

MINUTES of the meeting of General Overview & Scrutiny Committee held at The Council Chamber, The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Monday 24 November 2014 at 11.30 am (actual start time 12.15 pm)

Present: Councillor WLS Bowen (Chairman)
Councillor BA Durkin (Vice-Chairman)

Councillors: AJM Blackshaw, ACR Chappell, DW Greenow, KS Guthrie, EPJ Harvey, JG Jarvis, AJW Powers and A Seldon

In attendance: Councillors CNH Attwood, AW Johnson (Leader), MD Lloyd-Hayes, JW Millar (Cabinet Member), PM Morgan (Cabinet Member), J Norris, GJ Powell (Cabinet Member), PD Price (Cabinet Member) and P Rone (Cabinet Member)

Officers: H Coombes (Director for Adults Wellbeing), J Davidson (Director for Children's Wellbeing), G Hughes (Director for Economy, Communities and Corporate), P Robinson (Chief Financial Officer), B Norman (Assistant Director Governance), B Baugh and D Penrose (Governance Services).

Note: This meeting followed on from the Health and Social Care Overview and Scrutiny Committee, where the presentation on the Budget 2015/16 and Medium Term Financial Strategy was received. The presentation was provided in a supplement to the agenda.

31. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors TM James and DB Wilcox. Apologies were also received from Councillor H Bramer (Cabinet Member Contracts and Assets).

32. NAMED SUBSTITUTES

Councillor KS Guthrie substituted for Councillor DB Wilcox.

33. DECLARATIONS OF INTEREST

No declarations of interest were made.

34. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 4 November 2014 were received. Referring to minute 27, paragraph 2, a committee member thanked the Director for Economy, Communities and Corporate for providing comprehensive details about the council's vehicle fleet and said that he hoped that it would be kept up to date. Another committee member drew attention to resolution (b), that 'Committee members be provided with details of the range of council assets and a briefing note on the assumptions being used in relation to the Medium Term Financial Strategy', and said that it was regrettable that the information had not been provided in time for this meeting.

RESOLVED: That the minutes of the meeting held on 4 November 2014 be approved as a correct record.

35. BUDGET 2015/16 AND MEDIUM TERM FINANCIAL STRATEGY

The Chairman noted that members had asked a number of questions at the earlier meeting of the Health and Social Care Overview and Scrutiny Committee that were relevant to the remit of this committee and he invited further questions.

The Chief Financial Officer provided answers to a number of questions from committee members, the responses included:

1. The Projected Breakdown of Council Funding Sources 2013/14 - 2016/17 slide (page 8 of the supplement) showed where sources of funding would need to come from over the next four years; as the government funding proportion reduced, the Council Tax and Business Rates proportions increased.
2. Assumptions within the budget plans included an increase in Council Tax of 1.9% and an element of growth in Council Tax resulting from new housing.
3. Attention was drawn to the Budget Consultation slide (page 15 of the supplement) and the statement that 'On average the results indicated a reduction in Council Tax increase to 0.9% from 1.9%'.
4. Reference was made to the treasury management details contained in regular budget monitoring reports to Cabinet and it was confirmed that the loan portfolio was being managed actively, with quality assurance provided by external advisors. It was reported that the authority was taking advantage of low short- and medium-term borrowing rates wherever possible but it was not always beneficial to reschedule existing long-term debts because of the prohibitive penalties involved. The Chief Financial Officer agreed to provide more detail to a committee member after the meeting.
5. It was not anticipated that increased savings in terms of Back Office Services from £200k to £420k in 2015/16 would impact on direct service provision as this principally related to changes in arrangements with the council's back office service provider, Hoople; a related report would be considered by Cabinet in January 2015.
6. The savings plans for Customer & Library Services were consistent with the changes to service delivery agreed by Cabinet on 23 January 2014 (minute 65 refers). The Cabinet Member Corporate Services confirmed that the Masters House redevelopment in Ledbury would co-locate customer service and library facilities. It was suggested that the wording on page 34 of the report be revisited.
7. In terms of 'one off costs to achieve improvements and savings' (page 25 of the supplement), future relief road development work would be capitalised as planned for previously and the reduction in car parking income at Merton Meadow would result from development associated with the link road.

In response to questions from the Chairman:

- i. The Chief Financial Officer advised that gaps in expertise needed to be addressed, especially around change management, but the authority was trying to reduce the use of external consultants over time and this was reflected in the Annual Governance Statement.
- ii. The Leader said that it would not be possible to limit the level of Council Tax increase to 0.9%, as this would require approximately £800k of additional savings.

Responding to a question from a committee member about the recommendations made at the last meeting about proposed changes to the Council Tax Reduction Scheme (minute 28 refers), the Leader drew attention to the risks and pressures outlined in the presentation and commented on the difficulties of identifying alternative savings.

A committee member, noting that asset sales plans had slipped (page 13 of the supplement), said that many people, especially tenants, wanted clarity about the future of the council's property portfolio. The Chairman noted that an assurance had been provided previously that there would be no changes to the policy in relation to smallholdings during the remainder of the current administration.

In response to a question carried over from the earlier meeting, the Chief Financial Officer suggested that ideas for 'pump priming' or 'spend to save' schemes be referred to the relevant director to assess potential benefits and savings that might arise. The Chairman suggested that the authority might wish to examine the concept of 'time banking', as being explored by The City of Cardiff Cardiff Council, to incentivise people to share knowledge and experience across public, private and community sectors.

A committee member, referring to histograms in the presentation (pages 10 to 12 of the supplement), said that consistent comparisons needed to be made. In particular, it was suggested that it would be helpful to understand debt as a proportion of net revenue in comparison to counties. The Chief Financial Officer advised that the comparisons provided had been readily available in the public domain and it would be time consuming to collate and present the material in a different way. He added that the most relevant comparisons for Herefordshire Council were with other unitary authorities.

A committee member commented that a case could be made for further borrowing to invest in infrastructure projects given the historically low interest rates currently available and the average borrowing position of the authority compared to other unitary authorities.

In response to further member comments about comparisons, the Chief Financial Officer said that reserves were relevant to the financial standing of all councils but debt levels could vary significantly between different councils; this could depend on variables such as the type of authority, infrastructure and investment over time. The Leader commented that the range of permutations was almost endless and he considered comparisons with unitary authorities to be the most sensible.

A committee member wished to register a note of concern about the amount included in the 2015/16 budget for one-off change management and the proportion to be financed from reserves, especially as reserves had only recently been increased above the minimum required in the Constitution. The Chief Financial Officer advised that the amount included for change management was £3.418m, of which £1.585m was to be financed from reserves. He commented on the major changes being undertaken to deliver savings and the need for additional investment to support this. The Leader added that the authority would not wish to use reserves automatically and invited members to identify other parts of the budget where savings could be made.

The Chairman thanked attendees for their contributions and asked officers to action the written responses required at the earliest opportunity.

RESOLVED: That the Budget 2015/16 and the Medium Term Financial Strategy be noted.

The meeting ended at 1.00 pm

CHAIRMAN