

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

**14 FEBRUARY 2019**

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, 14 February 2019

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

Councillors: Haydn Bateman, Bob Connah, Paul Cunningham, Patrick Heesom, Dave Hughes, Paul Johnson, Mike Lowe, Michelle Perfect, Andy Williams and Arnold Woolley

**SUBSTITUTES:** Councillors: Janet Axworthy (for Andrew Holgate) and David Wisinger (for Vicky Perfect)

**APOLOGY:** Councillor Hilary McGuill

**ALSO PRESENT:** Councillors Bernie Attridge and Christine Jones attended as observers

**CONTRIBUTORS:** Councillor Aaron Shotton, Leader and Cabinet Member for Finance; Councillor Billy Mullin, Cabinet Member for Corporate Management; Chief Executive; Chief Officer (Governance); and Corporate Finance Manager

Chief Officer (Housing and Assets) and Finance Manager, Technical Accountancy - for minute numbers 90 and 91

Corporate Business & Communications Executive Officer - for minute numbers 92 and 93

Strategic Policy Advisor - for minute number 93

Senior Manager, Human Resources and Organisational Development - for minute number 94

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

### **85. DECLARATIONS OF INTEREST**

None.

### **86. MINUTES**

The minutes of the meeting held on 17 January 2019 were submitted.

On minute number 83, Councillor Heesom asked that the final paragraph show that his question was on the size and capacity of un-earmarked reserves and whether they were needed.

### **RESOLVED:**

That subject to the amendment, the minutes be approved as a correct record and signed by the Chairman.

**87. ACTION TRACKING**

The Democratic Services Manager presented the progress report on actions arising from previous meetings.

**RESOLVED:**

That the report be noted.

**88. FORWARD WORK PROGRAMME**

The Democratic Services Manager presented the current Forward Work Programme for consideration. The following changes were agreed:

- The revised Asset Management Plan to be re-scheduled for Quarter 3.
- The Dashboard of Measures to be considered in April (after the workshop on 27 March).

**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.

**89. COUNCIL FUND BUDGET 2019/20**

The Chief Executive and Corporate Finance Manager provided an update on work undertaken in response to information requested at County Council on 29 January following deferral of the budget-setting for 2019/20. A report to Cabinet on 19 February would seek a solution on the budget to be recommended to County Council later that day, and prior to the formal resolution to set the Council Tax on 28 February which would follow.

All Members had been invited to attend a briefing immediately after the meeting to enable officers to report back their findings and present a briefing note on the main issues raised:

- Alternative ways of using capital receipts to reduce the Minimum Revenue Provision (MRP) account;
- The rationale for safeguarding the level of contingency reserves at £5.8m (year-end projection);
- Review of earmarked reserves not expected to be used in 2019/20;
- The technical aspects of saving money by rescheduling loans; and
- The use of surplus cashflow for the budget.

Following the briefing, all information would be emailed to all Members to assist with the discussion on 19 February. Councillor Richard Jones had been briefed separately on issues that he had raised, as he was not able to attend.

The Chief Executive highlighted the importance of differentiating technical advice, which should be followed, and professional opinion on risk which should be taken into account, both of which would be provided to enable Members to reach a decision on the budget. He said that timescale was crucial not only to meet statutory requirements to set a balanced budget but to allow for process such as issuing Council Tax demands and implementing changes in payment instalment periods.

In welcoming the information given by the S151 Officer, Councillor Heesom expressed his concerns that the leadership of the Council had brought forward a deficit budget, notwithstanding legislative guidance, and that the recommendation to resolve the budget by increasing Council Tax would not be accommodated by the majority of Members. He referred to a list of 'options' shared by officers at County Council and said that in the absence of options to trim the budget, the leadership must look again at expenditure to identify a balanced legal budget.

Councillor Aaron Shotton clarified that the budget had not yet been set and that it was the responsibility of the body of elected Members to do so. He said that the setting of 'a deficit budget' was not a statement of fact as it would not meet the Council's statutory duty. The recommendations were those of officers and statutory officers and his proposal at County Council in January was to recognise the need for an increase in Council Tax if no further assistance was given by Welsh Government (WG). At that meeting, Members had agreed to defer the item pending a cross-party delegation which had met with WG representatives to seek an improved Local Government Settlement for 2019/20. The outcome from that visit was no intent by WG for any improvement and highlighted concerns about the position for 2020/21. The briefing to be held later in the day would assist Members in considering the only remaining options - and risks involved - based on technical advice from officers. Councillor Shotton went on to refer to Council Tax increases proposed by other councils in Wales in response to the financial climate.

