

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Economy and Development Select Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 5th January, 2017 at 10.00 am

PRESENT: County Councillor S. Jones (Chairman)

County Councillors: D. Dovey, D. Edwards, J. Prosser and A. Wintle

Also in attendance County Councillors: P.A. Fox, R.J.W. Greenland, P. Murphy, A. Easson, R. Harris, J. Higginson and V. Smith

OFFICERS IN ATTENDANCE:

Kellie Beirne	Chief Officer, Enterprise
Peter Davies	Chief Officer, Resources
Cath Fallon	Head of Economy and Enterprise
Joy Robson	Head of Finance/Section 151 Officer
Ian Saunders	Head of Tourism, Leisure and Culture
Richard Jones	Policy and Performance Officer
Marie Bartlett	Finance Manager
James Woodcock	Business Insights Manager
Hannah Jones	Youth and Community Officer
Richard Williams	Democratic Services Officer
Nicola Perry	Senior Democracy Officer

APOLOGIES:

County Councillors S. White and D. Evans

1. Declarations of Interest

County Councillor S. Jones declared a personal, non-prejudicial interest pursuant to the Members' Code of Conduct, in respect of agenda item 6 – Strategic Risk Assessment 2016, concerning the apprenticeship levy and rate revaluation.

2. Public Open Forum

There were no members of the public present.

3. Confirmation of minutes

The minutes of the Economy and Development Select Committee dated 24th November 2016 were confirmed and signed by the Chairman.

4. Draft Capital Budget Proposals 2017/18 to 2020/21

Context:

To outline the proposed capital budget for 2017/18 and the indicative capital budgets for the three years 2018/19 to 2020/21.

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Key Issues:

Capital Medium Term Financial Plan (MTFP) issues:

- The four year capital programme is reviewed annually and updated to take account of any new information that is relevant.
- The major component of the capital MTFP for the next few years is the Future schools programme. The Council has recently approved further funding for this programme at its meeting held on the 20th October 2016.
- There are a number of other areas where there is a commitment to invest, however the schemes currently sit outside the programme as work progresses to identify the funding requirements. These are:
 - Monmouth Pool – commitment to re-provide the pool in Monmouth as a consequence of the Future Schools Programme.
 - Abergavenny Hub – commitment to re-provide the library with the One Stop Shop in Abergavenny to conclude the creation of a Hub in each of the towns.
 - Disabled Facilities Grants – the demand for grants is currently outstripping the budget, work is being undertaken to assess the level of investment required to maximize the impact and benefit for recipients.
 - City Deal - 10 Authorities in the Cardiff City region are looking at a potential £1.2 billion City Deal. Agreement to commit to this programme is being sought across the region in January 2017 and so would impact on the capital MTFP. The potential impact on individual authority budgets is currently being modelled in advance of decisions on specific projects and profiles in order for authorities to start reflecting the commitment in their MTFPs.
 - J and E Block – the office rationalization programme is being considered to see if there is a solution that would enable the Magor and Usk sites to be consolidated, releasing funding to pay for the necessary investment to bring the blocks into use.
- A strategy that enables the core programme, Future Schools and the above schemes to be accommodated is being developed. Notwithstanding this there will still remain a considerable number of pressures that sit outside of any potential to fund them within the Capital MTFP and this has significant risk associated with it. Cabinet has previously accepted this risk.

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- The current policy is that further new schemes can only be added to the programme if the business case demonstrates that they are self-financing or the scheme is deemed a higher priority than current schemes in the programme and therefore displaces it.
- In summary, the following other issues and pressures have been identified:
 - Long list of back log pressures – infrastructure, property, DDA work and public rights of way. None of these pressures are included in the current capital MTFP, but this carries with it a considerable risk.
 - Capital investment required to deliver revenue savings – this is principally in the area of office accommodation and looking at alternative delivery models for leisure and culture, and social care, property investment and possibly Additional Learning Needs. The level of investment is currently being assessed. However, in accordance with the principle already set above, if the schemes are not going to displace anything already in the programme then the cost of any additional borrowing will need to be netted off the saving to be made.
 - The IT reserve is depleted so funding for any major new IT investment is limited. Any additional IT schemes will need to either be able to pay for themselves or displace other schemes in the programme.
 - Circuit of Wales – the Authority has undertaken due diligence work on a version of the proposal which concluded not to proceed, the current proposal is being considered by Welsh Government without recourse to Local Authority funding.

Member Scrutiny:

- The capital programme will be finalised at the same time as the revenue budget proposals which will be on the 31st January 2017.
- The Budget for Area Management in the sum of £20,000 could be further reduced or cut in the face of other pressures. However, it was noted that this budget is tied in with the general review of Area Management which will be considered by Full Council in due course. It was considered that a decision regarding this matter was required as quickly as possible before the new Council is elected in May 2016.
- The Asset Management Plan for County Farms will be scrutinised by the Economy and Development Select Committee.
- Paragraph 3.4 of the report – areas where there is commitment to invest but the schemes currently sit outside of the programme. It was noted that Cabinet could add these items to the Capital programme for 2017/18.

