

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
23 SEPTEMBER 2022

Minutes of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held as a hybrid meeting on Friday, 23 September 2022

PRESENT: Councillor Richard Jones (Chairman)

Councillors: Bill Crease, Ron Davies, Alasdair Ibbotson, Allan Marshall, Vicky Perfect, Jason Shallcross, Sam Swash and Linda Thomas

SUBSTITUTE: Councillor: Bernie Attridge (for Mike Peers) and Carolyn Preece (for Kevin Rush)

APOLOGIES: Councillor Chris Dolphin and Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services)

CONTRIBUTORS: Councillor Ian Roberts - Leader and Cabinet Member for Education, Welsh Language, Culture and Leisure; Councillor Paul Johnson - Cabinet Member for Finance, Inclusion & Resilient Communities; Councillor Dave Hughes - Deputy Leader and Cabinet Member for Streetscene and the Regional Transport Strategy; Chief Executive; Chief Officer (Governance); Corporate Finance Manager; Corporate Manager (Capital Programme and Assets); Strategic Finance Managers; and Asset Manager

Internal Audit, Performance and Risk Manager - for minute numbers 27-28
Liam Evans-Ford, Executive Director, Theatr Clwyd - for minute 30

IN ATTENDANCE: Democratic Services Manager and team

20. DECLARATIONS OF INTEREST

Councillor Carolyn Preece declared a personal and prejudicial interest on agenda item 11 due to a family member doing research through a PhD funded by Theatr Clwyd.

21. MINUTES

The minutes of the meetings held on 7 July and 28 July 2022 were approved, as moved and seconded by Councillors Ron Davies and Bill Crease.

On the minutes of 7 July, the Chairman and Councillor Bernie Attridge made reference to the penultimate paragraph of minute number 10. They were advised that service reform changes formed part of agenda item 7 and all Members would be invited to a workshop in October to provide an update on the additional budget requirement for 2023/24.

RESOLVED:

That both sets of minutes be approved as a correct record.

22. ACTION TRACKING

The Democratic Services Manager presented an update on actions arising from previous meetings, all of which had been completed.

The recommendation was moved by Councillor Bernie Attridge and seconded by Councillor Bill Crease.

RESOLVED:

That the Committee notes the progress which has been made.

23. FORWARD WORK PROGRAMME

The Democratic Services Manager presented the current forward work programme and advised that the Coroner's item scheduled for October had been moved to December.

The Chairman requested that the Committee receive updates on the Poverty theme and the North Wales Economic Ambition Board before the end of the year. In highlighting the budget item on the agenda, he asked that his previous suggestion to consider outsourcing or sharing some Council services to identify any financial benefits be scheduled for October/November. Councillor Bernie Attridge spoke in support and seconded the additional items.

Councillor Alasdair Ibbotson proposed that an item be scheduled to review the Council's policy on Section 13A (sub-section 1c) of the Local Government Finance Act 1992 relating to the discretionary powers held by councils to discount or write-off the amount of Council Tax payable on a case-by-case basis.

The Chief Executive's suggestion that the Committee receive an update on Corporate Joint Committees (CJCs) in October was supported.

With the inclusion of these additional items, the recommendations were moved and seconded by Councillors Richard Jones and Bernie Attridge.

RESOLVED:

- (a) That the Forward Work Programme, as amended, 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.

24. ASSET MANAGEMENT PLAN 2022 - 2027

The Corporate Manager (Capital Programme and Assets) presented the Corporate Asset Management Plan for 2022-2027 which replaced the previous Plan for 2019-2026. The updated document reflected Welsh Government (WG) policy on carbon reduction and the Future Generations Act in addition to the Council's own Climate Change Strategy adopted earlier in the year.

Councillor Sam Swash asked about previous farm disposals and any changes made to that policy. The Corporate Manager advised that specific information on farm sales could be provided separately and he clarified that the policy took into account various environmental considerations, with further WG legislative changes likely.

The Asset Manager advised that to her knowledge, the sale of Council owned farms had resulted in those farms continuing to operate under new ownership. She provided clarification on the contractual clause where planning consent for different use would invoke a percentage of the value being returned to the Council.

