

# MONMOUTHSHIRE COUNTY COUNCIL

## Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

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

County Councillors: D. Dovey, J. Prosser, A. Wintle, D. Evans, S. White and B. Hayward.

**ALSO IN ATTENDANCE:**

County Councillors: A. Easson and R Greenland

**OFFICERS IN ATTENDANCE:**

Kellie Beirne	Chief Officer, Enterprise
Joy Robson	Head of Finance/Section 151 Officer
Ian Saunders	Head of Tourism, Leisure and Culture
Ian Bakewell	Housing and Regeneration Manager
Hazel Ilett	Scrutiny Manager
Paula Harris	Democratic Services Officer

**1. APOLOGIES FOR ABSENCE**

We received apologies from County Councillor D. Edwards

**2. DECLARATIONS OF INTEREST**

None received.

**3. SCRUTINY OF THE BUDGET PROPOSALS FOR 2016/2017 RELATING TO THE REMIT OF THE ECONOMY & DEVELOPMENT SELECT COMMITTEE**

We welcomed a report from the Head of Finance to provide detailed draft proposals on the budget savings required to meet the gap between available resources and need to spend in 2016/17, for consultation purposes and to consider the 2016/17 budget within the context of the 4 year Medium Term Financial Plan.

Members were recommended to scrutinise the budget savings proposals for 2016/17 released for consultation purposes and consider what alternative proposals could be submitted by 30<sup>th</sup> November 2015.

Members were made aware that in January 2015, Cabinet approved a balanced budget for 2015/16 and acknowledged an indicative MTFP position which forecast the gap in resources over the remaining three year period as £10 million. Each year the MTFP model is rolled forward to present a 4 year position and this produced a gap of £13 million, based on original assumptions contained in the model.

Cabinet received a further report on the MTFP in June, agreed some revised assumptions and assessed the level of pressures that needed to be considered. Work has continued over the summer to refine the modelling assumptions and outline the income generation or savings proposals that will need to be considered.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

#### Member Scrutiny

During discussion of the report, Members raised the following:

- A Member asked for a breakdown of the figure of £400, 000. The Head of Finance answered that the figure was made from a number of sources including an increased collection rate (now 98.5%), new properties and that the demand for Council Tax rate reduction had dropped.
- A Member questioned if we could quantify the impact the living wage in later years. It was answered, that in terms of Council staff we are already committed to paying the living wage so the impact would not be felt until later years when the Government has indicated it will rise to £9 per hour. It has been estimated in the MTFP an extra pressure of £58,000 in 2018/19 and another £112,000 in 2019/20. There are other impacts included in pressures, contracted out care, this has been included for next year. It was advised that this subject had been discussed in the Adults Select Committee.

Members supported the content of the report, acknowledging that the Adults Select Committee had discussed the Living Wage pressure in greater detail and that Strong Communities Select Committee had scheduled a Special Meeting to discuss 2 pressures relevant to their remit: Waste and Passenger Transport Unit.

#### **SERVICE AREA BUDGET MANDATES**

We welcomed Officers who presented the budget mandates and we heard the proposals before the Committee were invited to ask questions.

During discussion the following points were noted:

#### **Mandate B1 – Assess the feasibility to establish a Not for Profit Service Delivery Model (Tourism and Leisure)**

- The aim is to move the services inside tourism, leisure and culture into a new delivery model (trust) operating at arm's length from the council. The trust will be commercially driven via a trading company whilst ensuring local services are maintained and improved.
- The new trust will provide employment, training and ensure the service are run with quality. Many of the services included in the model do provide positive outcomes to communities.
- A trust model would pay reduced rate of NNDR. While benefitting the trust this would reduce the tax take that is available for redistribution to other public services in Wales including Monmouthshire.

#### Member Scrutiny

- A Member questioned that a large part of the saving was from the NNDR and asked how sustainable that was. It was explained that in the next six months would be a period for ground working the project, setting up the basic structure. The saving on domestic rates would allow officers the ability to meet a target while building the model, deciding if it should be an employee mutual or co-operative company. The intention is to take pressure off staff by rationalising buildings and saving business rates, the new model would have charitable status which would allow 80% business rate reduction.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

- It was also questioned what the impact on the community be, would there be a reduction in service or increase in fees. It was answered that it was difficult to ascertain the impact at present, but it was felt that continuing to provide services without change would be reckless and would result in a loss of services.
- A Member questioned the reorganising CMC2. An Officer advised that that a new company structure needs to be set up to take delivery of services and that it could be possible to reformat an existing model, there are no plans to move services into CMC2.
- A Member stated that it was felt that Town and Community Councils had not been made adequately aware of the impact of the changes taking place. The Officer advised that the message they were keen to deliver was that next year, support was needed to keep services locally. The intent was not to run things globally, as each town may want to run their services differently. The aim is to remove barriers from community roles.
- It was asked by a Member if Council owned properties were being utilised to their full potential. An Officer answered that their team was looking at commercial opportunities for buildings.

