

MINUTES of the meeting of General Overview & Scrutiny Committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Tuesday 13 December 2016 at 4.30 pm

Present: Councillor WLS Bowen (Chairman)
Councillor CA Gandy (Vice Chairman)

Councillors: JM Bartlett, MJK Cooper, EPJ Harvey, JF Johnson, MT McEvilly, AJW Powers, NE Shaw, EJ Swinglehurst, A Warmington and SD Williams

In attendance: Councillors AW Johnson (Cabinet Member), PM Morgan (Cabinet Member) and PD Price (Cabinet Member).

Officers: G Hughes – director economy, communities and corporate, A Harris - head of management accounting, J Rushgrove – head of corporate finance, M Taylor - interim director of resources,

51. APOLOGIES FOR ABSENCE

Apologies were received from Councillor J Hardwick and from the statutory co-optees, Mr Burbidge, Mrs Fisher and Mr Sell.

52. NAMED SUBSTITUTES

No substitutions were made.

53. DECLARATIONS OF INTEREST

There were no declarations of interest.

54. MINUTES

RESOLVED: That the minutes of the meeting held on 14 November 2016 be approved as a correct record.

55. SUGGESTIONS FROM THE PUBLIC

There were no suggestions.

56. QUESTIONS FROM THE PUBLIC

No questions had been received.

57. DRAFT 2017/18 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) UPDATE

The Committee's views were sought on the budget proposals for 2017/18 and the updated medium term financial strategy (MTFS).

The interim director of resources (IDOR) gave a presentation. He commented that the Autumn Statement had resulted in very few changes to the position reported to the

Committee in November. The financial settlement was awaited but no significant changes were expected. In response to comments made by the Committee in November the figures in the MTFS had been reviewed to ensure consistency in reporting and that any changes over time could be readily tracked.

In discussion the following principal points were made:

- It was observed that a number of figures had changed from those presented in the report to the Committee in November. Examples included: an increase in the proposed budget for adults and well being (£166k), an increase in locally retained business rates (£2m) an increase in the business rates top up and S31 grant, and an increase in the centralised pension deficit and housing benefit costs.
- The head of corporate finance provided clarification adding that the change to the net budget related to a change in the presentation of the S31 grant and a recalculation of the expected business rate income. The centralised pension cost had been revised following the latest headcount and the housing benefit cost had been revised to reflect an administrative cost that had to be incurred.
- The IDOR commented that in response to the points made by the Committee in December he had challenged the assumptions underpinning the budget. This had been a worthwhile exercise. Changes in figures could now be readily tracked and he considered the MTFS model was now more robust. A detailed reconciliation could be provided to members of the Committee if they wished.
- With reference to page 48 of the agenda papers paragraph 4.5, and also noting the proposals for a development partnership, it was asked what scope there was to make allowance for the benefits of partnership working in selling or leasing Council property assets. The IDOR commented that the Property Services team was reviewing current arrangements to ensure that it could be demonstrated what benefit was being gained and should be gained from leases and disposal of council properties to other organisations.
- The Director, Environment, Corporate and Communities commented that money was allocated for the proposed development partnership in the capital programme. In relation to assets it was not proposed to allocate assets to others but to consider requests from Parish councils to take on the running of assets if they wished to do so.
- In view of the expectation that parish councils and others would take on the delivery of some services it was asked if there could be some specific provision in the revenue budget for invest to save schemes that Parish Councils and community groups proposed.
- In response officers suggested that the principle of facilitating increased engagement with parish councils and communities and revenue funding to support invest to save proposals in support of the delivery of some services in place of Herefordshire Council could be explored as part of the future review of the MTFS.
- In relation to the use of the 2% additional precept for adult social care, the Director of Adults and Wellbeing commented that there was not a separate budget line for the use of this sum, as the precept essentially recognised the general pressures affecting adult social care. One specific way in which some of the resources generated from the precept had been used was to cover the non-recurrent cost of staff to work on generating capacity in the wider system and developing community services.
- Clarification was sought on how the Rural Services Delivery Grant was being spent. Officers confirmed that the grant was not ring fenced and was provided by the government in recognition of the additional costs rural authorities incurred in delivering services. One example of the way in which this operated in practice was

the Council's payment of different rates to those providing domiciliary care in rural and urban areas. In response a Member suggested that given that adults and wellbeing was already benefiting from the additional 2% precept, consideration might usefully be given to using the grant to support other services affected by rurality such as rural bus services.

- Reference was made to the leader's foreword to the MTFs that a 3.9% council tax increase was "*at a level which will be felt by those most vulnerable households as too high*". It was asked what his stance would be if the government, as was being indicated, authorised authorities to levy a further additional precept above the 2% already proposed, to support social care. The Leader indicated that he was not prepared to discuss this matter until the detail of any government proposal was announced. The implications could then be discussed with Cabinet and Group Leaders.

The IDOR commented that if a substantive issue relevant to the budget emerged warranting further discussion a further report could be made to the Committee for its consideration. It was noted that the timetable would permit the Committee to consider any such a report at its meeting on 17 January.

- In relation to a question about the detailed reporting of the use of reserves the IDOR commented that a schedule showing movements in reserves would be presented as part of the budget report to Council.
- It was requested that additional material the IDOR considered relevant should be shared with members of the Committee at the earliest opportunity to enable them to comment in a timely fashion and allow time for account to be taken of those comments.
- It was suggested that the grouping of some figures in the presentation of them, for example centralised pension deficit and housing benefits shown as one line in the table on page 31, might be better shown as separate items.

RESOLVED

- That (a) **the reconciliation showing the changes between the report made to the Committee in November and that presented in December be circulated to members of the Committee for information;**
- (b) **officers be requested to explore the principle of facilitating increased engagement with parish Councils and communities and revenue funding to support invest to save proposals in support of the delivery of some services in place of Herefordshire Council could be explored as part of the future review of the MTFs; and**
- (c) **if a substantive issue relevant to the budget warranting further discussion with the Committee emerged a further report be made to the Committee's meeting in January for its consideration.**

58. DATE OF NEXT MEETING

Tuesday 17 January 2017 at 10.00am.

The meeting ended at 5.40 pm

CHAIRMAN

