

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE
13 JULY 2015

Minutes of the meeting of the Corporate Resources Overview and Scrutiny Committee of the Flintshire County Council held at County Hall, Mold on Monday, 13 July 2015

PRESENT: Councillor Clive Carver (Chairman)

Councillors: Marion Bateman, Peter Curtis, Andy Dunbobbin, Ron Hampson, Richard Jones, Brian Lloyd, Vicky Perfect, David Roney, Nigel Steele-Mortimer, Carolyn Thomas and Arnold Woolley

SUBSTITUTIONS:

Councillor Dave Cox for Ian Smith

APOLOGY:

Councillor Richard Lloyd

CONTRIBUTORS:

Leader of the Council & Cabinet Member for Finance, Chief Executive, Chief Officer (Governance), Corporate Finance Manager, Finance Manager, Human Resources Manager

IN ATTENDANCE:

Member Engagement Manager and Committee Officer

17. DECLARATIONS OF INTEREST

No declarations of interest were made.

18. MINUTES

The minutes of the meeting of the Committee held on 11 June 2015 had been circulated to Members with the agenda.

Matters Arising

Councillor Richard Jones indicated that he had requested a list of contact numbers for officers, including mobile numbers, but that this had not yet been received. The Chairman stated that he had made a similar request recently and had been advised to contact the Head of Service by email to obtain the required information, which he had done, and the information had been sent to him. The Chief Executive indicated that a plan was in place to provide the details and that the information would be available in due course. However, he asked Members to advise his office if they were experiencing particular difficulties in contacting officers or teams. The Chairman commented on a problem he had experienced when trying to contact an officer using their direct dial number. Councillor Arnold Woolley also highlighted difficulties that he was aware of about contacting the Streetscene call centre.

RESOLVED:

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

19. MEDIUM TERM FINANCIAL STRATEGY

The Chief Executive introduced a report to present part one of the latest revision of the Medium Term Financial Strategy (MTFS) which set out the financial forecast for the Council for 2015-2018.

He commented on the recent Member Workshop on the Medium Term Financial Plan (MTFP). There was currently no indication of the amount of the Revenue Support Grant (RSG) that the Council would receive for 2016/17 and this, and the budget gap, would be considered as part 2 of the Strategy. The period of the Plan was for three years from 2015/16 to 2017/18 which would take the Council to the end of the first year of its new electoral cycle with the next local elections due in May 2017. The Chief Executive added that following the Welsh Government (WG) elections, it may be possible to consider a five year plan. It was anticipated that there would be a significant gap in funding for 2016/17 and at this stage, the Council did not have a set of options to close the gap. The Chief Executive commented on the amount of funding that had been allocated to the Health Service.

The Corporate Finance Manager advised that the projected 'gap' for 2015/16 to 2017/18 was £52.8m and reiterated the comment that there was uncertainty over the funding from WG. The figure of £52.8m was based on an assumption of 3.5% reduction in the RSG but a 1% difference on this could result in a shift of £2m. Expenditure consisted of national, local and workforce pressures along with inflation and income was received from the RSG and Council Tax. The Corporate Finance Manager commented on an additional workforce costs which were accumulating.

The Leader of the Council & Cabinet Member for Finance said that the magnitude of the cuts that the Council faced was significant. It was important that Members had an understanding of the impact of 30% cuts in each department which could increase depending on the level of ring-fenced funding for Education and Social Care. He expressed significant concern that the Council would not be able to provide a balanced budget without undertaking extremely difficult and unprecedented reductions in services. It was also anticipated that the RSG settlement figure would not be known as early as it had in previous years. If the details were not known until early February 2016 as had been suggested, this would create significant difficulties in terms of the timeline for setting the budget.

Councillor Ron Hampson asked about the Council's assets and whether the best price was being achieved. The Chief Executive indicated that the Council had an Asset Strategy and that some assets were being retained as they generated an income for the Council. He reminded Members that a capital receipt from the sale of an asset could only be received once

and that capital receipts were used to co-fund the capital programme and not annual revenue expenditure.

