

MINUTES of the meeting of General Overview & Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Tuesday 18 June 2013 at 5.00 pm

Present: Councillor A Seldon (Chairman)
Councillor EPJ Harvey (Vice-Chairman)

Councillors: EMK Chave, DW Greenow, JW Hope MBE, RC Hunt, TM James, Brig P Jones CBE, RL Mayo, R Preece, GR Swinford and DB Wilcox

In attendance: Councillors WLS Bowen, RB Hamilton (Cabinet Member Environment, Planning and Housing), J Hardwick, MAF Hubbard, FM Norman, GJ Powell (Cabinet Member Health and Wellbeing) and AJW Powers

Officers: A Ashcroft (Assistant Director Economic, Environment and Cultural Services) B Baugh (Democratic Services Officer), Y Coleman (Planning Obligations Manager), G Dean (Scrutiny Officer), H Foster (Head of Corporate Finance), G Hughes (Director for Places and Communities), J Jones (Head of Governance and Monitoring Officer), D Powell (Chief Officer: Finance and Commercial), K Singleton (Team Leader Strategic Planning) and R Taylor (Head of Finance - People's Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Mr P Sell.

The Chairman introduced Mr Baugh, the new clerk to the Committee. The Chairman paid tribute to Mr James, the previous clerk, who had recently left the authority after 39 years of service in local government in Herefordshire. The Committee acknowledged Mr James' professionalism and wished him well for the future.

2. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. MINUTES

The minutes of the meeting held on 13 May 2013 were received.

RESOLVED: That the minutes of the meeting held on 13 May 2013 be approved as a correct record and be signed by the Chairman.

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

The Chairman invited suggestions from members of the public in attendance at the meeting.

- Referencing the 'Open Book Review' report to Cabinet on Thursday 20 June 2013, Ms K Rogers suggested that the Committee look at the quality of services that, it had been

claimed, would benefit from the proposals. The Chairman said that the suggestion would be reviewed and a response provided.

- Referring to the Council's part in the ownership of Hereford Futures, Mrs E Morawiecka said that she had provided substantial documentation to the Council about errors that had been made in statutory and public documentation and suggested that these communications be circulated to the Committee. The Head of Governance and Monitoring Officer said that the Committee could request a report on this subject matter. The Chairman considered this to be an appropriate way forward.

6. QUESTIONS FROM THE PUBLIC

Questions had been received in advance of the meeting on the following items:

Item 7, Local Development Framework: three questions from Mrs E Morawiecka, one question from Mrs J Morris, four questions from Ms V Wegg-Prosser, and two questions from Mr R Stow.

Item 8, Council Budget 2013/14 - Update: three questions from Mrs E Morawiecka and one question from Ms K Rogers.

The questions, together with written responses from officers, were circulated at the meeting and are appended to these minutes.

The Chairman thanked the members of the public for their questions and invited a supplementary question from each, it was not expected that answers would be provided at the meeting but written responses would be provided in due course.

Local Development Framework

- Mrs Morawiecka did not consider that a satisfactory response had been provided to her question 1 a), the question being 'As a result of the consultation on the draft Core Strategy and the responses received, has Herefordshire Council corrected any of the omissions identified in the Infrastructure Delivery Plan?' Mrs Morawiecka clarified that the omissions were detailed in the narrative above her question.
- Mrs Morris and Ms Wegg-Prosser were not present at the meeting.
- Mr Stow, also linking to question 1 a), re-iterated the key elements of his question (9) 'Why did the Council consult on the Core Strategy without providing evidence of the economic viability and deliverability of the necessary infrastructure, as required by NPPF (National Planning Policy Framework) paragraph 177?' and given the absence of timings.

Council Budget 2013/14 - Update

- Mrs Morawiecka noted that the response to question 11 referred to the 'Your Community, Your Say' consultation in 2012, rather than 2013, and questioned whether the authority was working a year behind on those consultations. In response, the Chief Officer: Finance & Commercial said that some of the consultation undertaken in 2013 had been taken into account but it would feature further when the authority looked at the next Medium Term Financial Strategy.
- In response to a further question from Mrs Morawiecka about the response to question 12, the Chief Officer: Finance and Commercial said that when presenting

information at budget setting the authority compared budget against budget not against actual expenditure, although this was available within the financial system.

