



POLICY AND RESOURCES SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
TUESDAY, 14TH JANUARY 2020 AT 5.30 P.M.**

PRESENT:

Councillor J. Pritchard – Chair

Councillors:

M. Adams, L. Harding, G. Johnston, C.P. Mann, B. Miles, J. Ridgewell, Mrs M. Sargent,
R. Saralis, J. Taylor, L. Whittle

Cabinet Members:

C. Gordon (Corporate Services), Mrs E. Stenner (Finance, Performance and Planning)

Together with:

R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Interim Head of Business Improvement Services and Acting S151 Officer), Hayley Lancaster (Senior Communications Officer), Lianne Dallimore (Unison Branch Secretary), Nadeem Akhtar (Group Accountant), C Forbes-Thompson (Scrutiny Manager), S. Hughes (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs E. M. Aldworth, K. Etheridge, Mrs C. Forehead, Miss E. Forehead, G Kirby (Vice Chair) and Cabinet Member Mrs L. Phipps (Homes Places and Tourism)

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 12TH NOVEMBER 2019

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 12th November 2019 (minute nos. 1 – 9) be approved as a correct record and signed by the Chair.

4. MINUTES – 11TH DECEMBER 2019

RESOLVED that the minutes of the Special Policy and Resources Scrutiny Committee held on 11th December 2019 (minute nos. 1 – 4) be approved as a correct record and signed by the Chair.

5. CALL-IN PROCEDURE

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

6. POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

Cath Forbes-Thompson (Scrutiny Manager) presented the report, which outlined details of the Policy and Resources Scrutiny Committee Forward Work Programme (FWP) for the period January 2020 to April 2020, and included all reports that were identified at the Scrutiny Committee meeting on 12th November 2019.

Members considered the forward work programme and agreed to a request for a report on Safer Recruitment Procedures to be added to the FWP for 25th February 2020.

Members were reminded that a Forward Work Programme workshop has been arranged to take place prior to the next meeting of the Policy and Resources Scrutiny Committee on 25th February 2020, at 4.00 pm.

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

7. CABINET REPORTS

There had been no requests for any of the Cabinet reports to be brought forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

8. CONSULTATION AND ENGAGEMENT FRAMEWORK 2020-2025

With the agreement of the Chair and approval of the Scrutiny Committee, this item was brought forward on the Agenda.

The Cabinet Member for Corporate Services introduced the report to present a draft Consultation and Engagement Framework 2020-2025, which sets out an approach to further enhance consultation and engagement across Caerphilly county borough communities and to highlight the continued importance of effective consultation and engagement and the clear strategic link to the decision making process.. Members were asked to consider and endorse the principles and approach as outlined in the Framework prior to it being considered by Cabinet.

Members were informed that the #TeamCaerphilly – Better Together Transformation Strategy highlights the importance of engaging and working with communities as one of its primary themes. The draft Consultation and Engagement Framework 2020-2025 sets out an approach to further enhance consultation and engagement across Caerphilly county borough communities. It highlights principles and standards for how the Council will engage – to build clear, shared expectations and a two way ongoing dialogue that enables a focus on what can be achieved. It is designed to support Council staff, Councillors and residents, communities and other stakeholders and builds upon established principles to further extend the levels of community involvement in working to achieve shared aims.

L. Dallimore (Unison Branch Secretary) addressed the Scrutiny Committee and stated that Caerphilly Unison welcomed the framework document which supports the principles of inclusion and engagement. However, she expressed disappointment that neither Unison nor any other relevant trade unions were specifically mentioned in the draft framework document as a key partner, but are instead included in a general bullet point on page 8 as ‘any other body’. L. Dallimore also stated that Unison felt that the framework document is missing a reference to how the Council will respond to the public or any other organisation, when there are fundamental disagreements. She referenced the need to future proof the framework and take into account the Workforce Partnership Council Agreement – Partnership and Managing Change and the Fair Work Commission which has influenced the Welsh Government Social Partnership whitepaper.

The Senior Communications Officer advised the Scrutiny Committee that the framework document is intended to be a high level document and once it has been endorsed an Action Plan will be developed which will provide more detail. Members commented that it is important to manage public expectations during consultation and in response they were informed that it is a huge challenge but much of this work is already in place. Consultation on the budget, for example, included community drop-in sessions where the public could speak on issues of concern.

Members asked what differences will the communities see over the next few months and were advised that the framework sets out the principles, not the detail, for how the Council will consult. There will be a focus on community consultation throughout the year and not just for the budget. Comments were made regarding a poor turnout for the previous budget community consultation events. Members were assured that although the last consultations were impacted by the restriction of the pre-election period, there is a commitment to look at holding consultation events at different times, such as outside working hours or at different locations such as supermarkets. There are also plans to further use on-line methods and social media through access to local Facebook groups. In addition, the intention is to ask Members to use their established links with local communities.

