



JOINT SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON MONDAY, 24TH
JANUARY 2022 AT 5.00 P.M.**

PRESENT

Councillor G. Kirby - Chair
Councillor B. Miles - Vice Chair

Councillors:

M.A. Adams, Mrs E.M. Aldworth, C. Andrews, A. Angel, C. Bezzina, A. Collis, D. Cushing, C.J. Cuss, W. David, D.T. Davies, K. Etheridge, M. Evans, A. Farina-Childs, Miss E. Forehead, A. Gair, R.W. Gough, L. Harding, D. Havard, A. Hussey, V. James, L. Jeremiah, G. Johnston, S. Kent, Mrs A. Leonard, Ms P. Leonard, C.P. Mann, S. Morgan, T. Parry, D.W.R. Preece, J. Ridgewell, J.E. Roberts, R. Saralis, J. Simmonds, J. Taylor, L.G. Whittle, T.J. Williams, W. Williams, B. Zaplatynski

Co-opted Scrutiny Members: Mr G. James (Education), Mr C. Luke (Social Services)

Non-Scrutiny Committee Members: M. Davies. N. Dix, Mrs L. Phipps

Cabinet Members:

P. Marsden (Leader of Council), S. Cook (Social Care and Housing), N. George (Waste, Public Protection and Street Scene), C. Gordon (Corporate Services), J. Pritchard (Deputy Leader and Infrastructure and Property), Mrs E. Stenner (Performance, Economy and Enterprise), A. Whitcombe (Sustainability, Planning and Fleet), R. Whiting (Learning and Leisure)

Together with:

C. Harray (Chief Executive), E. Edmunds (Corporate Director Education and Corporate Services), D. Street (Corporate Director Social Services and Housing), M.S. Williams (Corporate Director Economy and Environment), S. Harris (Head of Financial Services and S151 Officer), D. Roberts (Principal Group Accountant), M.J. Jones (Financial Services Manager), J. Southcombe (Finance Manager - Corporate Finance), C. Forbes-Thompson (Scrutiny Manager), E. Sullivan (Senior Committee Services Officer), R. Barrett (Committee Services Officer), M. Afzal (Committee Services Officer)

Also in attendance:

L. Dallimore (UNISON)

RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting was being filmed and would be

available following the meeting via the Council's website – [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, P.J. Bevan, C. Bishop, C. Elsbury, C. Forehead, D. Hardacre, D. Harse, A. Higgs, M. James, B. Jones, G. Oliver, B. Owen, Mrs D. Price, M.E. Sargent, J. Scriven, G. Simmonds, S. Skivens, Mrs J. Stone and C. Thomas, together with Co-opted Member Mrs P. Ireland (Education Scrutiny Committee).

2 DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

3 MINUTES - 21ST OCTOBER 2021

It was moved and seconded that the minutes of the meeting held on 21st October 2021 be approved as a correct record and by way of Microsoft Forms and verbal confirmation (and in noting there were 21 for, 0 against and 12 abstentions) this was agreed by the majority present.

RESOLVED that the minutes of the Joint Scrutiny Committee held on 21st October 2021 (minute nos. 1 – 5) be approved as a correct record.

Councillors P. Leonard, J. Taylor, D.T. Davies, C. Andrews and D.W.R. Preece confirmed that they had abstained from voting on the minutes as they had not been present at the last meeting.

REPORTS OF OFFICERS

Consideration was given to the following report.

4 DRAFT BUDGET PROPOSALS FOR 2022/23

The Cabinet Member for Performance, Economy and Enterprise presented the report, which provided details of the Draft Budget Proposals for the 2022/23 financial year and had been considered at a special meeting of Cabinet on 19th January 2022.

