

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE OVERVIEW AND SCRUTINY BOARD**

**12TH FEBRUARY 2018, AT 6.00 P.M.**

**MINUTE EXTRACT**

PRESENT: Councillors L. C. R. Mallett (Chairman), S. A. Webb (Vice-Chairman), C. Allen-Jones, C. J. Bloore, S. R. Colella, C.A. Hotham, R. J. Laight, C. J. Spencer, P.L. Thomas and M. Thompson

Observers: Councillor G. N. Denaro, Councillor K. J. May, Councillor C. B. Taylor and Councillor P. J. Whittaker

Officers: Ms. J. Pickering, Mrs. C. Felton, Mr. J. Godwin, Mr. M. Hanwell, Mr. G. Revans, Mrs. A. Singleton, Ms J. Willis, Ms. S. Garratt, Mr M. Cox and Ms. A. Scarce

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**FINANCE AND BUDGET WORKING GROUP - UPDATE**

The Chairman explained that these two items had been considered by the Finance and Budget Working Group who had further questions for discussion, but had unfortunately struggled to set a further date for the Group to meet. It was therefore decided to bring the items back to the full Board in order to give everyone an opportunity to feed into the budget process. It was proposed that these items be time limited and the Chairman asked Members to be succinct in their questioning of officers. The Chairman took the opportunity to thank all officers and Portfolio Holders for attending the meeting.

**Medium Term Financial Plan**

The Executive Director, Finance and Resources presented the report and in so doing explained that this had been considered at Cabinet on 7<sup>th</sup> February and would be further considered at a Cabinet meeting on 21<sup>st</sup> February, with an updated report being presented, prior to full Council. The following areas were highlighted a number of areas, including:

- Local Government Funding Reform to be implemented in 2020/21 and a consultation paper to be published in Spring 2018.
- Business Rates Baseline to be reset in 2020/21. Council Tax could be increase by 3% and this increase had been included in the 2018/19 figures.
- Business Rates Pilots – Worcestershire had not been approved, but from initial feedback it was understood that this was due to the

number of applicants and a further bid programme would be forthcoming.

- Consultation to take place in Spring 2018 in relation to the “negative” grant currently £740k in 2019/20.
- Revenue bids and unavoidable pressures were detailed within the appendices (this included £150k for one year in respect of work carried out by Mott McDonald).
- £327k for vehicle replacement had been released from reserves.
- Borrowings for the Investment and Acquisitions Strategy – it was acknowledged that more work needed to be done around this, including details of the anticipated income arising from it.
- It was confirmed that those lines within the table at page 51 of the agenda which were recorded as zero would be removed.
- New Homes Bonus – impact of a reduction in the number of properties delivered, with a 0.4% levy on growth.
- Difficulty in balancing the budget for more than one year due to the uncertainty around a number of areas, as detailed above.
- Available funds in balances if needed.

Following presentation of the report Members raised a number of queries/observations which were responded to by the relevant officers. This included:

- The unavoidable being included in only the first year and nothing in future years. It was highlighted that if they were unavoidable one year it was likely they would be in future years. The Executive director, Finance and Resources explained that this was shown in this way at Members request, but was happy to show it in whichever way Members wanted.
- Car Parking was given as an example as it was shown as a pressure of £100k in the first year, but not in future years and this could give a false picture of the position. It was explained that these were shown in a similar way to savings, when it had been highlighted that a saving could only theoretically be made in the first year and after that it no longer became a “saving”.
- In respect of Car Parking, the head of Environmental Services explained that income had been below target for a number of years which had been offset against a number of other areas where savings had been made, for example from Wychavon, the car park managers.
- The Council’s economic strategy and the ability to carry out modelling exercises, for example in respect of car parking needs, using intelligence already available. The Deputy Leader and Portfolio Holder for Economic Development responded that a piece of work was currently being undertaken in respect of this, and which would be available shortly. She also reminded Members that the number of car parking spaces available had reduced in recent years.

- Whether pressures and capital bids should only be considered every 3 years as opposed to every year, as often items appeared on this lists but did not materialise for whatever reason.
- Whether the costs for the Burcot Lane site should be included in future years. It was confirmed that this would not be necessary.
- Concerns around the Council's position should the plan be extended by a further 2-3 years, particularly in light of the negative grant payments and the uncertainty as to whether these would continue. Members were reminded that there funds were available from balances, Members had chosen to have a lower limit of £1.1m but the Executive Director, finance and Resources confirmed that as the Section 151 Officer the lower level she would recommend would be £750k.
- Members questioned the position that Redditch Borough Council was in financially and what impact, if any, this could have on this Council. The Executive Director, Finance and Resources confirmed that the 2 councils were completely separate organisations and where not in any way dependent upon each other.
- Members questioned why there was no reference to funds being made available for the sports hall. The Executive Director, Finance and Resources explained that she hoped to receive the options appraisal shortly and that a report would be presented to Cabinet and Council and that the Board would have an opportunity to also consider it. It was likely that this would be funded through balances, but had not been included as no decision had been made. Although it was accepted that it would be sensible to include it.
- The Leader commented that the current uncertainty left the Council in a very difficult position, particularly in respect of the negative grant as this would potentially be funded from balances, but could not be sustained indefinitely and would impact on other spending.
- Members questioned what Heads of Service were expected to have provided currently. The Executive Director, Finance and Resources explained that they should have gone through their individual budgets line by line and brought forward proposed savings for the next 4 years. This had been done for at least 2018/19, with some covering the full 4 year period, although it was acknowledged that it was difficult to forecast with so many uncertainties.