- Ms. Rogers commented on Herefordshire's ageing population, the supplementing of underfunded care by family members, and the underfunding of adult social care locally and nationally. She asked whether Members and officers were aware of the impact that the proposed cut to baseline fees would have on families.

RESOLVED: That

- a) That the questions and responses circulated at the meeting be noted; and**
- b) Further written responses be provided in response to the supplementary questions following the meeting.**

7. LOCAL DEVELOPMENT FRAMEWORK

The Cabinet Member Environment, Housing and Planning (hereafter 'Cabinet Member' in these minutes), introduced the report and made the following comments:

1. Further to the report provided to the 11 February 2013 meeting, this report updated the Committee on the consultation process undertaken and representations received to the consultation on the Herefordshire Plan - Core Strategy (draft).
2. There had been a huge effort by the officer team to turn this information around, culminating in the publication of the survey of results. This comprised over 650 pages of reproduced comments, including both electronic submissions and transcribed free text submissions.
3. Councillors were thanked for their part in the process, particularly for engaging with people during the consultation and for their input post consultation.
4. Members of the public were thanked for getting involved in the consultation process and for their contributions.
5. There had been seven consultation stages undertaken since 2007 and feedback had been taken on board at each stage.

The Assistant Director Economic, Environment & Cultural Services (hereafter 'Assistant Director' in these minutes), made a number of points, including:

- i. The Core Strategy had been produced with environment and habitat information and the recently-completed consultation process was the last of the traditional open rounds of public consultation.
- ii. This report provided an early opportunity for Members to see the comments which would be considered in detail at Cabinet on 4 July 2013 and Council on 19 July 2013.
- iii. The importance of 'soundness' was emphasised as this underpinned the Plan and would be a key consideration for the independent Inspector. It was noted that the requirements for Development Plan Consultation were set out in Regulations 18 and 19 of the Town and Country Planning (Local Development) (England) (Amendment) Regulations 2012.
- iv. Subject to Cabinet and Council approval, there would be formal publication of the Plan and representations invited for the Inspector to consider.

- v. The most recent elements of the consultation were set out in the report.
- vi. Pie-charts were provided in the report, based on statistics from the consultation.
- vii. There had been 1,428 responses to the survey and this was consistent with expectations for this stage of the Plan.

The Vice-Chairman suggested that, for the efficient transaction of business, discussion on the item be structured as follows: the report itself; consultation process; responses detailed in the report; summary; and recommendations.

The Vice-Chairman noted that the work programme for the Committee had anticipated responses to consultations on both the Core Strategy and the Community Infrastructure Levy (CIL) at this Committee meeting. Clarification was sought as to why this was not the case, alongside commentary on the implications of decoupling the Core Strategy from the CIL. In response, the Assistant Director advised that:

- a. The authority had a statutory responsibility to produce a Local Development Framework.
- b. The authority had an option whether or not to bring forward a CIL charging levy and had decided to do so.
- c. The industry model was that any CIL ran a number of months behind the Local Development Framework. It was reported that a levy mechanism could not be adopted without a Core Strategy in place.
- d. The processes had been conjoined for a period of months. There had been delays in the production of the Local Development Framework. Also, the Government had indicated that authorities would only be able pool monies from Section 106 schemes until 1 April 2014. However, recent guidance revised this date to 1 April 2015.
- e. It had been concluded that CIL should follow behind work on the Local Development Framework, thereby providing flexibility in terms of both workload and timetable.

The Cabinet Member said that the CIL consultation had been on a preliminary draft charging schedule and that in any event further consultation had always been intended.

The Report

Reference was made to the 11 February 2013 meeting of the Committee, where the Cabinet Member had 'offered the Committee the opportunity to receive a report on the response to the questionnaire and the executive's response to any issues raised' (minute 41 refers). The Vice-Chairman said that the absence of the executive's response made the work of the Committee difficult. The Cabinet Member acknowledged that an undertaking had been given but re-iterated the challenges of preparing information in the time available. He advised that meetings were being held with ward Councillors to discuss the feedback to the consultation. He considered that better outcomes could be achieved by being thorough and engaging with people.

The Chairman said that some Members had been concerned that the challenging timetable should not override the quality of reports and welcomed the comments of the Cabinet Member about engagement. Additionally, the Chairman sought assurance that the Council's consultants would be fully engaged with the Task and Finish Group on CIL.

