

No.

CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE

Minutes of a Remote meeting held on 16th November, 2022.

The Committee agenda is available [here](#).

The Meeting recording is available [here](#).

Present: Councillor J. Protheroe (Chair), Councillor E. Goodjohn (Vice-Chair); Councillors G.D.D. Carroll, C.P. Franks, S.J. Haines, H.C. Hamilton, S.M. Hanks, Dr. I.J. Johnson, B. Loveluck-Edwards and N.J. Wood.

Also Present: Councillors L. Burnett (Executive Leader and Cabinet Member for Performance and Resources), G. John (Cabinet Member for Leisure, Sport and Wellbeing), N.C. Thomas and E. Williams (Cabinet Member for Social Care and Health).

456 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chair read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing”.

457 APOLOGY FOR ABSENCE –

This was received from Councillor P. Drake.

458 MINUTES –

RECOMMENDED – T H A T the minutes of the meeting held on 12th October, 2022 be approved as a correct record.

459 DECLARATIONS OF INTEREST –

No declarations of interest were received.

460 CAPITAL MONITORING FOR THE PERIOD 1ST APRIL TO 31ST AUGUST 2022 (REF) –

The reference of Cabinet from 6th October, 2022 was presented by the Head of Finance / Section 151 Officer, who informed the Committee that:

- The situation was still very ‘fluid’ and that the current approved programme totaled £119m, which included schemes slipped from 2021/22 and all of the

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various approvals that had taken place during the year up to that point. The forecast outturn at this time was £93.5m, with the spend to August 2022 totaling approximately £13.4m.

- The programme would also continue to be impacted by significant inflationary pressures and the general economic climate and impacts from Ukraine, etc.
- This in turn had meant significantly more negotiation with contractors on capital project tender, and where necessary subsequent re-tendering and / or project 're-engineering' in order to make schemes 'fit' their original financial outlay. This had led to schemes being delayed and some 'slippage' occurring in the Capital Programme. Due to supply side issues (as part of the general economic challenges currently being faced) there were significantly long lead times on delivery of materials.
- The report also set out approved Delegated Authority requests, the use of Emergency Powers and changes to the Capital Programme, with various slippages detailed i.e., Housing Improvement Programme and the Vehicle Replacement Scheme.

Following the report, Committee Members asked the following:

- On Councillor Franks' query on the significant slippage on various key areas of the Capital Programme, it was explained that in large part this was due to slippage coming in from the previous financial year and Council officers were doing their best to deliver these. On his query on the usage of 'Common Parts' in the report, this was probably referring to communal areas, but this would be looked into further.
- The Executive Leader and Cabinet Member for Performance and Resources added that other Welsh Local Authorities were also facing similar challenges in delivering their capital programmes and the need to re-tender and re-profile these to address rising costs in materials, etc., and elongated procurement processes. Slippages with schools and housing were due to the need to undertake significant works during the summer holidays and the refusal or delay of planning applications respectively.
- On Councillor Dr Johnson's queries and concerns around various areas of costs and slippage, such as the Housing Revenue Account (HRA), Ysgol Y Deri School, Children's Home in Penarth and the Goodshed repayment to Welsh Government, these were addressed by the Head of Finance / Section 151 Officer including the provision of additional Welsh Government (WG) grant funding for schools, the costs of special adaptations for the Children's Home including for children with additional learning needs and the Goodsheds repayment connected to an agreed late repayment. Both the Head of Finance and the Executive Leader stressed there could come a critical point where the Council would need to think seriously about the affordability of schemes, but this needed to be balanced with the needs of i.e. children's education, in consultation with WG and that such costs could be shown to be commensurate with what would be expected in the delivery of other schools across Wales.
- On Councillor Carroll's comments on the need to re-focus on the prioritisation and delivery of projects through a review of budget setting and related processes in light of such slippage, it was explained that discussions had been held with the Senior Leadership Team and with Council officers about

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setting a realistic Capital Programme for 2023/24 that could be more deliverable, with subsequent reports celebrating the completion of schemes and the benefits that they provided to the community rather than a quarterly discussion about what slipped and what needed to be reprofiled. On his query about the underspend at Romilly Tennis Courts, this would be looked into, and a response provided.

