



SPECIAL MEETING OF COUNCIL

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON MONDAY 31ST JULY 2017 AT 5.00PM

PRESENT:

Councillor J. Bevan - Mayor
Councillor M. Adams - Deputy Mayor

Councillors:

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

Together with:-

C. Burns (Interim Chief Executive), D. Street (Director of Social Services), N. Scammell (Acting Director of Corporate Services), C. Harrhy (Corporate Director - Communities), G. Williams (Interim Head of Legal Services and Monitoring Officer), L. Donovan (Acting Head of Human Resources and Organisational Development), S. Harris (Interim Head of Corporate Finance), H. Morgan (Senior Committee Services Officer)

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. He advised that decisions would be made by show of hands.

2. APOLOGIES

Apologies for absence were received from Councillors A. Angel, D. Cushion, W. David, K. Dawson, N. Dix, Mrs C. Forehead, D.T. Hardacre, D. Havard, Ms P. Leonard, B. Miles, Mrs D. Price, R. Saralis, J. Taylor, C. Thomas, L G. Whittle and W. Williams.

3. DECLARATIONS OF INTEREST

It was noted that with regards to Agenda Item No. 5 (Contract Arrangements of Interim Chief Executive and Continuation of Internal Management Arrangements), Chris Burns, Nicole Scammell and Gail Williams would be required to declare an interest and leave the meeting. Details are minuted with the respective item.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. FINANCIAL STATEMENTS FOR 2016/17

Consideration was given to the report that sought Council approval of the audited 2016/17 Financial Statements. This would ensure that the accounts could be signed-off by the Wales Audit Office by the statutory deadline of the 30th September 2017. Members were advised that the Council cannot realistically change anything in the Financial Statements, as any changes require the approval of the Auditor.

The Interim Head of Corporate Finance informed Members that at its meeting on 25th July 2017, the Audit Committee was presented with the External Auditor's ISA 260 Report on the audit of the 2016/17 Financial Statements. The Auditor's report stated that it was the Auditor General's intention to issue an unqualified audit opinion on the 2016/17 Financial Statements based on the audit work completed to date.

Mr Harris referred Members to Appendix 3 of the Auditor's Report which provides details of misstatements identified during the audit process that have subsequently been corrected by management. He confirmed that these adjustments have no impact on cash or General Fund balances. The 2016/17 Financial Statements incorporate all of the corrected misstatements and Appendix 4 of the Auditor's Report details recommendations arising from the 2016/17 financial audit work along with the management responses.

Specific reference was then made to paragraph 12 of the Auditor's Report which provides details of an uncorrected misstatement that is being looked into further by Officers. By way of explanation, Mr Harris advised that this relates to ongoing work on cash balances within the accounts and a balance of £629k held as a reconciling item within the bank reconciliation. It is anticipated that this work will take some time to complete and Officers have agreed with the External Auditor that once the appropriate accounting adjustments have been confirmed, they will be actioned in the 2017/18 financial year.

Clarification was sought on this misstatement and it was confirmed that it relates to an issue that arose when the Council transferred its banking activities from the Co-Operative Bank to Barclays Bank via the transfer of some cash and investment balances with the Royal Bank of Scotland in 2013-14. At the conclusion of the transfer, a net difference of £629k was identified that has been held as a reconciling item within the bank reconciliation. Officers are investigating this issue to correctly account for the transactions and remove it as an ongoing reconciling item. A report on the outcome of the ongoing work and resulting adjustments will be presented to the Audit Committee at its meeting in September 2017.

A query was raised in relation to pension liabilities and the strategy that underpins the schedule of payments and the Cabinet Member for Finance, Performance and Governance gave an undertaking to respond to the Member concerned following receipt of the specific questions relating to this matter.

An explanation was requested on the figures included in the Financial Statements as they relate to senior officers pay. It was confirmed that the national pay award gave an increase of 1% for 2016/17 and the information provided also includes incremental rises on the specific pay scales identified.

Details were also requested on redundancy costs and the number of staff identified in the report. Mr Harris advised that he would make enquiries and respond to the Member accordingly.

Following consideration of the report, it was moved and seconded that the recommendation in the report be approved. By show of hands this was unanimously agreed.

