

**MINUTES OF A MEETING OF THE CABINET HELD AT COUNCIL CHAMBER -
COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 7 FEBRUARY
2017**

PRESENT

County Councillor W B Thomas (Chair)

County Councillors R G Brown, J H Brunt, M R Harris, S M Hayes, E A Jones,
W T Jones, W J T Powell and A G Thomas

In attendance: County Councillors KW Curry, AW Davies, ER Davies, SC Davies, CJ Gibson-Watt, DR Jones, PE Lewis, PJ Medlicott, KM Roberts-Jones, RG Thomas, JM Williams.

1.	APOLOGIES	C14- 2017
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There were no apologies for absence reported.

The Leader advised that he was changing the order of the agenda to take the correspondence item on the closure of the HSBC branch in Knighton.

Closure of HSBC branch in Knighton

County Councillor Peter Medlicott, the local member for Knighton, spoke about the hardship the closure of the HSBC bank in the town would cause. He advised that he had submitted a motion for Council objecting to the closure of bank and similar institutions in small towns and communities and he asked for the Cabinet to lend its support by writing to HSBC objecting to the closure.

**RESOLVED that a letter be sent to HSBC objecting to the
closure of the Knighton branch.**

2.	MINUTES	C15- 2017
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The Leader was authorised to sign the minutes of the last meeting held on 17th January 2017 as a correct record.

3.	DECLARATIONS OF INTEREST	C16- 2017
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County Councillors AW Davies, PE Lewis and RG Thomas declared personal, non-pecuniary interests in C27-2016 Llanfyllin High School Investigation Report as local authority appointed governors at the school. Councillor Davies explained that his wife and son were employed at the school but noted that the report did not relate to employment issues and therefore he did not have a pecuniary interest.

4.	FINANCIAL OVERVIEW AND FORECAST AS AT 31ST DECEMBER 2016	C17- 2017
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Cabinet received the financial overview and forecast for the period ended 31 December 2016. The projected forecast for the revenue budget was to overspend by £4,850k against the approved budget, an improvement of £784k on the position reported at the end of November. This included £318k savings in the Adult Social Care budget and the progress being made to address the overspend in the Adult Social Care budget gave the Portfolio Holder for Finance a degree of confidence that the overspend could come down and this may possibly be to £2.5m by the year end as services worked to deliver savings and further opportunities were taken around financing. The revenue saving target was £12,139k made up of in year and previous years' targets of which £8,799k, or 72%, had been delivered. Where services could not deliver savings in some areas they sought to compensate in other areas and the Chair of the Audit Committee asked that this detail be included in future reports.

In response to comments on about the reliance on staff vacancies to contribute to savings and comments on missed savings or income targets, the Portfolio Holder for Finance reminded Members that despite having the worst settlement in Wales for the last 7 years the Council continued to deliver services, and was the 4th most improved Council in Wales last year.

RESOLVED	Reason for Decision:
That: 1. The contents of this report are noted by Cabinet; and 2. Cabinet supports appropriate action by services to curtail or reduce the reported forecasted service deficits. 3. The Capital virements set out in paragraph 16.3 of the report are approved, and those over £500k be submitted to full council for approval.	To monitor the council's financial performance and ensure that spending remains within approved limits and that the 3% minimum general fund reserve is maintained.

5.	MINIMUM REVENUE PROVISION ANNUAL STATEMENT 2017/18	C18- 2017
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Cabinet considered the Minimum Revenue Provision Annual Statement for 2017/18. Minimum Revenue Provision was capital expenditure not financed from revenue resources, capital grants or receipts, but from borrowing.

RECOMMENDED to Council	Reason for Recommendation:
1. To use a 2% straight line calculation for MRP in relation to Supported Borrowing.	Statutory Requirement
2. To use Option 3 Asset Life Annuity Method for the calculation of MRP	Statutory Requirement

in relation to Prudential Borrowing.	
3. To use a 2% reducing balance for MRP in relation to Historic and the Settlement Debt for the HRA	Statutory Requirement
4. To use Option 3 Asset Life for the calculation of MRP in relation to Prudential Borrowing for the HRA	Statutory Requirement
5. To take advantage of the guidance that allows for MRP to be deferred for assets under construction.	To match the cost of MRP to the use of an asset by a service.

6.	BUDGET FOR 2017-18, MEDIUM TERM FINANCIAL STRATEGY 2017-2020 AND CAPITAL PROGRAMME FOR 2017-2021	C19- 2017
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Finance Scrutiny Panel report on the Budget

Before the Cabinet considered the agenda item the Chair of the Finance Scrutiny Panel presented the Panel's report on the budget proposals for 2017/18. He reported the Panel's concerns over the substantial draw on reserves and that some services seemed to be moving from cash limited to demand led budgets. The Panel wanted to see the base budget review in Adult Services to be rolled out to all directorates. The Panel was also concerned that levels of Council Tax did not reflect average income in the county and that council tax base in Powys was one of the highest in Wales meaning it made a significant contribution to the overall funding.

