

**MONMOUTHSHIRE COUNTY COUNCIL**

**Minutes of the Economy and Development Select Committee  
held at County Hall, Usk on Thursday 8<sup>th</sup> January 2015 at 10.00 am**

**PRESENT:** County Councillor S. Jones (Chairman)

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

**ALSO IN ATTENDANCE:**

County Councillors R.J.W. Greenland and P. Murphy

**OFFICERS IN ATTENDANCE:**

Ms. K. Beirne	- Chief Officer Enterprise
Mr. P. Davies	- Head of Commercial & People Development, Enterprise
Mrs. J. Robson	- Head of Finance, Section 151
Mr. M. Howcroft	- Assistant Head of Finance
Mr. R. Jones	- Improvement Support Officer
Mrs. D. Hill Howells	- Head of Community Led Delivery
Mr B. Winstanly	- Acting Estates Manager
Ms. H. Ilett	- Scrutiny Manager
Mrs. N. Perry	- Democratic Services Officer

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. CONFIRMATION OF MINUTES**

We confirmed the minutes of the Economy and Development Select Committee held on 16<sup>th</sup> October 2014 and 4<sup>th</sup> December 2014 as an accurate record and they were signed by the Chairman.

It was noted that the Chairman requested an action sheet be issued going forward.

**4. PUBLIC OPEN FORUM**

There were no members of the public present.

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**5. TO SCRUTINISE THE STRATEGIC RISK ASSESSMENT**

The Committee resolved to move item 5 of the agenda to the end of the meeting as the Cabinet Members were not yet in attendance.

**6. TO SCRUTINISE REVENUE AND CAPITAL BUDGET MONITORING  
2014/15 MONTH 6 OUTTURN FORECAST STATEMENT**

We received a report from the Assistant Head of Finance to provide Members with information on the forecast outturn position of the Authority at the end of month 6 for the 2014/15 financial year. The report provided summary performance indicator information, alongside financial data to allow Members a better opportunity to consider how services were provided and whether resources were being utilised efficiently.

The following recommendations were agreed by Cabinet on 3<sup>rd</sup> December 2014:

- That Members consider the position concerning 2nd quarter revenue monitoring and seek assurance of the action Chief Officers are taking to address the over spends in their service areas.
- That Members approve the de-commitment of specific reserve funded expenditure in current year evidenced in para 3.1.4, and re-introduction in 2015-16.
- That Members consider the position concerning school balances and note the potential for in year withdrawal of school improvement grant by Welsh Government.
- That Members approve a revision in school governor practice to require any governing body that anticipates a deficit reserve position to submit a recovery plan prior to the Council agreeing to the school moving into a deficit reserve position, rather than in arrears of the decision reached by the governing body as currently. The change would have the effect of withdrawing the automatic right of any governing body to incur a deficit reserve position without prior consultation and agreement of the Council.
- Members note the variances in approach and progress concerning the mandates identified in para 3.3.3, and endorse the alternate savings and virements proposed by Directors to replace original proposals where it is unlikely that savings will be manifest during 2014-15 as per para 3.3.4.
- That Members consider the position concerning 2nd quarter capital monitoring and concerns over the limited actual expenditure incurred to date, and note the slippage identified, and net underspends forecast by managers.

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- That Cabinet approves the change in approach advocated in para 3.5.3 that the balance of LCHO capital receipts should be made available to fund the additional costs (arising from differences in equity from purchase to resale) in relation to Castlewood and Home Finder schemes as and when they come up.
- That Members reflect upon the comparative information included alongside traditional financial data to consider whether it assists them in providing a better link between inputs and outputs and allows them to better consider whether resources are being economically and efficiently utilised.

During discussion, following presentation of the report, we noted the following:

- The Chief Officer, Enterprise expressed that with continued commitments, at month 9 we would be at a break even position.
- Commercial and People Development were carrying a significant underspend as a result of staff vacancies.
- An area of overspend occurred in Tourism, Leisure and Culture due to investments in staging events during the summer. The Tour of Britain event had proved to be very successful and the return on investment for the one day event was £715,000. The National Road Race Championship had not been funded as expected so had hit the budget, but the return on investment for the economy was £2.76 million.
- A Member sought assurance that officers had confidence in the levels of income predicted. We were informed that it was necessary to be ambitious, and officers were as confident as they could be with such challenging targets.
- The Assistant Head of Finance confirmed that the benchmarking indicated services were being provided in a cost effective fashion, which potentially made it harder to address further savings without exploring more radical service re-engineering.
- We were informed that the income figures from the summer events were calculated by a consultancy service using a complex formula.
- A Member raised concerns regarding an item raised at the Strategic Transport Group meeting, in that important issues could be overlooked without essential staff in place. It was noted that this may be a risk item, to be discussed under item 5.
- It was queried if we could have confidence that improvements were continuing, as the report was historic. It was noted that the report was available to all Members at the same time Cabinet received it, and that the delay in consideration by Selects was largely symptomatic of the reporting cycles. The Assistant Head of Finance volunteered that Cabinet would be receiving the month 9 position on 4<sup>th</sup> February, so only 4 weeks after period end, and circa a month earlier than normal, and encouraged all Members to read it at this juncture.

