

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 12 February 2014

Present: Councillor M Hankey (in the Chair)
 Councillors S Carter, D Cassidy, A Cummings, J Daly,
 L Fitzwalter, P Heneghan, M James, S Nuttall, D O'Hanlon
 and T Tariq

Also in attendance: Councillor J Smith– Deputy Leader of the Council and
 Cabinet Member for Finance and Corporate Affairs

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence:

OSC.764 DECLARATIONS OF INTEREST

Councillor Heneghan, as a Deputy Cabinet Member, declared a personal and prejudicial interest in all budgetary matters relating to issues within the Children and Families portfolio.

Councillor Tariq, as a Deputy Cabinet Member, declared a personal and prejudicial interest in all budgetary matters relating to issues within the Communities and Community Safety portfolio.

Councillor Fitzwalter declared a personal interest in all housing matters relating to private tenancies, as a landlord of properties within the borough.

OSC.765 PUBLIC QUESTION TIME

There were no members of the public present at the meeting to ask questions under this item.

OSC.766 MINUTES

It was agreed:

That the Minutes of the meeting of the Overview and Scrutiny Committee, held on 14 January 2014, be approved as a correct record and signed by the Chair.

OSC.767 MATTERS ARISING

In respect of Minute OSC.673, Medium Term Financial Strategy, the Executive Director of Resources undertook to ensure Members received forecast figures with regard to the cost per household as a result of the budget cuts.

OSC.768 CORPORATE FINANCIAL MONITORING REPORT - MONT H 9

The Cabinet Member for Finance and Resources submitted a report informing Cabinet of the Council's financial position for the period April to December 2013 and projects the likely outturn at the end of 2013/14.

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

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

- The Chair, Councillor Hankey, placed on record thanks to the Council's Financial Team, Executive Directors and Portfolio Holders for their efforts in reducing the forecast overspend at month 9.
- In response to a question relating to Adult Care cost pressures, the Executive Director explained that a number of preventative strategies would take time to bed in, with the full benefits not being realised until future years. It was highlighted that although the cost per case had been reduced through improved procurement and the use of personal budgets, a rising demand and some existing expensive care packages still contributed to budget pressures in this area.
- In response to a question from Councillor Daly concerning non service specific areas, the Executive Director acknowledged that, without the forecast underspend in this area, the budget would, at month 9, be showing an increased overspend. The Assistant Director of Resources explained that it was important to consider the direction of travel in respect of the financial position and highlighted the work of Departments to manage down cost pressures during the course of the financial year.
- With regard to the positive contribution to the budget from the Council's Treasury Management activity, it was stressed that all Executive Directors were aware of the necessity to manage cost pressures and in no way be reliant on Treasury Management to balance departmental budgets.
- In response to a question concerning SEN transport, the Assistant Director of Resources confirmed that this was procured through an ongoing tendering process to ensure value for money.
- Councillor O'Hanlon expressed concerns in relation to under spending in Children's Services for the use of one off funding. The Executive Director referred to external grants being off-set against the departments existing level of resource and highlighted that in some cases external funding could contribute to existing workstreams. It was explained that there was some headroom within particular grants and that carrying funds forward was permitted in certain cases.
- In response to a question from Councillor O'Hanlon concerning severances, staff vacancies and sickness levels, the Assistant Director of Resources reported that there had been no drop in performance highlighted within the Council's Corporate Plan. With specific regard to sickness levels, the Assistant

Director referred to the role of the Audit Committee in monitoring this area and stated that there had been no discernible increase in levels of staff sickness.

- Councillor James enquired whether demand pressures would be built into next years budget? The Assistant Director of Resources referred to the Council's Medium Term Financial Strategy which sets out that demand pressures are not built into the budget. The Cabinet Member highlighted the role of Star Chambers in identifying demand pressures at an early stage.
- In response to concerns about the management of the Six Town Housing Capital Programme, the Assistant Director of Resources confirmed that fortnightly meetings were now taking place between himself and Six Town Housing to monitor the situation and try to ensure the programme will spend to budget.

It was agreed:

That the financial position of the Council as at 31 December 2013 be noted.

OSC.769 DRAFT REVENUE BUDGET 2014/15

The Deputy Leader and Cabinet Member for Finance and Corporate Affairs submitted a report setting out details of the Capital Programme for 2014/15 to 2016/17 and the Revenue Budget for 2014/15 to 2015/16. 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 3. A draft programme of savings and consultation responses 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 2014/15
- Forecast outturn for 2013/14
- The budget strategy for 2014/15 and 2015/16 and the approach to balancing the budget as set out in the Plan for Change 3.

It was explained that the report had been prepared on the basis that the Bury element of the Council Tax would be frozen for 2014/15, to be funded in part by £0.772m of Central Government grant.

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

- In response to a question from Councillor Cassidy, the Assistant Director of Resources explained the new approach with regard to the local retention of business rates. It was confirmed that due to the volatility of the issue of business rate appeals, provision had been built into the budget.

- Councillor Fitzwalter expressed concerns about the number of empty business properties and suggested the Council use its influence with the Millgate to encourage non traditional service type businesses to take up vacant premises.
- In response to questions from Councillor Daly, the Assistant Director confirmed that the cost of increments had been budgeted for in last years budget. With regard to assumptions for a 1% pay award it was reported that provision for this would come from within the £2.220m additional savings requirement.
- Councillor O'Hanlon suggested that wording within the conclusion of the report should reflect the accountability of each Executive Director to be responsible for the management of their individual departmental budget. The Assistant Director confirmed this was set out in the Council Constitution and associated Finance Procedure Rules
- Councillor O'Hanlon stressed the importance of ensuring that any savings proposals resulted in a parity of services being maintained across geographical boundaries within the borough.
- In response to a question from Councillor Daly, the Executive Director reported that he was not aware of any compulsory redundancies arising from the savings requirements set out in the report.

It was agreed:

That the report be noted.

OSC.770 HOUSING REVENUE ACCOUNT 2014/15

A joint report of the Cabinet Member for Finance and Corporate Affairs and Cabinet Member for Adult Care, Health and Housing was submitted which detailed the proposed Housing Revenue Account (HRA) for 2014/2015. The report set out proposals in respect of Dwelling and Garage rents, Sheltered Support, Management, Amenities, Heating and Furnished Tenancy charges. Proposed rent increases for Dwellings and Garages of 3.7% along with a 3.2% rise for Sheltered Amenity charges were outlined in the report.

During discussion of this item, Members of the Committee highlighted concerns in relation to the issue of Former Tenant Arrears (FTA). The Executive Director acknowledged difficulties in recovering these arrears and referred to the boundaries of the data protection legislation. Whilst being reluctant to write of these arrears, the Executive Director stressed the importance of focussing on current tenants to prevent an increase in FTA's in the future.

Councillor O'Hanlon stressed the importance of clearly highlighting what is and is not included within furniture packages that attract furnished tenancy charges. The Executive Director of Resources undertook to raise the issue with Six Town Housing and report back to Councillor O'Hanlon

It was agreed:

That the report be noted.

OSC.771 TREASURY MANAGEMENT STRATEGY 2014/15

The Deputy Leader and Cabinet Member for Finance and Corporate Affairs submitted a report setting out the suggested Strategy for 2014/2015 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
- Prospects for interest rates
- The borrowing strategy
- The borrowing requirement
- 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 2014/15 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.

It was agreed:

That the Treasury Management Team be congratulated for their good performance managing the investments of the Council.

COUNCILLOR M HANKEY

Chair

(Note: The meeting started at 7.00 pm and ended at 8.30 pm)