

MINUTES of the meeting of General Overview & Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday 11 November 2013 at 10.00 am

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

Councillors: EMK Chave, BA Durkin, DW Greenow, GR Swinford and DB Wilcox

In attendance: Councillors J Hardwick, RI Matthews and AJW Powers

Officers: A Ashcroft (Assistant Director Economic, Environment and Cultural Services),
B Baugh (Democratic Services Officer), A Brookes (Executive Manager),
G Dean (Scrutiny Officer), and P Robinson (Chief Officer - Finance)

29. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors JW Hope MBE, TM James and R Preece. Councillors JW Hope MBE, RC Hunt, Brig P Jones CBE and RL Mayo were not present. Apologies had also been received from Mr P Sell.

30. NAMED SUBSTITUTES (IF ANY)

No substitutes were present.

31. DECLARATIONS OF INTEREST

No declarations of interest were made.

32. MINUTES

The minutes of the last meeting were received.

Referring to minute 27 (Waste Management Contract), the Chairman reported that a number of Councillors had been on site visits to a pyrolysis plant in Avonmouth and to an energy from waste plant in Coventry. The Chairman reported that Cabinet was due to consider the Waste Management Contract on 12 December 2013 and, therefore, it was likely that an additional General Overview and Scrutiny Committee meeting would need to be scheduled in order for the Committee to be assured about the robustness of the proposals and associated figures; he added that the KPMG analysis referred to at the last meeting had not yet been released.

RESOLVED: That the minutes of the meeting held on 3 September 2013 be approved as a correct record and be signed by the Chairman.

33. SUGGESTIONS FROM THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

Suggestions had been received from Mrs. Morawiecka in respect of the Five Year Housing Land Supply (with a response provided by the Assistant Director Economic, Environment and Cultural Services) and the Local Transport Plan.

Five-Year Housing Land Supply (FYHLS)

At the invitation of the Chairman, Mrs. Morawiecka commented that, given developments in terms of the Core Strategy and planning appeals, there was a need for information to be made available on the FYHLS. The Assistant Director advised that: the FYHLS was a complicated issue and various methodologies could be used in the calculation; as set out in the National Planning Policy Framework (NPPF), every local planning authority was required to identify a deliverable FYHLS for their housing requirement; and, in Herefordshire's case, the accuracy of the FYHLS would be tested at a planning inquiry later in the month.

The Chairman requested that a clear definition of what the Council meant by the FYHLS be prepared and circulated. The Vice-Chairman, referring to the Strategic Housing Land Availability Assessment (SHLAA), suggested that an indication be given of where land blocks sat on a timeline, albeit recognising that this was a dynamic issue and would only represent a snapshot. A Member in attendance noted the need for clarity, as messages had not been consistent between departments.

The Assistant Director agreed to circulate officers' current assessment to all Councillors, with a caveat that a definitive statement could not be made until the outcomes of the inquiry were understood. He added that this could explain the context of the NPPF and identify the implications of having, or not having, a FYHLS. In response to a question from the Vice-Chairman, the Assistant Director said that officers would attempt to identify the geographic spread and the types of housing involved. It was noted that sites could include those under construction, those with planning consent but not yet started, 'windfall' sites, and other land currently identified in the SHLAA which had a reasonable prospect of coming forward within a five year period.

The Chairman requested that the assessment be circulated by the end of November 2013, with a version sent to town and parish councils and to Mrs. Morawiecka for information.

Local Transport Plan

At the invitation of the Chairman, Mrs. Morawiecka drew attention to her question about the Local Transport Plan and requested that an indication be provided of when a new plan would be available.

34. QUESTIONS FROM THE PUBLIC

Six questions had been received in advance of the meeting from Mrs. Morawiecka on the item 'Freedom of Information and Arms Length Companies - An Update'.

The questions were published on the Council's website shortly before the meeting. However, it was reported that responses to the questions had not yet been received from the relevant officers but would be made available at the earliest opportunity.

In response to a question from the Vice-Chairman, the Committee was advised that the Head of Governance and the Solicitor to the Council had not been available to respond to the questions and had forwarded their apologies for this meeting.

