

MONMOUTHSHIRE COUNTY COUNCIL

Extract of Draft Minutes of the meeting of Economy and Development Select Committee held at Council Chamber, County Hall, The Rhadyr USK - County Hallon Thursday, 10th January, 2019 at 10.00 am

PRESENT: County Councillor P.Pavia (Chairman)

County Councillors: A.Davies, D. Dovey, M.Feakins, R.Roden and A. Watts

Also in attendance County Councillor(s): A. Easson and P. Murphy

OFFICERS IN ATTENDANCE:

Frances Williams	Chief Officer, Enterprise
Peter Davies	Chief Officer, Resources
Mark Howcroft	Assistant Head of Finance
Hazel Ilett	Scrutiny Manager
Nicola Perry	Senior Democracy Officer
Rob O'Dwyer	Head of Business Transformation

APOLOGIES:

Councillors J.Becker and B. Strong

1. Declarations of Interest

There were no declaration of interest.

2. Public Open Forum

There were no matters for the public open forum.

3. CAPITAL STRATEGY ASSESSMENT 2018-19 and DRAFT CAPITAL BUDGET PROPOSALS 2019-20 to 2022-23

Context:

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.

The overall purpose of a capital strategy being to provide opportunity for engagement with Full Council to ensure overall strategy, governance procedures and risk appetite are fully understood by all elected members

MONMOUTHSHIRE COUNTY COUNCIL

Extract of Draft Minutes of the meeting of Economy and Development Select Committee held at Council Chamber, County Hall, The Rhadyr USK - County Hall on Thursday, 10th January, 2019 at 10.00 am

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 the spring cycle of meetings.

Member Scrutiny:

A Member referred to Sections 4.7 and 4.10 and raised concerns regarding the formation of a housing company which the Council has already mandated, but acknowledged the lack of provision for this within the report. The need for housing and business generation would suggest that the housing company would be a priority. The Assistant Head of Finance explained he realised the importance of affordable housing and looked towards the administration involved in setting up a company in relation to how it applies to the need to set up a capital strategy. This report was not seeking approval for such a company to be set up.

Concerns around affordable housing continued to be expressed, particularly the lack of emphasis on this within the Capital reports. The Cabinet Member for Resources explained that, with regards to Housing Development Company, a report will be brought to Council in April 2019. Research is underway regarding the setting up of a development company, not necessarily specifically a housing development company. The report to Council will clearly set out the proposals.

Councillor Watts advised that representatives of Bristol City Council are willing to discuss the pitfalls they had experienced through the same process, which he considered a better resource than the use of consultants. The Cabinet Member assured that there would be a meeting with Bristol, as well as Welsh authorities.

The Chief Officer for Resources understood the concerns and agreed that forming a housing company today would not solve all problems, so he aims to balance our resource to make sure we are getting the acquisitions through to deal with our commercial strategy; making sure we are making suitable and adequate progress on our strategic sites; making sure we are doing all the groundwork to be well placed to move forward when proposals are brought to Council.

Councillor Watts added that 33% of the children in his ward live in deprivation, due to families being susceptible to disproportionately high rental charges. He was keen to express the urgency of the matter.

The Cabinet Member advised the purpose of a development company rather than a housing company would be to avoid complications around the terms of the housing stock transfer.

MONMOUTHSHIRE COUNTY COUNCIL

Extract of Draft Minutes of the meeting of Economy and Development Select Committee held at Council Chamber, County Hall, The Rhadyr USK - County Hall on Thursday, 10th January, 2019 at 10.00 am

The Chair highlighted upcoming workshops around the LDP.

Recommendations:

The Economy and Development Select Committee resolved to agree the recommendation:

To consider and provide feedback upon the budget assumptions, pressures and savings proformas affecting this Select portfolio area.

Committee Conclusion:

The Chair summarised that the Committee had exhausted a number of areas including the importance of housing as the Authority moves forward, ensuring affordability for our resident and attracting new people.

The Committee touched on the impact of Raglan and what that means for unallocated sites. Members were reminded of upcoming LDP workshops where this will be explored in further detail.

Members pushed the point that we need to look at exemplar councils, taking advice where available, understanding the Council's need to balance and resource with commercial acquisitions.

The Committee looked at risk in relation to the capital investment and trying to understand the public sector and the commercial contractor.

The Committee touched on concerns around the reserve strategy, in terms of being flexible around investor models.

The Committee looked at external risk in terms of Brexit, and the vulnerability of some of the major contractors we work with.

The Committee had received assurance from the Assistant Head of Finance that the way we are moving forward with our portfolio is in a balanced way. An upcoming Brexit Workshop will look to address some of the issues discussed.

4. REVENUE BUDGET PROPOSALS 2019/20 FOR CONSULTATION

Purpose and Context:

To set out a budget proposal for financial year 2019/20.

