

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Strong Communities Select Committee held
at The Council Chamber, County Hall, Rhadyr, Usk, NP15 1GA on Thursday, 31st
January, 2019 at 10.00 am

PRESENT: County Councillor J.Pratt (Chairman)
County Councillor A. Webb (Vice Chairman)

County Councillors: A. Easson, L. Guppy, L.Jones, R.Roden,
V. Smith, P. Murphy and S.B. Jones

Also in attendance County Councillor(s):

OFFICERS IN ATTENDANCE:

Peter Davies	Chief Officer, Resources
Mark Howcroft	Assistant Head of Finance
Dave Loder	Finance Manager
Richard Williams	Democratic Services Officer

APOLOGIES:

County Councillors R. Harris

1. Declarations of Interest

County Councillor A. Easson declared a personal, non-prejudicial interest pursuant to the Members' Code of Conduct in respect of agenda item 5 - Revenue and Capital Monitoring 2018/19 Outturn Statement regarding car parking implications in respect of blue badge charges, as he is a blue badge holder.

2. Public Open Forum

3. Capital Strategy Assessment 2018-19 and Draft Capital Budget Proposals 2019-20 to 2022-23

Context:

1. Chartered institute of Public Finance and Accountancy (CIPFA) produced a revised regulatory Code in December 2017, which included a need for local authorities to produce a Capital Strategy. The requirements were staggered with an aim for reporting compliance during 2018/19 with a full Capital Strategy implemented for 2019/20. This report concentrates on the former in evaluating the governance, planning and priority setting involved in presenting 2019-20 capital budget proposals and the 3 years thereafter making up the collective capital medium term financial plan.

2. CIPFA report that a Capital Strategy should be tailored to individual circumstances and consequentially don't volunteer a prescriptive format. The overall intent is that any Capital Strategy should allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured. The overall purpose of a capital strategy being to provide opportunity for engagement with Full Council to

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ensure overall strategy, governance procedures and risk appetite are fully understood by all elected members.

3. The code, in describing the Capital Strategy, reports it can be delegated to Cabinet (or similar body) with Full Council being responsible. MCC's approach is to report budget setting process through Cabinet, with consideration and approval of the future capital programmes resting with full Council. The Council's Constitution is consistent with compliance requirements. It is anticipated that the actual resulting capital strategy will be reconciled and consistent with a wider financial strategy and both available for consideration during Spring cycle of meetings.

Key Issues:

Strong Communities Select Committee to consider and provide feedback upon the budget assumptions, pressures and savings proforma affecting this Select portfolio area.

1. That Cabinet considers the capital strategy requirements and assesses the preparedness of current practices to satisfy capital strategy compliance obligations for onward endorsement to Council as part of capital strategy report in January 2019.

2. That Cabinet considers the annual core capital programme identified in Appendix 2 for 2019-20, together with the additions proposed in paras 6.14 to 6.18, and issues its draft capital budget proposals for 2019/20 to 2022/23 for consultation purposes.

3. That Cabinet reaffirms the principle that during the financial year, any new schemes volunteered can only be added to the programme if the business case demonstrates that they are self-financing or if the scheme is deemed a higher priority than current schemes in the programme and therefore displaces it.

4. When considering the relative merits of projects and potential displacement, that Cabinet consider the indicative priority matrix supplied in para 4.15, either endorsing or amending it for onward consideration by full Council.

5. That Cabinet considers the extent of proposed sale of assets captured in exempt Appendix 5, in order to support the capital programme, and that once agreed, no further options are considered for these assets.

6. That Cabinet note the potential forecast of capital receipt levels, prior to the consideration of using £75,000 of receipts balance to afford condition survey work to update historic condition survey information and a ceiling of capital receipts funding of £300k to assist with the business case affordability of

Severn View Residential Home replacement. Any excess of capital receipts generated thereafter is proposed to be applied by Treasury colleagues in a fashion that will mitigate minimum revenue provision costs and interest payments, to assist with revenue budget management. This is a change in capital receipt strategy to that applied in earmarking receipt generation to afford Members tranche A Future Schools aspirations. This will mean that any further school redevelopment will need to derive a greater extent of revenue headroom to afford the prudential borrowing financing of such developments.

Capital Strategy Summary Considerations

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1. The Capital Strategy sets out the council's approach to capital investment over a longer timeframe than is traditional in the 4 year medium term financial plan and will provide a framework through which our resources, and those matched with key partners, are allocated to help meet strategic priorities.

