

Overview and Scrutiny Committee

Monday, 17th February,
2020

MINUTES

Present:

Councillor Joe Baker (Chair), and Councillors Salman Akbar, Tom Baker-Price, Michael Chalk, John Fisher, Peter Fleming, Andrew Fry, Mark Shurmer and Jennifer Wheeler

Also Present:

Councillor David Thain (Portfolio Holder for Corporate Management)

Officers:

Sue Hanley and Jayne Pickering

Senior Democratic Services Officer:

J Bayley

91. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillors Joanne Beecham and Debbie Chance. Officers confirmed that Councillors Tom Baker-Price and John Fisher were attending as their respective substitutes.

92. DECLARATIONS OF INTEREST AND OF PARTY WHIP

Councillors Tom Baker-Price and Andrew Fry declared other disclosable interests in Minute Item No. 95 in their capacity as Worcestershire County Councillors and members of the Hereford and Worcester Fire Authority as these organisations would receive funding from Council Tax once the Council Tax Resolutions had been agreed.

There were no declarations of any party whip.

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Chair

93. MINUTES

RESOLVED that

the minutes of the meeting of the Overview and Scrutiny Committee meeting held on Thursday 9th January 2020 be approved as a true and correct record and signed by the Chair.

94. MEDIUM TERM FINANCIAL PLAN

The Executive Director of Finance and Resources presented the Medium Term Financial Plan (MTFP) 2020/21 to 2023/24 and in so doing highlighted the following matters for Members' consideration:

- The external auditors, Grant Thornton, had issued a Section 24 Notice to the Council in 2019. In this notice three recommendations had been made to the Council.
- The first of these recommendations focused on the budget for 2019/20 and the external auditors had urged the Council to deliver the savings set out in the MTFP earlier that year.
- The second recommendation had focused on the need for the Council to have a balanced budget in 2020/21.
- The third recommendation had urged the Council to have a sustainable budget for 2021/22 to 2023/24.
- The external auditors had raised concerns about the need for Members to make difficult decisions in order to balance the budget.
- The financial framework for the authority had been agreed in the autumn in 2019. This had outlined the Council's aim over the four year period to increase balances in the general fund to £1.5 million and balances in the Housing Revenue Account (HRA) to £1 million.
- A number of difficult decisions had been taken by Members during the municipal year including in respect of the Rubicon Business Centre, changing support for Voluntary and Community Sector (VCS) groups and the closure of the One Stop Shops.
- The MTFP showed a balanced budget for 2020/21 with £82,000 returned to balances. This would increase the Council's balances to over £1 million.
- However, there remained a total of £1.6 million to save over the following three years. To address this gap, further difficult decisions would need to be taken by Members.
- Officers had identified a number of potential savings during the year.

Overview and Scrutiny Committee

Monday, 17th February, 2020

- Savings had been achieved through negotiating a new insurance contract as part of a group with other local authorities.
- Further savings would be achieved as a result of a review of the Dial a Ride operating model, which would result in the reduction in the number of buses in operation from six to five and the introduction of a voluntary car scheme. The proposed changes to the Dial a Ride scheme would result in an increase in the efficiency of the service and it was anticipated that there would be a corresponding increase in income.
- The actuaries for the Worcestershire Pension Fund had reported that the investments that had been made for the fund had performed well over the previous three years resulting in a reduction in the level of pension contributions that would need to be made by the Council moving forward.
- The Council had received New Homes Bonus (NHB) funding for 2020/21 which had not been anticipated. However, the Government had been clear that no legacy payments would be provided to the Council for the NHB.
- There remained a lot of uncertainty for the future in terms of local government funding. The Council did not know what terms would be included in the Government's Fair Funding Review for district Councils.
- There was the potential that the Government would reset the business rates growth level and this would again result in a loss of income for the Council.
- The Council Tax Resolutions still remained to be finalised. Whilst the Council had heard back from some of the preceptors the authority was still waiting to hear from West Mercia Police on the date of the meeting.
- The Council was anticipating that there would be the minimum level of balances in the HRA for 2020/21.
- The HRA had been affected by the 1 per cent rent reductions over four years that had been required by the Government, though in 2020/21 the Council would be increasing rents by CPI plus 1 per cent.
- By 2023/24 the HRA would be in a stronger position as a result of accumulated rent rises over the four year period.

During consideration of this item the Chair invited the Portfolio Holder for Corporate Management, Councillor David Thain, to comment on the budget. Councillor Thain explained that difficult decisions had had to be taken but the budget was balanced for 2020/21. The external auditors had been kept informed about the budget and the decisions that had been taken by Members and they would continue to be notified about developments. Councillor Thain concluded by thanking Officers working in the financial

Overview and Scrutiny Committee

Monday, 17th February, 2020

services department as well as Heads of Service for their hard work in respect of achieving savings and balancing the budget.

