

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
12 OCTOBER 2023

Minutes of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held as a hybrid meeting on Thursday, 12 October 2023

PRESENT: Councillor Richard Jones (Chair)

Councillors: Bernie Attridge, Alasdair Ibbotson, Gina Maddison, Allan Marshall, Vicky Perfect, Kevin Rush, Sam Swash, Linda Thomas and Arnold Woolley

SUBSTITUTES: Councillor: Glyn Banks (for Bill Crease) and Linda Thew (for Jason Shallcross)

ALSO PRESENT: Councillors Helen Brown and David Coggins Cogan attended as observers

CONTRIBUTORS: Councillor Ian Roberts (Leader of the Council), Councillor Dave Hughes (Deputy Leader and Cabinet Member for Streetscene and the Regional Transport Strategy), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion & Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Executive, Chief Officer (Governance), Corporate Finance Manager, Corporate Manager (People and Organisational Development) and Strategic Finance Managers

For minute number 33

Senior Manager (Safeguarding and Commissioning)

For minute number 37

IT Infrastructure Services Manager

IN ATTENDANCE: Democratic Services Manager and team

29. DECLARATIONS OF INTEREST

None.

30. MINUTES

The minutes of the meeting held on 14 September 2023 were approved, as moved and seconded by Councillors Swash and Ibbotson.

Matters Arising

Minute number 25: A response to the request for details on performance indicators in relation to new Council homes, affordable housing and Registered Social Landlord homes under construction remained outstanding.

Minute number 27: It was noted that the cost breakdown for the Delyn Room refurbishment had not yet been shared with the Committee.

On the same minute, reference was made to the remaining earmarked reserves and revenue allocation for the Local Development Plan (LDP). Councillor Swash raised concerns that the explanation previously given differed from the recent response which stated that the remaining £110K budget in Planning Policy from 2022/23 was not ring-fenced for the LDP in 2023/24. He and Councillor Ibbotson said that the budget line approved for 2023/24 was for the LDP and that as no further work was planned, details of the remaining allocation should be brought back for Members' consideration on its purpose.

The Corporate Finance Manager advised that the remaining earmarked LDP reserves from 2022/23 were transferred into contingency reserves as agreed by Members, whereas the response subsequently shared by officers related to the base budget query. He agreed to include a detailed note in the next budget monitoring report to clarify both elements.

RESOLVED:

That the minutes be approved as a correct record.

31. ACTION TRACKING

The Democratic Services Manager presented an update on actions from previous meetings and advised that the presentation on the work of the Coroner would be included.

The recommendation was moved by Councillors Ibbotson and Attridge.

RESOLVED:

That the Committee notes the progress which has been made.

32. FORWARD WORK PROGRAMME

In presenting the current Forward Work Programme, the Democratic Services Manager advised that a further update on the Budget 2024/25 would be included for November.

He advised that the Welsh Local Government Association (WLGA) training session on Scrutiny Questioning Skills had been well received and would be repeated at a future date, giving an opportunity for other Members to attend. As requested by Councillor Banks, he would enquire whether the training could be extended to Town and Community Councillors.

On that basis, the recommendations were moved and seconded by Councillors Rush and Marshall.

RESOLVED:

(a) That the Forward Work Programme be noted; and

- (b) That the Democratic Services Manager, in consultation with the Committee Chair, be authorised to vary the Forward Work Programme between meetings, as the need arises.

33. JOINT FUNDED CARE PACKAGES - UPDATE REPORT

The Senior Manager (Safeguarding and Commissioning) presented an update on current long-term debt with Betsi Cadwaladr University Health Board (BCUHB) in respect of the delivery of NHS Continuing Health Care packages in Flintshire. A report on the current position was shared in advance of the meeting.

There were currently no outstanding invoices under one year in age which reflected the improved processes put in place to deal with invoices in a timely manner. As at 27 September, outstanding invoices totalled £0.456m including £0.183m of invoices one year and over. Arbitration arrangements were continuing in order to resolve the remaining £0.273m of historic invoices relating to five cases. She thanked the Committee for giving the matter due attention to reduce the outstanding debt.

In response to a question, the Senior Manager advised that BCUHB contributions were incorporated into financial projections with a follow-up check undertaken to verify receipt of the amounts to ensure accurate budget monitoring.

The recommendation was moved and seconded by Councillors Banks and Thew.

RESOLVED:

That the Committee notes the continued proactive budget management of outstanding invoices raised by the Council for payment by Betsi Cadwaladr University Health Board.

