

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 6 February 2025

Present: Councillor D Vernon (in the Chair)
Councillors N Bayley, J Southworth, A Arif, R Bernstein,
C Birchmore, R Gold, G Marsden, E Moss and T Pilkington

Also in attendance: Councillor E O'Brien (Leader) Councillor M Smith (Leader Radcliffe First), Councillor Fitzgerald, Councillor Boles, Lynne Ridsdale (Chief Executive), Neil Kissock (Director of Finance), Jeanette Richards (Executive Director Children and Young People), Kate Waterhouse (Executive Director Strategy and Transformation), Paul Lakin (Executive Director Place), Will Blandamer (Executive Director Health and Adult Care), Neil Long (Assistant Director Operations) Jacqui Dennis (Monitoring Officer) Julie Gallagher (Head of Governance) Josh Ashworth (Democratic Services)

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

Apologies for Absence: Councillor D Green, Donna Ball (Executive Director Operations)

OSC.28 APOLOGIES

Apologies were received from see above

OSC.29 DECLARATIONS OF INTEREST

There were no declarations of interest.

OSC.30 PUBLIC QUESTION TIME

There were no public questions.

OSC.31 MEMBER QUESTION TIME

There were no Member questions.

OSC.32 MINUTES

That the minutes of the meeting held on 26th November 2024 be approved as a correct record and signed by the Chair.

OSC.33 THE COUNCIL'S 2025/26 REVENUE BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS) FOR 2026/27 THROUGH TO 2027/28

A report from Councillor Thorpe was submitted ahead of the meeting. However, due to apologies from Councillor Thorpe, the Leader, Councillor Eamon O'Brien, gave a brief overview of the reports.

Councillor Eamon O'Brien and Neil Kissock provided a comprehensive overview of the budget report, emphasizing the significant challenges and efforts involved in setting the budget within the context of global economic pressures and local government constraints. They acknowledged the hard work and dedication of the team in managing cost pressures and demand for services.

Councillor O'Brien began by addressing the initial budget gap, which has been significantly reduced through diligent efforts. However, he noted that a substantial gap remains over the medium-term financial strategy period. Closing this gap will require a thorough review of all budget lines, ensuring value for money, and delivering income and growth targets. He emphasized that this process is neither quick nor easy and will involve looking seriously at how reserves are utilized.

Neil Kissock discussed the strategic use of reserves in detail. He highlighted that reserves should be used as a last resort to cover shortfalls and unexpected challenges. He outlined how reserves have been used up until now and how they are planned to be used over the next few years. This approach is intended to provide confidence that the financial position is sound, although he acknowledged that there are risks associated with relying on reserves.

A significant portion of the report was dedicated to the proposed Council Tax increase of 5%. This increase is deemed necessary to fund vital services such as social care and special education needs, despite the disconnect between what residents pay and the services they receive. Councillor O'Brien advocated for a fairer funding model, highlighting that if the council were funded at the national average, it would have an additional £14 million. He noted that the current government settlement has been beneficial, but there is a need for better funding over the next three years.

Management actions and savings were another critical focus of the report. Councillor O'Brien outlined the importance of management actions and performance indicators in achieving savings. He highlighted the challenges of delivering savings in demand-driven areas such as housing, adult social care, and children's social care. Achieving these savings will require careful management and a focus on performance indicators.

The capital programme was discussed, with significant investments planned in highways and other infrastructure projects. Councillor O'Brien explained the rephrasing of budgets and the importance of ensuring that capital schemes are deliverable. He also addressed the strategic use of Section 106 funds for affordable housing and community projects, emphasizing the importance of utilizing these funds effectively to provide the most benefit to the community.

Councillor Vernon opened up for questions. Councillor Moss asked about the local government financial settlement and whether the final version had any significant differences from what was expected. Councillor O'Brien advised that the final LGFS was published on the 3rd of February. The changes are relatively small and primarily relate to a slightly higher level of grant being received for children and young people prevention and a lower than estimated amount of compensation for the direct cost to the council of the Employer's NI changes. This was followed by a question about a forecasted overspend in Q2 of the 24/25 budget. Councillor O'Brien advised that the Q3 update is being finalized and will be reported to the March Cabinet. The draft position does not suggest any worsening of the position reported at Q2.

