1736.95	2122.94	2508.93	2894.92	3473.90	4052.88
Hawarden	1163.06	1356.89	1550.74	1744.58	2132.27	2519.95	2907.64	3489.16	4070.68
Higher Kinnerton	1157.07	1349.91	1542.76	1735.60	2121.29	2506.98	2892.67	3471.20	4049.73
Holywell	1183.64	1380.90	1578.18	1775.45	2170.00	2564.54	2959.09	3550.90	4142.71
Hope	1167.20	1361.73	1556.27	1750.80	2139.87	2528.94	2918.00	3501.60	4085.20
Leeswood	1180.05	1376.72	1573.40	1770.07	2163.42	2556.77	2950.12	3540.14	4130.16
Llanasa	1155.64	1348.25	1540.86	1733.46	2118.67	2503.89	2889.10	3466.92	4044.74
Llanfynydd	1159.08	1352.25	1545.44	1738.61	2124.97	2511.33	2897.69	3477.22	4056.75
Mold	1175.20	1371.07	1566.94	1762.80	2154.53	2546.27	2938.00	3525.60	4113.20
Mostyn	1163.52	1357.44	1551.36	1745.28	2133.12	2520.96	2908.80	3490.56	4072.32
Nannerch	1167.37	1361.93	1556.49	1751.05	2140.17	2529.30	2918.42	3502.10	4085.78
Nercwys	1173.23	1368.76	1564.31	1759.84	2150.92	2541.99	2933.07	3519.68	4106.29
Northop	1149.50	1341.08	1532.67	1724.25	2107.42	2490.59	2873.75	3448.50	4023.25
Northop Hall	1157.41	1350.31	1543.21	1736.11	2121.91	2507.72	2893.52	3472.22	4050.92
Penyffordd	1165.96	1360.29	1554.62	1748.94	2137.59	2526.25	2914.90	3497.88	4080.86
Queensferry	1169.12	1363.97	1558.83	1753.68	2143.39	2533.10	2922.80	3507.36	4091.92
Saltney	1162.02	1355.68	1549.36	1743.02	2130.36	2517.70	2905.04	3486.04	4067.04
Sealand	1164.48	1358.55	1552.64	1746.71	2134.87	2523.03	2911.19	3493.42	4075.65
Shotton	1166.69	1361.13	1555.59	1750.03	2138.93	2527.82	2916.72	3500.06	4083.40
Trelawnyd & Gwaenysgor	1170.00	1365.00	1560.00	1755.00	2145.00	2535.00	2925.00	3510.00	4095.00
Treuddyn	1164.91	1359.06	1553.21	1747.36	2135.66	2523.97	2912.27	3494.72	4077.17
Whitford	1163.33	1357.21	1551.11	1744.99	2132.77	2520.54	2908.32	3489.98	4071.64
Ysceifiog	1159.87	1353.18	1546.49	1739.80	2126.42	2513.05	2899.67	3479.60	4059.53

5. In line with the existing policy of the Council, that for 2021/22, in accordance with Section 12 of the Local Government Finance Act 1992 (as amended by Section 75 of the Local Government Act 2003 and the Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004, no discounts shall be granted to second homes subject to Council Tax which are unoccupied and furnished, (defined as Prescribed Classes A and B) and long term empty and unfurnished properties (defined as Prescribed Class C)
6. In accordance with section 12a and 12b of the Local Government Finance Act 1992, as inserted by section 139 of the Housing Act 2014, by virtue of a determination made at Council on 1st March 2016, the Council Tax Premium scheme will continue to apply from 1st April 2021. Therefore, from 1st April 2021, unless there are exceptions to be applied in line with The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015, Council Tax shall be charged at a premium rate of 50% above the standard rate of Council Tax for those dwellings that are defined as 'second homes'. A Council Tax premium of 50% will also apply to those dwellings defined as 'long term empty' which have been empty for a continuous period of one year.
7. Authorisations - Council Tax
 - a) That the holders of the posts of Revenues Manager, Team Manager for Council Tax and Business Rates Assessment, Team Manager for Collection and Enforcement, Lead Revenues Officer, Revenue Officers, Civil Enforcement Officers, be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings and to appear on behalf of the County Council at the hearing of any legal proceedings in the Magistrates Court by way of an application for the issue of a Liability Order in respect of unpaid Council Taxes and penalties under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; to require financial information to make an Attachment of Earnings Order; to levy the appropriate amount by taking control of goods and sale of goods; and to exercise all other enforcement powers of the County Council under the Council Tax (Administration and Enforcements) Regulations 1992 and any subsequent amendments of such Regulations.
8. Authorisations - National Non-Domestic Rates
 - a) That the holders of the posts of Revenues Manager, Team Manager for Council Tax and Business Rates Assessment, Team Manager for Collection and Enforcement, Lead Revenues Officer, Revenue Officers, Civil Enforcement Officers be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings in the Magistrates Courts by way of application for the issue of a liability order in respect of unpaid rates; by way of an application for the issue of a warrant of commitment and to exercise all other powers of enforcement of the County Council under the Non-Domestic (Collection and Enforcement) (Local Lists) Regulations 1989 and any amendment thereto.
9. That notices of the making of the said Council Taxes for 2021/22, signed by the Council's Corporate Finance Manager/Section 151 officer, be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.

Appendix 2

2021/22 Council Tax Charges

Amounts in Town / Community Council order

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Argoed	31.68	1,394.50	305.55	1,731.73
Bagillt	28.29	1,394.50	305.55	1,728.34
Broughton & Bretton	43.42	1,394.50	305.55	1,743.47
Brynford	60.78	1,394.50	305.55	1,760.83
Buckley	48.10	1,394.50	305.55	1,748.15
Caerwys	58.34	1,394.50	305.55	1,758.39
Cilcain	38.65	1,394.50	305.55	1,738.70
Connahs Quay	55.61	1,394.50	305.55	1,755.66
Flint	48.47	1,394.50	305.55	1,748.52
Gwernaffield & Pantymwyn	32.43	1,394.50	305.55	1,732.48
Gwernymynydd	28.69	1,394.50	305.55	1,728.74
Halkyn	36.90	1,394.50	305.55	1,736.95
Hawarden	44.53	1,394.50	305.55	1,744.58
Higher Kinnerton	35.55	1,394.50	305.55	1,735.60
Holywell	75.40	1,394.50	305.55	1,775.45
Hope	50.75	1,394.50	305.55	1,750.80
Leeswood	70.02	1,394.50	305.55	1,770.07
Llanasa	33.41	1,394.50	305.55	1,733.46
Llanfynydd	38.56	1,394.50	305.55	1,738.61
Mold	62.75	1,394.50	305.55	1,762.80
Mostyn	45.23	1,394.50	305.55	1,745.28
Nannerch	51.00	1,394.50	305.55	1,751.05
Nercwys	59.79	1,394.50	305.55	1,759.84
Northop	24.20	1,394.50	305.55	1,724.25
Northop Hall	36.06	1,394.50	305.55	1,736.11
Penyffordd	48.89	1,394.50	305.55	1,748.94
Queensferry	53.63	1,394.50	305.55	1,753.68
Saltney	42.97	1,394.50	305.55	1,743.02
Sealand	46.66	1,394.50	305.55	1,746.71
Shotton	49.98	1,394.50	305.55	1,750.03
Trelawnyd & Gwaenysgor	54.95	1,394.50	305.55	1,755.00
Treuddyn	47.31	1,394.50	305.55	1,747.36
Whitford	44.94	1,394.50	305.55	1,744.99
Ysceifiog	39.75	1,394.50	305.55	1,739.80

Appendix 2

2021/22 Council Tax Charges

Lowest to Highest Amounts by Town/Community Council

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Northop	24.20	1,394.50	305.55	1,724.25
Bagillt	28.29	1,394.50	305.55	1,728.34
Gwernymynydd	28.69	1,394.50	305.55	1,728.74
Argoed	31.68	1,394.50	305.55	1,731.73
Gwernaffield & Pantymwyn	32.43	1,394.50	305.55	1,732.48
Llanasa	33.41	1,394.50	305.55	1,733.46
Higher Kinnerton	35.55	1,394.50	305.55	1,735.60
Northop Hall	36.06	1,394.50	305.55	1,736.11
Halkyn	36.90	1,394.50	305.55	1,736.95
Llanfynydd	38.56	1,394.50	305.55	1,738.61
Cilcain	38.65	1,394.50	305.55	1,738.70
Ysceifiog	39.75	1,394.50	305.55	1,739.80
Saltney	42.97	1,394.50	305.55	1,743.02
Broughton & Bretton	43.42	1,394.50	305.55	1,743.47
Hawarden	44.53	1,394.50	305.55	1,744.58
Whitford	44.94	1,394.50	305.55	1,744.99
Mostyn	45.23	1,394.50	305.55	1,745.28
Sealand	46.66	1,394.50	305.55	1,746.71
Treuddyn	47.31	1,394.50	305.55	1,747.36
Buckley	48.10	1,394.50	305.55	1,748.15
Flint	48.47	1,394.50	305.55	1,748.52
Penyffordd	48.89	1,394.50	305.55	1,748.94
Shotton	49.98	1,394.50	305.55	1,750.03
Hope	50.75	1,394.50	305.55	1,750.80
Nannerch	51.00	1,394.50	305.55	1,751.05
Queensferry	53.63	1,394.50	305.55	1,753.68
Trelawnyd & Gwaenysgor	54.95	1,394.50	305.55	1,755.00
Connahs Quay	55.61	1,394.50	305.55	1,755.66
Caerwys	58.34	1,394.50	305.55	1,758.39
Nercwys	59.79	1,394.50	305.55	1,759.84
Brynford	60.78	1,394.50	305.55	1,760.83
Mold	62.75	1,394.50	305.55	1,762.80
Leeswood	70.02	1,394.50	305.55	1,770.07
Holywell	75.40	1,394.50	305.55	1,775.45

Appendix 2

2021/22 Council Tax Charges

% Amounts in Town / Community Council order

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Argoed	0.00	3.95	5.14
Bagillt	-14.56	3.95	5.14
Broughton & Bretton	4.90	3.95	5.14
Brynford	1.00	3.95	5.14
Buckley	0.67	3.95	5.14
Caerwys	4.98	3.95	5.14
Cilcain	-1.05	3.95	5.14
Connahs Quay	5.74	3.95	5.14
Flint	0.00	3.95	5.14
Gwernaffield & Pantymwyn	0.31	3.95	5.14
Gwernymynydd	1.88	3.95	5.14
Halkyn	-0.46	3.95	5.14
Hawarden	5.00	3.95	5.14
Higher Kinnerton	-6.20	3.95	5.14
Holywell	0.00	3.95	5.14
Hope	3.32	3.95	5.14
Leeswood	1.10	3.95	5.14
Llanasa	-0.71	3.95	5.14
Llanfynydd	0.52	3.95	5.14
Mold	0.00	3.95	5.14
Mostyn	-0.22	3.95	5.14
Nannerch	10.87	3.95	5.14
Nercwys	1.72	3.95	5.14
Northop	0.00	3.95	5.14
Northop Hall	1.15	3.95	5.14
Penyffordd	0.00	3.95	5.14
Queensferry	-0.57	3.95	5.14
Saltney	0.00	3.95	5.14
Sealand	-4.79	3.95	5.14
Shotton	-0.89	3.95	5.14
Trelawnyd & Gwaenysgor	0.00	3.95	5.14
Treuddyn	1.00	3.95	5.14
Whitford	4.05	3.95	5.14
Ysceifiog	0.28	3.95	5.14

Appendix 2

2021/22 Council Tax Charges

Lowest to Highest % amounts

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Bagillt	-14.56	3.95	5.14
Higher Kinnerton	-6.20	3.95	5.14
Sealand	-4.79	3.95	5.14
Cilcain	-1.05	3.95	5.14
Shotton	-0.89	3.95	5.14
Llanasa	-0.71	3.95	5.14
Queensferry	-0.57	3.95	5.14
Halkyn	-0.46	3.95	5.14
Mostyn	-0.22	3.95	5.14
Argoed	0.00	3.95	5.14
Flint	0.00	3.95	5.14
Holywell	0.00	3.95	5.14
Mold	0.00	3.95	5.14
Northop	0.00	3.95	5.14
Penyffordd	0.00	3.95	5.14
Saltney	0.00	3.95	5.14
Trelawnyd & Gwaenysgor	0.00	3.95	5.14
Ysceifiog	0.28	3.95	5.14
Gwernaffield & Pantymwyn	0.31	3.95	5.14
Llanfynydd	0.52	3.95	5.14
Buckley	0.67	3.95	5.14
Brynford	1.00	3.95	5.14
Treuddyn	1.00	3.95	5.14
Leeswood	1.10	3.95	5.14
Northop Hall	1.15	3.95	5.14
Nercwys	1.72	3.95	5.14
Gwernymynydd	1.88	3.95	5.14
Hope	3.32	3.95	5.14
Whitford	4.05	3.95	5.14
Broughton & Bretton	4.90	3.95	5.14
Caerwys	4.98	3.95	5.14
Hawarden	5.00	3.95	5.14
Connahs Quay	5.74	3.95	5.14
Nannerch	10.87	3.95	5.14

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 6



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday 16 February 2021
Report Subject	Housing Revenue Account (HRA) 30 Year Financial Business Plan
Report Author	Finance Manager Housing and Commercial Services

EXECUTIVE SUMMARY

The final proposals for the HRA Revenue and Capital budget for the 2021/22 financial year, including proposed rent increases were considered by Cabinet on 16 February 2021 and the outcome of Cabinet will be reported verbally to Council.

A copy of the report is attached as Appendix 1.

RECOMMENDATIONS

1	Members are recommended to receive and approve the recommendations from Cabinet on 16 February 2021.
---	--

REPORT DETAILS

1.00	EXPLAINING THE HRA BUSINESS PLAN 2021/22 UPDATE
1.01	As set out in the report to Cabinet on 16 February 2021.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report to Cabinet on 16 February 2021.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	As set out in the report to Cabinet on 16 February 2021.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	As set out in the report to 16 February 2021.

5.00	APPENDICES
5.01	Appendix 1 – Report to Cabinet on 16 February 2021.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Neal Cockerton, Chief Officer (Housing & Assets) Telephone: 01352 702500 E-mail: neal.cockerton@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	As set out in the report to Cabinet on 16 February 2021.

CABINET

Date of Meeting	Tuesday 16 February 2021
Report Subject	Housing Revenue Account (HRA) 30 Year Financial Business Plan
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer, Housing and Assets
Type of Report	Strategic

EXECUTIVE SUMMARY

The purpose of this report is to present for support and approval the HRA 30 year Financial Business Plan and the HRA Budget for 2021/22.

RECOMMENDATIONS

1	Cabinet to support and approve the HRA budget for 2021/22 as set out in the attached appendices.
2	Cabinet to support and approve the rent increase of up to 0.68% (plus up to £2).
3	Cabinet to support and approve a garage rent increase of £0.20 per week and a garage plot increase of £0.03 per week.
4	Cabinet to support and approve the freezing for one year an increase in Service Charge recovery.
5	Cabinet to support and approve the proposed HRA Capital programme for 2021/22 as set out in Appendix C.