34. BUDGET 2024/25 - STAGE 2

The Chief Executive and Corporate Finance Manager presented an update on the additional budget requirement for 2024/25. The Committee was asked to review the budget pressures and cost reduction options within Governance, Corporate Services and Assets, as detailed in the presentation which covered:

- Purpose and Background
- Additional Budget Requirement for the Council 2024/25
- Ongoing Risks
- Overall position after initial solutions
- Cost Pressures and Budget Reductions
- Next Steps for Budget-setting 2024/25

The minimum budget requirement of an additional £32.386m of revenue resources for 2024/25 took into account a number of ongoing risks including public sector pay, high demand for some services and inflationary pressures

which were being monitored. Taking account of initial solutions would leave a remaining budget gap of £14.042m which presented a major challenge for the Council if there was no movement in the indicative 3.1% uplift in the settlement from Welsh Government (WG). The presentation highlighted the need for a strategic programme of transformational change to ensure that the Council was developing cost reductions over the medium term to protect its ongoing future financial position and to prepare for inevitable future budget challenges.

Overview & Scrutiny committees were being asked to rigorously review their portfolio cost pressures, efficiency options and associated risks, and to identify any additional areas of cost efficiency. A summary of outcomes from those sessions would be reported back to this Committee at the November meeting which would be open to all Members. Following receipt of the provisional settlement on 20 December, Overview & Scrutiny meetings in January would need to consider further budget reductions required to meet the remaining budget gap in order for the Council to meet its statutory obligation of setting a legal and balanced budget in February 2024.

Governance

Councillor Bernie Attridge raised concerns about the impact of the proposed removal of a vacant post in Internal Audit. The Chief Officer (Governance) explained that the Internal Audit Manager had offered this long-term vacancy as an efficiency following changes within the team structure and that she would fulfil her duty in giving an annual audit opinion based on the level of resources available.

On shared services, the IT Infrastructure Services Manager gave examples of the Council's participation in a national forum as well as other collaborative work on cyber security. He said that the Cyber Technician pressure was to support a post that was funded for 2023/24 and advised against a shared post due to the heightened risk around cyber threats in the UK.

Councillor Alasdair Ibbotson asked whether the Governance & Audit Committee had been consulted on the removal of the Internal Audit post and questioned the potential liability of losing the post.

The Chief Officer anticipated no impact on fraud and error cases from the removal of the post as fraud prevention was the responsibility of individual services. When questioned, he said that this represented a green risk in the resilience of the service as it could reduce capacity for any unplanned work and potentially impact on planned work. Councillor Ibbotson requested that this option be referred to the Governance & Audit Committee for consideration.

On other queries, clarification was given that the staffing underspend in Flintshire Connects was not due to recruitment and retention issues. The saving was due to the difference between the current allocated budget and the amount of money required to fund the approved staffing structure. It was also clarified that the IT cost pressures were either to upgrade existing technology or provide

additional solutions and that there were no plans to discontinue licenses for software with a recurring license fee.

Councillor David Coggins Cogan asked whether the cost pressure for the Schools' IT Technician could be aligned with that of the Cyber Security Technician to enable the two posts to work in conjunction with each other to increase resilience on cyber security.

In clarifying the differences between the two roles, the IT Infrastructure Services Manager agreed to consider the cost implications from this suggestion. He also agreed to consider the Chair's suggestion to combine the two posts into one to generate a £32K saving, however he said it was unlikely that the level of work could be undertaken by one individual.

The Chair commented on the need for WG to provide financial assistance to all councils to ensure a consistent approach on tackling cyber security. In response, it was explained that WG currently funded the security operation centre which was a centralised resource for authorities in Wales.

Corporate Services

In response to a question from Councillor Linda Thew, it was explained that contributions to the Coroner's Service and North Wales Fire & Rescue Authority (NWFRA) were based on the population per county.

On Theatr Clwyd, Councillor Attridge asked about the implications of previous decisions taken by the Council following the reduction in funding from the Arts Council. The Chief Executive advised that the Council's commitments were clearly set out in the current agreement which continued until 2026.

On another question, the Corporate Finance Manager confirmed that the £365K cost pressure for Alternative Delivery Models (ADMs) and Community Asset Transfers (CATs) reflected the projected inflationary uplift from the current contributions to Aura Leisure, Newydd Catering & Cleaning, Holywell Leisure Centre, Cambrian Aquatics and Theatr Clwyd. As requested by Councillor Attridge, a breakdown of that amount would be provided to Members. The Chief Executive also said that an update report on CATs would also be shared with the Committee, as previously requested.

Councillor Sam Swash was given clarification on the two schemes coming forward under the 21st Century Schools programme for 2024/25. On the inflationary cost pressure for Corporate Joint Committees (CJCs), he questioned the benefits to the Council on which the Chair shared his personal view that no additional contributions should be made.