The committee resolved to support the mandate.

#### **Mandate B3 – Training Service Consolidation**

- Targeted recurrent annual savings of £50,000 with effect from 1<sup>st</sup> April 2016. Note that this is an outline mandate. The full mandate and business case will be developed and finalised in time to allow implementation for 2016/17.
- To consolidate the offer for existing training functions across the authority into one training service.
- The proposal looks to identify efficiencies through the authority's disparate training functions being consolidated into one service offer. The proposal would also look to ensure that the limited training resources of the authority are focused both on the core training needs of the organization/customer base as well as sourcing opportunities to generate external training income.

#### Member Scrutiny

- A Member commented that it made sense to rationalise but was concerned about the accessibility of services to the Community. It was answered that Critical Mass would allow the Council to do this via the Community Apprentice programme.
- It was questioned if the existing Communications and Marketing teams had capacity. We were told that in 2014 money was released by Cabinet for a specialised marketing person, but we still need to invest in areas where we do not have the relevant expertise.
- A Member mentioned the high cost of training the trainers and asked if outsourcing training and becoming an enabling County, encouraging private jobs would be beneficial. An Officer replied that the Authority was not looking to make investments but trying to be more efficient by trying to reduce overheads.
- When asked by a Member how confident they were with the ideas for savings in the Mandate an Officer replied that they were not savings, but income and the ideas came from staff who had identified where opportunities for savings could be made.

The committee resolved to support the mandate.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

#### **Mandate B4 – SRS (Shared Resources Service) Business Development Options**

- The SRS is taking lead responsibility for delivery of the mandate. Monitoring and evaluation will be undertaken by the Authority's Digital and Technology team within the Enterprise Directorate.
- A move to off premise cloud solutions by the constituent authorities signed up to the SRS will in turn and in time release rack space that can be offered to commercial customers. This will result in income generation and resultant profits to be shared by authorities.
- The proposal looks to ensure that the Authority's digital data is stored in the most efficient and secure location, that in turn will release rack space to be sold commercially to public sector or commercial organisations.

#### Member Scrutiny

- A Member raised concerns regarding security. It was answered that the Cloud model was tried and tested, with technology advancing all the time. There were no plans for all data to be held in the Cloud, with Operational and Enterprise information prioritised at this time.
- A Member asked where was the Cloud based, and who looks after it. It was explained that it works on the principle of mass aggregation of data, using Microsoft's model Azure as an example, the virtual service is run out of a super data centre in Dublin, with Microsoft's second data centre in The Netherlands.
- It was questioned if we owned the SRS Building. It was answered that we co-owned the brand and the identity of SRS, however the building is owned by Torfaen, bought with grant money that Torfaen was able to access.

The committee resolved to support the mandate.

#### **Mandate B5 – Community Asset Transfer**

- This budget mandate proposes the transfer of 2 council owned properties into community ownership.
- This mandate proposes that transfer of 2 assets which currently facilitate the provision of local services. Melville Theatre is a single storey circa 1898 property located on the outskirts of the town centre in Abergavenny. The property is grade II listed and is occupied by Regulatory Services, Gwent Careers and Gwent Theatre. Green fingers and Dance Blast also occupy self-contained buildings within the curtilage of the site.
- Chepstow Drill Hall is a single storey property situated at the rear of Chepstow Museum. The property is occupied by Chepstow Town Council and Chepstow Boxing Club.
- Should we proceed with a transfer of the asset to local community organisations (which are able to demonstrate a robust and viable business case) the Council will be ensuring the sustainability of local facilities whilst reducing its revenue operating costs.

#### Member Scrutiny

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

- Assurances were sought that when assets were transferred that the County could safeguard the use of the facility. In reply we were told that when transferring assets we need to future proof them, so that we still leave opportunities available but in such a way that we do not compromise the ability of the transferee to generate their own income.
- A Member commented that helping with business plans would be fruitful as we need organisations to be sustainable long term.

The Committee agreed to support the mandate.

