

MINUTES of the meeting of General Overview & Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday 14 January 2013 at 10.00 am

Present: Councillor A Seldon (Chairman)

Councillors: EMK Chave, BA Durkin, JW Hope MBE, MAF Hubbard, TM James, R Preece, PJ Watts and DB Wilcox

In attendance: Councillors: AM Atkinson, PL Bettington, WLS Bowen, H Bramer, ACR Chappell, RB Hamilton, J Hardwick, JG Jarvis, AW Johnson, JLV Kenyon, RI Matthews, PJ McCaull, JW Millar, PM Morgan, NP Nenadich, C Nicholls, FM Norman, RJ Phillips, GJ Powell, AJW Powers, PD Price, P Sinclair-Knipe and J Stone

Officers: Mr D Taylor; Mr D Powell; Mr J Jones; Mr T Wilmot; Mr P Clasby; Mr N Webster; Miss G Dean; Mr P James.

20. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Greenow; Councillor EPJ Harvey (Vice-Chairman); Councillor Brig P Jones CBE, Mr P Sell.

21. NAMED SUBSTITUTES

Councillor MAF Hubbard substituted for Councillor EPJ Harvey.
Councillor PJ Watts substituted for Councillor DW Greenow.

22. DECLARATIONS OF INTEREST

Councillor JG Jarvis declared a non-pecuniary interest as the Council's representative on the Hereford Futures Ltd Board as Lead Director.

23. MINUTES

RESOLVED: That the minutes of the meeting held 10 December 2012 be confirmed as a correct record and signed by the Chairman.

24. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

No issues were suggested by the public.

25. QUESTIONS FROM THE PUBLIC

No questions were received from the public.

26. MEDIUM TERM FINANCIAL STRATEGY

The Committee received a presentation on the Medium Term Financial Strategy (MTFS) and considered a report to Cabinet on 17 January 2013.

The Chief Officer Finance and Commercial (COFC) informed the Committee of the position regarding the Medium Term Financial Strategy. The Committee had previously been circulated with copies of the report to Cabinet (17 January) entitled 'Draft Medium Term Strategy and update on the provisional Local Government Settlement 2013/14'. At the meeting the Committee were also supplied with copies of the presentation by the Chief Officer Finance and Commercial, a copy of which has been placed in the minute book.

The Chief Officer Finance and Commercial (COFC) highlighted the following principal points:

- The Strategy included the local and national policy, financial context and covered 2013/14 to 2015/16.
- The provisional settlement on 19 December indicated for 2013/14 a reduction of £5.45m (6.9%). The final settlement was still to be confirmed but if it followed the pattern of previous years it is not expected to alter the indicated position.
- Under the new Business Rate system from 2013/14 Herefordshire will be a 'top-up' authority and will receive £6.5m.
- The Government had offered a further Council Tax Grant of 1% but for only 2 years.
- Comparisons were made with other authorities to seek the national context and assess any impact or significant changes.
- The strategy included an assessment of the Council's future funding including: estimated Council Tax rates, inflation, and local approach to reserves and capital funding.
- Treasury Management covered borrowing and investment; addressed key risks; bank base rates and the external economic and political environment.
- The Financial Model was the heart of the strategy. The model assumed that in 2013/14 £9.142m of 'Root and Branch' budget reductions would be delivered with further reductions in future years. It also recognises £5.18m of pressures in 2013/14 with further pressures in future years. It assumed 1.9% council tax increase (£1.66m) in 2013/14 with no increase in future years.
- In 2013/14 the Model also included a contribution of £2m to reserves and an additional £1m for change management with £2.6m for inflation.

In the course of discussion the following principal points were noted:

- The report charted how Herefordshire's funding equated in the national context. It was noted that government lobbying via the SPARSE Rural Network Group was undertaken in an attempt to emphasise to government the particular funding issues faced by rural authorities and thereby seek to raise funding levels for rural authorities. The Strategy identified pressures due to increased life expectancy and future demand for adult social care due to an increasing ageing population in the county.
- From April 2013 funding (£3.15m) will be transferred from NHS Commissioning. This was already ring-fenced to projects identified through the Joint Strategic Needs Assessment. The Council will be responsible for managing contracts and ensuring value for money. This will need to be considered in the wider context, not just within adult social care but across the whole of council services. The Health & Wellbeing Board and the Health and Social Care Overview & Scrutiny Committee were monitoring the situation. The transfer of NHS funding would be the subject of a separate report to Cabinet.
- While Herefordshire had good collection rates for council tax (98%) and business rates (99%) it will be essential that this level is maintained particularly in view of any potential adverse impact following changes to the council tax benefit regime.

