

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
17 NOVEMBER 2022

Minutes of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held as a hybrid meeting on Thursday, 17 November 2022

PRESENT: Councillor Richard Jones (Chairman)

Councillors: Bernie Attridge, Bill Crease, Ron Davies, Chris Dolphin, Alasdair Ibbotson, Allan Marshall, Vicky Perfect, Kevin Rush, Jason Shallcross, Sam Swash and Linda Thomas

ALSO PRESENT: Councillor Marion Bateman attended as an observer

APOLOGIES: Councillor Ian Roberts (Leader and Cabinet Member for Education, Welsh Language, Culture and Leisure) and Councillor Christine Jones (Deputy Leader of the Council and Cabinet Member for Social Services and Wellbeing)

CONTRIBUTORS: 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, Strategic Finance Managers, Senior Manager (Safeguarding and Commissioning), Business Information and Compliance Adviser and Corporate Manager (Capital Programme and Assets)

IN ATTENDANCE: Democratic Services Manager and team

41. DECLARATIONS OF INTEREST

None.

42. MINUTES

The minutes of the meeting held on 13 October 2022 were approved, as moved and seconded by Councillors Bernie Attridge and Bill Crease.

RESOLVED:

That the minutes be approved as a correct record.

43. ACTION TRACKING

The Democratic Services Manager presented an update on actions arising from previous meetings and agreed to re-issue an enlarged copy of the business and financial planning cycle to Councillor Bill Crease. The actions arising from the September meeting would be removed from the list as they were now completed.

On that basis, the recommendation was moved and seconded by Councillors Bernie Attridge and Bill Crease.

RESOLVED:

That the Committee notes the progress which has been made.

44. FORWARD WORK PROGRAMME

The Democratic Services Manager presented the current forward work programme for consideration. It was agreed that he would liaise with the Chairman to consider the possible deferral of some items scheduled for December to allow the budget item to be prioritised.

The recommendations were moved by Councillor Bernie Attridge and seconded by Councillor Jason Shallcross.

RESOLVED:

- (a) That the Forward Work Programme be noted; 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.

45. JOINT FUNDED CARE PACKAGES

As requested at the previous meeting, the Senior Manager (Safeguarding and Commissioning) provided an update on current long-term debt with Betsi Cadwaladr University Health Board (BCUHB) in respect of the delivery of NHS Continuing Health Care (CHC) packages in Flintshire. A report with supplementary information on recent debt levels had been shared with the Committee in advance of the meeting.

Since the last report, good progress had been made to address 'pinch points' in the system to improve the flow of information and understanding of the process from the perspective of both sides. Regular meetings at all levels helped to reinforce the efficient processing of invoices and a clear escalation route had been established to refer any significant issues. Whilst work was continuing on longer term invoices, the main focus was on recent invoices with BCUHB working hard to ensure prompt payment. An overall unpaid invoice position of £141,917.51 was reported between 12 October and 11 November 2022.

The Chairman referred to comments made by Paul Carter (BCUHB) at the previous meeting that supporting information was missing to support payment of some long-term invoices. On the list, he welcomed the clearing of recent invoices but raised concerns that of the ten new invoices, the two of higher value remained unpaid and that none of the historical invoices had been cleared which did not give assurance on addressing long-term debt.

In response, the Senior Manager explained that one of the higher amounts related to a combined package for three out of county placements. She clarified that the list showed the position for all outstanding invoices during the period and that work was ongoing to progress those as soon as possible.

Councillor Bernie Attridge said that the update did not allay his concerns about the outstanding debt, particularly given the Council's financial position. In questioning whether all the debts would be cleared, he said that leadership meetings should be held more frequently and that the matter should be escalated through a legal route.

Councillor Chris Dolphin agreed that this was a serious long-standing issue and suggested that including reference to the number of cases and associated costs in future updates would provide a clearer picture on the outstanding debt.

In acknowledging the progress made, Councillor Bill Crease said it was vital to establish reasons for the delays to payments. He said that issues on the Council's side should be resolved internally and that delays due to BCUHB should be pursued legally.