#### **Mandate B6 – Community Infrastructure Levy**

- £50k reduction in spend on infrastructure from 16/17, with spending replaced by S106/CIL funding streams.
- Better use of Community Infrastructure Levy (CIL) and S106 Developer Planning Contributions to reduce MCC infrastructure capital and revenue costs on more strategic projects by £50k.
- S106 and (in the future) CIL monies are collected for a variety of infrastructure projects to offset the additional impact of new development. Some S106 money is currently spent on small scale community level projects or on multiple small scale leisure facilities, e.g. small equipped play areas. Money is allocated following community engagement and bids from interested groups, which is good practice.
- However, the resultant infrastructure is not always the best solution in terms of cost-effectiveness or wider community benefit. Contributions could instead be directed towards more strategic improvements that would benefit a larger number of people. Moreover, these schemes could be financed via S106/CIL monies and therefore reduce the financial burden from other MCC budgets. It is from these areas that the £50k budget mandate saving would be achieved.
- The scope of S106 contributions are tightly controlled by regulations and the contribution must be necessary to make the proposed development acceptable in planning terms. In other words it must be used to fund essential infrastructure, e.g. additional school places, affordable housing, leisure provision to make that development acceptable, and not on wider 'nice to haves'.
- The emerging Community Infrastructure Levy operates like a roof tax on new development, with contributions held centrally for MCC to decide how they are spent on infrastructure projects from an approved list (Regulation 123 list). The CIL regulations require that a meaningful proportion (15%) of CIL income goes to the community in which the development is located. It is anticipated that these funds will be administered by the Town or Community Council for that area. This can be spent by the TC/CC on local infrastructure projects and offers an opportunity for some infrastructure to be devolved to TC/CCs and funded via the 15% CIL contribution rather than being administered and funded by the County Council. It is anticipated that CIL will be adopted by MCC in mid 2016/17. Experience from other Local Planning Authorities (LPAs) is that very little income is received during the first couple of years

#### Member Scrutiny

- It was asked what happens to small Community Councils with large developments, what they spend the money on. It was answered that Officers were looking to get Whole Place embedded so there are frame works and priority projects in place for when the money becomes available.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

- A Member commented on the impact of Wards who will not benefit from 15% CIL as there is no opportunity for development. An Officer replied that Town and Community Councils should be encouraged to work as Clusters.
- The committee resolved to support the mandate with further decision on CIL on the 26<sup>th</sup> November 2015.

#### **Mandate B9 – Planning Service – Income Generation**

- This Mandate proposes to increase Development Management income line by £40k (net) due to Welsh Government decision to increase mandatory planning application fees from 01/10/15
- Increasing the budgeted income line for Development Management (N120) will reduce the net costs of providing the Planning service.
- Fee income comes from a combination of measures:
- Statutory planning application fees. These are set by the Welsh Government. As of 01/10/15 planning application fees are being increased by, on average, 15%. Based on the average annual fee income over the last five years, this 15% increase amounts to an additional £69.5k per annum;
- An additional £5k per annum is predicted based on a new charge for discharging planning conditions;
- The Council currently provides a fee-earning discretionary pre-application advice service. New legislation makes this a mandatory service, and as such the Welsh Government will set the fees. Fees proposed via a current consultation, if imposed, would result in a £5k reduction in income against current income levels;
- The increased planning fees are accompanied by new regulations that require the application fee to be refunded if applications are not determined within a 24 weeks of the agreed deadline (or 16 weeks for some applications). Every effort will be made to avoid having to pay a refund, and this budget mandate assumes that no refunds are payable. It would only take one large application to incur a refund to negate the whole £40k income increase proposed by this budget mandate.
- Carl Sergeant, Welsh Minister for Planning and Natural Resources, has written to all Local Authorities in August 2015 stressing the importance of ensuring planning services are properly resourced and advising that the 15% application fee increase is expected to be used to secure service improvements for customers. Consequently, while this budget mandate offers a £40k budget saving (by increasing the budgeted income and therefore reducing the net cost of the service), the remaining £29.5k is retained to fund service improvements and as a contingency given significant budget line increases in the last two years.
- It is worth noting that, in collating evidence for the 2015 planning application fee increase, the Welsh Government confirmed that application fees meet just 60% of the cost of delivering the planning service. Consequently, even with the 15% fee increase, the service will not be cost neutral.

#### Member Scrutiny

- A Member raised concerns regarding the use of retrospective planning applications.
- It was mentioned that the Mandate was reliant on the housing market.
- A Member commended the work of the Planning Department.

