

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
15 FEBRUARY 2018

Minutes of the meeting of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held in the Delyn Committee Room, County Hall, Mold on Thursday, 15 February 2018

PRESENT: Councillor Clive Carver (Chairman)

Councillors: Haydn Bateman, Bob Connah, Paul Cunningham, Andrew Holgate, Dave Hughes, Paul Johnson, Richard Jones, Mike Lowe, Michelle Perfect, Vicky Perfect and Arnold Woolley

SUBSTITUTE: Councillor: Marion Bateman (for Patrick Heesom)

APOLOGIES: Councillor Hilary McGuill and Councillor Billy Mullin, Cabinet Member for Corporate Management and Assets

ALSO PRESENT: Councillors: Bernie Attridge, David Healey, Mike Peers and Carolyn Thomas attended as observers

CONTRIBUTORS: Councillor Aaron Shotton, Leader and Cabinet Member for Finance; Chief Executive; Chief Officer (Governance);

Chief Officer (Organisational Change); and Finance Manager - Technical Accountancy - for minute number 66

Service Manager, Customer Support - for minute number 67

Senior Manager, Human Resources & Organisational Development - for minute number 68

Corporate Finance Manager - for minute number 69

IN ATTENDANCE: Democratic Services Manager and Democratic Services Officer

64. DECLARATIONS OF INTEREST

None were received.

65. MINUTES

The minutes of the meeting held on 18 January 2018 were submitted.

Minute number 59 - the Income Generation workshop, which was important in the development of the Medium Term Financial Strategy, had been arranged for 18 April.

Following the comments by Councillor Jones, an update on the review of reserves would be provided as part of the Revenue Budget Monitoring item. Councillor Jones said it was his understanding that the Committee would receive an early update to enable a recommendation to be made to County Council prior to approval of the budget on 20 February. The Chief Executive gave assurance

on the robustness of the review to provide Members with all the information necessary to reach a decision on the budget proposals.

Minute number 60 - prior to the meeting, the Democratic Services Manager had circulated responses to the information requested on spans of control by managers and links between employee performance and annual increments. On the latter point, the Chief Executive reported that 16 councils in Wales had replied to our enquiry and had confirmed that they did not operate a scheme of this type.

Minute number 61 - Councillor Johnson thanked officers for the information on Pest Control charges.

RESOLVED:

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

66. DEVELOPMENT OF CAPITAL PROGRAMME 2018/19-20/21

The Chief Officer (Organisational Change) introduced a report on developing the Capital Programme 2018/19-2020/21. This linked to the Capital Strategy and Asset Management Plan which was due to be updated later in the year to support current and emerging longer term Council priorities and to reflect changes to the Chartered Institute of Public Finance & Accountancy (CIPFA) Codes of Practice.

The Finance Manager - Technical Accountancy provided explanation on the various tables in the report showing the allocated schemes split into three sections - Statutory/Regulatory, Retained Assets and Investment. Progress to address the estimated £3.187m shortfall for 2017/18-19/20 had formed part of regular budget monitoring reports to the Committee and the achievement of forecasted capital receipts had helped to fully fund the approved programme for 2017/18-20/21. This demonstrated the effectiveness of the Council's prudent policy in only applying capital receipts when achieved.

The report indicated that the Council's ambitions outweighed the funding available to support the programme over the next three years and it was reported that Welsh Government (WG) funding would reduce by £0.118m for 2018/19. An overall shortfall in projected funding of £8.216m to support proposed schemes for the period would need to be met by the achievement of future capital receipts (currently estimated to be around £8.3m) or other options such as alternative grants, prudential borrowing or further scheme phasing.

Councillor Shotton referred to various schemes in the Housing Revenue Account Capital Programme which supplemented the Council Fund Capital Programme, and the use of capital assets on the Social Housing and Regeneration Programme. He highlighted a number of additional allocations in the Capital Programme such as school toilet upgrades, school extension/remodelling in Hope and Bagillt and replacement of the Glanrafon learning disability day services facility. He also expressed his thanks to his Welsh Local Government Associate colleague, Councillor Andrew Morgan (the Leader of Rhondda Cynon Taf) for his involvement in negotiations with WG to

secure funding to support local highway improvements, including a £1.427m share for Flintshire.

