



## **POLICY AND RESOURCES SCRUTINY COMMITTEE**

### **MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON TUESDAY, 5TH OCTOBER 2010 AT 5.15 P.M.**

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**PRESENT:**

Councillor J. Taylor - Chairman  
Councillor Mrs M.E. Sargent - Vice-Chairman

**Councillors:**

H.A. Andrews, L. Binding, Mrs A. Blackman, D. Bolter, J.B. Criddle, D.T. Davies,  
Mrs V. Jenkins, G. Jones, D.V. Poole, D. Rees, A.S. Williams

**Also Present:**

Cabinet Members Councillors C.P. Mann and A.J. Pritchard

**Together with:**

N. Barnett (Deputy Chief Executive), P.S. Evans (Head of Information, Communications, Technology and Property Services), G. Hardacre (Head of Human Resources and Development), S. Phillips (Personnel & Administrator Manager), C. Jones (Head of Performance and Policy), E. Lucas (Head of Procurement), R. Matthews (Communications Manager), D. Perkins (Head of Legal Services/Monitoring Officer), N. Scammell (Head of Corporate Finance), D. Titley (Customer Services Manager), K. Williams (Private Sector Housing Manager), J. Jones (Scrutiny and Members' Services Manager), R. Thomas (Committee Services Officer)

#### **CHAIRMAN'S WELCOME**

The Chairman welcomed members of the public to the meeting and introductions were made.

#### **APOLOGIES**

Apologies for absence were received from Councillors L. Hughes, K.V. Reynolds

#### **1. DECLARATIONS OF INTEREST**

There were no declarations of interest made at the beginning or during the meeting.

#### **2. MINUTES**

RESOLVED that the minutes of the last meeting held on 20th July 2010 (minute nos. 1 - 11, on page nos. 1 - 5) be approved as a correct record and signed by the Chairman.

### 3. CALL-IN PROCEDURE

There were no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

### 4. CABINET REPORTS

The Cabinet reports listed on the agenda had not been requested to be brought forward for review at the meeting.

### 5. REPORT BY CABINET MEMBERS

The Scrutiny Committee received an oral report from Cabinet Member for Human Resources and Constitutional Affairs, Councillor A.J. Pritchard who highlighted recent successes of the Authority's redeployment pool. Officers involved in the process were to be congratulated and the situation will be monitored. Following a Members request, Councillor Pritchard advised he will circulate information on current vacancies, once this data was confirmed.

Councillor C.P. Mann, Cabinet Member for Finance, Resources and Sustainability, gave a verbal report to Members and made reference to the following:

- **WLGA Finance Seminar** was attended last week. The impending financial issues were high on the agenda. From 20th October there will be clearer picture of the implications after the CSR announcement and any subsequent announcements from WAG, expected late November. There was also a presentation given by the Chief Executive of Bridgend on the recent SOLACE Public Service Delivery report.
- **Treasury Management.** A forecast saving of £900k for 2010-2011 and future years has been achieved, mostly due to the finance officers repaying PWLB loans early and reverting to internal borrowing. As this saving is recurring, it will contribute towards the estimated £36 million savings target.
- **Council Tax.** Paperless direct debit (DD) went live from 18th August 2010. To date 450 residents have transferred to this system. A DD take-up campaign is now scheduled for November. There is also be a new discount for armed forces personnel, as advertised in September's Newslines.
- **Private Tenants.** Over 90% of the Authority's caseload is now being paid via Bank Automated Credits. The department has therefore reduced cheque production, which speeds up the payments process and saves time in administration on rent allowance payment days.
- **Duplex Benefit Notifications.** The introduction of duplex notifications has resulted in at least a 40% saving of paper.
- **Housing Benefit Caseload.** This remains at an all time high of 35,700 but is now stable. Processing is under control and outstanding work is being gradually reduced.
- **Overpayment recovery.** Performance remains good over the first six months of 2010-2011.
- **Carl Sargeant Review.** Local Government Minister, Carl Sargeant, has announced a review of services provided by the 22 local authorities in Wales.

Members thanked the Cabinet Member for his presentation and a brief discussion followed regarding the WLGA finance seminar.

**6. NOTICE OF MOTION RECEIVED FROM COUNCILLOR R.T. DAVIES**

The Chairman welcomed Councillor R.T. Davies to the Scrutiny Committee and invited him to introduce his Notice of Motion, that called upon the Leader and Chief Executive not to sign or allow to be signed any new contracts or renewal of any existing contracts with Veolia Environmental Services or any other company in breach of international law, so long as to do so would not be in breach of any relevant legislation.

Councillor R.T. Davies thanked the Scrutiny Committee for allowing him to address them and spoke on his Notice of Motion. In closing Councillor Davies asked for the Scrutiny Committee's support in referring the notice of motion to Council.