The Chief Executive said that the information to be shared at the briefing was the result of extensive technical work incorporating the professional opinions of officers, Wales Audit Office and Treasury Management advisers. In response to Councillor Heesom's comments, the list provided previously did not contain recommended options but showed the discretionary services which Members may wish to re-review and re-consider (following previous scrutiny and risk assessments) for future years. The Council could not legally set a deficit budget or reasonably defer setting a balanced budget beyond February, as reflected in the recommendations by the Constitution & Democratic Services Committee on the budget process, formally adopted at the last Annual General Meeting. Those recommendations recognised (i) the need for an appropriate cut-off date (which had passed) after which it was not practical for officers to respond to Members' requests for information, (ii) the need to await professional officers' advice and (iii) that information should be risk assessed.

As Section 151 Officer, the Corporate Finance Manager explained that a deficit budget arose where a Council had agreed expenditure in excess of the budget, which was not legal practice. This was not the case here as the Council

had not yet approved the budget and the report for 19 February would set out ways in which the budget could be legally balanced.

Whilst Councillor Heesom agreed that the budget had not yet been set, he said that cuts to expenditure remained a live issue as the proposed Council Tax increase was unacceptable. He said that there was a question of accountability on the budget gap position.

Councillor Shotton reiterated the responsibility of full Council in setting the budget following a recommendation by Cabinet, based on detailed consideration by all six Overview & Scrutiny Committees which had widely accepted that there were no further efficiencies of scale to balance the budget without detrimental impact on services. He said that the points raised at County Council in January would be addressed in the briefing and that it was important that Members have that opportunity for discussion with professional officers. He said that comments on 'trimming' the budget could not really be given without identifying specific proposals of sufficient scale.

In response to the points made, the Chief Executive said that the increase in Council Tax was not a recommendation but a necessity at this point - to meet the budget requirement - and that officers needed to advise on how to bridge the remaining budget gap. Members had been made aware at the Provisional Local Government Settlement stage that in the absence of further assistance from WG, the budget gap indicated that Council Tax could be sized at up to 15.2%, a figure which had been reduced following an improved Final Settlement. On timescales, the Chief Executive spoke about the risks and work involved in assessing the legalities and implications of any large scale new options or proposals at this late stage. The process and deadlines for reviewing all budget options had been made clear stage by stage.

**RESOLVED:**

That the report be noted.

**90. DEVELOPMENT OF CAPITAL PROGRAMME 2019/20-21/22**

The Chief Officer (Housing and Assets) introduced a report on the development of the Council funded Capital Programme 2019/20 - 2021/22 including current details of specific grants and borrowing for the 21<sup>st</sup> Century Schools Programme and loans to North East Wales (NEW) Homes. The report set out the different allocations for the three sections of Statutory/Regulatory, Retained Assets and Investment.

Since the overall funding shortfall of £8.216m reported in February 2018, there had been significant positive movement with the generation of capital receipts and additional capital funding from Welsh Government (WG) through an additional General Capital Grant. This reduced the total estimated shortfall in funding at period 9 2018/19 to £1.428m over the three year period to 2020/21. Whilst good progress had been made on capital receipts over the past year, this was becoming more challenging over time. Around £2.3m of capital receipts were estimated over the period, subject to risks on complexity and market forces.

In accordance with the Council's prudent policy on capital receipts, no allowance was made in the funding position until they were fully achieved.

On proposed allocations for the three years, explanation was given on the rationale for the new schemes to support digital delivery of the school curriculum and the laptop/PC replacement scheme. An update on specific grants reported on costs associated with the 21<sup>st</sup> Century School Band B programme where increased contributions from WG impacted positively on the Council's contributions. During an overview of potential future schemes, reference was made to work in the Saltney area as part of the Mutual Investment Model (MIM) where WG intervention rates had increased from 75% to 81%.