The Cabinet noted the Panel's comments, but did not accept their conclusion that untested proposals should not be put forward for consultation arguing that it was important to take account of representations made. The Leader and Portfolio Holder for Finance thanked the Finance Scrutiny Panel for their work.

RESOLVED that the report of the Finance Scrutiny Panel be noted.

Cabinet then considered the budget for 2017 - 2018, the medium term financial strategy for 2017 - 2020 and the capital programme for 2017 – 2021 (copy filed with the signed minutes).

The Portfolio Holder for Finance explained the approach taken by the Cabinet in seeking to present a balanced budget. The budget had been set in the midst of ongoing austerity with the funding received from Welsh Government reduced by 0.5%. Welsh Government funding made up 70.6% of the council's net expenditure, with additional specific grants. The remaining net expenditure was funded by Council Tax, and a 4.5% increase in Council Tax would be recommended to Council. The budget included provision for investment and service pressures of £13.621m and in order to produce a balanced budget savings of £9.636m and other strategies had been identified and included in the plan. The savings proposed were backed by impact assessments and it was confirmed that each was considered by a panel of Cabinet members. Those that had identified risks had to include mitigation measures before they were signed off by the panel.

The proposals included a net increase in the revenue base funding for Adult Social Care of £3.378m. This represented a 6% increase in net budget. In addition a specific reserve of £2.75m would be set aside and Cabinet has received advice from the S151 Officer on this issue, but the reserve would only be accessible through a virement process, with demonstrable evidence of need and supporting business case and subject to the following criteria:

1. The use of the reserve can only be agreed as part of a report to formal cabinet. This can be part of the budget monitoring report so long as there is a clear separate recommendation. Depending on the amount it may also need to go to the following Council Meeting for agreement under the terms of the constitution.
2. Any draw down of the reserve will need to have a business case demonstrating why the funds are needed and why the requirement cannot be met by management action to address the one off pressure or overspend. The business case will have to be signed off by the S151 Officer before it goes to Cabinet.
3. The reserve will be reviewed annually as part of the budget process. This will assess whether the amount is appropriate. If the reserve is no longer required (or reduced) the amount will return to the general fund unless otherwise proposed by the Cabinet as part of the budget policy.
4. Any use of the reserve will not automatically lead to an increase in the service's base budget the following year. In other words the service will first have to explore options to meet the funding that has been drawn down in future years. By doing so the reserve in effect becomes a means of 'smoothing' pressure between financial years.

The proposals also included additional £1m funding for schools for allocation via the formula, an additional £800k for out of county placements and £200k plus £300k from the budget management reserve to fund the gap from the non-closure of household waste recycling centres for one year. The MTFs also included an additional £1m for schools per annum for its three years, a proposed investment of £6m over its lifetime to increase standards.

RECOMMENDED to Council	Reason for Recommendation:
1. That the Medium Term Financial Strategy for 2017 to 2020 as set out in Appendix 1 to the report be agreed in principle.	To aid business planning and development of the budget over a three year period
2. That the proposed Revenue Budget for 2017/18 shown in the Financial Resource Model in Appendix 2 is accepted and recommended to full Council on the 23rd February 2017.	Statutory Requirement
3. The proposed Capital Strategy for 2017/18 shown in Appendix 4 is accepted and recommended to Full Council on 23rd February 2017.	Statutory Requirement
4. That a Council Tax increase of 4.50% is included in the budget that goes to full council on the 23rd February 2017.	There is a Statutory Requirement to set Council Tax but the level is a matter for local determination.
5. The authorised borrowing limit for	

2017/18 as required under section 3(1) of the Local Government Act 2003 be approved at £452.7m as set out in paragraph 9.9 of the report.	Statutory Requirement
6. The Prudential Indicators for 2017/18 are approved as set out in section 9 of the report and Appendix 5.	Statutory Requirement

County Councillor EA Jones did not vote having missed part of the debate.

7.	HOUSING REVENUE ACCOUNT RENT SETTING POLICY	C20- 2017
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Cabinet considered proposals for a new Rent Setting Policy for Housing Revenue Account (HRA) dwellings from April 2017. The proposal had been approved by the Tenants Liaison Forum and tenants had been invited to submit their comments which were attached to the report.

RESOLVED	Reason for Decision:
The new rental model set out in Option 1 of Appendix 2 is adopted as the HRA rent setting policy with effect from 1 st April 2017	To provide for a more rational rent setting policy

8.	CORRESPONDENCE	C29- 2017
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The Leader reported receipt of an email from Jeremy Barnes Chair of the Carno Station Action Group asking that the group be represented on the Growing Mid Wales Partnership in furtherance of the group's aim to have Carno train station reopened.