REPORT DETAILS

1.00	EXPLAINING THE HRA BUSINESS PLAN 2021/22 UPDATE
1.01	<p>Considerations</p> <p>The HRA is required to produce a 30 year business plan</p> <p>The strategic context for this year’s HRA budget setting includes the following:</p> <ul style="list-style-type: none">• To ensure affordability for tenants is at the core of our considerations;• Continued drive to ensure all service costs are efficient and that value for money can be achieved;• To ensure the treasury management strategy continues to meet the Housing Revenue Account’s new and ongoing borrowing requirements;• Setting a balanced budget with a minimum of 4% surplus revenue over expenditure;• Maximisation of revenue efficiencies to minimise the borrowing required to meet Welsh Housing Quality Standards (WHQS) by 2021;• Delivery of new build Council housing.• Continued drive to ensure homes are Energy Efficient and explore Decarbonisation• Provision of adequate ongoing capital to maintain WHQS levels. <p>The draft business plan is set out in Appendix B and the proposed pressures and efficiencies in Appendix D.</p>
1.02	<p>Borrowing</p> <p>The deed to terminate the voluntary agreement for the HRA borrowing cap was signed on the 2nd December 2019, it is therefore important that going forward, increased borrowing in the HRA is carefully managed and monitored to ensure that it is sustainable and affordable to the business plan. Work is ongoing with Welsh Government to develop a set of prudential borrowing indicators to enable transparent monitoring of this going forward.</p> <p>The total HRA prudential borrowing proposed to be undertaken in 2021/22 is £12.538m taking our total anticipated prudential borrowing to £142.884m as at 31st March 2022.</p> <p>All prudential borrowing is repaid in line with the HRA’s Minimum Revenue Provision (MRP).</p> <p>The HRA is part of the single debt pool for the Council, all borrowing for the Council is managed within one pool and the average borrowing rate for the Council is applied to all new borrowing in the HRA. The rate assumed in the Business plan is 3.87%.</p>

1.03	<p>Rents</p> <p>In December 2019, Welsh Government released the revised rent policy for a 5 year period commencing financial year 2020/21. The policy is designed to ensure that affordability for tenants is at the core of our considerations and when setting the rent uplift, landlords should consider value for money and the whole cost of living in a property as part of their rationale for setting rents.</p> <p>The Rent Policy for Social Housing Rents sets out the following:</p> <ul style="list-style-type: none"> • An annual rent uplift of up to CPI+1%, for 5 years to 2024/25 using the level of CPI from the previous September each year. September 2020 was 0.5%. • The level of rents for individual tenants can be frozen or rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1% (1.5%). <p>The previous Rent policy also set target rents for each type of property to ensure consistency in rent setting, this has been introduced over a number of years on a transitional basis so that tenants paying under target rent would see no more than inflation plus £2 increase per annum.</p> <p>The recommended option would be to apply an overall uplift of 0.68% to all tenants and, in addition, apply the transitional uplift of £2 to tenants who currently pay at least £3 under target rent. The average rents per property type are set out in Appendix A.</p> <p>This ensures that no individual tenant will pay more than the maximum allowed under the policy but continues to move towards readdressing the disparity between those rents under and those at target rent, seeking to make rent charges to all tenants more equitable.</p> <p>The above recommendation would forecast rental income at £37.384m in 2021/22</p>
1.04	<p>Garage Rents</p> <p>The proposed garage rent increase for 2021/22 is £0.20 per week which takes the garage rent per week to £10.03 (based on 52 weeks), the proposed garage plot increase is £0.03 per week taking the garage plot rent to £1.63 per week.</p> <p>The business plan anticipates income levels of £0.464m for garage and garage plots.</p>
1.05	<p>Service Charges</p> <p>The rent and service charge policy was introduced by Welsh Government in 2015 and expected all Local Housing Associations (LHA's) to be achieving full cost recovery. This position is consistent with the Councils overarching position which seeks to recover costs for those eligible services it provides to its customers. In relation to this the HRA has been working towards a full</p>

	<p>cost recovery position for those services subject to a service charge and a transition plan has been in place to ensure that this is achieved.</p> <p>In 2020/21 weekly service charges were increased based on a stepped approach over a two year period with the final phase of the increase to be implemented in 2021/22. It is proposed to delay this final increase and freeze service charges next financial year. The aim of this course of action is to protect tenants who will be experiencing financial difficulty as a result of the pandemic as well as undertaking further work to ensure those services currently subject to service charges are of a high standard and represent value for money.</p>
1.06	<p>Capital Programme The total proposed capital programme for 2021/22 is £34.835m, summarised in Appendix C.</p> <p>Welsh Government have agreed a one year extension to the Welsh Housing Quality Standard beyond the 2020 deadline for all stock retaining social landlords who have not been able to finalise programmes due to Covid-19. The business plan reflects the revised completion date of WHQS following the granting of the extension.</p> <p>Estate Remodelling capital investment has also been introduced for 2021/22.</p> <p>Revised WHQS Welsh Government are currently developing the revised standard for WHQS and it is expected that this will not commence until January 2022 at the earliest.</p> <p>The expectation is that there will be two areas of significant change</p> <ul style="list-style-type: none"> Affordable warmth and carbon reduction Measurement and reporting <p>Welsh Government recommend that this is flagged as a developing area and that options are considered in our sensitivity analysis when developing future plans.</p> <p>SHARP £14.052m has been built into the 2021/22 plan for new Council housing. The programme currently has 8 schemes which will provide an additional 71 properties. One of the pipeline schemes is working in partnership with the Homelessness team to provide much needed Homeless accommodation. The business plan also assumes 50 units of new housing will be delivered each year.</p> <p>From 2021/22 Welsh Government will offer Social Housing Grant (SHG) to stock owned authorities calculated using a new Standard Viability Model. The new Model uses standard assumptions to discount income and costs over a set period to calculate the funding gap i.e. the grant allowable for each scheme. The pipeline schemes within the Business Plan have</p>

	assumed an element of SHG funding.																						
	<table border="1"> <thead> <tr> <th>Asset Investment Budget Breakdown</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Pipeline Schemes</td> <td>7.637</td> </tr> <tr> <td>Schemes agreed in 2020/21 report</td> <td>6.415</td> </tr> <tr> <td>Total</td> <td>14.052</td> </tr> </tbody> </table>	Asset Investment Budget Breakdown	£m	Pipeline Schemes	7.637	Schemes agreed in 2020/21 report	6.415	Total	14.052														
Asset Investment Budget Breakdown	£m																						
Pipeline Schemes	7.637																						
Schemes agreed in 2020/21 report	6.415																						
Total	14.052																						
1.07	<p>Capital Funding The £34.835m capital programme will be funded by:-</p> <table border="1"> <thead> <tr> <th>WHQS & Asset Investment Funding</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Revenue Contribution (CERA)</td> <td>13.167</td> </tr> <tr> <td>Major Repairs Allowance</td> <td>5.065</td> </tr> <tr> <td>Energy Efficiency Feed in Tariff</td> <td>0.275</td> </tr> <tr> <td>Commutated Sums</td> <td>0.074</td> </tr> <tr> <td>Prudential Borrowing</td> <td>2.202</td> </tr> <tr> <td>Total</td> <td>20.783</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>New Build Funding</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Prudential Borrowing</td> <td>10.336</td> </tr> <tr> <td>Capital Receipts</td> <td>3.716</td> </tr> <tr> <td>Total</td> <td>14.052</td> </tr> </tbody> </table>	WHQS & Asset Investment Funding	£m	Revenue Contribution (CERA)	13.167	Major Repairs Allowance	5.065	Energy Efficiency Feed in Tariff	0.275	Commutated Sums	0.074	Prudential Borrowing	2.202	Total	20.783	New Build Funding	£m	Prudential Borrowing	10.336	Capital Receipts	3.716	Total	14.052
WHQS & Asset Investment Funding	£m																						
Revenue Contribution (CERA)	13.167																						
Major Repairs Allowance	5.065																						
Energy Efficiency Feed in Tariff	0.275																						
Commutated Sums	0.074																						
Prudential Borrowing	2.202																						
Total	20.783																						
New Build Funding	£m																						
Prudential Borrowing	10.336																						
Capital Receipts	3.716																						
Total	14.052																						
1.08	<p>Reserves There is a requirement to hold a minimum level of reserves of 3% of expenditure. As the level of financial risk in the HRA is rising due to increased borrowing levels for new build it is recommended that the HRA moves to 4% as a prudent reserve level. This equates to £205.00 per unit.</p> <p>It is also recommended that this is reviewed yearly in line with the HRA's proposed borrowing commitments and prudential debt indicators.</p>																						

2.00	RESOURCE IMPLICATIONS
2.01	The HRA is a ring fenced budget. This HRA budget and Business Plan demonstrates that the council can achieve the WHQS by 2021, can meet service improvement plans and commitments and with prudential borrowing can continue its Council house building programme in 2021.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	All households will benefit from the Councils WHQS programme. The impact of the investment planning and efficiencies is being modelled for various customer groups to ensure that there is no disproportionate impact on any groups with protected characteristics.
3.02	The Business Plan assumes a Welsh Government allocation of Major

	Repairs Allowance (MRA) for 2021/22 and beyond, however, Welsh Government have indicated that the purpose of the funding will be reviewed in the future.	
3.03	The potential impact of BREXIT on interest rates and inflation has been mitigated by increasing the estimated assumptions included in the business plan.	
3.04	Ways of Working (Sustainable Development) Principles Impact	
	Long-term	Positive – There is a commitment to increase supply to provide the right types of homes in the right location.
	Prevention	Positive – It is our aim to provide support to ensure people live and remain in the right type of home.
	Integration	Positive - Achieving WHQS for all existing council houses and delivering new social housing will contribute to the integration within communities.
	Collaboration	Positive - To deliver in partnership with stakeholders to support positive impacts for all our tenants.
	Involvement	Positive - Communication with tenants, Members and other stakeholders.
	Well-being Goals Impact	
	Prosperous Wales	Positive – Existing social homes are WHQS compliant and meet the changing housing needs. Also Providing good quality new social homes aiming for low/zero carbon. Maximising local employment and training opportunities for local people.
	Resilient Wales	Positive – Developing low / zero carbon homes through modern methods of construction and technologies. Ensuring that all statutory compliance requirements are adhered to.
	Healthier Wales	Positive – Ensuring all existing homes and new homes are fit for purpose and meet the needs of all people.
	More equal Wales	Positive - Provide good quality homes for the most vulnerable people in society.
	Cohesive Wales	Positive – Contributing to attractive, viable and safe communities
	Vibrant Wales	Positive – Ensuring all communities housing needs are supported
	Globally responsible Wales	Positive – The HRA Business Plan will

		contribute to the improvement of the economic, social, environmental and cultural wellbeing of Wales.	
--	--	---	--

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Detailed consultation has been undertaken with tenants and elected members to inform the preparation of the WHQS investment programme.
4.02	Full local consultation is carried out for each new build scheme.
4.03	The Housing Revenue Account (HRA) 30 Year Financial Business Plan was presented to Community Housing and Assets Overview and Scrutiny Committee on the 20 th January 2021, committee supported the report.

5.00	APPENDICES
5.01	Appendix A – Summary HRA Rent Charges 2021/22.
5.02	Appendix B – Draft 30 Year HRA Financial Business Plan Summary.
5.03	Appendix C – Draft Capital Programme 2021/22.
5.04	Appendix D – Draft Pressures and Efficiencies 2021/22.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Neal Cockerton, Chief Officer (Housing & Assets) Telephone: 01352 702500 E-mail: neal.cockerton@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	Financial Year: the period of 12 months commencing on 1 April 2021 Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure. Capital expenditure: money spent by the organisation on acquiring or maintaining fixed assets, such as land, buildings, and equipment.

Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.

Treasury Management: the Council has adopted the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with the Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code.

Major Repairs Allowance: Welsh Government grant paid to local authorities in Wales who still manage and maintain their council housing.

Appendix A

HRA Proposed Average Rent Charges		2021/22			
Property Type	No. of Properties	Target Rent 21/22	Proposed Average 21/22 Transitional Rent	Average Variance to Target Rent	
G1Bedsit	22	£ 73.19	£ 72.00	£ (1.19)	
G1bungalow	12	£ 91.00	£ 88.52	£ (2.48)	
G1Flat	159	£ 82.34	£ 80.96	£ (1.38)	
GNB1Apartment	20	£ 86.45	£ 86.03	£ (0.43)	
G1House	3	£ 91.00	£ 81.17	£ (9.84)	
G2Bungalow	3	£ 101.11	£ 98.48	£ (2.63)	
GNB2Bungalow	8	£ 106.17	£ 105.31	£ (0.87)	
G2Flat	309	£ 91.48	£ 89.97	£ (1.52)	
GNB2Apartment	20	£ 96.06	£ 95.41	£ (0.65)	
G2House	703	£ 101.11	£ 98.11	£ (3.01)	
GNB2House	68	£ 106.17	£ 104.41	£ (1.76)	
G2Maisonette	9	£ 91.48	£ 90.07	£ (1.41)	
G3Bungalow	4	£ 111.23	£ 109.17	£ (2.06)	
G3Flat	34	£ 100.63	£ 98.54	£ (2.09)	
G3Maisonette	1	£ 100.63	£ 99.00	£ (1.63)	
G3House	3,110	£ 111.23	£ 106.03	£ (5.20)	
GNB3House	32	£ 116.79	£ 114.99	£ (1.80)	
G4House	136	£ 121.34	£ 113.65	£ (7.69)	
GNB4House	1	£ 127.40	£ 127.40	£ (0.00)	
G5House	5	£ 131.45	£ 121.01	£ (10.44)	
G6House	6	£ 138.02	£ 127.33	£ (10.70)	
M1Mini Group Bungalow	299	£ 91.00	£ 88.98	£ (2.03)	
M1Mini Group Flat	115	£ 82.34	£ 81.00	£ (1.34)	
M2Mini Group Bungalow	94	£ 101.11	£ 98.29	£ (2.83)	
M2Mini Group Flat	24	£ 91.48	£ 89.78	£ (1.70)	
M3Mini Group Bungalow	1	£ 111.23	£ 109.43	£ (1.80)	
S1Sheltered Bedsit	64	£ 73.19	£ 72.11	£ (1.08)	
S1Sheltered Bungalow	848	£ 91.00	£ 89.01	£ (1.99)	
S1Sheltered Flat	322	£ 82.34	£ 80.99	£ (1.34)	
S1Sheltered House	1	£ 91.00	£ 89.53	£ (1.47)	
S2Sheltered Bungalow	512	£ 101.11	£ 97.69	£ (3.42)	
SNB2Sheltered Bungalow	4	£ 106.17	£ 106.17	£ (0.00)	
S2Sheltered Flat	305	£ 91.48	£ 89.99	£ (1.49)	
S2Sheltered House	1	£ 101.11	£ 96.66	£ (4.45)	
S2Wardens Bungalow	3	£ 101.11	£ 99.47	£ (1.64)	
S2Wardens Flat	4	£ 91.48	£ 89.99	£ (1.49)	
S2Wardens House	1	£ 101.11	£ 99.62	£ (1.49)	
S3Sheltered Bungalow	2	£ 111.23	£ 108.90	£ (2.33)	
S3Wardens Bungalow	15	£ 111.23	£ 102.08	£ (9.14)	
S3Wardens Flat	1	£ 100.63	£ 99.00	£ (1.63)	
S3Wardens House	20	£ 111.23	£ 107.02	£ (4.21)	
S4Wardens Flat	1	£ 109.78	£ 108.00	£ (1.78)	
SO3Shared Ownership Houses	12	£ 111.23	£ 106.03	£ (5.20)	
Total	7,314	£ 101.66	£ 98.05	£ (3.61)	

Note

G = General Need

GNB = General Needs New Build

S = Sheltered

M = Mini Group (over 55s with no warden service)

SO = Shared Ownership - pro rata to % of ownership

The number equates to the number of bedrooms the property has for example a G3house is a general need 3 bed house.