Councillor Shotton highlighted a number of commitments within the Capital Programme such as the significant capital investment in schools including support for digital connectivity, together with the upgrading of play areas and synthetic sports pitches. He welcomed the increased contributions by WG in a number of areas and the continued commitment to support the social care sector.

The additional allocations from WG were also welcomed by the Chief Executive, although the strain on Council budgets remained. He referred to the need to extend provision at Marleyfield Residential Home and to invest in playschemes to meet demand.

Councillor Johnson suggested that the name of Theatr Clwyd be changed to reflect the Council's investment and promote Flintshire. Whilst the Chief Executive agreed to raise this with the Board, he spoke about the success of the Theatre which was highly respected nationwide and one that had a positive brand image.

In speaking about the importance of the Theatre, Councillor Williams said that the name should remain as it was well established and had been held in high regard for some considerable time.

When asked by Councillor Cunningham about the proposed new schemes in the Capital Programme, the Chief Officer (Governance) explained the Council's responsibility to provide the IT infrastructure for digital connectivity in schools and the need for laptop provision within the Council to be upgraded to address security and operational issues.

Councillor Heesom welcomed the report and said that workshop was required to enable all Members to contribute to the process. The Chief Executive said that there were no changes in the Investment projects proposed, and that a Member workshop could be arranged to consider the longer term creative financing borrowing solutions to assess the affordability of future projects. Councillor Heesom formally the proposed workshop and asked that this be prioritised. Following a question on prudential borrowing in the Capital Programme, the Finance Manager drew attention to Table 7 in the report.

In welcoming the opportunity for this discussion, Councillor Shotton referred to the Ministerial delegation visit where there had been some recognition of the need for an honest debate about the financial needs of Councils in competing demands for WG provision.

Councillor Johnson asked that consideration be given to including the names of proposers in the minutes of meetings. The Chairman requested that this be referred to the Constitution & Democratic Services Committee.

**RESOLVED:**

- (a) That the Committee supports the allocations and schemes in Table 4 (paragraph 1.04.1) for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2019/20 - 2021/22;
- (b) That the Committee supports the schemes included in Table 5 (paragraph 1.05.1) for the Investment section of the Council Fund Capital Programme 2019/20 - 2021/22;
- (c) That the Committee notes that the shortfall in funding of schemes in 2019/20 and 2020/21 in Table 6 (paragraph 1.06.1) at this point in the approval process is flexible. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2019/20, and included in future capital programme reports;
- (d) That the Committee supports the schemes included in Table 7 (paragraph 1.07.4) for the specifically funded section of the Council Fund Capital Programme which will be funded in part through Prudential Borrowing;
- (e) That the Committee has no specific issues for Cabinet to consider before the Capital Programme 2019/20 - 2021/22 report is considered by Council; and
- (f) That a Member workshop be arranged to discuss long-term and creative borrowing and investment solutions for the Capital Programme.

**91. CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2019/20-21/22**

The Finance Manager, Technical Accountancy presented the updated Capital Strategy prior to submission to Cabinet. The Strategy, which included details of the Council's Prudential Indicators for 2019/20 - 2021/22, had been separated from the Asset Management Plan in order to best meet changes made to Chartered Institution of Public Finance and Accountancy (CIPFA) Codes of Practice. The Asset Management Plan would be refreshed and shared later in the year. The Strategy was an overarching document which brought together various strategies and policies, broken down into a number of sections.

Councillor Heesom asked how the item linked to the Capital Programme Monitoring report and the mechanism by which Members could seek deferral of a capital investment. The Finance Manager highlighted the Governance section of the Strategy which set out the framework, with progress reported quarterly. The Chief Executive spoke about the flexibility built into the Capital Programme and the difficulty of deferring investments in-year once the Programme had been approved.

## **RESOLVED:**

- (a) That the Committee recommends that Cabinet approves and recommends the Capital Strategy to County Council;
- (b) That the Committee recommends that Cabinet approves and recommends to Council:-
  - The Prudential Indicators for 2019/20 - 2021/22 as detailed within Tables 1, and 4 – 7 inclusive of the Capital Strategy.
  - Delegated authority for the Corporate Finance Manager to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (Table 6 of the Capital Strategy).
- (c) That the Committee has no specific issues for Cabinet to consider before the final Capital Strategy 2019/20 - 2021/22 report is considered by Council.

