

FINANCE & ENTERPRISE SCRUTINY COMMITTEE**Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Wednesday, 3 February 2016 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT**

PRESENT: Councillors S A W Reynolds (Chair), S Bentley, R Evans, R Sloan, C Smith, D Wright and Co-optees C Mason-Morris and R Williams.

ALSO PRESENT: R Partington, Managing Director; J Eatough, Assistant Director Legal, Procurement & Commissioning.

IN ATTENDANCE: S Jones, Scrutiny Officer.

FESC-17 MINUTES

RESOLVED – that the minutes of the meetings of the Finance & Enterprise Scrutiny Committee held on 6, 13 and 19 January be confirmed and signed by the Chairman subject to the following changes:

- That a typing error in minutes of the meeting on 6 January be corrected;
- That the minutes of the meeting on 19 January be amended to record a declaration of interest by Cllr D Wright in the Alternative Budget Proposals of the Main Opposition Group.

FESC-19 APOLOGIES FOR ABSENCE

Cllr N Dugmore

FESC-19 DECLARATIONS OF INTEREST

Cllr Evans declared a pecuniary interest as an employee of a care provider with Council funded contracts.

Cllr Wright declared an interest as a co-author of the Alternative Budget Proposals of the Main Opposition Group.

FESC-20 SERVICE & FINANCIAL PLANNING STRATEGY 2016/17-2017/18 (DRAFT BUDGET PROPOSALS)

The Chair welcomed Members to the final meeting in the budget scrutiny process. She welcomed the Managing Director and Assistant Director Legal, Procurement & Commissioning who had been invited to address a number of concerns raised by the Committee. The following points were discussed:

1. SMT restructure (savings proposal 106)

The Committee's question was whether a further reduction of posts in SMT (Senior Management Team) would bring the organisation to a critical point at which service areas would become so big they could not be managed safely. Members had also asked about the approach to restructures. The Managing Director (MD) responded that:

- The SMT structure had been designed around the Being the Change strategy and he was confident that the right team was now in place to take the organisation forward. The latest reduction in posts was the result of on-going work to develop the strategy over the last 18 months. The transformation of the organisation had started back in 2010/11 including a key piece of work with the (now) Director of Children's and Adult Services to bring children and adult commissioning together. Synergies had been identified through the restructure process but changes had not happened overnight and the latest changes to SMT were part of a staged approach which had been going on for over 18 months.
- Had SMT continued to work as it had in the past when there were 28 posts, then the current structure would be too small. However, SMT now worked in a very different way: processes had been streamlined, the organisation had changed and the culture was one of collective responsibility so that managers work better across services. Service Delivery Managers had also been given greater responsibilities.
- The MD was confident that the structure was now in place to go forward for the next three years.

There were then a number of questions:

- The Chair asked the MD if his last comment meant that he felt the number of SMT posts was now right and that there would be no further reductions. The MD assured Members that he was comfortable that the size of SMT was right for the foreseeable future. However, if it transpired that the number of posts needed to be reviewed further for the organisation to operate efficiently he would go back to Cabinet to seek approval to make further changes and was confident that Cabinet would consider any recommendations. The structure was not set in stone but provided a broad foundation to move forward.
- Cllr. Sloan asked about the approach to restructures and whether managers had shaped structures around gaps left by people leaving the organisation. For example three senior managers had just left and Cllr. Sloan asked if this had influenced the structure of SMT. The MD assured members that SMT had been restructured around the needs of the organisation and not around vacant posts. The recent retirements had in any case been known about for some time. In any restructure the starting point was the needs of the business which then drives the business case for the staffing structure – it is about business need first and foremost. The difficulty was that members were only now seeing the structure at the end of the process but the MD had had a clear vision of the structure since 2011/12 and had been working towards this point. The joining up of children and adult commissioning had been a key part of the plan and they were now looking at how children and adult front line services could be brought together.