Councillor Bernstein sought assurances as to whether the budget proposals presented to the committee would be the same proposals presented at the Council on 19 February. Assurances were given by Councillor O'Brien and Neil Kissock that the budget proposals would be the same as those being brought to full council.

Councillor Bernstein raised a question regarding the delivery of savings proposals that form part of the budget proposal. He sought reassurances from the Cabinet member on this matter. In response, Councillor O'Brien explained that strengthened financial governance has been implemented as part of the improvement plan. This includes the establishment of a monthly finance board chaired by the s151 officer, with senior representation from all service directorates. The board's role is to track progress against all approved savings plans and work to identify mitigations for any that are off-track. Councillor O'Brien acknowledged that given the significant size and scope of the savings proposals, it is unrealistic to expect 100% delivery. However, achieving 90-95% would reflect good performance. He also mentioned that updates on savings progress will be included in the quarterly finance reporting to Cabinet. Councillor Moss asked about the mention of Adult and Children Social Care in the budget report and whether Homelessness, which has added pressures and overspend this year, could be included as well. Councillor O'Brien responded affirmatively, acknowledging that homelessness is indeed another key financial pressure area affecting both the council and the sector generally.

Councillor Moss also questioned the three policy decisions mentioned in Appendix 1, Page 46, and Appendix 7. He noted that these policy decisions do not bring much in the way of savings, amounting to less than £¾ million over three years, and asked if they are worth it. Councillor O'Brien explained that from an officer perspective, it is important to reiterate that a structural funding gap remains. This gap would be larger if any of the policy decisions or other budget proposals are not approved or delivered, which would directly impact the higher and faster utilization of available reserves. He emphasized that the policy decisions cover areas identified by the government and CIPFA as necessary steps for councils to take before seeking extended financial support from the government.

Councillor Moss inquired about the capital receipts from the accelerated land disposal programme, as shown in Table 1 of Appendix 3, Pages 89-90. He asked if the modest forecasted capital receipts are all that is expected. Councillor O'Brien responded that the forecast is prudent, and the council will strive to over-deliver on it. However, he noted that a number of land and buildings likely to be coming forward will not be of particularly high value.

Councillor Birchmore asked for clarification on the highways spending for the 2024/25 budget. He noted that £5 million of the roads budget in 2023/24 was rephased into 2024/25, resulting in approximately £10 million being spent on roads in 2023/24. He observed that the budget for highways spending in 2024/25 was over £28 million, but the proposal is to rephase £6 million to 2025/26 and £10 million to 2026/27, which would mean around £11 million was spent on roads in 2024/25. Councillor Birchmore asked if his analysis was correct and if any of the £28 million given for highways in 2024/25 was ring-fenced for specific projects, thus not available for road repairs.

Councillor Birchmore also inquired about the 2025/26 budget for the Radcliffe Enterprise Centre, which is listed as £3 million in the table on page 94. He asked if this funding was from an external body and, if so, when the council expected to receive the funding. Additionally, he asked about the pricing of residents' parking permits, questioning why it is acceptable to use income from resident parking permits to generate additional income to support financial pressures. He also asked for the calculated cost of issuing a resident parking permit and how that cost is arrived at.

Councillor Gold inquired about the possibility of the recovery grant being extended to the 2026/27 financial year or if it is definitely non-recurring. Councillor O'Brien responded that the assumption is that the recovery grant will be recurrent. However, it is likely to be rolled into core funding as part of the promised multi-year settlement and the accompanying revised funding formula. Therefore, it is unlikely to appear as a specific grant going forward. Councillor Gold then asked for details on the structure of the new gateway process to performance monitor existing budget proposals and the development of new budget proposals.