The committee resolved to support the mandate.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

#### **Mandate B10 – Extension of shared lodgings housing scheme**

- The Housing (Wales) Act 2014 has created a statutory duty from 27<sup>th</sup> April 2015 for the Council to prevent homelessness, which effectively extended the statutory homeless duty, which remains in place. The new duty to prevent homelessness applies to all households. As has historically been the case, there continues to be an on-going shortage of accommodation that can be used to discharge the respective duties, which has previously been the reason for the need to use B & B, albeit this need has been significantly reduced.
- Although the Housing (Wales) Act 2014 now allows the Council to discharge the said duties using private rented housing, which is a helpful provision for the Council, the Act also, together with the Code of Guidance and the Homeless (Suitability of Accommodation) (Wales) Order 2015 has increased the requirements of the Council and the need to fulfil on the suitability of accommodation for applicants eg relevance of proximity to schools, employment, health facilities, affordability, support infrastructure etc. The availability of private rented housing in Monmouthshire (as is the case with social housing) continues to be limited. At the time of writing there is a significant need for family accommodation in Monmouthshire and currently there are 8 family households waiting for accommodation available, five of which are needed in Chepstow. Providing single person's accommodation is also a challenge.
- It is therefore, a priority of Housing & Communities to strengthen links with the private rented sector. Work on this has already started through the establishment of a joint Private Sector Housing Team with Torfaen County Borough Council. A key component of the link with the private sector is the Shared Housing Scheme, which has been operational since 2013. A wider intention is to establish a landlord 'offer' that will effectively package the benefits a landlord can secure through working with the Private Sector Housing Team. The option for a landlord to offer a property for use by the Council for Shared Housing will form part of the offer.
- This mandate proposal, therefore, is to continue developing and expanding the existing House-share scheme.
- It is also proposed to widen the direct provision of the Housing Solutions Team by applying the Shared Housing learning and experience together with the additional capacity and resilience of the Private Sector Housing Team, to develop a Private Leasing proposal for consideration. The availability of Private Leasing for Monmouthshire through the Council will not only add to the range of options currently available for private landlords but will also add to the wider attractiveness and marketability of the landlords offer. It is vital that private landlords do not regard accommodating vulnerable households as a risk and are reassured and have confidence in working with the Council
- The different service strands provided by the Private Sector Housing Team provides building blocks for potentially establishing a Lettings Agency in the medium term, where a charge could be levied. This would need to be agreed by Torfaen County Borough Council under the current arrangements.

#### Member Scrutiny

- Members acknowledged that recent joint scrutiny of housing by Adults Select Committee and Strong Communities Select Committee had provided answers to many questions, however, the Committee welcomed the extra income and additions to the portfolio.

# MONMOUTHSHIRE COUNTY COUNCIL

## Minutes of the Meeting of Economy and Development Select Committee held at County Hall, Usk held on Wednesday 4<sup>th</sup> November 2015 at 10.00am

The committee resolved to support the mandate.

### **Mandate B18 – Strategic Property Review**

- This Mandate proposes to reduce property holding costs, maximise the use of and generation of income from the Councils property portfolio.
- Revenue is being allocated to hold properties which diverts income from front line service delivery, ongoing financial pressures and good asset management practices require that the property portfolio is regularly reviewed. This is to ensure that it is fit for purpose, meets the needs of service providers and users and income streams are being maximised whilst expenditure is minimised.
- This proposal identifies a number of opportunities to reduce holding costs through the relinquishing of leases, maximising the occupancy of staff at County Hall and rationalising our depots holdings. Revenue generation will be through the creation of arm's length companies that enable us to let and manage our property assets within a commercial environment and the identification of additional rental generation opportunities.

### Member Scrutiny

- A Member commented that closer scrutiny was required as the Mandate was just a principle at present.
- A question was asked about increasing the flexibility of agile working. An Officer agreed that some areas were sensitive to agile working, but alongside the implementation of this Mandate adjustments to the policy would be made.
- It was asked by a Member if the extra staff being based at Usk would result in more Car parking spaces. In answer we were told that taking J block from Coleg Gwent comes with 50 car parking spaces being given back. Also we are looking to encourage use of lift shares, pool cars, public transport and agile working.

The committee resolved to support the mandate in principle, with closer scrutiny required.

### **Mandate B23 – Discretionary Fees and Charges**

- Increasing fees and charges budgets by 10% rather than 2.5% included in the MTFP model, so an extra 7.5%. Consideration needs to be given to increasing customers and/or increasing charges.
- During public consultation meetings in previous budget consultations, members of the public expressed a preference for charges to increase rather than cutting services due to the reduction in resources available to the Council

### Member scrutiny

- The Committee felt this was an excellent mandate.

The committee resolved to support the mandate.

## **4. DATE OF NEXT MEETING**

We noted future meeting of Economy and Development Select Committee as:



**MONMOUTHSHIRE COUNTY COUNCIL**

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- Special – 16<sup>th</sup> November 2015 at 2pm (pre-meeting 1.30pm) with Planning Committee invited.
- Economy and Development Select Committee Thursday 26<sup>th</sup> November at 10am.

**The meeting ended at 12.15pm.**