The Consultation Process and Responses

During the discussion, the following principal points were made:

1. A Committee Member expressed concern that around 1,000 respondents had 'not answered' many of the key questions identified in the report. Noting that people from one area might not wish to express an opinion on another area, it was questioned how well community opinion was being reflected and how conclusions would be drawn from the data. A question was also asked about weighting, particularly how a body, such Hereford City Council, was treated in comparison to responses from individuals.

The Team Leader Strategic Planning advised that the tables and related pie-charts referred to the paper or online questionnaires. As some people did not tick all the boxes or had decided to engage in the consultation in some other way, it was recognised that the data had some limitations. The Draft Core Strategy Survey had to be looked at in full and the team was doing this. In terms of weighting, each response was treated as a single response in the data but the substance of representations was key to informing conclusions. He added that work was on-going to filter respondent information from a geographic perspective.

In response to further questions, the Assistant Director said that the information had been presented to the Committee at the earliest opportunity. He added that the team were busy analysing responses, further informed through the meetings with Councillors. The significance of the comments was emphasised and how these might affect the soundness of the Plan. The Cabinet Member reported that meetings with Councillors had focused heavily on the narrative.

2. A Committee Member noted that some respondents stated that they 'had no local knowledge of the local area' and was concerned that these had been counted. He considered that it should be clear where comments were coming from. The Chairman sought assurance that appropriate weighting was given to town and parish council comments.

The Cabinet Member re-iterated that numbers were less important than the meaningful content captured in the responses. He noted that Councillors were required to declare interests but other people did not have to identify their own interests to the Council, therefore the authority could only act on the information provided. He added that parish councils operated in different ways and some were more effective at interacting with their communities than others.

The Assistant Director summarised traditional responses under four types: those that had a fundamental view on the direction of the Plan; specialist comments on specific policies from particular groups, such as the Environment Agency and Natural England; local residents making comments on specific allocations; and specific comments from landowners or developers who wanted sites brought forward in the Plan. In terms of weighting, officers would analyse and consider whether anything in those comments could be incorporated into the Plan at this stage that would consolidate soundness. Any recommendations arising would be brought to Cabinet and Council for consideration. He added that town and parish council comments might include aspects of all four types identified above.

3. In response to a question from a Committee Member, the Team Leader Strategic Planning confirmed that information had been processed by the Research Team initially and subsequently forwarded to Planning Officers for detailed analysis.

4. In response to a question from a Committee Member, the Assistant Director advised that this was a refinement stage and it should not be expected that there would be very significant changes to the Plan. Nevertheless, there was the opportunity to do whatever was considered necessary to achieve soundness, potentially through modifications to technical policies and allocations. He added that any proposed major changes might require further consultation.
5. Some Committee Members said that it would be helpful if respondents were identified. The Cabinet Member said that the questionnaire stated that individuals' personal details would be protected, therefore a full list could not be provided. However, responses from statutory consultees and other bodies were identifiable.
6. Responding to questions from a Member in attendance, the Assistant Director said that comments made during the consultation, and in discussion with Councillors, were making a difference to outcomes.

In terms of the information to be presented to Cabinet and Council, The Team Leader Strategic Planning advised that a response would be made to each point raised during the consultation, with action points highlighting potential changes. The Assistant Director said that tracked changes to the Plan would also be available.

7. The Chairman noted that many respondents disagreed with the policies and questioned how the authority intended to address this and whether Neighbourhood Plans could restore public confidence.

The Assistant Director indicated that differences of opinion were not unexpected; comments from some respondents indicated that they objected to a particular proposal due to relatively minor concerns but were at ease with other elements; the authority had taken a national lead on Neighbourhood Plans; and Neighbourhood Plans had to be in general conformity to the Local Development Framework.

The Chairman questioned how the authority would respond to a Neighbourhood Plan if it was completely at odds to the Core Strategy. The Assistant Director advised that it would depend on the details and officers would provide advice to town and parish councils. However, in the extreme case suggested, Herefordshire Council could not allow such a Neighbourhood Plan to go forward without achieving general conformity with the Core Strategy.

The Cabinet Member said that Neighbourhood Plans had been strongly promoted and supported. However, Neighbourhood Plans could not be used simply to stop development. In response to a comment from a Committee Member, the Cabinet Member stressed that general conformity was a condition of Neighbourhood Plans.

