

## ENVIRONMENT AND REGENERATION SCRUTINY COMMITTEE

Minutes of a Remote meeting held on 15<sup>th</sup> November, 2022.

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

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

Present: Councillor S.D. Perkes (Chair); Councillor J. Aviet (Vice-Chair); Councillors I. Buckley, C.E.A. Champion, P. Drake, V.P. Driscoll, A.M. Ernest, M.J. Hooper, C. Iannucci, I.A.N. Perry and S.T. Wiliam.

Also present:

Councillors : L. Burnett (Executive Leader and Cabinet Member for Performance and Resources), B. Brooks (Deputy Leader and Cabinet Member for Sustainable Places), G. John (Cabinet Member for Leisure, Sport and Wellbeing), H. Payne and M.R Wilson (Cabinet Member for Neighbourhood and Building Services).

### 449 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”.

### 450 MINUTES –

RECOMMENDED – T H A T the minutes of the meeting held on 11<sup>th</sup> October, 2022 be approved as a correct record.

### 451 DECLARATIONS OF INTEREST –

No declarations were received.

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

The reference and report from Cabinet of 6<sup>th</sup> October, 2022 as contained within the agenda was presented.

The purpose of the report was to review the financial pressures over the medium term and to put in place a strategy for delivering the 2023/24 budget and sustainable finances over the medium term. The Principal Accountant advised that the Council was currently estimating a £28m budget gap for 2023/24. Cost pressures had been highlighted totalling £38m. It was highlighted that almost £22m of these pressures were due to inflationary impacts so would be extremely difficult to mitigate against.

The Council had also reviewed its resources and funding levels and currently estimated an increase of £10m in funding for 2023/24. The current position assumed an increase in Welsh Government funding of 3.5% for 2023/24 and 2.5% for 2024/25 as indicated in last year's financial settlement. Council Tax had been assumed to increase by 3.9% but this was only for planning purposes at present and would be subject to a policy decision later in the process. The Principal Accountant explained that the provisional settlement was likely to be received prior to the end of December which would provide more certainty on funding from Welsh Government for 2023/24. The Budget Working Group, which included the Leader, Deputy Leader, Cabinet Members and Officers, would be challenging all cost pressures and working up savings proposals which would also be subject to an internal challenge process, given the financial challenges facing the Council. These would inform an outline budget for further consultation being presented in January 2023 which would be reported back through all Scrutiny Committees.

The Chancellor was due to provide a budget announcement on Thursday, 17<sup>th</sup> November with Welsh Government's settlement announcement anticipated late December 2022.

Councillor Hooper commented that the Council could not be expected to rely on Westminster to solve the financial issues and Welsh Government's hands would therefore also be tied. He asked what position the Council was in to protect against any further budget shortfalls in years to come and suggested the Council should be adopting a zero base budget approach.

The officer commented that the Council had been prudent over the years and it had sizeable reserves although acknowledging that these could only be used once and advised that the Council would also be looking going forward to where it could invest some of its reserves with an invest to save strategy. Zero based budgeting had been suggested previously however it was very resource intensive.

Councillor Champion, having regard to the recent wage increases and possible future wage demands, enquired as to the position for the Council and whether the Council had underspent the previous year as a result of COVID 19. The officer in response stated that 3% had been anticipated for the wage increase this year although this had come in at closer to 7% this year which had indeed recently been agreed. The Council was however again anticipating a wage increase of 3% for the following year. £18m had been transferred to reserves at the end of financial year 2021/22, some of which had been put aside for future schemes.

Following a query regarding the proposed 3.9% Council Tax proposed, Councillor Ernest stated that it may be necessary to look at future capital schemes and defer some in light of the financial situation and also enquired as to the work of the reshaping services programme. The officer in response advised that the Council was under pressure to increase its sources of income and although the current proposals were based on an assumption of 3.9%, this was a matter for future agreement and discussion. With regard to capital schemes the officer advised that there was a fine balance between spend on capital and revenue therefore delaying spend on a capital scheme could actually create further repair costs within revenue budgets. Road resurfacing was given as an example. If capital spend was not

maintained on the Highway network this would often lead to further repair costs for the revenue budget in repairing potholes.

Councillor Wilson (Cabinet Member for Neighbourhood and Building Services) with the Committee's permission to speak, advised that there were two reasons why it may not be able to defer some capital schemes i.e. for health and safety concerns and necessary maintenance. Councillor Wilson also offered the opportunity for any Member to approach him directly, if they wished, with any suggestions they may have regarding future proposals for savings.

Councillor Burnett (Leader of the Council) in referring to the suggestion of a zero base budget drew attention to the £21m inflationary pressure the Council faced, advising that Directors had been requested to look at their respective service areas in detail to highlight areas for savings or additional income opportunities. It was important to note that maintenance of older schools cost approximately £2m per year which needed to be done. To assist Members the Leader also suggested that two reports that were published each year by the English Local Government Association and Welsh Local Government Association would also be worthwhile reading. In conclusion the Leader advised that with regard to the reshaping of services two excellent examples were the library service and the Big Fresh Catering Company.

Following the discussion having regard to future cost pressures, the Chair took the opportunity to suggest that going forward the Council may wish to consider establishing an in-house recruitment service jointly with another Council or a number of other Local Authorities. Although this would possibly be a minimal contribution to the financial position the Chair stated that it was important that Members considered putting forward any suggestions that could be pursued to support officers and the Council in trying to address the situation.

Councillor Buckley also suggested that further exploration be undertaken regarding working together with other Local Authorities with regard to procurement and purchasing consumables, fleet management etc.