The Chief Executive spoke about policy changes over the years involving encouraging young tenants to take on farms and holdings, moving to a focus on succession rights and farm business tenancies, some of which had resulted in purchases. He said that a review of the farm disposal policy could be scheduled for a future meeting.

Councillor Bernie Attridge sought information on the table of operational properties and was informed that more detail was available from the asset management system upon request. He was also advised by the Chief Officer (Governance) that Members would be provided with a link to published details of Council freehold ownerships when this was made available. A query on contributions towards investment in Theatr Clwyd would be addressed as part of the item later on the agenda.

Following comments by Councillor Attridge on the redevelopment of the County Hall campus, Councillor Alasdair Ibbotson said that projected levels of home working to plan for the future should be reflected in the Plan. Officers advised that whilst timescales had not yet been confirmed, there were a range of considerations involved such as the need to identify key democratic facilities and potential savings from non-domestic rates. During discussion on the matter, Councillor Ian Roberts spoke about Member involvement and the Chief Executive explained the development of the agile working strategy.

In response to a question from Councillor Bill Crease, the Corporate Manager provided clarification that the annual service charge for the Mynydd Isa 3-16 campus would not exceed that reported to Cabinet and Overview & Scrutiny.

Councillor Ibbotson asked about the basis on which the carbon reduction strategy was reflected in the Plan. The Chief Executive advised that this was a high-level report setting out the strategic context for signposting to various strategies and policies. He confirmed that the Council's Climate Change & Carbon Reduction Programme Manager (Alex Ellis) had been consulted on the Plan and was able to respond to specific questions upon request.

Following a question by Councillor Sam Swash, the Corporate Manager and Asset Manager spoke about the different categorisation of assets shown in the table of operational properties.

The Corporate Manager acknowledged the Chairman's point on the number of schools considered to be in a poor condition, however, the Council's school estate compared favourably to other local authorities in Wales. Additionally the schools' backlog maintenance figures had significantly reduced through both Council and WG investment. Whilst the WG funding at year end was welcomed in significantly contributing to the team's achievements in reducing the backlog of work, the uncertainty around that funding impacted on capacity to manage the situation.

The Corporate Manager agreed to rectify the inconsistency between the wording and chart showing assets sold, under section 3 of the Plan.

The recommendation was moved by Councillor Bernie Attridge and seconded by Councillor Jason Shallcross.

RESOLVED:

That the Asset Management Plan 2022-2027 be supported, in order that it can be adopted as the principal document for managing the Council's corporate property and land resource assets.

25. 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 cost pressures and efficiency proposals being reviewed by Member briefings and Overview & Scrutiny committees during the Autumn.

Since the additional budget requirement of £16.503m for 2023/24 reported in July, further work had taken place to reflect changing service demands and assess the impacts of emerging pay awards and inflationary pressures based on the latest information, as detailed in the report. The in-year impact was reported in the next agenda item. The updated forecast indicated a minimum budget requirement of an additional £24.348m of revenue resources for 2023/24 as shown in Table 1. Clarification was given on delegated school pressures and other pressures some of which remained under review. There were a number of ongoing risks which could impact further on the additional budget requirement and would be kept under continued review, including Out of County Placements and pay award outcomes.

The budget solutions available to the Council reinforced the need for additional financial support from Welsh Government (WG) to meet the costs of pressures such as increased pay awards and inflation which were outside the control of councils. The Corporate Finance Manager reminded Members of the indicative settlement figures provided for 2023/24 and 2024/25, and advised that an uplift to the Council's settlement to the Welsh average would equate to an additional £8m. Without a supplementary increase to the allocation, there would be a serious and significant challenge for the Council to meet its statutory duty in setting a legal and balanced budget for 2023/24 and for future years.

In expressing concerns about the seriousness of the situation and acknowledging the significant impact of national decisions such as pay awards

and inflation, the Chairman said that solutions should not include increases in costs and that the scale of efficiencies to meet the gap was not achievable, which reiterated the need to make representations to WG.

Councillor Bernie Attridge agreed that direct representations should be made to Ministers in Cardiff for additional funding to avoid impacting core services. He said that councils should not be expected to fund national decisions and referred to the different funding approach applied to other areas of the public sector.

