

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
14 JANUARY 2016

Minutes of the meeting of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held at Delyn Committee Room, County Hall, Mold CH7 6NA on Thursday, 14 January 2016

PRESENT: Councillor Clive Carver (Chairman)

Councillors: Peter Curtis, Andy Dunbobbin, Robin Guest, Ron Hampson, Richard Jones, Brian Lloyd, Vicky Perfect, David Roney, Ian Smith, Nigel Steele-Mortimer and Arnold Woolley

SUBSTITUTION:

Councillor Haydn Bateman for Marion Bateman

ALSO PRESENT:

Councillor Bernie Attridge attended as an observer

APOLOGIES:

Councillor Richard Lloyd

Councillor Billy Mullin - Cabinet Member for Corporate Management

CONTRIBUTORS:

Councillor Aaron Shotton – Leader and Cabinet Member for Finance, Chief Executive, Finance Manager – Corporate Accounting and Systems

IN ATTENDANCE:

Member Engagement Manager and Committee Officer

71. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

No declarations of interest were made.

72. MINUTES

The minutes of the meeting of the Committee held on 10th December, 2015 had been circulated to Members with the agenda.

Matters Arising

In response to a question from Councillor Ian Smith about whether all of the questions asked by Members had been answered by the Police & Crime Commissioner, the Member Engagement Manager confirmed that if any responses had not been received, he would resubmit the questions.

The Chairman indicated that he had been contacted by Superintendent Alex Goss about the 101 phone service and he had offered to attend a future meeting of the Committee.

Councillor Richard Jones referred to page 6 and felt that Mr. Roddick had misunderstood the question that he had asked. Councillor Jones said that he

had been trying to establish what cuts would not need to be made because of the lower than anticipated level of reduction in funding.

In referring to page 7, Councillor Andy Dunbobbin asked whether Mr. Roddick had provided a list of savings made and proposed efficiencies following receipt of the final budget settlement figure for North Wales Police on 17 December 2015. The Member Engagement Manager indicated that he circulated the information to the Committee Members by email the previous day.

Councillor Peter Curtis felt it may be difficult for the areas of cuts to be identified due to differing priorities which could result in the need for increases in funding for some areas. The Chief Executive concurred and commented on two such areas which were cybercrime and child sexual exploitation. He added that the question on why the planning assumptions were showing an increase in Council Tax for 2016/17 and then a reduction for 2017-18 to 19-20 had yet not been answered. The Member Engagement Manager said that the Police and Crime Panel was due to meet on 25th January 2016 and he would provide further information following that meeting.

RESOLVED:

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

73. MEDIUM TERM FINANCIAL STRATEGY

The Chief Executive provided a verbal update on the Medium Term Finance Strategy (MTFS).

The agenda for the Cabinet meeting on 19 January 2016 included a first phase report on the Council Fund Revenue Budget for 2016/17. The current priority was to set a budget for 2016/17. The MTFS included a headline summary of the possible figures for 2017/18 based on the comparative Settlement outcomes for 2016/17 although it was expected that longer term forecasts would be provided by Welsh Government (WG) following the Welsh Assembly elections in May 2016. The Chief Executive also commented on issues such the funding formula and National Non Domestic Rates (NNDR).

RESOLVED:

That the verbal update on the Medium Term Financial Strategy be received with thanks.

74. PROVISIONAL LOCAL GOVERNMENT SETTLEMENT

The Chief Executive introduced the report to enable the Committee to make comments on the Council's response to the Provisional Settlement for 2016/17 before consideration by Cabinet on 19th January 2016. The report would not be considered by County Council due to the short timescale for a response. Paragraph 1.06 of the report to Cabinet suggested a response and was separated into three areas which were:-

- The Provisional Settlement for 2016/17

- Future annual Settlements
- Immediate National Budget Work for 2016/17

In referring to the Provisional Settlement for 2016/17 the Chief Executive welcomed the lower Revenue Support Grant (RSG) reductions which reduced the budget gap for Flintshire County Council by nearly £4m. There was a need to press Welsh Government (WG) for a lower reduction in the new Single Environment Grant (SEG) than the proposed reduction. The cut in the SEG was -6.7% or £0.210m for Flintshire, with the average for Wales being -6.4%, and could result in an impact on key local public services. Concerns were also being expressed on the risk of any further above average reductions for currently unpublished specific grants and the inability to plan for impacts on services as a result of in-year specific grant reductions as had been experienced in 2015/16. On the issue of the newly announced joint health and social care additional funding, the Chief Executive explained that progress was being made to ensure it was equally accessible for current and emerging service demands.