There being no further comments it was subsequently

**RECOMMENDED – T H A T** the report be noted and that Corporate Performance and Resources Scrutiny Committee be requested 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 and Cabinet be advised accordingly.

#### Reason for recommendation

Having regard to the report and suggestions for savings opportunities and in order to advise Corporate Performance and Resources Scrutiny Committee and Cabinet.

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

The reference from Cabinet of 6<sup>th</sup> October, 2022 as contained within the agenda was presented.

During the Committee Meeting the Chair raised a query regarding how the borrowing of capital was going to be affected by the interest rate increase. The Principal Accountant in response advised that there were sizeable reserves on the HRA account but over the next few years the Council would have to consider further borrowing and this would then depend on the interest rate at the time. It was recognised that should interest rates increase then borrowing would cost more and some schemes may have to be reduced accordingly.

Councillor Hooper queried the proposed changes to the investment strategy and enquired whether the Council had the capability to consider investing in new businesses. Again, in response the Officer advised that the Council's attitude to risk was to keep risk as low as possible. It was also important that the Council considered other measures, for example investing to save and by way of an example referred to the investment in the Green sector in trying to reduce dependency on fossil fuels as well as energy costs having to be considered. Councillor Hooper further queried whether the Council had the skills to identify areas for investment with it being noted that the Council may look to partner with other organisations to ensure that any investments enhance savings going forward.

The Director of Place commented that the fund had been set up differently to the Thurrock model of investment as outlined in paragraph 2.9 of the report and the Council was currently developing an investment strategy which would form the basis of any funding gap going forward. The Council recognised that there were no experts in all areas and therefore working with partners was essential, for example CCR (Cardiff Capital Region) employed CBRE (a Global Commercial Real Estate service) to advise on any investments they make. It was confirmed that the plan would support the Council to respond to major financial challenges including broad ranging macroeconomic pressures, limited public funding, cost of living pressures and the need to address climate change.

Scrutiny Committee, having considered the reference and report subsequently

RECOMMENDED – T H A T the report be noted.

Reason for recommendation

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

454 CAPITAL MONITORING FOR THE PERIOD 1<sup>ST</sup> APRIL TO 30<sup>TH</sup> SEPTEMBER 2022 (DEH) –

The report provided an update on the progress of the Capital Programme for the period 1<sup>st</sup> April to 30<sup>th</sup> September, 2022. Details by scheme were shown in Appendix

1 to the report. Appendix 2 provided a summary of the position of the Capital Programme by Directorate from approval at Council on 7<sup>th</sup> March, 2022 to 30<sup>th</sup> September, 2022, including any changes requested within the report.

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

Capital schemes were facing challenges due to significant cost increases, which could necessitate scheme re-engineering or re-tendering, resulting in delays to projects. Project officers were also reporting long lead time on the delivery of materials and a shortage of skills in some areas.

The report referred to the current approved programme of £95.105m but it was important to note that this was unlikely to be delivered and slippage was being requested of £2.524m. Schemes would continue to be monitored closely as part of the regular monitoring arrangements with project managers and sponsors. Further slippage would be reported in future reports.

Councillor Hooper took the opportunity to enquire as to the position in respect of the review of parking permit schemes. The Head of Service in response advised that the Department was currently reviewing all areas throughout the Vale that had had new permit schemes put in place with the next step being to report to Cabinet for further consideration in the New Year.

Having regard to the contents of the report, it was subsequently

#### 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 attached Appendix be noted.
- (4) T H A T the following changes to the 2022/23 and future years' Capital Programme 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.
- 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 advising Committee of the progress on the Capital Programme, the use of Delegated Authority, the use of Emergency Powers and changes to the Capital Programme.

#### 455 1<sup>ST</sup> AND 2<sup>ND</sup> QUARTER SCRUTINY RECOMMENDATION TRACKING 2022/23 AND PROPOSED ANNUAL FORWARD WORK PROGRAMME SCHEDULE 2022/23 (CX) –

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

1<sup>st</sup> Quarter Recommendation Tracking April to June 2022 (Appendix A);  
2<sup>nd</sup> Quarter Recommendation Tracking July to September 2022 (Appendix B);  
2019-20 Uncompleted Recommendation Tracking (Appendix C): and  
Updated Forward Work Programme Schedule for 2022/23 (Appendix D).

In noting that the site visit to the Cowbridge Transfer Station had not been able to take place, the progress action advised that further visits would be arranged following completion of the site in Barry, however, Councillor Champion requested if a viewing of the Cowbridge site could take place sooner over the forthcoming months prior to the completion of the Barry site, with the Head of Service advising that arrangements would be made and Members would be contacted to consider arrangements for an earlier visit.

In recognising that the Council was waiting for the Welsh Government settlement to be finalised, which was likely to come through to Council by the end of December, it was suggested that it be noted that the budget proposal report for 2022/23 would be presented to the February meeting of the Committee, with it subsequently being

#### RECOMMENDED –

(1) T H A T the status of the actions listed in Appendices A and B be agreed.

(2) T H A T the visit to the Cowbridge Waste Recycling Transfer facility, referred to at Appendix C, be rearranged to take place asap and that the visit to the Barry site be undertaken post completion of the site.

(3) T H A T the Updated Forward Work Programme Schedule for 2022/23 attached at Appendix D to the report be approved and uploaded to the Council's website subject to the addition that the Budget Proposals for 22/23 report be included in the work programme for the Committees meeting in February 2023.

Reasons for recommendations

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

(2) In order that Members of the Committee can undertake a visit asap.

(3) Having regard to the additional report and for public information.