In response to the comments, the Chief Officer (Governance) referred to the complex judgements involved in CHC payments and advised against pursuing legal action. Whilst recognising the significance of this issue, he suggested that focus remain on regular high-level discussions to unblock issues and building upon in-house expertise to challenge BCUHB decisions where needed.

In reiterating the cashflow implications, the Chairman questioned whether the national protocol would clarify the process for resolving disputes. He thanked the officer for the information and the attention on resolving recent invoices, adding that more could be done to resolve long-standing debts and that the inclusion of categories for outstanding debt (eg under dispute, unknown invoice etc) in future updates would provide a clearer understanding.

This was proposed and seconded as an additional recommendation by Councillors Bernie Attridge and Bill Crease.

RESOLVED:

- (a) That the Committee notes the progress made on the proactive budget management of outstanding invoices raised by the Council for payment by Betsi Cadwaladr University Health Board; and
- (b) That more work be undertaken to resolve long-standing invoices and that future updates include categories for the reasons for the outstanding debt.

46. EMPLOYMENT AND WORKFORCE MID-YEAR UPDATE

The Business Information and Compliance Adviser presented a mid-year update report on workforce statistics and analysis for 2022/23 including headcount, employee turnover and attendance.

An overview of key areas acknowledged national workforce pressures as seen across portfolios and work being done to address challenges in recruitment and retention within Social Services. The main reason for absences was reported as mental health and a reminder was given of the range of support

available to employees. An update on agency worker spend reflected increasing demand for specialist roles and collaborative work to develop a unified approach to workforce recruitment and retention.

In response to questions from Councillor Chris Dolphin, the Senior Manager (Safeguarding and Commissioning) provided information on the Council's links with ADSS Cymru and arrangements within Social Services to prioritise risk-based work particularly given the significant national increase in the volume of child protection investigations.

On a question from the Chairman, the Business Information and Compliance Adviser advised that cumulative agency spend was increasing year on year for the reasons set out in the report and was being closely monitored. He agreed to provide further detail on trend analysis dating back to 2019.

On that basis, the recommendation was moved and seconded by Councillors Bernie Attridge and Bill Crease.

RESOLVED:

- (a) That the mid-year Workforce Information Report for 2022/23 be noted; and
- (b) That further detail be shared on the increase in cumulative agency spend over the past three years.

47. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2023/24

The Corporate Finance Manager presented a report to update Members on the additional budget requirement for 2023/24 prior to the Overview & Scrutiny meetings in December and receipt of the Provisional Local Government Settlement from Welsh Government (WG) on 14 December 2022.

At the October meeting, the updated forecast reported a minimum budget requirement of an additional £24.348m of revenue resources for 2023/24. Further work to identify changes and significant risks had led to a further increase, as reported to the recent Member finance briefings and summarised in the report. Whilst work was continuing to establish the full impact, it was projected that the additional budget requirement could potentially rise to around £32m. There were a number of ongoing risks which could impact further and would be kept under continued review, including out of county placements and the teachers' pay award. The report also included an update on progress with budget solutions and the timeline leading up to the final budget setting. An overview of the position across portfolios would be provided at the Committee's meeting in January.

In conveying the seriousness of the situation, the Chief Executive said it was recognised that the scale of the current position would present significant challenges in setting a balanced budget.

The Chairman said that the recent reports and briefings provided no solutions on how to balance the budget and that values for mitigating options

would need to be shared to enable Members to consider and make informed decisions.

The Corporate Finance Manager said that the work undertaken to date reflected the scale of financial challenge. He advised that details of portfolio efficiency proposals would be shared with respective Overview & Scrutiny committees in December, together with oversight of efficiencies across all portfolios. Whilst work on corporate financing continued, outcomes would be shared with Members and the receipt of the Provisional Settlement would provide clarity on the scale of the remaining budget gap and options available.

In response to the Chairman, the Chief Executive shared the concerns and said that all local authorities in Wales were in a similar position. He gave assurance that officers had taken every opportunity to review efficiencies and that work would continue to present a deliverable position.

His comments were endorsed by Cabinet Member Councillor Paul Johnson who said this was an unprecedented situation involving a number of issues outside the control of the Council. He hoped there would be clarity following a finance meeting with the Welsh Local Government Association (WLGA) and all other local authorities in Wales.