Councillor Aaron Shotton spoke of the lobbying work that had been undertaken which included a request for an exemption on the social care charging cap. He also commented on pressures in the social care budget. Councillor Shotton spoke of the positive comments that had been received from Mark Drakeford, the Minister for Health and Social Services, about the need to examine the concerns raised and the positive recognition by WG of the issues that were being highlighted. However, it was unlikely that any changes would be implemented before the Welsh Assembly elections in May 2016. Councillor Shotton also raised concern about the Council Tax Reduction Scheme, which was not fully funded and was therefore a budget pressure even though it was in effect a national Welfare Scheme in Wales. He commented on the additional funding for joint health and social care and referred to the Intermediate Care Fund.

Flintshire was ranked 19th out of the 22 Welsh Councils per capita on Aggregate External Finance (AEF) and it had been reported to Cabinet in December 2015 that if Flintshire received the per capita average, then the Council's AEF would be £17.455m per annum higher than the amount currently received. The formula was based principally on deprivation indices, rurality and sparsity, and service need indices. National discussions on the future of the local government funding formula were ongoing. The Chief Executive explained that if the Council had received funding based on the average AEF, then a balanced budget could be agreed without the need for any new efficiencies this year. He added that the funding formula was last reviewed fundamentally in the early 2000s.

Councillor Robin Guest thanked Councillor Shotton and the Chief Executive for their introduction. He raised concern about the reduction in the SEG and referred to the consideration of the report on the Streetscene & Transportation overspend at the Committee meeting in December 2015 where a drop in income from recyclates had been reported. He agreed with the proposal to seek a lower reduction in the SEG than the £0.210m identified for Flintshire. On the exemption to the Social Services charging cap, Councillor Guest queried whether this was a request only from Flintshire County Council or to WG from all

Councils in Wales and sought clarification on whether other authorities had expressed the same concerns as Flintshire.

In response, Councillor Shotton suggested that any review in the funding formula may not be considered prior to a possible reorganisation and reduction in the number of Councils in Wales. However, he felt that it was important to continue to discuss the inequality in the funding formula, which resulted in Flintshire being a low funded Council. He added that services performed well compared with other Councils that received more funding and a number of efficiencies had been achieved without a significant reduction in services. Councillor Shotton also referred to the need to highlight the issue of business rates and whether any changes could be introduced that would allow monies from growth of new local businesses to be retained by the local authority. This would not affect the amount of rates received by WG from existing businesses which was then redistributed to local authorities as part of the local government revenue settlement. The Chief Executive said that a review of the Social Services charging caps was a national issue on which Flintshire County Council was pressing for reform. This would remain an issue for 2017/18 budget planning as the current system was unsustainable.

Councillor Richard Jones said that one of the reasons that he had not supported the lobbying of WG in the third strand of the MTFs was because he did not feel that it would have an impact on the budget setting for 2016/17. He felt that to include the proposal in the MTFs for 2016/17 was unacceptable but added that it could have been considered separately for future years. In response the Chief Executive referred to the positive outcome with a lower reduction in RSG than had been anticipated, as a result of lobbying, and a partial achievement in the area of Social Care. Other areas such as the Council Tax Reduction Scheme had not been inflation protected and therefore the scheme would continue to pose an annual budget pressure. The Chief Executive commented on other areas of success which included protection for the Supporting People grant and an increase in the Pupil Deprivation grant. The feedback that had been received was that Flintshire had been articulate in its lobbying arguments and the Chief Executive spoke of the significant cuts to services that would have had to have been considered without the lower than forecast reduction in RSG.

Councillor Shotton disagreed with the comments of Councillor Jones but and referred to numerous meetings that had taken place on lobbying and funding predictions, he spoke of the work that still needed to be carried out which would include continued lobbying of WG. He spoke of the MTFs for the period 2015 to 2018 and said that any comments from Members for inclusion in the response on the provisional settlement would be welcomed.