Councillor Cunningham asked about the approved allocation for the Flintshire bridge inspection and was informed that the results would need to be analysed. Whilst the Council was currently liable for the cost of any remedial works identified from the inspection, responsibility for the road over the bridge could change once the A494 'Red route' was enacted as it would become part of a trunk road and thus a WG responsibility. Following further discussion, Councillor Marion Bateman proposed that the Committee welcome early discussions with WG on shared responsibility for any costs arising from the inspection, given the potential scale of this risk. It was clarified that the outcome of the inspection would be reported to the Environment Overview & Scrutiny Committee and, if affecting the Capital Programme, to this Committee as well.

Councillor Jones said it was important to understand the effect of capital expenditure on new schemes on the revenue account. The Finance Manager said that it was difficult to provide a total figure as each scheme allowed consideration of revenue consequences, however, the Investment section of the programme was likely to incur the main revenue pressures. She explained that the two schemes added to the programme during 2018/19 had nil impact on the revenue budget.

The Chief Executive clarified the two types of revenue strains caused by some schemes and spoke about the Council's lower risk approach to borrowing. The potential revenue impact of new capital schemes could be due to the financing costs of additional borrowing and /or the additional running costs of maintaining a new asset such as staffing, energy, maintenance etc.

On the Highways Asset Management Plan, Councillor Johnson asked if additional funding could be sought from WG to repair rural roads damaged by diverted traffic as a result of work along the A55. The Chief Executive and Councillor Shotton agreed that this was a fair request to make.

In response to a question from Councillor Woolley on the redevelopment of Theatr Clwyd, the Chief Executive said that assurances were being sought from WG and the Arts Council for Wales that the project would be recognised and funded as a strategic project of national significance before the Council could commit to further investment.

Councillor Haydn Bateman was given explanation on the allocation for the North Wales Residual Waste Treatment Project in line with the joint agreement had been made for shared responsibilities.

Following his earlier comments, Councillor Jones proposed that the Committee receive a report outlining the effects of the capital expenditure (new schemes for approval) and detailing the effects on the revenue account, including cost of borrowing, operational revenue costs and operational benefits. Councillor Shotton said that as well as additional costs, the savings should also be reflected to give a full picture. The Chief Executive advised that the report would be scheduled for March or April.

RESOLVED:

- (a) That the Committee supports the allocations and schemes in Table 4 (paragraph 1.06.1) for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2018/19 - 2020/21;
- (b) That the Committee supports the schemes included in Table 5 (paragraph 1.07.1) for the Investment section of the Council Fund Capital Programme 2018/19 -2020/21;
- (c) That the Committee notes that the shortfall in funding schemes in 2019/20 and 2020/21 (paragraphs 1.08) at this point in the approval process is flexible. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or scheme phasing over several years will be considered during 2018/19 and included in future capital programme reports;
- (d) That the Committee notes the further development and refresh of a forward Capital Strategy and Asset Management Plan; and
- (e) That the Committee informs the Cabinet:
 - (i) that it has requested a report which outlines the effect of capital expenditure (new schemes for approval) and detailing the effects on the revenue account, including cost of borrowing, operational revenue costs and operational benefits, for the March meeting if possible, otherwise April;
 - (ii) that there are concerns about the cost of any remedial works required as a result of the inspection of the Flintshire Bridge. Early negotiations with WG on shared responsibility for costs, in advance of any changes arising from the Red route implementation are welcomed. The results of the inspection to be reported to Environment Overview & Scrutiny Committee and if affecting the Capital Programme, to Corporate Resources Overview & Scrutiny Committee as well; and
 - (iii) that it invites the Cabinet to consider making representations to Welsh Government about the wear and tear to Flintshire roads being used as diverted routes as a result of work on the A55.

67. DIGITAL STRATEGY - DIGITAL CUSTOMER

The Chief Officer (Governance) introduced a report on progress with the proposed approach to modernise and improve the Council's delivery of customer services by making the best and most appropriate use of digital technology.