RESOLVED that the final audited 2016/17 Financial Statements be approved.

Members wished to place on record their appreciation to all those involved in the preparation of the 2016/17 Financial Statements.

5. CARDIFF CAPITAL REGION CITY DEAL - ESTABLISHMENT OF A SPECIAL PURPOSE VEHICLE COMPANY FOR COMPOUND SEMICONDUCTOR PROJECT

The Interim Chief Executive gave an overview of the report which sought approval for the Leader to be given delegated authority to approve that the Council becomes a shareholder in a company limited by share which will own premises to host the Compound Semiconductor Centre project recently agreed by the Joint Cabinet of the City Deal and to execute all relevant documentation on behalf of the Council and to appoint a Member to sit on the Board.

The Cardiff Capital Region City Deal was formally launched on 1st March 2017, and with the approval of Council, this Authority joined the other nine authorities in the region in forming a Joint Cabinet to oversee and manage this collaborative arrangement. It was explained that the City Deal includes a £1.2 billion investment, including the development of the South Wales metro; support for innovation and digital infrastructure; developing skills and helping people back into work; promoting enterprise and business growth; and wider activity in regeneration and housing. It is hoped that it can help deliver 25,000 new jobs in the region and lever in up to £4bn of private sector investment.

The Assurance Framework outlines the process and decisions that are required for the approval of the programme and overall projects, which include the appraisal criteria for submitted projects. It was noted that the City Deal is in its early stages of development and in that it is over a 20 year period, some decisions on the Investment Fund may not be taken for a number of years and projects will be developed in accordance with the prescribed themes. The business plan setting out the overall investment priorities for the City Deal requires the approval of all ten local authorities and it is expected to come to Council later in the year. The exception to that is that the first £50m of the treasury money can be invested over the next 12 months in advance of that business plan being agreed.

The Council, along with the other nine authorities, agreed a Joint Working Agreement which provides for the investment of an initial £50 million contribution from the UK Treasury, but which precludes any further investment until as outlined previously a detailed Business Plan setting out the overall investment priorities for the City Deal is agreed by the Joint Cabinet and submitted to each authority for approval.

Referring to the content of the report, Mr Burns advised that the first project approved by the Joint Cabinet, funded primarily from the initial £50m Treasury contribution to the City Deal, is for a Compound Semiconductor Centre based in Newport, close to Junction 28 of the M4. This project is intended to place the Cardiff Capital region at the forefront of this rapidly emerging technology. As well as potentially creating several hundred jobs directly within the

plant, the intention is to build on the region's existing strengths to develop a world recognised cluster of expertise within the sector which could lead to many more jobs over time. It also has the potential to lever £375m of private sector investment.

It was confirmed that the investment in the refurbishment and fitting out of the facility will be funded from the initial £50 million UK Treasury contribution to the City Deal, which was agreed by all ten authorities as being the initial limit on investment until a Business Plan is developed and agreed for the remainder of the investment fund.

In that the Joint Cabinet established by the ten local authorities is not, in itself, a legal entity and cannot own property, following consideration of detailed options appraisals conducted by independent legal advisers, it agreed to form a separate company. It is intended to transfer ownership of the premises to a 'special purpose vehicle' body to own and manage the facility. This will be in the form of a new limited company jointly owned by the ten local authorities, each with an equal £1 share in the company. Each council will be entitled to nominate a Director of the company and each will have equal voting rights.

It was reported that there had been an undertaking to keep Members up to date with projects that are brought forward and it was noted that the business plan is in the process of being prepared outlining proposal for the county borough and will be presented to Council for consideration in due course.

Reference was made to liabilities that may be associated with this project and Mr Burns advised that as with any venture of this nature there are risks associated with an investment of this scale. The Joint Cabinet has undertaken extensive 'due diligence' investigations as to the strength of the tenant and the market in which they operate and has decided to invest on this basis. Stringent legal and governance arrangements are in place through the Joint Working Agreement, the Assurance Framework and Implementation Plan. With regards to the siting of the plant, Mr Burns advised that on this occasion, the county borough were not able to meet the requirements of the projects.