The Chairman said that there should be some degree of flexibility within the Core Strategy to allow Neighbourhood Plans to be taken into account. The Assistant Director advised that: the system would provide flexibility for Neighbourhood Plans to work through the policies and proposals in the Local Development Framework; the Neighbourhood Planning Team had already worked with many rural parishes, indeed this had helped to inform the rural policies in the Local Development Framework itself; and the next phase would involve work with the town councils to assist them in bringing forward Neighbourhood Plans.

8. Another Member in attendance suggested that interest in Neighbourhood Plans might reflect a movement by communities to protect themselves from the Core Strategy. Questions were asked about: the strengths and weaknesses of the latest

consultation; whether the consultation had met equality and diversity requirements; and whether any aspects of the consultation process might have limited public engagement and/or the quality of the response.

The Cabinet Member disputed the assessment of the motivations of parish councils in terms of Neighbourhood Plans. He said that a recent event at the Town Hall had been well attended and feedback had been very positive; related information would be published. He added that no representative had implied that Neighbourhood Plans were being undertaken as a precautionary measure. He outlined the commitment and investment made by the Council in this area.

The Assistant Director identified the key strengths of the consultation process as: town and parish council events; business engagement; the youth event; and weekly briefing notes. Areas for potential improvement included: the form itself, which presented issues in terms of processing and the filtering of information; and, although it had been updated regularly, some people did not find the website to be as clear as they would have liked it to be.

The Assistant Director did not consider than any aspect of the design and implementation of the consultation disadvantaged any particular group. Furthermore, officers had made themselves as accessible as possible to engage with various groups.

9. Reference was made to the recommendations of the Overview and Scrutiny Committee meeting of 9 December 2011 (minute 45 refers) on the Local Development Framework Consultation Process. The Chairman said that whilst it could not be explored at this meeting, questions remained about progress with the broader implementation of a comprehensive communications plan and the use of social media to communicate with residents. The Cabinet Member acknowledged that more could be done and outlined his own experience of the benefits of using social media during the consultation to relay information and engage with residents.
10. Another Member in attendance commented that the Committee was restricted in terms of the recommendations that it could make to the Cabinet because of the lack of complete information. He asked for views on the relationship between the tight timescale and confidence in meeting the test of soundness.

The Assistant Director responded by advising that: the compressed timetable had limited the information that could be presented at this point; on balance, there was the capacity and the technical skills within the team to be able to conform to the timetable; the Plan had reached a very mature stage, with the focus now on consolidation; some eighteen months' ago, the timetable for the Plan had been amended in order to consolidate some of detailed and technical matters, principally around highways and water issues; and, whilst officers were confident about the process, ultimately it was for the Inspector to determine soundness.

The Chairman said that, if there were significant concerns expressed to this Committee after the presentation to Cabinet on 4 July 2013, further consideration might need to be given at the next Committee meeting.

The Cabinet Member said that he would not want to put anything forward which could not stand up to scrutiny. It was recognised that some people would wish to challenge the process and legitimately test the Plan. He stressed the significant amount of work that had been undertaken, and was on-going, to inform the reports to Cabinet and Council.

11. A Committee Member, returning to the issue of Neighbourhood Planning, said that: nobody should make assumptions about the motivations of parish councils; officers should be commended for their involvement in the Neighbourhood Plans; and there were positive conclusions to be drawn from parish council involvement. The assurances provided by the Cabinet Member and officers about the treatment of comments were welcomed. It was suggested that the report to Cabinet should not concentrate on pages of graphs but should rather reflect the content of comments and how these had influenced changes. It was noted that the issue of weighting had been now addressed as this had not been explicit in the Committee report. Although recognising the technical definition of 'background papers', he suggested that it would be helpful to the public to identify concisely where all of the different issues could be picked up, including the availability of printed documents.

Summary

The Vice-Chairman summarised a few points that had been made during the discussion, including:

- i. the tight timescale being worked to;
- ii. the significant number of comments received;
- iii. this had been the final stage of significant public consultation and the final opportunity for the Council to listen to feedback from communities;
- iv. whatever the reasons, there was significant enthusiasm across the county for Neighbourhood Planning; and
- v. the timetable had been kept to so far, although this might have resulted in other pressures in other parts of the system.

Recommendations

- a. The Vice-Chairman commented on: the value of Neighbourhood Planning and the localities structure; the need for flexibility to enable communities to address significant concerns that were still outstanding at a local level; and the opportunity to build positive relationships between the Council and local communities.

