

MINUTES OF A MEETING OF THE CORPORATE OVERVIEW AND SCRUTINY COMMITTEE HELD IN COUNCIL CHAMBER, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON MONDAY, 11 FEBRUARY 2019 AT 10:00

Present

Councillor CA Green – Chairperson

JPD Blundell	N Clarke	T Giffard	M Jones
RL Penhale-Thomas	B Sedgebeer	RMI Shaw	JC Spanswick
T Thomas	CA Webster		

Apologies for Absence

J Gebbie

Officers:

Susan Cooper	Corporate Director - Social Services & Wellbeing
Mark Galvin	Senior Democratic Services Officer - Committees
Lindsay Harvey	Corporate Director Education and Family Support
Gill Lewis	Interim Head of Finance and Section 151 Officer
Tracy Watson	Scrutiny Officer
Kelly Watson	Head of Legal & Regulatory Services

105. DECLARATIONS OF INTEREST

Councillor C Webster declared an interest in Agenda items 3 and 4, due to her son being in receipt of Home to School Transport (Out of County Placement)

106. BUDGET MONITORING 2018 -19 - QUARTER 3 FORECAST

The purpose of this report is to provide the Committee with an update on the Council's financial position as at 31st December 2018.

By way of background, the Interim Head of Finance advised, that on 28 February 2018, Council approved a net revenue budget of £265.984 million for 2018-19, along with a capital programme for the year of £33.693 million, which has since been updated to take into account new approvals and slippage between financial years. As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

Paragraph 4.1.1. of the report confirmed the Council's net revenue budget and projected outturn for 2018-19, with Table 1 in this section of the report reflecting a comparison of budget against projected outturn at 31 December 2018.

The Interim Head of Finance then expanded upon some of the financial detail included in the Table for the benefit of Members.

Table 2 on page 6 of the report reflected once more in tabular format, some outstanding Prior Year Budget Reductions on a Directorate by Directorate basis.

Paragraph 4.2.5 of the report then showed the Budget Reductions for 2018-19, and these totalled £6.123m, broken down in Appendix 2 (of the report) and summarised in

Table 3. The current position was a projected shortfall on the savings target of £379k, or 6.2% of the overall budget target.

Paragraph 4.3 of the report then gave some commentary on the financial position as at 31 December 2018, in the form of a summary for each main service area (Appendix 3 to the report) with comments on the most significant variances shown in this part of the report. This also gave a summary on Council Wide budgets.

The Interim Head of Finance then shared information with Members regarding the monitoring of the Capital Programme and the Review of Earmarked Reserves, with Table 4 in paragraph 4.5.2 showing movement on the latter to the end of Quarter 3.

Finally, she concluded her submission, by referring Members to data in Table 5 of the report, which showed the Net Appropriations to/from Earmarked Reserves to Quarter 3.

A Member felt that good progress had been made with regard to budget reductions in Quarter 3, particularly as the Communities Directorate had shown an improvement in savings from previously, of around 8%.

The Interim Head of Finance referred the Committee to the narrative that followed Table 2 in the report, areas where savings had been targeted but not met and these included Reductions to the Materials Recovery and Energy Centre (MREC) where there was a shortfall of £200k which was not likely to be met by year end.

The Interim Chief Executive advised that in terms of the saving earmarked, but not yet achieved with regards to Permitting Scheme for Road Works (£100k), this was due to delays in the approval process with Welsh Government (WG). These deliberations were ongoing however he added, so he was hopeful that the saving would be made in the not too distant future.

With regard to there being no shortfall in terms of savings earmarked for the Chief Executives Directorate, the Interim Chief Executive explained that some cautiousness needed to be given there, as there were staffing restructure and transformation proposals taking place/proposed in this Directorate.

The Head of Legal and Regulatory Services added to this, by stating that there were no plans for reductions in staff in the Legal Department this year, and that there had been some added capacity in order to support the Lawyers, through the recruitment of Paralegal staff.

In relation to the shortfall of savings in the Social Services and Wellbeing Directorate which presently amounted to around £783k, a Member felt that as this was a significant amount of savings yet to be achieved, there should be some narrative (in the report) explaining how this was going to be met, including timescales etc. He acknowledged that there was a Delivery Plan in place directing this, but he felt that some explanation should be given also as this was a significant amount of shortfall.

The Corporate Director – Social Services and Wellbeing explained that the Delivery Plan had been in existence for two years and was on target in terms of the shortfall being met as per the timetable included in the Plan. The over spend would take some time to be delivered, and was being met through a number of ways, including more innovative ways of working, as well as changing the way certain services were being delivered. She added that the over spend had reduced from £1.2m to where it presently stood. The difficulty was a historical one, in that the numbers of Looked After Children/Out of County placements were difficult to predict or control, and though the numbers of these cases were reducing. There was some good work also being undertake in fostering

more in-house and improved working arrangements for those individuals receiving Residential Care, which was also making in-roads into the overspend she added.