Councillor Richard Jones felt that the details contained in the strategy was a predictive forecast and that the recommendation should therefore be amended to receive and note part one of the Strategy rather than receive and adopt it.

In welcoming the document, Councillor Carolyn Thomas referred to the Independent Living Fund (ILF) pressure of £0.338m for 2015/16 reported on page 22. She sought clarification of the amount of the Minimum Wage and asked whether the recent budget statement by the Chancellor to pay a Living Wage of £7.20 per hour would have an impact on the pay bill for the Authority. Councillor Thomas referred to discussions that would need to be undertaken on budget cuts and said that it was important that Town & Community Councils were aware of the overall picture for their area to allow comparison of services that were at risk to rank the services in order of importance. She suggested that the public needed to be kept informed of the difficult decisions that the Council faced. Councillor Thomas also commented on the importance of making the best decisions on the sale of assets. In response, the Chief Executive said that the Council currently paid above the rate of the Minimum Wage and that the Flintshire's lowest hourly pay rate of £7.189 was close to the rate of the Living Wage. In his speech, the Chancellor had indicated that he expected the Public Sector to pay the Living Wage but it was not known if this would be a requirement for Local Government. The proposal by the Chancellor would not impact the Council in the forthcoming few years but by 2020 when it was suggested that the Living Wage should be £9.20, this would create a significant pressure on the wage bill. On the issue of the ILF pressure, the Corporate Finance Manager advised that this had now been identified as an underspend due to funding received from National Government.

Councillor Arnold Woolley spoke of alternative delivery models and commented on a reported increase in the workforce and raised concern that the Council seemed to be 'downsize mode' and would continue to lose staff. Councillor Woolley also disagreed with the details reported for inflation. The Chief Executive confirmed that the workforce was reducing, and explained that the figures used for inflation were obtained from reputable sources.

In referring to an emerging pressure for software maintenance for Information Technology, Councillor Andy Dunbobbin queried whether an update could be provided on the cost of the pressure. The Chief Executive responded that the figure was still to be confirmed.

Following a comment from Councillor Ron Hampson about a nationally set workforce pay award, the Chief Executive advised that pay awards were previously funded nationally but any future increases would need to be funded by the Council and would therefore create a budget pressure.

A discussion ensued on whether the recommendation should remain unchanged or whether it should be amended to receiving and noting the report. On being put to the vote, it was agreed to receive and note the report.

The Chief Executive advised that another Member workshop on the MTFs would take place in the near future. Councillor Woolley spoke of the need to consider the effects of the difficult decisions that the Council would have to face in the future because of cuts in funding.

RESOLVED:

That the report be received and noted.

20. REVENUE BUDGET MONITORING 2015/16

The Finance Manager introduced a report to provide members with the Revenue Budget Monitoring 2015/16 (Month 2) information for the Council Fund and Housing Revenue account (HRA) which was being submitted to Cabinet on 14 July 2015.

As in previous years, during the early part of the 2015/16 financial year Corporate Finance resources had been dedicated to the closure of the accounts for 2014/15 to ensure that the statutory deadline for completion of the draft Statement of Accounts by the end of June was achieved. The draft Statement of Accounts was to be presented to Audit Committee on 15 July 2015. The Finance Manager explained that the 2015/16 budget included £12.874m of efficiencies relating to Business Planning and Corporate Financing efficiencies across Portfolios. Programme Boards had been established for each Portfolio which were attended by both Officers and Members, with the remit of tracking efficiencies and highlighting risks and mitigating actions in relation to the achievement of the 2015/16 efficiencies. Paragraphs 3.06 to 3.22 highlighted the risks identified through the work on efficiencies and budget forecasting. There was a projected underspend of £0.300m against a new pressure of £0.338m in respect of the transfer of the responsibility for the former Independent Living Fund from UK Government to devolved administrations and because of a delay in the increase in planning fees by Welsh Government which will not now take place until 1 October 2015. The Finance Manager commented on fluctuating recycle sale values and the volatility in demand for Out of County Placements which could not be predicted with any certainty. The final level of Council Fund Contingency Reserve brought forward into 2015/16 was £4.745m subject to Audit. There were no significant variances identified at this stage within the Housing Revenue Account (HRA).

