

MINUTES of the meeting of General Overview & Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Friday 1 February 2013 at 10.55 am

Present: Councillor A Seldon (Chairman)

Councillors: EMK Chave, DW Greenow, JW Hope MBE, TM James, Brig P Jones CBE, AJW Powers, GR Swinford and DB Wilcox

In attendance: Councillors: WLS Bowen, KS Guthrie, J Hardwick, JLV Kenyon, RI Matthews, JW Millar, PM Morgan, FM Norman, GA Powell, GJ Powell, PD Price, SJ Robertson, J Stone and PJ Watts

Officers: D Taylor (Acting Chief Executive); J Davidson (Director Peoples Services); D Powell (Chief Officer Finance and Commercial); R Taylor (Head of Finance – Peoples Services); M Seaton (Assistant Director); G Hardy (Governances Services Manager); G Dean (Scrutiny Officer); D Penrose and P James (Democratic Services Officers).

29. APOLOGIES FOR ABSENCE

Apology was received from Councillor EPJ Harvey (Vice-Chairman).

30. NAMED SUBSTITUTES

Councillor AJW Powers substituted for Councillor EPJ Harvey.

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

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

No suggestions for Scrutiny had been received.

33. QUESTIONS FROM THE PUBLIC

No public questions had been received.

34. BUDGET 2013/14 AND MEDIUM TERM FINANCIAL STRATEGY

All Members of the Committee had been invited to attend the Health and Social Care Overview & Scrutiny Committee held immediately prior to this Committee. At that Committee all Members received a presentation by the Chief Officer Finance and Commercial (COFC) and heard the Committee's debate on the report to Cabinet on 5 February 2013 entitled 'Budget 2013/14 and the Medium Term Financial Strategy'.

The Committee noted the debate and recommendations from the preceding Health & Social Care Overview & Scrutiny Committee.

The Committee were issued with the interim headline results from the consultation undertaken to 31 January 2013 referred to in paragraph 16.5 of the agenda report. A copy has been placed in the minute book.

Noting that the government trigger for a Council Tax referendum was set at 2% clarification was requested over why 1.9% and not 1.99% was being suggested. The COFC responded that for a number of technical reasons concerning the council tax calculation the figure could slip slightly and 1.9% would ensure the trigger point was not reached.

Members questioned the potentially adverse implications arising from recent changes to both the Business Rate Retention and localisation of Council Tax (replacing Council tax benefit) systems. The COFC confirmed the Council had very good recovery rates for both, however, the impact of the changes and any loss of income would need to be closely monitored. Members highlighted that with a large number of households on low incomes, there was the potential that the Council could end up spending more than it collected from the arrears.

Responding to questions concerning the benefits accruing from the Agresso and Frameworki IT systems, the Director of People's Services reported that the IT systems had been installed. She acknowledged that the full benefits of the Frameworki system were not being achieved due to the need to ensure that staff across all the organisations e.g. Council, Wye Valley, Hoople, were trained and fully using the systems. She reported that work had been done to address the issues and to streamline the system, however, this required management capacity to drive this forward.

Questioned on the use of this year's £2m transition Fund (1 year Council Tax Grant) the COFC reported that £1m had been allocated to support contingencies, £1.2m had been allocated and was being used to support the transformation programme and further details could be provided.

Responding to questions on highway maintenance, the Cabinet Member (Education & Infrastructure) commented upon: the adverse effect of the flooding; road defect reports were more than double the rate of January 2012; that 5 claims totalling nearly £2m had been submitted to government under the Belwin Scheme; and that central government spending on highway maintenance had been reduced. The Council would be receiving a specific government grant of £1.584m (announced in the chancellor's autumn statement) to "improve and extend the life of the road network". This would be utilised for preventative maintenance, capital works, and would be prioritised for expenditure on C and unclassified roads. Concerning the re-commissioning of services provided through the existing Service Delivery Partnership and the potential for local company involvement the Committee were informed that this was governed by procurement regulations.