Councillor Arnold Woolley referred to the funding formula which was based on a number of areas including deprivation and he raised concern on the aspects of longevity, flexibility and impact. He commented on the expectation of Value for Money and said that any lack of return or improvement was unsustainable.

Councillor Peter Curtis felt that a careful approach should be taken when lobbying WG for more money as it may be perceived that Flintshire had already made significant savings and was one of the most efficient Councils in Wales with

funding that was lower than many authorities and therefore did not require any additional funding.

The Chief Executive spoke of discussions that had taken place, and would continue, on the newly announced joint health and social care additional funding and the risk of performance in the area of education which was still a significant pressure.

RESOLVED:

That the report be received.

75. REVENUE BUDGET MONITORING 2015/16 (MONTH 7)

The Finance Manager – Corporate Accounting and Systems introduced a report to provide Members with the Revenue Budget Monitoring 2015/16 (Month 7) for the Council Fund and Housing Revenue Account (HRA) which was to be submitted to Cabinet on 19th January 2016.

The figures were based on actual income and expenditure as at Month 7, and projected forward to year-end. For the Council Fund, the projected net in-year expenditure was forecast to be £0.387m lower than budget which was a positive movement of £0.678m from Month 6. Appendix 1 detailed the movements from Month 6 with the main change being an improved position on the Central Loans & Investment Account (CLIA) of £0.596m. The Programme of Efficiencies was reported in paragraphs 1.05 and 1.07 and it was currently projected that £10.642m (83%) would be achieved; appendix 3 provided details on the latest variation to the level of efficiency achievable compared to the budget. Details of costs for inflation and non-standard inflation were reported along with information on unearmarked reserves which showed that taking into account previous allocations and the current underspend at Month 7, the Contingency Reserve at 31st March 2016 was projected to be £4.923m. It was being recommended to Cabinet that two costs be funded from the Reserve. The first was £0.800m to meet the estimated 20% increase of the levy required to meet past and future claim liabilities in relation to the former Municipal Mutual Insurance (MMI) company. The second was a cost of £0.100m for the increased need for specialist social work capacity for child protection support working in partnership with statutory agencies. The Chief Executive provided further detail on this area. The Finance Manager – Corporate Accounting and Systems advised that if both of these uses of the contingency fund were approved by Cabinet, the remaining reserve would be approximately £4.00m. Issues relating to the MMI, recycling, car parking, out of county placements, former Euticals site and in-year reductions in specific Government grants were all reported as risks for the Council.

Councillor Richard Jones referred to the transfer of the transport budget of £0.656m from Social Services to Streetscene & Transportation and queried whether this has had an impact on the overspend in Streetscene & Transportation. The Chief Executive explained that the spend was originally held within Social Services portfolio but it was felt that it was more appropriate to hold it within the Streetscene & Transportation portfolio. He added that it did not affect the over-spend in the portfolio. Councillor Jones also referred to the movement

of £0.376m between the Education & Youth and Central & Corporate Finance portfolios. The Chief Executive explained that this move was to ensure that all borrowing was held in the CLIA account but added that it would not have an effect on the over or underspends for the respective portfolios. In response to a question from Councillor Jones on whether match fund spend came from the relevant department or from Central & Corporate Finance, the Chief Executive confirmed that this could be from either. The Finance Manager indicated that she would provide further information on match funding.

In referring to the risk on the MMI, Councillor Andy Dunbobbin asked whether a timeline had been set for its completion. The Chief Executive advised that he expected legal time limits to be in place for the submission of an insurance claim and added that he would speak to the Chief Officer (Governance) on the issue. The Chairman queried whether any claims related to asbestos and the Finance Manager responded that the claims could be for a combination of issues.

Councillor Robin Guest sought clarification on the figures for spend on education and whether these included any interest charges on capital finance. He raised concern that this could result in a risk of lower figures being recorded for spend than were actually being made. Councillor Shotton indicated that it was ensured that the overall education spend took account of relevant spend and referred to the 21st Century Schools project. The Chief Executive provided details of how the funding was accounted for and commented on the criteria for what was included or not. He added that information on the spend for schools would be submitted to the Education and Youth Overview & Scrutiny meeting the following week.

