

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 13 February 2013

Present: Councillor M Hankey(in the Chair);
Councillors D Cassidy; S Carter; A J Cummings; M James;
S Haroon; P Heneghan; L Fitzwalter; D O'Hanlon; and M
Wiseman

Public in attendance: 5 members of the public were present at the
meeting.

Also in attendance: Councillor Connolly– Leader of the Council

Apologies for absence: Councillor I Bevan and Councillor A K Matthews

OSC.744 DECLARATIONS OF INTEREST

Councillor Wiseman declared a personal interest in Minute OSC.747 below, Revenue Budget/Capital Programme as she works for an organisation in receipt of funding for day care provision.

Councillor Wiseman declared a further personal interest in Minute OSC.748, Housing Revenue Account as a Board Member of Six Town Housing.

Councillor O'Hanlon declared a personal interest in Minute OSC.747 below, Revenue Budget/Capital Programme as a Member of Prestwich Forest Park and the Prestwich Clough Day Society.

Councillor James declared a personal interest in Minute OSC.747 below, Revenue Budget/Capital Programme as a Member of the Prestwich Clough Day Society.

Councillor Connolly declared a personal interest in all budgetary items on the agenda as his partner is employed by Adult Care Services.

OSC.745 PUBLIC QUESTION TIME

Ms Schrecker claimed that Appendix 5 of the consultation report did not include all suggestions in respect of the Ranger Service and questioned the methods used to analyse suggestions. Ms Schrecker further requested that decisions on the ranger service be deferred to allow for consultants to be engaged to examine potential options for the service.

Mr Trueblood sought assurances that the Committee were content with how consultation responses had been analysed and highlighted that the report referred to the need for Members to give conscientious consideration to the "product" of consultation when making a decision.

In response to the questions set out above, the Leader of the Council confirmed that all suggestions made during the consultation process had been considered and analysed and referred to a written response provided to Ms Schrecker.

With regard to how the outcome of the consultation process was considered by Members it was highlighted that this was a relevant, but not sole, consideration. Councillor James stated that outcomes from the consultation had to be considered having regard for the Council Budget as a whole and all budget pressures.

In response to a request from Councillor O'Hanlon, an undertaking was given to provide the Committee with information relating to the methodology used to analyse the results from the consultation.

OSC.746 MINUTES OF THE MEETING HELD ON 15 JANUARY 2013

It was agreed:

That the Minutes of the meeting of the Overview and Scrutiny Committee, held on 15 January 2013, be approved as a correct record and signed by the Chair.

OSC.747 DRAFT BUDGET 2013/14 TO 2014/15

The Leader of the Council presented a report from the Cabinet Member for Finance and Resources setting out details of the Capital Programme for 2013/14 to 2015/16 and the Revenue Budget for 2013/14 to 2014/15. The report also included details of the Council's strategy for tackling the range of challenges and opportunities it faces through the Plan for Change. A draft programme of savings and consultation report were appended to the report.

The report recommended that the Capital Programme be limited to those schemes fully funded from external sources.

With regard to the revenue budget the report outlined details of:

- The final Local Government Finance Settlement for 2013/14
- Changes to the system of Local Government Finance
- Forecast outturn for 2012/13
- The budget strategy for 2013/14 and 2014/15 and the approach to balancing the budget as set out in the Plan for Change.

It was explained that the report had been prepared on the basis that the Bury element of the Council Tax would be frozen for 2013/14, to be funded in part by £0.645m of Central Government grant equivalent to a 1% rise.

Questions and comments were invited from Members of the Committee and the following issues were raised:

- The Chair, Councillor Hankey, thanked officers for the quality and clarity of the financial reports.
- In response to a question concerning the potential for interest rates to rise during the life of capital projects, the Assistant Director of Resources (Finance and Efficiency) explained that business cases were based on internal pool rates and most projects would be undertaken on a fixed rate basis, or by running down low yield investments.