Concern was raised that in approving a balanced budget there were still a number of unknowns in the budget namely: when the final government settlement would be known; whether the savings through the Root & Branch would be delivered; what changes as a result of the budget consultation (report paragraph 16.5) may be considered by Cabinet. The COFC reported that government were due to debate the settlement in the next two weeks. If this followed previous years there would not be any major change to the reported provisional settlement figure. In relation to the other unknowns the Council had to take a reasonable view of the position when it set the budget.

Questioned on the anticipated interface between scrutiny and the new Leadership Delivery Team (referred to in paragraph 10.49 of the report) the Acting Chief Executive commented that the Team's job was to deliver the plan and be accountable to Cabinet and Council. It was for Scrutiny to decide how it would hold the Executive to account.

Responding to the implications of the Council following a 'commissioning model' and how it would need to interact with its partners, the Chairman reported that the Centre for Public Scrutiny were currently undertaking research into this question.

The Cabinet Member (Health & Wellbeing) commented that while there were major budgetary issues and risks, particularly within Adult Social Care, the issues should not be seen as specific to Adult Social Care as the whole Council had a role to play in the care of the community. The Committee expressed its concern that the budget savings proposals, primarily through the Root & Branch reviews, had to deliver and questioned whether sufficient management expertise would be devoted to ensure the proposals were delivered across the Council. The use of in-house experience was preferred to employing external consultants.

While welcoming the integration of passenger transport (Root & Branch Transport & Travel) a Member questioned how cuts to bus services would contribute to reducing social isolation of the elderly. The Committee were informed that the high number of vehicles, particularly those contracted to the Council needed to be reviewed to ensure that their use was integrated and provided services to the public while delivering value for money.

Questioning the advisability of progressing with a number of capital projects the Committee were reminded of the need, and long term advantage to the budget, of ensuring regeneration and economic growth in the County which should in turn lead to higher wages and living standards and improved health.

Questioned on the 'Statutory Statement by the Council's Chief Finance Officer' and the robustness of the budget (agenda page 65) the COFC responded that each budget issue was addressed in the budget report. The situation would be kept under close review and the latest position would be reported to Council. The robustness of the budget would ultimately depend on its delivery.

Caution was expressed concerning the use of consultation results as circulated at the meeting. In a previous survey the public valued 'Herefordshire Matters', however, the circulated paper indicated that 90% agreed with reducing or ending its distribution.

The Committee debated at length the Council's level of borrowing and reserves including: the potential need to utilise reserves to balance the 2012/13 budget and the need in 2013/14 to replace and increase the reserve to cover for increased risk; how, if at all, changes to the national credit rating may affect the Council's borrowing rates, and how the Council's borrowing portfolio had been reviewed/refinanced to take advantage of lower rates. Fuller details were set out in the Financial Management Strategy included in the report.

The Committee thanked the Chief Officer Finance & Commercial and his team for their work in managing a difficult budgetary position.

RESOLVED: That

1. Recommendations to Cabinet:

- a) **This Committee endorses the recommendations made to Cabinet by the Health and Social Care Overview & Scrutiny Committee held on 1 February 2013 (immediately prior to this Committee);**
- b) **This Committee recommends that Cabinet closely monitors the collection of Council Tax and Business Rates to ensure that any**

adverse impacts on the budget due to reduced levels of income are known and addressed;

- c) This Committee recommends that Cabinet ensures that there is sufficient management expertise (either in-house or externally) for the Root & Branch reviews to be implemented across the organisation.**
- 2. This Committee establishes a Task & Finish Group, to include member representation from the Health & Social Care Overview & Scrutiny Committee, to review the implementation of the Council's IT strategy and systems (including Agresso, Frameworki; Proactis) to ensure that these have been fully implemented and that full efficiencies and value for money is being delivered.**
- 3. The Committee noted the presentation and the report entitled 'Budget 2013/14 and Medium Term Financial Strategy' to Cabinet on 5 February 2013.**

The meeting ended at 12.19 pm

CHAIRMAN