## **92. QUARTER 3 COUNCIL PLAN 2018/19 MONITORING REPORT**

The Corporate Business & Communications Executive Officer presented a summary of progress on the Council Plan for 2017-23 as at Quarter 3 of 2018/19 providing analysis on areas of under-performance relevant to the Committee. This was generally a positive report with 92% of actions assessed as making good progress, and 85% likely to achieve the desired outcome.

It was reported that 65% of performance indicators had met or exceeded targets. Of the three areas showing a red RAG status, significant progress had been made to reduce the average number of days taken to complete a Disabled Facilities Grants (DFGs) and further improvements were expected for 2019/20 once the backlog of legacy cases had been completed. The DFG review board would continue to monitor progress and Internal Audit colleagues were satisfied that progress was on track. There was some improvement in the percentage of looked after children with a timely health assessment, however outcomes were influenced by the capacity of Health partners.

Risks were being successfully managed with the majority assessed as moderate or minor/insignificant and two relating to the development of Marleyfield and effectiveness of the Early Help Hub had been sufficiently mitigated to be closed down. Six of the seven red risks were affected by the current financial climate.

Councillor Mullin thanked the Executive Officer and her team for their work and welcomed the progress achieved to date.

Councillor Heesom acknowledged positive aspects of the report but raised concerns about progress on objectives in the Ambitious Council priority, particularly on the regional and local transport strategy which had been raised at the Planning Strategy Group. He said that more information was needed on traffic infrastructure and economic growth across the County.

The Chief Executive said that whilst the Council was successful in attracting transport grants, the development of the Transport for Wales body would mean that councils had limited influence.

Councillor Johnson praised the partnership working between the Council, Welsh Government and Town/Community Councils on achieving good outcomes in the west of Flintshire.

**RESOLVED:**

- (a) That the Committee notes and endorses:
- The overall levels of progress and confidence in the achievement of activities within the Council Plan;
  - The overall performance against Council Plan performance indicators;
  - The current risk levels within the Council Plan.
- (b) That the Committee is assured by plans and actions to manage the delivery of the 2018/19 Council Plan.

**93. WELSH LANGUAGE PROMOTION STRATEGY**

The Strategic Policy Advisor presented a report with the final five-year Welsh Language Promotion Strategy for Flintshire for consideration prior to adoption by Cabinet. It was a requirement of the Welsh Language (Wales) Measure 2011 to produce a strategy to promote and facilitate use of the Welsh language.

An overview was given of the main points raised during the consultation process which had generated responses from 157 individuals. It was recognised that in order to achieve the Welsh Government (WG) target to increase the number of Welsh speakers, the Council would need to work with a range of partners to promote Welsh learning and increase opportunities for using Welsh. It was also recognised that a partnership approach between Flintshire and Wrexham to build on the work of an existing Welsh Language forum could be explored to promote the strategies of both Councils and share learning.

In welcoming the report, Councillor Heesom referred to creative industries and arts where greater use of the Welsh language could flourish. The Chief Executive suggested that examples of Welsh language initiatives in Theatr Clwyd and hubs could be reflected more clearly in the Strategy.

On funding, Councillor Bateman was advised that opportunities to access grants were being highlighted to small businesses and voluntary organisations.

Councillor Johnson paid tribute to Councillor Paul Cunningham, as the Chairman of the Council, in showing leadership on the Welsh language and asked that the Strategy make reference to the 'Cadi Ha' event in Holywell.

Councillor Cunningham thanked Councillor Tudor Jones for raising the profile of the Welsh language and he praised the opportunities available for learners. A letter from Councillor Jones was circulated to the Committee in which

he thanked Members for their participation in the recent survey which had produced pleasing results.

**RESOLVED:**

- (a) That the Committee endorses the Welsh Language Promotion Strategy, prior to adoption by Cabinet; and
- (b) That the Committee supports a review of opportunities to work in partnership with Wrexham County Borough Council, Menter Iaith Flint a Wrecsam and other key stakeholders to develop a sub-regional forum to monitor and progress both counties' Welsh Language Promotion Strategies.

**94. WORKFORCE INFORMATION REPORT QUARTER 3 2018/19**

The Senior Manager, Human Resources and Organisational Development presented the workforce information report on Quarter 2 of 2018/19.