		Income							Expenditure					Net Cost of HRA Services			Surplus / (Deficit) in Year on HRA Services		Repayment of Arranged Loans		CERA		Surplus / (Deficit) for the Year		HRA Surplus / (Deficit) b/f		HRA Surplus / (Deficit) c/f	
Year	Year	Rental Income £'000	Void Losses £'000	Non-Dwelling Rents £'000	Charges For Services £'000	SP Grant £'000	Other Income £'000	Total Income £'000	S&M - General £'000	Responsive & Cyclical £'000	Debt Mgmt Expenses £'000	Bad Debts £'000	Total Expenditure £'000	Net Cost of HRA Services £'000	Interest Charges £'000	Surplus / (Deficit) in Year on HRA Services £'000	Repayment of Arranged Loans £'000	CERA £'000	Surplus / (Deficit) for the Year £'000	HRA Surplus / (Deficit) b/f £'000	HRA Surplus / (Deficit) c/f £'000							
1	2021/22	37,384	-799	464	350	194	476	38,069	-6,203	-10,430	-47	-788	-17,468	20,600	-5,339	15,261	-2,660	-13,166	-565	2,008	1,443							
2	2022/23	38,594	-821	473	380	194	476	39,296	-6,168	-10,675	-47	-768	-17,658	21,638	-5,592	16,046	-2,858	-10,755	2,434	1,443	3,877							
3	2023/24	39,599	-841	275	387	194	476	40,090	-6,240	-10,847	-47	-787	-17,921	22,169	-5,767	16,403	-2,922	-11,076	2,405	3,877	6,282							
4	2024/25	41,440	-880	287	395	194	476	41,912	-6,318	-11,024	-47	-824	-18,213	23,699	-5,991	17,707	-3,038	-11,405	3,265	6,282	9,546							
5	2025/26	41,771	-887	287	403	194	476	42,244	-6,496	-11,266	-48	-830	-18,641	23,602	-6,216	17,387	-3,154	-11,571	2,662	9,546	12,208							
6	2026/27	42,898	-910	292	411	194	476	43,361	-6,628	-11,514	-49	-853	-19,044	24,317	-6,439	17,878	-3,270	-11,909	2,699	12,208	14,907							
7	2027/28	44,054	-934	298	419	194	476	44,507	-6,789	-11,766	-50	-876	-19,482	25,025	-6,663	18,363	-3,385	-12,254	2,723	14,907	17,630							
8	2028/29	45,238	-959	304	428	194	476	45,681	-6,953	-12,025	-51	-899	-19,929	25,752	-6,885	18,867	-3,500	-12,606	2,761	17,630	20,391							
9	2029/30	46,453	-985	310	436	194	476	46,885	-7,122	-12,289	-52	-923	-20,386	26,498	-7,107	19,392	-3,615	-12,965	2,811	20,391	23,202							
10	2030/31	48,601	-1,030	321	445	194	476	49,007	-7,323	-12,558	-53	-966	-20,901	28,105	-7,329	20,777	-3,730	-13,426	3,621	23,202	26,824							
11	2031/32	48,813	-1,034	323	454	194	476	49,226	-7,455	-12,822	-55	-970	-21,302	27,924	-7,442	20,482	-3,844	-13,886	2,751	26,824	29,574							
12	2032/33	49,789	-1,055	329	463	194	476	50,197	-7,604	-13,078	-56	-990	-21,728	28,469	-7,448	21,021	-3,848	-14,465	2,708	29,574	32,283							
13	2033/34	50,785	-1,076	336	472	194	476	51,187	-7,756	-13,340	-57	-1,010	-22,163	29,025	-7,376	21,648	-3,851	-14,932	2,866	32,283	35,149							
14	2034/35	51,801	-1,097	342	482	194	476	52,197	-7,912	-13,607	-58	-1,030	-22,606	29,592	-7,229	22,363	-3,774	-15,410	3,180	35,149	38,329							
15	2035/36	53,837	-1,141	355	491	194	476	54,212	-8,104	-13,879	-59	-1,070	-23,112	31,100	-7,084	24,016	-3,698	-15,693	4,625	38,329	42,954							
16	2036/37	53,894	-1,142	356	501	194	476	54,279	-8,231	-14,156	-60	-1,071	-23,519	30,760	-6,942	23,818	-3,624	-16,189	4,005	42,954	46,959							
17	2037/38	54,971	-1,165	363	511	194	476	55,351	-8,396	-14,439	-61	-1,093	-23,989	31,362	-6,804	24,558	-3,552	-16,696	4,310	46,959	51,269							
18	2038/39	56,071	-1,188	371	521	194	476	56,445	-8,564	-14,728	-63	-1,115	-24,469	31,976	-6,668	25,308	-3,481	-17,215	4,612	51,269	55,882							
19	2039/40	57,192	-1,212	378	532	194	476	57,561	-8,735	-15,023	-64	-1,137	-24,959	32,602	-6,534	26,068	-3,411	-17,746	4,910	55,882	60,792							
20	2040/41	58,336	-1,236	386	542	194	476	58,698	-8,949	-15,323	-65	-1,160	-25,497	33,201	-6,403	26,798	-3,343	-18,290	5,165	60,792	65,957							
21	2041/42	60,629	-1,285	400	553	194	476	60,967	-9,088	-15,630	-67	-1,205	-25,989	34,978	-6,275	28,702	-3,276	-18,762	6,664	65,957	72,621							
22	2042/43	60,693	-1,286	401	564	194	476	61,043	-9,270	-15,942	-68	-1,207	-26,486	34,556	-6,150	28,406	-3,210	-19,481	5,715	72,621	78,336							
23	2043/44	61,907	-1,311	409	576	194	476	62,250	-9,455	-16,261	-69	-1,231	-27,016	35,234	-6,027	29,207	-3,146	-19,977	6,084	78,336	84,420							
24	2044/45	63,145	-1,338	417	587	194	476	63,482	-9,644	-16,586	-71	-1,255	-27,556	35,925	-5,906	30,019	-3,083	-20,483	6,452	84,420	90,872							
25	2045/46	64,408	-1,364	426	599	194	476	64,738	-9,883	-16,918	-72	-1,280	-28,153	36,585	-5,788	30,797	-3,022	-20,749	7,026	90,872	97,898							
26	2046/47	65,696	-1,392	434	611	194	476	66,019	-10,034	-17,256	-73	-1,306	-28,670	37,350	-5,672	31,677	-2,961	-21,271	7,445	97,898	105,343							
27	2047/48	68,278	-1,447	450	623	0	476	68,380	-10,234	-17,601	-75	-1,358	-29,268	39,112	-5,559	33,553	-2,902	-21,803	8,848	105,343	114,191							
28	2048/49	68,350	-1,448	452	635	0	476	68,465	-10,439	-17,954	-76	-1,359	-29,828	38,637	-5,448	33,189	-2,844	-22,346	7,999	114,191	122,190							
29	2049/50	69,717	-1,477	461	648	0	476	69,825	-10,648	-18,313	-78	-1,386	-30,424	39,401	-5,339	34,062	-2,787	-22,900	8,375	122,190	130,565							
30	2050/51	71,111	-1,506	470	661	0	476	71,212	-10,914	-18,679	-79	-1,414	-31,086	40,126	-5,232	34,894	-2,731	-23,465	8,698	130,565	139,264							
31	2051/52	72,534	-1,537	479	674	0	476	72,627	-11,078	-19,052	-81	-1,442	-31,654	40,973	-5,127	35,846	-2,677	-29,381	3,788	139,264	143,052							
32	2052/53	75,384	-1,597	497	688	0	476	75,448	-11,300	-19,433	-83	-1,499	-32,315	43,133	-5,025	38,108	-2,623	-30,256	5,229	143,052	148,280							
33	2053/54	75,464	-1,599	499	702	0	476	75,542	-11,526	-19,822	-84	-1,500	-32,932	42,609	-4,924	37,685	-2,571	-30,861	4,253	148,280	152,533							
34	2054/55	76,973	-1,631	509	716	0	476	77,043	-11,756	-20,219	-86	-1,530	-33,591	43,452	-4,826	38,626	-2,519	-31,479	4,628	152,533	157,161							
35	2055/56	78,513	-1,663	519	730	0	476	78,574	-11,991	-20,623	-88	-1,561	-34,263	44,311	-4,729	39,582	-2,469	-31,803	5,311	157,161	162,472							
36	2056/57	80,083	-1,696	529	744	0	476	80,136	-12,231	-21,035	-90	-1,592	-34,948	45,188	-4,635	40,553	-2,420	-32,439	5,695	162,472	168,167							
37	2057/58	81,685	-1,730	540	759	0	476	81,729	-12,476	-21,456	-91	-1,624	-35,647	46,082	-4,542	41,540	-2,371	-33,087	6,082	168,167	174,248							
38	2058/59	83,318	-1,765	551	775	0	476	83,354	-12,725	-21,885	-93	-1,656	-36,360	46,994	-4,451	42,543	-2,324	-33,749	6,470	174,248	180,719							
39	2059/60	86,593	-1,835	571	790	0	476	86,595	-12,980	-22,323	-95	-1,722	-37,119	49,475	-4,362	45,113	-2,277	-34,424	8,412	180,719	189,130							
40	2060/61	86,684	-1,836	573	806	0	476	86,703	-13,239	-22,769	-97	-1,723	-37,829	48,874	-4,275	44,599	-2,232	-35,113	7,254	189,130	196,385							

HRA Capital Programme 2021/22

Appendix C

HRA Capital Programme	£'m
Investment Works	
Renewables / Alternative Technology	0.510
	0.510
WHQS	
Internal Works	5.818
Envelope Works	8.786
Externals	0.888
Total WHQS	15.493
Non WHQS	
Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps	1.114
Asbestos	0.561
Fire Risk Assessments Work	0.541
General DDA Work	0.185
	2.401
Fees	
Capitalised salaries	1.037
	1.037
Regeneration of stock	
Estate remodelling	1.342
	1.342
	20.783
SHARP Programme	
Anticipated spend in 21/22	14.052
Total SHARP Programme	14.052
Total Capital Spend	34.835

HRA Business Planning 21/22

Efficiencies/Use of one off funding

No	Section	Description	Recurring/ One Off	2021/22 £m	Narrative
1	All - Salaries	Change in pension costs	Recurring	(0.201)	Following Actuarial review 4% SuperAnn reduction
2	Repairs and Maintenance	Introduction of Job Scheduling for Responsive Repairs	Recurring	(0.038)	Efficencies secured through maximising trades time
4	Landlord Services	Reduction in servicing costs	Recurring	(0.018)	Reduction in expected costs for 21.22
		Total Efficiencies to HRA		(0.257)	

Cost Pressures

No	Section	Description	Recurring/ Non-recurring	2021/22 £m	Narrative
1	All - Salaries	Increase in basic pay	Recurring	0.060	2.75% pay increase
2	Estate Management	Arrears Management Software	Recurring	0.065	New budget provision
3	Landlord Services	Streetscene Garden Contract	Recurring	0.030	Management fee for Streetscene
4	Management & Support	Health and Safety Officer	Recurring	0.053	Specific Housing support required
5	Rents	Water void costs	Recurring	0.067	Increase in budget to align with actual spend
6	Rents	Void rate at 2%	Recurring	0.066	BP void rate 1.75%, increase to 2% to reflect current trend
7	Rents	Garage voids	Recurring	0.053	Increase voids rate from 33% to 40%
8	Rents	Service charges held at 20.21 rates	One-off	0.068	A freeze in service charge increases for 1 year
9	Rents	Reduction in water commission	Recurring	0.042	Reduction in water commission fro HelpU tenants
10	Repairs and Maintenance	Technical Support	Recurring	0.028	Business case completed
11	Repairs and Maintenance	Initial IT costs - Job Scheduling	One-Off	0.074	Invest to Save
12	Repairs and Maintenance	Job Scheduling annual charges	Recurring	0.004	Annual licence/maintenance costs
		Total pressures to HRA		0.550	
		Net Revenue Pressure 2021/22		0.293	

Eitem ar gyfer y Rhaglen 7



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 16 th February 2021
Cabinet Member	Cabinet Member for Finance
Report Subject	Treasury Management Strategy 2021/22
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents for approval the draft Treasury Management Strategy 2021/22 which is included as Appendix 1.

Audit Committee considered and reviewed the Strategy at their meeting on 27th January, with feedback being reported to Cabinet at their meeting this morning. The Cabinet report is attached as Appendix 2.

Following consideration by Cabinet a verbal update will be provided at the meeting on any specific comments or changes.

RECOMMENDATION

1	Members approve the Treasury Management Strategy 2021/22.
---	---

REPORT DETAILS

1.00	EXPLAINING THE TREASURY MANAGEMENT STRATEGY 2021/22
1.01	<p>The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.</p>
1.02	<p>The Council has adopted The CIPFA Code of Practice which requires:-</p> <ul style="list-style-type: none">• The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its Treasury Management activities.• The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled.• The Council to receive reports on its Treasury Management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.• Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Finance Manager, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's Standard of Professional Practice on Treasury Management.• A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management function. The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.
1.03	<p>The Welsh Government issue guidance on Local Authority investments that requires the Council to prepare an investment strategy before the start of each financial year. The guidance was updated in November 2019 and came into force from 1st April 2020. The Treasury Management Strategy 2021/22 is attached as Appendix 1.</p>

1.04	In preparation for approving the 2021/22 Treasury Management Strategy, training for all Members was held on 9 th December 2020. The workshop – presented by Arlingclose, the Council’s Treasury Management advisors – covered a detailed introduction to Treasury Management in local authorities, including the regulatory framework and the role of the elected Member in scrutinising the Treasury Management function. The training included an in depth presentation on investments, borrowing and changes made to the Investment Guidance issued by Welsh Government.
1.05	As required by the Council’s Financial Procedure Rules, the Strategy was reviewed by Audit Committee on 27 th January and was considered by Cabinet earlier today. Feedback raised by Audit Committee is included in the Cabinet report (Appendix 2). Cabinet’s recommendations will be reported at this meeting.

2.00	RESOURCE IMPLICATIONS
-------------	------------------------------

2.01	Financial implications are addressed in the report; no other resource implications directly as a result of this report.
------	---

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
-------------	--

3.01	Risk Management directly addressed within the report and appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.
------	---

4.00	CONSULTATIONS REQUIRED AND UNDERTAKEN
-------------	--

4.01	Arlingclose Ltd, being the Council’s treasury management advisors.
------	--

5.00	APPENDICES
-------------	-------------------

5.01	Appendix 1 - Draft Treasury Management Strategy 2021/22 Appendix 2 - Cabinet Report – 16 February 2021
------	---

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
-------------	--

6.01	None
------	------

7.00	CONTACT OFFICER DETAILS
-------------	--------------------------------

7.01	Contact Officer: Paul Vaughan – Temporary Technical Finance Manager Telephone: 01352 702289 E-mail: paul.vaughan@flintshire.gov.uk
------	---

8.00	GLOSSARY OF TERMS
8.01	<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> <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.</p> <p>Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>

one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

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

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.

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.

IFRS: International Financial Reporting Standards.

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.

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.

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.

Monetary Policy Committee (MPC): Government Body that sets the Bank Rate. Its primary target is to keep 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.

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): In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England

(known as reserves). The end result is more money out in the wider economy.

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.

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

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.

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

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

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.

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.

Mae'r dudalen hon yn wag yn bwrpasol



FLINTSHIRE COUNTY COUNCIL

**DRAFT TREASURY MANAGEMENT
STRATEGY**

2021/22

CONTENTS

<u>Section</u>		<u>Page</u>
1.0	Introduction	1
2.0	Economic Context	1
3.0	Current Treasury Portfolio	4
4.0	Local Context	5
5.0	Investment Strategy	6
6.0	Borrowing Strategy	12
7.0	Policy on the use of Financial Derivatives	14
8.0	Policy on apportioning interest to Housing Revenue Account	15
9.0	Markets in Financial Instruments Directive	15
10.0	Treasury Management Indicators	15
11.0	Other Matters	16
APPENDIX A – Debt Maturity Profile		19
APPENDIX B – Additional Requirements of Welsh Government Guidance		20

Treasury Management Strategy Report 2021/22

The Council is recommended to:

- approve the Treasury Management Strategy for 2021/22
- approve the Treasury Management Indicators for 2021/22

1.0 Introduction

In April 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year.

In addition, the Welsh Government (WG) issues guidance on local authority investments that requires the Council to approve an investment strategy before the start of each financial year. Welsh Government updated this guidance in November 2019.

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.

The successful identification, monitoring and control of risk are central to the Council's Treasury Management Strategy as the Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

In accordance with the WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Council's capital programme or in the level of its investment balance.