The Vice-Chairman proposed a recommendation that the Council use the asset of the Neighbourhood Planning teams to enable the detailed implementation of place shaping policies to be determined for City and market towns by Neighbourhood Planning teams where they exist and through dialogue with parish councils and community representatives where Neighbourhood Planning teams had not been initiated.

The Assistant Director advised that key elements of the Local Development Framework would be delivered through the Neighbourhood Plans. The Vice-Chairman felt that, where there was considerable community push back on strategic proposals, communities should be able to articulate what they wanted and there should be dialogue about how this might be delivered.

The Cabinet Member commented on a number of matters, including: the Core Strategy would be the overarching framework; Neighbourhood Plans, in general conformity, provided an opportunity for people to influence how things were delivered; this was an example where a project had been managed well and the timetable adhered to; there had been a proper process; an explanation had been provided about what was being done in response to the consultation; and meetings were on-going with Councillors in relation to their communities. He did not consider that the recommendation would add further value.

The Vice-Chairman said that lack of flexibility to allow communities to work through unpopular aspects of the strategic parts of the Plan could result in unnecessary conflict at examination.

Comments from Committee Members included:

- Some considered the wording of the recommendation to be convoluted.
- Dialogue should continue with town and parish councils about their concerns but it was questioned whether all areas of disagreement could be addressed through the Neighbourhood Planning system.
- There was broad support for Neighbourhood Plans within certain timescales but progress would be restricted by the availability of resources.
- The authority had to consider the demands of all communities.
- There would be difficulties in implementing the recommendation given the significant length of time required to develop Neighbourhood Plans.

The Cabinet Member advised that: the authority was still working through a process; meetings had been organised with ward Councillors; there were risks associated with not sticking to the timetable; there was a proper structure for Neighbourhood Planning, with town and parish councils encouraged to develop Neighbourhood Plans.

The recommendation was not seconded, therefore no vote could be taken.

- b. The Vice-Chairman noted that the Core Strategy and the CIL were now working to different timetables but issues remained with the Infrastructure Delivery Plan. The Vice-Chairman proposed a recommendation that the costs of the infrastructure projects listed in the Infrastructure Delivery Plan be completed for those projects that currently had no costings against them.

A Committee Member said that the logic of the recommendation was understood but, as the Plan would cover a twenty-year period and the infrastructure requirements would evolve, the costs would inevitably change. The Vice-Chairman advised that there were gaps in the programme at present and infrastructure requirements and costs needed to be understood to the best of current knowledge. The Chairman commented on the importance of viability, as advanced in the National Planning Policy Framework.

The Assistant Director said that there was to be a further meeting of the Task and Finish Group on CIL the following week. It was re-iterated that the initial round of consultation on the CIL was on a preliminary draft and further consultations would be forthcoming. Work would continue and the CIL would eventually be subject to independent inspection. He added that the CIL was part but not the whole of the viability debate and there were other forms of public and private funding.

In response to a question from the Chairman, the Assistant Director said that it was not anticipated that viability issues would be a factor that would cause the Plan to be found unsound and that work would continue on refining the evidence base.

A vote in support of the recommendation was defeated.

- c. The Vice-Chairman sought clarification about the timing of the pre-submission consultation that was required under Regulation 19, as she was concerned that this should not coincide with holiday periods. The Assistant Director advised that,

subject to consideration by Cabinet and Council, it was anticipated that this would be undertaken during September or October 2013. The Cabinet Member commented that the authority was very mindful of holiday periods. With this assurance, no recommendation was made.

- d. The Chairman, noting comments made by a Committee Member earlier in the meeting, put forward the recommendation that: in the report to Cabinet, emphasis be given to the content of the written submissions and how these had influenced changes rather than to the graphic representations of the responses.
- e. In response to comments from Committee Members about the potential release of information about respondents, the Team Leader Strategic Planning reminded the Committee of the Data Protection assurance given in the questionnaire. However, a Committee Member suggested that a list could still be provided of Elected Member, organisational and professional respondents. The Cabinet Member said that the authority would publish what could be published within the limits of Data Protection requirements.
- f. A Committee Member questioned whether a further recommendation could be that 'town and parish councils play a key role in the consultation on the Core Strategy'. The Assistant Director clarified that the next stage was governed by Regulation 19 and this was not consultation in the traditional sense but would involve the publication of the Plan, notification through the press and to various bodies, with an opportunity for people to make additional comments or formal objections and to be passed to the Inspector for consideration.