Councillor Haydn Bateman asked about the former Euticals site in Sandycroft and queried whether the Council expected to recoup all of its costs. The Chief Executive advised that a specialist company had been employed to clear the site and remove the chemicals and once this had been completed, consideration would be given to disposing of the site. The costs of the operation would not be recovered; Welsh Government had already co-funded the project costs.

Councillor Richard Jones referred to the workforce efficiency proposals that were reported as being £0.300m for the original efficiency with the revised efficiency being £0.015m, resulting in an underachievement of £0.285m. The Chief Executive explained that this was as a result of non-viable efficiency projects. The Finance Manager indicated that this could include areas such as the delayed implementation of staff car parking but Councillor Guest indicated that this was included under Streetscene & Transportation as an underachievement of £0.070m. It was agreed that clarification of this issue would be provided to the Committee prior to the Month 8 report.

The Chairman asked whether the parent company of the former Euticals site would be pursued for costs and whether there was insurance in place to cover such an event. The Chief Executive advised that the clearing of the site had been the main priority to this point but issues around the site would continue to be pursued with the parent company. Councillor Shotton commented on the uniqueness of the situation and added that it had been expected that other

agencies involved would have been monitoring the site. The Chief Executive spoke of other Control of Major Accident Hazard (COMAH) sites in the area and advised that if the situation reoccurred in the future, local authorities would still be expected to take responsibility for clearing the site and would therefore incur any costs associated with this. The Chairman queried whether the Council had the ability to inspect the sites and the Chief Executive advised that if certain areas of a company's maintenance plan was not complied with, then this could trigger actions such as inspections by the Health and Safety Executive. Councillor Guest raised concern that the Council should be required to cover any costs if they did not have the responsibility to maintain or inspect the site and asked that this issue be clarified. The Chairman referred to a concern that had been raised about another site and the Chief Executive agreed to discuss this with Councillor Carver following this meeting. The Chairman felt that a contact point should be available for those with concerns to be able to seek advice.

Councillor Richard Jones referred to the entry on the forward work programme for Emergency Planning Relief Work and suggested that this could include identification of a process to prevent a similar situation in the future, and suggested that obtaining a copy of the insurance documents for the sites would be beneficial. The Chief Executive indicated that a role of the Emergency Planning Services was to ensure that COMAH sites had a competent risk assessment plan in place and added that this could form part of a presentation to a future meeting of the group. Councillor Guest commented on corporate responsibility and whether it could be a requirement that appropriate insurance be in place for such sites to prevent the costs being transferred to other parties such as local authorities. Councillor David Roney raised issues in relation to another site and the legal obligation to notify the local residents of testing that was to be undertaken; he understood that the notifications were not being issued. The Chief Executive agreed to discuss the issue with Councillor Roney following the meeting. Councillor Brian Lloyd indicated that he was on the Liaison Committee for Synthite in Mold, which met every three months, and he confirmed that notifications were included in the local press of when their testing and sounding of the alarm was to take place.

RESOLVED:

- (a) That the Month 7 Revenue Budget Monitoring Report be received; and
- (b) That no formal recommendations be made to the Cabinet on this occasion.

76. FORWARD WORK PROGRAMME

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

He explained that a special meeting would be held on 29th January 2016 as a mop-up budget session that all Members would be invited to. The Chief Executive added that information to the meeting would be on budget proposals on closing the remaining gap and comments made would form part of the consideration by Cabinet and County Council on 16th February 2016.

During earlier discussions, a presentation by Superintendent Alex Goss on the 101 phone service had been discussed and the Member Engagement Manager advised that he would provide dates of future meetings to establish availability. A report on the Emergency Planning Response Work would also be included at either the February, March or April 2016 meetings. The Member Engagement Manager also referred to an item on the Flintshire Community Endowment Fund presentation that would be considered at the 12th May 2016 meeting of the Committee.

RESOLVED:

- (a) That the Forward Work Programme, as amended at the meeting, be approved; and
- (b) That the Member Engagement Manager, in consultation with the Chair, Vice-Chair and officers, be authorised to vary the work programme between meetings.

77. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

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

(The meeting started at 10.00 am and ended at 11.42 am)

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Chairman