

Overview and Scrutiny Committee

Tuesday, 13th February, 2018

MINUTES

Present:

Councillor Jane Potter (Chair), Councillor Gay Hopkins (Vice-Chair) and Councillors Michael Chalk, Matthew Dormer, Andrew Fry, Paul Swansborough, Jennifer Wheeler and Nina Wood-Ford

Officers:

Jayne Pickering and Sue Hanley

Democratic Services Officers:

J Bayley

69. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillors Pattie Hill and Gareth Prosser. Members were advised that Councillor Michael Chalk was attending as a substitute for Councillor Prosser.

70. DECLARATIONS OF INTEREST AND OF PARTY WHIP

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

71. MINUTES

RESOLVED that

the minutes of the meeting of the Overview and Scrutiny Committee held on 11th January 2018 be approved as a correct record and signed by the Chair.

72. MEDIUM TERM FINANCIAL PLAN 2018/19 TO 2020/21 - PRE-SCRUTINY

The Executive Director of Finance and Corporate Resources presented the Medium Term Financial Plan (MTFP) 2018/19 to 2021/22. During the presentation of this report the following points were raised for Members' consideration:

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- There was limited certainty in respect of funding over the following four years. The Government's four-year funding settlement, agreed a few years ago, related to the Revenue Support Grant only.
- The Council would receive only £35,000 in Revenue Support Grant in 2018/19.
- Like many local authorities the Council was scheduled to pay the Government a negative grant subsidy from 2019/20 onwards.
- A number of Councils had approached the Government expressing concerns about the negative grant payments and this was under review, the outcomes of which would be the subject of consultation later in the year.
- The Government was also scheduled to undertake a fair funding review focusing on how local government was funded. This would have financial implications for the Council moving forward.
- Two years previously the government had reduced the number of years for which New Homes Bonus (NHB) payments could be made from six to four years.
- Some years previously the Government had suggested that local authorities would not receive NHB funding for any applications that were turned down by the Planning Committee but were subsequently approved at appeal. This could have significant financial implications for the Council.
- The Council had not been able to meet the deadweight threshold set by the Government in order to receive the NHB funding that had been anticipated for 2018/19.
- The deadweight was calculated based on the proportion of Band D equivalent properties that had been built in Redditch.
- The authority had been advised that it would be receiving £22,000 in NHB funding for 2018/19.
- The Government had announced that all Councils could increase Council Tax by up to 3 per cent before a referendum would need to be triggered in 2018/19 and 2019/20.
- Officers had built an assumption into the MFTP that Council Tax would increase by 2.99 per cent in 2018/19 and 2019/20. In subsequent years it was proposed that Council Tax increase by £5 as it was uncertain at what level Councils would be permitted to increase Council Tax after 2019/20.
- The Council collected Council Tax on behalf of a range of partner organisations and only kept 13 per cent of the funds that were collected. The greatest proportion of Council Tax was allocated to Worcestershire County Council.

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- Improvements had been made in 2017/18 in respect of the Collection Fund, which related to the difference between the amount of Council Tax that the local authority expected to collect and the amount that was actually collected.
- The Worcestershire Business Rates Pilot bid had been unsuccessful. Worcestershire County Council had requested clarification about the reasons why the bid had not been approved and had been advised that the proposal was robust but had been unsuccessful due to the volume of bids that had been submitted to the Government.
- Councils were able to keep any growth over the baseline for business rates collection.
- The government had indicated that the baseline for business rates would be reset in 2021/22, which could have significant implications for the Council's finances.
- There were some unavoidable pressures in the first year of the MTFP. Members were advised that Officers would not expect to see such pressures for subsequent years as these were generally financial pressures that arose unexpectedly during the year.
- The unavoidable pressures included a figure in respect of Leisure and Cultural Services as the Local Authority Trading Company (LATC) that had been approved would not be established until October 2018 and so the anticipated savings would not occur until later in the four year cycle.
- The Council had balances of £1.8 million and reserves of £1.8 million. The fact that these figures were the same was purely coincidental.
- The Council's lower limit for balances was £750,000 at the recommendation of the S151 Officer.
- Balances were savings and underspends that had been achieved.
- Reserves were funds that had been reserved for expenditure on particular projects or initiatives.
- In order to achieve a balanced budget in 2018/19 £85,000 had been drawn down from balances.
- The MTFP did not currently contain balanced budgets for the subsequent three years covered by the plan.

Following the presentation of the report Members discussed a number of matters in detail:

- The location of the developments that might impact in the following year on NHB funds. Officers agreed to clarify this and to notify Members accordingly.