Having considered the reference and report and all the issues and implications contained therein, Scrutiny Committee

RECOMMENDED –

- (1) T H A T the progress made on delivering the 2022/23 Capital Programme be noted.
- (2) T H A T the use of Delegated Authority as set out in the report be noted.
- (3) T H A T the use of Emergency Powers as detailed in the Appendix attached to the report, be noted.
- (4) T H A T the following changes to the 2022/23 and future years' Capital Programme be noted:
 - St. Brides Primary School – Increase this scheme budget by £11k in the 2022/23 Capital Programme, to be funded by a contribution from the School's revenue budget.
 - Sustainable Communities for Learning Programme – Band B – Re-profile and increase the Sustainable Communities for Learning Programme as requested in the table in paragraph 2.15 of the report.
 - Y Bont Faen Primary – Combine the Y Bont Faen Primary Flat Roof Renewal Phase 2 scheme and Y Bont Faen Primary Flat Roof Renewal Phase 3 / Window and Cladding repairs scheme in the 2022/23 Capital Programme.
 - St. Richard Gwyn Ventilation Scheme – Vire £2k from the improving Ventilation in Education Settings scheme to the St. Richard Gwyn Ventilation scheme.
 - Zero Carbon Llanfair Primary School – Carry forward £240k into the 2023/24 Capital Programme to reflect the amended profile of delivering the scheme.
 - Romilly Tennis Courts – Reduce this budget by £8k in the 2022/23 Capital Programme in line with actual grant spend.
 - Neighbourhood Services Highway Improvements – Combine the Neighbourhood Services Highway Improvements scheme and the Highway Resurfacing scheme in the 2022/23 Capital Programme.
 - Sport Wales Grant – Vire £24k from the Neighbourhood Services Community and Leisure Centre scheme to the Sports Wales Grant scheme in the 2022/23 Capital Programme.
 - Penarth Pier Refurbishment – Vire £20k from the Coastal Facilities and Infrastructure including Pier Structural Work scheme to the Penarth Pier Refurbishment scheme in the 2022/23 Capital Programme.

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- Housing Improvement Programme 2022/23 – 7 St. Pauls Avenue refurbishment – Include this scheme in the 2022/23 Capital Programme, with a budget of £315k to be funded from £177k HRA internal virement (£124k HRA Internals and £53k HRA Emergency Works) and £138k Social Services Revenue contribution.
- HRA Internal Works – Carry forward £830k into the 2023/24 Capital Programme.
- HRA New Build – Carry forward £6.344m into the 2023/24 Capital Programme.
- HRA External Works – Carry forward £1.775m into the 2023/24 Capital Programme.
- Individual Schemes – Carry forward £2.1m into the 2023/24 Capital Programme.
- Common Parts – Carry forward £2m into the 2023/24 Capital Programme.
- Environmental Works – Carry forward £1.2m into the 2023/24 Capital Programme.
- Energy Efficiency – Carry forward £870k into the 2023/24 Capital Programme.
- Vehicle Replacement Programme – Carry forward £1.384m into the 2023/24 Capital Programme.
- Atlantic Trading Estate – Operations Fleet Parking – Carry forward £250k into the 2023/24 Capital Programme.
- New household Waste Recycling Centre (HWRC) – Carry forward £1.455m into the 2023/24 Capital Programme.
- Goodshed repayment to Welsh Government – Increase the current scheme in the 2022/23 Capital Programme by £6k, to be funded from capital receipts.
- Cosmeston Works Programme – Carry forward £120k into the 2023/24 Capital Programme.
- Country Parks ANPR – Carry forward £200k into the 2023/24 Capital Programme.
- BSC2 – Carry forward £248k into the 2023/24 Capital Programme.
- Disabled Facilities Grant/Additional Facility Grants – Re-profile the budget as set out in paragraph 2.39 of the report.
- Country Parks as Social and Economic Connectors – Increase the scheme by £10k, to be funded by a revenue contribution from the Country Parks budget.