The recommendation identified at paragraph d. above was agreed unanimously.

RESOLVED: It be recommended that, in the report to Cabinet, emphasis be given to the content of the written submissions and how these had influenced changes rather than to the graphic representations of the responses.

[Note: At 7.35pm, the Committee took a short break. Some Committee Members suggested that the remainder of the business be adjourned to another date. However, considering the level of public and officer attendance throughout the meeting, the Chairman concluded that the meeting should proceed as planned.]

8. COUNCIL BUDGET 2013/14 - UPDATE

The Committee received a presentation on the latest position concerning the Council Budget 2013/14; the presentation had been circulated in advance of the meeting and published as a supplement to the agenda on the Council's website.

The Chief Officer: Finance & Commercial made the following principal points:

1. There had been no change in the Council's net budget of £150.296 million.
2. The Chief Executive had conducted a review of all service delivery plans.
3. It had been identified that a service specific grant of £3.8 million had remained in the budget as an income line, despite it being included in the direct grant from government.
4. The Council's Internal Auditors, KPMG, had undertaken a review of the net budget position and had concluded:

- the treatment of the £3.8 million grant had no impact on the overall net budget agreed by Council in February;
 - greater level of detail in budget papers to Cabinet and Council may have helped identify duplication;
 - high level of control of 2013/14 People's Service budget evident;
 - formal sign-off of Hoople budget information required;
 - lack of stability in senior management in Social Care may have had a historic impact on financial control; and
 - Council took timely action to resolve issue and give assurance that budget soundly based.
5. Although there had been more detail than in previous years, the duplication of the grant had not been obvious because grant income information had been presented as an overall total in the budget information.
 6. It was accepted that there was a need for greater clarity in the working relationship between Hoople financial services and the Council's retained finance function.
 7. It was noted that senior management turnover in Social Care had reduced levels of corporate knowledge.

A Committee Member said that assurances had been provided about Social Care in the past but the departure of key staff could undermine stability very quickly; it was suggested that some of the issues might have arisen from changes to statutory posts under the previous government. He added that recruitment difficulties could be compounded by the outcome of the recent Ofsted inspection. The Chairman noted that stability was a key issue going forward.

The Head of Finance - People's Services continued the presentation, key points included:

- i. The review of the service delivery plans had identified a net gap of £7.4 million in People's Services. Work had been undertaken to mitigate risks and identify additional savings, with People's Services recovering internally all except £2.8 million of the budget pressure.
- ii. Attention was drawn to the Directorate Budget Control Totals slide which showed movements, including the transfer of Environmental Health and Trading Standards service from the People's Directorate to the Places and Communities Directorate, and revised budget for each Directorate.
- iii. An overview was provided of the chronology of the Adult Social Care budget. It was reported that the Adult Social Care budget presented in February 2013 was based upon September 2012 client activity and expected growth but there was significant volatility due to client numbers (in excess of 2,500). The Root and Branch report to Cabinet on 5 February 2013 summarised unfinished Root and Branch work and service transformation plans. The further development of these plans formed the basis of the 'zero based budget' and detailed savings plans.
- iv. The key features of the zero based budget approach included: reflecting changes in client numbers to update accuracy of detailed client budgets; service assumption that improvements in processes / controls would deliver zero net growth in client numbers in 2013/14; and reviewing all contracts, especially those due to end in March 2013 which could be stopped.

- v. Detailed savings plans were worked up in line with Assistant Director plans and themes for savings, including: cost reductions / terminations; service redesign; demand reductions; cost of care reductions; and income generation.
- vi. With the identified £3.8 million grant error and consideration given to the potential risks around delivery of some savings, a cautious view was taken of the savings achievable, resulting in the £7.4 million pressure.
- vii. Cabinet and Council considered a report on Service Budget Reductions and Future Financial Planning on 16 and 24 May 2013 respectively.
- viii. It was reported that monthly financial control meetings chaired by the Chief Officer: Finance and Commercial were being held for all Directorates.

