



## JOINT SCRUTINY COMMITTEE

### MINUTES OF THE MULTI-LOCATIONAL MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY 23<sup>RD</sup> JANUARY 2024 AT 5.00 P.M.

#### PRESENT:

Councillor G. Johnston – Chair

#### Councillors:

M. Adams, E. M. Aldworth, A. Angel, C. Bishop, A. Broughton-Pettit, M. Chacon-Dawson, D. Cushing, C. Cuss, D.T. Davies, E. Davies, G. Ead, C. Elsbury, G. Enright, K. Etheridge, M. Evans, A. Farina-Childs, C. Forehead, J. Fussell, A. Gair, D. Harse, T. Heron, A. Hussey, D. Ingram-Jones, M. James, L. Jeremiah, J. Jones, S. Kent, A. Leonard, C. Mann, A. McConnell, B. Miles, B. Owen, T. Parry, L. Phipps, M. Powell, H. Pritchard, J.A. Pritchard, J. Rao, R. Saralis, J. Simmonds, C. Thomas, L. Whittle, S. Williams, W. Williams, J. Winslade, K. Woodland, and C. Wright.

#### Cabinet Members:

Councillors S. Morgan (Leader of Council), C. Andrews (Education and Communities), S. Cook (Housing), E. Forehead (Social Care), N. George (Corporate Services, Property and Highways), P. Leonard (Planning and Public Protection), C. Morgan (Waste, Leisure and Green Spaces), J. Pritchard (Prosperity, Regeneration and Climate Change) and E. Stenner (Finance and Performance).

#### Together with:

Officers: D. Street (Deputy Chief Executive), M. S. Williams (Corporate Director Economy and Environment), R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), S. Richards (Head of Education Planning and Strategy), K. Peters (Corporate Policy manager), A. Southcombe (Finance Manager – Corporate Finance), R. Tranter (Head of Legal Services and Monitoring Officer), J. Southcombe (Finance Manager), L. Sykes (Deputy Head of Financial Services and S151 Officer), R. Hartshorn (Head of Public Protection, Community and Leisure Services), H. Lancaster (Transformation Manager – Engagement), M. Lloyd (Head of Infrastructure), G. Jenkins (Interim Director of Social Services), K. Cole (Chief Education Officer), J. Williams (Assistant Director Adult Services), L. Lucas (Head of Customer and Digital Services), R. Kyte (Head of Regeneration and Planning), M. Jacques (Scrutiny Officer), S. Hughes (Committee Services Officer) and J. Lloyd (Committee Services Officer).

## RECORDING, FILMING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting was being live-streamed and recorded and would be made available following the meeting via the Council's website – [Click Here to View](#). Members were advised that voting on decisions would be taken via Microsoft Forms.

## **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors R. Chapman, P. Cook, N. Dix, C. Gordon, D. Preece, D. Price, J. Reed, J. Roberts, J. Scriven, S. Skivens, J. Taylor, and A. Whitcombe.

## **2. DECLARATIONS OF INTEREST**

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

## **REPORTS OF OFFICERS**

Consideration was given to the following reports.

## **3. UPDATE ON RESERVES.**

Councillor E. Stenner (Cabinet Member Finance and Performance) introduced the report which presented the Joint Scrutiny Committee with details of the usable reserves held by the Authority. The report provided details of balances held as of 31<sup>st</sup> March 2023, along with updates to reflect in-year movements and recommended movements on reserves.

A Member queried the exact figure in usable reserves to date, as the information in the report related to balances as of 31<sup>st</sup> March 2023. Members were advised that the forecast balance on usable reserves as of 31<sup>st</sup> March 2024 is anticipated to be circa £183m, with further significant reductions in the balance expected for subsequent financial years,

A Member queried whether more reserves could be released than stated in the report, and also sought clarification on the large amounts of in-year capital reserves being established in the Economy & Environment and Education Directorates. Members were advised that the use of reserves to balance the budget is a temporary measure that is not sustainable in the medium to longer-term. Members were also advised that the in-year capital reserves had been established following relevant approval processes and that further details would be forwarded to the Member following the meeting.

A Member sought clarification on the information provided earlier in the meeting with regards to the forecast reduction in reserves over the next 2 years. Members were advised that more detailed information would be circulated to Members following the meeting.

A Member queried whether the high level of reserves held was due to 'slow' spending of reserves that had been allocated for specific purposes. Members were advised that reserves are being used for the purposes they have been set aside for, and this would lead to the forecast reduction in reserves over the next 3 years.

Members of the Joint Scrutiny Committee noted the content of the report, and it was moved and seconded that the recommendations contained in the Officer's report be approved. By way of Microsoft Forms and verbal confirmation (and in noting there were 43 for, 1 against, and 8 abstentions) this was agreed by the majority present.