Reason for recommendations

(1-4) Having regard to the content of the report on Capital Programme progress, the use of Delegated Authority, the use of Emergency Powers and changes to the Capital Programme.

461 DRAFT CAPITAL STRATEGY 2023/24 AND INITIAL CAPITAL PROGRAMME PROPOSALS 2023/24 TO 2027/28 (REF) –

The reference of Cabinet from 6th October, 2022 as contained within the agenda was presented by the Head of Finance / Section 151 Officer, who informed the Committee that it contained the Draft Capital Strategy 2023/24, the Initial Capital Programme 2023/24 to 2027/28 and Capital Bids. This report demonstrated that the Council was considering the financial challenges it now faced and the affordability of capital schemes alongside the revenue budget.

The value of capital bids received totalled a gross amount of £16.718m (£14.533m net) in 2023/24 and £109.968m (£41.723m net) over the 5-year period. As the bids had yet to be evaluated by Strategic Insight Board and the settlement for 2023/24 had not been confirmed, it was proposed that at this point, due to the uncertainty in the level of funding that will be provided, no schemes would be approved for inclusion in the Capital Programme and further assessment would be carried out by the Budget Working Group once the level of funding was known and consultation had taken place. This included bids / schemes such as the £137.456m capital scheme for the Housing Improvement Programme.

After taking into account the results of consultation and the Final Settlement from Welsh Government, Cabinet would make its final proposals during February 2023, which would then be presented to full Council for final approval prior to the 11th March of that year.

Following the report, Committee Members asked the following:

- Councillor Dr Johnson referred to the significant capital expenditure being used for the Housing Improvement Programme and asked if this would be considered as part of the Special meeting of Full Council in January including as much detail on this key area of expenditure as possible, as well as lessons learned over the last 5 years. It was explained that this report would be primarily concerned with the rent setting element, due to the need for Council to give two months' notice prior to the updated rent rate being sent to tenants. On the Councillor's other point on learning from previous slippages and difficulties from capital bids / schemes, in order to provide a more realistic and achievable strategy and programme going forward, after going through the various rounds of scrutiny in conjunction with the Insight Board and the Budget Working Group, it was expected that the profile of some of these capital schemes would look somewhat different when these came back in January.
- On Councillor Haines' query about the Council's Investment Strategy and whether it lent to or borrowed from other Local Authorities, it was explained that the Council would not necessarily borrow from other councils for its Capital Programme but borrowing and lending between councils could provide higher interest and such loans were underwritten by the UK Government.
- On the Vice-Chair's query about the long-term viability of borrowing and finances on crucial areas such as the Housing Revenue Account (HRA), it was explained that with areas such as HRA this was backed up by a 30 year business plan as well as by ongoing modelling based on various rent setting

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scenarios. However, there would be a greater challenge in terms of deliverability, as already alluded to at the meeting.

- On Councillor Carroll's query about Corporate Priority and the Corporate Plan being on there as a priority itself, this framework was tried and tested with the need to look at the Corporate Plan as its own priority in relation to the Annual Delivery Program and budget setting. On his second point in relation to the investment strategy and the use of money market funds, information would be provided on this from the half year Treasury report which was due to go to Cabinet. Such funds did somewhat better than just putting money in the Debt Management Office and were very liquid financial instruments as well.
- On Councillor Loveluck-Edward's query regarding the timetable on condition surveys for Council buildings, including schools, the Executive Leader and Cabinet Member for Performance and Resources stated that this was being looked at and implemented as part of the Learning and Skills Investment Strategy. On the query concerning the nature of 'soft loans' to organisations or groups where the public would benefit from the work undertaken by these, such loans were given at less than the market rate.
- The Chair referred to a 'typographical error on paragraph 3.14, page 19 of the Draft Capital Strategy 2023/24, which would be amended.

Having considered all the references and the report, Committee subsequently

RECOMMENDED – T H A T the Initial Capital Programme for 2023/24 to 2027/28 and Capital Bids be noted, subject to the typographical error on paragraph 3.14, page 19 of the Draft Capital Strategy 2023/24 being amended.