Members were advised that the 8.5% uplift in the Provisional Financial Settlement, along with the proposed 2.5% increase in Council Tax meant there would be no new savings required for the 2022/23 financial year. Although the significant increase in the Provisional Financial Settlement is very welcome during these challenging times, Members were asked to note that circa £17.3m of the increase will be needed to fund inescapable inflationary pressures. However, this increased uplift, combined with the proposed Council Tax increase of 2.5%, will provide circa £10m available for investment in key service areas as the Authority recovers from the Covid-19 pandemic. Key areas of investment in Council services include £6.2m for Social Services to meet the commitment to pay the Real Living Wage for care workers, addressing increases in demand in both Adult and Children's Services, and to provide funding to assist with additional costs that may continue to arise as a consequence of the ongoing pandemic.

The Draft Budget Proposals will ensure the protection of budgets for schools and provide £250k to support a new apprenticeship scheme across the Council. Significant investment is also proposed in Public Protection Services to increase capacity in key teams such as Trading Standards, Enforcement and Environmental Health. There will also be additional investment in the Community Safety Wardens Service, Flood Prevention Team, and in the Business Enterprise and Renewal Team to lever in external funding and to promote the development of town centres.

Members were advised that the proposed Council Tax increase of 2.5% for 2022/23 is well below inflation and is the lowest increase for a number of years. This will increase Caerphilly's Band D precept from £1,230.57 to £1,261.33, which equate to an annual increase of £30.76 or weekly increase of £0.59.

The Scrutiny Committee were reminded that Welsh Government has provided substantial grant funding to Local Authorities in both the 2020/21 and 2021/22 financial years through the Covid-19 Hardship Fund to meet additional costs and income losses arising from the pandemic. The Hardship Fund will cease on 31st March 2022 and Local Authorities will be required to meet ongoing financial pressures linked to the pandemic from the funding provided in the Provisional Financial Settlement. Due to the ongoing financial uncertainty linked to the pandemic, it is proposed to top up the Council's Covid-19 Earmarked Reserve to £5m by transferring uncommitted balances on other previously approved reserves.

Members were advised that as we exit the pandemic, the financial challenges faced by local authorities are unknown and Caerphilly Council must ensure that they are well placed to deal with these challenges as they arise. Members were referred to the updated Medium Term Financial Plan (MTFP) as set out in the report that shows a potential savings requirement of £9.753m for the two-year period 2023/24 to 2024/25. Detailed work will be undertaken in the coming months to further refine the MTFP and the Council's Transformation Programme and associated Corporate Reviews will be key components in addressing the projected financial gap.

The Joint Scrutiny Committee were asked to consider and comment on the draft budget proposals, prior to Final Budget Proposals being presented to Cabinet and Council in February 2022, and questions were invited for the Cabinet Member and Officers.

A number of Members voiced their support for the proposals and welcomed the proposed budget. They were particularly pleased to note the lack of cuts to Council services for 2022/23 and investment in key services, particularly after many years of austerity measures. They were also pleased to see the protection of the Education budget, investment in the Apprenticeship Scheme and Business and Enterprise Renewal Team, and proposals to invest in the Community Safety Team to create additional resources. Other Members also emphasised the importance of protecting the budget and delivering a balanced budget.

Mr Steve Harris (Head of Financial Services and S151 Officer) responded to a Member's queries around the purpose of the balances held in reserves and the rationale for the proposed Covid reserve top-up. It was noted that an Update on Reserves is prepared annually and presented to the Policy and Resources Scrutiny Committee in February 2022, which sets out details of all the balances that are currently earmarked and the reasons why these are held in reserve. He explained that the proposed top-up of the Covid reserve will utilise balances which have been identified as uncommitted in other area, with 2.5 million presently uncommitted, which is why it is recommended that these be used to top up the COVID reserve.

Mr Harris also provided clarification on the Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates) used by WG to calculate the Financial Settlement and how this is redistributed amongst local authorities. Later in the meeting, Mr Harris also

responded to queries from the Member around the funding received from WG in relation to Covid-19, and provided clarification around the WG Hardship Fund and the Covid-19 Earmarked Reserve that had been established to meet any additional costs that may not have been funded through this Hardship Fund.

