



SPECIAL MEETING OF COUNCIL

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
TUESDAY, 31ST JULY 2018 AT 5.00 PM**

PRESENT:

Councillor M. Adams – Mayor
Councillor J. Simmonds – Deputy Mayor

Councillors:

Mrs E.M. Aldworth, C. Andrews, J. Bevan, C. Bezzina, L. Binding, A. Collis, S. Cook, D. Cushing, C. Cuss, W. David, D.T. Davies, M. Davies, K. Dawson, C. Elsbury, K. Etheridge, M. Evans, A. Farina-Childs, Mrs C. Forehead, Miss E. Forehead, J.E. Fussell, A. Gair, Ms J. Gale, N. George, C. Gordon, R.W. Gough, D.T. Hardacre, L. Harding, D. Harse, A. Higgs, A. Hussey, M.P. James, V. James, L. Jeremiah, G. Johnston, Mrs B.A. Jones, G. Kirby, Mrs P. Marsden, Mrs G.D. Oliver, B. Owen, T. Parry, Mrs L. Phipps, D.V. Poole, D.W.R. Preece, Mrs D. Price, J.E. Roberts, Mrs M.E. Sargent, G. Simmonds, Mrs E. Stenner, J. Taylor, A. Whitcombe, R. Whiting, L.G. Whittle, W. Williams, B. Zaplatynski

Together with:

C. Harrhy (Interim Chief Executive), R. Edmunds (Corporate Director for Education and Corporate Services), N. Scammell (Head of Corporate Finance and Section 151 Officer), S. Harris (Interim Head of Corporate Finance), A. Southcombe (Finance Manager - Corporate Finance), L. Lane (Interim Monitoring Officer) and R. Barrett (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 publicly available in live and archive form via the Council's website. She advised that decisions on the evening's agenda would be made by way of the electronic voting system.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A. Angel, P.J. Bevan, N. Dix, D. Havard, S. Kent, Mrs A. Leonard, Ms P. Leonard, C.P. Mann, B. Miles, S. Morgan, J. Pritchard, J. Ridgewell, R. Saralis, J. Scriven, S. Skivens, C. Thomas and T.J. Williams.

3. SOUTH WALES FIRE AND RESCUE SERVICE

The Mayor called upon Councillor D.T. Davies to address Council, who highlighted the recent spate of grass and mountain fires across the county borough and the heightened workload for

the South Wales Fire and Rescue Service (SWFRS). Councillor Davies praised fire staff for their dedication and professionalism in dealing with these recent incidents, and he also referred to the overwhelming public response and community spirit which saw large collections of food and drink supplies being donated to the firefighting crews on site. He requested that a letter of thanks be sent to the Chief Fire Officer at SWFRS on behalf of the Council to thank staff for their efforts.

Members echoed these sentiments and expressed their thanks for the relentless work of SWFRS staff in these very difficult conditions given the recent heatwave. Members expressed the importance of education in promoting the dangers of deliberate fire-starting and suggested that the relevant Officers could liaise with SWFRS on this matter.

Following due debate, it was unanimously agreed that a letter of thanks be sent to the South Wales Fire and Rescue Service in order to convey the Council's gratitude to all staff for their efforts in dealing with the recent fires.

4. 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 report.

5. FINANCIAL STATEMENTS FOR 2017/18

Consideration was given to the report, which sought Council approval of the audited 2017/18 Financial Statements, to ensure that the accounts could be signed-off by the Wales Audit Office by the statutory deadline of 30th September 2018. Members were advised that the Council cannot realistically change anything in the Financial Statements, as any changes require the approval of the External Auditor.

Steve Harris (Interim Head of Corporate Finance) informed Members that at its meeting on 24th July 2018, the Audit Committee was presented with the External Auditor's ISA 260 Report on the audit of the 2017/18 Financial Statements. The Auditor's report (as attached at Appendix 1) stated that it was the Auditor General's intention to issue an unqualified audit opinion on the 2017/18 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 2017/18 Financial Statements attached at Appendix 2, which were endorsed by the Audit Committee at their meeting on 24th July 2018, incorporate all of the corrected misstatements, and Appendix 4 of the Auditor's Report details recommendations arising from the 2017/18 financial audit work, along with the management responses.