Reference was made to the benefits of the City Deal and the opportunity to look at new projects and new initiatives going forward. It was noted that it will be for the authority to decide where the investment should be within the borough, develop business cases and submit proposals for consideration accordingly.

Following consideration of the report, it was moved and seconded that the recommendations in the report be approved. By a show of hands (and in noting that there was 1 abstention) this was agreed by the majority present.

RESOLVED that:-

- (i) the Leader of the Council or his nominated deputy be granted delegated authority:-
 - (i) to agree that the Council becomes a shareholder in a Special Purpose Vehicle Company, Limited by shares to deliver this project – CSC Foundry Limited - 'Ffowndri LDC Cyf';
 - (ii) to execute the documentation required to give effect to the establishment of the company;
 - (iii) to appoint a Director to sit on the board of a new company.
- (ii) the Monitoring Officer be authorised to make any required changes to the Council's Constitution as a result of the above.

6. **CONTRACT ARRANGEMENTS OF INTERIM CHIEF EXECUTIVE AND CONTINUATION OF INTERNAL MANAGEMENT ARRANGEMENTS**

Chris Burns, Nicole Scammel and Gail Williams declared an interest (as they are the subject of the report) and left the meeting during consideration of this item.

Dave Street (Corporate Director Social Services) gave an overview of the report, which sought approval to further extend the contract arrangement for the post of Interim Chief Executive in order to comply with legislative requirements. It also sought approval to delegate the extension of contracts of the current Interim Director of Corporate Services and Interim Head of Legal Services/Monitoring Officer to the Interim Chief Executive.

Members were reminded of the current interim arrangements in place within the Authority since the initial suspension of three Senior Officers. The Council is required by law to have in place a Head of Paid Service, which is designated to the Chief Executive. On 22nd July 2014, Council appointed Mr Chris Burns to the post of Interim Chief Executive and on 9th June 2015, Council agreed to further extend the contract for a period of 12 months with effect from 1st September 2015. Council, on 19th April 2016, again agreed to extend this contract for a further period of 12 months with effect from 1st September 2016.

Following the dismissal of the Criminal Proceedings, the Authority is now progressing internal investigations in accordance with the Council's approved procedures and statutory requirements. The Investigating and Disciplinary Committee, at its meeting on 10th March 2017, resolved that there were allegations that required formal investigation and that the matter be referred to a Designated Independent Person to undertake a comprehensive investigation in accordance with the Disciplinary Proceedings for Statutory Officers. The Council's external legal advisors, who have been involved in such processes previously, have suggested that the process will take at least one hundred days. Consequently, it is necessary to consider the contract of the current Interim Chief Executive and whether or not this should be extended beyond 31 August 2017.

Mr Street advised that if Council agrees to the extension of the fixed term contract, the Interim Chief Executive will be employed on the agreed salary and terms and conditions as published in the Council's Pay Policy Statement. Welsh Government have been notified that Council is being asked to consider an extension to this interim appointment and have confirmed they are satisfied with the proposal.

In respect of the financial implications, there are revenue budgets established for the posts of Chief Executive, Director of Corporate Services and Head of Legal Services/Monitoring Officer. Postholders currently fulfilling these duties are funded from these revenue budgets. Additional costs associated with the three Senior Officers have been funded from a provision established using General Fund reserves as approved by Council. A further report to Council will be prepared if this provision requires additional funding.

It was requested that any decision taken by Interim Chief Executive be in consultation with the respective Cabinet member and the Director gave an assurance that this would be the case.

Following consideration of the report, it was moved and seconded that the recommendations in the report be approved. By a show of hands (and in noting there were 2 abstentions) this was agreed by the majority present.

RESOLVED that for the reasons set out in the report:-

- (i) the contract of the current Interim Chief Executive be extended until 31st December 2017;

- (ii) with effect from 1st September 2017, this fixed term arrangement be subject to 1 months' notice period on either side;
- (iii) the decision to extend the contracts of the current Interim Director of Corporate Services and Interim Head of Legal Services/Monitoring Officer as appropriate be delegated to the Interim Chief Executive.

The meeting closed at 5.45pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 10th October 2017 they were signed by the Mayor.

MAYOR