It is about planning, prioritisation, management and funding and is more informed by the council's consideration of:

- Corporate Plan
- Asset Management Plan
- Commercial Investments Strategy
- Treasury Management

Member Scrutiny:

The Assistant Head of Finance/Deputy Section 151 Officer presented the report and invited questions and comments from the Select Committee as follows:

- A Member asked about any areas of uncertainty in the Capital Programme, and any plans to mitigate them. Maintenance of assets is the main aspect and available funds are distributed as appropriately as possible. The main pressure is highway maintenance. The Capital Programme is not yet finalised, some bids are outstanding and next year some additional resources are likely to be included in the final settlement.
- The Member expressed concern about interest rates going forward, factors that may affect them and the position of lenders. Members were referred to the Treasury Management Strategy. It was added that the Public Works Loan Board provides concessionary loans to public sector at a preferential rate. There is also a policy of internal borrowing to keep borrowing costs low. Additionally, short term loans are used recurrently as they are currently less expensive than longer term loans.
- A question was asked about the tendering process for the new schools. It was confirmed that the same contractor was used for the two new schools, and that the contracts were put out to public tender. Welsh Government are looking at the advantages of a design model for all new schools in Wales to assess potential for economy of scale and similar pupil experience. The Cabinet Member, Resources explained that the design of both new schools was based on the requirements of the pupils, staff and curriculum. In response to a comment, the Cabinet Member assured that both schools are built to the correct standards, and staff are involved with the design team. Snagging and defect work is ongoing and any lessons learned will be taken forward.
- A Member asked for information regarding £75,000 for a conditions survey and was informed that this is the cost of new conditions surveys for existing assets.
- Considering the £300,000 earmarked to assist the business case for Crick Road, a Member asked for an update on viability. It was responded that the costs are currently being checked. It was noted that the project doesn't currently balance hence the addition of a buffer to facilitate the project going forward. It was confirmed that there are two business case options are under consideration; 32 bed (social care) and 48 bed (32 social care and 16 health related). Discussion continues with the Health Board. It was questioned if this falls within the

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Investment Committee's portfolio but explained that it is a Capital expenditure decision for full Council.

Committee's Conclusion:

The Chair summarised that there had been some excellent questions about the Capital Assessment Strategy through discussion of investments e.g.:

- 21st C Schools
- Replacement of Severn View

The Assistant Head of Finance/Deputy Section 151 Officer was thanked for his attendance at the meeting.

4. Summary Revenue Budget Proposals 2019/20

Context:

1.1 The backing main report is being shared with all Select Committee members so that they can understand the holistic budget position being considered by Cabinet. The holistic nature of that report recognises that savings proposals should not be viewed in isolation, and may be necessary to allow other service priorities to be maintained.

1.2 Subsequent to the consultation process and feedback from individual Select Committees and other representative groups on particular proposals, the resulting report will be provided to full Council in their consideration of settling a balanced budget for 2019/20.

1.3 This abridged report seeks to ensure that all proposals have a designated scrutiny oversight, and the tables below highlight those illustratively earmarked to the Scrutiny role of Stronger Communities Select Committee for specific feedback.

Key Issues:

It is recommended that Select Committee consider specifically the following table of pressure and savings below, with a view to providing pertinent feedback on the adoption or otherwise of such by full Council in its subsequent consideration.

Member Scrutiny:

The report was introduced by the Cabinet Member, Resources and the Assistant Head of Finance/Deputy Section 151 Officer. Questions and comments were invited as follows:

- A Member raised the concerns of the Monmouth and District Chamber of Commerce regarding increased car parking charges. It was suggested that reduction in usage should be measured and mitigating action taken if necessary to maintain footfall in our towns. The Head of Operations clarified that usage information for each car park with a pay machine can be provided to Members. The Head of Operations explained that the reasons for the decline in high street

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shopping are complex, related not only to car parking but to the broader high street retail offer in the town. The Cabinet Member added that information on vacancy patterns and general usage is being collected to feed into the decision making process. The Head of Operations reminded the Select Committee that when car parks were last reviewed, a decision was taken that each town would have one free car park.

- A Member shared a preference for 2-3 hours free parking in Usk (or minimal charge with those wishing to stay longer charged more). In response to a query, it was confirmed that the newly installed machines accept contactless, card and cash payment. The Head of Operations informed the Select Committee that car parking in Usk will be part of a broader review of Usk that will include the retail office and public realm.
- A Member asked how the money from car parking can be spent, and a fuller report was requested. It was questioned if available space is sought for parking, referring specifically to Severn Tunnel Junction. It was requested that the money from the joint partnership with Rogiet Community Council is forwarded. It was also asked if the need for restricted parking on Station Rd at the junction of Caldicot Rd can be addressed to limit commuter parking. The Head of Operations confirmed that the funding can only be used to pay back investment into car parking, public transport and traffic management. Considering Severn Tunnel Junction, it was confirmed that the £100,000 is to provide a basic car park but a bid for substantial funding has been made to provide a park and ride car park. The Head of Operations will follow up the query about funding due to Rogiet Community Council. Regarding Station Rd, it was agreed that some work is required.
- A Select Committee Member asked if there had been any feedback about car parking charges for Blue Badge holders and the Cabinet Member, Resources reported that there was some disquiet from carers and disabled people. Comments received will be considered in final proposals.
- A Member commented that some supermarkets provide free parking for 1½ -2 hours and asked if there was a possibility that everyone could have a free first hour. A Member advocated the same policy for the whole county and at least two hours free was suggested as a practical option.
- A question was asked about the viability of services at all household waste transfer stations where there are various day closures. A study has been requested on future feasibility. It was agreed that two sites need more investment. Regarding reducing opening times, it was explained that it is more cost effective to close for two days per week than to reduce opening hours each day.
- Concern has been expressed about the Mitchel Troy site closing on Thursdays and Fridays as there could be overuse on Saturday and Sunday with consequent congestion on the road between Trellech and Monmouth. It was suggested that the days of closure could be switched with Usk and responded that this could be an option. Assurance was provided that sites are available every day.
- A Member supported Usk household waste transfer station remaining open: and long term moving away from the car park on health and safety grounds. It was responded that potential alternative sites for Usk and Monmouthshire have been considered.
- Related to site closures, a Member commented that black bag usage and fly tipping could increase. It was suggested that contactless charging could be introduced for