Members noted that savings were still having to be made in the Communities Directorate, not just as earmarked savings that the Directorate was required to make in its own right, but also in order to support certain statutory services within the Directorates of Education and Family Support and Social Services and Wellbeing, and that in some areas of the Authority job vacancies were being held in order to negate possibly further future savings that may require to be made under the Medium Term Financial Strategy (MTFS).

A Member noted from page 13 of the report, that there was a projected over spend of £140k across the service of Fleet Services, similar to the 2017-18 outturn, due to a downturn in income arising from reduced spend by Directorates, and that the Directorate planned to undertake a review of the service in the near future. He asked when this review would take place and would the service then work more effectively.

The Interim Chief Executive confirmed that presently Fleet Services re-charged Directorates for the purchase and maintenance of fleet. He was unsure presently if the mechanism of re-charging would be subject to any significant change (the Policy here would be the subject of further examination), until the review was completed and the productivity and effectiveness of the service was gauged going forward. The importance of this particular service was that it at least breaks-even or makes money as opposed to the service being in deficit in terms of business productivity.

Recommendations:

- Members noted the outstanding prior year budget reductions by the Communities and Education & Family Support Directorates, as presented in table 2. Members recommend that future reports provide more detailed narrative in terms of shortfalls, particularly in relation to the Social Services & Wellbeing Directorate.
- Members also noted again that further narrative is also needed in respect of the variances to Fleet Services under 4.3.3, to show what needs to be done and how it is going to be done. Members recommend that the narrative include details as to the timescales for the Fleet Services review.

107. **CAPITAL STRATEGY 2019 - 20 ONWARDS**

The Interim Head of Finance and Section 151 Officer submitted a report, the purpose of which, was to present to the Committee the draft Capital Strategy 2019-20 to 2028-29, including the Prudential Indicators (Appendix A to the report referred.)

By way of background, she advised that the control on Capital Expenditure is based on legislation. The Local Authorities(Capital Finance and Accounting) (Wales) Regulations, as amended, contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.

In December 2017, CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities. The above revised Code has placed a requirement on local authorities to determine a Capital Strategy, to be approved by full Council, which will demonstrate that the authority takes capital expenditure and investment decisions in line

with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

She advised that following approval of the Capital Strategy, any schemes for which external funding has been approved will be added to the Capital Programme once the funding has been accepted and included in the next capital programme report to Council.

She referred Members to the draft Capital Strategy and associated schedules which were contained in Appendix A of the report.

This, which would be the subject of reports to both Cabinet and Council in February, would confirm the Council's compliance with the Prudential Code for Capital Finance in Local Authorities. It would set out certain guiding principles for capital decisions, as well as setting out a framework for the self-management of capital finance and examines key financial areas as shown in bullet point format in paragraph 4.4 of the report.

The Interim Head of Finance and Section 151 Officer added that the Strategy also reports on the delivery, affordability and risks associated with the long-term context in which capital expenditure and investment decisions are made.

Finally, she referred to the key aims and guiding principles of the Capital Strategy, giving a resume upon each of these also.

A Member referred to page 52 of the Appendix, half way down this page where it confirmed that the total value of Investment Properties was £4.360m as at 31 March 2018, which has generated a rental income of £438,000 per annum. She asked if this was gross or net income.

The Interim Head of Finance and Section 151 Officer advised that this was net income.

A Member referred to page 61 of the Appendix and Risk Management, where it listed three risks that the Council's activities exposes itself to, ie Credit risk, Liquidity risk and Market risk. In relation to these, he asked what mitigations the Authority had in place to prepare itself for the outcome of Brexit.

The Interim Chief Executive confirmed that a Brexit Forum had been set-up within the Council, in order to establish the possible impact the outcome of Brexit would have on business organisations comprising both the public and the private sector and the Forum intended to put together a Risk Register (identifying key potential risks to BCBC), that would in due course, be presented to Cabinet for consideration. As soon as these risks were fully established then these in turn, would look to be mitigated.

The WLGA were also in the next few weeks, intending to hold a meeting regarding Brexit and he confirmed that he would establish the date of this and put it in Members calendars accordingly.

