

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
12 DECEMBER 2013

Minutes of the meeting of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held in the Delyn Committee Room, County Hall, Mold CH7 6NA on Thursday, 12 December 2013

PRESENT: Councillor Tim Newhouse (Chairman)

Councillors: Haydn Bateman, Marion Bateman, Andy Dunbobbin, Mike Lowe, Paul Shotton, Ian Smith and Arnold Woolley

SUBSTITUTES:

Councillors: Joe Johnson for Ian Dunbar, Carolyn Thomas for Ray Hughes and Robin Guest for Richard Jones

APOLOGIES:

Cabinet Member for Corporate Management

Councillors: Clive Carver, Peter Curtis, Ron Hampson and Richard Lloyd

CONTRIBUTORS:

Leader of the Council and Cabinet Member for Finance, Chief Executive, Head of Finance and Corporate Finance Manager

Head of ICT and Customer Services for minute number 53

Head of Human Resources and Organisational Development for minute number 55

IN ATTENDANCE:

Member Engagement Manager and Committee Officer

51. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

No declarations of interest were made.

52. MINUTES

The minutes of the meeting of the Committee held on 14 November 2013 had been circulated to Members with the agenda.

RESOLVED:

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

53. MEDIUMTERM FINANCIAL PLAN 2014/15 - 2018/19

The Leader of the Council introduced the report to provide Members with an update on the Medium Term Financial Plan (MTFP) 2014/15 – 2018/19. He explained that the report had been submitted to Cabinet in October 2013 and included an updated MTFP as at 30 September 2013. Member workshops on the 2014/15 budget were due to be held on 16 and 18 December 2013 with the scrutiny budget meetings taking place in January 2014. The MTFP covered a five year period but the focus was on the budget for 2014/15 and the financial challenges that lay ahead. This was an opportunity for Members to have a clear

understanding of the principles that underpinned the MTFP and the workshops would allow Members to see how the principles had been applied.

The Head of Finance detailed the background to the report and explained that the budget gap as projected at 30th September was £16.5m for 2014/15 and £47m over the five year period of the MTFP. This had been affected by the level of funding available to the Council, which was 80% from Welsh Government with the remaining 20% being from Council Tax. The final settlement figure had been received the previous day which indicated that the budget gap was now £15.1m.

The Corporate Finance Manager explained that prior to the settlement being received the funding forecasts had been revised to assume a cash reduction of 4% in both 2014/15 and 2015/16 and an assumed 'cash flat' position for the following years. However the MTFP had subsequently been updated to reflect the settlement figures and also a change to the collection rate for Council Tax to 99% in line with the recent decision of Cabinet. It was reported that the MTFP currently assumed grant levels remain the same as 2013/14 (£34.761m) as no details of any significant changes had been received at this stage.

Within the grants figure was £1.4m which was linked to the achievement of outcomes under the Outcome Agreement which the Council had with Welsh Government. The Corporate Finance Manager advised that the MTFP assumed that all outcomes would be achieved and that the Council would receive the full grant settlement. Each year an assessment is needed to be made on the inflationary increase required for service areas. A detailed exercise had been carried out since May to target price inflationary increases to where there was a business need only, rather than a flat increase across all service areas. The effect of this was to reduce the inflation provision requirement for 2014/15 from that previously assumed to £2.909m, a reduction of £1.118m. The Corporate Finance Manager advised that no adjustment had been made at this stage for future years and the table in the report detailed the assumptions currently made.

The full year effect of previous year budget decisions was required to be adjusted to the base budget in order to 'follow through' the decisions made in budgetary terms. For 2014/15 the impact for all Service Areas was an increase in the budget requirement of £2.808m rising by a further £2.743m in 2015/16. Costs within service areas were also reported which included an initial assessment of additional costs of £0.300m which was included in the MTFP as at May for the Council Tax Reduction Scheme to take account of caseload and the increased cost of support linked to the assumed Council Tax rise. Details of pressures for Leisure Services and Child Protection were also reported and the projected shortfall in 2014/15 taking into account all of the adjustments reported was now £15.1m.

The Chief Executive spoke about the budget Member workshops which were to be held. He said that the £15.1m budget gap was a significant challenge and that the MTFP document included information on the required Organisational Change Strategy for 2013-17 to meet the efficiency and savings targets required. He commented on efficiencies which had overall been successful in previous years with the rate of efficiencies being 85% which had delivered over £20m of savings over the last five years. The organisation needed to adapt its current

work into a single and coherent strategy for modernisation, change and prioritisation. The four parts of the strategy were:-

- Corporate Efficiency
- Functional Efficiency
- Organisational Design – Structure and Operating Models
- Organisational Design – Workforce

The Chief Executive said that the approach was different to previous years but added that the Council did not have an option due to the challenging budget gap and he spoke of considerations to protect local services as a first priority. The reductions in staff levels would therefore reduce workforce costs but he added that it was important to balance service need with requests for voluntary redundancies. Work was advanced on proposals to lower costs which would be shared with Members when it was available in the new year.