Members of the Scrutiny Committee considered the Notice of Motion and gave support for its referral to full Council.

**REPORTS OF OFFICERS**

Consideration was given to the following reports.

**7. CONSULTATION ON PROPOSALS TO MEET BUDGET CUTS – CORPORATE SERVICES**

The report sought Members views on proposals to cut Corporate Services budgets in line with the medium-term financial planning assumptions.

The Deputy Chief Executive reminded Members of recent seminars that advised of proposed budget constraints and allocations that included the need for Corporate Services to achieve savings of circa £2.1m by 31st March 2015. Since that date, further information (in lieu of the comprehensive spending review outcomes for Wales, due in November) suggests savings may need to be increased to circa £3.0m.

The report gave suggestions as to how service reprovision, efficiencies and reductions could achieve the required savings target. However, Members were advised these may need to be revisited in light of revised planning assumptions which will be available in December 2010 when the allocations for 2011/12 and future years are announced.

The appendices to the report detailed proposals for the Communications Service, the Cashiering Functions and the Customer First Strategy, currently undergoing consultation with Trade Unions, staff and community partnerships and community councils etc. Following consultation with all parties, a further report will be brought before the Scrutiny Committee prior to a final report being brought forward to Cabinet before the end of the year.

Members stated that they would prefer to comment on the proposals at the end of the consultation process. It was felt this would allow a more informed debate, as Members would understand the views of others and potential consequences before coming to any conclusions.

A Member requested that notice be given to Members about any consultation at the same time as correspondence is sent to consultees.

Officers reiterated that they had hoped to receive Members' views early in the process and were intending to bring a report back to the Scrutiny Committee that took all consultee comments into consideration. Members were asked to note that they were being kept fully informed on the impact of the expected budget cuts through a series of Members Seminars held earlier in the year.

A motion was proposed and seconded that prior to consideration on the proposals to cut Corporate Services budgets in line with the medium-term financial planning assumptions by the Scrutiny Committee, full consultation with all parties was to take place.

This was supported by the majority of Members present following a show of hands.

## **8. REDEPLOYMENT AND PROTECTION ARRANGEMENTS – AN OPTIONS PAPER**

The report introduced a range of options for consideration in relation to the current redeployment and protection arrangements.

Members were asked to note the proposed options available and the pros and cons of each were highlighted. Officers advised the Trade Unions had been consulted, but felt unable to comment at the moment, other consultees had yet to respond within the agreed timescales.

Members sought and received clarification as to the initial consultation date with the Trade Unions and of the agreed reporting process.

Members voiced concern that one option may not suit all individuals and reiterated previous statements that they would prefer to comment on the proposals at the end of the consultation process; in particular those with staff and Trade Unions. Additionally, Members asked that they be told of any consultation at the same time as correspondence is sent to consultees.

Members requested a list of consultees, as identified by the Authority's Constitution, and officers confirmed this would be distributed outside of the meeting.

Officers advised that the report was before Members as part of the consultation process, rather than to receive a definitive response, however, Members stressed the debate would be more productive, if they knew the views of other consultees.

A motion was proposed and seconded that no reports relating to employee terms and conditions be presented to the Scrutiny Committee prior to full consultation with all relevant parties (as identified by the Authority's Constitution) being carried out.

This was supported by the majority of Members present, following a show of hands.

## **9. REDUNDANCY SELECTION CRITERIA**

The report recommended for approval a methodology for selecting employees for redundancy to be presented to the appropriate recognised Trade Unions for consultation.

The Scrutiny Committee, in keeping with its discussions on the previous agenda items, agreed that consideration of the report be deferred pending full consultation with all parties.

## **10. TREASURY MANAGEMENT AND CAPITAL FINANCING PRUDENTIAL INDICATORS MONITORING REPORT – 1ST QUARTER 2010/2011**

The report presented Members with details of Treasury Management activities and Capital Financing, together with the related Prudential Indicators for the period 1st April to 31st July 2010 and reviewed the Treasury Management Strategy for 2010/2011 as set out in the Annual Investment Strategy and Capital Financing Prudential Indicators Report.

The Head of Corporate Finance highlighted the main areas of the report, including internal funding in lieu of borrowing with PWLB loans to the value of £271k have been repaid upon maturity; the effects of the latest forecasts of Bank Rate which indicate there is unlikely to be any increase during the current financial year; and that following the General Election and the budget proposals to reduce the UK debt, the rating agencies are moving the UK outlook to stable. Nonetheless, there is still some concern that the severity of the government's proposals could, in fact, result in a 'double-dip' recession.