2.0 Economic Context (including interest rate forecast – as provided by Arlingclose Ltd, January 2021)

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's Treasury Management Strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR)

forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's Treasury Management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Table 1: Interest rate forecast

	Bank Rate	3 month Money Market Rate	5 year Gilt Yield	20 year Gilt Yield	50 year Gilt Yield
Q1 2021	0.10	0.10	0.00	0.70	0.60
Q2 2021	0.10	0.10	0.00	0.70	0.60
Q3 2021	0.10	0.15	0.05	0.75	0.65
Q4 2021	0.10	0.15	0.10	0.75	0.65
Q1 2022	0.10	0.20	0.15	0.75	0.65
Q2 2022	0.10	0.20	0.20	0.80	0.70
Q3 2022	0.10	0.20	0.20	0.80	0.70
Q4 2022	0.10	0.20	0.25	0.85	0.75
Q1 2023	0.10	0.20	0.25	0.85	0.75
Q2 2023	0.10	0.20	0.25	0.85	0.75
Q3 2023	0.10	0.20	0.25	0.90	0.80
Q4 2023	0.10	0.20	0.25	0.90	0.80

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.10%, and that new long-term loans will be borrowed at an average rate of 2.1%.

3.0 Current Treasury Portfolio

The Council's treasury portfolio as at 31st December 2020 was as follows:

Table 2: Current Treasury Portfolio

	Principal £m	Interest rate %
Investments:		
Call accounts	4.0	0.01
Money market funds	6.0	0.03
Short-term deposits	24.0	-0.03
Long-term deposits	0.0	n/a
Total Investments	34.0	
Borrowing:		
Short-term loans	38.0	0.04
Long-term PWLB loans (fixed)	262.6	4.73
Long-term PWLB loans (variable)	0.0	n/a
Long-term market loans (LOBOs)	18.9	4.53
Other Government loans	5.1	0.00
Total Borrowing	324.6	
Net Borrowing	290.6	

4.0 Local Context

Forecast changes in the sums in section 3 are shown in the balance sheet analysis in the table below.

Table 3: Balance Sheet Summary and Forecast

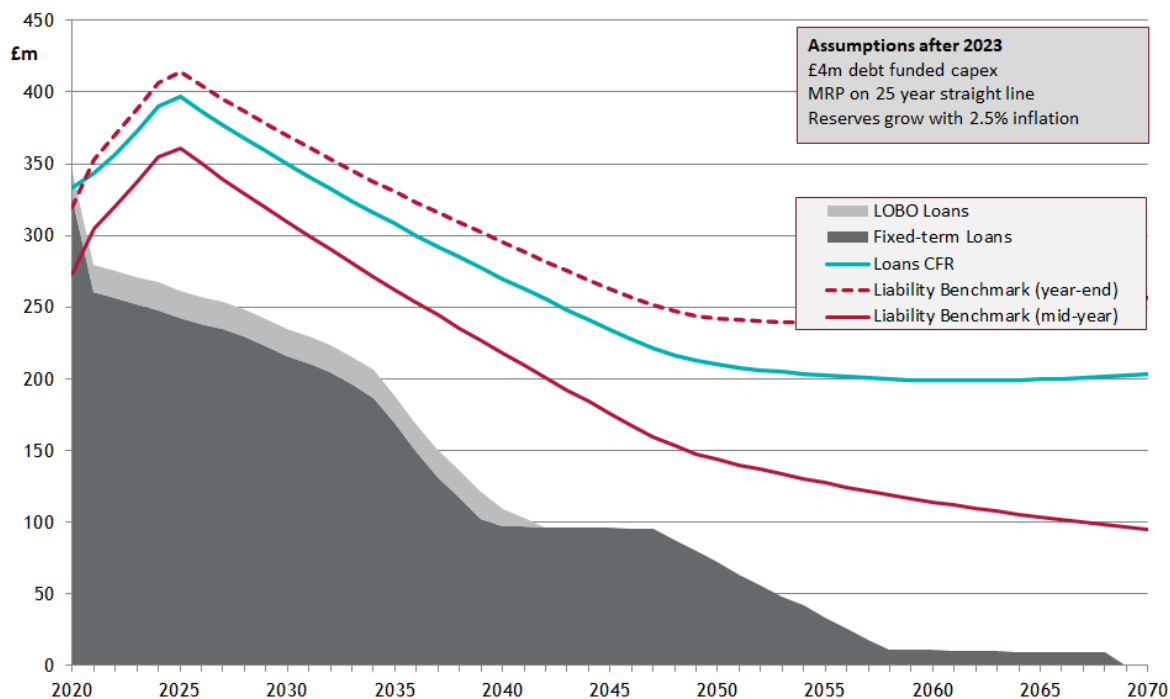
	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Estimate £m	31.3.23 Estimate £m	31.3.24 Estimate £m
Council Fund Capital Financing Requirement (Borrowing only)	211	223	231	244	256
Housing Revenue Account Capital Financing Requirement (Borrowing only)	135	137	139	147	157
Capital Financing Requirement (Borrowing only)	346	360	370	391	413
Less: Current ST borrowing	(53)	(280)	(275)	(271)	(267)
Less: Current LT borrowing	(291)				
Funding Required	2	80	95	120	146
Less: Usable reserves	(53)	(30)	(26)	(24)	(23)
Adj: Working capital	20	21	21	21	21
Investments / New borrowing	31	(71)	(90)	(117)	(144)

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing below the CFR, sometimes known as internal borrowing. Internal borrowing is currently cheaper and incurs lower credit risk than external long term borrowing.

Table 3 shows the Council's CFR increases during 2021/22, this is linked with the capital programme (examples of schemes funded by borrowing include the 21st century schools building programme and the HRA capital programme which includes building new social housing). The level of reserves the Council has is expected to fall in 2020/21 as funding earmarked for specific purposes falls due for payment. The combination of the increase in capital expenditure and a reduction in reserves, results in a sustained requirement for new borrowing over the medium term.

The graph in table 4 shows the Council's anticipated liability benchmark over the next 50 years, being the net requirement for borrowing after considering resources available from reserves and working capital. The rise in the liability benchmark corresponds with the need to borrow to fund the increase in capital expenditure described above. The strategy in 2021/22, the same as in previous years, is to ensure that any new borrowing undertaken does not exceed the liability benchmark and cause the council to borrow more than it needs.

Table 4: Liability Benchmark - Flintshire County Council (January 2021)



Budget implications

The budget for investment income in 2021/22 is £10k, based on an average investment portfolio of £10m at an average interest rate of 0.1%. The total budget for loan interest paid in 2021/22 is £14.8m, based on a debt portfolio of £369m at an average interest rate of 4.06%. This will be apportioned between the Council Fund and the HRA. If levels of investments, borrowing and interest rates differ from those forecast, performance against budget will be correspondingly different.

5.0 Treasury Investment Strategy

The Council holds surplus funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council’s treasury average investment balance was £35m, with similar or slightly lower levels expected to be maintained in the forthcoming year.

Non-treasury investments including loans to subsidiaries and purchases of investment property are not normally considered to be treasury investments, and these are therefore covered separately in Appendix B.

Both the CIPFA Code and the WG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Strategy

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council continues its aim to diversify into more secure and/or higher yielding asset classes during 2021/22, so far as cash liquidity requirements allow. This is especially the case if any medium to longer-term investments are made. This represents a continuation of the strategy adopted in recent years.

Investment criteria and limits

The Council may invest its surplus funds with any of the counterparties in the following table, subject to the monetary and time limits shown.

Table 5: Treasury investment counterparties and limits

This table must be read in conjunction with the notes below

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£3m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£2m	Unlimited
Building societies (unsecured) *	13 months	£2m	Unlimited
Registered providers (unsecured) *	5 years	£2m	Unlimited
Money market funds *	n/a	£3m	Unlimited
Strategic pooled funds	n/a	£1m	£5m
Real estate investment trusts	n/a	£1m	£1m
Other investments *	5 years	£2m	£10m

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £100k per counterparty as part of a diversified pool.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development

banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price

reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept as low as possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it is likely to fall below the above criteria, then no further investments will be made in that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008 and 2020, this is not generally reflected in credit

ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of “high credit quality” are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Specified investments

The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Council defines ‘high credit quality’ organisations as those having a credit rating of A- or higher that are, domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-Specified Investments

Any financial investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in the table below. The Authority confirms that its current non-specified investments remain within these limits.

Table 6: Non-Specified Investment Limits

	Cash Limit
Total invested in pooled funds without credit rating	£5m
Shares in real estate investment trusts	£1m
Shares in local organisations	£1m
Total non-specified investments	£7m

Foreign countries

Investments in foreign countries will be limited to a maximum of £5 million per foreign country. Investments in countries whose lowest sovereign rating is not AAA will be limited to one year's duration. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

Negative Interest Rates

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Business models

Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

6.0 Borrowing Strategy

The Council currently holds £286.7m of long-term loans, as part of its strategy for funding previous years' capital programmes, which includes £6.87m of new long-term borrowing undertaken to date during 2020/21. The balance sheet forecast in section 4 shows that the Council expects to undertake new borrowing during the remainder of 2020/21 and 2021/22.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which the funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The Council's capital expenditure plans will continue to be monitored throughout 2021/22 to inform and confirm the Council's long term borrowing need (figures in section 4 are an estimate). This is to ensure that the Council does not commit to long term borrowing too early and borrow unnecessarily which will be costly. The use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt 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 use internal resources, and to borrow short-term instead.

By doing so, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk, credit risk as a result of bail-in legislation in particular. The benefit of internal and short term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when the long term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional costs in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow for short periods of time to cover unexpected cash flow shortages.

Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see above)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Clwyd Pension Fund)
- Insurance companies
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- WG Mutual Investment Model

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council

LOBOs

The Council 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 Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2021/22, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

Short-term and Variable Rate loans

As at 31st December 2020, the Council held £38m of short term (temporary) loans with an average rate of 0.044% and no variable rate loans. These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators in section 10.

Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Planned borrowing strategy for 2021/22

The Corporate Finance Manager will:

- Manage the Council's debt maturity profile, i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix A analyses the debt portfolio of the Council, as at 31st December, 2020.
- Effect any borrowing that may be required in 2021/22 at the cheapest cost commensurate with future risk based on interest rate forecasts.
- Monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

The Corporate Finance Manager will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances, reporting any decisions and actions taken under delegated powers to Cabinet via the Audit Committee.

7.0 Policy on Use of Financial Derivatives

In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

8.0 Policy on Apportioning Interest to HRA

The Council has adopted a single pool of loans which funds the capital expenditure of both Council Fund and HRA activities. The interest payable and other costs/income arising from long term loans (e.g. premiums and discounts on early redemption) is apportioned between the revenue accounts using the average Capital Financing Requirement (which measures the underlying need to borrow to fund capital expenditure) during the year.

Given that the HRA has minimal level of reserves compared to the total level of reserves held by the Council, any interest received on investments will be credited to the Council Fund revenue account.

9.0 Markets in Financial Instruments Directive

The Council has opted up to professional client with its providers of financial services, including advisers, banks, and brokers, allowing it access to a range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Finance Manager believes this to be the most appropriate status.

10.0 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators. The Council is asked to approve the following indicators:

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

	2021/22	2022/23	2023/24
Upper limit on fixed interest rate exposures	£390m	£411m	£433m
Upper limit on variable interest rate exposures	£100m	£100m	£100m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper
Under 12 months	0%	20%

12 months and within 24 months	0%	20%
24 months and within five years	0%	30%
Five years and within 10 years	0%	50%
10 years and above	0%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long term principal sum invested to final maturities beyond the period end will be:

	2021/22	2022/23	2023/24
Limit on total principal invested beyond year end	£5m	£5m	£5m

Any long term investments carried forward from previous years will be included in each years limit.

Borrowing limits

The Council is being asked to approve these Prudential Indicators as part of the Capital Strategy report. However they are repeated here for completeness.

	2021/22	2022/23	2023/24
Operational boundary – borrowing	£370m	£391m	£413m
Operational boundary – other long-term liabilities	<u>£20m</u>	<u>£20m</u>	<u>£20m</u>
Operational boundary – TOTAL	£390m	£411m	£433m
Authorised limit – borrowing	£390m	£411m	£433m
Authorised limit – other long-term liabilities	<u>£35m</u>	<u>£35m</u>	<u>£35m</u>
Authorised limit – TOTAL	£425m	£446m	£468m

11.0 Other Matters

The WG Investment Guidance requires the Council to note the following matters each year as part of the investment strategy:

Treasury Management Advisers

The Council's treasury management adviser, Arlingclose continues to provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,

- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

The quality of this service is controlled by Financial Procedure Rules and Contract Procedure Rules.

Capacity and skills training

The needs of the Council's treasury management team for training in treasury management are assessed as part of the employee appraisal process, and additionally when the responsibilities of individual members of the treasury team change.

Employees regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant employees are also encouraged to study professional qualifications from CIPFA and other appropriate organisations.

Training for elected Members is provided by Arlingclose on an annual basis and by the treasury management team on an ongoing basis.

Training ensures that those elected members and statutory officers involved in the investments decision-making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual investments in the context of the strategic objectives and risk profile of the Council; and 3. understand how the quantum of these decisions have changed the overall risk exposure of the Council.

The Council is reviewing steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Investment of Money Borrowed in Advance of Need

Welsh Government guidance states that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

The Council will not borrow more than or in advance of their needs to profit from the investment but may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money for example in a climate of rising interest rates. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £425million. The maximum period between borrowing and expenditure is

expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Climate change

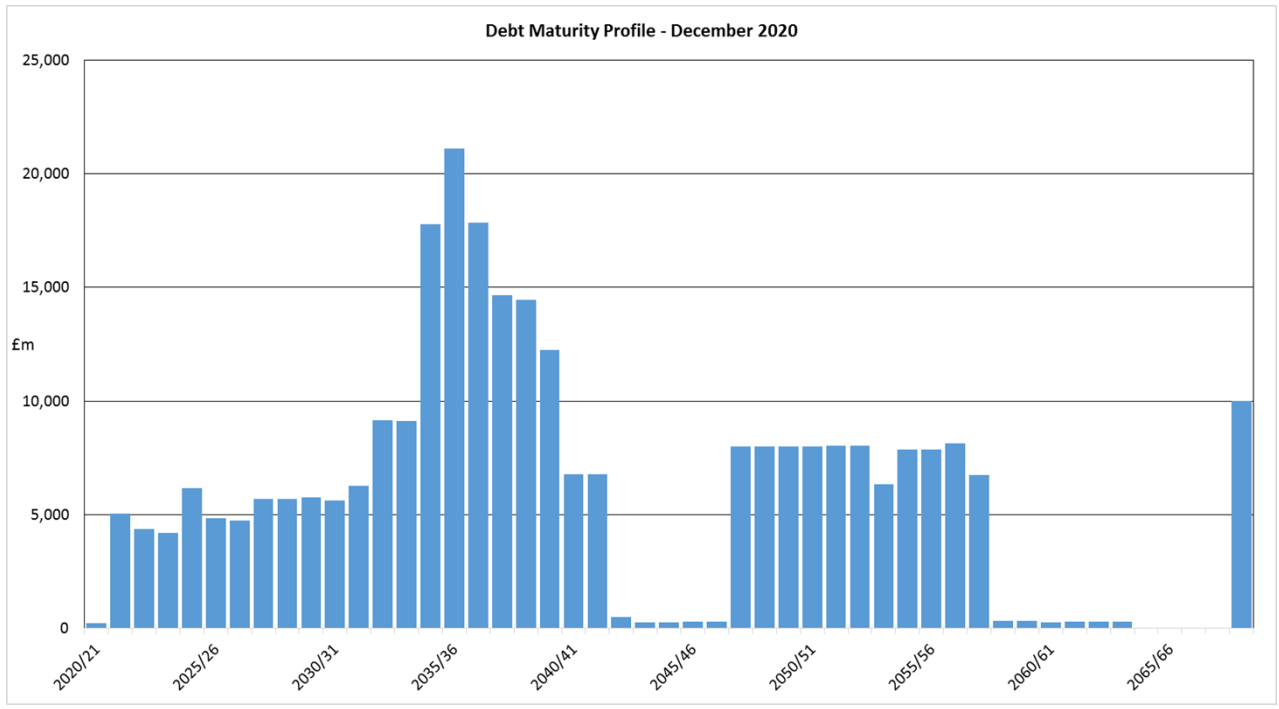
The Council is reviewing its approach to investment decisions to consider long-term climate risks to support a low carbon economy.