- Cllr Wright said he had shared concerns of other members that the top level of management looked thin and whether SMT had enough knowledge, experience and capacity to manage all the Council's services. However, he had been reassured to hear that the MD would go back to Cabinet to increase resources if it were necessary. The MD added that Cabinet had asked him to look at the structure of the whole organisation and there had been no pressure to reduce SMT by this number of posts and he was confident that if there was a business reason to change the structure further Cabinet would consider the case. SMT now had a collective way of working which was very different from the way SMT used to work. For example in the past there may have been 2 or 3 managers attending the same meeting but now there may only be one because of the approach to collective responsibility. Managers need business heads which included looking at how technology could be used to improve efficiency and save money. He said that knowledge and experience were important, but we were living in a new world and redefining what public services – such as adult social care – look like in a world of austerity.
- Cllr Evans said she had attended a meeting earlier that day and the manager with the relevant experience had not been there. She did not want things to go too far the other way so that managers with relevant experience were not able to attend meetings. The MD replied that even when there had been 15 posts it had not been possible to do everything and things need to be prioritised, but he was confident that the numbers were right.
- Mr Williams asked if the reduction in posts meant that staff in lower grades had been given more responsibility and autonomy to make decisions. The MD replied that this was the culture: it was not 100% there yet, but the role of Directors and ADs was to provide leadership – there were good Leadership Forum sessions – and to develop a sense of ownership in staff. There was an appetite for it. In the past there had been too many managers which made it easier for staff to pass problems up: now the expectation was that staff should think of solutions themselves.
- Cllr Smith asked if the MD was satisfied that Service Delivery Managers and staff lower down the organisation were happy to accept greater responsibility for making decisions and were empowered to make them. The MD said he was satisfied – it was not an even curve across the organisation but there had been huge strides over the last 3-4 years and it was the only way to cope because the organisation could not afford long chains of command.
- Cllr Wright asked about training for staff taking on more responsibility. Organisational development had been moved to the centre of the organisation (Delivery & Planning) so they were involved in developing plans. There had been more training over the last 2 years and things were on the right track.
- Cllr Sloan asked if the MD was concerned about the implications of the proposals in the Enterprise Bill to cap exit and certain pension payments for public sector workers. The MD replied that it was a concern and there were uncertainties around the pension cap proposals. Some staff had expressed a desire to leave

before the cap comes into force but business needs come first. Redundancy applications are refused if they are not in the Council's interest. The Chief Financial Officer and Managing Director sign off all voluntary and compulsory redundancies and they are backed up by a business case and subject to external audit. The Enterprise Bill was causing some people a lot of concern and it was hard when long serving staff applied for redundancy but it was not about being friends but about business and the public purse and they held onto these key principles.

2. Changes to staff terms and conditions (savings proposal 102)

The Committee felt that elected Members have a responsibility to know about changes to staff terms and conditions which would impact on staff. The MD responded that:

- He could not answer the question in detail since the options were still under discussion with the unions and it would not be fair to disclose details to Members, especially in a public meeting, before staff had been properly briefed. There had been constructive discussions with the trade unions.
- He could however assure members that the proposals did not include a cross-the-board pay cut, changes to sick or maternity/adoption pay and there would be no reduction in the union facility time.
- The changes that were being discussed were areas where Telford & Wrekin had become an outlier and needed to modernise. For example, Telford & Wrekin stood out among West Midlands authorities in still having an essential car user allowance. The principles were about being competitive and flexible but fair and true to the ethos of the organisation.
- In the current round of negotiations they were looking for agreement between all parties.

Ms Mason-Morris asked about the timescale for implementing the changes. The MD replied that the unions understood the Council's need to save money and that savings from the changes will help protect jobs - the longer it takes to reach an agreement, the more jobs could be lost. The dialogue with the unions was positive and the intention was to reach an agreement by April and implement the changes by June at the latest but this was still subject to negotiations.

3. Single Status implementation budget (savings proposal 103)

The Committee had asked for an update on the implementation of Single Status and the sufficiency of funds in the implementation budget as it had been sometime since the last update to scrutiny. Cllr Sloan informed members that the Assistant Director Legal, Procurement & Commissioning (AD) had reported on Single Status at the last Audit Committee meeting and the Committee had been assured by the report.

The AD provided the following information:

- The proposal in the budget was to reduce the on-going amount set aside for Single Status implementation by £100k from £1.5m to £1.4m to take account of the reduced size of the workforce. The saving would go towards frontline services to avoid having to make further cuts than were necessary.

- The final cost of settlement would be determined through detailed pay modelling.