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- The extent to which the calculation in respect of Band D properties took into account local variances in property valuations. A similar point had been raised at the latest meeting of the Budget Scrutiny Working Group and Officers undertook to clarify the position accordingly.
- The reasons for the improvement in terms of the returns recorded for the Collection Fund. Officers advised that the service had worked really hard to address this which had had a positive impact.
- The need for the Council to work in different ways, particularly in a more commercial manner, in order to achieve greater savings and to receive additional income. Officers advised that Heads of Service were working on a number of business cases which would potentially help the authority to address this moving forward.
- The potential for projects to be launched in accordance with the Council's Acquisition and Investment Strategy and the positive impact that this could have on the Council's finances. Officers advised that there were no projects currently planned in accordance with this strategy and all initiatives would need to be accompanied by a robust business case.
- The ongoing work of the Council's Commercialism Board and its three sub-groups focusing on income generation, contracts and assets respectively.
- The potential for the authority to utilise Council land to generate income and the work that the assets group was undertaking to investigate available opportunities.
- The Housing Growth Programme, which was in receipt of funding from the Housing Revenue Account (HRA), and the need to use some land to help develop more housing for the use of local residents.
- The savings that would be achieved in 2017/18 and the reasons why officers had been unable to achieve this level of savings in previous years.
- The potential for savings to be listed for the final three years of the MTFP and the difficulties this could create.
- The approach adopted by other Councils to listing savings for later years. Members were advised that some local authorities approved a high level MTFP in the autumn and an MTFP containing potential savings which was considered in February.
- The different approach that was being adopted by Heads of Service in terms of undertaking detailed reviews of the budgets within their remit. In many cases this had led Heads of Service to reset the baseline for their budgets in future years resulting in savings.

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- The potential for the Government's review of the negative grant settlement to result in the Council no longer needing to pay this money in the long-term.
- The financial difficulties that many local authorities across the country were experiencing.
- The extensive work that had been undertaken by officers in order to achieve a balanced budget in 2018/19. Members thanked officers for their hard work.
- The reasons for the significant savings that had been achieved in respect of IT. Members were advised that a review of software had been undertaken and contracts had been cancelled where this was found to be no longer required. Further savings had been achieved through re-negotiating contracts.
- The savings in respect of fuel and vehicle costs. The Head of Environmental Services had reviewed all vehicle costs and route optimisation had helped to reduce fuel costs to the Council.
- The costs listed for the replacement of waste bins. Officers advised that the £79,000 listed equated to 2,000 bins per year.
- The capital bids for Environmental Services and the reason £400,000 was proposed for Locality Improvement Programme. Members were advised this would involve combining two existing funds; a fund for car parking improvements and another for locality improvements.
- The extent to which the Council could afford to fund the Locality Improvement Programme. Members were advised that this would be funded from borrowing.
- The reason for including the decision not to progress with car parking charges in parks as an unavoidable pressure in the MTFP. Officers advised that this had been included in the previous MTFP and to ensure transparency it had been felt appropriate to include this in the current MTFP.
- The progress that had been made with rolling out the garden waste collection service to customers and the amount of income that had already been received for this service. Officers undertook to clarify this and to report back to Members in due course.

Officers advised that some years previously Members had requested that the figures within the table detailing the summary of the financial position for the Council be presented as in-year figures to help demonstrate the distinct costs for those years. This differed to the traditional approach that had been adopted by the Council whereby the figures were presented on a cumulative basis. Members discussed the new presentation format and noted that this was rather confusing. To make the figures easier for all Members to understand, and to ensure informed decision making in respect

of the Council's budget, Members agreed that it would be helpful if future MTFP reports could be presented using cumulative figures.

RECOMMENDED that

the format of Medium Term Financial Plans be amended in future years to reflect cumulative savings and pressures over the four year period.

73. HOUSING REVENUE ACCOUNT BUDGET 2018/19

The Executive Director of Finance and Corporate Resources presented the Housing Revenue Account (HRA) 2018/19 and highlighted the following for Members' consideration:

- The government had required the Council to reduce rents for Council properties by 1 per cent per year over a four year period.
- The Council was in the third of the four years affected by these requirements in respect of rents for Council properties. Members were advised that it was unclear what requirements, if any, would be placed on Council in respect of rent increases once this four year period had ended.
- If the Council had been able to increase rents by the Consumer Price Index (CPI) plus 1 per cent, as originally intended, the Council would have had access to an extra £900,000 in the HRA over the period.
- Repairs and maintenance costs had increased due to a rise in costs associated with void properties.
- Some additional staffing costs had arisen during the year, which had been recorded as supervision and management costs.
- The Council's HRA balances had reduced to £600,000, which was the minimum level of balances permitted.
- Officers were proposing that there should be a stock condition survey undertaken. No such survey had been undertaken for a number of years and it was important to ensure there was a general understanding of the condition of the Council's properties.
- There were lots of improvements that could be made to the Council's Housing Services and Officers were working hard to address this.

After the report had been presented Members discussed a number of points in detail:

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- The action that could be taken to ensure that the Council did not go over the limit in respect of balances.
- The savings that could be achieved in respect of supervision and management costs.
- The IT software that was utilised by the Housing Department and the benefits of upgrading this software in order to make efficiency savings.
- The extent to which the Council was on track to ensure that funding received under Right to Buy was reinvested in new properties. Officers explained that there was a plan in place to ensure that both new properties as well as properties already on the market were purchased as part of the Housing Growth Programme.
- The size of the Council's Housing Capital budget which helped to support the Housing Growth Programme.

RESOLVED that

the report be noted.