The Vice-Chairman commented that the meeting had been scheduled in the diary for a year in advance and requested that senior officers be mindful of the scrutiny work programme and the need to attend meetings to enable the Committee to undertake its duties effectively. The Chairman added that, unless there were overwhelming circumstances, he considered non-attendance by senior officers to be unacceptable. Other Members of the Committee supported this view.

A Committee Member questioned whether the meeting should proceed in the absence of senior officers but the Chairman said that there was business on the agenda that could be transacted, with other officers available to discuss particular items.

35. DRAFT WORK PROGRAMME

The Chairman invited the Vice-Chairman to review the draft work programme with the Committee. The Vice-Chairman noted that a number of items had been identified for consideration but had not moved forward subsequently and suggested that the work programme and associated documents be tidied up, especially as Committee meetings were to be scheduled bi-monthly in the future. The principal points arising from the discussion are summarised below.

Draft work programme

The scheduled programme, for January 2014 (Fire Service Consultation) and February 2014 (Budget), was noted.

Issues identified for consideration but not scheduled

Performance Report on Hoople: The Vice-Chairman requested that this report come forward to a Committee meeting before the end of the financial year. For continuity of information, this should reference previous reports on the company's performance and ten-year plan. A Member suggested that this could include an update on IT, including Frameworki and Agresso.

Document Control and Information: This would be subsumed into the work of the Digital Strategy Task and Finish Group.

Financial Inclusion Strategy: As with other items scheduled for the cancelled 9 December 2013 meeting, the Scrutiny Officer would request officers to prepare a briefing note for Members; if it was felt that a more in depth review was required, an agenda item could be scheduled for a future meeting.

Budget Monitoring: As a future Committee agenda item, this could be removed from the list.

Response to the Francis Enquiry: A briefing note on the implications for the scrutiny function would be circulated.

School Examination Performance: The Assistant Director People's Services Commissioning had requested that this form a future agenda item given current performance issues in the county.

The Chairman commented that there was a debate nationally about the role of scrutiny with academies and free schools; although they were set up as stand-alone institutions, the local authority was still responsible for safeguarding and the welfare of the children attending those schools. Therefore, it was noted that work might be needed in this area.

Referring to budget monitoring, a Member in attendance questioned whether bi-monthly meetings were sufficient given the critical financial situation and asked whether a standing forum could be established. In response, the Chairman reported that the Leader was in the process of making arrangements for such a group, incorporating Members of the Overview and Scrutiny Committees and Audit and Governance Committee.

Reviews identified for feasibility study

Governance and Management of Joint Ventures / Partnering Arrangements:	The Vice-Chairman requested that this item remain on the list for future consideration.
Review of the Council's Communication Policy:	It was suggested that elements of this could be reviewed in the Digital Strategy work, given the increasing prominence of the Council's website and other forms of digital communication.
Monitoring the Council's 'Public Services Vision':	The Vice-Chairman noted that a budget consultation was being undertaken at present and this would inform future direction. The Scrutiny Officer suggested that this matter be dealt with via a briefing note, ahead of Committee meeting on the budget.
Accommodation Strategy:	The Scrutiny Officer reported that officers were refreshing this strategy at present. Therefore, to avoid duplication of work, a briefing note would be circulated on this.
Legal Services:	This could be removed from the list, subject to the circulation of a briefing note.
Free Schools:	It was suggested that this be picked up in the report on School Examination Performance.
Council Procurement Policy:	This could be removed from the list, subject to the circulation of a briefing note.
Waste Collection:	It was noted that this would primarily look at waste transfer stations, not waste collection generally. The Scrutiny Officer advised that a scoping statement was being prepared and that questionnaires would be made available to the public at transfer stations. A Member requested that questionnaires be provided to town and parish councils also. It was anticipated that the work would be completed before the end of March 2014, to inform a review of the changes in this area.

Reviews in progress

Community Infrastructure Levy:	It was noted that the Assistant Director Economic, Environment and Cultural Services was preparing a timetable for phase 3 of this work (see minute 37 below).
Cultural Services:	This Task and Finish Group was nearing completion.
Digital Strategy:	The first meeting of this Task and Finish Group was to be held on Thursday, 14 November 2013. Currently, the group comprised the Chairman, Vice-Chairman and Councillor Chave. The Vice-Chairman said that she reserved the option to co-opt further Councillors or subject matter experts from further afield.