Other Options Considered

The WG Investment Guidance and the CIPFA Code of Practice do not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Finance Manager believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in the following table.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter periods.	Interest income will be lower	Reduced risk of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer periods.	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain

APPENDIX A – DEBT MATURITY PROFILE



APPENDIX B: Additional requirements of Welsh Government

Investment Guidance – Non-Treasury Investments

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities and covers investments that are not part of treasury management. In this appendix the Council sets out the information required to comply with the WG guidance for Non-Treasury Investments.

The Council has given loans to wholly owned companies for service purposes and has historical non-financial investments in property defined as Investment Properties within the Council's Statement of Accounts. The Council considers both to be non-treasury investments.

Loans to Wholly Owned Subsidiaries

The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

Contribution:

The Council's investments in the form of loans to wholly owned companies contribute to its service delivery objectives and/or to promote wellbeing as follows:

The Council has embarked on an ambitious house building programme as part of its Strategic Housing and Regeneration Programme (SHARP). Over a 5 year period 500 new homes will be built at a range of sites across the county, a mixture of new council houses and affordable homes, alongside commissioning a range of linked regeneration initiatives and community benefits.

Affordable homes are being developed through the Council's wholly owned subsidiary North East Wales Homes (NEW Homes) in partnership with the Council. Affordable homes for rent are built or purchased by NEW Homes funded by loans from the Council. New affordable homes for rent have been built in Flint, Penyffordd (Holywell), Dobshell and are under construction in Gronant, and Mold.

Controls and Limits:

The Council considers that its financial exposure to loans to wholly owned companies is proportionate and has set the limits in table B1. The Council's loan book is currently within these self-assessed limits.

NEW Homes was established on 3rd April 2014 to own, lease and manage properties with the aim of increasing the quantity and quality of affordable housing across the county.

NEW Homes is a company limited by shares, wholly owned by the Council (1 at £1 par value), established under section 95 of the Local Government Act 2003. The Council has a high level of control over NEW Homes as the single shareholder, approving:

- the issue of share capital
- the distribution of trading surplus
- the annual business plan
- any asset disposals
- any borrowing against assets
- appointment of directors to the board

Table B1: Loan limits

Borrower	Cash Limit
Wholly owned companies	£40m
Treasury management investments meeting the definition of a loan	Unlimited

The Council, as required, has considered allowing for an ‘expected credit loss’ model for loans and receivables as set out in International Financial Reporting Standard 9: *Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. When calculated the expected credit loss was very small. Given the high level of control the Council has over NEW Homes and the security arrangements, the Council decided against setting up a provision for expected credit loss from the loans to NEW Homes.

Appropriate consideration is given to state aid rules and competition law. The Council sought specific legal and finance advice to ensure existing and future loans are compliant with State Aid regulations. The rates applied are below what NEW Homes would receive on the open market, and therefore are granted to NEW Homes under the Services of General Economic Interest Decision (a State Aid exemption). Arrangements are in place to monitor and ensure that the amount of aid granted through the loan does not exceed the net cost of providing the Service of General Economic Interest. A deed of entrustment is in place to clearly set out the requirements of both parties.

Liquidity

The Council has borrowed from the PWLB to on-lend at a small margin to NEW Homes on the same terms and conditions, therefore the impact on the Council’s Treasury Management activities is limited.

The length of the loans has been determined by assessing the cash flow of each housing development scheme to ensure over the long term affordable rents are sufficient to repay borrowing, interest, management costs, cyclical maintenance costs and reasonable allowances for voids and bad debts. Most schemes require an annuity loan commitment of 45 years, the maximum the Council would commit to is 50 years.

Agreements are in place ensuring that the Council has security on all NEW Homes properties which includes properties built using the loan funding and also other properties that NEW Homes owns outright (acquired from developers as part of Section 106 Planning Act agreements to provide affordable housing). In the event of a default, the Council could either sell the properties to repay its borrowing, or include within the Housing Revenue Account and continue to rent at social housing rent levels.

Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market

conditions. The Council accepts that the invested funds have been invested in NEW Homes for the length of the loans – approx. 45 years – and cannot readily be accessed for other purposes.

Yield (net profit)

The loans generate a small income for the Council as there is a margin of approx. 0.25% charged to NEW Homes on the Council’s borrowing rate from the PWLB. The income makes a very small contribution to achieving a balanced revenue budget. The yield as a proportion of net revenue budget is less than 0.01%.

Investment Properties

The Welsh Government guidance includes an investment category covering non-financial assets held primarily or partially to generate a profit, primarily investment property. Proper accounting practice defines an investment property as those that are held solely to earn rent and / or for capital appreciation.

The Council has a portfolio of investment properties, in the form of agricultural property and industrial units. Although these are classified as investment properties, they are legacy assets and the council is managing down its agricultural portfolio and is reviewing its position in regard to industrial units.

Contribution:

The Council’s investments, in the form of investment properties, contribute to its service delivery objectives and/or to promote wellbeing by providing a net financial surplus that is reinvested into local public services.

Security:

The Welsh Government guidance requires that security is determined by comparing each asset’s purchase price to its fair value using the model in International Accounting Standard 40: *Investment Property*, as adapted by proper practices.

As the Council’s Investment Portfolio is of a historic nature, built up over many years, property purchase prices are not readily available to compare with current fair values. The table below shows the fair values of the current portfolio over the last 5 years demonstrating that the historic capital invested has remained stable over the past 5 years.

Table B2: Fair Value of Investment Properties

	31.3.2020 £m	31.3.2019 £m	31.3.2018 £m	31.3.2017 £m	31.3.2016 £m
Fair Value Inv. Properties	25.0	25.2	25.2	24.8	25.0

Liquidity

The Council's investment properties are historical investment decisions and therefore will have limited impact on the Council's liquidity. No recent investment has taken place in investment properties, and therefore there is no recent borrowing associated.

Yield (net profit)

The profit generated by investment activity makes a small contribution to achieving a balanced revenue budget. Table B3 below details the extent to which funding expenditure to meet the service delivery objectives and or promote wellbeing in the Council is dependent on achieving the expected yield over the life cycle of the Medium Term Financial Plan.

Table B3: Proportionality of Investment Properties

	2019/20 Actual £m	2020/21 Budget £m	2021/22 Budget £m
Net Revenue Budget	271,350	271.350	286.986
Net Investment income	1.72	1.73	1.50
Proportion	0.63%	0.64%	0.52

Mae'r dudalen hon yn wag yn bwrpasol



CABINET

Date of Meeting	Tuesday, 16 th February 2021
Report Subject	Treasury Management Strategy 2021/22
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

The report presents the draft Treasury Management Strategy 2021/22 for approval and recommendation to Council. The report was considered in detail by Audit Committee on 27th January.

The Treasury Management Strategy for 2021/22 is attached as Appendix 1 for review and a summary of the key points are included in the report.

This report is supplemented by the training provided to all Members of the Council on Treasury Management on 9th December.

RECOMMENDATIONS

1	Cabinet approves for recommendation to Council the Treasury Management Strategy 2021/22.
---	--

REPORT DETAILS

1.00	EXPLAINING THE STRATEGY
	Background
1.01	The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.
1.02	<p>In April 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.</p> <p>The CIPFA Code of Practice (2017 edition) requires:-</p> <ul style="list-style-type: none"> • The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its Treasury Management activities. • The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled. • The Council to receive reports on its Treasury Management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. • Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Finance Manager, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's Standard of Professional Practice on Treasury Management. • A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management function. The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.
1.03	The Welsh Government issue guidance on Local Authority investments that requires the Council to prepare an investment strategy before the start of

	each financial year. The guidance was updated in November 2019 and came into force from 1 st April 2020.
1.04	In preparation for approving the 2021/22 Treasury Management Strategy training for all Members was held on 9 th December 2020. The workshop presented by Arlingclose, the Council's Treasury Management advisors covered a detailed introduction to Treasury Management in local authorities, including the regulatory framework and the role of the elected Member in scrutinising the Treasury Management function. The training included an in depth presentation on investments, borrowing and changes made to the Investment Guidance issued by Welsh Government.
	Considerations
1.05	The Treasury Management Policy Statement was approved by Council in February 2019 and covers the 3 year period from 2019/20 to 2021/22. This document defines the Council's Treasury Management activities, sets out the Council's criteria to measure the effectiveness of Treasury Management activities and includes the Council's high level policies for borrowing and investments. Once approved, it was agreed that the document only be reported to Members during its lifetime in the event of any significant changes. There is no change to this document.
1.06	<p>Similarly the Treasury Management Practices (TMPs) and accompanying schedules to cover the 3 year period from 2019/20 to 2021/22 were approved by Council in February 2019 and it was agreed that these operational documents will only be reported to Members during their lifetime in the event of any significant changes.</p> <p>The TMPs and schedules state how Treasury Management policies and objectives will be achieved and give specific details of the systems and routines employed and the records to be maintained including:-</p> <ul style="list-style-type: none"> • TMP 1 Treasury risk management • TMP 2 Performance measurement • TMP 3 Decision-making and analysis • TMP 4 Approved instruments, methods and techniques • TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements • TMP 6 Reporting requirements and management information arrangements • TMP 7 Budgeting, accounting and audit arrangements • TMP 8 Cash and cash flow management • TMP 9 Money laundering • TMP 10 Staff training and qualifications • TMP 11 Use of external service providers • TMP 12 Corporate governance
	Treasury Management Strategy 2021/22
1.07	The 2021/22 Treasury Management Strategy is attached at Appendix 1 for review and discussion. The Strategy is updated and reported annually to

	<p>Members in accordance with the CIPFA Code of Practice (2017 edition) and the revised Welsh Government guidance.</p> <p>The Treasury Management Strategy details the approach that the Council will take for investing and borrowing over the next year, including the budgetary implications of the planned investment and borrowing strategy, and a number of Treasury Management indicators that the CIPFA Code requires.</p>
1.08	<p>The main body of the 2021/22 Strategy has not changed significantly from that of the 2020/21 Strategy. Matters that merit the attention of Members are summarised below:-</p> <ul style="list-style-type: none"> • Section 2 – Economic context, provided by Arlingclose, highlights that the major external influence on the Strategy will be the ongoing impact of the COVID-19 pandemic. The Bank of England maintained bank rate at 0.1% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. Arlingclose forecasts that interest rates will be held at 0.1% until at least the end of 2023. Further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the Bank of England expressly rules out the chance of negative interest rates or growth/inflation prospects improve (the Council's borrowing costs are linked to gilt yields). • Section 4 – Local context. This section summarises the anticipated Treasury position in 2021/22. Activity in 2020/21, as it has in previous years, will focus more on borrowing and less on investing; as the Council's requirement to borrow is forecast to grow due to a planned increase in capital expenditure, and there is less surplus cash to invest as services plan to spend reserves. • Section 5 – Investment strategy for treasury management investments. This section is largely a continuation of the Council's 2020/21 strategy, the aim being to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. • Section 6 - Borrowing strategy. Again, this section is largely a continuation of the 2020/21 strategy. The Council continues to forecast a significant long term borrowing requirement. The required amounts need to be confirmed before a commitment to long term borrowing is made and the use of short term borrowing will be used to assist during this period.
1.09	<p>The Welsh Government introduced changes in investment guidance in 2019, and the majority of the changes required were made in the Treasury Management Strategy 2020/21. Changes that still remain outstanding are in respect of disclosures around skills, culture and climate change. These</p>

	<p>have not been addressed during 2020/21 as a result of staff turnover within the Finance Technical Team, and pressures arising from other priorities during 2020/21. It is anticipated that these will be addressed in 2021/22.</p>
1.10	<p>The Audit Committee reviewed the draft Treasury Management Strategy at its meeting on 27th January 2021.</p> <p>Members of the Committee raised a number of detailed questions and queries including:</p> <ol style="list-style-type: none"> 1. A request that more information be provided to Committee Members on the Municipal Bond Agency 2. Are alternatives to PWLB loans considered for long-term borrowing? 3. Does the Council ever arrange 'forward loans'? 4. A Member expressed concern that the Council had invested with the DMO at a negative interest rate for several days at the end of December 2020. <p>Officers responded as follows to the positive satisfaction of the Committee:</p> <ol style="list-style-type: none"> 1. Arrangements will be made with Arlingclose to provide information / a presentation to the Committee on the Municipal Bond Agency 2. Alternatives for long-term borrowing are considered but generally the terms offered on PWLB loans are preferable. 3. We are not aware of the Council ever arranging forward loans to date 4. On the advice of Arlingclose the Council withdrew money invested in overseas based Money Market Funds over the 31st December / 1st January period as a precaution due to Brexit.. The DMO provides security and liquidity for investments. £9m was invested for 4 days at a rate of -0.08% with a cost to the Council of £78.90. Officers will continue to avoid negative interest rates as far as is possible.

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are addressed in the report; no other resource implications directly as a result of this report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	Risk Management directly addressed within the report and appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.
3.02	Ways of Working (Sustainable Development) Principles Impact

	Long-term	Positive. The Treasury Management Strategy considers the long-term impact of investing and borrowing decisions.
	Prevention	No change
	Integration	No change
	Collaboration	No change
	Involvement	No change
3.03	Well-being Goals Impact	
	Prosperous Wales	No impact
	Resilient Wales	No impact
	Healthier Wales	No impact
	More equal Wales	No impact
	Cohesive Wales	No impact
	Vibrant Wales	No impact
	Globally responsible Wales	No impact

4.00	CONSULTATIONS REQUIRED AND UNDERTAKEN
4.01	Arlingclose Ltd, being the Council's Treasury Management advisors.

5.00	APPENDICES
5.01	1.Draft Treasury Management Strategy 2021/22

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
	None

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Paul Vaughan – Temporary Technical Finance Manager Telephone: 01352 702289 E-mail: paul.vaughan@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.

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.

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".

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.

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.

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.

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.

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%.

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

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.

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.

IFRS: International Financial Reporting Standards.

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.

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.

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.

Monetary Policy Committee (MPC): Government Body that sets the Bank Rate. Its primary target is to keep 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.

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): In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy.

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.

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

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.

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

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

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.

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.

Eitem ar gyfer y Rhaglen 8



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 16 th February 2021
Report Subject	Minimum Revenue Provision - 2021/22 Policy
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

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

Cabinet will consider the report, included at Appendix 1, at their meeting this morning and their recommendations will be reported verbally at the meeting.

RECOMMENDATIONS

1	<p>Members approve for Council Fund (CF):-</p> <ul style="list-style-type: none">• Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2021/22 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31st March 2017. The calculation will be the 'annuity' method over 49 years.• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2021/22 for all capital expenditure funded from supported borrowing from 1st April 2016 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2021/22 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements.
2	<p>Members approve for Housing Revenue Account (HRA):-</p> <ul style="list-style-type: none">• Option 2 (Capital Financing Requirement Method) be used for the calculation of the HRA's MRP in 2021/22 for all capital expenditure funded by debt.

3	<p>Members approve that MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be as follows:-</p> <ul style="list-style-type: none"> • No MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use. • Once the assets are brought into use, capital repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.
---	---

REPORT DETAILS

1.00	EXPLAINING THE MINIMUM REVENUE PROVISION
1.01	<p>Local Authorities are required each year, under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations'), to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', though the regulation itself does not define 'prudent provision'.</p> <p>Welsh Government (WG) has provided guidance which makes recommendations to authorities on the interpretation of the term, this guidance was last updated in 2018.</p> <p>Authorities are required to prepare an annual statement of their policy on making MRP.</p> <p>Further detail is provided in the attached report to Cabinet (Appendix 1).</p>

2.00	RESOURCE IMPLICATIONS
2.01	As per the attached report (Appendix 1).

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

4.00	RISK MANAGEMENT
4.01	As per the attached report (Appendix 1).

5.00	APPENDICES
5.01	Appendix 1 - Report to Cabinet 16 th February, 2020 - Minimum Revenue Provision - 2021/22 Policy.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Paul Vaughan, Interim Strategic Finance Manager, Technical Accountancy Telephone: (01352) 702289 E-mail: paul.vaughan@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	As per the attached report (Appendix 1).