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- The budget for car parking had historically increased by inflation, which was commonplace for all budgets. Where services did not apply increases, the shortfall was for them to manage.

The Chairman summarised that the Committee outlined support for the benchmarking and directors comments. We appreciated there were some issues regarding the date of the report, but the Assistant Head of Finance could be approached between committee meetings. The Committee also felt that there could be a chance that budgets may be set too high.

We thanked the officer for the report and resolved to note its content.

#### 5. TO SCRUTINISE THE STRATEGIC RISK ASSESSMENT

We received the Strategic Risk Assessment for scrutiny purposes, to provide Members with an overview of the current risks facing the Authority. Members were recommended to use the risk log to hold the responsible officers and portfolio holder to account, to ensure that risk was being appropriately managed. The risk register would be used to plan the future work programme of the Committee.

The risk assessment ensured that:

- Strategic risks were identified and monitored by the Authority.
- Risk controls were appropriate and proportionate.
- Senior managers and elected Members systematically reviewed the strategic risks facing the Authority.

The report now contained more detail and incorporated feedback received at previous scrutiny sessions.

It was agreed that the points for the Committee to focus on would be items 1, 2, 3a, 3b, 8a, 8b and 10. All other risks would be covered at the relevant Select Committees.

During discussion the following points were noted:

#### **Risk 1: The Authority becomes financially unsustainable as a result of reducing budgets and demographic pressures.**

- A Member requested an update on the impact of the Williams Commission. The Cabinet Member explained that the Leader had been successful in gaining backing of the idea of a regional conglomeration based on the Manchester model, where each authority would retain autonomy and deliver local services. The idea had received the backing of the leaders of the 10 authorities and Welsh Government. It was thought to be unlikely that changes would be made before 2019.

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- It was noted that savings would result from reductions of staff, but Monmouthshire remained the most efficient county in Wales.
- Officers were in place to continually source external funding.
- A list of bodies providing grant funding was available, and reviewed annually.
- We were informed that with regards to the Cardiff City Region which involved commerce, the Leader of Cardiff was actively talking to the Leader of Bristol City Region with a view to set up a Severnside Region. It was confirmed that the Mayor of Bristol had been invited to the February meeting of Economy and Development to discuss the benefits of cross border city regions working together.
- The Cabinet Member explained that great support was provided by the business community. We had benefited from Northern Automotive Systems being the main sponsors for the cycling championships, as it had created greater links with business in China.
- We were informed that the risk register would be a live document, being updated as new information was received.
- It was agreed that the likelihood of risk 1 should remain a possibility for 2016/17. It was up to us to reduce that risk to unlikely.

**Risk 2: Uncertainty whether income targets within the 2014-17 Medium Term Financial Plan can be achieved and this could lead to unplanned changes in other services to balance the budget.**

- It was noted that the problem with the Medium Term Financial Plan was that there were no longer indicative settlements.
- A Member expressed that he would rather see possible risks than likely risks, could 2015/16 be in the possible category. It was queried if there could be a case of being too optimistic on income targets. We were informed that if the report was updated the category would be moved to possible.
- The Committee were assured that in terms of action to mitigate risks, monitoring had increased to provide more timely detail.

**Risk 3a: Potential that the Authority is unable to deliver its new schools capital programme due to capital receipts not generating the required income. Risk 3b: Pressure on capital budget from 21<sup>st</sup> Century Schools Programme will impact on other areas requiring capital investment.**

- We were informed by the Cabinet Member that the plan was in place but not the funding. Some of the income anticipated was not yet due. We had made asset sales which would had future payment dates.
- A Member queried if the substantial sums expected what cover the schools at Chepstow and Abergavenny. We were informed that the Asset Management Plan ensured income from assets would be ring fenced for the schools programme.