Fire Service Consultation: The Chairman would lead on this Task and Finish Group; this would commence shortly, to report back to the Committee on 6 January 2014.

Executive Rolling Programme

The Chairman noted that, in the previous week, notifications had been received about a series of decisions to be taken by the Executive. He suggested that Members should review these and consider the potential for call-in by the Committee. The Scrutiny Officer advised that, in view of the number of decisions to be taken in December 2013, a summary would be provided to Committee Members for ease of reference.

In response to a question from a Member in attendance about free schools, the Chairman re-iterated that there was a lack of clarity about the relationship between free schools and local authority safeguarding functions but confirmed that he had not been made aware of any specific concerns at this point.

Referring to the decision to be taken by the Cabinet Member Infrastructure on 'Increasing income from parking - on street charging in Hereford', the Vice-Chairman suggested that the recommendations from the Income and Charging Task and Finish Group be resubmitted to the Executive, adding that the Committee should be informed if the recommendations could not be implemented and the reasons for this.

In response to questions about 'non-key' decisions, the Executive Manager outlined the purpose of the 'Local Development Plan - Annual Review' and 'Retail Impact Study Notice of Motion' items.

It was noted that the items listed for this Committee would need to be updated.

RESOLVED: That the report be noted and the work programme and associated documents be updated accordingly.

36. FREEDOM OF INFORMATION AND ARM'S LENGTH COMPANIES - AN UPDATE

The purpose of this item was to update the Committee on the 'Freedom of Information [FOI] and Arm's Length Companies' report that was received by the Committee on 4 March 2013 (minute 53 refers). The Chairman proposed that, as no senior officer involved with this report was present, the item be deferred. He said that Mrs. Morawiecka had consistently raised concerns about the status of arm's length companies and invited her to identify questions and information that she considered to be outstanding.

Mrs. Morawiecka made a number of points, including:

1. Given that the authority intended to become more of a commissioning organisation, it was considered vital that there was clarity about arm's length companies and FOI.
2. The Committee had not been provided with the most up-to-date information from the financial statements for the company, even though these were publicly available. Concern was expressed that the Monitoring Officer apparently did not have access to such information, despite the nature of the questions being asked.
3. Issues with the 4 March 2013 report had been raised at the 8 April 2013 meeting (minute 60 refers) and at the 8 June 2013 meeting (minute 5 refers), where the Monitoring Officer agreed to provide a report to a future meeting on the Council's part in the ownership of Hereford Futures. Mrs. Morawiecka considered that the

current report was inadequate, particularly the omission of reference to the latest financial statements.

4. The accounts for the year ended 31 March 2012 showed that the turnover for Hereford Futures was less than the grant income received from the Council.
5. Mrs. Morawiecka said that she had a letter that indicated that Herefordshire Council had made guarantees in relation to the pension for the Chief Executive of the joint venture company.
6. The answers to previous questions had not been made public or circulated to Councillors.
7. There was provision for officers to be seconded to arm's length companies and, whilst this might not be unreasonable in principle, Councillors needed to be assured that they had access to up-to-date, independent and accurate information.
8. Guarantees were being made by Herefordshire Council that Elected Members were not aware of. It was claimed that Hereford Futures was not a going concern almost two years' ago but the Council had guaranteed that sufficient income would be made available to satisfy the auditors. Mrs. Morawiecka added that this decision had been taken before any Council budget meetings.
9. Given the financial situation, there needed to be transparency about joint venture companies.
10. A concern was expressed that Elected Members did not have access to minutes and other information.
11. There needed to be clarity about the liabilities for the Council in respect of private arm's length companies and associated employees.

The Chairman thanked Mrs. Morawiecka for her comments and said that he shared concerns about the accountability of third parties and the need to safeguard public money, especially as the Council was increasingly reliant upon private companies to deliver public services.

Members made a number of points, including:

- a. The complainant's comments should be recorded in detail, to ensure that the matters were understood and addressed.
- b. Concerns were expressed about the limited information that had been provided and the consequential impact on public perception and confidence.
- c. New models for service delivery were inevitable but Members should be able to track public money as it passed through the system.
- d. The member of the public had been raising the subject for many months and it needed to be addressed urgently and with the seriousness that it deserved.
- e. Mrs. Morawiecka was thanked for continuing to bring these matters to the attention of the Committee.
- f. Given the lack of information available about Hereford Futures, it was questioned whether all board members were valued equally.

