

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 10 July 2018

Present: Councillor M D'Albert (in the Chair)
Councillors N Bayley, R Caserta, M Hankey, J Harris,
M James, N Jones, K Leach and S Smith

Also in attendance:

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

Apologies for Absence:

OSC.68 DECLARATIONS OF INTEREST

Councillor Leach declared a personal interest in any item relating to the NHS as she is an NHS employee.

OSC.69 PUBLIC QUESTION TIME

There were no members of the public present at the meeting

OSC.70 MINUTES OF LAST MEETING

It was agreed:

That the Minutes of the last meeting held on 10 April 2018 be approved as a correct record and signed by the Chair.

OSC.71 REVENUE AND HOUSING REVENUE ACCOUNT OUTTURN REPORT 2017/2018

Steve Kenyon, Interim Executive Director of Resources and Regulation submitted a report from the Cabinet Member for Finance and Housing.

The report provided Members with the details of:

- The revenue outturn figures in respect of the last financial year (2017/2018).
- Major variances between the revised estimate and the outturn;
- The level of school balances;
- HRA outturn for the year;
- The minimum level of balances in the light of risk assessments

Those present were given the opportunity to make comments and ask questions and the following points were raised:-

- A Committee Member referred to the estimated £844,000 overspend and explained that although it was less than expected it was still quite a hefty sum.

Councillor O'Brien explained that the £844,000 as set out in the report was a lot better than was forecast at month 9 and was 0.6% of the net budget. It was explained that the Council would be self-reliant by 2020 but will still retain the £9m of demand pressures. It was explained that varied measures were in place year on year to reduce the deficit.

- Councillor Harris referred to the grants and one-off funding and asked what this was in relation to and whether it would be an annual income.

Steve Kenyon explained that this related to the Communities and Wellbeing Improved Better Care Fund. The fund was in place to the financial year 2019/2020 but beyond that it wasn't known.

- Councillor Hankey referred to non-specific services masking the overspend in demand led services and asked how long the Council could keep relying on Treasury Management.

Steve Kenyon explained that there was a breakdown in the table at 2.3 of the report that highlighted the significant demand pressures. The Council were borrowing at a fixed rate and economic trends were out of their control. The current investment yield was low but this due to the economy nationally.

- Councillor Caserta referred to Children's Services and how one case could cost the Council a huge amount. This was something that had been happening for as long as he could remember. Councillor Caserta asked what could be done to stop the cycle.

Councillor O'Brien explained that this work was part of the Transformation agenda to prevent as well as intervene. SEN cases had increased in numbers as well as complexity over the past few years. The Council had earmarked half a million pounds from the budget to protect children's centres in order for the prevent work to continue. It was also explained that Councillor Briggs would be presenting a report to Cabinet promoting Schools' stronger relationships with families. There was a lot of work being carried out across Greater Manchester and the Council were benefiting from this.

- Councillor James referred to social care and asked how the Council could achieve the savings required.

It was explained that the Council was working together with the CCG which would allow greater pooling of budgets, more streamlining and better service outcomes. It was also explained that the development of Persona allows for services to expand beyond the Council and be run in a more commercial way.

It should be noted that the CCG also had their own deficit to work with therefore the Council and the CCG were working together jointly to reduce demand.

- Councillor Nicholas Jones referred to the schools' budgets and asked why the deficit had increased so much.

It was explained that the bottom half of the table outlined the main pressures such as SEN packages. It was also explained that there had been a large cost implication in relation to the move from SEN to EHCPs.

- Councillor Smith referred to the large costs incurred when sending Bury Children out of borough to specialist teaching provision and asked whether this was a priority area.

Councillor O'Brien confirmed that this was a priority area.

It was agreed:

1. That the final outturn for 2017/18, and explanations for major variances (Appendix A, B and C) be noted;
2. That the recommendations of the Interim Executive Director of Resources & Regulation for the minimum level of balances in light of the review of the corporate risk assessments and departmental risk assessments (Section 4) be endorsed.

OSC.72 TREASURY MANAGEMENT ANNUAL REPORT

Steve Kenyon, Interim Executive Director of Resources and Regulation submitted a report from the Cabinet Member for Finance and Housing.

The report provided information on the Council's debt, borrowing, and investment activity for the financial year ending on 31st March 2018 in conformity with the CIPFA Code of Practice for Treasury Management. The successful management of the Council's borrowing and investments is central to the Council's financial strategy, both in the short term and in ensuring a balanced debt profile over the next 25 to 60 years.