The Scrutiny Committee discussed the proposed increase in Council Tax and queries were received around the number of households benefiting from the Council Tax Reduction Scheme. It was confirmed that 16,300 households receive a reduction and of these, 20% receive a 100% reduction, which equates to 9034 households across the county borough. Officers provided clarification on the Band D rate compared with other authorities across Wales and it was also confirmed that Caerphilly Council is ranked second lowest in the list of Council Tax rates across Wales at this present time. A Member asked if the Authority had considered alternative levels of Council Tax increase when preparing the draft budget, ranging from zero increase to an increase greater than 2.5%. The Cabinet Member for Performance, Economy and Enterprise confirmed that the Authority had looked at both lower and higher increases but had proposed an increase of 2.5% in order to facilitate the £10m investment in essential services

One Member stated that the proposed 2.5% increase in Council Tax within the draft proposals was causing confusion from some residents who believe this increase to be set in stone. The Cabinet Member gave assurances that nothing has been pre-determined and that all consultation responses from the public on the Draft Budget Proposals, including the proposed Council Tax increase, will be taken on board in the preparation of the Final Budget Proposals to be presented to Cabinet and Council. However, she emphasised that if the Council were to significantly deviate from the proposed level of increase, savings would be needed elsewhere in order to deliver a balanced budget for 2022/23.

Members discussed the proposed level of investment in staffing and the costs attached to particular posts relating to a new Senior Relationship Manager post and additional capacity in the FOI Team. Officers explained that these costs include salary on-costs and that further details of the Senior Relationship Manager role will be reported back to Members once the job description and salary are confirmed. Clarification was provided on the rationale for the Senior Relationship Manager post and it was also noted that the two new Freedom of Information Officer posts will help to improve and exceed targets around FOI requests. In response to a further query on the need for a Senior Relationship Manager, it was explained that the Authority are looking to recruit to the post to act as a strategic conduit across the Council's service areas, establish a direction of travel, and build relationships across separate management teams.

During the course of the meeting, Mrs Lianne Dallimore (UNISON) was invited to deliver the Trade Union position on the Draft Budget Proposals. Mrs Dallimore stated that overall the proposals were very positive and better than anticipated, particularly after 12 years of budget cuts and austerity. However, she emphasised the increasing financial pressures already faced by residents as a result of inflation and increasing costs, and asked the Committee to bear these in mind. Mrs Dallimore also made reference to those Council employees working from home and highlighted the costs around working from home in terms of increased lighting, heating and a general increase in energy costs. She therefore asked the Council, as part of its budget proposals, to consider offering a home working allowance to these staff, and expressed the need for the Council to address this cost in order to sustain an agile workforce.

Mrs Dallimore thanked Mr Steve Harris, finance staff and Heads of Service for their work in preparing the report. She also made a request for trade unions to be consulted earlier in the process moving forward, and for them to have sight of the proposals before they are made public.

The Leader of Council thanked Mrs Dallimore for her comments around the budget and made reference to the Council's proposed investment in key roles. In regards to the comments

made around agile working, the Leader placed on record her reassurance that no member of staff should suffer financial detriment when working from home. She confirmed that the Council would meet with the Trade Unions to discuss the issues that arise from working from home and address the financial pressures that staff are facing.

A Member sought clarification on the reason for the proposed growth of £6.166m for Social Services being held corporately in the first instance, rather than being released directly into the Social Services budget. Officers explained that the Council needs to carry out some work around the Real Living Wage and passport that funding through to independent sector providers. This will be a detailed piece of work and the Council will need to work with a large number of providers on this matter. Once the work is completed and the Council have the evidence base to pass this funding on, the funding will then be released into the Social Services budget. In addition, there are underlying increases in demand across both Adult Services and Children's Services, and so the Council want to firstly gain a better understanding of this as they move into the next financial year in order to establish the impact on the Social Services budget.