There were then a number of questions:

- Cllr Wright said a report to Audit Committee from KPMG had highlighted that Telford & Wrekin was ahead of the game on some matters but was behind on implementing Single Status which was overdue and the Council should push for a settlement date. The AD acknowledged it had taken time but the fact that it had not been settled yet meant that when Single Status was finally implemented, as a new scheme, it would be better modelled for the future direction of the Council; it would not have made sense to implement sooner when it was not right for the organisation and would have created turbulence and cost significantly more.
- Mr Williams and Cllr Wright asked about liability for backdated claims and the '6 year' rule. The MD clarified that firstly, the composition of the workforce was different – Telford & Wrekin did not employ large numbers of employees in the roles where the claims had been brought in other authorities – and secondly, many of the jobs that had existed 3-5 years ago no longer exist.
- Cllr Evans asked for the officers' view on the amount that could comfortably be withdrawn from the implementation pot. The AD replied that the full financial impact of implementation would be modelled on the new structure and salaries but early modelling showed that a reduction of £100k was prudent. Cllr Evans asked if there was scope to reduce the pot by more and the MD replied that doing so may create risks elsewhere and because they were sufficiently close to implementation it was considered better to have too much in the pot and divert the surplus into frontline services than to have too little and need to take money from elsewhere.

4. Geographical impact of savings proposals

The Committee had asked if a geographical assessment of the cumulative impact of savings proposals had been carried out to identify areas which could be more adversely affected.

The MD said that a geographical impact assessment had not been carried out but the savings which would impact most on service users had been planned for 2017/18 to allow time for further detailed conversations with Town and Parish Councils, voluntary organisations etc. about the future of the services. It was only when these discussions had been concluded could an assessment be made of the impact, especially if alternative or similar local arrangements were agreed which would minimise impacts. The aim was to join up the conversations and to consider the impacts more fully. There was time in hand to do this before decisions were made.

When the MD had responded to all the points raised, members commented further:

- The Chair said she had been reassured by what she had heard from the MD about the SMT structure and that she supported the proposal on the basis that there would be no further reductions which would take the organisation to a

tipping point. The MD assured her that he could not see any further reductions coming forward in the foreseeable future.

- Cllr Bentley questioned why vacancies were not advertised externally when people from outside could bring in experience and good business practice. The MD replied that the policy was first to look for talent internally and if an appointment could not be made then to advertise externally. The strength of the approach was to develop talent and enable staff to progress which was positive and avoided redundancies. There was a time for new blood, but in terms of transformation the workforce had showed a lot of creativity and fresh thinking and Telford & Wrekin did not feel like a stale organisation. In the West Midlands, Telford & Wrekin was favourably regarded for its transformation. There were risks with external recruitment and the Policy was always to start by asking if there is an appointable internal candidate. Cllr Wright asked if there was not a legal requirement to advertise externally and the Chair said it was legal to advertise internally and was a practice used by her employer.

There were no further questions or comments and the MD and AD left the meeting.

FESC-21 SCRUTINY RESPONSE TO BUDGET PROPOSALS

The Chair introduced the next item. Members had been provided with packs including minutes of previous meetings and copies of the reports and presentations provided to the Committee during the budget scrutiny. The Chair suggested, and it was agreed, that:

- The Committee would consider the administration and alternative budgets separately as it was not about comparing budgets but scrutinising each set of proposals in their own right
- That discussions about the adult care budget would be held at the end of each item so that Cllr Evans could declare an interest and leave the room for that part of the meeting
- That Cllr Wright would not take part in formulating the response to the alternative budget.

a. To agree the response to Service & Financial Planning Strategy 2016/17 – 2018/19 (the Administration’s Draft Budget Proposals)

The Chair referred Members to the summary of issues raised during the budget scrutiny and asked for views on each item. The following points were discussed:

1. Library closures

The Chair observed that the Committee had received information about consultation on the affected libraries and data on usage including of the mobile library. The data showed that there were some stops on the mobile library route where there were no customers and this should be considered. The Chair’s view was that she did not want the libraries to close but liked the fact that they were looking to take the savings in the second year. She supported the consultation and said she knew that conversations were happening and felt that the cuts were being dealt with in the best way possible.