County Councillors Rachel Davies and Michael Williams spoke in support.

Cabinet was advised that the Carno Station Action Group would be invited to join the Transport Working Group of Growing Mid Wales Partnership.

RESOLVED that the Leader and Portfolio Holder for Highways be given delegated authority to respond.

9.	HOUSEHOLD WASTE RECYCLING CENTRE REVIEW - FUTURE OPTIONS FOLLOWING CONSULTATION	C25- 2017
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The Portfolio Holder for Environment and Sustainability reminded members that Council agreed in February 2016, to close two of the five sites to realise a saving of £700,000 from April 2017. He explained that the results of consultation showed that residents overwhelmingly favoured reducing opening days at the five Household Waste Recycling Centres (HWRCs) as opposed to closing facilities overall.

Having considered the results of the consultation Cabinet were proposing in the budget to provide £200k to reduce the pressure on this service. A further £300k contribution from the Budget Management Reserve was proposed for the financial year 2017/18 to allow the service area to develop alternative proposals to make the full savings from 2018/19, primarily through the development of infrastructure to provide a longer term solution. This left the service with a shortfall of £200k to be found for 2017/18 and the report set out a series of proposals to make up that shortfall

The Portfolio Holder reported comments from County Councillor Francesca Jump opposing any cuts to the services in Welshpool and responded to them.

County Councillor Graham Breeze spoke as a local member and he urged the Cabinet to take account of the consultation and not make any further reductions in the waste and recycling service.

It was confirmed that site opening times would be widely communicated and that the impact of the reduced opening hours monitored.

RESOLVED that subject to Council approving the Medium Term Financial Strategy on 23rd February	Reason for Decision:
1) To reduce the opening days at all sites to three days per week including one weekend day and ensuring there is a site available on each day of the week throughout the County	To realise the combined savings of £200k whilst maintaining an equal service across the County.
2) To authorise the roll forward and virement of £250k from the baling equipment budget to install compaction equipment where possible at the sites.	
3) To increase the cost of a trade recycling permit from £150 to £200.	
4) To restrict the use of commercial vehicles and large trailers on sites to those with a current trade recycling permit. Detailed implementation to be agreed by the Portfolio Holder.	

10.	LIVING WAGE RATE INCREASE	C26- 2017
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Cabinet considered proposals to increase the level of the Living Wage Foundation Level in line with the recommendation of the Living wage Foundation. Members were advised that the cost to the Council of the difference between the Living Wage Foundation and the Government's National Living Wage was an additional £450k.

RESOLVED	Reason for decision:
To approve Option 1 and Increase the Living Wage Foundation Level from	To continue with the commitment to address low pay for council

£8.25 per hour to £8.45 per hour effective from 1 April 2017.	employees, assist in tackling potential poverty, assist towards reducing income inequality and deliver benefits to the staff, employer and Community, whilst mitigating financial risk by integrating the level of National Living wage up to 2020. This will retain the discretionary decision making on Powys Pay Scale levels.
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County Councillor WT Jones left the meeting at 17.28 to attend another meeting.

11.	HOUSING REVENUE ACCOUNT RENT AND RELATED CHARGES INCREASE FOR 2017/18	C21- 2017
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Cabinet considered proposed rent increases for Council Housing Rents, Garage Rents and all property and tenancy related service charges.

RESOLVED	Reason for Decision:
<ol style="list-style-type: none"> 1. The rent increase for HRA accommodation is agreed at an average of 2.5% plus 96p for 2017/18 2. The new Service Charge regime is agreed for 2017/18 3. The HRA garage rent is agreed at 2.5% plus £0.50 weekly for 2017/18. 4. Other rental charges are increased by 3.7% for 2017/18. 5. That charges for Gypsy and Traveller sites be increased by 2.5% plus £0.96 from April 2017. 	To maintain a viable Housing Service and Business Plan and remain compliant with legislation (part 4 Housing Act 2014)

12.	OUTCOME OF CONSULTATION ON PROPOSED REVISIONS TO THE AUTHORITY'S FAIR FUNDING FORMULA FOR SCHOOLS AND SCHEME FOR FINANCING SCHOOLS	C22- 2017
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The Chair of the People Scrutiny Committee expressed disappointment that only one of the Education Scrutiny Group's observations had been addressed in the Fair Funding Formula report and that no account had been taken of the comments submitted by Crickhowell and Newtown High Schools.

RESOLVED that the Education Scrutiny Group report be noted.