Members subsequently discussed the report in detail and in so doing noted the following points:

- The reasons why the budget gap in 2023/24 was much higher than in previous years. Officers explained that this was partly a consequence of the Council losing NHB legacy payments in this year as well as a result of the impact of the pay awards.
- The impact that the loss of NHB funding would have on Councils across the country. Officers explained that nationally NHB had resulted in local Councils receiving more in funding than had originally been anticipated when the scheme was introduced and this was not considered to be sustainable.
- The reserves that had been set aside for the Council's pensions liabilities and for a Transformation Fund and the reasons that this funding had not been returned to balances. Officers explained that there were concerns amongst Treasurers across the county that the investments for the pensions fund might not always perform as well as they had in the past three years and it would be prudent to have a reserve that could be used if needed for this purpose. The Council Transformation Fund would provide the Council with greater flexibility.
- The choice not to include the negative grant in the budget projections and the reasons for this. The Committee was informed that there were risks to the Council in relation to predicting the Council's future funding settlement as the Government's plans for local government funding would be uncertain until the Fair Funding Review was finalised. However, there would need to be a transition period and some funding from Government for Councils if the negative grant was reintroduced.
- The increased income that was anticipated from the Council's investments moving forward. Officers agreed to provide further information to Members in respect of this matter.
- The potential for the Council to achieve further financial savings moving forward. Officers explained that there would need to be a mix of savings and an increase in income. For some services further savings would potentially impact on the quality of the service.
- The surplus that would be achieved in terms of income from Council Tax in the first year of the plan.
- The lower revenue that Redditch Borough Council received from Council Tax compared to other district Councils in

Overview and Scrutiny Committee

Monday, 17th February, 2020

Worcestershire where there were more Band D properties and above.

- The potential for the Council to encourage developers to build more Band D properties and above in the Borough.
- The possibility that NHB funding might be redesigned so that funding would be redistributed in future from Councils in areas where more Band D properties were built.
- The difficult decisions that would need to be made in the future and the potential services that might be affected by these decisions. Officers explained that some ideas had been included in the report, though no decisions had been taken.
- The proposed changes to the Dial a Ride scheme, the cost of the voluntary car scheme and the insurance implications for the Council. Officers agreed to provide further information in respect of this matter after the meeting.
- The number of customers using the Dial a Ride service. The Committee was informed that there were 560 registered users. By February 2020 there were 2,100 journeys a month and Officers were anticipating that as a result of the changes to the operating model there would be 2,400 journeys in future.
- The £100,000 funding in respect of a café at Morton Stanley Park that had been included in the capital programme. Officers explained that additional funding would be available to pay for this café from Section 106 money that had been allocated to infrastructure projects in the park. Leisure Officers had undertaken research into the project and as part of this process public consultation had taken place, the results from which had indicated that there would be interest in a café in the park.
- The potential for further income to be generated by the Council operating in a more commercial manner in the future.
- The need for the Council to share savings with Bromsgrove District Council in cases where savings were secured for shared services.
- The option for the Council to sell Council assets and which assets were likely to be sold. Officers explained that the Council would only sell assets that were declared surplus and there were no plans to sell assets such as the Palace Theatre.
- The potential for the Council to report the financial difficulties impacting on local government and the need for certainty to be provided by the Government. Officers explained that there had been a portal launched in January 2020 which provided Councils with an opportunity to report concerns to the Government and the Section 151 Officer had submitted comments on behalf of the Council.
- The movement of a capital reserve to the general fund for the HRA in order to balance the budget. The Committee was

Overview and Scrutiny Committee

Monday, 17th February, 2020

advised that this arrangement had been made on the proviso that the funding would be paid back within three years.

- The need for greater efficiencies to be made in respect of the HRA in future years. Officers explained that over the following 18 months the new Housing IT System would be introduced and service reviews would be taking place within the Housing Department, which would contribute efficiency savings.

At the end of a lengthy debate in respect of this item the Committee

RESOLVED that

the report be noted.

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

Members considered the minutes from the meeting of the Executive Committee held on Tuesday 11th February 2020. The Committee noted that the Budget Scrutiny Working Group had made recommendations to this meeting in respect of the Medium Term Financial Plan 2020/21 to 2023/24 which had been approved by the Executive Committee.

During consideration of this item Members also considered the content of the Executive Committee's Work Programme for the period 1st March to 30th June 2020.

RESOLVED that

- 1) the minutes of the meeting of the Executive Committee held on 11th February 2020 be noted; and**
- 2) the content of the Executive Committee's Work Programme for the period 1st March to 30th June 2020 be noted.**

96. OVERVIEW AND SCRUTINY WORK PROGRAMME

The content of the Overview and Scrutiny Committee's Work Programme was considered by Members. Concerns were raised about the number of items that were due to be considered at the meeting of the Committee that was scheduled to take place in March 2020. Whilst the Homes England Asset Transfer item would not be available to consider until June 2020 the other items were scheduled to be reported to Members.