Cllr Sloan said the Committee had been supplied with good information about costs and usage. He was aware of discussions with Town and Parish Councils, some more productive than others, and it remained to be seen where they would lead. He stood by his previous comments that if some or all of the libraries could be saved then the £80k saving from the book fund did not stand up unless the libraries had fewer books. He questioned the saving.

Cllr Sloan said he was not convinced on the strategy for the mobile library. He agreed with Cllr Wright who had raised a point about the bubble payment at the end of the vehicle lease and felt the service could be shooting itself in the foot by selling the vehicle, when there was only a small amount left to pay, and without knowing which libraries would survive. He said the mobile library should be kept with a view to using it to fill gaps left in the library service and to support rural areas. The existing route for the mobile library was not right if it was stopping at places where there were no customers, but if there was no library in, for example Dawley, then it could be used to fill the gaps and it did not make sense to sell it when it was almost paid for.

Cllr Smith said that with an ageing population as people get less mobile and if any bus services disappear the Council ought to explore whether the mobile library could be used to support older people or to play a different role than just a book lending service. He was pleased that the changes would take over 12 months to come into force and the options needed to be looked at properly. He felt that children need to get away from screens and read books which fire the imagination and he noted that the mobile library already stopped at some nurseries.

Mr Williams expressed a concern about the methodology for recording library usage and that decisions could be based on data that was not scientific. For example the same people could be borrowing books and using the computers. The Chair commented that from the information provided, the data recorded people borrowing books and using IT but people who just come in for a warm may were not always be counted. She agreed she would like to see the use of the mobile library considered. Mr Williams said again that he would like to make sure that the library decisions are based on scientific data – for example he knew people who use reference books but they do not borrow and so may not be counted as a user. Cllrs Evans and Sloan felt that the data was a snap shot of any day and that it was fairly accurate and was not likely to change much if the other users could be captured in the data. Mr Williams said some people, including students, use the reference books for hours but may not be counted as users and their needs should be considered.

The Chair agreed that use of the mobile library should be explored, for example looking at whether it could provide a book lending service to other nurseries or care homes, or if it could be used as a mobile First Point.

Ms Mason-Morris said that people want the Town and Parish Councils or voluntary organisations to step forward to take over the running of the libraries and she was also concerned about the proposed cut to the book fund. She appreciated that savings need to be made but it did not stand up to cut the book fund when organisations taking over the libraries need new books. She also said that there

must be a mechanism for allocating the book fund going forward so that it is fair and the best books do not go to those who shout the loudest.

Cllr Sloan remarked that Wellington library is in a joint-use building and usage seems to increase where people visit a building for more than one purpose. It is more difficult to sustain a library as a standalone service and joint use of a building may mean the library could be kept open for longer hours. The Chair agreed that there was a need to look at joint services.

2. Public health

Cllr Evans said she thought the approach was coherent and that the proposals seemed well thought through. Cllr Wright agreed that they were coherent and this was agreed by other members.

The Chair asked if Members wanted to include the suggestions put forward by Cllr Dugmore during the discussion on Public Health in the Committee's response, which was agreed.

3. School transport policy

The Chair said that she had been reassured by the information provided at the meeting that only a small number of children would be affected by changes to the policy. Cllr Sloan agreed that he had been reassured and felt that the wording of the proposal in the budget report could have been clearer because it made it sound as if there would be a big impact.

Mr Williams said he had understood from the discussion that the cost of transporting children to the faith school would reduce over time as the cohort of young people who had transferred from BRJ leave, but he said there would still be a cost if the subsidy continued for other young people entering the school. He said there did not seem to be the same commitment to subsidise transport for other children and was concerned that children living over three miles from the faith school would have to pay. Cllr Bentley pointed out that children (8-16) would not pay if they lived over 3 miles from the nearest suitable school. Cllr Wright pointed out that the denominational subsidy was one of the discretionary elements in the Policy that would be examined.

Cllr Evans said she had been assured by information that the projected savings were based on work that was already happening and that they were looking at how things could be done differently to save money.

The Chair said in the light of the evidence presented she thought this was a good proposal and members agreed.

