

Overview and Scrutiny Committee

Monday, 1st February, 2016

MINUTES

Present:

Councillor Jane Potter (Chair), Councillor Gay Hopkins (Vice-Chair) and Councillors David Bush, Andrew Fry, Paul Swansborough, David Thain (substituting for Councillor Gareth Prosser), Jennifer Wheeler and Nina Wood-Ford

Also Present:

Councillor John Fisher, (Portfolio Holder for Corporate Management)

Officers:

J Pickering

Democratic Services Officers:

J Bayley

70. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor Gareth Prosser and it was confirmed that Councillor David Thain was attending as his substitute.

71. DECLARATIONS OF INTEREST AND OF PARTY WHIP

There were no declarations of interest nor of any party whip.

72. MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2018/19

Officers presented a report on the subject of the Medium Term Financial Plan 2016/17 to 2018/19. During the delivery of this presentation the following matters were highlighted for Members' consideration:

- The Revenue Support Grant (RSG) settlement had been decreasing in size in recent years and officers had been anticipating that the grant would be withdrawn altogether by 2020.

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Chair

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- However, the RSG settlement for the Council, announced in December 2015, had been worse than anticipated requiring action to achieve a balanced budget in both 2016/17 and in subsequent years.
- Many Councils were in a similarly difficult position having not anticipated the level of reduction and the speed at which it would come into effect.
- The Government had changed the way it calculated the RSG, and it now took into account anticipated growth in Council Tax revenue as part of the calculation.
- Business rates were another key source of funding for local authorities. The Government would allow local authorities to keep 100 per cent of business rate growth in due course, but this would not come into effect until 2020/21 at the earliest.
- The Government was working on the basis that business rate growth would be increasing nationally. Modest growth was anticipated in Redditch and this had been taken into account in figures for the following three year period in which the Council would only be able to keep 50 per cent of business rate growth.
- Councils would also continue to receive the business rate baseline, which was calculated by the Government. In Redditch this was approximately £2 million per annum.
- In line with the new process for calculating RSG contributions the Government was assessing the core spending power of Councils. Where this was less than the amount a Council received in business rates the local authority would need to pay back funding to the Government. It was anticipated that in Redditch this would come into effect in 2019/20.
- The New Homes Bonus (NHB), another core source of funding for the Council, was also likely to change in due course. The Government was in the process of consulting on potential changes which could impact on the Council's funding in the long-term.
- As part of changes to the NHB it was likely that a specific budget, of potentially £1.4 billion, would be allocated to NHB across the country. Under this arrangement funding would need to be divided between Councils rather than be allocated on the basis of the number of new homes built in a given area.
- For the first time Councils were being offered the option to seek a four year funding deal from the Government. However, this deal related to the RSG only.
- Local authorities had been advised that in future there would be greater flexibility over use of capital receipts from sales of surplus assets. However, further detail remained to be provided on how this would operate and Councils would need to produce robust efficiency plans in order to qualify.

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- When calculating costs over the next three years Officers had taken into account likely progression in increments amongst staff as well as a predicted 1 per cent pay rise.
- The Council had also agreed to pay all staff the Rowntree Foundation Living Wage as a minimum. This was higher than the new National Living Wage that had been introduced by the Government.
- When calculating future income Officers had taken into account the amount that would be paid back from the HRA to the general fund, which had been used to cover the costs of borrowing to pay for the housing stock in previous years.
- There remained a cap of 2 per cent for district and Borough Councils in terms of the level at which Council Tax could be increased before triggering a referendum. In the report an assumption had been made that the Council would increase Council Tax by 1.9 per cent per annum over the following three years.
- There would be a reduction in the administrative subsidy grant as benefits services had been transferred to the Department for Work and Pensions (DWP) at the start of February 2016.
- A balanced budget would be achieved in 2016/17, though savings would need to be secured to balance the budget in subsequent years.

Following presentation of the report Members discussed a number of points in further detail including the following:

- The capital bid to monitor and manage asbestos and whether this budget would be sufficient to handle any problems with asbestos during the redevelopment of Matchborough centre. It was reported that the Place Partnership was confident there were sufficient funds to manage asbestos on Council properties.
- The status of the redevelopment of Matchborough centre. It was confirmed that this was subject to public consultation and no decision had been made on any redevelopment of Matchborough or any other District Centre and any recommendations following the feasibility study would be presented to Members.
- The extent to which capital funding was available to support the redevelopment of Matchborough centre. Members were advised that no funds had been allocated to the redevelopment of Matchborough centre and that funding was not necessarily required from the Council.

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- The £330k s106 funding proposed to expand the dance studio at the Abbey Stadium and the options that this might involve including the introduction of a mezzanine level. Members questioned the projected costs and income levels for the service.
- The borrowing costs for the Council and the interest rates applicable to these borrowing costs.
- The reasons why a capital bid had been submitted for maintenance of the Proctors Barn Lane kerbing and passing place. Members suggested that there were other car parks and roads on Council land where the surface was in a worse condition.
- The use of funding from reserves that had previously been allocated to other Council projects and the impact that this might have in the long-term on the Council's ability to achieve a balanced budget.
- The capital bid for car parking enhancements and whether £200k was a realistic figure. Officers explained that previously £277k had been allocated to car parking enhancements but following a review this had been reduced to £200k. There was also the possibility that additional funding would be provided for this purpose from the Housing Revenue Account (HRA).
- The potential for Members to submit capital bids to enhance their locality.
- The four savings listed for Business Transformation and Community Services which had been identified following reviews and what these savings entailed.
- The value of Council assets that had been declared surplus and whether these had been advertised for sale on the Council's website. It was reported that the value of these assets was approximately £500k, though a portion would potentially need to be paid back to the Homes and Communities Agency (HCA).
- The information that would need to be included in an Efficiency Plan. Members were advised that further guidance remained to be provided by the Government, though it was likely that the plan would need to cover a four year period rather than the standard three years normally detailed in the Council's Medium Term Financial Plan.
- The approach the Council would adopt to balancing the budget in subsequent years. The Committee was informed

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that throughout the year officers would continue to address budget challenges and would be assessing the cost of addressing customer demand with a view to focus on the costs of meeting demand that added little value to the community. The Council would establish a matrix to assess how services could continue to add value whilst reducing costs.

- Achievements that had been made already in terms of service transformation and efficiency savings and the potential need for difficult decisions to be made about the budget moving forward.

The Committee also discussed in detail s106 funding with concerns raised that limited information was available to elected Members about how this funding process worked. There was general consensus that in the challenging economic climate facing local government s106 funding was an increasingly important aspect of local finances and Members therefore needed to have greater access to information about this process to ensure that these funds were used appropriately. Members agreed that further information, in the form of a briefing at a future meeting of the Committee, would be helpful and it was suggested that this briefing should be open to all Members to attend. The following questions were proposed for Officers to address in the presentation:

- How much funding is currently available to the Council in terms of s106 funds?
- What are the sources of s106 funding?
- What criteria are applied to determine how s106 funding is spent?
- Who determines how s106 funding is spent?
- What length of time is s106 funding available to the Council to use?
- How, if at all, can Members influence use of s106 funding?

At the end of these discussions the Committee

RESOLVED that

- 1) the Head of Planning and Regeneration be invited to attend a future meeting of the Overview and Scrutiny Committee to deliver a presentation on the subject of s106 funding; and**

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- 2) the report be noted.

The Meeting commenced at 7.01 pm
and closed at 8.16 pm