Councillor Ian Roberts gave assurance that the case continued to be made for funding national decisions. He said that whilst representations were being made to WG, it was important to also take into account the impact of key decisions by the UK Government. As a member of the Welsh Local Government Association (WLGA) Financial sub-group, he was urging use of current data to influence the funding formula. He said that without additional financial support, the Council would face challenging decisions in order to set a legal and balanced budget.

On rising inflation costs, Councillor Alasdair Ibbotson referred to anticipated pressures identified within the Medium Term Financial Strategy (MTFS) for this year categorised as lower, medium and higher variances. He asked for details of which, if any, of those pressures had exceeded the higher categories for this period. The Corporate Finance Manager advised that all the cost pressures had been projected at the lower end and would provide comparison between the figures projected last year against their current position.

In referring to limited flexibility to bridge the funding gap, Councillor Paul Johnson encouraged all Members to attend the forthcoming workshops which would inform decision-making.

The Chief Executive reiterated the severity of the situation and said that the use of language such as efficiencies, having noted the current financial information provided by the Corporate Finance Manager, should now be referred to as cuts such was the seriousness of the matter. He added that the Council's risk profile would increase, without intervention by WG including funding of national decisions which was an unfair burden on all councils.

Councillor Bill Crease spoke in support of making representations to WG representatives on funding national decisions to avoid impacting on the future of Flintshire.

In addition to the Cabinet response, the Chairman proposed that the Committee respond separately in writing to reiterate the full impact of funding decisions. In response to comments from Councillors Roberts and Attridge, it was agreed that the letter would be sent on behalf of the Committee to the WG First Minister, the UK Chancellor and local elected Assembly Members.

The recommendations, which were amended to reflect the debate, were moved and seconded by the Chairman and Councillor Attridge.

RESOLVED:

- (a) That the comments on the Medium Term Financial Strategy and Budget 2023/24 report be reported back to the Cabinet when it considers the report; and
- (b) That a letter be sent on behalf of the Committee to the Welsh Government First Minister, the UK Chancellor and local elected Welsh Government Members.

26. REVENUE BUDGET MONITORING 2022/23 (MONTH 4) AND CAPITAL PROGRAMME MONITORING 2022/23 (MONTH 4)

The Strategic Finance Managers (Corporate Finance) presented reports on the 2022/23 month 4 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 £0.285m (excluding the impact of the pay award which would need to be met from reserves), leaving a year-end contingency reserve balance of £6.911m (before the impact of final pay awards). An update was given on the impact of Welsh Government (WG) Hardship funding, along with projected variances as detailed in the report including significant movements across portfolios. The current position on Council Tax income and the impact of pay awards was reported under in-year and emerging risks along with other risks including projected overspends for Out of County Placements and Homelessness which continued to be monitored closely. All planned in-year efficiencies were expected to be achieved in 2022/23. The current position with unearmarked reserves indicated a projected contingency reserves balance of £6.911m excluding the impact of final pay awards. The projected position on earmarked reserves would be reported at Month 5.

On the HRA, projected in-year expenditure of £0.188m higher than budget would leave a closing un-earmarked balance of £6.287m, which was above the recommended guidelines on spend.

In expressing concern, the Chairman referred to the additional £2.2m of costs for variances outside the control of the Council.

Councillor Bernie Attridge asked for background on the reasons for three areas of overspend and why these had not formed part of projected budgets: (i) in-house residential care which was “due to staff and running costs”, (ii) overspend on legal costs in Children’s Services due to a rising number of court cases and using external legal professionals and (iii) Out of County Placements which included 40 new placements. He also asked about the potential risk to the HRA on the loss of income for collecting water rates.

The Corporate Finance Manager explained that variances were inevitable given the wide range of services with significant budgets coupled with changes in

demand and inflationary pressures. He stated that robust budgetary processes were in place including the monthly monitoring cycle which provided detailed information on variances across portfolios and risks associated with budgets. He went on to refer to the volatility of some services such as Out of County Placements and the need to maintain reserves levels to protect against unforeseen circumstances.

On increased legal costs in Children's Services, the Chief Officer (Governance) referred to the difficult balance required in budget-setting without over-predicting demand-led services such as safeguarding on which the Council had a statutory duty.

