



SPECIAL MEETING OF COUNCIL

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON TUESDAY 30TH JULY 2019 AT 5.00PM

PRESENT:

Councillor J. Simmonds - Mayor
Councillor C. Andrews - Deputy Mayor

Councillors:

M. Adams, Mrs E. Aldworth, A. Angel, P.J. Bevan, C. Bezzina, L. Binding, A. Collis, S. Cook, C. Cuss, W. David, D.T. Davies, K. Dawson, N. Dix, C. Elsbury, K. Etheridge, M. Evans, A. Farina-Childs, Mrs C. Forehead, Ms E. Forehead, A. Gair, N. George, C. Gordon, R.W. Gough, D.T. Hardacre, L. Harding, D. Harse, D. Havard, A. Higgs, A. Hussey, M. James, V. James, L. Jeremiah, G. Johnston, Mrs B. Jones, S. Kent, G. Kirby, Mrs A. Leonard, Ms P. Leonard, C.P. Mann, Mrs P. Marsden, S. Morgan, Mrs G. Oliver, B. Owen, T. Parry, D.V. Poole, D.W.R. Preece, J. Pritchard, J. Ridgewell, J.E. Roberts, Mrs M.E. Sargent, G. Simmonds, S. Skivens, Mrs E. Stenner, A. Whitcombe, R. Whiting, L G. Whittle, T. Williams and B. Zaplatynski.

Together with:-

C. Harry (Interim Chief Executive), D. Street (Director of Social Services and Housing), S. Harris (Interim Head of Business Improvement and Acting S151 Officer), L. Lane (Deputy Monitoring Officer and Head of Democratic Services), A. Southcombe (Finance Manager - Corporate Finance) and A. Dredge (Committee Services Officer).

B. Morris and G. Hawkins (Grant Thornton – External Auditor).

1. WEB-CASTING FILMING AND VOTING ARRANGEMENTS

The Interim Chief Executive reminded those present that the meeting was being filmed and would be made publically available in live and archive form via the Council's website. She advised that decisions would be made via the electronic voting system.

2. MINUTE SILENCE

It was with great sadness that the Mayor announced the passing of Neil Powell, the Council's relief Chauffeur and long standing colleague within the Print Unit. Councillor Mann also announced the passing of former County Councillor Dave Smith. Members and Officers stood for a minute silence as a mark of respect.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors D. Cushing, M. Davies, J.E. Fussell, Ms J. Gale, B. Miles, Mrs L. Phipps, Mrs D. Price, R. Saralis, J. Scriven, J. Taylor, C. Thomas, W. Williams and M. S. Williams (Interim Corporate Director for Communities) and R. Tranter (Head of Legal Services and Monitoring Officer).

3. DECLARATIONS OF INTEREST

Councillor M. Adams, A. Angel, T. Davies, N. George, C. Gordon, J. Simmonds and C Harrhy (Interim Chief Executive) declared interests in relation to Agenda Item 4 – Leader’s Statement at the commencement of the meeting. Details are recorded with the respective item.

4. LEADER’S STATEMENT

Councillor M. Adams, A. Angel, T. Davies, N. George, C. Gordon and J. Simmonds declared personal and prejudicial interests in relation to this item as they are currently appointed Members of the Investigating and Disciplinary Committee. C Harrhy (Interim Chief Executive) declared a personal and prejudicial interest due to her current role as the Interim Chief Executive. As the interests are both personal and prejudicial, they left the room when the Leader delivered his statement.

Members were advised that the Designated Independent Person has submitted her final report in relation to the ongoing investigation in respect of the substantive Chief Executive Officer. The Leader expressed the importance of allowing due process to be followed and to bring matters to a conclusion and it is currently anticipated that this will be achieved by the end of September 2019. At its meeting on the 13th December 2018, Council approved additional financial provisions for legal costs associated with the investigation process and also for the salary of the substantive Chief Executive Officer to the 31st July 2019. He added that there is sufficient funding available from previously approved financial provisions to meet anticipated further costs in respect of legal fees and the Designated Independent Person, to bring the investigation process to a conclusion. However, it will be necessary to establish a new financial provision of £31k to fund the salary costs of the substantive Chief Executive Officer to the end of September 2019.

The additional financial provision will be funded from Corporate Services Reserves and can therefore be agreed under delegated powers in accordance with the Council’s Financial Regulations and Reserves Strategy by the Head of Corporate Finance and the Corporate Director for Social Services and Housing. This additional call on reserves will be reported through budget monitoring to the next Policy and Resources Scrutiny Committee. In concluding, the Leader advised that in the event of the disciplinary process not being concluded by the end of September, a further update will be provided to Council.

Members discussed the statement and expressed their concerns of the financial provision of £31k being dealt with under delegated powers and felt that this figure should have come before Full Council for a democratic vote to be taken. A Member referenced the sum of £242k which Council had approved on the 13th December 2018 to cover the ongoing costs associated with the disciplinary process. Officers advised that this figure was the best estimate at that time and upon receipt of further reports, events have moved on. Members questioned if recompense was being sought for the grossly overrun disciplinary process and if as a point of order, a recorded vote could be taken on this item. Members were reminded that the Leader’s Statement was for information only and related specifically to the financial provision of £31k; the Council has been open and transparent and this financial provision is required to bring the disciplinary process to a conclusion.

REPORT OF OFFICERS

Consideration was given to the following reports.