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- Disabled Facilities Grant – It was noted that when the budget consultation was launched, this matter had been put out for review to see what additional grants could be provided in next year's budget. Also, Cabinet was looking at additional monies that could be put in this year's budget so that some of the back log could be cleared. Officers were currently working on providing Cabinet with a schedule of work and amounts that could be added to this year's budget.
- J and E Blocks – Work was ongoing regarding J and E blocks and Innovation House, Magor. All options relating to these sites were being investigated. Cost and affordability were the key issues with regard to these sites. Therefore, options were being considered that would be self-financing with a view to bringing J and E Blocks up to a habitable standard. An holistic business Case was being established by the Estates Team.
- In response to a Select Committee Member's question, it was noted that a Strategic Asset Management Plan is in place which could be brought to the Select Committee at a future meeting. Also, an asset investment strategy was being looked at with a view to being brought through shortly which would look at investing in opportunities and securing commercial returns. Both of these plans could be added to the Select Committee's work programme.
- IT reserve – In response to a Select Committee Member's question regarding contributions once made by Members for their IT equipment but had been stopped, it was noted that this matter had been removed by the Independent Remuneration Panel in the Local Government Measure.
- A Select Committee Member referred to the need to build new Comprehensive Schools at King Henry VIII and Chepstow to avoid these schools being disadvantaged. Also, consideration should be looked at with regard to providing a catering college on the site of a new King Henry VIII School. All of the 22 local authorities have submitted high level outline information in terms of their intent. With regard to Plan B proposals, Welsh Government are looking for local authorities to bring forward strategic outline cases in the coming months. Officers within the Authority were establishing the Revised Strategic Education Review document which will inform, influence and guide where the Authority goes forward with regard to our school estate. It was noted that this matter was on the Children and Young People Select Committee Work Programme for review, in due course.
- A Select Committee Member considered that a new Chepstow Comprehensive School could provide a focus on science and business. In response, it was noted that looking forward into the future, there was a need to be more creative with regard to the Plan B programme.
- It was noted that the Agri Urban Project was currently in phase 1 with a view to establishing plans for 2018. Catering colleges and food hubs are being considered via this project.

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Committee's Conclusion:

- The Chair thanked the officers for presenting the report.
- The Consultation period runs until 31st January 2017.
- A decision regarding the review of Area Management needed to be decided before the New Council is elected in May 2017.
- The Strategic Asset Management Plan and the Asset Investment Strategy to be added to the Select Committee's work programme.

5. Draft Budget proposals 2017/18 for Consultation

Context:

To scrutinise detailed draft proposals on the budget savings required to meet the gap between available resources and need to spend in 2017/18. Also, to consider the 2017/18 budget within the context of the 4 year Medium Term Financial Plan (MTFP) and the emergence of priorities to guide forward activities through Future Monmouthshire.

Key Issues:

The Select Committee scrutinised the Enterprise budget proposals, as outlined in Appendix 3c of the report, which related to the following departments within the Enterprise Directorate:

- Tourism, Leisure and Culture.
- Planning.
- Housing.
- Economic Development.

Member Scrutiny:

- In response to a Select Committee Member's question regarding the mandate for markets being undeliverable, it was noted that an opportunity has arisen to re-set the Budget. Therefore, this year, the opportunity was taken to redress and re-balance the pressure points within the Budget and lessen the impact on services. The markets budget falls into the issue of being able to re-set the budget. It is recognised within markets that there was an issue with a recurrent overspend as a result of a shortfall in income. An ambitious mandate had been brought through to generate further incomes. The opportunity has been taken this year to not over extend this service whilst bringing down the over spend. This allows for the markets and its budget to be taken forward in a sustainable way.

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- Apprenticeship Levy – It was noted that with regard to money coming in, this matter is being worked through. Whitehall is looking to pass money across to Welsh Government with regard to monies being collected through the Apprenticeship Levy. We will see how this money gets re-patriated back into the business community and to local authorities. This is actively being discussed in the City Deal discussions.
- Rate Revaluations – It was noted that increases across the board in Monmouthshire have been higher for businesses than in other authorities in Wales. Within Monmouthshire there is an 11% increase. Across Wales there has mainly been a decrease in rate revaluations. There are areas in Monmouthshire that are being hit hard, namely, in hospitality and retailing industries. The Welsh Government has brought forward a fund of £10,000,000 to help alleviate these pressures. However, this is only a one off grant to be spread across Wales and does not address the long term problem of rates. Details of how the grant is to be allocated is not yet available. The Select Committee will receive an update regarding the allocation of the £10,000,000 grant.
- Superannuation 21.1% employer's rate - It was noted that other authorities pay less than the 21.1% paid by Monmouthshire. It was noted that the Local Government Pension Scheme is a national scheme so it was not within Monmouthshire County Council's gift to unilaterally change the national scheme. It was considered that this matter should be referred to the Audit Committee to investigate why Monmouthshire County Council is having to carry a higher superannuation rate compared to other local authorities.
- The Enterprise Directorate's income generation proposals equate to £9,000. The Directorate has done its utmost to generate income in previous years. Alternative delivery models and different ways of working are now required and are being investigated.
- Legal Services Income Target Mandate undeliverable – The Head of Finance would contact the Head of Legal Services to ascertain the latest position with regard to this matter.