- g. It was commented that the report referred obliquely to the issues that had been raised and, consequently, Members could not be certain that questions had been properly addressed.

Referring to paragraph 7.2 of the report, the Vice-Chairman questioned whether the complainant had received an apology for the unacceptable delay in responding. Mrs. Morawiecka confirmed that she had received a letter from the Solicitor to the Council but she did not consider that all of the points had been addressed. She added that an apology should be given to Elected Members as they were dependent on information from officers in order to make sound decisions and there was a reputational risk if Members were not receiving correct and up-to-date information.

The Vice-Chairman commented on the need for the Head of Governance and the Solicitor to the Council to provide a full and updated report to the Committee at the earliest opportunity.

In response to a question, the Chairman said that the Committee could invite and gather evidence from any person with their consent but, nevertheless, there was an expectation that senior officers of the Council would be present at each meeting.

Further points made by Members included:

- i. A Member in attendance considered the absence of the relevant senior officers or members of the administration to be unfortunate.
- ii. The Chairman noted that sufficient notice was given of meetings and agenda items to enable officers to identify meetings that they should attend.
- iii. It was suggested that Cabinet Members be formally invited to attend certain meetings to give account on relevant issues.
- iv. In view of absenteeism, it was commented that Members needed to be mindful of their own commitments and forward apologies for absence where necessary.

The Chairman advised that he had sent an email to the Chief Executive about the lack of senior officer availability but he had not yet received a response.

RESOLVED: That the item be deferred, pending the submission of a full and updated report addressing all the issues identified at the Committee.

37. EXECUTIVE RESPONSE TO THE TASK AND FINISH GROUP REPORT ON COMMUNITY INFRASTRUCTURE LEVY (CIL)

This item reported the Executive's response to the second phase report of the Task and Finish Group on Community Infrastructure Levy (CIL); minute 17 of the 16 July 2013 Committee refers.

The Assistant Director updated the Committee on the government's proposed reforms to CIL arising from practice experience in pathfinder authorities and a consultation that had been undertaken in April and May 2013. The government response was published at the end of October 2013 as 'Community Infrastructure Levy: Consultation on further Regulatory Reforms'. It was expected that, subject to Parliamentary process, the new regulations would come into effect by the end of January 2014. The main proposals included:

1. In view of the changes required, local authorities would be given an extra year to continue the current policy of pooling Section 106 obligations into broader schemes (until April 2015); this was supported by 89% of respondents.
2. Authorities would be required to strike an appropriate balance between the desirability of fund infrastructure from the levy and the potential effects of the levy on the economic viability of development across the area; supported by 86%.
3. Authorities would be allowed to set differential rates by reference to both the intended use and the scale of development, e.g. retail development; supported by 86%.
4. The government would require the Regulation 123 list, setting out the types of infrastructure that may be funded by CIL, to be available during the rate setting process, including at the examination; supported by 83%.
5. Authorities would be given the flexibility to extend social housing relief to include affordable rent and discounted housing market homes; supported by 75%.
6. As discussed at Task and Finish Group meetings, relief for self-build homes for individuals was proposed. This was only supported by 39% of respondents but the government was intending to proceed with this, subject to a rigorous two-stage vetting process.

The Assistant Director commented that, with some of the uncertainties cleared up, this would set the scene for the next phase of work on CIL. The Council was about to re-engage its retained consultants, to include input from the reinstated Task and Finish Group, to identify precisely the basis for their work and to capture the accepted recommendations from the group's second phase report. It was anticipated that the next phases of consultation would commence in the new calendar year.

The Assistant Director responded to a number of questions from the Chairman, Vice-Chairman (also Chairman of the Task and Finish Group), and other Members. The principal points included:

- a. The 'Community Infrastructure Levy (Amendment) Regulations 2013' required the charging authority to pass 15 per cent of the relevant CIL receipts to the parish council for that area. For development within an area that had a neighbourhood plan in place the authority must pass 25 per cent to the parish council for that area.
- b. It was confirmed that the legislation permitted setting a zero CIL rate in some zones, e.g. Leominster greenfield urban extension.
- c. It was the intention of the authority to have the Local Development Framework (LDF) and CIL tested by an independent Planning Inspector at the same time and, subject to the availability, this might be held in spring or summer 2014. It was noted that CIL was now lagging behind the LDF and officers would be focussing attention on this work.
- d. It was reported that the Council had received a large number of responses to the consultation on its Preliminary Draft Charging Schedule (that ran from March to April 2013) but these had yet to be published. It was acknowledged that the authority needed to update respondents on the next phase and on the changes in approach to reflect the latest government guidance.