She provided an overview of analysis on age profiling and explained that there was a downturn in attendance for the period, with the main reason attributed to Stress, Depression and Anxiety, which mirrored the national picture. A proactive approach was being taken to encourage employees to raise mental health issues and access the range of support available. The level of spend on agency workers had significantly reduced following appointments to a number of vacancies in Streetscene, as reported previously.

**RESOLVED:**

That the Committee notes the Workforce Information Report for quarter three 2018/19 to 31 December 2018.

**95. REVENUE BUDGET MONITORING REPORT 2018/19 (MONTH 9) AND CAPITAL PROGRAMME MONITORING 2018/19 (MONTH 9)**

The Corporate Finance Manager presented a report on the revenue budget monitoring position for the Council Fund and Housing Revenue Account (HRA), and the Capital Programme 2018/19 as at Month 9. Both would be considered by Cabinet on 19 February 2019.

Revenue Budget Monitoring

On the Council Fund, there was an operating surplus of £0.233m reflecting a positive movement of £0.207m from Month 8. The key variances were additional costs for Special Educational Needs transport offset by a reduction in Highways Network costs following a capital grant allocation from Welsh Government (WG). An additional windfall income was reported for Central & Corporate Finance together with a centrally held amount for non-standard inflation for energy costs which was no longer required in-year.

There was no change in overall planned efficiencies where 96% were expected to be achieved by year end.

More detail on Reserves and Balances would be shared in the briefing to take place after the meeting. The total available balance of Contingency Reserves was estimated at £5.985m taking into account the latest projections. The current position on earmarked reserves indicated that these would reduce to £7.829m.

Whilst praising the quality of the Revenue Budget monthly reports, Councillor Heesom said that the level of detail did not help Members to evaluate portfolio expenditure. He cited the cost of short-term borrowing as another area where more information was needed.

The Chief Executive highlighted the level of work required to produce the detailed reports. Members were encouraged to raise specific areas of interest directly with officers at any time so that briefing notes could be provided. Members were also able to raise any portfolio issues for inclusion on the Forward Work Programmes of the relevant Overview & Scrutiny Committee.

### Capital Programme

A summary of changes to the programme for the period indicated a revised budget total of £71.192m mainly due to additional grant funding. Requests for carry-forward amounts totalling £1.815m were summarised and two additional allocations were identified. The overall funding position for the three year period showed a £1.428m shortfall prior to the realisation of additional capital receipts and/or other funding sources.

Councillor Heesom referred to spend on county towns and questioned the investment made in the west of Flintshire, specifically Mostyn Docks.

Members were reminded that the county towns listed were based on the seven areas in the Wellbeing Plan and that a breakdown of area spend was shown in the appendix.

On Single Status/Equal Pay earmarked reserves, Councillor Bateman was informed that the remainder were being used for employment costs, as previously agreed by County Council, and would soon be exhausted.

### **RESOLVED:**

That the Committee supports the recommendations made in the Cabinet report for 19 February and confirms that there are no concerns which it wishes to have raised at Cabinet this month.

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

### **RESOLVED:**

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

**97. ACCELERATED PAYMENT FACILITY**

The Chief Officer (Governance) presented a report to seek approval of a scheme of quicker invoice payments to suppliers which could in turn potentially generate income for the Council.

In setting out the principles and benefits of the Accelerated Payment Facility (APF), the Chief Officer responded to a number of questions from the Chairman and explained that this was a voluntary scheme.

The Chief Executive thanked the Chief Officer for his work on raising this creative solution. He said that introduction of the scheme had been subject to detailed consideration and that initial concerns had been addressed.

**RESOLVED:**

That the Committee recommends to Cabinet:

- (a) Approval to introduce a supplier Accelerated Payment Facility for the Council as detailed in the report;
- (b) That authority be delegated to the Chief Officer (Governance) to undertake a procurement exercise and let a contract with a Service Provider in accordance with principles of the report; and
- (c) That authority be delegated to the Chief Officer (Governance) and the Corporate Finance Manager, in consultation with the Cabinet Member for Corporate Management and Assets, to implement the changes required to the Council's policies and practices as required.

**98. 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 12.35pm)

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**Chairman**