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out of county, non-permit holding users instead of the need to handle cash. Additionally, a Member suggested providing a visible sign to be hung from a vehicle rear view mirror to indicate Monmouthshire residence.

The Head of Operations agreed that increases in black bag usage and fly tipping will be monitored. The feasibility of contactless payment and a hanging permit can be considered for future schemes. More information on potential timescales will be provided outside the meeting.

- A Member questioned why there is no collaboration with neighbouring authorities, specifically, Newport City Council. The Cabinet Member, Resources informed the Select Committee that there has been communication but no outcome to report currently.
- A question was asked about the potential loss of a grass cutting contract with a housing association, and consequent effect on staffing. It was confirmed that a very cost effective bid has been submitted and the outcome will be reported to Members when the contract is awarded.

Committee's Conclusion:

The Chair thanked the Head of Operations for his attendance.

5. Revenue and Capital Monitoring 2018/19 Outturn Statement

Context:

The purpose of the report is twofold,

- to provide all Members with holistic information on the revenue and capital outturn position of the Authority at the end of reporting period 2 which represents the financial outturn position for the 2018/19 financial year based on October inclusive activities.
- to be considered by Select Committees as part of their responsibility to,
 - assess whether effective budget monitoring is taking place,
 - monitor the extent to which budgets are spent in accordance with agreed budget and policy framework,
 - challenge the reasonableness of projected over or underspends, and
 - monitor the achievement of predicted efficiency gains or progress in relation to savings proposals.

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Recommendations Proposed to Cabinet

1. That Members consider a net revenue forecast of £316,000 surplus, and approves the local education authority costs of compromise agreements being borne by the corporate redundancy budget rather than Children and Young People Directorate.
2. That they also recognise circa £1.3m extra capital resourcing provided recently and note that the revenue forecast is predicated on capitalising £444k expenditure accordingly, a decision that still needs to be considered by full Council in January 2019.
3. That Members note the 86% delivery of the budget setting savings agreed by full Council previously and a need for remedial action/savings in respect of £727k savings reported as delayed or unachievable by service managers.
4. That Members consider the capital outturn spend of £40.8m, introducing a £1m anticipated overspend and the presumption made around financing such as per para 3.6.7.
5. That members note the anticipated use of reserve funding predicted at outturn and the low level of earmarked reserves, which will notably reduce the flexibility the Council has in re- engineering services and facilitating change to mitigate the challenges of scarce resources going forward.
6. Members note the extent of movements in individual budgeted draws on school balances, and reported recovery plan intentions as a consequence of their approving changes to Fairer Funding guidelines since month 2

Member Scrutiny:

- A Member asked about street lighting, and the move to LED lights and questioned the increased energy costs to £72,000 per annum. It was responded that lighting columns and lights were changed under a Welsh Government Scheme that incurred some costs to pay the loan. Savings will be achievable in the longer term. The Member asked about the effect of the drop in the value of the pound and oil prices, and a no deal Brexit. It was suggested that prices are rising and the authority is mitigating by undertaking energy efficiencies e.g. PV panels and solar farms. There is an option to apply for generating status to become more self-sufficient. Information was provided that the value of the energy contract has increased by 16%.
- The Chair asked about reserves and the ability of the authority to cope with major problems, and to protect our rural community e.g. in relation to Brexit. It was responded that the council has £7million for the short term and then Welsh Government would be expected to step in.

Committee's Conclusion:

The Chair commented that there had been an excellent debate on the budget, and thanked the Officers for their attendance.

6. Confirmation of Minutes

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The minutes of the Strong Communities Select Committee meeting held on 6th December 2018 were confirmed and signed by the Chair.

7. Action list

The Action List was noted. A update was requested on actions completed.

8. Strong Communities Select Committee Forward Work Programme

The Forward Work Programme was noted.

13th February 2019: Special Meeting on Toilet Strategy – For information, it was confirmed that site visits to as many Council owned toilets as possible throughout the county, including those adopted by town and community councils, will be undertaken, and previous survey work will be included. Members were encouraged to read all the material provided.

9. Cabinet & Council Forward Work Programme

The Cabinet and Council Forward Work Plan was noted. Clarification was requested regarding which Select Committee would consider questions about Mounton House Special School.

10. Next Meeting

13th February 2019 at 10.00am (pre-meeting 9.30am): Special Meeting – Toilet Strategy

21st March 2019 at 10.00am (pre-meeting 9.30am)

The meeting ended at 12.30 pm