



POLICY AND RESOURCES SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
TUESDAY, 4TH OCTOBER 2016 AT 5.30 P.M.**

PRESENT:

Councillor S. Morgan – Chair

Councillors:

L. Binding, Mrs P. Cook, C.J. Cuss, Miss E. Forehead, C. Hawker, A. Lewis, C.P. Mann, Mrs G.D. Oliver, D. Rees, J. Simmonds and J. Taylor

Cabinet Members:

Mrs C. Forehead (HR and Governance/Business Manager), D.T. Hardacre (Cabinet Member for Performance and Asset Management), D.V. Poole (Housing)

Together with:

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), S. Couzens (Chief Housing Officer), S. Harris (Interim Head of Corporate Finance), C. Jones (Head of Performance and Property Services), D. Whetter (Interim Head of Regeneration), L. Allen (Principal Accountant), A. Dallimore (Team Leader - Urban Renewal and Conservation), C. Forbes-Thompson (Interim Head of Democratic Services), A. Wyburn (Solicitor) and R. Barrett (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J.E. Fussell, Ms J.G. Jones, G. Kirby (Vice-Chair), R. Saralis and Mrs B. Jones (Cabinet Member for Corporate Services).

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 12TH JULY 2016

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 12th July 2016 (minute nos. 1 – 10) be approved as a correct record and signed by the Chair.

4. CALL-IN PROCEDURE

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

5. REPORT OF THE CABINET MEMBERS

The Scrutiny Committee received verbal reports from Councillors D.T. Hardacre, Mrs C. Forehead and D.V. Poole.

Councillor D.T. Hardacre (Cabinet Member for Performance and Asset Management) summarised a number of forthcoming documents relating to Council performance. The Annual Performance Report for 2015/16 (which was due to be considered by Cabinet the following day prior to ratification by Council) will provide residents with the opportunity to appreciate the improvements being made to service delivery across the county borough, despite the difficult financial climate. The Local Government Data Unit's annual report on Council performance across Wales (which is due to be considered by Cabinet) will allow the Council to benchmark their performance against other local authorities and identify areas for improvement. The Annual Improvement Report from the Auditor General will also be presented to Cabinet and is expected to positively reflect on the Council's performance in 2015/16 and make some proposals for improvement.

The Cabinet Member explained that he would be responsible for ensuring that the Council's Asset Management (Land and Property) Strategy aligns with the proposed Draft Corporate Asset Management Strategy which was on the Scrutiny Committee agenda for that evening. The Cabinet Member also stated that he was pleased with the progress made by Corporate Property, as outlined in the State of the Estate report to be presented at the meeting.

Councillor Mrs C. Forehead (Cabinet Member for HR and Governance/Business Manager) summarised the changes to scrutiny arrangements arising from the Scrutiny Review, which were agreed by Council in October 2015 and have now been successfully implemented across all Scrutiny Committees. These changes (which include structured planning of the forward work programmes and advance circulation of Cabinet Member statements to the Scrutiny Committee Members) have been made to improve the effectiveness of the scrutiny arrangements and will continue to be monitored by Scrutiny Leadership Group. A self-evaluation of the scrutiny changes will be carried out during the Autumn period.

Members were advised that a planned Wales Audit Office thematic review is underway, which is being undertaken across all councils in Wales. The Cabinet Member also explained that the HR Strategy 2016-2020, which had recently been presented to the Scrutiny Committee, had since been ratified by Cabinet and was being prepared for publication.

Councillor D.V. Poole (Cabinet Member for Housing) updated the Scrutiny Committee on developments across the Housing service area. He explained that Welsh Government are prioritising the protection of social housing by ending the Right to Buy in Wales. If passed, this legislation will protect the Council's social housing stock from further reduction and ensure that social housing is available for people who need it.

Members were reminded that the Common Housing Register is due to be introduced in the near future, which will result in housing applicants completing a single form for all social housing within Caerphilly. A Common Allocations Policy to complement this new process has also been developed by the Council, and arrangements are being made for a Members' seminar to facilitate their understanding of the housing allocation process. During discussion on this item, the Cabinet Member explained that proactive attempts had been made by Council staff to contact those residents who had not re-registered under the new process.