Councillor O'Brien explained that responsibility for this process will sit under the new Finance Board, chaired by the s151 officer. The Finance Board will meet at least monthly, with a standing item being in-year financial performance, including progress on the delivery of agreed savings plans. Work is progressing on developing the workplan for the Board in the coming financial year, with a key priority for the spring and summer being the design and delivery of a zero-based budget review of all council services. This review aims to identify budget proposals for the 2026/27 financial year by the autumn.

There was a discussion on statutory responsibilities, led by Councillor O'Brien, Director of Finance. He emphasized the importance of the budget allocations and the necessity of providing monthly financial updates. The strategic finance board's role in identifying savings and budget proposals was highlighted. Councillor Vernon raised a concern about the resilience of the budget if the projected savings are not achieved. Neil Kissock reassured the committee that reserves would be used as a last resort to cover any shortfalls due to unexpected challenges. He also mentioned the need to drive for additional income and manage underspends effectively.

There were further discussions around the strategic finance board, which focused on the savings and budget proposals. Councillor Fitzgerald expressed gratitude for the report and highlighted the challenges faced over the past three months. She questioned the viability of management action savings and whether a 7% savings target was sufficient given the current demand. Councillor Eamon O'Brien responded by emphasizing the importance of management actions and the need to focus on performance indicators to manage savings effectively. He noted that the cost increases in adult and children's services were moving quickly and required careful management to deal with the challenges.

The discussion then shifted to the capital programme, with Councillor Birchmore questioning why the £28 million budget for highways had not been fully spent. Eamon O'Brien explained that capital schemes often span multiple years and that the additional money is allocated for schemes not yet implemented. Neil Long, Assistant Director of Operations, added that active travel schemes only draw down capital money when implemented, which can be confusing when looking at headline figures. The committee discussed the importance of ensuring that capital schemes are deliverable and rephrasing budgets as needed to accommodate changes in pay or inflation.

Councillor Fitzgerald raised a question about the viability of management action savings and whether a 7% savings target was sufficient. Councillor O'Brien responded by emphasizing the importance of management actions and the need to focus on performance indicators to manage savings effectively. He noted that the cost increases in adult and children's services were moving quickly and required careful management to deal with the challenges. The committee discussed the need to manage visible and noticeable savings and the importance of focusing on performance indicators to achieve the desired savings.

The discussion on adult and children's services focused on the savings and cost management strategies. Councillor Gold inquired about the gateway budget framework, and Neil Kissock explained the development of budget proposals across statutory budget controls. The board

meets monthly to monitor the structural deficit and ensure that budget reviews are conducted in close proximity to service performance. The committee discussed the importance of developing budget proposals and monitoring statutory budget controls to manage the savings and cost increases effectively.

The topic of Section 106 payments was discussed, with Councillor Birchmore asking if these funds could be joined together for projects. Councillor O'Brien explained that Section 106 funds are strategically spent on affordable housing and community projects, with a rolling balance generally kept at £6 million. The committee discussed the importance of utilizing Section 106 funds strategically and ensuring that they are spent on projects that provide the most benefit to the community.

Councillor Moss raised the issue of including homelessness more explicitly in the budget. Councillor O'Brien agreed with the concerns and officers agreed this will be looked at. The discussion highlighted the importance of addressing homelessness and ensuring that adequate funding is allocated to support homelessness initiatives.

The accelerated land disposal programme was discussed, with Councillor Bernstein asking about the final settlement gap on national insurance. Councillor O'Brien acknowledged the significant shortfall and the need to find ways to meet it, emphasizing the importance of continuing the land disposal programme and managing complex sites. The committee discussed the challenges of managing complex sites and the importance of continuing the land disposal programme to generate revenue and address budget shortfalls.

Councillor Boles questioned the cost savings on foster care, seeking assurances about the viability of these savings. The committee discussed strategies to attract foster carers and reduce spending, with a focus on increasing in-house capacity. The discussion highlighted the importance of implementing strategies to attract foster carers and reduce spending on foster care to achieve the desired savings.

The financial pressures and income from parking permits were also discussed. Councillor Birchmore asked if the increase in parking permit fees was intended to generate additional income. Councillor O'Brien assured the committee that the income from parking permits would cover the service costs and not be used to raise additional funds. The committee discussed the importance of ensuring that parking permit income covers service costs and does not create additional financial pressures.

The implications of changes in social care funding were discussed, with Councillor Fitzgerald asking about the risks to the social care market. Councillor O'Brien and Will Blandamer emphasized the importance of engaging with care providers and aligning hospice care with local needs. The committee discussed the challenges in the social care market and the importance of engaging with care providers to address these challenges effectively.

The Project Safety Valve initiative was discussed, with Councillor Moss asking if the council was on track with the project. Councillor O'Brien explained the long-term strategy to reduce costs and improve service provision, highlighting the importance of implementing the plan effectively. The committee discussed the challenges of managing deficits and the importance of implementing the Project Safety Valve plan to reduce costs and improve service provision.

Jeanette Richards Executive Director of Children's Services highlighted the difficulties within the current climate, particularly regarding funding and its alignment with the parental voice. She mentioned that there are nine work streams within the PSV initiative, with a priority on using a graduated approach to address additional Education, Health and Care Plans (EHCPs) within mainstream settings. A key piece of work involves rebalancing the provision to meet the

needs of children across mainstream primary and secondary schools, which is essential to bringing the initiative back on track.

Councillor Moss pointed out that with many schools now being academies, there might be limitations on what can be done within the three-year timeframe. Jeanette Richards responded positively, noting that there are strong relationships with academy trust CEOs, who are generally motivated by the best outcomes for children. She emphasized the importance of improving these relationships to achieve better results.

Lynne Ridsdale Chief Executive discussed the prevention aspect, stressing the need to ensure that children do not require expensive EHCP plans. She acknowledged that as a local authority, they do not have full control over the provision within the borough. However, the new board is working towards meeting these goals by 2029. Prevention resources have been allocated to education and support teams, making significant progress in addressing the number of requests in the system. Ridsdale highlighted the importance of getting the messages out and ensuring they are understood across the system.

Councillor Vernon summed up the discussions and provided the recommendation of:

Recommendation:

- The recommendation from the meeting was that the Overview and Scrutiny Committee endorses this budget and seeks assurance that this budget will be the same that gets submitted to full council.

OSC.34 ANNUAL HRA BUDGET 2025/26 & RENT SETTING

A report from Councillor Thorpe was submitted ahead of the meeting. However, due to apologies from Councillor Thorpe, the Leader, Councillor Eamon O'Brien, gave a brief overview of the report.

The Housing Revenue Account (HRA) budget report for 2025/26 was presented, outlining the proposed rent levels and increases for various charges. The report proposes a 2.7% increase for Council Housing, Dwelling and Garage rents, Sheltered Support, Management, Service and Heating charges, and Furnished Tenancy charges. This increase is in line with the Government's maximum allowable increase, which is CPI 1.7% plus 1%.

The report also discussed the expected Right to Buy (RTB) sales for 2025/26, estimating 107 sales due to changes in legislation and an influx of applications before the deadline. The capital programme for 2025/26 is set at £29.522 million, which includes significant investments in existing stock maintenance and new property acquisitions.

Financial performance was highlighted, with an emphasis on maintaining a minimum working balance for the HRA to ensure financial stability. The report also covered the regulatory requirements that need to be met, including the implementation of Awaab's Law and the necessary investment in systems and resources to comply with these obligations.

Councillor Birchmore raised a question regarding the management fees and energy efficiency improvements in the Housing Revenue Account. She sought clarification on whether the management fees were being reviewed to ensure they are not excessive and whether there are plans to improve the energy efficiency of the housing stock.

Councillor O'Brien assured the committee that efforts are being made to improve energy efficiency and manage compliance priorities. He emphasized that the management fees are being reviewed to ensure they are not excessive and that there are plans to improve the

energy efficiency of the housing stock. This includes looking at ways to reduce costs and improve the overall quality of the housing provided.

It was Agreed:

- The report be noted

OSC.35 URGENT BUSINESS

There was no urgent business.

COUNCILLOR D VERNON
Chair

(Note: The meeting started at 7.00 pm and ended at 9.30 pm)