

## **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

**18 OCTOBER 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, 18 October 2018

### **PRESENT: Councillor Clive Carver (Chairman)**

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

**APOLOGY:** Councillor Aaron Shotton, Leader and Cabinet Member for Finance

**CONTRIBUTORS:** Councillor Billy Mullin, Cabinet Member for Corporate Management and Assets; Chief Executive; and Corporate Finance Manager

**IN ATTENDANCE:** Democratic Services Manager and Democratic Services Officer

### **45. DECLARATIONS OF INTEREST**

None.

### **46. MINUTES**

The minutes of the meeting held on 20 September 2018 were submitted.

### **RESOLVED:**

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

### **47. ACTION TRACKING**

The Democratic Services Manager presented the report detailing progress on actions arising from previous meetings. The format had been updated to include timescales as previously requested.

As a further update on actions from the July meeting, all Members were encouraged to complete the Welsh Language survey on which 54 responses had been received to date.

In an outstanding action from the September meeting, officers said that copies of the inspection report of the Flintshire bridge would be shared by the following day. Councillor Heesom explained that his request for the report was in the context of the viability of the bridge as a conduit for a major highways infrastructure issue. The Chief Executive said that the report would be circulated to all Members of the Committee. Welsh Government plans to adopt the bridge as part of the trunk road network would remove any future maintenance liability on the Council.

Councillors Heesom and McGuill welcomed the recent portfolio budget workshops which had been requested by Members. The Chief Executive thanked the Corporate Finance Manager and his team for their input, and advised that work was underway on the list of specific issues identified at the workshops which would be circulated to all Members.

**RESOLVED:**

That the report be noted.

**48. FORWARD WORK PROGRAMME**

In presenting the current Forward Work Programme for consideration, the Democratic Services Manager advised that some items had been deferred from this meeting due to officers' involvement in preparing the materials used for the budget workshops.

The two actions from the September meeting on performance data and spreadsheet mapping would be scheduled for the next meeting.

In response to a question from Councillor McGuill, the Democratic Services Manager agreed to provide Members with contact details of the ICT team to assist with iPad issues. Councillor Mullin gave a reminder that ICT support was available upon request.

**RESOLVED:**

- (a) That the Forward Work Programme, as amended, be approved; and
- (b) That the Democratic Services Manager, in consultation with the Committee Chairman, be authorised to vary the Forward Work Programme between meetings, as the need arises.

**49. LATEST POSITION ON THE WELSH AND UK GOVERNMENT BUDGETS AND PLANNING THE LOCAL BUDGET 2019/20**

The Chief Executive provided a verbal update on the latest financial position following the Welsh Government (WG) announcement on the Local Government Provisional Settlement for 2019/20 which was subject to formal consultation. Prior to the final Settlement expected on 19 December, the Chancellor's Autumn Budget Announcement on 29 October would be crucial in establishing any consequential for Wales. This was due to the commitment given by WG that any positive new movements (for example, extra funding for education and social care) would be prioritised for local government in recognition of the additional allocation already prioritised for the Health sector.

On the Provisional Settlement figure, the Chief Executive said that in addition to Flintshire being a low-funded council, distribution variances meant that it was one of three North Wales authorities receiving the maximum reduction of 1%, which equated to a loss of £1.9m to Flintshire (including the unfunded annual teachers' pay award).

As one of the significant risks at UK level, confirmation was awaited from WG on how additional costs for teacher pensions employer contributions would be funded. For Flintshire, this was potentially a £3.5m additional risk in-year. A decision was to be made by Cabinet on implementation of the teachers' pay award in-year for which Flintshire was yet to receive its £0.409m allocation from WG which amounted to half of the total. Representations had been made that the Settlement did not include additionality for 2019/20 which reflected a further pressure of at least £1.3m.

The Welsh Local Government Association (WLGA) had made its collective evidenced case for WG to improve the Settlement position whilst it had flexibility within its budgets at this stage. As part of continued extensive campaigning, concerns were being raised about the impact of inadequate social care funding upon Health as the two areas should be considered alongside each other. Following previous discussions, it was suggested that Members defer any further actions until after the impact of the Chancellor's Statement could be established.

On the uncertainty around specific grants, the Corporate Finance Manager advised that more detail on the WG announcement of an additional £30m for social care and £15m for education was awaited.

Councillor Heesom raised strong concerns about the adequacy of the Medium Term Financial Strategy and portfolio structuring to improve the Council's financial position. He said that services were under significant pressure and could not be delivered in the current framework. He went on to question the Council's response to a series of recommendations within a report which had been shared.

On the latter point, the Chief Executive explained the background to the report by a finance professional commissioned by the Council with WLGA funding in response to the Council's offer to share its strategies and risks to support the case for fairer funding. The findings had validated many issues raised by the Council and demonstrated the lack of solutions beyond those already identified. The report had been referenced previously in advocating changes to the Minimum Revenue Provision policy. Officers agreed to circulate the report and accompanying action plan to Members.