- e. The Assistant Director confirmed that the delay in starting the third phase of work would not inhibit the Task and Finish Group from contributing in a positive way, as it had done in the earlier phases.
- f. Attention was drawn to the Executive response to recommendation 5a and b, *'Consideration will be given to phasing the infrastructure projects in the IDP (Infrastructure Delivery Plan) with the development trajectory in the Core Strategy. The phasing will also however, be potentially influenced by the development of the Core Strategy evidence base in relation to traffic modelling and the Nutrient Management Plan.'* The Assistant Director reported that significant elements of the Nutrient Management Plan had been completed but had not yet been signed off. He also reported that the traffic modelling was likely to be available later this calendar year. It was noted that the final round of consultation was likely to be delayed until the information was available to all parties, with consultation responses ultimately forwarded to the Planning Inspector.
- g. In response to a question about the IDP and the Economic Viability Assessment (EVA), it was reported that the authority would need to marry up how processes were worked through. It was likely that detailed technical work on CIL related elements would be completed and available as part of the consultation process in early 2014. It was noted that there was a difference between having CIL and LDF tested at the same time and when they were submitted. A judgement would need to be made once the new timetables and the capacity of the Council's consultants was understood.
- h. It was noted that a decision had been taken to decouple the CIL process from the Core Strategy process, partly for reasons of capacity, and it was questioned whether the EVA would be available for the final consultation on the Core Strategy. The Assistant Director reported that the viability of the LDF was one of the outstanding issues which would need to be in place before the plan could be submitted. He added that there was a subtle difference between the viability of the plan and the work that underpinned CIL.
- i. The authority was working to resolve the outstanding technical issues and have all the relevant information in place that would be expected by the Inspector. It was commented that the Planning Inspectorate was increasingly acting as an advisory service in order to address issues prior to submission and examination. It was noted that the work was being informed by the experience of other authorities, however there were specific circumstances for Herefordshire e.g. traffic modelling and water quality. It was also noted that the authority was constantly reviewing its ability to deliver the housing numbers, with significant progress made in terms of areas outside Hereford and the Market Towns in consultation with Members.
- j. It was noted that there was an interrelationship between the LDF and the FYHLS; in the event that the Secretary of State supported the submission of the plan, this would provide the ability to grant permission for some of the larger strategic housing sites which would help to meet and, and in some cases go beyond, the FYHLS.
- k. The Assistant Director said that the Council had chosen to undertake CIL but only time would tell whether CIL would have an impact on development coming forward. As referred to in point 2. above, it was re-iterated that authorities would need to strike an appropriate balance. He added that preliminary work by the Planning Obligations Manager showed that there would be relatively limited difference between CIL and the application of current policy using Section 106 Agreements.

- i. Further to point a. above, it was confirmed that the amended regulations specified a cap on CIL receipts passed to parish councils. However, it was understood that the cap was relatively generous and should not have a significant impact on the types of schemes coming forward in Hereford and the Market Towns. It was commented that, if necessary, the Council's consultants could model this as part of the next phase.
- m. Local councils could use CIL receipts for the provision, improvement, replacement, operation or maintenance of infrastructure or for anything else that was concerned with addressing the demands that development places on an area. However, no detailed schedule had been issued, so a degree of judgement would be needed.
- n. It was reported that the amended regulations would also enable greater flexibility regarding the phasing of CIL payments on larger schemes.

RESOLVED: The Executive response and contents of the action plan be noted.