Committee's Conclusion:

- The Directorate is not aiming to over extend itself. It is a period of consolidation.
- Ensure the Directorate is sustainable.
- Members may put forward alternative budget proposals by 31st January 2017.
- The Superannuation employers rate of 21.1% to be referred to Audit Committee.

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- The Select Committee to receive updates regarding rate revaluations and the allocation of the £10,000,000 Welsh Government Grant.

6. Strategic Risk Assessment 2016

Context:

To receive an overview of the current strategic risks facing the Authority as outlined in appendix 1 of the report.

Key Issues:

The existing risks on the Strategic Risk Assessment have been updated based on evidence available in 2016. Changes to the Council's risk management policy were approved by Cabinet in March 2015 and continue to be applied to the strategic risk register. These are:

- Including pre-mitigation and post-mitigation risk scores. This was also a key recommendation from scrutiny of the 2014 risk assessment.
- Ensuring greater clarity to the phrasing of risk so that each statement includes an event, cause and effect.

The risk assessment only covers high and medium level risks. Lower level operational risks are not registered unless they are projected to escalate within the three years covered. These need to be managed and monitored through teams' service plans.

Following presentation to the select committees and Audit Committee, the risk assessment will be presented to Cabinet for sign off. The risk assessment is a living document and will evolve over the course of the year as new information comes to light.

Member Scrutiny:

- It was noted that prior to being presented to Cabinet in February 2017, a further two risks are being considered to be added onto the Register, namely, the potential risk around database breaches and access to the Council's network externally and also around business rate revaluations.
- In response to a question raised regarding housing need in Monmouthshire becoming a strategic risk, it was noted that this was an important issue and was being addressed via the Local Development Plan. However, if these trends continued then the matter could be identified as a potential risk.

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- In response to a Select Committee Member's question regarding broadband rollout being provided by housing developers, it was noted that this was not a matter for developers to provide. The Authority needed to continue to press the Welsh Government to undertake this matter throughout Monmouthshire. However, it was noted that there was opportunity with regard to the trunking of new properties being fibre enabled going into these new premises which will significantly increase the broadband speed.
- It was noted that the Welsh Government has opened a consultation process to inform the next round of funding regarding broadband infrastructure. An update from Welsh Government to the Select Committee in June 2017 will be required to explain to the Committee the latest position regarding this matter and when the work is likely to be completed. This matter to be put onto the Select Committee's work programme.
- In response to a question raised regarding financial risk to the Authority, it was noted that this matter and potential uncertainty around this matter was covered in the risk register.
- Appendix 1 ref. 2, some services may become financially unsustainable in the short to medium term as a result of reducing budgets and increasing demand – it was noted that in terms of mitigating action that has been put in place, projections are that if these are successful then there is potential to lower this risk.
- In response to a Select Committee Member's question, it was noted that in terms of the 'mitigation already undertaken column' of the register, this reflects the progress made against previous actions taken on the risk register.
- Security arrangements are facilitated via Gwent Police in conjunction with the Shared Resource Service (SRS). The SRS is assessed on an annual basis to ensure that the requisite security arrangements are in place.
- Local Government Reform – Risk 1 – awaiting the white paper from the Minister.
- It was noted that major legislation needed to be identified within existing risk going forward. Scrutiny Committees could receive an annual update around potential forthcoming legislation.

Committee's Conclusion:

- The report is a useful document for identifying what the Select Committee needs to scrutinise.
- Receive an update on the Authority's ICT Infrastructure at a future meeting.

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- ICT in schools is a critical issue for the Authority to provide the correct infrastructure for children. Future updates to the Select Committee are required.

7. List of actions arising from the previous meeting

We resolved to receive and note the list of actions arising from the Economy and Development Select Committee meeting held on 24th November 2016.