The Leader of the Council said that it was unlikely that there would be growth in funding for some time but that the Council still had aspirations to improve services. Options were being considered for the budget gap for future years and discussions would be undertaken with the wider membership and Committees in due course. On the issue of considerations for protection of services, he said that there may be a need to deliver the services in a different way and added the majority of services were currently delivered in-house. Budgets for future years would be considered once the 2014/15 budget had been finalised but he added that it was important to maintain capacity and capability.

Councillor Carolyn Thomas asked for clarification on what would be discussed at the Member workshops. She referred to the change in the collection rate for Council Tax but raised concern about the impact of the Council Tax Reduction Scheme on the Council. She also raised concern as she felt that some of the decisions in the MTFP had not been aligned to the Improvement Priorities. Councillor Thomas also requested that Members be kept fully informed of changes being proposed.

In response the Leader of the Council spoke of the workshops where more details on the proposals in the MTFP such as Value for Money and service efficiencies would be shared with Members. The Organisational Change Strategy was from the top down and he said that workforce reductions would be felt across the authority. He added that even though the MTFP was for five years up to 2018/19, there would be a reorganisation of Local Government at the end of that period. The Leader said that Flintshire did not have one central town and that many services were replicated across many towns and added that there would be obvious implications for North Wales and Flintshire County Council from the Williams Commission.

The Chief Executive said that budget meetings would be scheduled for January 2014 on 'Value for Money' work and would be an opportunity for Members to consider the proposals. However, he added that details of workforce reductions would need to be reported sensitively and that the scale and approach of the proposals would be discussed at the workshops. On the issue of Improvement Priorities referred to by Councillor Thomas, he said that they were not just about money. He said that decision had not yet been made on phases

three and four but added that County Hall was not affordable in the long term and that it was important to make the best use of the space available.

On the issue of Council Tax, the Head of Finance explained the background to the setting of the collection rate at 97.5% for 2013/14 due to the proposed Council Tax Reduction Scheme. However, following a change in the scheme by Welsh Government which provided assistance at up to 100% the amount collected had been higher than expected. Whilst support of up to 100% was available to eligible taxpayers, the funding from WG did not cover the full cost of the scheme and so there was an ongoing pressure for the Council.

Councillor Robin Guest spoke of the workshops and said that he hoped Members would attend the sessions. He said that the budget setting exercise was different for this year but he felt that the term 'Medium Term' was a contradiction as it could only apply for the short term. He concurred that Flintshire was a county of small towns and communities and that it was important to have an eye on the future to ensure the sustainable delivery of services. Councillor Guest also referred to the demography of the Council and to the implications for the Revenue Support Grant from Cardiff. He also asked what percentage the authority spent on salaries or staff pay and in referring to Capacity and Capability said that there was a need to get expert advice. Councillor Guest also referred to the section about Child Protection and asked for clarification on the marked increase in the demand for statutory child care support.

In response, the Leader of the Council said that the funding formula was a cause for concern and that the biggest impact was on population. He said that for Flintshire going forward the population was not projected to increase and that was a concern. He added that the issue of the Local Government Review had been raised with the Minister and that there was a need to review the funding formula sooner rather than later.

The Head of Finance said that the current formula had been in place since 2000 and that the formula, which was updated on an annual basis, was based on a number of factors. Flintshire was 18th or 19th out of the 22 Welsh Authorities.

In response to the issue of salary expenditure referred to by Councillor Guest, the Corporate Finance Manager said that approximately half of the budget was spent on staff salaries. The Chief Executive said that in the past there had been some provision in the settlement figure for pay but this had not been the case for some years. On the issue of capacity, it was important to use the help of consultants where necessary and he highlighted points three and four of the Organisational Change Strategy Programme on Workforce and Structure & Operating Models. The issue of Contractors could be discussed at the Members workshops. He said that there had been a significant rise in referrals to different agencies on Child Protection issues but reminded Members that not all referrals resulted in the need for statutory child care support. In referring to County Hall, he confirmed that a decision had not yet been reached but that debate on the issue could generate good ideas.