38. FUTURE BUDGET STRATEGY

The Chief Officer - Finance verbally updated the Committee on the future direction of budget strategy, the key points were as follows:

1. The Council was currently consulting on the proposed budget for 2014/15; the consultation would close on 20 December 2013. This would inform the decisions to be made by Cabinet in January 2014 and Full Council in February 2014.
2. Significant savings had to be made due to reductions in government grant and budget pressures in essential areas, particularly Adults Wellbeing; savings of £15m had to be made in 2014/15.
3. Presentations had been given to Cabinet Members and Group Leaders. Presentations had also been given to, or were scheduled for, each political group.
4. The Chief Officer - Finance invited the Committee to identify what additional information and engagement it wanted in terms of the scrutiny of the budget process, albeit acknowledging that time was limited.

The Chairman commented that there had been substantial overspend in Adults Wellbeing for many years and, whilst recognising the on-going efforts of the Director, questioned how this could be brought under control. In response, the Chief Officer - Finance advised:

- a. The starting point for Adults Wellbeing going forward would be the actual expenditure rather than the current budgets, to avoid any in built overspend. Consequently, there was a higher savings target to take this into account.
- b. The authority needed to gain assurance around identified savings, with detailed delivery plans signed off by Directors. In particular, the Chief Officer - Finance and the Director for Adults Wellbeing were working to ensure that the budget was realistic and plans were in place which were deliverable within the relevant timescales.
- c. Budget monitoring showed a downward movement for Adults Wellbeing compared to the previous position and, although a significant overspend remained, this indicated that it was going in the right direction.

- d. In response to a question about the measures being put in place to ensure that data was accurate, the Chief Officer - Finance advised that some of the finance team had been redirected to support better management information and forecasts. He added that, ultimately, he could only make judgements based on the information put in front of him.

The Chief Officer - Finance responded to questions from Committee Members, the principal points included:

- i. Further to point a. above, with expenditure as a starting point, it was reported that the authority was retendering contracts based on prices in the market and the experience of officers, and this would inform the budget process. Savings would be delivered through the reorganisation of structures and reductions in staffing, with a number of consultations currently underway. Further savings would be achieved by not filling vacancies in particular areas and by reducing the use of agency staff. It was reported that each line of savings had a plan beneath it.
- ii. The assumptions in terms of Adults Wellbeing were based on current transition rates and there was no reason to expect these to change materially, although this remained a possibility given the variables involved.
- iii. Members might wish to focus on the robustness of the care savings and officers could provide detailed projections if required.
- iv. It was noted that the Council would need to stop services in some areas but it was important to provide opportunities to local communities to take services on.
- v. Further to point a. above, it was reported that the projected overspend for the Council (using August 2013 figures) was £3.9m, with the figure for Adult Wellbeing being £4.3m.

Committee Members made a number of comments, including:

- It was refreshing that actual expenditure figures would be used to inform the budget, as some Members had been requesting this for some time.
- Sensitivity was needed about comments on figures, as hundreds of thousands might be a relatively small in global budgetary terms but could be equivalent to the entire budgets of service areas at risk, many of which were highly valued and beneficial to the public.
- It was requested that communications include more visual representations, such as pie charts, to assist with contextualisation and understanding.
- It was noted that budget holders had to be responsible and keep within targets.

The Vice-Chairman made a number of observations about how the Committee could engage with the budget process going forward, including:

- 1) In the previous year, there had been a joint Task and Finish Group involving representatives from both the Health and General Overview and Scrutiny Committees that had looked at the Adult Wellbeing budget in detail. However, it was difficult for the group to get to grips with the detail of the budget for the year ahead without the context of the operation of the directorate during the current year.

- 2) Therefore, if a particular portion of the budget for next year was to be subject to detailed scrutiny, it would be helpful if budget monitoring for the remainder of the current year be provided in order to have visibility of the issues being faced, not only in terms of the savings but also changes to service delivery. It was noted that the budget monitoring reports tended to be over two months' in arrears but it was felt that these should be released earlier.
- 3) It was commented that there was a need to address any remaining culture of complacency within directorates about meeting financial targets, as the Council no longer had the resources available to use in mitigation.
- 4) In addition to focussing on Adult Wellbeing, there was a need for the Committee to gain an understanding of the consequences of the stopping certain activities on retained services.
- 5) There was a tendency to ignore the Education budget, because it was ring-fenced in financial terms. However, the scope of primary and high schools to provide support and capability at community level through the way in which the funds were spent and school facilities made available to and shared with local communities seemed to be being missed in how the thinking on working with schools/academies and the impact of service cuts was being rationalised.