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- A query was raised that there was an over reliance on the Community Infrastructure Levy (CIL). It was expressed that officer's discussions with developers had given assurances that there would not be a negative impact. The Chief Officer, Enterprise explained that strategic use of the levy would have a positive impact, and could result in major investments within our towns.
- The Chairman suggested that there should be a register of community benefit for renewable energy, which could add a huge value to the local communities.
- Evidence from the LDP process showed that Monmouthshire was the place where people wanted to develop.
- A Member questioned the vulnerability of the Chepstow and Abergavenny schools, and was the intention to develop both schools at the same time. The Cabinet Member informed the Committee that without knowing the timing and funding available it was impossible to answer. We were told that the commitment for provision of all four schools remained the same.
- The Chairman asked, in terms of emergency pressures to divert resources, where the resources would be diverted from in the first instance and what risks would result in that sector. The risk reflected that all capital receipts would be put into the 21<sup>st</sup> Century Schools Programme, and would therefore be needed to be taken in the event emergency pressures.
- Assurances were sought regarding the risk of key staff members leaving the Authority. It was noted that steps had been taken to develop a draft people strategy. It was important to recognise that staff knew their purpose within the organisation, and that staff support was in place.

**Risk 8a: Potential that council services, including schools, do not have the necessary ICT infrastructure to maximise their offer to service users. Risk 8b: Insufficient ICT infrastructure and skills in the county have the potential to lead to social and economic disadvantages.**

- A Member requested clarification on why there were likely problems in this area. The Cabinet Member informed the Committee that uncertainty had been caused by considerable delays in the implementation of the Public Sector Broadband Aggregation (PSBA). This was now in place which had reduced the uncertainty. Superfast Cymru was being rolled out across the county. Progress had also been made with SRS, external benchmarking was underway to ensure services were being adequately provided.
- The Head of Commercial & People Development confirmed that results from the staff conference showed that staff did not feel wholly satisfied with the current ICT. Staff surveys were being undertaken to obtain more information on where the problems existed within the organisation.
- The Cabinet Member provided an example of improvements to infrastructure. At Shirenewton School the broadband speed was so

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inadequate that children were unable to access ICT at the same time, but since Spectrum had laid a fibre system through the water pipes the speed of broadband had gone from 10 to 100.

- The Committee were reassured that there was confidence in Superfast Cymru. There may still be 'not spots' but a government scheme was in place to put 4 masts in remote areas of Monmouthshire.
- The SRS Review would be brought to the April meeting.
- The Head of Commercial & People Development detailed current opportunities which included:
  - Super Connected Cities Programme – extended to 31<sup>st</sup> March 2015.
  - Superfast Cymru contractual delivery date of June 2016, should have significant rollout within 12 months.
  - RDP to continue support and assistance.
  - Mobile infrastructure – meet with Welsh Government to discuss how best to explore conversations with mobile providers.
  - ICT Exploitation Programme introduced by Welsh Government.
  - Data mapping exercise to develop digital inclusion.
- A Member raised a concern regarding the lack of broadband at Mounton House School. An update would be provided.

#### **Risk 10: Potential that Monmouthshire will not have a prosperous economy that supports enterprise and sustainable growth.**

- A Member expressed that this should be considered a low risk as we had confidence in the officers.
- It was considered correct to be a possible risk as we could support businesses but could not actually supply the jobs.

The Chairman stated that the document was a live document and Members would be keen to receive the most relevant, up to date information as possible.

The Committee commended the officers for the report and agreed to note the content of the report.

## **7. WORK PROGRAMME 2014/15**

We received the Economy and Development Select Committee Work Programme for 2014/15. In doing so, the following points were noted:

- An invitation had been made to attend Strong Communities Select on 29<sup>th</sup> January to scrutinise Whole Place.

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- The Events Strategy would be discussed on 24<sup>th</sup> February at 2.00pm at a Special Meeting. Invitations would be extended to Mayor of Bristol, Roger Lewis, Chair of WRU, County Councillor Fox and an Assembly Member to discuss the Cardiff Regional Board.

The Cabinet Member for Enterprise provided an update on the situation with Mabey Bridge. We heard that an announcement had been made by Mabey Bridge stating that they would be closing some of their operations, The Council had not been aware of this until after the statement had been made, although at that time a request had been made by the company Chief Executive to meet with the Council urgently.

Mabey Bridge, in total, employed around 490 people in the Chepstow area. The affected area would be the Infrastructure Division in the centre of Chepstow which employed 144 people. This was a section of the business that had not been profitable for a considerable amount of time, and the company felt there was not an opportunity for this to be sold on. The Renewables Division at New House Farm Estate was thought to be a more competitive market and would be offered for sale.

At the time of the announcement voluntary redundancy packages were offered to all employees, in the hope that would reduce the number of job losses.

The company would keep its commitment to existing contracts. The job losses from the Infrastructure Division would be phased between February and May.

**8. DATE AND TIME OF NEXT MEETING**

We noted that the next meeting of the Economy and Development Select Committee would be held on Thursday 5<sup>th</sup> February 2015 at 10.00am.

**The meeting closed at 12.40pm**