- Changes to the business rate regime placed greater emphasis on attracting business to the areas. While the Enterprise Zone was an advantage the county still had a small business base and therefore would be talking to similar authorities in an attempt to collaborate in attracting new businesses to the area.
- While Treasury Management had a good track record of managing investment and borrowing, the Committee sought assurances that the borrowing portfolio, particularly in relation to the higher rate LOBO Loans, were regularly reviewed and restructured.
- The level of budget reserve had taken on a greater significance due to reduced levels of government funding and increased levels of pressures on the Council's finances. Given the pressures the MTFs proposed that over the next two years the minimum level should be increased to 4% of the net revenue budget.
- For 2013/14 savings of nearly £10m are expected to be delivered through the Root and Branch process. It was noted that some social care services can be very expensive and a small increase in the number of people requiring a high level of care can soon have a significant adverse impact on the budget. These budgets are regularly monitored.

RESOLVED: That

- 1. This Committee urges Cabinet to increase the lobbying of MPs and the government to highlight how the 'sparsity' issue adversely effects this Council's budgetary position;**
- 2. Cabinet must ensure that the predicted savings identified through the Root and Branch reviews are delivered to ensure that the Council's budget is robust and deliverable; and**
- 3. The scope to restructure the Council's existing borrowing portfolio and in particular the LOBO Loans be reviewed.**

At this point the Committee adjourned for 10 minutes and reconvened at 11.25am

27. HEREFORD FUTURES GOVERNANCE UPDATE

Councillor JG Jarvis declared a non-pecuniary interest as the Council's representative on the Hereford Futures Ltd board as Lead Director.

The Committee were provided with an update on the governance and oversight arrangements of Hereford Futures Ltd.

Arising from the Overview & Scrutiny Committee on 12 October 2012 the Committee requested a further report on the governance and oversight of the company and in particular a response to a number of specific questions. The agenda report provided a degree of background to the governance of the company and its four task groups. It also set out the five questions together with responses.

The Economic Development Manager reported that the company is led by a highly experienced Chairman (Mr Ted Wilmot), Chief Executive and board of non-executive directors. Hereford Futures manages projects through a series of Task Groups, listed in the agenda report, each being chaired by a non-executive director and supported by a senior Council officer.

Referring to Question 2 (target tracking) the Economic Development Manager reported that progress with projects is reported to the relevant task group who then evaluate progress against targets. Examples of the types of outputs to be measured were included in the agenda report. Inputs e.g. footfall statistics, are commissioned when

required, which may have cost implications, or obtained from existing sources e.g. from within the Council or via the web.

Responding further to Question 4 concerning the treatment of confidential information, the Chairman of Hereford Futures, Mr T Wilmot, appreciated that the public may have concerns regarding the use of public finance, however, Hereford Futures also acted as broker in a number of contracts involving private companies. In this context the release of information would go against contractual conditions. He would, however, suggest to the board that where possible a wider range of information should be made available via the website or information bulletins. This may mean that some information would be redacted.

A Member referred to the Council's response to a Freedom of Information (FOI) request by a member of the public concerning information held by the Council on Hereford Futures. The response inferred that, within the FOI terms, the Council did not hold information on Hereford Futures. The Member questioned this as the Council had a number of representatives on the Board. The Leader of the Council outlined his process for dealing with agendas/minutes and the Acting Chief Executive undertook to discuss the matter further with the Member.

Mr P Clasby, Hereford Futures Ltd, confirmed that while the majority Hereford Futures finance was public, the company was not wholly owned by the Council and was answerable to shareholders.

The Committee noted that latest Member briefing had been issued just prior to Christmas.

On questioning the governance of the Gateway Committee, referred to in the report, the Committee were informed that the work of Hereford Futures was set and agreed through the Hereford Gateway Committee which had been established by the Council and the former AWM, now Homes & Communities Agency, to represent the views and objectives of the respective organisations working in partnership to achieve the Council's vision for sustainable growth and prosperity. The Committee normally met twice per year.

Returning to the availability of information the Committee welcomed Mr T Wilmot's earlier undertaking, however, it was suggested that Hereford Futures Ltd should consider establishing, a protocol governing the provision of information, including who in the organisation should be responsible for deciding on the status of information and any necessary redaction. As the confidentiality criteria for a public company and the Council differ, Hereford Futures may wish to consult with the Council's Monitoring Officer.

RESOLVED: That

- 1. The Committee welcomes the intention by Hereford Futures Ltd to increase the range of information made publicly available: and**
- 2. It is suggested that Hereford Futures Ltd, in consultation with the Council's Monitoring Officer, draw up a protocol to govern the redaction of confidential information from public information.**

28. COMMITTEE WORK PROGRAMME

The Committee considered its work programme.

Following on from the previous minute (No.17) a point was made that the Council has an arms-length company and a number of major partners through which public services

were delivered and it was questioned whether clarity could be sought on the status of information held by these external organisations.

RESOLVED: that the programme be noted and a report setting out how information held by the Council; its arm's length company and major partners may be effected by the Freedom Of Information Act be presented to a future meeting.

The meeting ended at 12.23 pm

CHAIRMAN