In response to a query from Councillor Ron Hampson about Out of County Placements, the Chief Executive indicated that the area would continue to be monitored but added that as the service was demand led, costs on the service could not be predicted.

Councillor Arnold Woolley referred to the issue of recycling and said that pressures on the service had been mitigated by an increase in the recycling rates to 58% and the work undertaken by Streetscene, which he felt should be commended. He suggested that this could have a positive effect on the pressure. The Chief Executive explained that some of the markets for the sale of recyclables had variable performance.

Councillor Nigel Steele-Mortimer raised concern that the efficiency of £0.203m for funding for Voluntary Sector Organisations would not be achieved as the payments were in the control of the Council. In response, the Corporate Finance Manager said that there had been an error in the 2015/16 budget as the figure should have been for a period of three years not for one year.

On the projected overspend of £0.170m for Children's Services (Family Placement), Councillor Andy Dunbobbin felt that this figure would increase due to the cuts to benefits such as Tax Credits. The Chief Executive said that the service had been under significant pressure due to the number of referrals and added that the full outcome of the Care and Social Services Inspectorate Wales (CSSIW) report was still awaited.

Councillor Marion Bateman sought clarification on the projected shortfall in income of £0.150m from the gas engines at Brookhill and Standard Landfill Sites due to issues with the electrical equipment. It was agreed that the Corporate Finance Manager would provide a written response. The Chief Executive said that a plan for more efficient machinery had been agreed.

RESOLVED:

That the report be received and noted.

21. REVENUE AND CAPITAL BUDGET MONITORING 2014/15 (OUTTURN)

The Finance Manager introduced a report to provide Members with the Revenue Budget Monitoring 2014/15 and Capital Programme 2014/15 reports as at Outturn.

Revenue Budget Monitoring 2014/15

The final position in relation to revenue was that net in-year expenditure was £1.804m lower than budget. The report included a brief overview of the year and included details of the significant work that needed to be undertaken to rebase the staffing budgets following the implementation of the Single Status agreement in June 2014. On Corporate and Functional Efficiencies, the Finance Manager explained that £7.675m (87%), of the £8.840m of specific efficiencies that had been budgeted for, had been achieved and this had resulted in a net underachievement of £1.165m. The full analysis was provided in appendix 3. Section 4 explained that the carry forward requests for 2015/16 that were identified in the month 12 report had all been approved and this report included two additional carry forward

requests for Community & Enterprise. Details of the provisions for inflation and non-standard inflation were provided in Section 5 and Unearmarked reserves at 31 March 2015 was £4.745m; full details were provided in appendix 4. On the Housing Revenue Account, the outturn position reported an overall underspend of £0.345m and a closing balance of £1.510m which at 5% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.

Capital Programme 2014/15 (Outturn)

The Corporate Finance Manager introduced a report to provide Members with the Capital Programme Outturn information for 2014/15. The table in the report set out how the programme had changed during 2014/15 and detailed cumulative information relating to each programme area was provided in appendix A. Changes during the programme had resulted in a net increase in the programme total of £1.1865m (Council Fund (CF) £1.790m, Housing Revenue Account (HRA) £0.075m). Outturn expenditure across the whole of the programme was £40.372m and it was reported that 92.90% of the budget had been spent (CF 91.68% and HRA 95.90%). The Corporate Finance Manager explained that during the quarter, further rollover of £3.087m had been identified and would result in a total of £5.449m rollover into 2015/16 if the request was approved.

Section 3.07 provided details on how the capital programme was to be financed through a combination of general and specific financing routes and also detailed the final position in relation to capital receipts.