Reason for recommendation

Having regard to the contents of the report and discussions at the meeting.

462 FINANCIAL STRATEGY 2023/24 AND MEDIUM TERM FINANCIAL PLAN REFRESH (REF) –

The reference from Cabinet of 6th October, 2022 was presented by the Head of Finance / Section 151 Officer, who explained to the Committee that the report set out the Council's Financial Strategy and the principles it would follow in developing and delivering the budget. The key aims of the Financial Strategy were to deliver the Council's Corporate Plan and objectives, as well ensuring during these challenging times services to the most vulnerable were maintained. The remainder of the report was concerned with the refresh of the cost and funding assumptions over the medium term. There was a continuous review of resources and funding levels, with a big driver of the funding gap forecast at £28.190m being the forecast cost pressures of £38.108m. These figures presented a 'worst case scenario' for the Council, although it seemed likely that the current high levels of inflation would not significantly fall for some time. As part of the Council's internal review and scrutiny processes, it would be looking at and challenging these costs in order to try and get these down and to be absorbed wherever possible. Cost pressures were broken down into investment, inflation, demography and general pressures, with key inflationary drivers being the recent pay awards and the cost of utilities, although

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much of the pressures were of an external, 'imported' nature. This categorisation of the Council's financial challenges would help in terms of clarity and resolution.

In terms of the Welsh Government's (WG) financial settlement for Local Authorities, this would not be known until December, although the imminent UK Government's budget statement would provide some clarity on what funding for Welsh and Local Government would look like, with the potential for spending cuts in 2025/26. There would also be a significant challenge to balance the budget and it appeared extremely unlikely that the cost pressures and funding gap would be reduced significantly, unlike on other occasions with financial reporting at this time in previous years.

It was also noted that since the writing of the report, the financial position was continually moving, and the latest position would be reported in January.

There was to be a relatively short window on the consultation for the budget (January to February 2023), due to the WG settlement not being known until December and clarity on the associated savings and reductions required.

Following the presentation of the report, the Committee queried and scrutinised the following:

- On Councillor's Goodjohn's query on how 'out of date' the report was in light of recent and ongoing events, it was explained that the financial assumptions, etc. that made up the report, strategy and refresh were being reviewed on a day-to-day basis, with Council officers continuously trying to reign in or absorb cost pressures, particularly the non-inflationary ones. There was also an acceptance that a number of those pressures that were marked as investments were highly unlikely to go forward and appear in the later budget papers.
- Councillor Haines queried the workforce review within the report, and the costs involved in the investment of new roles, which could negatively impact other areas of the Council's services and investment. It was explained that financial colleagues had reached out to various Council services in order to ascertain the pressures they were experiencing, in terms of financial pressures and what they were experiencing in terms of delivering services and what investment they required as a result. However, it was unlikely that these requests for additional investment and recruitment could all be met given the expected limits on finances going forward.
- Councillor Dr. Johnson commented on the financial pressures likely to be placed on the Council and other Welsh Authorities due to the possible measures to be brought in via the UK Government's Autumn Budget statement and the impact on the Council's services in both financial and human resources, i.e. if investment in new jobs could not be achieved, then there would be less staff to deliver services and support given to residents and communities. The Councillor also referred to the impact of higher inflation and various related crises such as the impact of Brexit and the war in Ukraine and asked if the Committee could receive a further update on the budget, strategy and refresh in January / February before their final approval by Cabinet and full Council; including any subsequent changes not covered

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by this further reporting. The Councillor also asked about any opportunities to further 'reshape' services, invest to save possibilities and whether the Council was looking at service provision in the longer term. In response, the process for consultation was outlined, with various factors, including the Housing Revenue Account and rent setting set out, and the need to take the budget, etc. consultation to Cabinet on 19th January, 2023, which in turn would be referred to Scrutiny and the final budget back to Cabinet and Full Council. The Council was however in a good position with a relatively strong balance sheet, financial reserves, and would consider investment in areas of prevention, early intervention, including the use of reserves to help mitigate costs in future years.