The Chief Executive reported that key details were awaited on the two main workstreams on regional planning and transportation which were being progressed in the CJC.

Councillor Ibbotson raised questions on cost pressures relating to ADM/CATs and commented on the in-year increase in earmarked reserves projected for year-end. It was confirmed that NEW Homes was not included as it was a wholly owned subsidiary of the Council and that contributions from the Council to ADM/CATs would be reviewed and challenged as part of the budget-setting process.

On other questions, officers advised that the cost pressure for the Joint Archive Service was a contribution towards the design and development phase, with construction likely to take place in 2025/26 and 2026/27. As advised during the presentation, the cost pressure for the match funding element of the unsuccessful Levelling Up Fund bid would be removed and reflected as a saving in future budget updates. Clarification was also given on the MIM project at Mynydd Isa within the 21st Century Schools programme, with the Penyffordd CP School extension funded from the core Capital Programme.

Councillor Ibbotson commented on the lack of progress on the CJC given the level of funding and resources allocated, and questioned whether contributions could align with the funding formula as opposed to population. His concerns were shared by the Chair who suggested a future update report. The Chief Executive spoke about the requirements set by the legal framework but would raise the issue of the funding model at the next meeting of the CJC.

In response to a question from Councillor Coggins Cogan on value for money on the CJC, the Chief Executive referred to his comments on the two main workstreams and said that negotiations had taken place to mitigate further increases to contributions.

Councillor Glyn Banks questioned whether the Council could seek an exemption from the Apprentice Tax levy, as a non-profit making organisation. On Theatr Clwyd, he expressed concerns about the impact on the Council arising from the shortfall in funding from the Arts Council. The Chair suggested that officers give this consideration and bring an update back to the Committee.

Whilst speaking about the challenges in determining funding for collaborative working, Councillor Ian Roberts gave assurance of the Council's role in those partnerships and continued representations. He spoke in support of the growing consensus that the NWFRA should become a precepting authority on this Council (along with North Wales Police), suggesting that the Committee may wish to consider sending a letter to WG and the Home Office to this effect.

The Chief Officer (Governance) said that with the agreement of the Committee, the letter could also be sent to Audit Wales in advance of its review of Fire Authority governance arrangements.

Assets

In response to a question from Councillor Ibbotson about the withdrawal of options on the Strategy Office restructure, the Chief Executive explained that the

social value and community benefits achieved by retaining those posts offset the efficiency saving.

As requested, further details of the £10K saving arising from the merging of functions in Valuation & Estates would be shared, along with a confidential breakdown of the £28K saving from third sector funding, including the organisations involved.

Councillor Coggins Cogan shared concerns about the option for the Council to withdraw the Stonewall subscription as this was important to retain and represented a small amount. He was supported by Councillor Roberts who said that this should be held in a list of 'possible' options to which the Chair also agreed.

The recommendations, as amended, were moved and seconded by the Chair and Councillor Arnold Woolley.

RESOLVED:

- (a) That having reviewed the cost pressures and options to reduce budgets in Governance, the Committee comments as follows:
- That the Governance & Audit Committee be consulted on the removal of the vacant post in Internal Audit;
 - That officers review the pressures for the Schools' IT Technician and Cyber Security Technician to explore the feasibility of (i) uplifting one salary in line with the other to increase resilience by the two posts supporting each other; and (ii) combining the two posts to generate a £32K saving.
- (b) That having reviewed the cost pressures and options to reduce budgets in Corporate Services, the Committee comments as follows:
- That the Chief Executive and Chief Officer (Governance) liaise with the Chair and Leader of the Council to send a letter on behalf of the Council to the Welsh Government, Home Office and Audit Wales to request the power of precept for the North Wales Fire & Rescue Authority in Flintshire.
- (c) That having reviewed the cost pressures and options to reduce budgets in Assets, the Committee comments as follows:
- That the Committee does not support withdrawal of the Stonewall membership but accepts that this is included on the list of possible options if required.

At this point, there was a brief adjournment prior to considering the remaining items.

35. REVENUE BUDGET MONITORING 2023/24 (MONTH 5)

The Strategic Finance Manager presented the 2023/24 month 5 position for the Council Fund and Housing Revenue Account (HRA) prior to consideration by Cabinet.

On the Council Fund, the projected year-end position was an operating deficit of £3.660m (excluding the impact of the pay award to be met from reserves) which reflected an overall in-year overspend of £6.387m at this stage. A contingency reserve balance of £3.027m was reported for year-end (after the estimated impact of pay awards). To assist with managing the risks and mitigating the overall projected overspend, a moratorium was being imposed through the review and challenge of non-essential spend together with the continuation of the vacancy management process. The projected position across portfolios was summarised including details of significant variances.