The Service Manager, Customer Support delivered a presentation covering the following areas:

- The benefits of a 'digital customer' focus
- A preview of our Customer portal
- Developing our payment portal

- Developing Live Chat
- Key Decisions - early 2018
- Approach to efficiencies
- Resourcing
- Outline Action Plan

Service improvements were main driver for the project and an initial one-off investment of £0.550m would be paid back by the achievement of future savings.

In response to various queries from the Chairman, the Chief Officer referred to the diagram in the presentation showing that some back-office systems required investment to support full integration. He provided clarification on aspects of the customer portal which would include a link to the email address of the customer's local Member.

In welcoming the digital improvements, Councillor Cunningham asked about any impact on response times for customers preferring to use more traditional means of contact. The Service Manager agreed to circulate information on the customer service response standards.

Councillor Johnson's comments on the popularity of accessing online services using mobile telephones were acknowledged by the Chief Officer who advised that there was no facility to analyse usage by area, but the website was fully configured for use on mobile phones and tablets as well as PCs.

In response to questions from Councillor Jones, the Chief Executive explained that customer benefits were the main focus at this early stage and that the phased implementation would allow detailed analysis of savings. The Chief Officer provided clarification on the quoted investment figure and the detailed tracking of efficiencies as the project evolved.

The Chief Officer referred to the reported savings of models operated by other councils. Councillor Jones proposed that the Committee welcome examples of best practice models operated by similar sized councils.

Councillor Peers, who was present in the public gallery, gave an example where an unresolved issue had been closed and suggested a facility to attach a photograph of the incident/area. Officers explained that the improved technology would reduce the need for human intermediary leading to such errors. As set out in the action plan, service remodelling would provide dedicated officer capacity to support the development of live chat.

RESOLVED:

- (a) That the Committee welcomes the proposed approach of implementing both the Digital Strategy and Customer Strategy through a priority and focus on improving services for 'Digital Customers' as outlined in the report;

- (b) That the Committee welcomes the proposed launch of the Customer Account in March of this year enabling customers to use this service, and give initial feedback on the service so it can be developed over time;
- (c) That details of Customer Services standards and response standards be circulated to the committee; and
- (d) That a report on digital 'best practice' be prepared for a future meeting of the Committee.

68. WORKFORCE INFORMATION REPORT - QUARTER 3 2017/18

The Senior Manager, Human Resources & Organisational Development presented the workforce information report on the third quarter of 2017/18.

Significant changes to the headcount and turnover were mainly due to the transfer of employees to NEWydd Catering & Cleaning and Aura Leisure & Libraries. Attendance in 2017/18 to date showed an improvement from the same period in 2016/17 and outturns for school and non-school employees were similar. Work undertaken since the previous meeting had led to significant improvements in a number of areas including Organisational Change 2, Planning & Environment and Social Services. A detailed update would be reported to the meeting in May. Although cumulative spend on agency workers had exceeded the target, there was a 45% reduction compared to the same period in 2016/17.

Councillor Jones sought clarification on the comparative figures for agency worker spend and non-school turnover from the previous year to which the Senior Manager agreed to provide a response. It was noted that the gender breakdown figures for non-school employees should be interchanged and that the headcount and full-time equivalent graph should be updated to show the full period.

On Equality & Diversity workforce monitoring, Councillor Johnson proposed that information on disabilities be included in future reports. In response to comments, the Senior Manager explained that appraisals provided an opportunity to positively promote career development and she agreed to prepare a report on examples of work.

RESOLVED:

- (a) That the Committee notes the Workforce Information Report for Quarter three 2017/18 to 31 December 2017;
- (b) That the Senior Manager, Human Resources & Organisational Development review the figures for future reports; and
- (c) That the next report include statistics relating to disability.

69. REVENUE BUDGET MONITORING 2017/18 (MONTH 9) AND CAPITAL PROGRAMME MONITORING (MONTH 9)

The Finance Manager introduced a report on the revenue budget monitoring position for 2017/18 as at Month 9 for the Council Fund and Housing Revenue Account (HRA), and Capital Programme, prior to consideration by Cabinet.