The Chief Executive highlighted the level and quality of data provided in the monitoring reports and the challenges in anticipating volatile service areas where variances could arise. He gave assurance that such areas were being closely monitored and that the situation at this stage of the financial year was a concern.

At this point, there was a brief adjournment before re-commencing the meeting.

Capital Programme

The revised programme for 2022/23 was £92.133m taking into account all carry forward sums and savings transferred back to the programme. Changes during the last quarter were mainly due to the introduction of grant funding streams, additional allocations approved in the 2021/22 outturn report and budget re-profiling. The projected outturn position totalled £90.590m leaving a £1.543m underspend recommended to be carried forward for the completion of schemes in 2023/24 as detailed. There was one additional allocation identified for the Ty Nyth Children's Assessment Centre and no savings had been identified during this quarter. The overall funding position of approved schemes indicated a surplus of £3.126m due to a number of capital receipts received during the first quarter, prior to the realisation of additional capital receipts and/or other funding sources.

The recommendations for both reports were moved and seconded by Councillors Bernie Attridge and Linda Thomas.

RESOLVED:

- (a) That having considered the Revenue Budget Monitoring 2022/23 (month 4) 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 4) report, the Committee confirms that there are no specific matters to be raised with Cabinet.

27. COUNCIL PLAN 2022/23 TIMELINE REVIEW

The Chairman introduced the report on the review of timelines for the Council Plan 2022/23 as requested at County Council in July. Since publication, the appendix had been amended and re-issued to clarify links to themes.

Whilst acknowledging day-to-day core business within the document, the Chairman said it would be useful for Overview & Scrutiny Committees to identify when milestones had passed. He was seconded by Councillor Bernie Attridge.

The Internal Audit, Performance & Risk Manager clarified that the timeline related to the Council Plan for 2022-23 which included some items rolling forward beyond that period. Officers were currently focussed on developing the five year Council Plan which would incorporate more specific detail of use to Overview & Scrutiny Committees in identifying topics for their Forward Work Programmes.

In acknowledgement, the Chairman and Councillor Attridge withdrew the motion. The Chairman asked that the new Council Plan be scheduled for a future meeting.

The recommendations, which were amended to reflect the debate, were moved by the Chairman and seconded by Councillor Bernie Attridge.

RESOLVED:

- (a) That the Committee agrees the Council Plan Part 1 updated timelines for completion; and
- (b) The Committee awaits the completion of the 5 year Council Plan for further review.

28. FOR INFORMATION - BUSINESS AND FINANCIAL PLANNING CYCLE

The Chairman thanked officers for the Business and Financial Planning Cycle which had been provided for information. He asked that A3 copies be circulated to Members of the Committee for ease of reading.

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

Exclusion of the press and public was moved and seconded by Councillors Bernie Attridge and Bill Crease. Having declared a personal and prejudicial interest, Councillor Carolyn Preece left the meeting at this point.

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).

30. THEATR CLWYD PROJECT - UPDATE

The Chief Officer (Governance) introduced the report to seek support for the Council's share of the projected increase in costs for the capital refurbishment of Theatr Clwyd, provided that Welsh Government (WG) agree to bear its share of the extra costs in line with the proportions previously agreed. He suggested that the Executive Director of Theatr Clwyd, who was in attendance to provide information and respond to questions, should remain in the meeting until such time as the Committee may wish to have a confidential discussion.

The Chief Executive and Corporate Manager (Capital Programme and Assets) provided background on key aspects of the report.

In acknowledging the value of the Council's support for Theatr Clwyd, the Executive Director provided information on investment streams and assurance on the project through an independent report.

Councillor Ian Roberts advised Members of the Cabinet's intention to approve the additional £1.5m to proceed with the project. However, in the event of WG being unable or unwilling to proportionally increase its contribution, Councillor Roberts stated that Cabinet would refer the matter to full Council for a final decision.

In response to detailed questions from Members, clarification was given on a range of issues including financial elements and contractual arrangements with the project.

RESOLVED:

That the report be accepted.

31. MEMBERS OF THE PRESS IN ATTENDANCE

None.

(The meeting started at 10am and ended at 2.10pm)

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Chairman