Mae'r dudalen hon yn wag yn bwrpasol



CABINET

Date of Meeting	Tuesday, 16 th February 2021
Report Subject	Minimum Revenue Provision – 2021/22 Policy
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

Local authorities are required to set a Minimum Revenue Provision (MRP) policy each financial year.

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

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

The Council, as part of the budget strategy, conducted detailed reviews of its MRP policy in 2016/17 and 2017/18 and amended the policy as a result.

No changes are required to the Policy for 2021/22.

The Policy will be presented to Members as part of the 2021/22 budget setting reports being considered by Cabinet and Council during February 2021.

RECOMMENDATIONS

1	<p>Members approve and recommend to County Council for Council Fund (CF) outstanding debt that:-</p> <ul style="list-style-type: none">• Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2021/22 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31st March 2017. The calculation will be the 'annuity' method over 49 years.• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2021/22 for all capital expenditure funded from supported borrowing from 1st April 2016 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2021/22 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
2	<p>That members approve and recommend to the County Council for Housing Revenue Account (HRA) outstanding debt:-</p> <ul style="list-style-type: none">• Option 2 (Capital Financing Requirement Method) be used for the calculation of the HRA's MRP in 2021/22 for all capital expenditure funded from debt.
3	<p>Members approve and recommend to County Council that MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be as follows:-</p> <ul style="list-style-type: none">• No MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use.• Once the assets are brought into use, capital repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.

REPORT DETAILS

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

1.04	In a letter to all Local Authorities the Auditor General for Wales concurred that it is for each authority to determine what a 'prudent' policy is.
	Options for Prudent Provision within WG Guidance
1.05	<p>Option 1 - Regulatory Method</p> <p>For capital expenditure funded from supported borrowing which is supported through funding in the Revenue Support Grant (RSG), authorities may continue to use the formula specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the regulations which preceded the 2008 Regulations).</p> <p>Under this method the outstanding capital expenditure (known as the Capital Financing Requirement CFR) funded from supported borrowing less Adjustment A is written down annually by 4% on a reducing balance basis. Adjustment A is a commutation adjustment, a fixed value determined by changes to statutory regulations referred to above (which all Welsh Council's will have).</p> <p>The method implies that borrowing will be repaid over a 25 year period (in that $100\% / 4\% = 25$), however as the calculation applies the 4% to the reducing balance it takes much more than 25 years to fully repay the borrowing.</p> <p>The method is commensurate with the methodology used in the Revenue Support Grant to allocate revenue funding from WG to finance debt, as it also uses the 4% reducing balance method on notional outstanding debt.</p>
1.06	<p>Option 2 - Capital Financing Requirement Method</p> <p>The same as Option 1 without adjusting for Adjustment A, which results in a higher charge.</p>
1.07	<p>Option 3 - Asset Life Method</p> <p>Provision is made over the estimated life of the asset for which debt is undertaken.</p> <p>This can be calculated using the 'straight line' method or the 'annuity' method. To illustrate the difference, as an example an asset which is purchased at a cost of £4m which has an estimated useful life of 50 years;-</p> <ul style="list-style-type: none"> • Straight line method - equal annual MRP charge £4m / 50 years = £0.080m • Annuity or inflation method – annual MRP charge that takes the time value of money in the form of inflation into consideration Year 1 = £0.047m Year 2 = £0.048m Year 3 = £0.049m

	<p>Year 4 = £0.050m Year 5 = £0.051m Year 50 = £0.125m</p>
1.08	<p>Option 4 - Depreciation Method</p> <p>Alternatively, provision is made in accordance with the standard rules for depreciation accounting. The method is similar to option 3 above</p>
1.09	<p>Welsh Government guidance requires that either option 3 or 4 be used for all capital expenditure which is to be financed by unsupported borrowing or other long term liabilities. Options 1 and 2 are not permitted for this use.</p>
	<p>Housing Revenue Account (HRA)</p>
1.10	<p>Following the introduction of self-financing for the HRA and the voluntary exit from the negative subsidy system on 31st March, 2015, from 1st April 2015 the options to calculate the HRA MRP is now similar to the Council Fund as set out above, with the following modifications:</p> <ul style="list-style-type: none"> • Options 1 and 2 - the percentage is 4% for the Council Fund and 2% for the HRA; and • Options 1 and 2 can be used in relation to debt incurred before 1st April 2021. After that date only Options 3 and 4 may be used. <p>The MRP Policy for 2022/23 will be reviewed to ensure that any necessary changes resulting from this are fully included.</p>
1.11	<p>The Council approves loans to its wholly owned subsidiary NEW Homes for the purpose of building affordable homes. The loans qualify as capital expenditure and therefore need to be part of the MRP policy. At its meeting on 14th June 2016 the Council approved the MRP calculation for loans to NEW Homes as outlined in recommendation 3 above.</p>
	<p>Practical Considerations</p>
1.12	<p>The useful life of an asset will vary depending on the class of asset concerned; a vehicle or ICT equipment may be financed over 5 years whereas a new school over 50 years. Judgements about the useful life will need to be made on an individual basis as expenditure is incurred.</p>
1.13	<p>Large capital projects may take a number of years to complete, for example the 21st Century Schools building programme. In this instance the MRP is incurred in the year after the asset has become operational, rather than during the construction phase.</p>
1.14	<p>It is important to note that the capital financing position on outstanding capital expenditure (the Capital Financing Requirement) and the Council's level of external borrowing are not the same.</p>

	<p>Regulations stipulate that the Council can only borrow for capital purposes. However in day to day cash management, no distinction can be made between revenue cash and capital cash. External debt arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. (Though checks are in place to ensure the Council does not borrow in the medium to long term for revenue purposes, as referred to in the Capital Strategy report approved by Council in December 2020).</p> <p>In practice the Council is under borrowed, this arises when the level of external borrowing is below the capital financing position on outstanding capital expenditure. The Council through its treasury management processes makes use of available cash arising from reserves etc. to fund capital expenditure and has ‘internally’ borrowed to an extent. This cash would otherwise have been invested at very low rates of return. External borrowing would also be that much more, at higher borrowing interest rates than any returns on cash invested. Such activities are considered best practice and are undertaken in accordance with the Council’s Treasury Management Policy Statement, Strategy, Schedules and Practices.</p>
--	--

2.00	RESOURCE IMPLICATIONS
2.01	The 2021/22 Council Fund and HRA budgets provide for the MRP charges in accordance with the calculations set out in the report.
2.02	There are no other resource implications as a direct result of this report.

3.00	IMPACT ASSESSMENTS AND RISK MANAGEMENT
3.01	<p>The impacts of an MRP policy has long term effects that cannot be readily undone and therefore has risks associated for future generations in terms of Council Tax and Housing Rents levels.</p> <p>The Well-being of Future Generations (Wales) Act 2015, puts in place a requirement to;</p> <p><i>“act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.</i></p> <p>It also requires that authorities take account of, amongst other things;</p> <p><i>“the importance of balancing short term needs with the need to safeguard the ability to meet long term needs”.</i></p> <p>The MRP policy ensures that costs are spread equally in real terms amongst the tax and rent payers benefiting from the capital expenditure. This is not considered as compromising the ability of future generations to</p>

	meet their own needs merely that future generations pay for assets from which they benefit from using equally to current tax payers.	
3.02	Ways of Working (Sustainable Development) Principles Impact	
	Long-term	Positive - balancing short term and long term needs. The MRP policy ensures that costs are spread equally in real terms amongst the tax and rent payers benefiting from the capital expenditure.
	Prevention	No impact
	Integration	No impact
	Collaboration	No impact
	Involvement	No impact
	Well-being Goals Impact	
	Prosperous Wales	No impact
	Resilient Wales	No impact
	Healthier Wales	No impact
	More equal Wales	No impact
	Cohesive Wales	No impact
	Vibrant Wales	No impact
	Globally responsible Wales	Financial decisions that enable future generations to thrive. Positive - The MRP policy ensures that costs are spread equally in real terms amongst the tax and rent payers benefiting from the capital expenditure.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT	
4.01	In changing the Council's MRP policy during 2017/18 and 2016/17 detailed discussions took place with the Council's Treasury Management advisors, senior internal officers and key Cabinet members. Audit Wales was also consulted as external auditors.	
4.02	The revised MRP policy was considered by Council as part of setting the 2018/19 budget in March 2018.	

5.00	APPENDICES
5.01	None

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Council Fund Budget 2018/19 report to Council 1 st March 2018

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Paul Vaughan – Interim Technical Finance Manager Telephone: (01352) 702219 E-mail: paul.vaughan@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Capital Expenditure: Expenditure on the acquisition of non-current assets or expenditure that extends the life or value of an existing asset</p> <p>Capital Financing Requirement (CFR): A measure of the capital expenditure incurred historically by an authority that has yet to be financed from capital receipts, capital grants or revenue financing.</p> <p>Council Fund (CF): The fund to which all the Council’s revenue and capital expenditure is charged.</p> <p>Housing Revenue Account (HRA): The fund to which all the Council’s revenue and capital expenditure relating to its housing stock is charged.</p> <p>Minimum Revenue Provision (MRP): A charge made to the Council Fund to repay borrowing taken out for capital expenditure. Authorities must determine their own prudent MRP charge each year, taking into consideration statutory guidance issued by the Government.</p> <p>Prudential Code: The code of practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority’s duty to determine the affordability, prudence and sustainability of its capital investment needs.</p> <p>Revenue Expenditure: All expenditure incurred by an authority that cannot be classified as capital expenditure</p> <p>Revenue Support Grant (RSG): Is paid to each authority to cover the cost of providing standard services less the Council Tax income at the standard level.</p>

Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing: Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.

Unsupported Prudential Borrowing: Borrowing administered under the **Prudential Code**, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 9



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 16 th February 2021
Report Subject	Pay Policy Statement for 2021/22
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Executive and Senior Manager, Human Resources and Organisational Development

EXECUTIVE SUMMARY

All local authorities are required to publish review and approve a Pay Policy Statement each financial year.

Once approved it is to be published by 31st March each year.

The Pay Policy presented within this report is the ninth annual statement published by the Council.

RECOMMENDATIONS

1	That County Council approves the appended draft pay Policy Statement for 2021/22.
2	That County Council notes the national position on the Exit Cap Regulations and potential changes to the Local Government Pension Scheme (LGPS) which may require changes to the Pay Policy and Pensions Discretions Statements 2021.
3	That County Council delegates authority to the Senior Manager, Human Resources and Organisational Development to update the Pay Policy Statement 2021/22 during the course of the year to reflect any changes required by legislation, Government policy or national negotiations so that it remains accurate and current.

REPORT DETAILS

1.00	EXPLAINING THE PAY POLICY STATEMENT
1.01	<p>Under the Localism Act 2011 local authorities are required to publish an annual Pay Policy Statement for each financial year. This must be approved by Council and be in place by 31st March each year.</p> <p>A Pay Policy Statement should include:</p> <ul style="list-style-type: none">• the local authority's policy on the level and elements of remuneration for each chief officer;• the policy on the remuneration of its lowest-paid employees - together with its definition of lowest-paid employees and the reasons for adopting that definition;• the policy on the relationship between the remuneration of its chief officers and other officers; and• the policy on other specific aspects of chief officers' remuneration such as recruitment, pay increases, the use of performance related pay and bonuses, termination payments, and pay transparency.
1.02	<p>The Council's current Pay Policy Statement was approved by Council on 20 October 2020.</p>
1.03	<p>The draft Pay Policy Statement for 2020/21 is appended to this report. The Statement summarises the organisation's approach to pay and remuneration and sets this within an organisational, regional and national context.</p>
1.04	<p>This year's statement is consistent with previous years' statements. Whilst there is no change to the proposed principles or approach to remuneration, a number of sections have been updated and a new section on equalities added.</p>
1.05	<p>National Pay Awards</p> <p>Pay awards are nationally determined in accordance with the relevant body.</p> <p>There has been no agreement to date on national pay awards for chief executives or chief officers (strategic directors and heads of service grade) or employees covered by the NJC (Grade 01 to 12) with effect from 1 April 2021. The Pay Policy Statement will need to be updated if any nationally agreed pay awards are implemented.</p>
1.06	<p>Exit Cap Regulations</p> <p>Following the introduction in November 2020 of regulations to implement the Exit Cap in local government there is an interim position on pension and severance arrangements pending a Judicial Review in Spring 2021. Under the new regulations the total exit payment that may be made to a departing local government employee is a sum not exceeding £95,000. This sum includes statutory redundancy payments, discretionary payments</p>

	<p>and any capitalised pension strain payment (payment to the Local Government Pension Scheme (LGPS) for early release of pension before normal retirement date). Pension strain payments are paid in connection with employees aged 55 or over, if they are part of the LGPS</p> <p>There has also been consultation on proposed changes to the LGPS, the outcome of which is not known at this time. In light of the above it may be necessary to amend the Pay Policy and Pensions Discretions Statements during 2021.</p>
--	---

2.00	RESOURCE IMPLICATIONS
-------------	------------------------------

2.01	None as the Pay Policy Statement appended to this report is a description of existing arrangements.
------	---

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
-------------	---

3.01	None required.
------	----------------

4.00	RISK MANAGEMENT
-------------	------------------------

4.01	None as the Pay Policy Statement appended to this report is a description of existing arrangements.
------	---

5.00	APPENDICES
-------------	-------------------

5.01	<p>Appendix A – Pay Policy Statement 2021/22</p> <p>Appendix B – Pay Tables</p> <p>Appendix C – Local Government Pension Scheme (LGPS) Discretionary Pension Statement</p>
------	--

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
-------------	--

6.01	None
------	------

7.00	CONTACT OFFICER DETAILS
-------------	--------------------------------

7.01	<p>Contact Officer: Sharon Carney, Senior Manager, Human Resources and Organisational Development</p> <p>Telephone: 01352 702139</p> <p>E-mail: Sharon.carney@flintshire.gov.uk</p>
------	---

8.00	GLOSSARY OF TERMS
8.01	As detailed in the attached Pay Policy Statement for 2021/22

Pay Policy



2021 - 2022

Pay Policy Statement

Including LGPS Employer’s Discretionary Policy 2021-2022

Contents

1. Introduction and Purpose	4
2. Legislation and Other Matters Relevant to Remuneration	4
3. Scope of the Pay Policy Statement	5
4. Broad Principles of our Pay and Reward Strategy	5
I) Transparency, accountability and value for money.....	5
II) Development of Pay and Reward Strategy	6
III) The Council’s Pay and Grading Structure	6
IV) Additional Payments	8
V Salary Protection.....	8
5. Chief Officer Remuneration.....	9
i) Definitions of Chief Officer	9
ii) Policy on the Remuneration of Chief Officers.....	10
iii) Recruitment of Chief Officers	10
iv) Chief Officer Salaries.....	10
v) Additions to Salary of Chief Officers	11
vi) Performance Related Pay and Bonuses	11
vii) Payments on Termination	11
viii) Publication of Chief Officer and Other Senior Post Salaries	12
ix) Pay Increases – Chief Officers	13
x) Other Employee Benefits	13
6. Independent Remuneration Panel for Wales (IRMPW).....	13
7. Exit Payment Cap and Pension Reforms	14
8. Remuneration of the Lowest Paid Employees.....	14
9. Pay Relativities within the Authority	15
10. National Negotiating Bodies and Pay Awards	16
11. National Living Wage (NLW)	16
12. Pension Benefits	16
13. Re-engagement of Chief Officers.....	17

14.	Non-Guaranteed Working Hours.....	17
15.	Partnership with Trade Unions.....	17
16.	Future Legislation	17
17.	Monitoring, Evaluation and Review.....	18
	Appendix 1	18
	Salary Tables.....	18
	Appendix 2	18
	Local Government Pension Scheme (LGPS) Discretionary Pension Statement	18

1. Introduction and Purpose

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

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

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

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

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

2. Legislation and Other Matters Relevant to Remuneration

In determining the remuneration of all of its employees, the Council will comply with all relevant employment legislation. The Council is also bound by collective agreements and contractual arrangements which cannot be unilaterally altered.

Relevant legislation includes the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended, and the Children & Families Act 2014.

On the Equal Pay requirements contained within the Equality Act, the Council will ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation systems and processes which directly tie salaries to the requirements, demands and responsibilities of the role.