The Scrutiny Committee were also informed that over 320 homes in Lansbury Park are due to be transformed as part of an innovative 'green' partnership with energy supplier EON. The properties will receive new external cladding as part of a £2m investment package which will improve energy efficiency and transform the appearance of the estate. In response to Members' queries, the Cabinet Member explained that consideration was being given to the use of different cladding colours across the estate in order to give each court its own identity. He also confirmed that an approved system of cladding would be used throughout the improvement works.

A query was raised regarding letters sent to a number of Caerphilly Homes tenants and their local ward members in relation to WHQS repairs/refurbishments. The Cabinet Member explained that 3 attempts are made to contact the tenant in order for WHQS improvement works to be scheduled. If the tenant does not respond, the property is removed from the WHQS programme of works. Local ward Members are informed of these attempts so that they have the opportunity to engage with the tenant (if they are known to them) and encourage them to accept the improvement works on offer.

In the absence of Councillor Mrs B. Jones, Members noted the contents of her report, which had been circulated to Members in advance of the meeting. The report provided an update in relation to Corporate Finance, Information Technology and Customer Service. There were no questions received on these items.

The Cabinet Members were thanked for their reports.

6. POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

Cath Forbes-Thompson (Interim Head of Democratic Services) presented the report, which outlined details of the Policy and Resources Scrutiny Committee Forward Work Programme (FWP).

Members were advised that the FWP includes all reports agreed at the meeting held on 12th July 2016 and outlines the reports planned for the period October 2016 to April 2017. Members were asked to consider the FWP alongside the Cabinet Work Programme as appended to the report and to suggest any changes.

A number of amendments were suggested, and it was agreed that a forthcoming report regarding the Welsh Language 5-Year Strategy be placed on the Members' Portal. Furthermore it was agreed that an additional report (Caerphilly Local Assessment of Wellbeing Report) be scheduled for 17th January 2017, with the HRA Budget Monitoring report already on the FWP for this date rescheduled to 28th February 2017.

It was agreed that subject to the foregoing amendments, the Policy and Resources Scrutiny Committee Forward Work Programme be published on the Council's website.

7. CABINET REPORTS

None of the Cabinet reports listed on the agenda had been called forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

8. PROPERTY SERVICES - STATE OF THE ESTATE REPORT 31ST MARCH 2016

Colin Jones (Head of Performance and Property Services) presented the report, which summarised Property Services' first State of the Estate Report. This report had been considered and endorsed by Cabinet on 13th July 2016, who recommended that subject to the views of the Policy and Resources Scrutiny Committee, the State of the Estate Report be communicated across the Authority.

Members were informed that for some time now, the Welsh Government (WG) has produced an annual report on the "State of the Estate" relating to property in their ownership. The report was very useful and has been widely circulated by WG, and had prompted Property Services to prepare a similar report for the Council. The main driver for it being introduced was to reflect on the significant changes that have been made to better manage, rationalise and consolidate the Council's property portfolio, which arose from the recommendations of the Council's Asset Management (Land and Property) Strategy published in 2011-2012. The recommendations (which were summarised in Paragraph 4.1 of the Cabinet report) included a phased transfer of all property (including schools and public housing) into a central corporate portfolio managed by Property Services, together with the transfer of associated maintenance budgets. Although these have not yet been fully completed, the State of the Estate Report highlights the benefits that can be gained from these principles, and these were endorsed at the meeting of Cabinet on 13th July 2016.

The Scrutiny Committee were referred to the significant amount of work undertaken by Property Services as highlighted within the report. Particular reference was made to the rationalisation of office accommodation and the resulting revenue savings, which have significantly contributed to the protection of jobs and front line service delivery, and Members noted the efforts of all staff involved with the office relocations. Officers explained that this is the first of further annual reports, which will act as a benchmark and demonstrate the performance of the Council in relation to property ownership.

Discussion took place regarding the sale of Pontllanfraith House and Officers confirmed that a procurement exercise is currently being undertaken in this respect. A Member referred to parking issues in the surgery adjacent to the site and Officers explained that they are currently liaising with the relevant parties in an attempt to resolve this matter. Officers responded to a query regarding the amount of outstanding electrical tasks across community centres, as outlined in the State of the Estate report, and their timescales for completion. They explained that these figures related to outstanding works as of March 2016 and that the majority of these tasks had now been completed. A Member also suggested that the provision of childcare facilities would be of benefit to the Council and its staff.

In response to a query regarding the exclusion of schools and public housing from the Council's property maintenance liability, Officers explained that schools are responsible for their own building maintenance budgets but that the Council liaises with Headteachers in relation to such matter. Members were also advised that the WHQS programme is funded separately and operates independently from the rest of the Council's property portfolio.