RESOLVED:

That the following be noted:-

- i) the Medium Term Financial Plan as at 30 September 2013
- ii) The Organisational Change and Re-Design Plan & Budget Strategy
- iii) The approach to sharing the budget strategy and proposals with Members over the coming three months.

54. REVENUE BUDGET MONITORING 2013/14 (MONTH 6)

The Corporate Finance Manager introduced a report to provide Members with the revenue budget monitoring 2013/14 (Month 6) information for the Council Fund and Housing Revenue Account (HRA) which was being submitted to Cabinet on 17 December 2013.

For the Council Fund, the projected net in-year expenditure was reported to be £1.012m less than the budget which was a decrease of £0.062m on the £1.074m reported at Month 5 as reflected in the table at paragraph 3.01.

The main reasons for the changes related to two main areas, a reduction in the projected underspend of £0.171m in Community Services, although this was off set by an improved position of £0.124m within Corporate Services.

Progress of the programme of efficiencies were detailed in paragraph 3.04 which currently indicated that £4.506m of the £5.331m included in the budget (84.5%) would be achieved, resulting in a net under-achievement of £0.825m; full details were provided in appendix 9.

Paragraph 4 detailed the amounts for pay inflation and non standard price inflation which had not changed from Month 5 and the risks and assumptions were identified in section 5.00. These included the increasing costs in relation to Out of County Placements, costs associated with the former chemical plant in Sandycroft (Euticals Ltd) and also the risks associated with any periods of severe weather which would impact on the Winter Maintenance reserve.

The current position of unearmarked reserves was detailed in paragraphs 6.01 and 6.02 where it was reported that after taking account of an allocation for £0.518m for recovery costs following the March 2013 severe weather, and taking account of the impact of the projected in year budget position, the current projected level of the contingency reserve at the end of March 2014 was £3.653m.

The Corporate Finance Manager also advised of a projected underspend of £0.062m on the HRA which was an increase on the underspend of £0.014m reported at Month 5. The projected closing balance at Month 6 of £1.495m was 5.2% of the total expenditure and satisfied the prudent approach of ensuring a minimum level of 3%. Appendix 8 detailed the reasons for significant variances occurring to date and the actions planned to deal with them.

In response to a query from Councillor Haydn Bateman about the lower than anticipated levels of income for Fixed Penalty Notices for Highways Development Control & Regulatory Services, the Corporate Finance Manager advised that he would provide a written response.

Councillor Bateman also asked about the variance of £0.276m in Repairs and Maintenance and its cause. The Corporate Finance Manager said that the increase in costs was to do with an increase in the number of jobs undertaken so there was an overspend on materials but that work was ongoing to try and mitigate some of the overspend in the second half of the financial year. The Head of Finance said that the HRA was still anticipated to come in on target so overall, it was a good news story. The Leader of the Council said that the 'action required' section of the appendix indicated that discussions were underway and indicated that an update would be provided at the appropriate time.

Councillor Marion Bateman asked if all of the work had been completed at the Former Euticals Ltd site in Sandycroft. In response, the Chief Executive said that it was an ongoing risk but that the costs had been reduced. The asset had been gifted to the Council by the Crown Estates and the transfer of this was nearing completion.

On the issue of rents referred to and the reviewing of the bad debt provision based on the quarter 1 impact of the under occupation, known as "bedroom tax", Councillor Robin Guest said that the figure appeared to have lessened and queried whether this was as a result of the impact not being as severe as originally anticipated. The Corporate Finance Manager confirmed that it had been revised due to the reduced impact in quarter one but that it would be reviewed again after quarter two.

Councillor Arnold Woolley referred to the projected overspend for Early Onset Dementia due to purchased domiciliary care costs and suggested that the overspend would increase over time. He asked if plans were being put in place for the future in terms of an increasing population and the need for more care and expenditure. He also highlighted the variance for Transition and Disability Services which was mostly due to an overspend against staff pay costs of £0.055m due to an under provision of budget and the variance of £0.053m in Administrative Support (Disability Services) which was mostly due to an overspend against staff pay costs. In response, the Chief Executive gave a general assurance and said that it was a demand led service and even though the demand had not changed, more cases had now been met. He said that the area needed to be looked at nationally but that the needs would be tracked and funded accordingly. He said that the need was being met but highlighted the transition from child to adult.

Capital Programme 2013/14 (Month 6)

The Corporate Finance Manager introduced a report to provide Members with the Month 6 (end of September) capital programme information for 2013/14 which would also be submitted to Cabinet on 17 December 2013.