3. Scope of the Pay Policy Statement

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

In the interests of transparency, the Council has chosen to take a broader approach and produces a policy covering all employee groups with the exception of School Teachers (as the remuneration for this latter group is set by the Welsh Government and therefore not in local authority control)).

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

4. Broad Principles of our Pay and Reward Strategy

1) Transparency, accountability and value for money

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

Remuneration data

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

Policy documents

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

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

II) Development of Pay and Reward Strategy

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

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

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

In designing, developing and reviewing the Pay and Reward strategy the Council will seek to balance these factors to achieve performance outcomes for the organisation and the community it serves, whilst managing and controlling total pay costs.

III) The Council's Pay and Grading Structure

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

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

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

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

In 2016 the Council introduced a collective agreement known as the 'House Agreement' for Theatr Clwyd covering pay and terms and conditions of employment. The agreement introduced a new pay scale and terms and conditions of employment that ensured future payments were equitable, affordable and sustainable whilst facilitating retention and recruitment. Generic profile descriptors are used as a basis for matching each job to the most appropriate grade. Control of the theatre will be transferring to a new charitable trust with effect from 1st April 2021 and will no longer feature in the Council's Pay Policy.

In October 2019, employees engaged under the JNC Craft Agreement (Red Book) were assigned to one of four newly evaluated positions and mapped across to the Council's new pay model. This had the effect of providing an all-inclusive rate and increase in base pay, removed spot points, provided incremented grades and incremental progression, consistent with employees on the nationally agreed pay spine (the NJC pay scale).

Pay Progression

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

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

Within Theatr Clwyd incremental progression will be dependent on Theatr Clwyd achieving collective targets which are agreed and reviewed annually by the Board of Trustees. Control of the theatre will be transferring to a new charitable trust with effect from 1st April 2021 and will no longer feature in the Council's Pay Policy.

Bonus Payments and Performance Related Pay

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

Equalities

The Council is committed to equality of opportunity for all. All members of staff will be treated fairly based on ability, performance and contribution irrespective of their employment or contractual status and personal circumstances, i.e. part time, fixed term. The Council monitors equalities data and this policy shall be applied fairly, consistently and equitably for all employees irrespective of race, gender, disability, age, offending past, caring or dependency status, religion or belief, sexual orientation, marital or civil partnership status, pregnancy or maternity or gender identity and it is incumbent on those managing this policy to ensure that this is the case.

Chief Officer Job Evaluation

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

- Know How – the levels of knowledge, skill and experience (gained through work experience, education and tradition) which are required to perform the job successfully;
- Problem Solving – the complexity of thinking required to perform the job when applying Know How;
- Accountability – the impact the job has on the organisation and the constraints the job holder has on acting independently.

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

IV) Additional Payments

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

Honoraria

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

Market Supplements

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

V Salary Protection

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

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

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

5. Chief Officer Remuneration

i) Definitions of Chief Officer

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

- a) Chief Executive (including Head of Paid Service)
- b) Chief Officer, Governance
- c) Chief Officer, Streetscene and Transportation
- d) Chief Officer, Planning, Environment and Economy
- e) Chief Officer, Social Services
- f) Chief Officer, Education and Youth,
- g) Chief Officer, Housing and Assets

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

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

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

ii) Policy on the Remuneration of Chief Officers

The Terms and Conditions of employment applicable to Chief Officers are as determined by the JNC (Joint Negotiating Council) for Chief Officers of Local Authorities (or JNC for Chief Executives of Local Authorities) as amended/ supplemented or superseded by decisions on conditions of service made by the Council from time to time and contained within the Council's Employment Policies and Procedures.

iii) Recruitment of Chief Officers

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

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

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

iv) Chief Officer Salaries

Details of the Chief Officers basic salary are set out below (salaries are those applicable at 1 April 2020).

Chief Executive

The Chief Executive salary scale has four incremental points between £131,664.00 and £143,110.00. (This salary range was set by the Council in 2007 with external advice. It was reviewed again in 2014 but a decision was taken not to change at that time.)

The Chief Executive voluntarily waived his entitlement to a pay award in 2019 and has elected to receive only 2% of the 2.75% nationally agreed pay award for 2020 based on the budget provision the Council has made. The Chief Executive's actual annual salary from 1 April 2020 is therefore **£139,279.00**.

Chief Officers

The Chief Officer salary scale has four incremental points between £87,873.00 rising to a maximum of £98,997.00.

v) Additions to Salary of Chief Officers

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

The Returning Officer for the County Council is the Chief Executive. The Returning Officer duties are not part of the Chief Executive's substantive role. The appointment of Electoral Registration Officer is required by S8 Representation of the People Act 1983, and the appointment of Returning officer by S35 Representation of the People Act, 1983. The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. For these externally sponsored elections any fee is funded through grant awarded by the Welsh Government or the UK Government. Local authorities have the discretion to set the fee for local elections and this Council has does so contractually.

vi) Performance Related Pay and Bonuses

The Council does not apply any bonuses or performance related pay to its Chief Officers pay. However, the annual increment (if not already at top of scale) is only awarded once the Annual Appraisal has been passed as satisfactory (page 7 refers).

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

vii) Payments on Termination

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

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

Under Regulation 6, the Council makes redundancy payments (compulsory and voluntary) to employees based upon the statutory redundancy payments scale which are calculated by multiplying a number of weeks based on their age and length of service (subject to a maximum of 20 years' service) by their actual weekly rate of pay, as follows:

- 0.5 week's pay for each year of employment in which the employee was aged 21 and below
- 1 week's pay for each year of employment in which the employee was aged 22 to 40 inclusive.
- 1.5 week's pay for each year of employment during which the employee was aged 41 or over.

For employees under the age 55 (or aged 55 and over and are *not* members of the Local Government Pension Scheme (LGPS) apply a multiplier of 1.5 times the redundancy payment as calculated above.

Any severance packages with a value in excess of £100,000 will be reported to Full Council for a decision. This policy applies to severance packages whether or not made pursuant to a settlement agreement. However, it does not apply in relation to the cost of early access to, and/or enhancement of a retirement pension, where the employee's employment is terminated on grounds of ill health.

Since April 2020 employers are liable to pay Class 1A national insurance contributions on termination payments above £30,000 that are subject to income tax by the employee. The Council will fully comply with this requirement.

viii) Publication of Chief Officer and Other Senior Post Salaries

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is over £60,000 per annum the

Council's Annual Statement of Accounts will include a note setting out by posts the total amount of:

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

ix) Pay Increases – Chief Officers

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

Agreement was reached on the pay awards applicable for Chief Executives and Chief Officers from 1 April 2020 on 24 August 2020. These pay agreements cover the period 1 April 2020 to 31 March 2021 and provided for the individual basic salary of all officers within scope of the JNC for Chief Officers and Chief Officers of Local Authorities to be increased by 2.75% with effect from 1 April 2020.

x) Other Employee Benefits

The Council is responsible for supporting the health, safety and wellbeing of its employees in order to ensure that they can perform at their best. As part of this approach and in common with other large employers the Council provides a small number of non-pay benefits such as eye test reimbursement for users of display screen equipment at work, leisure and retail discounts through our eRewards and Vectis card scheme childcare vouchers via a salary sacrifice scheme (following the Government's closure of such schemes, this benefit is now only available for those who joined the scheme prior to October 2018) and participation in the Cycle to Work scheme.

An in-house team of medical experts within our Occupational Health service, give advice in support of positive mental and physical health. In addition, all employees have access to our Employee Assistance Programme (EAP) via CareFirst which provides emotional and practical support for issues at home or in work. These services are available online and via a free phone number 24 hours a day, 365 days of the year

6. Independent Remuneration Panel for Wales (IRMPW)

Section 143A of the Local Government (Wales) Measure 2011 refers to the Independent Remuneration Panel in Wales (“the IRP”) and sets out their functions in relation to salaries of heads of paid service. The IRP may make recommendations about any policy in this Pay Policy Statement which relates to the salary of the Council’s head of paid service and any proposed change to the salary of the Council’s Head of Paid Service. The Council, will, as required, consult the IRP in relation to any change to the salary of the head of paid service which is not commensurate with a change of the salaries of the Council’s other staff, and will have regard to any recommendation received from the IRP when deciding whether or not to proceed with making the change.

The Council is required to identify in this pay policy statement whether any such referral has been made to the IRP, and if so, the nature of the referral, the IRP’s decision and the Council’s response. No referral has been made to the IRP during 2020/2021.

The Local Government (Wales) Act 2015 extends the power of the IRP, under section 143A of the Local Government (Wales) Measure 2011 to cover salaries payable to chief officers (using the Localism Act definition) as well as the head of paid service.

7. Exit Payment Cap and Pension Reforms

The Government announced its intention to introduce a cap on Public Sector exit payments in order to restrict these to a maximum of £95,000. This has the potential to reduce both redundancy dismissal and efficiency pension benefits where the Chief Officer is aged 55+ and may have some of their pension benefits reduced where the overall cost of termination exceeds £95,000 including pension strain costs.

The background to the current position is that the Enterprise Act 2016 has been passed and Section 9 provides enabling powers to make regulations for exit payments. The Act also gives powers to Welsh Ministers to ‘relax’ any regulations made.

The enabling regulations, namely the restriction of public sector exit payment Regulations 2019, went through the House of Commons on 30 September 2020 and we await confirmation of an implementation date. The waiver situation remains unclear both as far as the Regulations themselves are concerned and any decision-making powers Welsh Government Ministers may decide to adopt.

There has also been consultation on proposed changes to the Local Government Pension Scheme (LGPS) and the outcome is not known at this time. Provisions within the Exit Cap are now scheduled for Judicial Review in Spring 2021.

In light of the current position on the Exit Cap regulations and potential changes to the LGPS it may be necessary to amend the Pay Policy and Pensions Discretions Statements during 2021.

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

8. Remuneration of the Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are defined as those employed on full time 37 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure post single status. As at 1 April 2020, this is £17,842 per annum. The Council has adopted this definition as it is recommended in relevant guidance as the most easily understood.

The Council employs apprentices (and other such trainees) who are not included within the definition of 'lowest paid employees' and are paid less than the minimum spinal column point for other employees during their apprenticeship. The purpose of paying a lower salary is to reflect the particular nature and/or duration/frequency of their employment and to maximize the number of apprenticeships offered. There is an exception to this agreement in relation to Graduate Trainees who we have agreed should not earn less than our lowest evaluated rate of pay.

9. Pay Relativities within the Authority

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

The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Governments Code of Recommended Practice on Data Transparency recommends the publication of the ratio between the highest paid salary and the median average salary of the whole of the Authority's workforce. The median salary for Flintshire County Council based on based on a payroll extract as at 1 April 2020 taken on 6 October 2020 to reflect the impact of the 2020 pay award is £20,092.00.

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

1. The multiple between the lowest paid (full time equivalent) employee and the Chief Executive is 1:7:80 (*compared to 1:8.20 last year*)

2. The multiple between the lowest paid employee and mean average Chief Officer is 1:5:55 (*previous year 1:4.92*)
3. The multiple between the median (average) full time equivalent employee and the Chief Executive is 1:6:93 (*previous year 1:7.18*)

(based on a payroll extract taken as at 6 April 2020)

The interim Hutton Fair Pay Report noted that most 'top to bottom' pay multiples in the public sector are in the region of 1:8.1 to 1:12.1. The multiples in Flintshire are below the foot of this notional range and are showing a reducing pay range between 'top and bottom' year on year. This should be seen as good practice for the sector.

10. National Negotiating Bodies and Pay Awards

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

As with other Welsh councils, the Council continues to comply with all national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions at a UK level.

11. National Living Wage (NLW)

In April 2016 a new (statutory) National Living Wage was introduced by the Government which provides a supplement to the National Minimum Wage for those aged 25 and over. This rate of pay, since 1 April 2020 is £8.72 per hour. From 1 April 2021 the age threshold will be lowered from 25 to 23 and the hourly rate will increase from £8.72 to £8.91.

The lowest rate of hourly rate of pay for a Council employee is currently £9.25 (SCP01) which is £0.34 per hour higher than the National Living Wage, reflecting the implementation of the NJC pay and grading structure.

12. Pension Benefits

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the

scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee.

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

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

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

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

13. Re-engagement of Chief Officers

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

This is aligned to the principles applied within the Voluntary Redundancy Policy which provides that employees who voluntarily leave the Council's employment under the Scheme should not be re-engaged in any capacity within a period of 24 months from the end of their employment, save for exceptional circumstances and only if approved by the Chief Executive as Head of Paid Service.

14. Non-Guaranteed Working Hours

In December 2016 the Welsh Government issued principles and guidance on the appropriate use of non-guaranteed hours arrangements in the devolved public services in Wales. These principles and guidance were developed by the Public Services Staff Commission in social partnership with the Welsh Government's Partnership Council and its sector groups. The Council is committed to the principles determined by Welsh Government which apply to those employees who are employed on a relief, casual or sessional basis. These employees are used in services within the Council where there is either a need to bring in an additional workforce in order to cover peaks in workload or where the workload is on a one off basis.

15. Partnership with Trade Unions

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

16. Future Legislation

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

17. Monitoring, Evaluation and Review

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

Appendix 1

Salary Tables

Appendix 2

Local Government Pension Scheme (LGPS) Discretionary Pension Statement

Flintshire County Council Green Book Pay Model 1 April 2020

	JE Range	Grade	SCP	Salary 1 April 2020	Monthly Salary	Hourly Rate
Officer Range	<305	G01 (old A & B)	01	£17,842.00	£1,486.83	£9.25
			02	£18,198.00	£1,516.50	£9.43
			03	£18,562.00	£1,546.83	£9.62
			04	£18,933.00	£1,577.75	£9.81
	306-369	G02 (old C & D)	05	£19,312.00	£1,609.33	£10.01
			06	£19,698.00	£1,641.50	£10.21
			07	£20,092.00	£1,674.33	£10.41
			08	£20,502.00	£1,708.50	£10.63
	370-395	G03 (old E)	09	£20,903.00	£1,741.92	£10.83
			10	£21,322.00	£1,776.83	£11.05
			11	£21,748.00	£1,812.33	£11.27
			12	£22,183.00	£1,848.58	£11.50
	396-440	G04 (old F)	15	£23,541.00	£1,961.75	£12.20
			17	£24,491.00	£2,040.92	£12.69
			19	£25,481.00	£2,123.42	£13.21
			20	£25,991.00	£2,165.92	£13.47
Senior Officer Range	441-480	G05 (old G)	24	£28,672.00	£2,389.33	£14.86
			25	£29,577.00	£2,464.75	£15.33
			26	£30,451.00	£2,537.58	£15.78
			27	£31,346.00	£2,612.17	£16.25
	481-525	G06 (old H)	28	£32,234.00	£2,686.17	£16.71
			29	£32,910.00	£2,742.50	£17.06
			30	£33,782.00	£2,815.17	£17.51
			31	£34,728.00	£2,894.00	£18.00
Manager Range	526-560	G07 (old I)	32	£35,745.00	£2,978.75	£18.53
			33	£36,922.00	£3,076.83	£19.14
			34	£37,890.00	£3,157.50	£19.64
			35	£38,890.00	£3,240.83	£20.16
	561-595	G08 (old J)	36	£39,880.00	£3,323.33	£20.67
			37	£40,876.00	£3,406.33	£21.19
			38	£41,881.00	£3,490.08	£21.71
			39	£42,821.00	£3,568.42	£22.20
	596-635	G09 (old K)	40	£43,857.00	£3,654.75	£22.73
			41	£44,863.00	£3,738.58	£23.25
			42	£45,859.00	£3,821.58	£23.77
			43	£46,845.00	£3,903.75	£24.28

Senior Manager Range	636-685	G10 (old L)	45	£49,070.00	£4,089.17	£25.43
			46	£50,373.00	£4,197.75	£26.11
			47	£51,710.00	£4,309.17	£26.80
			48	£53,086.00	£4,423.83	£27.52
	686-729	G11 (old N & M)	50	£55,939.00	£4,661.58	£28.99
			51	£57,424.00	£4,785.33	£29.76
			52	£58,948.00	£4,912.33	£30.55
			53	£60,511.00	£5,042.58	£31.36
	>730	G12 (New Grade)	58	£68,965.00	£5,747.08	£35.75
			59	£70,793.00	£5,899.42	£36.69
			60	£72,669.00	£6,055.75	£37.67
			61	£74,594.00	£6,216.17	£38.66