- On Councillor Carroll's query on demographic changes in the report and the contradictory nature of both a rising aging population and an increase in school pupils within the Vale, it was confirmed that both increases were being seen based on current information and modelling, with significant costs for supporting an older population and younger adults with social care as well as an increase in school pupils requiring placements in special schools.
- The Councillor followed up his question above by commenting on the Council's spending on external consultants and the possibility of reducing this and queried the drop to zero for cost pressures concerning new jobs from 2023/24 to 2024/35, etc. It was explained that, on the cost pressures / new jobs, this was to do with changes to the base budget and the way this was presented, the money was in the base budget and it stayed there.
- The Executive Leader and Cabinet Member for Performance and Resources also clarified the position on cost pressures and the budget setting pressures for the Council, citing the demographic, inflationary and other pressures mentioned in the report, as well as the difficult choices in terms of investment and the provision of services the Council had to make and the need for Councillors to have sensible discussions on how to support communities within the Vale going forward as part of the consultation on the budget. Overall, despite the financial challenges the Council faced, it was still in a relatively good financial position going forward.
- The Committee also considered the comments provided by some of the other Scrutiny Committees on the report, which were endorsed and asked for these to be referred on to Cabinet for their consideration.
- On mitigating the use of external consultants, Councillor Haines suggested that the Council could look at greater forecasting of where its skills needs were in order to train in-house staff.
- The Vice-Chair stressed the need for the Council to not be afraid to invest in recruiting young people and apprenticeships for the longer-term benefit of and investment in Council services.

Having considered the reference and report and all the issues and implications contained therein, Scrutiny Committee

RECOMMENDED –

(1) T H A T Cabinet be informed of the following comments and recommendations made by the Committee regarding the Financial Strategy 2023/24 and Medium Term Financial Plan Refresh, for their consideration:

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- The Council focuses on, and investigates, reshaping of services and invest to save opportunities.
- The Council reviews the use of external consultants.
- The Council continues to invest in recruitment opportunities for young people and apprenticeships.

(2) T H A T the Committee supported the comments made by the Healthy Living and Social Care Scrutiny Committee and asks Cabinet to consider these, namely:

- The Cost Pressures set out within the report, that lie within the remit of the Committee, are legitimate and fully endorsed by the Committee.
- The majority of services provided by the Council under the Social Services Directorate are statutory provision and therefore, the Council has very little choice over the spending in relation to these services. Therefore, meeting the needs of the most vulnerable to ensure that the Council complies with its statutory duties remains paramount.
- Committee notes the significant pressures placed on the Domiciliary Care Service in terms of recruitment and the need to enhance the Council's employment offer to potential employees in order to improve recruitment and subsequently provide the level of care the Council is required to provide.

(3) T H A T the Committee supported the comments made by the Environment and Regeneration Scrutiny Committee and asked Cabinet to consider these, namely:

- To consider exploring joint in-house recruitment services and further joint procurement opportunities with other Local Authorities, for example joint fleet management and purchasing of consumables.

Reasons for recommendations

(1) In order that Cabinet be informed of the comments made by Corporate Performance and Resources Scrutiny Committee as part of their consideration of the Financial Strategy 2023/24 and Medium Term Financial Plan Refresh.

(2-3) In order that Cabinet be informed of the recommendations of the relevant Scrutiny Committees as part of their consideration of the Financial Strategy 2023/24 and Medium Term Financial Plan Refresh.

463 CAPITAL MONITORING FOR THE PERIOD 1ST APRIL TO 30TH SEPTEMBER, 2022 (DCR) –

The report, as presented by the Head of Finance / Section 151 Officer provided an update on the progress of the Capital Programme for the period 1st April to 30th September, 2022. Details by scheme were shown in Appendix 1. Appendix 2 provided a summary of the position of the Capital Programme by Directorate from approval at Council on 7th March, 2022 to 30th September, 2022, including any

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changes requested within this report. The report set out any requested changes to the 2022/23 and future years' Capital Programme.