Members were also advised that at its meeting on 27th June 2018, Cabinet was presented with a report on the Provisional Outturn for 2017/18, which included details of movements on the General Fund balance from the 1st April 2017 to the 31st March 2018 along with agreed commitments for 2018/19. The forecast General Fund balance as reported to Council on 22nd February 2018 was £10m, and the updated position is a projected balance of £11.8m (an increase of £1.8m). It was noted that the Section 151 Officer normally recommends a

minimum General Fund balance of £10m (circa 3% of the net revenue budget).

Council were reminded that anticipated savings of circa £34m will be required for the four-year period 2019/20 to 2022/23, which is clearly extremely challenging and it is inevitable that some very difficult decisions will need to be made. With this in mind, Cabinet supported a recommendation to Council to transfer £1.8m from the General Fund into an Earmarked Reserve to provide funding for one-off costs associated with delivering savings to support the Medium-Term Financial Plan (MTFP).

Clarification was sought on the specifics of the one-off costs to be funded by the transfer of funds. Officers explained that this will include some one-off support for part-year savings, Invest To Save proposals to support service changes that will deliver recurring savings, and vacancy management costs. In response to a query on the main financial challenges for 2019/20 and the services that could potentially be rationalised, Members were advised that it is becoming increasingly challenging to deliver all services in view of the level of savings required for 2019/20 and that some hard decisions will need to be made regarding the provision of discretionary services. It was emphasised that all service budgets and expenditure is being thoroughly examined to determine where potential savings can be made. During the course of the debate, Members also expressed the need for caution when considering the reduction or removal of discretionary services and made reference to the potential impact this could have for residents and the knock on effect this could have on statutory services.

Reference was made to the Audit Committee meeting of 24th July 2018 and Council were asked to note that the Committee had supported the approval of the Financial Statements for 2017/18. A query was raised in relation to the Council's pension liabilities and the Member asked for a response on the matter to be provided to him following the meeting. Reference was made to borrowing associated with the Housing Revenue Account and in a response to a query on the level of compound interest and if these charges had been included in the business plan accepted by Cabinet, it was confirmed that was the case and that this had been included as HRA expenditure and related to the costs associated with the WHQS programme.

In response to a query on an increase in earmarked reserves during the past year, Members were reminded that the Policy and Resources Scrutiny Committee receive an annual update report on reserves which allows the balances to be scrutinised. It was explained that further information on all reserves that the Council holds will be shared at the Members' MTFP Seminar in November 2018 and will allow for Members to ask further questions in this regard. All reserves are being reviewed in detail and any that can be identified as potentially being open to release for one-spend i.e. capital will be included in the budget report being presented to Council in February 2019.

In referring to the proposed transfer of funds from the General Fund into an Earmarked Reserve, a Member asked if there are sufficient funds remaining to meet any further financial provision that may be required for the ongoing Senior Officer investigation. Officers explained that this is funded from reserves other than the General Fund (such as the Corporate Services Retained Underspend Reserve) and that there are no concerns in regards to meeting any further costs. It was also emphasised to Members that reserves cannot be used to fill gaps in budgets, in that they can only be used to assist in one-off costs and spends, and cannot be used to offset savings proposals or plug the gap for recurring revenue savings.

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

RESOLVED that for the reasons contained in the report:-

- (i) the final audited 2017/18 Financial Statements be approved;

- (ii) the transfer of £1.8m from the General Fund into an Earmarked Reserve to provide funding for one-off costs associated with delivering savings to support the MTFP be approved.

Members placed on record their appreciation to all those involved in the preparation of the 2017/18 Financial Statements and requested that a letter of thanks be sent to Council staff in this regard.

The meeting closed at 5.35 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 9th October 2018, they were signed by the Mayor.

MAYOR