In response to a question from the Chairman, the Committee was advised that the Assistant Director - People's Services was in place until the end of the financial year. It was recognised that the retention of expertise was essential to ensure the completion of the transformation programme and the Management Team were actively considering recruitment and retention policies within current financial constraints. The Chief Officer: Finance & Commercial noted: the consequences of cutting too deeply in terms of the impact on senior management capacity; the reliance on interim positions; and the need for a discussion about the level of capacity required to deliver change. The Head of Finance - People's Services said that there had been internal redeployment of resources to help support the business change programme.

Officers responded to questions from Committee Members, some of the main points included:

- a. Council Tax accounted for approximately 24% of the total Council gross budget of £334 million which included Dedicated Schools Grant, but was approximately 50% of the net budget requirement of £150 million.
- b. It was re-iterated that, when setting the budget, the authority compared budget against budget not against actual expenditure, as only the projected not actual outturn would be available. Nevertheless, it was recognised that the level of information presented in budget papers should be reviewed.
- c. It was confirmed that the former Cabinet Member Health and Wellbeing had been involved at all stages of the chronology of the Adult Social Care budget.
- d. Further explanation was provided of the compensatory savings achieved in People's Services, with the remaining gap being funded through savings in other directorates.

A Committee Member commented that: staff turnover needed to be addressed, particularly to maintain continuity for safeguarding; many social workers felt undervalued; some former employees had cited problems with Frameworki as a reason for leaving; there was a need to monitor the level of interim appointments; and substantial costs could be incurred through in-contract negotiations and terminations. In response, the Head of Finance - People's Services advised that progress had been made in resolving a number of issues with Frameworki and discussions with providers had focused on contracts due to end in March 2013.

In response to questions from the Vice-Chairman, the Chief Officer: Finance and Commercial said that: the treatment of the £3.8 million grant had no impact on the Council's net budget; on the basis of information he was presented with at the time, he would have signed off the budget as Section 151 Officer again; with perfect knowledge, if

the grant error been identified in January 2013, the authority would have needed to make further savings or possibly increase Council Tax, although the latter would have been unlikely as this would have triggered a referendum; the reviews that had been undertaken and the zero based budget approach had identified the pressures earlier than might have been the case under normal budget monitoring.

In response to further questions, the Head of Finance - People's Services provided further clarification on the treatment of cross cutting savings, reconciliation of the savings schemes, and the zero based budget approach. The Chief Officer: Finance and Commercial said that the savings schemes for each directorate were projected not final, as in some cases decisions had to be made by officers, or by Cabinet or Cabinet Member where policy changes were required.

The Vice-Chairman questioned whether contingency had been made for 'known unknowns'. The Chief Officer: Finance and Commercial outlined the general position with Council's reserves. The Head of Finance - People's Services advised that there had been a small amount of contingency to facilitate some activities without creating pressures elsewhere but this had been reduced recently. The importance of the zero based budget approach and improvements to forecasting were noted. The Vice-Chairman expressed concern that the need to find savings to respond to urgent situations could impact on levels of care for existing service users. The Chief Officer: Finance and Commercial said that as the year developed other savings may be required.

The Chairman noted that there were vulnerabilities resulting from the budget pressures and would need to be monitored.

RESOLVED: That the report be noted.

9. COMMITTEE WORK PROGRAMME

The Chairman commented on the recent publication of the 'Understanding Herefordshire 2013' report which would inform the future development of the Work Programme.

A Committee Member said that some of the terminology used in Council documents was unclear and it was suggested that a briefing paper be prepared to explain the nature of core, critical, discretionary, essential and statutory services.

The Vice-Chairman said that a report arising from the work of the Task and Finish Group on the Community Infrastructure Levy would need to be added to the Work Programme.

A Member in attendance suggested that the Committee could review the executive responses to the Local Development Framework report following Cabinet on 4 July and in advance of Council on 19 July 2013. The Chairman said that consideration would need to be given to the value that could be added, as there would be no clear purpose if Members were broadly satisfied with the adequacy of the data presented. The Vice-Chairman reminded the Committee of the undertaking given by the Cabinet Member at the 11 February 2013 meeting to provide the 'executive's response to any issues raised'.

10. DATE OF NEXT MEETING

The meeting of General Overview & Scrutiny Committee scheduled for Monday 8 July 2013 was subsequently changed to Tuesday 16 July 2013 at 2.00 pm in the Council Chamber, Brockington, 35 Hafod Road, Hereford.

The meeting ended at 8.50 pm

CHAIRMAN