

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 14 November 2016 at 11.00 am

Present: Councillor WLS Bowen (Chairman)

Councillors: JM Bartlett, J Hardwick, EPJ Harvey, JF Johnson, MT McEvelly, GJ Powell, AJW Powers, A Seldon, NE Shaw, EJ Swinglehurst and SD Williams

In attendance: Councillors H Bramer- cabinet member - contracts and assets, AW Johnson - leader of the council, JG Lester - cabinet member young people and children's wellbeing and PM Morgan – cabinet member health and wellbeing.

Officers: G Hughes – director economy, communities and corporate, R Ball – assistant director environment and place, S Burgess – head of transport and access services, A Harris - head of management accounting, I Higgs – development manager, A Lewis – passenger transport manager, J Rushgrove – head of corporate finance, M Taylor - interim director of resources.

39. APOLOGIES FOR ABSENCE

Apologies were received from Councillors CA Gandy and A Warmington. Apologies were also received from Councillor P Rone – cabinet member – transport and roads and from Mrs A Fisher, one of the statutory co-optees.

40. NAMED SUBSTITUTES

Councillor GJ Powell substituted for Councillor CA Gandy and Councillor A Seldon for Councillor A Warmington.

41. DECLARATIONS OF INTEREST

Agenda item 10 – Passenger Transport Review Consultation

Councillor A Seldon declared a non-pecuniary interest as Chairman of Bromyard Community Transport.

42. MINUTES

RESOLVED: That the minutes of the meeting held on 27 September 2016 be approved as a correct record.

43. SUGGESTIONS FROM THE PUBLIC

No suggestions had been received.

44. QUESTIONS FROM THE PUBLIC

Questions had been received in relation to agenda item 8: Proposed 2017/18 Capital Budget from Mrs E Morawiecka and Mrs V Wegg-Prosser.

The questions and responses had been published in a supplement to the agenda.

45. DRAFT 2017/18 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY UPDATE

(This meeting followed on from the Health and Social Care Overview and Scrutiny Committee, to which members of the General Overview and Scrutiny Committee had been invited. The presentation made to that Committee on the draft 2017/18 budget and medium term financial strategy had also been circulated to members of the General Overview and Scrutiny Committee as a supplement to the agenda.)

The interim director of resources reiterated that a further report would be made to the Committee in December updated in the light of the Autumn Statement.

The Chairman invited further questions and comments from committee members. In discussion the following principal points were made:

- The budget proposals and savings plans indicated that there would be increasing pressure on local communities to take on responsibility for delivering services if they wished them to continue in their locality. It was suggested that the Council should promote discussions with Parish and Town Councils about funding services in a co-ordinated way. It was also noted that in response to question 4 in the budget consultation that a number of respondents thought that their parish council should charge extra to carry out certain activities. A further suggestion was made that there might be different discussions to be had with the Town Councils and larger Parish Councils compared with the smaller more rural councils.
- It was questioned whether houses were being built at a sufficient pace to meet the council's targets. Only some 10% of development for which planning permission had been granted appeared to be being progressed. The largest housebuilding companies seemed to be more interested in maintaining land banks. Infrastructure issues were also holding back development in the county.

The interim director of resources (IDR) commented that the updated version of the budget report would comment on the robustness of the budget assumptions about housing delivery.

The IDR acknowledged the uncertainty over the implications of the government's proposals for business rate retention and that the position would need to be monitored.

- In response to a question about the Council's legal proceedings against Amey as its former contractor the Director of Economy, Communities and Corporate (DECC) commented that Amey was seeking leave to appeal the recent decision of the Court to award a sum to the Council. The Council was proceeding on the basis that it might take some 18 months to resolve all the matters under dispute and it would not be prudent to allocate any of the funds secured until the process had been finalised.
- With reference to paragraph 47 of the report the weight that could be given to the response to the budget consultation was discussed. A view was expressed that it was clear from the responses that the consultation had reached a wide demographic. The respondents also included a number of Parish Councils and other groups which represented the views of many residents. The suggestion in the report that the respondents may not represent the views of the general population was therefore challenged. The consultation response that 53% of responses supported the Council

in making a further increase in council tax above 3.9% was highlighted. It was asked how the consultation findings had influenced the budget proposals.

The IDR commented that matters arising from the consultation would be discussed with the executive and any changes reflected in the next, updated version of the report..