8. Economy and Development Select Committee Forward Work Programme

We scrutinised the Economy and Development Select Committee Forward Work Programme. In doing so, the following points were noted:

- Tourism Workshop – 12th January 2017 at 10.00am.
- Joint Select Committee Meeting regarding the Budget – 31st January 2017 at 2.00pm.
- Economy and Development Select Committee Meeting – 9th February 2017 at 10.00am.
- Special Economy and Development Select Committee regarding Affordable Housing - 14th February 2017 at 2.00pm.
- Special Economy and Development Select Committee regarding the Alternative Delivery Model – 27th February 2017 at 2.00pm.
- A monthly email to all Members outlining upcoming meetings and seminars would be helpful.
- A report regarding the return on investment in respect of the velothon that is pertinent to Monmouthshire to be added to the work programme for consideration at an future select committee meeting.

We resolved to receive the work programme and noted its content.

9. Council and Cabinet Business Forward Plan

We scrutinised the Council and Cabinet Business Forward Plan. In doing so, it was noted that the Asset Investment Strategy would be presented to Cabinet shortly.

We resolved to receive the report and noted its content.

10. ADJOURNMENT OF THE MEETING

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We resolved to adjourn the meeting with a view to recommencing at 2.00pm.

11. To receive a presentation regarding the Cardiff Capital Region City Deal - ALL MEMBERS ARE INVITED TO ATTEND.

The Leader of the Council, Councillor P. Fox, Chief Officer, Economy and Enterprise and Head of Economy and Enterprise were in attendance to provide a presentation on Cardiff Capital Region City Deal.

On introduction, the Chair congratulated the Leader on receiving an OBE.

We were advised that the presentation was an updated version to that published in the agenda, and it was agreed that the published version be updated to reflect the presentation received at the meeting.

Some areas highlighted in the presentation included the investment fund and areas to be invested in; the importance of governance and the strength of commitment; steps to move forward, and finance and funding contributions.

Following the presentation Members were invited to comment.

- An upcoming Council meeting to discuss City Deal further would provide an opportunity to think about the opportunities Monmouthshire wants to gain from the City Deal.
- The Leader advised that he had attended a Select Committee at Bridgend which had provided positive feedback. The report and recommendations to be presented to full Council should be easy to digest and support.
- A Member asked why the GVA in Gloucestershire is 50% greater than that in Monmouthshire. He also referred to the digital economy, and added that this could create digital isolation, and referred to concerns surrounding the Metro. In response, the Leader recognised the concerns regarding Metro, adding that improvements would be seen at Severn Tunnel, and in time, at Abergavenny. Metro is multi-modal and alternatives would be looked at. It was important that people are able to access opportunities wherever they are based, and we noted the importance of the Monmouthshire Strategic Transport Group to ensure our voices are heard in the bigger debate around transport. The Chief Officer explained that in terms of GVA, our GVA is higher than the region as a whole, and since the figures were published had grown by another 4%. There were reasons why we were not at the same level as Gloucestershire, being that our economy is about tourism, recreation, food and agriculture which were not considered high value jobs, but we do have potential to expand around growth areas. The Head of Economy and Enterprise addressed the question regarding digital exclusion. Officers were looking closely at opportunities for the region as a SMART region, working closely with a company called Kinetic. Connectivity rates were not satisfactory but this was being addressed. A 'White Space' pilot was due to start which uses old analogue television signals to broadcast

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broadband. A recent activity of mapping the digital maturity of our companies had been undertaken, which had found that those having one on one mentoring had shown a significant increase in online activity.

- A Member expressed the importance of retaining the young people of Monmouthshire, and stated that we should be offering the right education to our young people. Education should be more tailored rather than a 'one model fits all' approach. It was recognised that we were at an advantage in terms of geographical location, and we need to ensure that we grasp the opportunity for people to set down roots, and grow the economy. The Chief Officer agreed with the points made regarding education and added we also need to consider enterprise hubs, skills hubs and different kinds of apprenticeships; degree linked not just entry level.
- Reassurance was sought that specialists in education would be involved from the start to the end, not simply invited intermittently. The importance of vocational training was highlighted.
- Members were advised that should one of the 10 authorities choose to leave the deal, City Deal would continue with the remaining authorities.
- In terms of what City Deal would mean initially, the Leader highlighted:
 - A seat as a full partner in the regional agenda;
 - Partnership status in the regional economy and special strategy;
 - Fundamentally placed as the closest point in the capital region to Bristol;
 - Opportunity to lever in new bus services;
 - Opportunity to lever investment for broadband;
 - Expand our presence in the apprenticeship market;
 - Access to high value jobs.
- A Member noted the issues surrounding transport links around the County.
- A Member expressed that King Henry VIII school should be re-planned.
- We heard there would be the introduction of a replacement programme of funding to replace European funding and officers were currently working with colleagues to use the existing funds as leverage into the City Deal.

The Chair thanked officers and the Leader for the presentation. We noted further information would be provided at a special Council meeting later in the month.

The meeting ended at 3.30 pm