4. Children's services

The Chair noted that other than the schools transport policy, the questions about the proposed changes to children's services, including issues arising from the review of CSE, had come from the Children & Young People Scrutiny Committee who had

received a copy of the responses. Members had no further comments and agreed that the Children & Young People Scrutiny Committee would consider the information and respond in the CSE report.

5. LED street lighting

The Chair reminded members of the Assistant Director's presentation about LED lights and the committee had also had a copy of the Invest to Save business case.

Mr Williams said the lights in his areas were half and half old and new LED and he had raised some concerns about the diffusion of light from the LED street lights. The Chair said that the Assistant Director had told the committee that the lamp heads could be adjusted. Cllr Smith said that new LED lights in his area had been too bright but they had been adjusted and were good. He also said that it had been shown there was a good saving from LED. Cllr Wright remarked that now seemed to be the ideal time to replace street lights with LED if the existing concrete columns were decaying.

The Chair asked if members were happy that their concerns had been addressed and members agreed they had.

6. Reactive highways maintenance

The committee had received a written report. Cllr Smith said he would be interested to hear how Telford & Wrekin would be working with other authorities in the West Midlands as authorities do things differently. In his experience Telford & Wrekin was good at responding quickly to road repairs and he said that this should come back to scrutiny to monitor the impact of the changes.

7. Borough markets

The Chair said she was pleased that the savings on the borough markets were planned for the second year of the budget strategy to give time to talk to Town and Parish Councils about the cuts. Conversations had already started and she hoped it would be possible for the borough markets to keep going.

Cllr Smith said it was important to distinguish between the main market and the farmer's market in Newport. The Chair said she hoped the markets would remain and that funds were available to help Town and Parish Councils take over.

Cllr Sloan made the point that the Kings Head pub in Hadley was hoping to put tables and chairs outside in the area occupied by the market which would mean the market would have to go or be relocated. The Chair questioned whether the borough markets provide such a vital service as other services earmarked for cuts and Cllr Sloan said that representations from other parties were needed.

8. Printing

The committee agreed that the default for printing documents should be black and white but had been reassured that there would still be facility to print planning or similar documents in colour.

9. SMT restructure

There were no specific comments and members agreed their concerns had been addressed by the MD for the time being.

10. Changes to staff terms and conditions

The Chair accepted that it was right for staff to be briefed on changes to terms and conditions before members. She was pleased to hear there was positive working with the trade unions. The changes to staff terms and conditions could come back to the committee at a later date.

11. Single Status implementation budget

The Chair said she felt that she now understood the issues more.

Cllr Evans remarked on how the restructure had been used to re-evaluate jobs.

Cllr Sloan informed members that Single Status implementation was on the strategic risk register and was kept under review by Audit Committee. Concrete proposals would go to Cabinet. He agreed that the pace had been lacking but it seemed to be picking up.

There was general agreement that Single Status should be settled as soon as possible.

12. Approach to restructuring

There were no specific comments and members agreed their concerns had been addressed by the MD.

13. Cumulative impact of savings proposals

Cllr Sloan said he was concerned about the cumulative impact of the savings proposals and that some areas could be more affected by cuts to services than others. Donnington was an example. The Chair agreed that the library in Donnington was in a different building to the community centre and Lifelong Learning centre which was a real hub and did a lot of the community. Cllr Evans agreed that it would make sense to put the library in the Lifelong Learning centre. Cllr Smith said more use could be made of the building. Mr Williams and the Chair also noted that the Parish Council owned Turreff Hall where the library was located but the Council ran the library and the Fairshare trust also runs a service out of the building.

Cllr Sloan said a geographical assessment of the cumulative impact of the cuts was needed in each locality and that this should be a recommendation of the committee. Cllr Evans agreed that some areas could be affected by more than one saving

proposal and the Council needed to facilitate a process in areas hardest hit to ensure there was a coherent approach to bring services together. The Chair added that there were also a lot of volunteers helping to provide services including in the Lifelong Learning Centre in Donnington.

Cllr Bentley said it was a concern and that there should be a holistic approach and there was a need to break down the mentality of considering services in isolation.

Cllr Sloan said there were success stories, for example Brookside, where services and partners were working together but with some of the savings proposals there was a danger that the approach would be that libraries do their bit and community centres do their bit without being joined up. Cllr Bentley agreed that the proposals seemed to give out the message 'that's it' but they should make sure that the approach fits the area and one size does not fit all. The Chair agreed there was a need to work on a case by case basis.