The report noted the current approved programme of £95.105m but it was important to note that this was unlikely to be delivered and slippage was requested of £2.524m. The actual expenditure with regard to the half year position was currently running at £18.4m. The same pressures referred to in the previous capital monitoring report also applied. Slippage included areas such as the Penarth Leisure Centre High Level Glazing Scheme, due to the complexity of the works required.

Following the presentation of the report, the Committee queried and scrutinised the following:

- On Councillor Haines' query on the use of Section 106 funding to repair the St Athan Community Centre, the Section 106 Officer would be asked to respond on this, although this appeared to have been comprehensively reviewed and approved by the Officer in question.
- Councillor Franks' commented on the carry forward and lack of development for Murchfield Community Sports Facilities, as well as the need for greater focus on this by the newly appointed Section 106 Officer for the Council.

Having considered the report and all the issues and implications contained therein, Scrutiny Committee

RECOMMENDED –

- (1) T H A T the progress made on delivering the 2022/23 Capital Programme be noted.
- (2) T H A T the use of Delegated Authority as set out in the report be noted.
- (3) T H A T the use of Emergency Powers as detailed in Appendix 1 to the report be noted.
- (4) T H A T the changes to the 2022/23 and future years' Capital Programme as set below be noted:
 - Street Lighting along Frampton Lane – Increase this scheme budget by £5k in the 2022/23 Capital Programme, to be funded by a contribution from S106 monies.
 - Dinas Powys Library Bridge – Include this scheme in the 2022/23 Capital Programme with a budget of £2k to be funded from an Environment and Housing revenue contribution.
 - Cosmeston Play Area – Vire £13k from the Cosmeston Play Area scheme to the Porthkerry Play Area Scheme.
 - The Knap Gardens – water and biodiversity project – Include this scheme in the 2022/23 Capital Programme with a budget of £6k, to be funded from a contribution from S106 monies.
 - Ysgol Sant Curig – Lighting renewal – Carry forward £56k into the 2023/24 Capital Programme.

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- Review alterations of parking permit schemes - Carry forward £55k to 2023/24 Capital Programme.
- Penarth Leisure Centre – High Level Glazing - Carry forward £1,546k into the 2023/24 Capital Programme.
- Barry Regeneration Partnership Fund - Carry forward £689k into the 2022/23 Capital Programme.
- Murchfield Community Sports Facilities - Carry forward £178k into the 2023/24 Capital Programme.

Reason for recommendations

(1-4) Having regard to the content of the report on Capital Programme progress, the use of Delegated Authority, the use of Emergency Powers and changes to the Capital Programme.

464 1ST AND 2ND QUARTER SCRUTINY RECOMMENDATION TRACKING 2022/23 AND UPDATED COMMITTEE FORWARD WORK PROGRAMME SCHEDULE 2022/23 (CX) –

The report, presented by the Democratic and Scrutiny Services Officer, advised Members of progress in relation to the Scrutiny Committee's historical recommendations and the updated Forward Work Programme Schedule for 2022/23:

- 1st Quarter Recommendation Tracking April to June 2022 (Appendix A);
- 2nd Quarter Recommendation Tracking July to September 2022 (Appendix B);
- Uncompleted Recommendations 2021-22 (Appendix C);
- Updated Committee Forward Work Programme Schedule for 2022/23 (Appendix D).

Following the report, the Vice-Chair asked that following the Medium Term Financial Plan, and the ongoing budget setting process, an update should be provided to the Committee regarding the impact of these on Contact One Vale. This would be looked into and added to the next quarterly update of the Work Programme.

Having considered the report and all the issues and implications contained therein, Scrutiny Committee

RECOMMENDED –

- (1) T H A T the status of the actions listed in Appendices A to C to the report be agreed.
- (2) T H A T the Committee's updated Forward Work Programme Schedule for 2022/23 attached at Appendix D to the report be approved and uploaded to the Council's website.

Reasons for recommendations

- (1) To maintain effective tracking of the Committee's recommendations.

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(2) For public information.