Due to this uncertainty, officers propose not to make any major changes to the current strategy and to continue to place deposits with the Debt Management Office (DMO) and other local authorities. However, in setting the Strategy for 2010/11, a limit of £25m was placed on deposits with local authorities. As local authorities are ultimately supported by the UK government (as is the DMO), Members were asked to consider whether this limit could be removed. This would allow the Treasury Management team to achieve better rates for more of the deposits, typically 0.30% - 0.35% compared with 0.25% from the DMO.

Following tender presentations in March, two consultants, Sector and Arlingclose, were appointed to provide treasury management advice for the next two years. It was determined that the annual costs for the 2 advisors was value for money when compared to the risks associated with the current financial market place.

In closing, Members are reminded that, to date, some £4.9m has been received in respect of Heritable Bank. The Winding-up Board of Landsbanki made a decision to afford priority status to local authority deposits, however this is subject to legal challenge. The Local Government Association legal advisors Bevan Brittan are still confident that there is a strong case to determine that local authority deposits will rank as preferential creditors.

Members thanked the officer for her presentation and sought clarification as to the establishment of the limit for deposits placed with local authorities and the level of interest lost from Icelandic Banks. Whilst an increase to the limit was something for Members to consider, officers advised that this would not generate significant financial benefits. Currently the Authority was benefiting more from repaying PWLB loans earlier and reverting to internal borrowing.

The Scrutiny Committee considered and noted the contents of the report.

#### **11. CIPFA CODE OF PRACTICE FOR TREASURY MANAGEMENT IN THE PUBLIC SERVICES 2009**

The report advised Members of the details of Treasury Management Practices (TMPs) applicable to the Authority contained in the new Code of Practice for Treasury Management in the Public Services 2009 (the Code).

Officers advised due to the complexity of the subject matter, the Code will be delivered to Members in two parts. The report before Members today highlighted the key principles of the Code. A separate report with the additional detailed schedules that relate to the Treasury Management Practices will be presented to the next meeting of the Scrutiny Committee.

The Scrutiny Committee will receive reports on its treasury management policies and practices and activities, in the form prescribed in its TMPs, as part of its Performance Management meetings.

The Scrutiny Committee considered the report and recommended to Council that, for the reasons contained therein, the CIPFA Code of Practice for Treasury Management in the Public Services 2009 be formally adopted.

#### **12. GROUP REPAIR SCHEME – 1-18 ALEXANDRA PLACE, RHYMNEY**

The report informed Members, in accordance with paragraph 28.05 of Caerphilly County Borough Council Financial Regulations, of an increase in contract final account figures of more than 10%.

The scheme at Alexandra Place involved the rebuilding of 18 front boundaries and forecourts. As it is located within the Rhymney Conservation Area, all external finishes have to reflect

“period” construction commensurate with the principles of the Townscape Heritage Initiative. The effect of this is unit costs substantially higher than those applicable to traditional refurbishment.

Officers highlighted factors that had led to the rebuilds increased expenditure and responded to general enquiries.

The Scrutiny Committee noted the contents of the report.

### **13. REQUESTS FOR AN ITEM TO BE INCLUDED ON THE NEXT AVAILABLE AGENDA**

The following requests for reports to be prepared for consideration at future meetings of the Scrutiny Committee were made as follows:

1. Councillor D.T. Davies asked for a report to identify if the quarterly monitoring reports had been received from VALREC as per the existing SLA. If not, he asked if funding had been frozen, in line with the provisions of the SLA.
2. Councillor D.T. Davies asked for a report, as noted in the minutes of the Scrutiny Committee’s meeting of 20th April 2010, to detail the findings of the internal audit of VALREC.
3. Councillor G. Jones asked for a report on the Community Cohesion Fund awarded to the Council and how the grant allocation had been utilised by the Authority.

### **14. INFORMATION ITEMS**

The following reports were received and noted:

- (1) Budget Monitoring 2010/2011 – Corporate Services and Miscellaneous Finance;
- (2) Budget Monitoring 2010/2011 – Performance & Policy;
- (3) Revenue Grant Budgets – Corporate Services and Policy & Performance;
- (4) Write Off Debts – 2009/10;
- (5) Discretionary Rate Relief Applications;
- (6) Crumlin Institute;
- (7) Freedom of Information / Environmental Information / Data Protection Requests 1 Jan – 30 June 2010;
- (8) Summary of Members’ Attendance – Quarter 1 - 29th April 2010 to 31st July 2010;
- (9) Minutes of the Community Council Liaison Sub-Committee, held on the 21st July 2010;
- (10) Minutes of the Caerphilly Local Service Board, held on the 30th July 2010;
- (11) Minutes of the Corporate Health and Safety Committee, held on the 11th August 2010.

The meeting closed at 6.40 p.m.

Approved as a correct record, and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 16th November 2010, they were signed by the Chairman.

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CHAIRMAN