In response to the other comments, the Chief Executive gave a reminder of key responsibilities in setting the budget and described the severe scale of the financial challenge. A high level of information had been shared at the recent budget workshops to help Members understand risks and resilience, and officers had given an undertaking to explore further areas identified. Whilst no new proposals to address the budget gap had come forward at the workshops, Members were able to put forward any new options at any stage.

Councillor Mullin gave a reminder that all councils were in a similar financial position and that the WAO had acknowledged Flintshire as well financially managed. He referred to the achievements in Flintshire on implementing a leaner management structure as well as successes in Alternative Delivery Models, Community Asset Transfers and Council house building.

In response to comments on reserves, the Corporate Finance Manager gave a reminder of the need to set aside adequate levels to deal with any in-year tolerances including investment to achieve efficiencies and meeting unforeseen pay awards. He gave an update on the projected year end balance for contingency reserves, as reported under the next agenda item.

Councillor Jones said it was important that Overview & Scrutiny Members were able to challenge information as part of their role. In referring to the disparity in funding allocation between local government and Health, he said that WG should recognise the need for Health and social care to work together as each supports the other. He cited Out of County Placements as an area of risk on which councils had no control and therefore should be nationally funded. The Chief Executive said that the WLGA had opted to include this as part of social care pressures in its representations to WG, rather than a specific fund.

Following a query by Councillor McGuill on monitoring cost-effectiveness within the Council, the Chief Executive said that any suggestions should be raised directly with officers.

In response to comments from Councillor Johnson on Member input to the budget process, the Chief Executive clarified that Members were able to put forward new proposals at any stage without reversing decisions already made.

**RESOLVED:**

- (a) That the verbal update be noted; and
- (b) That the Cabinet Member and officers be thanked for their open contributions.

**50. REVENUE BUDGET MONITORING 2018/19 MONTH 5**

The Corporate Finance Manager presented a report on the revenue budget monitoring position for 2018/19 as at month 5 for the Council Fund and Housing Revenue Account (HRA), prior to consideration by Cabinet.

On the Council Fund, the operating deficit had been reduced to £0.303m from £0.660m the previous month. On the projected position of portfolios, the in-year overspend on Out of County Placements was mainly offset by a significant underspend in Central and Corporate Finance.

It was currently estimated that 97% of overall planned efficiencies would be achieved by year end.

Amongst the tracked risks, an amount of £0.015m was recommended to be met from contingency reserves as the Council's minimum contribution towards legal costs for the independent national inquiry into Child Sexual Abuse.

Attention was drawn to the significant pressures on schools arising from the teacher and non-teacher pay awards which were not known at the time of budget-setting. As mentioned under the previous item, anticipated changes to teachers' pensions would result in an increase to employer contribution rates.

A summary of earmarked reserves reflected a year on year decrease with the total year-end projection at £11.101m.

On the HRA, in-year spend was projected to be £0.067m lower than budget, leaving a year end balance of £1.165m which was above the recommended minimum level.

On earmarked reserves, the Chairman asked if the name of Flintshire Enterprise Ltd could be changed as it no longer existed. Officers agreed to look into this.

Councillor Heesom remarked on changes in the budget for Streetscene & Transportation and in particular for school transport. The Chief Executive said that a forthcoming report to Cabinet would address unresolved issues considered by Overview & Scrutiny earlier in the year.

Councillor Jones referred to income from car parking charges which had not met its target projection and asked if this could be reviewed given the significant impact on town centre traders who were already struggling due to reduced footfall. He said that the Council could do more to promote and support town centre regeneration, as many people were choosing alternative ways of shopping such as Broughton Park where there were no charges. Other Members spoke in support of this view.

Councillor Mullin said that the viability of town centres was a nationwide problem due to a shift in the way that people chose to shop.

The Chief Executive said that there were a number of contributing factors to this shortfall in projected income including the delayed implementation of charges in Flint. More detail would be submitted to Cabinet in December as part of a mid-year review of the Car Parking Strategy.

During the discussion, reference was made to different approaches to town centre regeneration. Councillor Johnson spoke about improvements in Holywell town centre which had been shortlisted in the Great British High Street Awards. He said that accessibility of high streets included reviewing parking provision, however it was acknowledged that each town centre was different.

### **RESOLVED:**

That the Revenue Budget Monitoring report for Month 5 be noted and that the following issues be brought to the Cabinet's attention as areas for concern:

- Shortfall in car park income;
- The impact of those charges on town centre regeneration to form part of the review of the Strategy in December;
- The ongoing 'drift' in the Streetscene & Transportation budget between budgeted and actual costs, particularly on transport solutions.

51. **MEMBERS OF THE PUBLIC AND PRESS IN ATTENDANCE**

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

(The meeting started at 10am and ended at 11.55am)

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**Chairman**