74. REFERRAL FROM COUNCIL - PROPOSED SCRUTINY REVIEW

The Overview and Scrutiny Committee considered a report outlining a referral that had been received from Council to consider launching a review of transition arrangements for young people leaving care in Redditch. This referral had been made following agreement of a notice of motion in respect of young people leaving care at the meeting of full Council that took place on 29th January 2018. As part of that notice Members had agreed that the Overview and Scrutiny Committee should carry out a full investigation of the subject.

As the referral had been made by Council to the Overview and Scrutiny Committee no scoping document, which was usually used to present proposed terms of reference to the Committee, had been drafted. However, the notice of motion did propose a number of key objectives for a review and these would need to be addressed during a scrutiny exercise. The Overview and Scrutiny Committee could choose to review the subject in a number of different ways but would need to ensure that the investigation was completed within six months of the Motion having been adopted; this would mean that a review would need to end by July 2018.

Members discussed the review and noted that ideally this exercise would be completed before July 2018. There was general consensus that the investigation should be undertaken as a Short

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Sharp Review and Members agreed that Councillor Dormer should Chair this review.

RESOLVED that

- 1) **a short sharp review be launched to investigate the transition of young people leaving care in Redditch; and**
- 2) **Councillor Dormer be appointed to Chair this review.**

75. EXECUTIVE COMMITTEE MINUTES AND SCRUTINY OF THE EXECUTIVE COMMITTEE'S WORK PROGRAMME - SELECTING ITEMS FOR SCRUTINY

Members considered the minutes from meetings of the Executive Committee held on 16th January and 6th February 2018 respectively. The Committee also considered the content of the latest version of the Executive Committee Work Programme for the period 1st March to 30th June 2018.

RESOLVED that

- 1) **the minutes of the meetings of the Executive Committee held on 16th January and 6th February 2018 be noted; and**
- 2) **the content of the Executive Work Programme for the period 1st March to 30th June 2018 be noted.**

76. OVERVIEW AND SCRUTINY WORK PROGRAMME

Members considered the Committee's Work Programme and noted that there would be a relatively lengthy agenda at the following meeting of the Committee, due to take place on 1st March 2018.

77. TASK GROUPS, SHORT SHARP REVIEWS AND WORKING GROUPS - UPDATE REPORTS

- a) Budget Scrutiny Working Group – Chair, Councillor Jane Potter

The Chair of the Budget Scrutiny Working Group, Councillor Jane Potter, advised that the group had held two meetings since the last meeting of the Overview and Scrutiny Committee. During these meetings the group had pre-scrutinised the content of the HRA and the Medium Term Financial Plan 2018/19 to 2021/22. There were no further

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meetings scheduled to take place in the 2017/18 municipal year.

b) Civil Contingencies Short, Sharp Review – Chair, Councillor Gareth Prosser

In the absence of the Chair of the Group Councillor Matthew Dormer provided an update in respect of the Civil Contingencies Short Sharp Review. Members were advised that the group had interviewed the North Worcestershire Civil Contingencies and Resilience Manager in January. The group had subsequently agreed a small number of recommendations and would be finalising their report at their last meeting on 19th February 2018.

c) Performance Scrutiny Working Group – Chair, Councillor Matthew Dormer

The Chair of the Performance Scrutiny Working Group, Councillor Matthew Dormer, advised that the group had held their latest meeting earlier in February. During the meeting Officers had been interviewed about rent arrears and the action that was taken by the Council to address this. Members had welcomed news that the Council tried to identify the reasons why people fell into debt as well as the work undertaken by officers to help tenants manage their finances and cover their debts. The group had made some suggestions about the measures for this and had urged officers to add commentary that would help to explain debt levels.

The group had been scheduled to hold a further meeting on 6th March 2018. However, due to other work pressures the Chair was proposing that this meeting should be cancelled and no further meetings of the group would take place until the new municipal year.

78. EXTERNAL SCRUTINY BODIES - UPDATE REPORTS (COUNCILLOR NINA WOOD-FORD)

a) West Midlands Combined Authority Overview and Scrutiny Committee

Councillor Nina Wood-Ford, the Council's representative on the West Midlands Combined Authority (WMCA) Overview and Scrutiny Committee, confirmed that there had been no

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meetings since the last meeting of the Redditch Overview and Scrutiny Committee.

b) Worcestershire Health Overview and Scrutiny Committee (HOSC)

Councillor Wood-Ford, the Council's representative on the Worcestershire HOSC, advised that at the latest meeting of HOSC a presentation had been delivered in respect of the Herefordshire and Worcestershire Sustainability and Transformation Partnership.

HOSC had also considered information about the latest Care Quality Commission (CQC) review of Worcestershire Acute Hospitals NHS Trust (WAHT). This review had identified a number of improvements, though the trust was still rated as inadequate and in need of improvement. Questions had been raised about the demand for hospital beds over the winter period and senior representatives from WAHT had suggested that they would be encouraging residents to take up the flu vaccination in order to help reduce demand during the period in future.

During the latest HOSC meeting attendees had been advised that there were 158 nursing vacancies within WAHT. Questions remained about the number of agency nurses used by WAHT and the costs involved.

The Meeting commenced at 7.00 pm
and closed at 8.15 pm