A discussion took place on various consultation methods and during the course of the debate Members suggested using methods to gauge feedback similar to that used by charitable organisations at supermarkets, where shoppers can show their support for different options. The Scrutiny Committee asked how much the Council used the Viewpoint panel to consult and was advised that it is an under-utilised resource that is called upon twice per annum. The way that people wish to engage is changing, with many residents now opting for online and digital methods of engagement with the Council, but it is recognised that there will probably still be some who like to participate in this way.

The Scrutiny Committee sought clarification as to how the revised framework and approach will be communicated and were informed that this will be done in conjunction with Corporate Communications. In addition there will be some more general work to involve Members to seek information on how their communities wish to receive their news, for example noticeboards, newsletters or local social media.

The Senior Communications Officer also highlighted the crucial role that Members themselves have to play in ensuring effective engagement with communities. She emphasised that

Members have a unique position within their communities and are often already having these conversations with residents within their respective wards.

The Scrutiny Committee expressed the importance of thorough consultation and agreed that the draft Consultation and Engagement Framework document should include specific reference to relevant trade unions. It was subsequently moved and seconded that the list of communities and stakeholders under 'Who do we engage and consult with?' on page 8 of the draft Consultation and Engagement Framework 2020-2025 should specifically mention relevant Trade Unions.

Following consideration of the report and having noted its contents 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 principles and approach as outlined in the draft Consultation and Engagement Framework 2020-2025 are endorsed.
- (ii) the draft Consultation and Engagement Framework 2020-2025 be amended to specifically state 'relevant trade unions' under the list of communities and stakeholders detailed on page 8.

9. UPDATE ON RESERVES

The Cabinet Member for Finance, Performance and Planning presented the report to provide details of the usable reserves held by the Authority. Details were provided of the audited balances as at the 1st April 2019 along with updated balances reflecting in-year adjustments to date for the 2019/20 financial year. The report also provided details of balances that are available for the one-off funding of capital schemes. Members of the Scrutiny Committee were asked to note the content of the report and support a recommendation to Cabinet that funding totalling £24.543m (Capital Earmarked Reserves £21.107m and Council Tax Reduction Scheme £3.436m) should be set aside pending the preparation of a report during the spring that will outline proposals to utilise this sum for investments in the Council's 'place shaping' agenda.

The Scrutiny Committee was informed that the Authority's usable reserves totalled £118.524m as at the 1st April 2019. Based on an assessment of in-year adjustments to date the current balance on usable reserves is £119.041m. The report included a detailed commentary of balances held.

Members asked for further detail on the proposals for the £24.543m confirmed as being available for one-off investments in new capital schemes. Members were advised that proposals are currently being developed with a more detailed report to be prepared during the spring, which will be presented to the Policy and Resources Scrutiny Committee prior to consideration by Cabinet and Council. The proposals will be linked to key projects such as the 21st Century Schools Band B programmes; the emerging Digital Strategy; the Shared Ambitions Strategy; WHQS; Sport and Active Recreation Strategy and Community Hubs (one-stop shops).

Concerns were raised regarding the high level of reserves held by the authority and also the total amount of reserves held in comparison to other local authorities. Members questioned whether the public would understand the use of reserves for projects such as the Digital Transformation Strategy and if this would provide improvements across the county borough. In response, Members were advised that any proposals in relation to Digital would be modest in terms of the total sum available for investment. Officers discussed the Education aspect of the 'place shaping' agenda where a commitment to spend £26.5m on 21st Century Schools

Band B proposals over the next seven years will see match funding from Welsh Government of £78m. This will be spent across the county borough and further details will be provided as detailed business cases are prepared.

Members sought clarification with regard to the capital amounts detailed within Appendix 1. It was explained that much of this is already committed with examples including £4.9m allocated to the 21st Century Schools Band B programme, £3.1m for the Children's Centre, £1.1m for Home Improvement Loans, £1.2m for Section 106 with £2.3m set against Education capital maintenance, which is yet to be scheduled. Members also queried why there was both an Insurance Earmarked Reserve as well as a Risk Management Reserve, which appear to be for the same purpose. It was clarified that the Insurance Earmarked Reserve is for any claims against the Council. However, the Risk Management Reserve is utilised to fund requests from schools in order to help mitigate against future insurance claims. The reserve is used as there is no longer a budget in place and once the reserve is gone there will be no further means to fund these requests.