The overall strategy for 2017/18 was to finance capital expenditure by running down cash/investment balances and using shorter term borrowing rather than more expensive long term loans. The taking out of longer term loans (1 to 10 years) to finance capital spending would only then be considered if required by the Council's underlying cash flow needs.

Debt decreased slightly during the year, £194,510 million at 31st March 2018 compared to £195,682 million at 31st March 2017. The average borrowing rate rose slightly from 3.95% to 3.96%. Investments at 31 March 2018 stood at £21,250 million, compared to £18,550 million the previous year. The average rate of return on investments was 0.24% in 2017/18 compared to 0.58% in 2016/17

Those present were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Nicholas Jones asked whether Councillor O'Brien and Steve Kenyon were happy with how the current investments that the Council had were performing.

Steve reported that the Council did take guidance from brokers in relation to investments and these brokers were taken from an approved list of institutions.

It was explained that it was recognised that returns were low at the current time but this was still more than the Council would receive if the money was in the bank.

- Councillor Smith referred to the investments and the fact that they were all low risk commercial properties and asked whether the Council would consider more medium risk investments.

It was explained that all investments had to be weighed up in relation to their return possibilities; if it was a low risk investment with a small return it was better than a medium risk investment with a return of not very much more.

- Councillor Bayley referred to the guidance received from brokers with relation to investments and asked how the arrangement worked.

Steve reported that the Council employed brokers who advised on a range of investment opportunities which could be day to day investments or longer term. The brokers were employed through a procurement contract and were taken from an approved list of institutions.

- Councillor Caserta referred to Section 106 money and stated that this could be used to fund affordable housing opportunities.

Councillor O'Brien explained that the Section 106 money had for many years been used to fund the empty property returns scheme which had proved very successful. There were a lot of factors that effects the use of 106 money as it often comes with a lot of strings attached.

- Councillor Nicholas Jones referred to the investment in relation to Plymouth City Council and asked what this was.

Steve explained that this had been a short term investment which had been carried out over 3 months.

It was agreed:

That in accordance with CIPFA's Code of Practice on Treasury Management, the report be noted.

OSC.73 CAPITAL OUTTURN REPORT 2017-18, 27/06/2018 CABINET

Steve Kenyon, Interim Executive Director of Resources and Regulation submitted a report from the Cabinet Member for Finance and Housing.

The report provided Members with details of:

- The capital outturn figures in respect of the last financial year 2017/18;
- Major variances between the Revised Estimate and the Outturn;

- The financing of the Capital Programme in 2017/18;
- Re-profile of budgets/allocations and slippage of funding into 2018/19;
- Details of the capital receipts realised during the year.

Those present were given the opportunity to ask questions and make comments and the following points were raised:

- Councillor Hankey referred to 3.5 of the report and asked what the £4000,00 asset spend related to.

It was explained that this was in relation to IT systems.

It was agreed:

1. That the final capital outturn for 2017/2018 and explanations for major variances be noted.
2. That the financing of the Capital Programme in 2017/18 be noted.
3. That the Committee consider and recommend for approval the re-profiled/slippage requests and associated funding into 2018/2019.
4. That the level of Capital Receipts realised in year and proposed use of the sites disposed of during the year be noted.

OSC.74 DEVELOPMENT OF A WORK PROGRAMME

Councillor D'Albert asked those present to discuss what work the Overview and Scrutiny Committee should undertake for the 2018/2019 Municipal Year.

The Committee was scheduled to meet on the following dates:

11 September 2018
22 November 2018
21 January 2019
13 February 2019
4 April 2019

It was also explained that the committee could Call-in decisions if they felt it necessary and establish working/sub groups to carry out detailed pieces of work.

During the discussion the following topics were suggested:-

- Review of the Council's Assets
- School Exclusions
- Special Education Needs
- GM Green Air Plan
- Devolution
- Fly tipping/Waste Management
- Highways maintenance programme

It had been agreed that the Safeguarding group would continue to meet.

It was agreed:

That the work programme of the Overview and Scrutiny Committee would include:-

- Review of Council Assets
- School Exclusions in the borough
- Special Educational Needs
- Highways maintenance update
- Environmental issues – Fly Tipping/Waste Management/Air Quality
- City of Trees update
- Devolution

There will also be reports received in relation to financial matters of the Council and updates from the Sub Group.

A forward plan will be produced in consultation with the Members which will set out the work of the Overview and Scrutiny Committee for the 2018/2019 Municipal Year.

COUNCILLOR M D'ALBERT
Chair

(Note: The meeting started at 7.00 pm and ended at 8.15 pm)