Revenue Budget Monitoring

On the Council Fund, the net in-year position was forecast to be £0.908m higher than budget, which was an increase of £0.062m from Month 8. The reasons for the projected variances were set out in the report. It was projected that 94% of planned in-year efficiencies would be achieved.

On the tracking of in-year risks and emerging issues, work to assess the impact on the 2018/19 budget had been reported to Cabinet in January and were included in budget proposals to be submitted to County Council on 20 February. The risk to the winter maintenance budget was highlighted, following the recent adverse weather conditions.

On the HRA, in-year spend was projected to be £0.035m lower than budget, leaving a year end balance of £1.081m (above the recommended minimum level).

The Corporate Finance Manager provided an update on the review of reserves where work was nearing completion. He said that all areas had been reviewed - not just those identified by the Committee - and involved complexities in tracking to establish terms and understanding commitments of spending profiles. He summarised the status and purpose of the four areas of reserves (base level, contingency, earmarked and unearmarked) and was confident that there were sufficient levels of usable reserves to support the budget position for 2018/19.

The Chief Executive said that the outcome of the review - which had been subject to intense rigour and challenge - would be reported to Cabinet. The recommendation would be to support the prudent release of some reserves, whilst retaining others to mitigate future risk. The report to Cabinet and County Council would set out that the use of reserves and an increase in Council Tax were the only remaining options to balance the budget. The challenge to school funding to partially offset pay and inflationary cost pressures was seen as a priority risk area.

Councillor Shotton said that it was fair to challenge unused earmarked reserves and that there should be a balanced judgement on the level of risk involved on each reserve.

Work on the review was welcomed by Councillor Jones who accepted that challenging reserves was not without risk. He felt that other issues on the budget were more important and that the Committee should assess at the end of each financial year whether earmarked reserves were still warranted in the next financial year.

In response to questions, the Chief Executive gave an update on progress with the Single Status Agreement and the holding reserve, where work was nearing completion.

Councillor Peers, who was present in the public gallery, asked about the potential to review Stage 1 of the process to establish if anything further could be identified. The Chief Executive said that completed stages 1 and 2 were now closed off, and he summarised the staged approach which was broadly supported by Members. He explained that early planning and implementation of Stage 1 proposals had been necessary to allow the process to move forward and a high level of efficiencies against target to be achieved in-year.

Capital Programme

A summary of changes to the programme during 2017/18 reported a revised budget total of £59.422m. During the past quarter, there had been a net increase of £1.245m. Over the quarter, £1.289m of carry-forward adjustments into 2018/19 were recommended, giving a total amount of £4.116m.

RESOLVED:

- (a) That the Committee notes the Revenue Budget Monitoring 2017/18 Month 9 report and confirms on this occasion that the issue which it wishes to have brought to the Cabinet's attention is the need to consider the release of earmarked reserves which could support the 2018/19 Revenue Budget; and
- (b) That the Committee notes the Capital Programme 2017/18 Month 9 report and confirms on this occasion that the issues which it wishes to have brought to the Cabinet's attention were identified during the earlier 'Development of the Capital Programme' report.

70. FORWARD WORK PROGRAMME

The Democratic Services Manager presented the current Forward Work Programme for consideration and advised that the items identified during the meeting would be scheduled.

RESOLVED:

- (a) That the Forward Work Programme as submitted, be approved with amendments;
 - A report which outlines the effect of capital expenditure (new schemes for approval) and detailing the effects on the revenue account, including cost of borrowing, operational revenue costs and operational benefits, for the March meeting if possible;
 - A report which explores digital delivery good practice examples.

- (b) That the Democratic Services Manager, in consultation with the Chairman, be authorised to vary the Forward Work Programme between meetings, should this be necessary.

71. MEMBERS OF THE PUBLIC AND PRESS IN ATTENDANCE

There was one member of the press in attendance.

(The meeting started at 10am and ended at 12.45pm)

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Chairman