- The presentation of the new homes bonus and the rural service delivery grant (RSDG) as part of the pooled funding supporting expenditure was questioned. It was suggested that proposals for the use of the RSDG should have formed part of the budget consultation. Officers commented that clarification could be provided. However, neither grant was ring-fenced. The DECC commented that the RSDG had been allocated as a “smoothing” grant recognising the higher costs of delivering services in rural areas. Under the MTFs the most challenging year was yet to come and some of the grant was being held in reserve mindful of the risks that lay ahead including the government’s proposals for business rates. In response a Member suggested that the sum should therefore be shown as part of the reserves.
- In response to a question about car parking income the DECC commented that the targeted income for the year had not been achieved and any further increase in charges would need to be carefully considered. A member requested that as the shortfall had arisen as a result of a reduction in income from the City that Market Towns were not penalised to offset the shortfall.
- It was requested that any new homes fund income generated as a result of development not included in the Core Strategy should be the subject of a consultation exercise as to how it was spent.
- A member expressed regret that savings in the ECC directorate appeared disproportionate and would have an impact on services that most residents experienced.
- Short term savings could lead to unintended consequences. For example the increased car parking costs could lead to more traffic regulation orders to control unwelcome parking.
- It was suggested that the responses to the budget consultation contained a number of incorrect assumptions and it would be helpful if these could be corrected in a covering note.

A number of requests were made for amendments to be reflected in the next iteration of the budget report. These included:

- With reference to paragraphs 22-24 of the report it would be helpful if the report provided a summary of the position on reserves and balances up until 2020.
- It was proposed that the executive be asked to take full account of the consultation on the budget and reflect the views expressed in their budget proposals, indicating in the next report back to the committee the extent to which the consultation findings had influenced budget proposals, and, if the findings had been discounted, the rationale for taking that course.
- Clarification of what was included in the budget line: central corporate costs.
- Inclusion of information on gross income and expenditure figures
- Information on the uplift in council tax revenue and the trend over recent years to establish if the income expectations were being met.
- It was requested that there should be consistency of terminology and additional information to show changes, including virements, between one budget report and another to ensure transparency. It was observed that the external auditors in reporting to Audit and Governance Committee had commented on difficulties users of financial reports faced in this regard.

RESOLVED:

- That
- (a) the executive be recommended to work with Parish and Town Councils to explore options for service delivery;
 - (b) the executive be recommended to make representations to local MPs and others to ensure that the voice of the County is being heard in relation to the government's business rate proposals and the views of local MPs reported;
 - (c) the clarity of the budget report should be reviewed and officers requested that the report should be amended to include detail of gross income and expenditure, consistency of terminology, virements over the year to identify actual expenditure, analysis of the use of the Rural Services Delivery Grant, clarity over income; and
 - (d) the executive be asked to take full account of the consultation on the budget and reflect the views expressed in their budget proposals, indicating in the next report back to the overview and scrutiny committees the extent to which the consultation findings had influenced budget proposals, and, if the findings had been discounted, the rationale for taking that course.

46. PROPOSED 2017/18 CAPITAL BUDGET

The Committee was invited to provide cabinet with comments on the proposed capital budget for 2017/18 onwards for recommendation to Council on 16 December 2016.

The interim director of resources presented the report.

A number of members had detailed questions that they wished to ask and indicated that they were content for these to be dealt with by written answer and appended to the Minutes.

RESOLVED: That written answers be provided to questions raised at the meeting and appended to the Minutes.

47. EDGAR STREET STADIUM, HEREFORD - LEASE PROPOSALS

The Committee considered the options available to the council prior to entering into longer term arrangements on the stadium premises.

The development manager presented the report.

Mr K Kinnersley, Chief Executive Officer of Hereford FC had been invited to address the meeting. He gave a short statement reminding the Committee of the background to the Club's position. When considering forming a new football club the view had been that the Edgar Street stadium would be key to maintaining support. He outlined a range of measures the club was undertaking to continue to secure support including plans to maintain and encourage community involvement.

He reported that the Club's aim was to a return to National followed by Football League status. In relation to the ground this meant returning the stadium to four sides to comply with league Regulations. A long lease of some 35-50 years would be required at some

point in the future to achieve that ambition as it would require the construction of a new stand. In the meantime a ten year lease would be welcomed as an interim measure prior to seeking grant funding for future development.

In discussion support was expressed for the football club's efforts and the principal consideration was whether a longer lease should be considered. Mr Kinnersley confirmed that a 10 year lease was satisfactory at this stage.

RESOLVED:

- That**
- (a) the executive be advised that the Committee supports the proposed grant of a new lease to the current tenant for a term of 10 years, commencing at some point prior to the expiry the current lease; and**
 - (b) a further report is presented to the Committee setting out the long term proposals for the Edgar Street stadium following an appraisal by the football club, council and potential development partners of the options.**

48. PASSENGER TRANSPORT REVIEW CONSULTATION

The Committee's views were sought on the options under consideration as part of the passenger transport review and comments sought on the outputs of the bus service consultation.

The head of transport and access services presented the report.