To commence a period of consultation on the budget proposal that will remain open until 31st January 2019.

MONMOUTHSHIRE COUNTY COUNCIL

Extract of Draft Minutes of the meeting of Economy and Development Select Committee held at Council Chamber, County Hall, The Rhadyr USK - County Hall on Thursday, 10th January, 2019 at 10.00 am

To consider the 2019/20 budget proposal within the context of the 4 year Medium Term Financial Plan (MTFP) and the Corporate Plan.

Member Scrutiny:

A Member sought clarity regarding the failure to reduce costs relating to agencies. This referred to social care agency staff to supplement our existing establishments. Work is in place to build in-house resilience to reduce reliance on agencies.

With regards to harmonisation of finance relating to foster care, the five authorities across Wales in relation to foster care have differing rates and it is more equitable to apply a rate across Gwent that is the same. It will incur a pressure because the harmonised rate is more than what would have traditionally been paid. It does mean that we potentially have access to a wider pool of foster carers.

It was questioned if raising car parking charges was a sensible strategy, and would it make a significant difference to the operations budget. Concerns were this could prove to have a negative impact on businesses in those areas. The Chief Officer for Enterprise responded that this would also be for consideration under the Strong Communities Select remit. She explained the charges to go back in to the highways infrastructure, and those service areas. The effect of charges on town centre footfall and activity would be monitored.

With regards to retaining resources, a question was raised around a change to the recharge from selling properties after people have gone into respite, and the impact on budgets. It was agreed that this should be brought to Adults Select Committee.

Pressures around energy and fuel, and procurement of fuel were discussed. A cost pressure is included within the portfolio as we struggle to absorb annual increases in fuel costs. Currently it is understood that we will be affected by £40,000 per annum. Fuel and energy contracts are assisted through a regional procurement.

A Member questioned if there had been feedback on the introduction of Hydrogen fuel for commercial vehicles, to which the Chief Officer advised that a car trial is hoped to take place in the next few months. An update would be welcomed by Members.

In view of the current performance of Tourism and Enterprise, and the failure to meet targets, it was questioned how a £331,000 benefit was predicted in relation to ADM Mon Life. The Chief Officer for Resources explained that the saving was a consequence of the current draft business plan being scrutinised ahead of a future decision around moving services to the ADM. Some of the savings are consequential to business rate, VAT, gift aid savings.

Members recognised the importance of engaging with Town and Community Councils in the consultation process.

Extract of Draft Minutes of the meeting of Economy and Development Select Committee held at Council Chamber, County Hall, The Rhadyr USK - County Hallon Thursday, 10th January, 2019 at 10.00 am

Recommendations:

The Economy and Development Select Committee resolved to agree the recommendation:

To consider and provide feedback upon the budget assumptions, pressures and savings proformas affecting this Select portfolio area.

Committee Conclusion:

The Chair concluded the item and summarised that the Committee have looked at the pressures around fuel and energy costs, recognising potential opportunity to work alone, and understanding innovations such as hydrogen and electricity models for our fleets.

The Committee looked at staffing pressures, in agency working, and the potential to grow our workforce.

Car Parking charges were discussed thoroughly.

The Committee resolved to accept the recommendation in the report

5. REVENUE & CAPITAL MONITORING 2018/19 OUTTURN STATEMENT

Purpose and Context:

The purpose of this report is to provide Members with 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.

This report will also 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.

Member Scrutiny:

Concerns around the level of deficit in schools were raised, to which the Assistant Head of Finance explained that collectively the draw on reserves is predicted to exhaust the collective level of reserve this year, and the authority is bearing the cash flow consequence in the short

MONMOUTHSHIRE COUNTY COUNCIL

Extract of Draft Minutes of the meeting of Economy and Development Select Committee held at Council Chamber, County Hall, The Rhadyr USK - County Hallon Thursday, 10th January, 2019 at 10.00 am

term. This has an impact on the Council fund levels. It was recognised that this would fall under the remit of Children and Young People Select.

The 21st Century Schools programme was commended on the minimum overspend.

It was questioned that with the increase in Council Tax, would spreading payments over 12 months rather than 10 be an option, and would there be any implications to cash flow? In response we heard that 10 months is part of the Council's requirement that it has to offer. Further information would be sought and fed back.

An update on the overall collection rates across authorities was requested.

A typographical error was noted on 79 of the report. This should read a net overspend for the directorate.

In terms of winter pressures, the Highways Maintenance Department are currently forecasting a breakeven position but a deterioration in the weather could have an impact on expenditure. Last year Welsh Government supported local authorities which funded part of that expenditure but not all of it.

Officers agreed to take on board comments and concerns regarding car parking charges.

A Member expressed concern around the extra pressure on MCC officers, a suggested utilising the experience of Members where appropriate.

Committee Conclusion:

The Committee resolved to agree the recommendation to note the report.