Cllr Bentley said a holistic approach would help to identify if savings should be made in some areas in order to protect services in other areas.

14. Increased income from burials

Cllr Evans said her concern with the increased burial fee was the issue of affordability but she had been assured that there would still be a low cost option and burials in Telford and Wrekin were still cheaper than in other authorities.

Ms Mason Morris had raised a concern about the inadequacy of the Equalities Impact Assessment as she felt there were clear implications for some groups such as older or disabled people. The committee had been assured that the EIA would be revisited for the final budget proposals.

15. Debt / interest profile

Mr Williams said he had wanted a profile of debt interest charges over the longer term because he was concerned about the amount and trend in the cost of debt. The graph which had been provided had not answered his question as it showed the maturity date of loans and the amount of the loan but he could not see from this how much interest would be paid each year. Cllr Sloan said that this had been explored at Audit Committee. He and other members said that it would not be possible to show on a graph how much interest would be paid because it would depend on interest rates. Much of the debt was low interest short term borrowing and there would be rescheduling of debt. It would only be possible to provide figures if all borrowings were on fixed rates. Mr Williams accepted that interest rates vary but he failed to see why it was not possible to provide information in a way that was easy to understand about the predicted cost of borrowing when they would surely have this information.

16. Transport to Age UK day centres

Cllr Evans had emailed the Chair before the meeting to ask if the proposal to move transport to Age UK day centres to a cost recovery model could be discussed by scrutiny because she was concerned that some people may not be able to afford the increase. The Chair had requested a response from the Director of Children's and Adult Services which she read to the committee:

'I can confirm that the transport has not been removed, officers have though been asked to work with Age UK to establish whether an alternative approach can be found that recognises the preventative nature of the work undertaken by these centres, whilst eliminating the subsidy that the Council currently makes to this service. These discussions will examine a range of options including the use of volunteers to transport people to and from day centres (something similar already exists in Shropshire), examining whether or not we can use our new operating model to find an alternative offer within a person's community (this would reduce the need for long bus journeys for some), establishing whether clients would be prepared to pay an increased charge.'

Cllr Sloan said he would argue that the savings should be deferred to 2017/18 to allow time for work to be done with Age UK and partners and service users to ensure that there were alternative solutions in place. Members agreed that there needed to be time for discussions to happen and concurred with the suggestion to defer the saving until 2017/18.

17. Budget consultation

The Chair had requested an interim report on the response to the budget consultation. A report was tabled showing the programme of events and activities and the number of people who had attended consultation sessions. As of the end of 2 February there had been 2,124 responses to the budget consultation for all methods of consultation. The consultation would close on 7 February.

- Cllr Evans remarked that from what she could remember the number of responses was higher than it had been last year.
- The Chair said this could be because the budget this year included proposals to cut services.
- Cllr Bentley said he had been saturated with consultation reminders including to his business.
- Cllr Smith said the higher response could also be because the consultation had built on the success of last year. There seemed to be more road show events this year.
- Cllr Wright asked how many responses there had been last year and other members said it was over a thousand but they did not have the exact number.
- The Chair said the online consultation makes a difference.
- Cllr Sloan observed that it was good to have taken the road show out to where people go, such as the supermarkets and other places where people go about their business. He thought the number of people attending the session with the Senior Citizen's Forum seemed lower than in the past.
- A member remarked that the weather had not been good which made the numbers even better.

- Cllr Evans said she had attended one of the consultation meetings and the presentation of information had been good, clear and easy to understand and there seemed to be a greater sense of consultation than before.
- The Chair said the videos on social media were good and there had been lots of hits.
- The Chair noted that the report did not include people attending Town and Parish Council meetings so the number of responses reported would be on the conservative side.

18. Adult Social Care

Cllr Evans who had declared an interest in the adult care budget left the room.

The Chair recapped on the information that the committee had received on the new model and the move away from providing a managed service to a Direct Payments model.

Cllr Sloan said the model had already been presented to the Health & Adult Care Scrutiny Committee. He remarked that it would be a journey and that the Health & Adult Care Scrutiny Committee would continue to monitor implementation and the delivery of savings.