He explained that the table at paragraph 3.01.1 set out how the programme had changed during 2013/14 with the revised figure being £33.614m

for Council Fund and £12.126m for HRA. The details of the changes during 2013/14 were reported which included an increase/decrease in grant funding from Welsh Government and alteration of some funding profiles from external sources. Details of the variances for individual programme areas were listed in appendix B and details as to how the capital programme was financed was reflected in the table at 3.05.01. Cabinet had approved rollover of £1.432m into the 2014/15 budget as part of the Month 4 report. A further rollover into 2014/15 of £2.249m had been identified at this stage which reflected reviewed spending plans across all programme areas. Details of the latest position in relation to capital receipts was summarised in the report and the the continuation of holding back 20% of core programme funding in the light of the continuing uncertainty over the timing of receipts was being recommended to Cabinet. The situation would be closely monitored and would be reported in future monitoring reports and would also become part of the capital programme considerations for 2014/15.

Councillor Marion Bateman gave thanks to the Corporate Finance Manager for the explanation that they had provided to her on the added years pressures.

RESOLVED:

That the reports be noted.

55. WORKFORCE INFORMATION QUARTER 2 JULY - SEPTEMBER 2013

The Head of Human Resources and Organisational Development introduced a report to provide Members with an update for the second quarter 2013/14 on the following areas:-

- Establishment
- Headcount
- Agency
- Turnover
- Diversity
- Absence

On the issue of Agency placements, the Head of Human Resources and Organisational Development indicated that Members had requested that information on the length of the placements be included in the Workforce Information reports but this had been omitted. She apologised and advised that the details would be included in future reports and that the information would be sent to Members electronically. The table in paragraph 3.04 included details of the number of placements for July to September and showed a reduction on the same period in 2012 and a continuing pattern of the number of agency workers used. The Head of Human Resources and Organisational Development explained there were particular areas where agency placements exceeded 12 weeks and where the use of agency workers was high. She explained that plans were in place in some service areas to review working patterns, with the intention of making optimum use of the existing workforce, which would align with the implementation of new terms and conditions under Single Status, thereby allowing for significant reductions in the number of agency placements from April

2014. The number of days lost due to absence in quarter 2 had increased slightly from the comparative quarter in 2012/13 but a number of areas where the absence rates had been consistently high were starting to improve. There was a slight improvement in the number of employees who had 100% attendance which represented an increase of 1% when compared to the same quarter in 2012/13. It was agreed that the Head of Human Resources and Organisational Development would submit a report to a future meeting of the Committee on the ongoing work being undertaken on improving attendance.

Councillor Haydn Bateman referred to the figures reported for days lost due to absence and the significant increase in stress/depression related absences and queried how this would be addressed. The Head of Human Resources and Organisational Development said that tools, techniques and training were in place to urge managers to intervene with employees as early as possible and to provide proactive support where necessary. She said that it could be an area to focus on in a follow up report.

Councillor Arnold Woolley said that where there was a mix of stress spread across domestic, social and work areas, it was important to ensure that the Council did not end up compensating for this and asked if there were any measures in place to guard against it happening. The Head of Human Resources and Organisational Development said that this was a multi faceted and complex area and there was a need to focus on managing workplace stress as effectively as possible.

RESOLVED:

That the Workforce Information report for quarter two for 2013/14 be noted.

56. FORWARD WORK PROGRAMME

The Member Engagement Manager introduced the report to consider the Forward Work Programme of the Committee.

He explained that the Budget workshops for Members were due to take place on 16th and 18th December 2013 at 2pm and detailed the items due to be considered at the January and February 2014 meetings of the Committee. Following a discussion earlier in the meeting, the Workforce Information Quarter 3 report scheduled for February 2014 would include details of the ongoing work being undertaken on improving attendance.

Councillor Arnold Woolley asked that the following issues be considered by the Committee as he felt that they were threats to resources:-

- Issue of changing legislation on local authorities responding to flood relief
- responsibilities of a third Dee crossing, and its maintenance
- Mostyn Funship

The Member Engagement Manager said that the issues were in the remit of the Environment Overview & Scrutiny Committee and that he would pass on the suggestions to the Committee Facilitator. The Chief Executive confirmed that the

first two items could be considered but that the third issue was a private land issue.

RESOLVED:

- (a) That the Forward Work Programme be noted; and
- (b) That the Member Engagement Manager pass on the suggestions from Councillor Woolley to the Environment Overview & Scrutiny Committee Facilitator.

57. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There were no members of the public or press in attendance.

(The meeting started at 10.15 am and ended at 11.58 am)

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Chairman