Overview and Scrutiny Committee

Monday, 17th February, 2020

Members discussed the items that were on the work programme for consideration in March and noted that the Overview and Scrutiny Committee's annual report and the final reports of the Scrutiny Task Groups needed to be considered as soon as possible. However, Members noted that the Members' IT Policy and Bring Your Own Device (BYOD) Policy had already been considered by the Member Support Steering Group, prior to any report being made in respect of these matters to the Executive Committee. In this context Members agreed that the Overview and Scrutiny Committee did not need to pre-scrutinise the Members' IT Policy and BYOD Policy. However, the Committee noted that ICT support for elected Members could have financial implications for the Council, particularly if Members' iPads were replaced with more expensive IT equipment. Members suggested that wherever possible the Council should strive to ensure that financial expenditure on Members' IT equipment was kept to a minimum.

RESOLVED that

- 1) the Members' IT Policy and Bring Your Own Device Policy be removed from the Overview and Scrutiny Committee's Work Programme and no longer made subject to pre-decision scrutiny; and**
- 2) the content of the Overview and Scrutiny Committee's Work Programme be noted.**

97. TASK GROUP REVIEWS - DRAFT SCOPING DOCUMENTS

Officers confirmed that there were no draft scoping documents for consideration on this occasion.

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

- a) Budget Scrutiny Working Group – Chair, Councillor Jenny Wheeler

Councillor Wheeler advised that during the latest meeting of the group Members had pre-scrutinised the Medium Term Financial Plan 2020/21 to 2023/24. During this meeting Members had proposed two recommendations which had subsequently been agreed by the Executive committee. The first called for Officers to present the capital programme in a different way in future, which would involve grouping the items in accordance with the strategic purposes. Members were

advised that this would be a more logical approach to presenting the capital programme than the present format.

The second recommendation had focused on the Section 24 Notice that had been issued by the external auditors, Grant Thornton, to the Council. At the latest Audit, Governance and Standards Committee meeting the external auditors had indicated that the Section 24 Notice might be lifted in the autumn, subject to the Council successfully submitting its accounts and receiving a positive Value for Money assessment. However, no formal letter would be issued by the external auditors regarding this matter. The Budget Scrutiny Working Group had concluded that the Council had a responsibility to notify the public that the Section 24 Notice no longer applied to the Council and this had formed the basis of their recommendation.

During consideration of this item Members noted that to date 100 per cent of the recommendations that had been proposed by the Budget Scrutiny Working Group during the year had been approved by the Executive Committee. On behalf of the Executive Committee the Portfolio Holder for Corporate Management thanked the group for their hard work and noted that the recommendations that had been made through the budget scrutiny process had been very helpful.

b) Performance Scrutiny Working Group – Chair, Councillor Andrew Fry

Councillor Fry advised Members that the group had met since the previous meeting of the Overview and Scrutiny Committee. During this meeting Members had discussed performance monitoring arrangements for the authority moving forward. An update had been provided by Councillor John Fisher about the evidence he had gathered when monitoring measures for the strategic purpose help me find somewhere to live in my locality and Councillor Yvonne Smith was due to provide an update in respect of her findings for the strategic purpose 'help me be financially independent at the following meeting.

The group had decided at their latest meeting that in future they should monitor the performance of Council services collectively, rather than each Member monitoring a different strategic purpose. This would start with a focus on housing Services at the following meeting of the group, due to take place in March 2020.

Overview and Scrutiny Committee

Monday, 17th February, 2020

- c) Parking Enforcement Task Group – Chair, Councillor Mark Shurmer

Councillor Shurmer confirmed that the group was aiming to complete their review in time to report back to the Overview and Scrutiny Committee meeting that was scheduled to take place on Thursday 19th March 2020.

99. EXTERNAL SCRUTINY BODIES - UPDATE REPORTS

The following updates were provided in respect of external scrutiny bodies:

- a) West Midlands Combined Authority Overview and Scrutiny Committee – Redditch Member, Councillor Michael Chalk

Councillor Chalk circulated an update from the latest meeting of the West Midlands Combined Authority (WMCA) Overview and Scrutiny Committee. He advised that a young woman, rather than young man as suggested in the written update, had attended the meeting.

During the meeting Members had discussed the HS2 project. The Committee had been advised that there would be opportunities available to Small and Medium Enterprises (SMEs). As there were many businesses in Redditch that could be classified as SMEs there could be opportunities available to companies based in the Borough as part of this project.

- b) Worcestershire Health Overview and Scrutiny Committee – Redditch Member, Councillor Michael Chalk

The Committee was informed that the following meeting of the Worcestershire Health Overview and Scrutiny Committee (HOSC) was scheduled to take place on Wednesday 19th February 2020. This meeting would provide Members with an opportunity to prepare for an interview with representatives of Worcestershire Acute Hospitals NHS Trust that was due to take place at a later date.

The Meeting commenced at 6.30 pm
and closed at 7.28 pm