The Chair observed that funding adult care was a national problem and one that does not go away.

Cllr Sloan welcomed the political consensus on supporting the increase in the adult care budget and the imposition of the adult care precept.

The Chair agreed but added that it should be made clear to the public that the 2% increase in Council Tax is ring fenced to fund adult care and that the amount raised will not cover the deficit in funding.

Cllr Evans was called back into the meeting.

19. Other remarks

Cllr Sloan observed that it was a fair but difficult budget and it was a worry where to go next.

Cllr Evans said she would like to compliment officers in terms of the creative approach and innovation. There was a lot of innovating which reflected the MD's comments about people lower down the organisation being involved and making decisions.

Cllr Sloan supported the approach of giving the public and councillors two years to have conversations about the future of services and to have real scrutiny of the proposals. There would be time for this committee and other Scrutiny Committees to look at things in more detail.

b. To agree the response to the Alternative Budget Proposals from the Main Opposition

The Chair reminded members that further information had been requested on the level of debt and loss if income from the sale of commercial assets.

The Chair opened the discussion with some of her views:

- She agreed with the support for the increase in the adult care budget and the imposition of the 2% Council Tax increase for the adult care precept.
- On the issue of debt, it was difficult to comment without accurate figures which could not be predicted because of interest rate changes. She had been reassured that borrowing decisions comply with the council's rules of borrowing and that decisions are taken to Cabinet.
- Regarding the sale of commercial assets she could understand the short term gain of using the capital receipt to plug funding gaps, but over time there would be a loss of on-going income and she could not see how the funding gaps would be plugged going forward – there may be a short term gain but it would have a long-term impact on the budget.

Cllr Evans said she felt the alternative budget was a damper on enterprise and showed a lack of business innovation when there was a need to look at new ideas for generating income.

Cllr Bentley said the alternative budget was saying that there is a need to generate income but the proposals were about marketing business areas where the Council has proven expertise and the risks are low. He said the Council did not have expertise in the housing market any longer and although the solar farm was generating income now, in the long term there were risks with potential changes in legislation and feed-in tariffs. If solar farms were a successful model, the major industry players would be building them and this was not happening. He felt the solar farm represented a considerable risk and there would also be costs at the end of the project to decommission the equipment and for land reclamation and disposal.

The Chair replied that the Council had a 25 year agreement with the government and the solar farm had generated over £180k in the last year. The Nu Place development was on land that no one had wanted. Cllr Bentley said it would have been better if the solar farm had been built with the ability to supply energy directly to local houses and businesses but instead the energy is fed into the grid and there are no savings to local customers from cheaper energy. The Chair pointed out that the income from the solar farm was used to fund care packages.

Cllr Sloan commented that it was unlikely that the committee would reach a consensus on this specific point but what could be agreed was that the alternative budget, and the administration's budget, both recognised the need for the Council to generate revenue and become more self-reliant. He supported the principle of looking at alternative income schemes and felt that Cllr Lawrence had done a good job in articulating the risks around the commercial projects but if the Council did not have the income from the commercial projects it would need to be found elsewhere and he was not convinced there was a market for the ideas put forward in the

alternative budget. Cllr Evans agreed there was no evidence in the report of a market for the Council's services.

Cllr Sloan said he accepted Cllr Lawrence's comment that a future government could change legislation in a way that would impact on income from the commercial projects, but this could be said at any time of any project and decisions can only be made on the basis of what is known and market predictions. The income numbers may not be massive but they are a contribution. The Nu Place development would also generate income from the New Homes Bonus. The Audit Committee considers reports on the commercial projects as part of the governance arrangements.

Cllr Bentley said the selling point for energy from the solar farm was the same as the selling point to individuals and he had not seen any evidence of savings for local people.

Cllr Smith said the income from the solar farm was not to be sniffed at and there must be money in solar because other counties had invested in solar for the income.

Mr Williams asked if there was a fixed contract for energy generated by the solar farm and the Chair explained that there was a 25 year agreement with the government. Mr Williams asked if this meant the income could be predicted over 25 years and the Chair said it did and that due diligence had been carried out on the agreement. Mr Williams asked if that meant the Council could be confident in its predictions over 25 years and Cllr Sloan said the solar farm project had been through a number of reports to Cabinet and Audit Committee to consider the financial implications and risks and give it scrutiny.