- With regard to the illustrative forecast of a 3.5% Council Tax rise within the draft 2014/15 budget, the Executive Director of Resources explained that this was in line with previous assumptions made under the Medium Term Financial Strategy and the Plan for Change.
- In response to a question relating to internal efficiencies, the Assistant Director of Resources (Finance and Efficiency) confirmed the robustness of the savings from discretionary budgets that were able to be top sliced.
- In response to a question from Councillor James, the Executive Director of Resources confirmed that as result of the "floor" mechanism Bury would lose £1.614m in 2013/14, which would be used to support other Authorities.
- The Leader of the Council highlighted that Bury continued to be disadvantaged by the funding formula and referred to the Fair Deal for Bury campaign. The Leader confirmed that further savings of £4.4m could be required for 2014/15.
- Councillor O'Hanlon stressed the need to increase business land within the Borough. The Leader acknowledged the importance of releasing sites for employment and also the requirement to balance the need to meet housing targets and protect open land.
- In response to claims that particular areas benefitted disproportionately from grant funding, the Leader highlighted that Equality Impact Assessments were carried out in all cases.
- With regard to the potential for shared services with other authorities, the Leader explained that the Council was always looking at more efficient ways of working and referred to the low unit costs of Bury.
- In response to a question concerning section 106 monies, the Assistant Director of Resources (Finance and Efficiency) stressed that there was no suggestion that the revenue budget be funded from section 106 reserves.
- The Executive Director of Resources confirmed that inflationary rises were only accounted for in areas where there was a contractual commitment.
- Councillor Heneghan expressed concerns in relation to the potential significant cuts arising as a result of the rolling in of former specific grants.
- In response to a question from Councillor Carter in respect of Business rates, the Executive Director of Resources confirmed that the Council was liable for potential losses on appeals dating back as far as 2005. It was reported that £600K had been set aside to mitigate against the effect of these potential losses.
- With regard to the assumption relating to the need for an extra 4.4m of savings in 2014/15, the Assistant Director of Resources (Finance and Efficiency) stated that all assumptions are reviewed and monitored on an ongoing basis to take account of any changes in circumstances.

- The Assistant Director of Resources (Finance and Efficiency) outlined the issues taken into account, including probability ratios, in arriving at a minimum balance requirement for 2013/14 of £4.4m (rounded).

It was agreed:

That the report be noted

OSC.748 HOUSING REVENUE ACCOUNT 2013/14

A joint report of the Cabinet Member for Finance and Resources and Cabinet Member for Neighbourhoods and Regeneration was submitted which detailed the proposed Housing Revenue Account (HRA) for 2013/2014 and which explained that the Government's rent policy and convergence timetable would lead to an average rent increase for Dwellings and Garages of 5.0%.

As a result of the introduction of rent restructuring, individual property rents were now set according to their valuation, size and relative local earnings resulting in a range of rent increases/decreases throughout the Borough. These were detailed in the report. The report also considered amended charges for Sheltered Support, Amenities and Heating and Furnished Tenancy charges

Questions and comments were invited from Members of the Committee and the following issues were raised:

- Councillor Haroon enquired about any plans to fund new housing stock. It was explained that the Housing Strategy would inform how £3.9m of Headroom reserves would be spent.
- With regard to the introduction of the new Universal credit, the Leader outlined the potential risks associated with claimants receiving payments 4 weekly in arrears on the basis of a 52 week year. It was reported that as Bury currently collects on a 50 week basis a review would take place in 2013/14 with customers and stakeholders.
- Concerns were raised over potential increases in rent arrears as a result of the benefit reforms. The Executive Director of Resources reported on the measures in place to collect arrears and explained that bad debt provision had been increased by £608,100 to mitigate against the effect of changes to the benefit system and uncollectable debts.

It was agreed:

That the report be noted.

ISC.749 TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2013/2014

The Cabinet Member for Finance and Resources submitted a report setting out the suggested Strategy for 2013/2014 in respect of the following aspects of the Treasury Management Function:-

- Treasury limits in force which will limit the Treasury risk and activities of the Council
- Prudential and Treasury Indicators

- The current treasury position
- The borrowing requirement
- Prospects for interest rates
- The borrowing strategy
- Debt re-scheduling
- The investment strategy
- The minimum Revenue Provision Policy

The primary objective of the Council's Treasury Management Function would continue to be the minimisation of financing costs whilst ensuring the stability of the Authority's long-term financial position by borrowing at the lowest rates of interest and by investing surplus cash to earn maximum interest, all at an acceptable level of risk.

The overall strategy for 2013/14 would be to finance capital expenditure by running down cash/investment balances and using short term temporary borrowing rather than more expensive longer term loans.

During discussion of this item, the Chair, Councillor Hankey, congratulated the Treasury Management Team for their good performance managing the investments of the Council.

It was agreed:

That the report be noted.

OSC.750 CORPORATE FINANCIAL MONITORING REPORT – APRIL 2012 TO DECEMBER 2012

The Cabinet Member for Finance and Resources submitted a report informing Cabinet of the Council's financial position for the period April to December 2012 and projects the likely outturn at the end of 2012/13.

The report included Prudential Indicators in accordance with CIPFA's Prudential Code.

During discussion of this item Members of the Committee sought assurances that staff vacancies in Children's Services did not jeopardise care and services to vulnerable children. The Leader of the Council highlighted that assurances were continually sought through the ongoing and regular Star Chamber and individual Portfolio meetings.

With regard to the decline in Right to Buy Sales it was reported that the availability of mortgages had contributed to the reduced number of sales.

In respect of budget pressures, the work being undertaken by Adult Care Services (e.g. Elmhurst and Reablement) was outlined, as were initiatives in Children's

Services (e.g. promoting fostering and adoption). The Committee acknowledged economic conditions continued to affect income budgets.

It was agreed:

That the financial position of the Council as at 31 December 2012 be noted.

COUNCILLOR M HANKEY
Chair

(The meeting started at 7pm and ended at 9pm)