An overview of risks included the estimated impact of pay awards, the latest position on the waste recycling infraction charge and continued high demand for homelessness services and out of county placements. Based on the current position, it was projected that 99% of planned efficiencies would be achieved by year-end. An update on earmarked reserves anticipated that remaining commitments for the Hardship Reserve would leave a year-end balance of between £3m-3.2m. A detailed review of earmarked reserves had identified £0.648m for release to the Contingency Reserve, with the overall breakdown showing an estimated year-end balance of £14.758m.

On the HRA, net in-year revenue expenditure was forecast to be £0.006m higher than budget with a projected closing balance of £3.191m. This took into account the proportion of the cost incurred for the fleet renewal contract.

In response to queries from Councillor Bernie Attridge, the Corporate Finance Manager advised that in addition to the ongoing review of non-essential spend, officers were currently working on the principles of the moratorium which would apply across portfolios to increase reserves and mitigate the estimated financial impact on the 2023/24 budget. Clarification was also given on the additional cost for the fleet contract extension which had been reported to Cabinet and was held in a centralised fund by Streetscene. The Chair commented that each portfolio should assume responsibility for its own fleet.

Councillor Attridge expressed concerns about the significant movement in the budget at this stage and said that a breakdown for each year was needed to identify the root causes, particularly in Social Services. The frustrations were acknowledged by the Corporate Finance Manager who spoke about forecasting challenges due to volatile demand in some services.

On earmarked reserves, Councillor Alasdair Ibbotson queried the allocations for Flintshire trainees and Solar Farms. On Organisational Change/Alternative Delivery Models, he asked whether the projected year-end increase would result in any release to general reserves and sought clarity on the

expected decrease in reserves for the North Wales Residual Waste Treatment Plan.

Also on earmarked reserves, the Chair referred to some balances which remained unchanged from year to year and queried why they remained on the list when there was no depletion.

The Corporate Finance Manager provided clarity on the amount for Flintshire trainees and would seek a fuller response from the Corporate Manager for People & Organisational Development, in addition to sharing responses to the other queries. The response to a previous request on the amount of additional revenue generated from Council Tax premiums would be shared after the meeting.

On a query from Councillor Glyn Banks regarding the fleet contract extension, the Corporate Finance Manager acknowledged that whilst the longer term pressure had been included in the Medium Term Financial Strategy for 2024/25, the part-year impact for 2023/24 had not been reflected and would be taken into consideration for future learning.

The Chair commented that the lack of financial support from Welsh Government had resulted in the homelessness pressure. He asked that the Hardship Fund revert back to its previous name of the COVID Emergency Fund for reporting purposes.

In response to questions, officers provided clarity on the virement in Social Services in month 4 and confirmed that representations were continuing on retaining the Sustainable Waste Management Grant. Explanation was also given on the waste recycling refraction charge which had been identified as a risk and not reflected in the budget at this stage.

The recommendation was moved and seconded by the Chair and Councillor Gina Maddison.

RESOLVED:

That having considered the Revenue Budget Monitoring 2023/24 (month 5) report, the Committee confirms that there are no specific matters to be raised with Cabinet.

36. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

Exclusion of the press and public was moved and seconded by Councillors Bernie Attridge and Allan Marshall.

RESOLVED:

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraph 18 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

37. CYBER RESILIENCE

The Chief Officer (Governance) presented a report to consider the implications of the Audit Wales national report on cyber resilience which had been shared with all local authorities to summarise learning from recent cyber-attacks and the results of follow-up work across Wales. The report, which did not contain any specific recommendations for Flintshire, had been considered by the Governance & Audit Committee and referred to this Committee for oversight of the risks.

The Chief Officer and IT Infrastructure Services Manager highlighted the key considerations and responded to questions on collaboration work and various policies supporting cyber resilience.

As suggested by the Chair, officers agreed to engage with Audit Wales on the feasibility of developing an over-arching cyber resilience strategy for the Council.

The recommendations, which were amended to reflect the debate, were moved and seconded by the Chair and Councillor Allan Marshall.

RESOLVED:

- (a) That the Committee notes the risk of cyber-attacks against the Council, and endorses the steps taken to ensure that the Council's computer systems and the data they hold, remain safe and resilient;
- (b) That an email be sent to all Members, advising them to complete the 'Cyber Ninja' course by year-end to help reduce the risk of cyber breaches; and
- (c) That officers give consideration to the formation of a Cyber Resilience Strategy.

38. MEMBERS OF THE PRESS IN ATTENDANCE

None.

(The meeting started at 10am and ended at 1.45pm)

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Chair