In relation to capital receipts, the table in 3.07.3 showed that the shortfall brought forward of £1.578m had now moved into a surplus position of £1.322m which in effect was due to the sale of 2 large assets at the very end of March 2015 which it had been assumed would be completed in 2015/16 and that this surplus amount of £1.322m was in addition to the unallocated amount of £0.333m approved in the budget which meant that there was £1.655m of capital funding available to fund the ongoing demands of the capital programme from 2015/16. One such call on these resources would be some of the capital implications arising from Portfolio Business Plans aimed at improving services and achieving efficiencies.

RESOLVED:

That the report be received and noted.

22. MANAGEMENT OF THE WORKFORCE CHANGE PROGRAMME

The Chief Executive introduced a report to present the internal self-assessment of the Council's performance in managing the first major programme of workforce reduction against the recommendations of the Wales Audit Office (WAO) in its recent national study of public sector practice and performance.

He detailed the background to the report and explained that the WAO had undertaken a study of how well Councils had managed the practice of people leaving public sector employers through redundancy programmes. The Chief Executive highlighted recommendation R1 where it was suggested that Flintshire County Council's policy and practice be recommended to the WAO as an exemplar. An independent officer panel with Trade Unions had been established and the process of dealing with Voluntary Redundancy applications had been effective. The summary report included details of early departures from employment by sector which highlighted that the lowest spend (£18,786) on voluntary exits was within Local Government and National Park Authorities for 4.6% of the workforce and the figure for Welsh Government was the highest (£49,983) for 15.3% of the workforce.

In response to a query from Councillor Richard Jones about enhancement packages offered as part of voluntary redundancy schemes, the Chief Executive explained that some organisations offered enhancements such as 'added years' but this did not form part of the package offered by Flintshire County Council. Any enhancements offered would increase the costs of the packages and the Chief Executive indicated that this could be part of the reason for the relatively higher costs paid within the NHS and civil service.

RESOLVED:

- (a) That the Committee is assured of local policy and practice and its effectiveness in managing such a complex change programme; and
- (b) That the Committee supports the recommendation of Flintshire policy and practice as an exemplar to the Wales Audit Office

23. FORWARD WORK PROGRAMME

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

The reports which were to be considered at the meeting scheduled for 10 September 2015 were listed in the Forward Work Programme. The Police & Crime Commissioner was due to attend the meeting on 8 October 2015 to discuss the Crime & Policing Plan for 2016/17 and would also attend the County Council meeting scheduled for 23 July 2015. The Member Engagement Manager also highlighted the reports that were to be considered at that meeting. Members were reminded of the Forward Work Programme workshop that had been scheduled for 22 July 2015.

In referring to the Medium Term Financial Plan, the Chief Executive advised that a Member workshop was due to be held on 30 July 2015 and added that update reports on the Plan would be considered by this Committee at future meetings.

RESOLVED:

- (a) That the Forward Work Programme as submitted be approved with the Medium Term Financial Plan being added as a monthly item; 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.

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

RESOLVED:

That the press and public be excluded for the remainder of the meeting for the following items by virtue of exempt information under paragraph 15 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

25. SINGLE STATUS CLOSURE REPORT

The Chief Executive presented the closure report on the Single Status project.

The Chief Officer (Governance) provided details on the progress of the Equal Pay claims and the Human Resources Manager commented on the completion of the COT3 agreements.

RESOLVED:

That the Committee endorses the approach which has been taken to closing the Single Status project and accepts the recommendations in the report.

26. RESTRUCTURE OF ICT SERVICE

The Chief Officer (Governance) introduced a report on the streamlined establishment structure for the Information and Communication Technology (ICT) service

Councillor Carolyn Thomas sought clarification on the infrastructure for Education Information Technology and Councillor Richard Jones asked about Service Level Agreements between schools and the ICT service. A detailed response on both issues was provided by the Chief Officer (Governance).

RESOLVED:

That the Committee endorses Cabinet's approval of the streamlined structure for ICT.

27. MEMBERS OF THE PUBLIC AND PRESS IN ATTENDANCE

There was one member of the public in attendance.

(The meeting started at 9.30am and ended at 11.01am)

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Chairman