Theatr Clwyd Pay Scale

1st April 2020

Grade	SCP	Salary 1 April 2020	Monthly Salary	Hourly Rate
CTC07	01	£17,842.00	£1,486.83	£9.25
CTC06	02	£18,198.00	£1,516.50	£9.43
	03	£18,562.00	£1,546.83	£9.62
CTC05	04	£18,933.00	£1,577.75	£9.81
	05	£19,312.00	£1,609.33	£10.01
	06	£19,698.00	£1,641.50	£10.21
	07	£20,092.00	£1,674.33	£10.41
CTC04	08	£20,493.00	£1,707.75	£10.62
	09	£20,903.00	£1,741.92	£10.83
	10	£21,322.00	£1,776.83	£11.05
	11	£21,748.00	£1,812.33	£11.27
CTC03	12	£22,183.00	£1,848.58	£11.50
	14	£23,080.00	£1,923.33	£11.96
	15	£23,541.00	£1,961.75	£12.20
	17	£24,491.00	£2,040.92	£12.69
	19	£25,481.00	£2,123.42	£13.21
CTC02	20	£25,991.00	£2,165.92	£13.47
	23	£27,741.00	£2,311.75	£14.38
	24	£28,672.00	£2,389.33	£14.86
	25	£29,577.00	£2,464.75	£15.33
	26	£30,451.00	£2,537.58	£15.78
CTC01.5	28	£32,234.00	£2,686.17	£16.71
	30	£33,782.00	£2,815.17	£17.51
	31	£34,728.00	£2,894.00	£18.00
	32	£35,745.00	£2,978.75	£18.53
	33	£36,922.00	£3,076.83	£19.14
CTC01	34	£37,890.00	£3,157.50	£19.64
	35	£38,890.00	£3,240.83	£20.16
	36	£39,880.00	£3,323.33	£20.67
	37	£40,876.00	£3,406.33	£21.19
	38	£41,881.00	£3,490.08	£21.71

Music Service

Fixed Point	01	£24,660.00	£2,055.00	£12.78
Fixed Point	02	£28,770.00	£2,397.50	£14.91

Chief Executive

1 April 2020

Grade	New Salary 1 April 2020	Monthly Salary	Hourly Rate
CEO Point 01	£131,664.00	£10,972.00	£68.24
CEO Point 02	£135,478.00	£11,289.83	£70.22
CEO Point 03	£139,295.00	£11,607.92	£72.20
CEO Point 04	£143,110.00	£11,925.83	£74.18
FCC Spot Point	£139,279.00	£11,606.58	£72.19

Chief Officers

1 April 2020

Grade	New Salary 1 April 2020	Monthly Salary	Hourly Rate
New Chief Officer Point 1	£87,873.00	£7,322.75	£45.55
New Chief Officer Point 2	£91,210.00	£7,600.83	£47.28
New Chief Officer Point 3	£94,547.00	£7,878.92	£49.01
New Chief Officer Point 4	£98,997.00	£8,249.75	£51.31

Joint Chief Executive

1 April 2020

Grade	New Salary 1 April 2020	Monthly Salary	Hourly Rate
Joint Chief Executive Point 1	£63,512.00	£5,292.67	£32.92
Joint Chief Executive Point 2	£64,835.00	£5,402.92	£33.61
Joint Chief Executive Point 3	£66,159.00	£5,513.25	£34.29
Joint Chief Executive Point 4	£67,481.00	£5,623.42	£34.98
Joint Chief Executive Point 5	£68,804.00	£5,733.67	£35.66

Soulbury Pay Scales

1 September 2020

Assistant Educational Psychologists

Spinal Column Point	Salary 1 September 2020	Monthly Salary	Hourly Rate
01	£30,166.00	£2,513.83	£15.6358
02	£31,399.00	£2,616.58	£16.2749
03	£32,630.00	£2,719.17	£16.9130
04	£33,856.00	£2,821.33	£17.5485

Educational Psychologists

Spinal Column Point	Salary 1 September 2020	Monthly Salary	Hourly Rate
01	£38,197.00	£3,183.08	£19.7985
02	£40,136.00	£3,344.67	£20.8036
03	£42,075.00	£3,506.25	£21.8086
04	£44,012.00	£3,667.67	£22.8126
05	£45,951.00	£3,829.25	£23.8176
06	£47,889.00	£3,990.75	£24.8221
07	£49,714.00	£4,142.83	£25.7681
08	£51,538.00	£4,294.83	£26.7135
09	£53,247.00	£4,437.25	£27.5993
10	£54,959.00	£4,579.92	£28.4867
11	£56,554.00	£4,712.83	£29.3134

Senior and Professional Educational Psychologists

Spinal Column Point	Salary 1 September 2020	Monthly Salary	Hourly Rate
01	£47,889.00	£3,990.75	£24.8221
02	£49,714.00	£4,142.83	£25.7681
03	£51,538.00	£4,294.83	£26.7135
04	£53,247.00	£4,437.25	£27.5993
05	£54,959.00	£4,579.92	£28.4867
06	£56,554.00	£4,712.83	£29.3134
07	£57,209.00	£4,767.42	£29.6529
08	£58,433.00	£4,869.42	£30.2874
09	£59,646.00	£4,970.50	£30.9161
10	£60,880.00	£5,073.33	£31.5557
11	£62,090.00	£5,174.17	£32.1829
12	£63,323.00	£5,276.92	£32.8220
13	£64,577.00	£5,381.42	£33.4720
14	£65,790.00	£5,482.50	£34.1007
15	£67,061.00	£5,588.42	£34.7595

Educational Improvement Professionals (Soulbury)

Spinal Column Point	Salary 1 September 2020	Monthly Salary	Hourly Rate
01	£36,419.00	£3,034.92	£18.8769
02	£37,723.00	£3,143.58	£19.5528
03	£38,955.00	£3,246.25	£20.1914
04	£40,203.00	£3,350.25	£20.8383
05	£41,443.00	£3,453.58	£21.4810
06	£42,684.00	£3,557.00	£22.1243
07	£43,988.00	£3,665.67	£22.8001
08	£45,243.00	£3,770.25	£23.4506
09	£46,705.00	£3,892.08	£24.2084
10	£48,009.00	£4,000.75	£24.8843
11	£49,295.00	£4,107.92	£25.5509
12	£50,541.00	£4,211.75	£26.1967
13	£51,951.00	£4,329.25	£26.9276
14	£53,209.00	£4,434.08	£27.5796
15	£54,598.00	£4,549.83	£28.2996
16	£55,854.00	£4,654.50	£28.9506
17	£57,114.00	£4,759.50	£29.6037
18	£58,350.00	£4,862.50	£30.2444
19	£59,625.00	£4,968.75	£30.9052
20	£60,283.00	£5,023.58	£31.2463
21	£61,549.00	£5,129.08	£31.9025
22	£62,653.00	£5,221.08	£32.4747
23	£63,867.00	£5,322.25	£33.1040
24	£64,956.00	£5,413.00	£33.6684
25	£66,121.00	£5,510.08	£34.2723
26	£67,257.00	£5,604.75	£34.8611
27	£68,419.00	£5,701.58	£35.4634
28	£69,597.00	£5,799.75	£36.0740
29	£70,777.00	£5,898.08	£36.6856
30	£71,956.00	£5,996.33	£37.2967

Young Peoples / Community Service Manager (Y&C Officers)

Spinal Column Point	Salary 1 September 2020	Monthly Salary	Hourly Rate
01	£37,772.00	£3,147.67	£19.5782
02	£39,008.00	£3,250.67	£20.2189
03	£40,243.00	£3,353.58	£20.8590
04*	£41,505.00	£3,458.75	£21.5131
05	£42,786.00	£3,565.50	£22.1771
06	£44,036.00	£3,669.67	£22.8250
07**	£45,314.00	£3,776.17	£23.4874
08	£46,767.00	£3,897.25	£24.2406
09	£47,568.00	£3,964.00	£24.6558
10	£48,806.00	£4,067.17	£25.2974
11	£50,036.00	£4,169.67	£25.9350
12	£51,269.00	£4,272.42	£26.5741
13	£52,493.00	£4,374.42	£27.2085
14	£53,729.00	£4,477.42	£27.8492
15	£54,966.00	£4,580.50	£28.4903
16	£56,207.00	£4,683.92	£29.1336
17	£57,455.00	£4,787.92	£29.7805
18	£58,695.00	£4,891.25	£30.4232
19	£59,927.00	£4,993.92	£31.0618
20***	£61,186.00	£5,098.83	£31.7143
21***	£62,469.00	£5,205.75	£32.3793
22***	£63,782.00	£5,315.17	£33.0599
23***	£65,120.00	£5,426.67	£33.7534
24***	£66,486.00	£5,540.50	£34.4615

*normal minimum point for senior youth and community service officers undertaking the full range of duties at this level (see paragraph 5.6 of the Soulbury Report).

**normal minimum point for principal youth and community service officer undertaking the full range of duties at this level (see paragraph 5.8 of the Soulbury Report).

***extension to range to accommodate discretionary scale points and structured professional assessments.

Mae'r dudalen hon yn wag yn bwrpasol

Local Government Pension Scheme (LGPS) Discretionary Pension Statement

Date 1st April 2021 – 31st March 2022

Version 4.5

Document type: Policy

PART A

The regulations of the LGPS require every employer to

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

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

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

The LGPS Employer Discretions Policy is the Council's written policy statement detailing all mandatory employer discretions the LGPS recommend employers also publish.

Some of these discretions are also referred to in relevant HR policies, for example the Flexible Retirement and Early Retirement policies.

This statement will be published on the Councils website at www.flintshire.gov.uk

The Regulations referred to are:

- R:** The Local Government Pension Scheme Regulations 2013 (as amended)
- TP:** The LGPS (Transitional Provision and Savings) Regulations 2014
- A:** The Local Government Pension Scheme (**Administration**) Regulations 2008 (as amended)
- B:** The Local Government Pension Scheme (**Benefits, Membership and Contributions**) Regulations 2007 (as amended)
- T:** The Local Government Pension Scheme (**Transitional Provisions**) Regulations 2008
- L:** The Local Government Pension Scheme Regulations 1997 (as amended)

2013 Regulations and Transitional 2014 Regulations

Employer Discretion		Regulation	FCC Policy
Shared Cost APC's	Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	R16(2)(e) & R16(4)(d)	Due to potential cost burden Flintshire County Council will not contribute towards the cost of the employee (purchasing additional pension).
Extension to Shared Cost APC's	Whether to extend 30 day deadline for member to elect for a shared cost APC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserved forces service leave)	R16(16)	It is not the policy of Flintshire County Council to extend the 30 day deadline.
Shared AVC's	Whether, how much, and in what circumstances to contribute to shared cost Additional Voluntary Contributions (AVC's) arrangements	R17(1) & definition of SCAVC in RSch 1	Under Regulation 17 of the LGPS Regulations 2013, Flintshire County Council will exercise the discretion to allow LGPS members to contribute to a shared cost salary sacrifice additional voluntary contribution scheme.
Right to Return of contributions in cases of fraud or grave misconduct.	No right to return of contributions where a member left their employment due to offence of a fraudulent character or grave misconduct in connection with that employment, unless Employer directs a total or partial refund is to be made	R19 (2)	It is not the policy of Flintshire County Council to refund contributions to the member.
Flexible Retirement	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	The Council have a policy on Flexible Retirement which requires a minimum reduction of 20% in hours/salary with no backfill arrangements. An employee, aged 55 and over may request flexible retirement and each case will be considered on its own merits following full consideration of

			<p>any compelling compassionate reasons and all financial and service delivery implications via a retirement panel.</p> <p>This does not preclude younger employees, under 55 years of age requesting flexible working but without the payment of their retirement benefits.</p> <p>Please refer to the full Flexible Retirement Policy</p> <p>The Council may review its policy at any time.</p>
	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	R30(8)	It is not the policy of Flintshire County Council to waive, in whole or in part any actuarial reduction resulting from Flexible Retirement unless the actuarial reduction (arising from the pension strain) is of a de minimis amount and the request meets all other policy criteria.
Early Retirement Waive Actuarial Reduction	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership)	R30(8)	<p>The Council have a policy on Early Retirement. Any employee from their 55th birthday can voluntarily retire and access their benefits with an actuarial reduction.</p> <p>An employee may request that Flintshire County Council waive in full or in part their reduction on compelling compassionate grounds only. Each case will be considered on its own merits following full consideration of all financial and service delivery implications via a retirement panel.</p> <p>The Council may review its policy at any time</p>
85 Year Rule	Whether to 'switch on' the 85 year rule for a member voluntarily drawing benefits	TPSch 2, para 1(2) & 1(1c)	Employees can request that the Council 'switch on' the 85 year rule, if they are eligible.

	on or after age 55 and before age 60 (other than on the grounds of flexible retirement)		<p>To be eligible, the employee's LGPS Service (all service) and their age must equal 85 years or more, and they must have joined the pension scheme before 1st October 2006.</p> <p>Deferred members from the age of 55 can access their deferred pension benefits early without employers consent, however the pension income will reduce after the actuarial reduction is applied.</p> <p>The Council may review its policy at any time.</p>
Waiving Actuarial Reduction	<p>Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership):</p> <p>a) on compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006,</p> <p>b) on compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive,</p>	TP3(1), TPSch 2, para (2)1, B30(5) & B30A(5)	<p>If it is agreed to apply the '85 year rule', Flintshire County Council may waive the actuarial reduction in full or in part following careful consideration of the financial implications and affordability.</p> <p>Each case will be considered on its own merits including any compelling compassionate reasons and following full consideration of all financial and service delivery implications via a retirement panel.</p> <p>The Council may review its policy at any time.</p>

	<p>c) on compassionate grounds (pre 1 April 2016 membership) and in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the Scheme before 1 October 2006 and will be 60 by 31 March 2016,</p> <p>d) on compassionate grounds (pre 1 April 2020 membership) and in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive</p>		
Grant Additional Pension	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a. on 1 April 2014 - this figure is inflation proofed annually)	R31	It is not the policy of Flintshire County Council to award additional pension
Transferring in non LGPS pension rights	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(6)	It is not the policy of Flintshire County Council to consider extending the time limit for a transfer in of previous pension rights to proceed after twelve months.
Employee Contribution Rate	Determine rate of employees' contributions and review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pa	R9(1) & R9(3)	The tiered contribution rate for each employee will be based on the pensionable pay elements. Basic salary is assessed at the full time equivalent rate, in each post an employee holds at 1 April. The contribution rate will be re-assessed annually on implementation/application (regardless of when the award is made) of the annual pay award. Re-assessment will take place at any point in the year where there is a material change for example:-

			Promotion, demotion, incremental progression.
--	--	--	---

2018 Amended Regulations

Employer Discretion		Regulation	FCC Policy
Deferred Benefits	Whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55.	R31(2) of the LGPS Regulations 1997].	It is not the policy of the Council to allow deferred benefit applications on or after age 50 and before age 55.

2008 Scheme (Administration) Regulations and 2007 Regulations

Employer Discretion		Regulation	FCC Policy
Deferred Benefits	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member)	B30(5), TPSch 2, para 2(1)	Ordinarily The Council will not waive any actuarial reduction for deferred members on compassionate grounds.
	Whether to 'switch on' the 85 year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para 1(2) & 1(1c)	The Council will not "switch on" the 85 year rule.

1997 and 1995 Scheme Regulations

Employer Discretion		Regulation	FCC Policy
Deferred Benefits	Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds.	TL4, L106(1) & D11(2c)	It is not the policy of the Council to allow deferred benefit applications on or after age 50 and before age 55.

The policy in respect of each employer discretion is set out above, however, the council may give further consideration where there are exceptional circumstances and clear merit, or where the cost is not considered to be significant or material.