5. FINANCIAL STATEMENTS FOR 2018/19

The report sought approval of the audited 2018/19 Financial Statements, in order that they can be signed off by the Wales Audit Office (WAO) in accordance with statutory requirements. The Financial Statements are very complex and the format and disclosure requirements are determined by various accounting standards and legislative requirements. Members were advised that the Council cannot realistically change anything in the Financial Statements, as any changes would need the approval of the External Auditor, Grant Thornton.

At its meeting on the 23rd July 2019, the Audit Committee was presented with the External Auditor's Audit of Financial Statements Report, which was based on the audit work that had been completed at that time. The Auditor's report (attached, as Appendix 1) stated that it was the Auditor General's intention to issue an unqualified audit report on the 2018/19 Financial Statements, based on the audit work completed as at the 23rd July 2019. Following consideration of the Auditor's Report the Audit Committee unanimously endorsed a recommendation to Council that the Financial Statements be approved, subject to any changes that may be required as a result of ongoing audit work.

Members were advised that the External Auditor had been completing final audit testing in a number of areas during the last week. Copies of their updated report were made available to all Members, showing tracked changes from the document originally circulated with the Council agenda. Hard copies of changes to relevant pages within the Financial Statements were also made available for Members with the changes highlighted in yellow.

At its meeting on the 12th June 2019, Cabinet was presented with a report on the Provisional Outturn for 2018/19. The report included details of movements on the General Fund balance from the 1st April 2018 to the 31st March 2019 along with agreed commitments for 2019/20. Members were reminded that the forecast General Fund balance as reported to Council on the 21st February 2019 was £11.660m, with the latest position now being a projected balance of £14.040m i.e. an increase of £2.380m. At its meeting on the 12th June 2019 Cabinet endorsed a recommendation to Council that the increase of £2.380m should be transferred to Capital Earmarked Reserves. Members were asked to note that a report will be prepared during the autumn in respect of unallocated capital reserves and proposals for investments in a number of key strategic projects.

The Interim Chief Executive recommended a short adjournment to allow Members an opportunity to consider the additional documentation and this was supported by the majority present.

Following the adjournment, the External Auditor referred Members to their updated report and made particular reference to the amendments on page 4. This sets out the current status of the audit work completed and those areas outstanding as of the 30th July 2019. Reference was then made to appendix 3 that summarises the misstatements to be corrected by management. In relation to the Housing Revenue Account (HRA) income expenditure listed, it was explained that the reason for the correction is that a manual adjustment is made to the face of the Comprehensive Income and Expenditure Accounts to reflect the income and expenditure split disclosed in the HRA. This has no impact on the Net Expenditure or cash balances of the HRA.

Members discussed the report and update in detail and sought clarification in a number of areas. A Member queried the Capital commitments for matters arising in Exhibit 7 and was advised that a review of Capital commitments will be undertaken on an annual basis. Further details of the current commitments are set out on page 118 within the agenda pack.

A Member referred to paragraph 5.8 in the Officer's report and the anticipated savings of £44m that will be required over the four year period 2020/21 to 2023/24. He also referenced the significant works to be undertaken and associated costs referred to on page 32 and 33 in appendix 2. Officers advised that there are a range of assumptions associated with the savings for instance there is uncertainty in relation to Welsh Government (WG) funding. In addition, work is ongoing with Managers in considering potential savings in moving forward and an 8 week consultation will be undertaken at the end of 2019 to consider draft budget proposals for 2020/21. Cabinet will also work closely with trade unions in safeguarding jobs. The Member then sought advice in moving a motion in relation to various sections within the Financial Statements. The Interim Chief Executive and Deputy Monitoring Officer advised that a motion must be relevant and specific and that this report is a 'Statement of Fact' and as such the motion was not accepted.

Clarification was sought in respect of the McCloud/Sergeant Judgment on the Council's total pension liabilities. The External Auditor advised that this ruling provided protection to additional groups of staff following the move from a final salary to career average pension scheme.

A Member referred to the findings relating to Journals authorisation within Appendix 4 and asked if there are risks associated. It was explained that not all Journals are authorised within the authority. This was raised in prior years and management have reviewed the process and introduced an authorisation threshold of £100k which has been reported to and approved by the Audit Committee.

The External Auditors thanked the Acting Section 151 Officer and all staff within the team for their support and assistance during the audit process. The Leader added that he fully endorses the report and felt that this emphasises how well the Council is run financially.

Members were asked to consider an additional recommendation to those set out in paragraph 3, in the Officer's report in that *subject to any further changes to the Financial Accounts, their approval be delegated to the Acting S. 151 Officer.*

Following consideration and discussion, it was moved and seconded that subject to the additional recommendation, the recommendations contained within the Officer's report be approved. By way of electronic and in voting on block, there were 43 for, 13 against and 1 abstention.

RESOLVED that:

- (i) the 2018/19 Financial Statements, be approved;
- (ii) the recommendation from Cabinet that the General Fund balance should be maintained at £11.660m, as previously agreed by Council on the 21st February 2019, be approved;
- (iii) the recommendation from Cabinet that the increase in the General Fund balance of £2.380m over the previously anticipated level should be transferred to Capital Earmarked Reserves, pending a report that will be presented during the autumn in

respect of unallocated capital reserves and proposals for investments in a number of key strategic projects, be approved;

- (iv) subject to any further changes to the Financial Accounts, their approval be delegated to the Acting S. 151 Officer.

The meeting closed at 6.30pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 23rd October 2019, they were signed by the Mayor.

MAYOR