RECOMMENDED to Cabinet:

1. Release the following uncommitted reserves to the General Fund to support the 2024/25 Budget: -

- a. £1.419m from Capital Earmarked Reserves
- b. £3.769m from Other Earmarked Service Reserves
- c. £0.017m from Over/Under Reserves
- d. £2m from the Insurance Reserve.

2. Transfer 100% of the Net 2023/24 underspend position, forecast at £3.656m as at October 2023 to the General Fund to support the 2024/25 revenue budget.

3. Allocate £0.791m from the Education Over/Underspend Reserve to a specific Earmarked Reserve for the 2023/24 Schools Additional Teachers Pay Award.

4. Repurpose £0.108m from Private Sector Housing Staff Capacity Reserve to Empty Homes Teams Reserve to increase funding so that the team can be extended for two years.

#### **4. DRAFT BUDGET PROPOSALS FOR 2024/25.**

Councillor E. Stenner (Cabinet Member for Finance and Performance) introduced the report which detailed the Draft Budget Proposals for 2024/25 that were endorsed by Cabinet at its meeting on 17<sup>th</sup> January 2024. The Joint Scrutiny Committee were asked to consider and comment upon the report prior to Final Budget Proposals being presented to Cabinet and Council on 27<sup>th</sup> February 2024.

A Member raised concerns about the public consultation and suggested stands in local supermarkets for future consultations on the budget. The Member also expressed concerns over a proposed 20% increase for the cost of booking sports pitches. The Member requested that Cabinet consider reducing this proposed increase. Members were provided with information on the consultation survey and various drop-in sessions for residents across the County Borough, it was also highlighted that new ways of consulting were always under consideration but there were limited resources for this process.

Members were also advised that media reports suggesting that the cost of booking sports pitches was going to be £54.00 an hour were incorrect, the proposal was to charge £54.06 per senior match played. Members were informed of the actual costs of providing a pitch and pavilion for a senior match, which did not include energy costs incurred, with the proposed cost being lower than those charged by some other Local Authorities.

A Member requested that the Council Leader acknowledge the opposition to the proposal to close "Coffi Vista" in Caerphilly town centre. The Member noted that a video he had posted on social media against the closure had attracted over 1,000 supporting comments. The Council Leader gave assurances that public views were always considered and highlighted the difference between public consultation and a referendum. It was the Leader's view that this facility should be run by the Private Sector rather than being subsidised by the Council at a cost of £100,000 a year. Members heard how the views of residents would be listened to within the confines of extremely tight budgets. The Council Leader also highlighted the £66m shortfall in funding over the next three years.

Discussion followed and the Member highlighted that the facility was more than just a coffee shop as it was also a gallery for local artists, an information centre and it offered public convenience facilities. Another Member requested a full public consultation on this issue. The Meeting heard how it would not be practical to consult on every individual

proposal. A Member requested clarification on whether it was proposed that the facility would be closed or put out for tender. Members were advised that the proposal was to close the facility with the potential to attract alternative providers in the future.

A Member sought clarification on the use of grants to pay some of the Caerphilly Cares team. Members were provided with information on a number of grants available through the Regional Partnership Fund, the use of reserves held within social care, and also the cost-of-living reserves.

A Member queried the impact of increasing the vacancy savings target in the Social Services budget, reducing the contribution to the Gwent Frailty service and also the subsidy for caretaker costs at Community Centres. Members were advised that the increase in the vacancy factor would have no impact on the level of provision and reflected the recruitment challenges currently being faced. On the issue of the Gwent Frailty service, Members heard how the reduction in contributions was due to reduced reliance on the service as more functions were being performed in-house instead. Members were advised that the phased reduction in caretaker hours for Community Centres over a 3-year period was a decision agreed as part of last year's budget.

A Member requested that the decision to close "Coffi Vista" be delayed for 6 months to allow business to build-up at the facility. Members were advised that delaying any of the budget proposals was a matter for Members during discussions at Council. The Council Leader then advised Members that the consultation would not be put on hold.

A Member queried how despite required savings, the Council was able to invest £21m in gilts and bonds and therefore increase its investment portfolio from £164m to £185m between March and September last year. The Member wished to know where the £21m came from during that period. Members were advised that £21.9m was invested in that period and that none of these investments were in gilts or other long-term investments. Members were further advised that the investments that had been made would all mature in the 2024 calendar year. Members heard that the £21.9m consisted of investments in bonds and fixed-term deposits (£15.6m), an increase in deposits with the HM Treasury Debt Management Office (£9.5m), and a £3.2m reduction in investments with other Local Authorities and Housing Associations. Members heard how the Council had operating costs of over £850m a year, so at different times of the year there would be varying levels of cash available and fluctuations in the level of investments. Members were also advised that Council investments are directly linked to reserves and that currently the investment balance was £160.5m.