In discussion the following principal points were made:

- It was difficult to make bus routes viable. Many were sustainable only if there was one contractor.
- The impact of the Health service strategic transformation plan needed to be considered. Many bus journeys were for health appointments.
- Many bus journeys were by older people and if bus services were cut and there was no community transport as an alternative they faced difficulties.
- Consideration needed to be given to the bigger picture, growing the service to reduce car traffic, using new technology and offering incentives to travel by bus.
- The local transport plan was focused on bus routes to and from Hereford. More consideration needed to be given to routes from the market towns to neighbouring counties.
- Significant reductions in bus services had already been made. It was questioned whether the further savings being proposed were deliverable. These implied a reduction in service to a core network with no rural provision.
- Consideration should be given to the needs of residents and how these might best be met. One option might be to look at community transport areas and the social, economic and environmental advantages of continuing to provide a bus service. Because services ran across parish council areas it was not an issue that could easily be addressed in discussion with them.
- Regard needed to be had to the wider consequences of reducing bus services which could include increased costs to the council to address other issues the service reduction inadvertently created. There were indications, for example, that a removal

of evening services in one area had led to an increase in the crime rate in the evenings, as a consequence of reduced social opportunities for young people.

- The use of the word “subsidy” had a negative connotation. Funding of the bus service should rather be regarded as an investment or spend to save initiative. The proposed savings represented 0.6% of the revenue budget but would have a disproportionate effect on people’s quality of life.
- Account should be taken of wider research and rural transport initiatives including for example the Local Government Association publication: Missing the Bus, and initiatives developed using the national Total Transport pilot fund.
- The scope for Parish and Town Councils to use the powers available to them under S137 of the Local Government Act 1972 should be assessed.

RESOLVED:

- That
- (a) rather than considering the findings of the passenger transport review in isolation, the executive is recommended to explore the scope for developing proposals to address the needs of local communities as a whole;
 - (b) consideration be given to initiatives developed using the national Total Transport pilot fund and other rural transport initiatives; and
 - (c) the scope for Parish and Town Councils to use the powers available to them under S137 of the Local Government Act 1972 be assessed.

49. WORK PROGRAMME

The Committee considered its work programme.

The Chairman reported changes to the membership of the Task and Finish Group on Devolution. The Group now comprised himself, and councillors James, Phillips and Powell.

RESOLVED: That the draft work programme be noted.

50. DATE OF NEXT MEETING

It was noted that whilst the next scheduled meeting was Tuesday 17 January 2017 at 10.00 am, an additional meeting would be held before then to give further consideration to the revenue budget.

Appendix - Responses to questions asked during consideration of proposed 2017/18 capital budget

The meeting ended at 2.10 pm

CHAIRMAN

Appendix

General overview and scrutiny committee question	Response
How is the Marches business improvements grant scheme funded?	This is funded through an European Regional Development Fund grant.
Have additional suggested projects failed to be proposed as additions in appendix 2?	A number of suggestions are undergoing feasibility studies, these will be considered at a later date following conclusion of the feasibility work.
Is the proposed corporate property estate work on properties in which Herefordshire Council has a long term interest?	Yes the proposed £1.2m investment will be in properties owned and retained by Herefordshire Council.
Is the proposed £2.0m for the purchase and repair of existing open market properties to house vulnerable young adults, care leavers and those that require assistance to live independently a duplicate of the Cabinet decision on 3 November to waive the clawback of capital receipts?	No the proposed investment is not a duplication. The proposal covers all client groups (children, mental health etc.) and general needs housing, whereas the waiver will predominantly cover learning disability accommodation need.
What revenue savings across adults and children is expected from the proposed match funding in RSL owned properties?	The match funding is expected to generate annual savings of between £25k and £42k per client depending on the individual's circumstances.
Can more details be shared on the proposed allocation of £3.8m to support an application for external capital grant funding towards continued improvements to the county's roads?	The £3.8m represents proposed council contributed funding towards an expected capital bid to the DfT in the new year for investment in the county's principal road and bridge network.
Although not covered in the report did the 12/13 through to 16/17 MTFS include a capital receipts target of £60m?	The Treasury Management Strategy (TMS) for 14/15 included a £40m capital receipts target and this is updated as part of the annual TMS refresh.
What is the current thinking of the use of capital receipts over the period of the MTFS?	The current treasury management strategy shows an element of capital receipts being used to reduce the need to borrow.
Where does the £13.3m of capital receipts allocated against the approved capital programme come from?	The £13.3m represents anticipated enterprise zone receipts and receipts from rationalising the property estate.
What is the development partnership?	On the 17 June Cabinet approved the decision to commission a developer to progress the development of suitable sites in its ownership.
Will the development partnership be part funded by capital receipts or borrowing?	The appointment of a development partner is expected to be awarded in the summer, the potential funding and the detail of how this would be deployed will follow appropriate decisions by Cabinet.

<p>What will be the net effect of the proposed £9.7m additional borrowing requirement?</p>	<p>The indicative costs are shown in the financial implications section of the report, all projects are assessed to ensure they deliver added value to the council's residents. Following Council approval the overall estimated borrowing position will be updated and reflected in the treasury management strategy refresh.</p>
<p>Do the proposed additions include all bids for Growth Fund grants through the LEP that require match funding?</p>	<p>Yes, all Herefordshire Council growth fund match funding bids are included in Appendix 2.</p>