The Scrutiny Committee asked if the £1m Brexit Earmarked Reserve could also be released into Capital Earmarked Reserves given that the UK is now likely to exit the EU on the 31st January 2020. Members were advised that following the UK's exit there will be an eleven month transitional period for detailed negotiations to take place in relation to our future working arrangements with the EU. If these negotiations are not successfully completed then the risk of a No Deal Brexit still remains. As a consequence, the advice of Officers is that the Brexit Earmarked Reserve should be retained until negotiations have been finalised as a No Deal situation may have short-term financial implications such as spikes in inflation. Members were further advised that if matters progress smoothly then the £1m may be able to be released next year.

Finally, the Scrutiny Committee sought reassurances that the release of the capital reserves would be used as soon as possible. In respect of 21st Century School Band B proposals, Members were given a commitment that it will be spent on budget and on time.

Following consideration of the report and having noted its contents it was moved and seconded that following recommendation be referred to Cabinet for approval. By a show of hands (and noting there were 2 abstentions) this was agreed by the majority present.

RECOMMENDED TO CABINET that:-

- (i) funding totalling £24.543m (Capital Earmarked Reserves £21.107m and Council Tax Reduction Scheme £3.436m) should be set aside pending the preparation of a report during the spring that will outline proposals to utilise this sum for investments in the Council's 'place shaping' agenda.

10. TREASURY MANAGEMENT ANNUAL STRATEGY, CAPITAL FINANCE PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION POLICY FOR 2020/21

The Cabinet Member for Finance, Performance and Planning presented the report which detailed the Council's Annual Strategy for Treasury Management, Prudential Indicators relevant to Treasury Management and Capital Finance and the Minimum Revenue Provision (MRP) policy to be adopted by the Council for 2020/2021. Members were asked to consider and comment on the report contents prior to its presentation to Council.

The Scrutiny Committee sought clarification with regard to the requirement to borrow £32.3m for the General Fund to support the 2020/21 capital programme and £52.0m for the HRA WHQS and Affordable Homes programme. It was confirmed that a recommendation for approval to borrow must be included in the report to Council to ensure that the Treasury Manager has the authority to arrange external loans when it is appropriate to do so. Wherever possible the Council maximises internal borrowing in lieu of loans by using cash

balances on a short-term basis as this is cheaper than raising external debt. However, internal cash balances will need to be replenished in the future so the approval to borrow must be obtained to allow loans to be entered into when required.

Members sought assurance with regard to the interest rate forecasts set out in Appendix 2 of the report and asked what is taken into account and the level of accuracy. Members were advised that factors such as the current economic climate, GDP and the Base Rate were considered. Members were also reminded that there is also further opportunity to receive more information in respect of Treasury Management at the Members' Treasury Management Seminars which are arranged annually. It was suggested that Arlingclose Ltd, the Council's Treasury Management Advisers, should be asked to attend the next Seminar planned for May 2020.

The Scrutiny Committee asked for clarification with regard to the recommendation to invest a minimum of £20m into long-term Strategic Pool Funds as detailed in Appendix 9 of the report, with the aim of generating additional investment income of £718k. Members were advised that this proposal reflects previous requests of the Scrutiny Committee to improve investment returns wherever possible.

Following consideration and discussion of the report and having noted its contents it was moved and seconded that the following recommendations be referred to Council for approval. By a show of hands (and noting there were 2 abstentions) this was agreed by the majority present.

RECOMMENDED TO COUNCIL that:-

- (i) the strategy be reviewed quarterly within the Treasury Management monitoring reports presented to Policy & Resources Scrutiny Committee and any changes recommended be referred to Cabinet, in the first instance, and to Council for a decision. The Authority will also prepare a half-yearly report on Treasury Management activities.
- (ii) the Prudential Indicators for Treasury Management be considered for approval as per Appendix 5.
- (iii) the Prudential Indicators for Capital Financing be considered for approval as per Appendices 6 & 7 based on the indicative capital programme.
- (iv) Members adopt the MRP policy as set out in Appendix 8.
- (v) continuation of the 2019/20 investment strategy and the lending to financial institutions and Corporates in accordance with the minimum credit rating criteria disclosed within this report.
- (vi) the Authority borrows £32.3m for the General Fund to support the 2020/21 capital programme and £52.0m for the HRA WHQS and Affordable Homes programme.
- (vii) the Authority continues to adopt the investment grade scale as a minimum credit rating criteria as a means to assess the credit worthiness of suitable counterparties when placing investments.
- (viii) the Authority adopts the monetary and investment duration limits as set in Appendix 3 of the report.
- (ix) the Authority invests a minimum of £20m into long-term Strategic Pool Funds as set in Appendix 9 of the report, with the aim of generating additional investment

income of £718k.

The meeting closed at 18.55 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 25th February 2020, they were signed by the Chair.

CHAIR