A Member referred to page 68 of the Appendix where it advised, that though S106 monies come from developer contributions through the planning system, unless there are service specific conditions on the use of the S106 (which generally there are), the monies should be used to support existing Council priorities and commitments rather than be allocated to new schemes. Any S106 monies received without a service or scheme specific allocation within the planning agreement will be allocated in line with Council's capital scheme priorities. He disagreed with this principle, adding that any S106 allocation should be committed to the development or failing that, the area it was intended for.

The Interim Head of Finance and Section 151 Officer, advised that most S106 contributions were very specific and were being spent within areas they were allocated for. However, historically if small amounts or pockets of such finance were not fully utilised or exhausted, then they could be used to financially support other Capital Schemes.

The Interim Chief Executive advised that he would link in with the Planning Department and ask for further information in respect of the above, and in turn, provide this to all Members and not just members of the Corporate Overview and Scrutiny Committee and/or Development Control Committee.

A Member felt that the subject of Community Asset Transfer needed to feature in the Capital Strategy, in order that some financial commitment should be made to Council assets so that these can be improved and then possibly be taken over by certain local community groups or organisations. This initial outgoing would in time save money for the Council (if such assets were taken out of its hands) and operated and maintained independently by others.

The Interim Chief Executive advised that the Council had committed around £1m to parks and playing facilities, sports pavilions and changing rooms etc, in order to undertake much needed maintenance to these buildings, so that there would be an increased chance of these being taken over by Sports Clubs and Associations, hence saving the Council money in the longer term. The allocation of this commitment had now been relaxed he added, to cover a wider area of assets than just the above.

The Interim Head of Finance and Section 151 Officer advised the Committee that there were some guiding principles that required consideration in respect of the Authority's plans with regard to spend of its Capital Allocation and these were required to be both prudent and sustainable.

In terms of the Council's assets overall, it was necessary to carry out any maintenance or undertake any improvement/renovation works to these buildings in order of priority, following consideration any element of risk in accordance with health and safety regulations.

A Member pointed out that the Council now unfortunately had very limited scope to allocate resources to improve its building assets to any significant degree under its MTFS and possible when there had been increased finances available to pursue this prior to austerity, more work should have been carried out to these then.

The Interim Head of Finance advised that the Corporate Landlord section of the Council had instigated a number of Condition Surveys of its assets and arising from this, put together an Inventory of all of these. There were plans to carry out improvements to its stock, but she agreed that there was only a limited level of resources available to do this on a priority by priority basis. It was conceivable that if certain outside organisations did not show an interest in taking of the maintenance of some of these and they fell into a bad state of repair, then they would close due to failing health and safety requirements.

As this concluded the business the Invitees had been asked to attend the meeting for, the Chairperson thanked them on behalf of Members, following which they retired from the meeting.

Recommendations:

- Further clarification is needed on the wording on page 68 in terms of S106 contributions.
- It was also discussed that the information would be circulated to all Members in respect of S106. Members recommend that this include the following:-
 - a position statement to show all Section 106 agreements to date;
 - how much was agreed;
 - what it is for;
 - how much has been spent and what balance if any remains and what the balance can be used for.
- Members further recommend that the information should be broken down into wards so that each and every Councillor can easily relate the funds to their ward.
- Members have requested further clarity about interest accrued on funds sitting in the BCBC Section 106 account and what it is used for.

The Committee asked for condition surveys to be brought back to members in terms of assets.

108. **OVERVIEW AND SCRUTINY FORWARD WORK PROGRAMME 2019/20**

The Scrutiny Officer submitted a report on the above matter, in order to present:-

- a) the items due to be considered at the Committee's meeting to be held on 3 April 2019 and seek confirmation of the information required for the subsequent scheduled meeting, the date for which has yet to be confirmed.
- b) a list of responses to comments, recommendations and requests for additional information from the previous meeting of the Corporate Overview and Scrutiny Committee;
- c) a list of potential Forward Work Programme items for formal prioritisation and allocation to each of the Subject Overview and Scrutiny Committees.

The report attached at Appendix A, feedback from recent meetings of the Corporate Overview and Scrutiny Committee, whilst Appendix B detailed items to be considered at its next meeting the date for which had been provisionally set for 3 April 2019.

The Scrutiny Officer then referred Members to Appendix C of the report, which outlined topics prioritised and agreed by the Corporate Overview and Scrutiny Committee for each of the Subject Overview and Scrutiny Committees (SOSCs) Forward Work Programmes. Table 1 detailed the items for the next set of each of these, whilst Table 2 contained suggested topics for future meetings after this.

She also suggested that any such meetings scheduled for April and May 2019, could possibly be used as a series of Workshops in order to consider further items for the Committees' Forward Work Programmes 2019/20.

RESOLVED: That the report and supporting information including that outlined above, be noted.

109. URGENT ITEMS

None.

The meeting closed at 11:45