Members raised concerns around what would happen in the future should the Council not be able to raise enough funds commercially, as it was clear that the balances/reserves were not sufficient to maintain services indefinitely. It was suggested that other forms of shared services should be explored, as whilst the current arrangement had provided some savings, these were not sufficient for the Council's future needs. It was suggested that the Shared Service agreement appeared to have reached a stage where it needed to be reviewed and that Redditch Borough Council were not of the same view and this could potentially be restrictive for this Council moving forward. It was felt that there was a need to widen

the scope of shared services in order for the Council to be sustainable and to safeguard the services it provided. Members discussed whether there was a mechanism in place should the shared service between the two Councils breakdown and what the financial implications would be of the break-up of that agreement. The Executive Director Finance and Resources advised Members that this had not at present been considered. It was suggested that a number of alternative scenarios could be considered and a piece of work done around these.

The Head of Legal and Democratic Services highlighted to Members that whilst the shared services agreement was for the purpose of savings and sustainability it also allowed had also allowed the Council to continue to provide the services to residents and the Council continued to make changes in order to keep up with the changing landscape, hence the introduction of the Investment and Acquisition Strategy and a number of areas, including her own which was looking at reducing costs and increasing income generation, with an target to meet within her budget. Following on from these discussions a number of other points were raised by Members, including:

- The 50/50 split with Redditch under the shared service agreement and whether this should be reviewed.
- Why the Council should consider options to come away from Redditch when the opportunity to be more effective from larger partnerships, so it should consider expanding.
- Whether the Leader had written to the local MP and invited him to attend a future meeting to discuss the issues facing the District. The Leader confirmed that he had made the invitation and was currently awaiting details of his availability from his office.
- The need to consider the content of the recent Peer Review before making any decisions.
- The amount of investment made in order to generate the return detailed in the report. The Leader confirmed that it would be a challenge but there was a need to get this up and working as soon as possible and the business cases would come through the Finance and Budget Working Group as confirmed at a recent Council meeting, so there was the opportunity to Members to ensure that these were feasible. The Deputy Leader confirmed that she hoped to bring the first through shortly via a business case prepared by the North Worcestershire Economic Development Team.
- The amount of funds available to the community through the New Homes bonus Community Grant Scheme this year, it was confirmed that this would be £79k which was 25% of the "new" NNHB received.
- Tensions around planning applications and how for various reasons the timescales were longer than would be expected and the net effect of the impact on the budget. The Head of Planning advised that whilst she appreciated the financial pressures these could not be considered as a material planning consideration.

- Route optimisation of the bin collection and whether this could be extended to other authorities.

### Fees and Charges

Members raised a number of queries in respect of the Fees and Charges report, including:

- Inconsistencies in respect of sports facilities and increases of over 3% and what appeared to be increased prices for outdoor space hire – the Head of Leisure and Cultural Services explained that this was not simply in respect of the parks but for event hire and the increase was for commercial hirers only. The community group increase was 2% and for the voluntary and community sector hirers there had been no increase.
- No proposed increases for the charges listed for WRS – it was explained that licensing fees and charges should be self-financing and that local authorities could not deliberately set fees at a level that generates income to be invested elsewhere in their services. Licensing, had to be managed so that it only recovered its costs.
- Private sector Housing inspections and who would pay for this – it was confirmed that this referred to houses of multiple occupancy and the cost would be met by the relevant landlord.
- Rights of burial for a child – it was not clear as to whether there was a charge or not. The Head of Environmental Services agreed to seek clarification from officers in respect of this and would feedback to Members, through the Senior Democratic Services Officer.
- The amount of paperwork around applying for the Lifeline Service – it was confirmed that whilst this was lengthy support was provided for those who needed it.

Hire charges for the Parkside Suite – Members were concerned that these were being increased when there did not appear to be the potential business or marketing undertaken to promote the facilities available for hire. The Head of Leisure and Cultural Services explained that there was interest in the hire of the facility but unfortunately due to the logistics there was not necessarily consistent availability for those wishing to hire on a regular basis. It was explained that originally many of the committee meetings would have been scheduled into the Committee Room, leaving the main Suite free for hire. Unfortunately the Committee Room had proved unsuitable and the Suite was used for more Council meetings than had been anticipated. It was hoped that this would be addressed shortly, subject to the relevant planning permission, as the Group Leaders had agreed to the current Members' Room being moved down stairs and that room being reconfigured as a Committee Room, thus freeing up the whole Suite of rooms downstairs for external hire.

### **RECOMMENDED:**

- a) that the budget table as presented in the Medium Term financial Plan reflects the cumulative position over the four years for unavoidable and other cost pressures;
- b) that the estimated funds required to develop a Sports Hall be ring fenced;
- c) that the Management Team model scenarios in relation to shared service exit arrangements, due to financial sustainability, to include alternative wider options ; and
- d) that income from major planning applications is removed from the budget projections to enable a more realistic financial projection to be presented.

The meeting closed at 8.00 p.m.

Chairman

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