Cabinet received the results of the consultation exercise on proposed changes to the Authority's Fair Funding Formula for Schools and the Scheme for Financing Schools and the recommendations of the Powys Schools Forum. The Chair of the People Scrutiny Committee repeated the criticisms of the formula made by the Education Scrutiny Group. In response the Head of Schools explained that budgets were delegated to schools and that it was for them to decide how to organise their year groups and classes. Officers accepted that because there had to be a set date on which to take pupil numbers there would be anomalies leading to winners and losers but where there were significant changes for schools transitional arrangements were considered. In response to a query about the funding of dual stream schools, the Head of Schools said that the Council would have to consider whether this was the best form of provision or whether it would be better to have dedicated Welsh medium schools.

Councillor Hayes asked that the issues raised by Newtown and Crickhowell High Schools and the policy effects of changes in the Fair Funding Formula be examined.

RESOLVED	Reason for Decision:
<ol style="list-style-type: none"> 1. To receive and note the results of the consultation exercise on proposed changes to the Authority's Fair Funding Formula for Schools and Scheme for Financing Schools. 2. To note the recommendations of the Powys Schools Forum; 3. To approve the proposed changes to the Authority's Fair Funding Formula for Schools, as amended by this report in paragraphs A a-h and B a – c. 4. To approve the proposed changes to the Authority's Scheme for Financing Schools as amended by this report in paragraphs C and D and in detail in Appendix C of the report. 	<p>To meet the requirements of the School Funding (Wales) Regulations 2010 and to meet the Authority's aim of developing a sustainable model for funding schools whilst ensuring that funds are distributed to schools on a fair and equitable basis and that the funding formula is supported by procedures to strengthen and reinforce roles, responsibilities and procedures and improve the financial management of schools</p>

13.	LLANFYLLIN HIGH SCHOOL INVESTIGATION REPORT	C27- 2017
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The Cabinet received and considered the independent investigation carried out by Jonathan Walters QC into a whistleblowing complaint about the governance of Llanfyllin High School. The Investigator had considered each of the 28 allegations made by the whistle-blower, upholding 11 of the allegations and not upholding 17 of the allegations. The Investigator had made 11 recommendations. Recommendations 1 to 8 inclusive and 11 required action by the school and 9 and 10 action by the Council.

The Monitoring Officer read out an email from County Councillor Darren Mayor who was unable to be present at the meeting. County Councillors Peter Lewis, Gwynfor Thomas and Aled Davies, who were Governors at the School, questioned why the report was being considered and why Mr Walters had been chosen to carry out the investigation. The Monitoring Officer advised Members that he and the Head of Schools had attended a meeting of the Governors and they had agreed that an independent investigation should be carried out into the allegations and that they were happy for Mr Walters to conduct the investigation. The members questioned whether it was appropriate for the report to be considered by Cabinet and noted the progress being made by the school in addressing a number of the Investigator's recommendations.

The Monitoring Officer confirmed that it was appropriate for the Cabinet to consider the report. The Portfolio Holder for Education said that the Council had the interests of the school at heart and the recommendations were intended to support the school. The school had the opportunity to respond in its action plan.

RESOLVED	Reason for Decision:
<p>1) That the Portfolio holder for Education is granted delegated authority to use his best endeavours to appoint up to an additional 3 Governors to the Governing Body of Llanfyllin High School.</p>	<p>To provide additional support to the Governing Body</p>
<p>2) That the Governing Body of Llanfyllin high School is required to provide a written action plan dealing with the numbered recommendations 1 to 8 (inclusive) and 11 in the Investigators Report and present the Action Plan to the Portfolio holder for Education within 28 days.</p>	<p>To ensure that the recommendations in the Investigation Report are properly dealt with</p>
<p>3) That the Head of Schools Service is required to produce an Action plan to deal with numbered recommendations 9 and 10 of the Investigation Report within 28 days.</p>	<p>To ensure that the recommendations in the Investigation Report are properly dealt with</p>
<p>4) In the event that the Portfolio Holder for Education is not satisfied with either of the action plans referred to in 2 and 3 above, that the Portfolio Holder brings a further report to Cabinet on the 14th March 2017 to enable Cabinet to consider what, if any, further action is required.</p>	<p>To ensure that the recommendations in the Investigation Report are properly dealt with</p>

County Councillor WT Jones did not vote having returned to the meeting during the debate.

The Leader adjourned the meeting at 18.57 and advised that it would be reconvened at 14.30 on 14th February when the following outstanding items on the agenda would be dealt with.

14.	EDUCATION STANDARDS REPORT FOR THE ACADEMIC YEAR 2015-16	C23- 2017
15.	SCHOOL IMPROVEMENT	C24- 2017
16.	STRATEGIC OVERVIEW BOARD	C28- 2017
17.	DELEGATED DECISIONS TAKEN SINCE THE LAST MEETING	C30- 2017
18.	FORWARD WORK PROGRAMME	C31- 2017
19.	EXEMPT ITEMS	C32- 2017
20.	LEARNING DISABILITY DAY SERVICES NORTH POWYS	C33- 2017

County Councillor W B Thomas (Chair)