Councillor Bill Crease expressed concerns about the time available to make significant challenging decisions to address the shortfall and the potential impact on residents.

Councillor Bernie Attridge agreed that this was an unprecedented position and was unable to identify what could be done to set a balanced budget, given that WG had already provided figures for an indicative Settlement. He went on to say that decisions to invest in capital projects should be put on hold given the current situation.

On the comments raised, Councillor Chris Dolphin referred to the financial benefits of the Council's bids for the Levelling Up Fund and the opportunity for Member input on budget considerations led by the Chief Executive and Chief Officers team. On budget solutions, he felt it was important for residents to be made aware of the implications including potential cuts to services.

The Chief Executive reminded the Committee that the 2.4% indicative settlement for 2024/25 would present even more significant challenges than the 3.5% for 2023/24 particularly in the context of a potential recession facing the UK.

The recommendation, which was amended to reflect the debate, was moved and seconded by Councillors Bernie Attridge and Bill Crease.

RESOLVED:

That the concerns raised by the Committee on the Medium Term Financial Strategy and Budget 2023/24 be reported back to the Cabinet when it considers the report.

48. REVENUE BUDGET MONITORING 2022/23 (MONTH 6) AND CAPITAL PROGRAMME 2022/23 (MONTH 6)

The Strategic Finance Managers (Corporate Finance) presented the 2022/23 month 6 position for the revenue budget monitoring for the Council Fund and Housing Revenue Account (HRA) and the Capital Programme, prior to consideration by Cabinet.

Revenue Budget Monitoring

On the Council Fund, the projected year-end position was an operating deficit of £0.033m leaving a year-end contingency reserve balance of £8.071m which would reduce to £2.8m after meeting the current in-year additional cost of the 2022/23 pay award. An update was shared on the reduction in Covid-19 emergency reserves and continuing claims for Welsh Government (WG) Hardship Funding which were now subject to limited eligibility. A summary was given of significant variances across portfolios during the period including a positive movement within Central & Corporate Finance resulting from changes to bank interest rates. The tracking of in-year risks reported the current position on pay awards with the outcome of teachers' award under negotiation and the impact of changes to National Insurance to be reported in Month 7. Other tracked risks reflected continued high demand for out of county placements and support for homelessness which would be closely monitored. All planned in-year efficiencies were expected to be achieved in 2022/23.

On the HRA, projected in-year expenditure of £3.324m higher than budget would leave a closing un-earmarked balance of £3.150m, which was above the recommended guidelines on spend.

In response to a question from the Chairman, Finance officers agreed to respond separately on the potential impact if the £1.14m outstanding debt from the Health Board on joint-funded care packages was received.

Councillor Bernie Attridge commented on continued significant underspends and overspends particularly within Social Services and asked what could be done to improve budget-setting. He said that the Community & Housing Overview & Scrutiny Committee had been informed that the increased net pressure for void properties was likely to be resolved.

In responding, the Strategic Finance Manager referred to the impact of late grants and gave assurance of regular liaison with service managers to carry out detailed reviews of budgets.

In respect of Social Services, the Senior Manager (Safeguarding and Commissioning) explained that recruitment issues in the independent care sector impacted on pressures for the Council's provider services.

Capital Programme

The revised programme for 2022/23 was £91.979m taking into account all carry forward sums and savings transferred back to the programme. Changes during the period were mainly due to the introduction of grant funding streams

across portfolios and budget re-profiling. The projected outturn position totalled £87.416m leaving a £4.563m underspend recommended to be carried forward for the completion of schemes in 2023/24 as detailed. The update also reflected two additional allocations identified to be funded from within the current 'headroom' provision and one-off savings to be released back into the programme. The overall funding position of approved schemes indicated a surplus of £3.376m prior to the realisation of additional capital receipts and/or other funding sources.

The recommendations were moved by Councillor Bernie Attridge and seconded by Councillor Linda Thomas.