A Member referred to energy consumption as summarised in the State of the Estate report and queried whether there are plans to improve the performance of Display Energy Certificates across the Council's corporate buildings. Officers explained that there was an improvement in energy performance during 2015-16 and outlined the works that have been carried out to cooling and heating systems to improve performance across these buildings.

Following consideration of the report, it was moved and seconded that the recommendations from Cabinet as outlined therein be endorsed. By a show of hands this was unanimously agreed.

RESOLVED that:-

- (i) the State of the Estate Report 31st March 2016, as appended to the Cabinet report, be noted;
- (ii) the principles of completing a phased transfer of responsibility for the maintenance of all property (excluding schools and public housing) into a central corporate portfolio managed by Property Services together with the maintenance budgets as outlined in paragraph 4.1 of the report, and as endorsed by Cabinet, be noted;
- (iii) the State of the Estate Report be communicated across the Authority.

9. CORPORATE ASSET MANAGEMENT STRATEGY

Consideration was given to the report, which sought the views of Members on a Draft Corporate Asset Management Strategy, prior to its presentation to Cabinet and thereafter Council for approval.

Officers explained that following a review of the Council's Asset Management (Land and Property) Strategy in 2013, Wales Audit Office (WAO) made 5 proposals for improvement, which included *"developing a robust Asset Management Strategy for its property and associated infrastructure"* and *"developing and implementing arrangements to monitor the delivery of the strategy"*. In September 2014, the Policy and Resources Scrutiny Committee accepted that the development of a revised Asset Management Strategy should be delayed until the Council's financial position became clearer, a revised Medium Term Financial Plan (MTFP) was agreed and services could better plan for the future. Following discussion between the WAO and Officers at Audit Committee in December 2015, it was resolved that a Corporate Asset Management Strategy (CAMS) should be progressed.

Members were advised that the Corporate Asset Management Strategy (appended to the report in draft form) is an overarching document which aligns with the corporate aims of the Council. It identifies where the Council has appropriate individual service asset plans/strategies in place. Where such asset plans/strategies are not present, the challenge will be to determine whether those assets need supporting strategies and, if so, by when they can be delivered. The CAMS establishes a set of Principles, which are aligned to the Well-Being of Future Generations (Wales) Act 2015 and has developed a number of Outcomes, namely: Compliance, Condition, Suitability, Sufficiency, Accessibility and Sustainability. The expectation is that all individual council asset plans/strategies will reflect these Principles and Outcomes to ensure the effective implementation of the CAMS. Existing individual service asset plans/strategies will be reviewed and revised to align with these Principles and Outcomes.

During the course of the ensuing debate, Members sought clarification on activities listed within the Draft Strategy to achieve the strategic outcomes. Officers explained that the Strategy is intended as an overview of planned actions to produce such outcomes and that detailed information should be found within the relevant individual service plan. Discussion took place regarding assets referenced in the Draft Strategy, including funding considerations associated with the 21st Century Schools Programme. A Member also suggested that the Strategy could provide an opportunity for review across a number of service areas (including opening times across civic amenity sites).

A Member referred to the lease of physical assets (such as football pitches) and expressed the need for a uniform/consistent approach across the Authority regarding the charges for such arrangements. Officers explained that detail of this kind would not be expected to be included in an over-arching Strategy and suggested the proper place for this particular point of reference would be the forthcoming Income Generation Strategy.

Following consideration of the report, it was moved and seconded that the following recommendation be referred to Cabinet (and thereafter Council) for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet (and thereafter Council) that the Draft Corporate Asset Management Strategy as appended to the report be approved.

10. CAPITAL OUTTURN 2015/16

Steve Harris (Interim Head of Corporate Finance) presented the report, which provided information relating to the capital outturn for the 2015/16 financial year and presented details of proposals to fund overspends on specific schemes, prior to its presentation to Cabinet for approval.

