

# Overview and Scrutiny Committee

Tuesday, 4th February, 2014

## MINUTES

### Present:

Councillor David Bush (Chair), Councillor Gay Hopkins (Vice-Chair) and Councillors Andrew Brazier, Simon Chalk, Andrew Fry, Roger Hill (substituting for Councillor Carole Gandy), Alan Mason, Yvonne Smith and Pat Witherspoon

### Also Present:

Councillor Michael Braley

### Officers:

S Horrobin, J Pickering, D Wheeler and J Willis

### Democratic Services Officers:

J Bayley and A Scarce

## EXTRACT FROM THE MINUTES – MINUTES 100 AND 102.

### MINUTE 100: MEDIUM TERM FINANCIAL PLAN

Officers presented the Medium Term Financial Plan 2014/15 – 2016/17 and explained that the report would be considered by the Executive Committee at its meeting to be held on 11th February 2014 with further consideration being given, together with the setting of the Council Tax at the Executive and full Council meetings on 24th February 2014. The following areas were highlighted for Members' consideration:

- Officers confirmed that there was currently a shortfall of £97,000 in the Council's budget.
- There were additional cost pressures as a result of various reductions in and changes to Government grants, for example, a reduction in the Grant Settlement and Business Rates and the introduction of Universal Credit.
- The New Homes Bonus grant would be used to offset the pressures facing the Council.

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- There was the option of the Council Tax Freeze Grant available to the local authority, though the Council would be asked to consider an increase in Council Tax of 1.9%. Members were advised that there was the possibility of a Government cap on any increase.
- Unavoidable budget pressures included funding from other agencies for the delivery of Council services, including Worcestershire County Council (WCC) and cuts in grant funding from the Department for Work and Pensions (DWP) associated with the administration of Housing Benefit.
- There had been an increase in Business Rates following revaluation of the Abbey Stadium. Officers confirmed that an appeal had been lodged in respect of this.
- The cost of borrowing, funding from reserves, bad debt provision and unidentified savings were also discussed in detail.

Members were informed that it was anticipated that the maintenance work at Threadneedle House would not now be carried out and that the building would be put up for sale within the following two weeks and would include the Post Office as a sitting tenant. Officers confirmed that there would be a reserve price on the property. Members questioned whether the loss of income from the Post Office rental charges had been taken into account within that reserve and Officers were asked to address this and the process for the sale of the building in a short report for the consideration of the Committee at a future meeting.

Officers highlighted the work which was being carried out in respect of service transformation and the need to reduce the costs associated with delivering enabling services due to focus on maintaining frontline services at an appropriate level. The suggested savings from the Democratic Services team and the affect these would have on the Committee were discussed in detail. It was confirmed that the current Task Groups would continue until their scheduled deadlines. However in future there could only be two Task Groups taking place at any one time. Whilst the Committee raised concerns about the reduction in support, the need for Members to make changes was acknowledged. It was also agreed that it was important that Members did not lose sight of the role of Overview and Scrutiny in holding the Council to account.

Members also raised concerns in respect of the reduction in Executive Committee and Council meetings as it was felt that this could lead to much lengthier meetings with much larger agendas. Officers confirmed that the Democratic Services Team were

working towards reducing the number of reports which were presented at Committee meetings for noting with a view to provide such information to Members in other ways. It was therefore not anticipated that the workload of the meetings would increase.

Members were informed that whilst the report detailed budget proposals for the following 12 months the budget process for 2015/16 would commence in six months' time, when the Council's financial position would be more clear particularly in respect of the unidentified savings. This six monthly report would be considered by Overview and Scrutiny, the Executive and full Council.

Officers explained that there was one budget bid for consideration. This was in respect of the economic development of the Eastern Gateway. A contribution of £25,000 had been requested in order to support a feasibility study. The Economic Development team hoped to complete as much of this work as possible, but consultants may be engaged for more specialist elements of the work needed. Members agreed that it was important that the Council had input and the opportunity to influence any development of this area.

#### **RECOMMENDED that**

**the current position for 2014/15-2016/17 be noted and Officers be requested to review the savings that can be delivered to achieve a balanced budget.**

#### **MINUTE 102: HOUSING REVENUE ACCOUNT INITIAL ESTIMATES / RENT SETTING 2014/15**

Officers presented the report on Housing Revenue Account Initial Estimates and rent setting for 2014/15 and in doing so highlighted the following areas:

- This was the final year of rent restructuring to bring the process in line with the Registered Social Landlords (RSL).
- The rent increase for 2014/15 would be 5.13% with an average rent of £78.59 per week (this was for a three bedroomed property).
- The Major Repairs Reserve was briefly discussed and Members were advised that there had been budgetary transfers from the Housing Revenue Account into this account in 2011/12.
- It was confirmed that the provision for bad debts had increased due to concerns around the Universal Credit system

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when housing benefit would be paid directly to the householder rather than to the Council.

Members discussed concerns around some residents being unable to cope with the responsibility which would arise following the introduction of the Universal Credit system and what steps, if any, could be taken to support those residents. Officers confirmed that there were particular circumstances where the money could be paid directly to the Council and that all Benefits and Housing staff were being provided with appropriate financial training to support residents. The Citizens Advice Bureau and Two Pennies also provided support with financial issues and received funding from the Council.

## **RECOMMENDED that**

- 1) the draft 2014/2015 Estimates for the Housing Revenue account attached to the report at Appendix A, be approved;**
- 2) the actual average rent increase for 2014/015 be 5.13% (3.2% RPI plus 1.93% due to rent restructuring); and**
- 3) the £3.5m be transferred to a reserve as a Revenue Contribution to Capital to fund the future Capital programme and repay borrowing.**

The Meeting commenced at 7.00 pm  
and closed at 8.47 pm