A Member queried why consultation sessions were only taking place at Libraries in Rhymney, Risca and Blackwood. The Member also queried if the Dragons regional rugby club would also face the same increase as local sports clubs for booking pitches. The Member advised that the Dragons used the Sporting Centre of Excellence in Ystrad Mynach. Members were provided with details of 8 drop-in sessions across the County Borough, including the Library Hub in Ystrad Mynach. Members also heard about an online version of the survey for those who could not attend in-person sessions. Members were also advised that the Dragons, Coleg y Cymoedd and the Welsh Rugby Union had a contract to use the Sporting Centre of Excellence during daytime hours. Members heard how the Dragons contract was currently being renegotiated, but the fees would be considerably higher than the report proposal under discussion.

A Member sought clarification on potential savings as a result of the community asset transfer of the Winding House. Members were advised that indications were that the asset transfer would be successful and therefore permanent savings could be made as a result.

A Member queried the help available to residents who were working but because of low incomes found the current climate challenging. Members were provided with details of the

Council Tax Reduction Scheme, the Cost-of-Living Fund and also highlighted the service provided by the Caerphilly Cares team.

A Member raised concerns over the 6.3% reduction in specific revenue grants and the potential impact on education. The Member also sought clarity on the consolidation of education grants. Members were advised that the Council was still awaiting specific details on the all-Wales reductions which will impact on all service areas. Whilst support would be provided, the working assumption was that service areas would have to absorb the financial impact of these reductions. Members were provided with information on the four new funding streams for education, with more local information to be received from Welsh Government. Additional information regarding the four funding streams, as requested, was to be circulated to Members following the meeting.

A Member noted concerns over the 'freezing' of Community Safety Warden posts, the proposed 10% reduction of the Music Service, proposed cuts impacting Community Centres and increasing the fee for booking sports pitches. On the proposed closure of "Coffi Vista" the Member asked about future plans for the provision of tourist information. The Leader highlighted to Members that "Coffi Vista" had not been a tourist information centre for some time. The Leader also advised that tourist information was available via digital platforms and smartphones. Members also heard that the provision of Community Safety Wardens was non-statutory, and that the Music Service had achieved Gold Standard. The Leader stressed that alternative budget proposals from the opposition parties are welcomed for consideration.

A Member sought clarification on the need to increase Council Tax by 6.9%, considering the underspend last year and in previous years. The Member also requested an update report outlining the work of the Mobilising Team Caerphilly transformation programme and the projects under discussion. Members were advised that all underspends in recent years have been reinvested into the Council and were an important part of balancing the budget. Members heard how the forecasted underspend of £3.6m for 2024/25, compared to circa £8.6m for 2022/23, demonstrated the challenging economic situation currently faced. Members were advised that Mobilising Team Caerphilly had a £5m savings target for 2024/25, but as the Council faced a £46.7m savings requirement for the following two years, the programme would be expected to submit significant further savings moving forward. Members were also advised that these projects would be subjected to full scrutiny and consideration by Members as and when the projects are ready. Members were also invited to attend the weekly sessions with Perago, which are held in Ty Penallta and online, and it was also proposed that a Members Seminar would be held in the next 4 to 6 weeks.

A Member noted that opposition parties could not ask Officers to prepare an alternative budget for them and also raised concerns on the £3m savings required from schools. The Member also asked about the engagement with schools and the support available to them. Members were advised that Officers did not set the budget for the Council. They provided professional advice and support but responsibility for setting the budget rested with Council. Members were given details of the engagement that had taken place over the savings required and advised that Headteachers had been proactive and largely supportive in the context of the challenging financial environment.

A Member sought clarification on whether there would be penalties for recalling any investments and requested that Cabinet review the investment portfolio to see if money could be used to support this year's financial budget. Members were advised that there would be financial penalties for early withdrawal of investments. Members were also advised that all investments were in line with the Council's Investment Strategy which is approved by Council annually as part of the wider Treasury Management Strategy. It was also reiterated that investments were linked to reserves and using them to balance

budgets was only a temporary measure that is not sustainable in the medium to longer-term.

A Member reiterated their request to have an update report on the work of the Mobilising Team Caerphilly transformation programme and the projects under discussion. Members were again advised that there was a weekly update session open to everyone, every Wednesday at 09:30. This was available online or in-person in Penallta House. Members also heard about a proposed Seminar in the coming weeks and a page on the Council's Intranet which outlines the latest developments via video updates and blogs.

The Head of Financial Services and S151 Officer outlined his views on the scale of the challenges faced. Members heard how some Local Authorities in England had issued Section 114 notices because they cannot balance their budgets. Members also heard how transitional budgets that relied on temporary savings and using reserves were not sustainable, and in the coming years some unpopular decisions will have to be made to address the significant financial gap of £46.7m facing the Council.

The Joint Scrutiny Committee considered and commented upon the content of the report prior to the Final Budget Proposals being presented to Cabinet and Council on 27<sup>th</sup> February 2024.

The meeting closed at 6.39 p.m.

Approved as a correct record, subject to any amendments agreed and recorded in the minutes of the meeting held on the 26<sup>th</sup> of February 2024.

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CHAIR