It was also explained that the issues around the Real Living Wage are particularly complex, and although the Hardship Fund was used to meet some of these costs, this funding is now at an end and the costs may have to come from the WG Financial Settlement instead. Colleagues across Social Services and Finance are working together to gain a better understanding of these costs and once the position is better established, the funding will be called down from the corporate balances into the Social Services core budget. In response to a query around whether any underspend across the proposed growth would be reported rather than be assimilated into the corporate budget, Officers confirmed that if there is any surplus funding once the Real Living Wage exercise has been completed, then this will be made available for investment in other service areas. They added that an update on the Real Living Wage position would also be reported when the report on the updated Medium Term Financial Plan (MTFP) is reported to Cabinet at the mid-year point.

A Member sought clarification regarding the £235k investment in flood prevention scheme development and implementation. Officers confirmed that this will consist of general investment in staff resources in order to increase capacity across the department, with it noted that the Drainage Team is currently under-resourced and so this will be used to strengthen capacity and enable the Council to push more schemes forward.

Clarification was sought on the reasons for the APT&C pay award for 2021/22 not yet being finalised. Officers explained that it is currently assumed that the 2021/22 pay award will be 1.75% with a further increase of 3% from April 2022. The 3% uplift will be held corporately in the first instance and released to school budgets once the actual pay award has been determined. However, this is a national issue and trade unions are currently out to ballot on the pay award, so a decision has not yet been made and will come very late in the day before negotiations begin on the next round of the pay award for 2022/23. It was also confirmed that any pay award to staff would be backdated.

Queries were received on a number of individual items in the report, including National Insurance contributions, the 4% uplift in non-pay inflation, free school meals costs, and costs listed across Miscellaneous Finance. Officers provided clarification on each of these items in turn. In response to a Member's query around the publicization of the consultation on social media, it was confirmed that a link to the draft budget consultation had been posted on social media channels in order for residents to click on the link and respond to the consultation.

A Member sought further detail on the investment for the establishment of the new apprenticeship opportunities across the Council. Officers highlighted the value of apprenticeships to the organisation and it was noted under previous schemes, many apprentices have gone on to be successfully employed into full-time Officer posts. It was explained that the £250k investment will recur on a yearly basis, which will have huge benefits

for the Council regarding future recruitment of staff, and that there will be opportunities for apprenticeships across the whole of the organisation. It was confirmed that a list of potential service areas offering apprenticeships would be circulated to Members following the meeting.

Mrs Christina Harray (Chief Executive) addressed the Joint Scrutiny Committee, and in referring to comments made by Members on the investment in Officer posts, sought to provide context around the rationale and background to these particular budget proposals. It was emphasised to Members that since 2019/20, the Council has seen a reduction of 237 members of staff which means that the Authority has been delivering more work with less resources over a significant period of time. However, this position is unsustainable in the long term, and in taking into account the concerns of Elected Members and Trade Unions, and in order to continue with the current pace and take the organisation from a good to excellent level, the Council has proposed these much-needed resources and investment in staff in order to sustain service delivery across all areas.

The Leader of Council reminded all Members that these budget proposals were currently at the draft stage, emphasised the importance of consultation and gathering views in preparing final budget proposals, and gave assurances that all comments around the draft proposals will be taken on board. The Leader also highlighted the importance of the investments being proposed at this time, together with the need to ensure finance resilience in future years, in order to develop the Council and deliver the best possible services for residents of the county borough.

The Chair thanked Members and Officers for their contributions and confirmed that the comments of the Joint Scrutiny Committee would be reported to Cabinet and Council as part of the consultation process and be included in the Final Budget Proposals report being presented to Cabinet and Council in February 2022.

Members placed on record their thanks to Mr Steve Harris and to all staff involved for their hard work in the preparation of the detailed report.

The meeting closed at 6.14 p.m.