

MINUTES of the meeting of General Overview & Scrutiny Committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Monday 19 September 2016 at 2.00 pm

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

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

In attendance: Councillors BA Durkin – cabinet support member, DG Harlow - cabinet member - economy and corporate services, AW Johnson - leader of the council and PD Price – cabinet member – infrastructure.

Officers: G Hughes – director economy, communities and corporate, J Rushgrove – head of corporate finance and C Ward – solicitor to the council.

21. APOLOGIES FOR ABSENCE

Apologies were received from Councillor A Warmington. Apologies were also received from the co-optees Mrs Fisher and Mr Sell.

22. NAMED SUBSTITUTES

No substitutions were made.

23. DECLARATIONS OF INTEREST

There were no declarations of interest.

24. MINUTES

RESOLVED: That the minutes of the meeting held on 5 September 2016 be approved as a correct record.

25. SUGGESTIONS FROM THE PUBLIC

No suggestions had been received.

26. QUESTIONS FROM THE PUBLIC

No questions had been received.

27. FOUR YEAR FINANCIAL SETTLEMENT

Further to its meeting on 5 September the Committee gave further consideration to the four year central government funding deal.

The Head of Corporate Finance presented the report. She highlighted the following points on accepting the settlement: it did not prevent the authority lobbying for additional resources; it provided certainty for the authority's long term plans, meaning less risk in setting budgets; it was in line with the medium term financial settlement and supported the delivery of the council's savings plans.

Business rates retention of 100% was expected to be introduced by the end of the parliament. However, until the end of 2019/20, as the annex to the Secretary of State's letter at appendix 2 stated, the current system of assessed funding need for business rates and top ups would continue. The council would retain the funding it had expected under the system until the end of 2019/20.

Appendix 4 to the report sought to address points raised by the Committee at its meeting on 5 September. In terms of the approach of other local authorities over 40% had officially accepted the government's offer. A further 30% had indicated that they intended to accept it. She was not aware of any authority having decided not to accept the offer.

The offer provided certainty and this was what the authority and other authorities had been requesting from government for some time, mindful that achieving savings required a lead in time.

She noted that the efficiency statement at appendix 3 to the report had been updated and a revised version had been circulated with the Cabinet agenda papers for its meeting on 23 September.

In discussion the following principal points were made:

Several members suggested that a considerable amount of uncertainty remained making it difficult to judge whether it was better to accept or reject the settlement.

In response to questions the Head of Corporate Finance commented:

- The district councils within the west midlands combined authority area had accepted the settlement. She was awaiting information from other authorities.
- She was not aware that any of the authorities who had accepted the offer were doing so subject to terms and conditions they wished the government to meet.
- The government had stated that the level of funding currently provided to individual authorities from business rates would be funded nationally until the end of 2019/20.
- The authority was working on its response to the current consultation on 100% business rates retention. The closing date for the consultation was 26 September. No government response would therefore be available before the 14 October the deadline for accepting the four year settlement offer.

- The understanding was that if further savings were required by government during the period of the four year settlement those authorities who had not accepted the deal would be first in line for budget reductions.
- Business rate growth had been between 1.9% and 2% since 2013/14 and that was the estimated growth forecast used in planning up until the end of 2019/20. The national assessment of needs would not be reset until May 2020.

The leader of council made the following responses to questions:

- In reply to the suggestion that the level of uncertainty around the deal meant that it was unclear whether accepting the offer would make the council better or worse off, he stated that he considered that accepting the deal represented a significant difference, providing a greater degree of certainty than refusing it. The government had stated that they did not expect any further multi-year settlements to be offered over the course of the parliament. Accepting the offer guaranteed a four year funding deal unless something exceptional occurred.
- Arrangements between the council and the government would not be affected by any discussions within the West Midlands combined authority.

A section of the debate focused on whether acceptance of the offer should be made subject to conditions agreed by the council. The following principal points were made:

- It was proposed that if the council were to accept the offer it should do so subject to conditions and caveats, working with rural councils and the Local Government Association (LGA) to gain consensus as to what may be advanced to government by as many councils as possible to ensure clarity as to what it was being assumed the government's offer meant.

The leader expressed his reservations about the practicality of this approach and what position the council would be in if the government declined to accept any conditions and caveats, by which time the deadline for acceptance of the offer would have passed. The LGA was more likely to be able to influence government and the council would continue working closely with it.

In response to the point that there would not be time to negotiate if any terms proposed by the council were rejected a further proposal was made that, in the light of changes to the government since the offer had been made and the ongoing uncertainty of Brexit, cabinet should accept the offer subject to the condition that options to apply for extra funding would not be closed; in addition, clarity over the year 5 position should be shared by central government within the next 18 months.

The leader reiterated his concern about what the council could do if the government rejected the proposed condition. Accepting the offer did not preclude the council from making representations to that effect and these were best made through the LGA.

- The Head of Corporate Finance drew attention to the LGA statement in appendix 4 of the report welcoming the offer of a four year settlement.
- It was asked what action cabinet might be prepared to take in response to concerns expressed during the meeting whilst stopping short of seeking to make acceptance of the government's offer subject to conditions. In response the leader referred to discussions with local MPs in the region and expressed the view that making the case to government via that route would be a productive option. There was an argument that rather than additional funding for local

government, a redistribution of existing funding would provide a more equitable solution that currently existed.

RESOLVED: That it be recommended that Cabinet recommend to Council acceptance of the four year central government funding deal for 2016/17 through to 2019-20 but also seeks every opportunity to pursue other funding streams and opportunities.

28. DATE OF NEXT MEETING

Monday 14 November from 9.30 am.

The meeting ended at 3.03 pm

CHAIRMAN

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