RESOLVED:

- (a) That having considered the Revenue Budget Monitoring 2022/23 (month 6) report, the Committee confirms that there are no specific matters to be raised with Cabinet; and
- (b) That having considered the Capital Programme Monitoring 2022/23 (month 6) report, the Committee confirms that there are no specific matters to be raised with Cabinet.

49. CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2023/24 TO 2025/26

The Corporate Finance Manager presented the updated Capital Strategy prior to submission to Cabinet. The Strategy was an overarching document which brought together various strategies and policies, split into a number of sections incorporating details of the Council's Prudential Indicators for 2023/24 - 2025/26.

The Chairman shared his own concerns about being asked to recommend the report due to the impact of capital decisions upon the revenue account and without the associated figures. In the absence of further detail, he proposed that the recommendations be changed to reflect that they be noted by the Committee. His concerns were shared by Councillor Attridge who seconded the proposal.

On being put to the vote, the amendment was carried.

RESOLVED:

- (a) That the Committee notes the Capital Strategy; and
- (b) That the Committee notes:-
 - The Prudential Indicators for 2023/24 - 2025/26 as detailed within Tables 1, and 4-8 of the Capital Strategy, and
 - 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).

50. CAPITAL PROGRAMME 2023/24 - 2025/26

The Strategic Finance Manager presented a report on the proposed Capital Programme 2023/24 - 2025/26 which set out long-term investment in assets to enable the delivery of high quality and value for money public services split between three sections: Statutory/Regulatory, Retained Assets and Investment. He gave a presentation covering:

- Structure - Council Fund Capital Programme
- Current Programme 2022/23 - 2024/25
- Projected Funding 2023/24 - 2025/26
- Proposed allocations - Statutory/Regulatory, Retained Assets and Investment
- Summary generally funded Programme
- Specifically funded schemes
- Summary Capital Programme
- Potential future schemes
- Next steps

Councillor Bernie Attridge said that he was unable to support the programme given the revenue budget situation. On the redevelopment of Theatr Clwyd, it was clarified that the additional £1.5m was funded from the core Capital Programme with no additional borrowing requirement.

Councillor Chris Dolphin referred to the Levelling Up Fund which, if successful, would provide a range of benefits across the County. He said that the Council could lose out if it did not put forward bids for schemes.

In acknowledging the point, the Chairman reiterated his view that revenue pressures should not be increased without knowing where further efficiencies could be achieved. For that reason, he proposed an amendment to Recommendations 1, 2 and 4 for the Committee to consider and feedback, rather than support. He was seconded by Councillor Attridge.

The Corporate Manager (Capital Programme and Assets) explained that significant work had been undertaken to develop a Capital Programme that was deliverable and that the Committee was being asked to approve the principles. He advised that pressures were already built into the Medium Term Financial Strategy and would not increase the borrowing requirement. In addition, representations were being made to increase Welsh Government intervention rates which if successful, would reduce revenue pressures.

Councillor Dolphin proposed an amendment that the Committee support the recommendations as set out in the report. He was seconded by Councillor Vicky Perfect.

The Senior Manager (Safeguarding and Commissioning) explained that the Croes Atti project would help to meet increasing high demand for social care as identified in a regional report and that if not progressed, there would still be revenue consequences from the purchasing of care commissioning.

Having been moved and seconded, the amendment was put to the vote and carried.

RESOLVED:

That the Committee:

- (a) Supports the allocations and schemes in Table 3 (paragraph 1.09) for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2023/24-2025/26;
- (b) Supports the schemes included in Table 4 (paragraph 1.31) for the Investment section of the Council Fund Capital Programme 2023/24-2025/26;
- (c) Notes that the shortfall in funding of schemes in 2024/25 in Table 5 (paragraph 1.37) at this point in the approval process allows flexibility. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2023/24, and included in future Capital Programme reports;
- (d) Supports the schemes included in Table 6 (paragraph 1.41) for the specifically funded section of the Council Fund Capital Programme which will be funded in part through borrowing; and
- (e) Confirms that it has no comments for Cabinet to consider before the Capital Programme 2023/24-2025/26 report is considered by Council.

51. MEMBERS OF THE PRESS IN ATTENDANCE

None.

(The meeting started at 10am and ended at 12.30pm)

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Chairman