Members were advised that the approved Capital Programme for the 2015/16 financial year totalled £49.15m, consisting of £12.86m for the General Fund and £36.29m for the Housing Revenue Account (HRA). During the year specific grants, slippage and contributions were received for various service areas taking the total available capital resources for 2015/16 to £91.11m. A summary of the 2015/16 outturn against each service area was included in the report. The 2015/16 Housing Revenue Account underspend of £7.4m will be carried forward into the 2016/17 financial year to support the ongoing programme of works to meet the Welsh Housing Quality Standard (WHQS). The General Fund variance of £22.69m can be split into £14.7m for schemes that are ongoing or have been delayed in 2015/16 (slippage), underspends on ring-fenced budgets totalling £7.6m, additional underspends totalling £868k that have now been released into capital balances and overspends against capital schemes to the value of £478k. Further information on each of these areas was contained in the report appendices.

Members were asked to note details of the overspends as at the 31st March 2016 relating to Bargoed Regeneration (£197k), Newbridge Regeneration (£75k) and the refurbishment of Hafod Deg (£67k). It was explained that these overspends remain unfunded due to expenditure which was ineligible for recovery from funding sources, and therefore the report sought the Scrutiny Committee's support for a proposal to meet this £339k overspend via a number of sources from related service areas (as outlined in paragraph 4.12 of the report).

Members were also asked to note details of additional liabilities in 2016/17 for Bargoed and Newbridge regeneration schemes totalling £85k and the Scrutiny Committee were asked to support a proposal to fund these costs from a Revenue Contribution to Capital Outlay (RCCO) (as outlined in paragraph 4.13 of the report).

During the course of the ensuing debate at the Scrutiny Committee, Members were provided with an explanation of the circumstances which resulted in an overspend being incurred during Phase 4 of the Bargoed Regeneration Programme. Officers provided further detail on the issues which arose during the design, procurement, and implementation of projects, which delayed overall progress and resulted in expenditure being incurred after the Wales European Funding Office (WEFO) deadline, which was ineligible for recovery via the European Regional Development Fund (ERDF) grant. Officers also outlined the resulting considerations that would be given to similarly funded programmes if they were to arise in the future. Members noted that over £20m of investment had been secured and successfully utilised for physical improvements within Bargoed and Newbridge town centres.

Clarification was sought on a number of items listed against slippage, ring-fenced budgets, underspends and overspends, and Offices responded accordingly to these queries. Reference was made to the level of slippage and Officers explained that the funding being carried forward for these schemes will be fully utilised in due course. Discussion also took

place regarding the use of capital funding to encourage the lease of shop units in Bargoed and Officers provided further information regarding the number of vacant units and the associated expenditure.

Following consideration of the report, and in noting the 2015/16 capital outturn position, it was moved and seconded that the following recommendations be referred to Cabinet for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) The 2015/16 capital outturn position be noted;
- (ii) the overspends in relation to the Bargoed and Newbridge regeneration schemes and Hafod Deg be funded from the sources detailed in paragraphs 4.12 and 4.13 of the Officer's report.

11. HOUSING REVENUE ACCOUNT BUDGET MONITORING – PERIOD 4 2016/17

Shaun Couzens (Chief Housing Officer) and Lesley Allen (Principal Accountant) presented the report, which outlined the projected expenditure for the Housing Revenue Account (HRA) for the 2016/17 financial year.

Members were advised that the HRA is currently projecting a year end outturn of £870,000 underspend, which represents just under 2% of the total HRA budget. Members attention was directed to the main variances within this expenditure as detailed in the report, namely Salaries and Mileage (£86,000 overspend), Service Specific Related and Office Related (£92,000 underspend), Income (£1.3m additional), Building Maintenance (£283,000k overspend) and Revenue Contribution to Capital (£147,000 overspend). Full financial details relating to the HRA projected outturn for 2016/17 were provided in Appendix 1 of the report.

Officers explained that the in-house workforce for the Welsh Housing Quality Standard (WHQS) is expected to increase its spend to £10m due to the increase of properties expected to be completed this year compared to last year (additional 240). The additional costs are fully funded from the WHQS programme and therefore do not form part of the HRA variance in the report.

It was noted that the HRA working balances at the end of 2015/16 stood at £19.8m, with the majority of the funding earmarked to fund the WHQS programme. To date no borrowing has been undertaken to fund the WHQS programme. However, the current business plan anticipates a borrowing requirement of £57m to fully deliver the programme. In response to a Member's query regarding alternative solutions to borrowing, Officers explained that it is not permissible to use the General Fund to provide loans to the HRA, and that the cost of borrowing has already been factored into the business plan.

Following consideration and discussion of the report, Members noted its contents.

The meeting closed at 7.08 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 15th November 2016, they were signed by the Chair.

CHAIR