The Chief Officer - Finance commented that the consultation contextualised the budget on the basis of deliverability, the starting point for Adult Wellbeing being an actual expenditure position, and the reality that the savings proposals would impact on service provision. The Chairman said that one of the roles of Councillors would be to prepare communities for what was to come and to encourage local councils and community groups to take responsibility for services that the Council could no longer provide.

The Vice-Chairman commented on the implications of the cessation of services by Herefordshire Council on town and parish councils, including:

- a) Local councils were realising the extent of challenges but the capacity to respond was variable.
- b) There was a critical timing issue, as councils were already in the process of determining their own budgets but there were still uncertainties about the services that might need to be supported.
- c) More work was needed at a county level to help councils understand and reduce the risks of delivering services, with support given to minimise costs, avoid duplication, and undertake commissioning locally.
- d) Herefordshire Council had a responsibility to identify and address emerging gaps, or at least make communities aware of them.

The Chief Officer - Finance commented that this was an important issue and Councillors had a key role in communicating messages, alongside the budget consultation. It was acknowledged that capacity was an issue and authorities needed to work together through the transition process.

The Chairman, Vice-Chairman, and other Members made a number of observations, including:

- i.) It was commented that the Council had a mixed track record with communicating the position to the town and parish councils.

- ii.) The Bromyard locality had held a meeting with local councils over a year ago, where representatives indicated that they were willing in principle to take services on. However, the response of Herefordshire Council, about what services could be taken on and how councils might organise these on a locality basis, had been unacceptably slow. An example was given of request from Bromyard and Winslow Town Council about the possibility of taking on the operation of a car park, where the lack of a firm offer prevented the council from budgeting accordingly. This was not considered an isolated example. The Chief Officer - Finance said that he was due to speak to town and parish councils as part of the budget process, he would discuss the specific example with the relevant Director, and the importance of reacting properly to requests from local communities was noted.
- iii.) The background to the establishment of locality working and forums was noted and concerns were expressed about declining levels of support, due to officers being overstretched, and the consequential risks to the deliverability of local solutions.
- iv.) It was commented that there was an outstanding request for assurance about the ability of the finance systems to deal with the collection and distribution of funds between local councils, particularly to ensure that costs for services within localities were not entirely paid for by town councils. The Chief Officer - Finance suggested that this could be looked at in more detail after the meeting.
- v.) It was suggested arrangements could be made to invite the Chief Officer - Finance to the Market Towns' Forum. This discussed issues of mutual concern, including the potential devolution of certain services from Herefordshire Council. It was noted that there needed to be proper engagement with local councils to enable them to make informed decisions.
- vi.) It was commented that there were departments within Herefordshire Council that had consistently managed to stay within budget and cope with cuts, even though some of these teams could now be substantially reduced or disbanded. It was suggested that the authority needed to tap into the knowledge of successful teams and apply best practice to other areas, particularly to the issues in Adult Wellbeing.
- vii.) A Member in attendance expressed concern about the risks associated with the proposed savings, particularly in terms of the loss of expertise and the unintended consequences arising from cuts being made within silos without due regard to broader implications, with costs likely to bounce back into other budgets. Reference was made to the budget reductions for Cultural Services, specifically to the implications for The Courtyard Arts Centre and its nationally recognised outreach work with older people and dementia sufferers. The Chairman commented that recommendations from the Task and Finish Group on Cultural Services would come forward in the near future, he added that there was particular anxiety about the lack of an evidence base within the Council about the consequential impacts of the proposed cuts.

The Chairman proposed, and the Committee supported, the following recommendations.

RESOLVED: That it be recommended to the Executive that:

1. **Committee Members be provided with information on both budget monitoring for 2013/14 and budget planning for 2014/15, and if considered necessary a joint Task and Finish Group involving representatives from both the Health and General Overview and Scrutiny Committees be convened; and**

2. **Assurances be provided about progress with the devolution programme and that town and parish councils would be given adequate support to enable them to take over and maintain services locally.**

39. DATE OF NEXT MEETING

It was noted that the next scheduled meeting was to be held on Monday 6 January 2014.

(Note: a special meeting was subsequently arranged for 10 December 2013 in relation to the Waste Management Contract only).

The meeting ended at 12.30 pm

CHAIRMAN