Cllr Sloan referred to the comments of the CFO about the loss of income from the sale of Nu Place homes. Cllr Bentley said he felt that the expertise was not there.

The Chair said the investment had been agreed by Full Council and that Nu Place would bring in good rental income - disposing of the Nu Place development meant there was no longevity of income in the alternative budget. With regard to the proposals to generate income by marketing core activities, her view was that the organisations who would be targeted – failing local authorities – had no money and the market was already saturated by other providers. Cllr Evans added that there were already a number of external organisations already in the market.

Moving to Single Status, the Chair said she agreed that there should be a push to speedy resolution but on the advice presented by officers there was not capacity to withdraw a £1m lump sum from the implementation budget. Cllr Sloan informed Members that there had been a full presentation to the Audit Committee which had agreed that it was too risky to take out more than the £100k proposed by the administration at this point. He said the main opposition group may be right in the long term that there would be significant residual money once Single Status was settled but it was too risky to withdraw more now. The Chair agreed that it was better to reinvest any surplus once the final cost of settlement was known.

Cllr Evans observed that there were a lot of similarities between the administration and alternative budgets. The biggest difference was the approach to borrowing but nonetheless it could be conceded that there were a lot of similarities.

Cllr Sloan noted that the alternative budget proposed to reverse the proposals to close Madeley and Newport libraries but he would rather see a holistic library service. Cllrs Eade and Lawrence had suggested that scrutiny should look at different models for running libraries around the country and in particular recommended looking at the Public Service Model in Devon. Cllr Sloan said the difficulty was that they had not put forward any details about the model for the committee to consider. Funding for libraries was an issue up and down the country. Cllr Sloan quoted figures which showed the number of libraries had declined from 4,482 in 2009/10 to 3,917 today with a further 178 under threat. He had done some initial research into the Devon model and found that there were 50 libraries in the model which was very different from Telford and Wrekin. Cllr Bentley said he felt that there were income streams that could be generated from the libraries but there was nervousness about public reaction.

Mr Williams said he supported the proposal in the alternative budget to invest an additional £100k in Rights of Way. He could not understand why money was invested in gyms and not in Rights of Way which could be used by people to exercise for free. Cllr Smith said you couldn't compare rights of way and gyms because there was no income stream from rights of way. He said the costs of running a gym, staffing etc. is paid for by membership and fees but the rights of way do not generate income and the Council had to keep pouring money into them. He felt the way forward was to talk to Town and Parish Councils about how they could be maintained. Some of the footpaths did not have rights of way and a Definitive Map was needed. Mr Williams said a Definitive Map had been lacking in Telford and Wrekin for years and it was vital that the footpaths are maintained. The Chair said that only a select few people use the rights of way and gyms are more accessible because anyone can use a gym at any time and people can access them before or after work.

Cllr Bentley agreed with Mr Williams about the rights of way but he said it was not about the money but about support for officers. If efforts were channelled together there would be better value for money - officers need to be supported and not criticised when they can't do something.

Cllr Sloan said parts of the organisation could not afford to provide a 'rolls royce' service and Rights of Way may be one of those areas. The proposal in the administration's budget (no. 17) was to generate £15k income by charging Public Rights of Way Legal Order fees upfront to cover costs. This would affect developers but not members of the public and for this reason he supported the proposal, and other members agreed. Cllr Bentley said this had been needed for a long time but there seemed to have been some nervousness about irresponsible landlords who close rights of way. Mr Williams said he had not been suggesting there should be a 'rolls royce' service but that there should be a basic investment and a Definitive Map would be a good starting point. The Chair said the Council did not have the money for it and Mr Williams said there have been 20 years to try to do something.

The Chair said that the Committee had already supported the administration's proposals regarding the adult care budget and as the alternative budget supported the same proposals there was no need for further discussion and Cllr Evans did not need to leave the room.

When there were no further comments, the Chair confirmed the timetable for the budget going to Cabinet and Council. The Scrutiny Officer would circulate draft responses based on the discussion at the meeting for members to comment and agree.

The meeting ended at 8.15pm.

Chairman:

Date: