

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Wednesday 1 February 2017 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

PRESENT: Councillors A Burford, S Burrell, N Dugmore, R Mehta, S A W Reynolds (Chair), C Smith, D Wright and Co-optee R Williams.

IN ATTENDANCE: S Jones, Scrutiny Officer

FESC-19 APOLOGIES FOR ABSENCE

Cllrs S Bentley and R Sloan and co-optee C Mason-Morris

FESC-20 DECLARATIONS OF INTEREST

Cllr Burrell declared a pecuniary interest as a provider of adult care with Council contracts.

FESC-21 MINUTES

RESOLVED - that the minutes of the meeting of the Finance & Enterprise Scrutiny Committee held on 12 January 2017 be confirmed and signed by the Chairman

FESC-22 SERVICE & FINANCIAL PLANNING STRATEGY 2017/18-2018/19

The Chair welcomed everyone to the meeting to agree responses to the budget proposals, starting with the administration's budget proposals. The committee had held two meetings to look at the proposals and received written information to a number of questions. The committee had focused on the options for the adult social care precept as the key issue for consultation with the public.

The Chair invited views on the budget proposals and there was discussion on a number of points. Cllr Burrell did not take part in any discussion of the adult care budget or the adult social care precept.

The following views were put forward on the adult social care precept:

- A member favoured applying the adult social care precept uniformly at 2% over three years. A 3% increase would put more pressure on some households and had not been factored into the budget. Houses were still being built so more money could be collected from more houses over three years.
- There were comments on the impact of the increase in Council Tax on struggling families and that an extra 1% may not seem much but would matter to some.
- A member commented that increasing the precept to 3% would generate an additional £1.77m for the Council so there was a strong financial argument but his feeling was that 2% for 3 years was a better option. He had attended a meeting of the Senior Citizens' Forum where the preferred option was 2%.

- A member commented that the service may need the extra funding in year three and more would be collected in 2019/20 as a result of house building.
- A member commented that increasing the precept to 3% may bring a financial benefit in the short term but he favoured a 2% increase for 3 years.
- A member commented that affordability for families needed to be considered.
- A member commented that the precept was only a sticking plaster in terms of the overall funding shortfall.
- A member commented that he preferred the smoothness of the 2% increase for 3 years. Increasing the precept to 3% for 2 years would create a steeper drop in funding in year three and would hit struggling families.

At the end of the discussion the Chair asked members which option they would support and it was unanimously agreed that the committee should recommend a 2% increase for 3 years to Cabinet. It was noted that feedback from the consultation would need to be taken into account which was not available to the committee as the consultation was still open.

Members put forward views on a number of other proposals:

Investment in commercial projects

- A member commented they were pleased by the income figures for the Solar Farm which generated £200k p.a. for front line services
- A member welcomed the additional investment in NuPlace as providing good quality rental properties which had been built on sites that could not be sold and were bringing in income
- A member was concerned about investment in property market, the risk of dips in the property market and a court case where an authority had been ruled liable for costs related to a rented property. He was concerned about the level of borrowing at a time of uncertainty about Brexit and interest rates.
- A member commented that the Council's housing investments were managed by a Trust Company, that due diligence had been carried out, that the Council would hold the assets and this was one of the safest investments. The court case referred to related to dilapidations and not a crash in the property market and the council would upkeep its assets.
- A member was concerned that there could be changes to housing policy if there was a change of government.
- A member commented that all governments needed housing and the Council's investment was in rented property. There was no danger of the properties falling into disrepair. The Council was not over stretching and there was a need for housing in the borough.
- A member said he had read a report in the press about risks to the Co-op Bank and would be interested to know if the Council had any exposure. Another member said that Audit receive warnings about these kind of risks.
- A member commented that the government was encouraging authorities to come up with alternative ways of generating income

Local Council Tax Support grant

- A member questioned whether the Council should continue to allocate Local Council Tax Support grant to Town and Parish Councils and suggested this could be taken as a saving.

- A member commented that as the grant allocated by government diminishes the amount allocated to Town and Parish Councils diminishes and the precept would be increased to make up the difference
- A member commented that it was unfair that there was a differential between parishes and that Shropshire did not pass on so the area was treated equally. He complimented officers for devising the formula which had been agreed by the Town and Parish Councils but still felt it was unfair in practice.
- Details of the funding formula were requested.
- A member commented that the grant was allocated nationally by central government and the Council could not pass on more than was allocated.
- A member commented that if the funding was not passed on Town and Parish Councils would increase the precept.

School meals

- A member disagreed with the proposal to increase the cost of school meals. He accepted that prices had not increased for three years but felt putting the price up by 4% would hit hard working families who would also have to pay the increase in Council Tax. He suggested the increase should be absorbed by the Council Tax increase or applied more gradually over a longer term in line with inflation.
- A member supported the proposal as the increase equated to 10 pence per meal and would be introduced gradually over three years. The increase was necessary to cover costs which would otherwise need to be taken from elsewhere.
- A member pointed out that some families may be entitled to free school meals and that no-one wanted to put prices up and school meals had been protected as far as possible.

Pride projects

A member remained concerned about the monitoring of the allocation of funding for Pride projects and was referred by the Chair to the briefing note circulated.

The Chair said that in her view this was a fair budget that was about protecting vulnerable residents as long as possible. She thanked staff for their work in preparing information for the committee.

FESC-23 ALTERNATIVE BUDGET PROPOSALS

The Chair invited views on the alternative budget and Members made the following comments:

Street Pastors

- A member supported the proposal to contribute to the work of the Street Pastors on an on-going basis from the base budget.
- A member pointed out that the Street Pastors already got funding from the Police and Crime Commissioner
- A member commented that the Street Pastors did good work and there were other places in the borough that would benefit from their work
- A member commented that there was a cost to volunteer projects such as vetting volunteers

- At the end of the discussion it was agreed that the committee would include a suggestion in the response to the Cabinet proposals that Cabinet may wish to consider funding for the Street Pastors and make them aware of other pots of funding that they could tap into.

Rights of Way

- A member supported the proposed investment in Rights of Way as free exercise for residents who could not afford to pay to use a gym. He could see the merit of investing in gyms but felt that some of the budget should be spent on Rights of Way – people's health should be as high a priority as income generation.
- A member understood the sentiment but said that an investment of £100k would knock a big hole in the administration's budget. There were a lot of worthy causes in the borough and even if the Council only gave them a small amount of funding they would all add up and the money would need to come from somewhere and could leave less money for adult care.
- A member commented that the investment in gyms generated income.

Sale of assets

- A member was concerned by the proposal to sell off Council assets which generate an income and how the loss of income would be made up. It did not make commercial sense to sell assets which were generating income.
- A member commented that the income had to cover the cost of borrowing.
- A member commented that the income figures provided to the committee were net of all costs including borrowing and were the total profit.

Adult social care

- A member was concerned by the fact that the committee had not been able to get the average cost of a care package at the meeting on 18 January. It would be useful to know the average cost to gauge the benefit of income and savings and to measure the impact of the new delivery model.
- It was noted that the Health & Adult Care Scrutiny Committee were monitoring the budget and savings and agreed that the HAC Scrutiny Committee would request information on the cost of a care package which would be shared with the Finance & Enterprise Scrutiny Committee.
- A member noted that a small reduction in the cost of care packages could have a significant impact and unit cost of care was one measure for monitoring the budget.
- A member commented that the committee had been told the council was funding around 2,500 services but some people were using more than one service.

Bringing forward the Living Wage

- A member objected to the comment in the report about the proposal to accelerate the introduction of the living wage 'in stark contrast to the current Administration which talks of a living wage but only announces redundancies'. This was unfair because the scale of the budget cuts meant there had to be redundancies.
- A member noted accelerating the introduction of the living wage would cost £220k in 2018/19 and that there were relatively few staff on minimum wage.

- A member commented that the cost projection was too low because increases to other staff salaries would need to be factored in to maintain the differential between grades.

Robustness of the proposals

- A member drew attention to the CFO’s statement of robustness that overall the budget for 2017/18 was likely to balance and could be considered robust.
- A member had concerns about the longer term robustness of the proposals which included unfunded commitments.
- A member commented that the administration and alternative budgets were trying to do the same thing but had different approaches – one relying on borrowing and the other relying on selling off assets and uncosted commitments. He pointed out the difficulty for the main opposition group of formulating detailed proposals with limited access to officer resources.
- A member was concerned about the short term approach of selling income generating assets for a one-off gain and pointed out that the government was encouraging local authorities to generate income and be less reliant on grant funding. She said there were notes of concern in the CFOs statement including the reliance on savings and the greater risk of the budget not balancing if underspend was lower than expected.
- A member commented that the key risk to the Council was the extent of the budget cuts and not having enough money to deliver services.

The Chair noted that information requested on borrowing under the previous administration had not been provided which she had hoped would inform the discussion. There was a question as to whether the committee could form a view without the information but it was decided the information was not necessary as it would not materially affect the views expressed.

At the end of the discussion it was agreed that the Scrutiny Officer would draft the comments on both budgets into a response which would be circulated to Members for comment and agreement. The response to the administration’s budget would be presented to Cabinet on 23 February and the response to the main opposition group’s budget would be presented at Council on 2 March.

FESC-24 CHAIR’S UPDATE

The Chair informed members that the next meeting for the review of the CPE business case would be at 6.00pm on 10 April jointly with the Customer, Community & Partnership Scrutiny Committee.

The meeting ended at 7.20pm.

Chairman:

Date: