

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 16 February 2017

Present: Councillor S Smith (in the Chair);
Councillors J Black; R Cathcart; A Cummings; J Daly; E Fitzgerald; M James; M Hankey; R Skillen; J Walker and S Wright

Public in attendance: No members of the public were present.

Also in attendance: Councillor J Lewis – Deputy Leader of the Council and Cabinet Member for Finance and Human Resources

Apologies for absence: Councillor R E Walker

OSC.538 DECLARATIONS OF INTEREST

Councillor S Wright declared a personal interest in any matter relating to staffing as his wife is employed in a Bury School

OSC.539 PUBLIC QUESTION TIME

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

OSC.540 MINUTES OF THE MEETING HELD ON 11 JANUARY 2017

It was agreed:

That the Minutes of the meeting of the Overview and Scrutiny Committee, held on 11 January 2017, be approved as a correct record and signed by the Chair.

OSC.541 CORPORATE FINANCIAL MONITORING REPORT – APRIL 2016 TO DECEMBER 2016

The Deputy Leader of the Council and Cabinet Member for Finance and Human Resources submitted a report informing the Committee of the Council's financial position for the period April to December 2016 and projecting the likely outturn at the end of 2016/17.

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

The Cabinet Member reported that the current projected overspend was £2.831m which represented approximately 2.25% of the total net budget of £125.535 and was a reduced figure from both months 3 and 6.

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

- In response to a question concerning slippage within the Capital Programme, the Interim Executive Director of Resources and Regulation confirmed that projects would still be delivered and highlighted that operational and timing issues were the reasons for the slippage.
- Councillor Daly questioned the effect of any overspend on the budget setting process. The Interim Executive Director of Resources and Regulation explained that a year-end analysis of any variance does take place. There is some provision for pressures in the budget, however generally departments need to absorb pressures alongside delivering savings.
- Councillor Black highlighted the issue of reduced rental income as a result of increased right to buy sales and referred to increased discounts available. The Interim Executive Director acknowledged that this issue does have a detrimental effect on the Housing Revenue Account.
- In response to a question from Councillor Fitzgerald it was confirmed that provision is built into the budget for bad debt in relation to arrears as a result of welfare reforms. Claire Jenkins, Head of Customer Support and Collections, reported that roll out of Universal Credit will not take place in Bury until May 2018 and good partnership working is already in place between Six Town Housing and the Department for Work and Pensions in relation to managing debt.

It was agreed:

That the financial position of the Council, as at 31 December 2016, be noted.

OSC.542 REVENUE BUDGET AND CAPITAL PROGRAMME 2017/18 TO 2019/20

The Deputy Leader of the Council and Cabinet Member for Finance and Human Resources submitted a report setting out details of the Capital Programme for 2017/18 to 2019/20 and the Revenue Budget for 2017/18 to 2019/20. A draft budget consultation pack 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 2017/18 to 2019/20
- Forecast outturn for 2016/17
- The budget strategy for 2017/18 to 2019/20 and the approach to balancing the budget.

The report examined the robustness of the assumptions behind the budget forecast and contained an assessment of the adequacy of the Council's balances.

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

- In response to a question from Councillor Daly, concerning reserves, the Interim Executive Director explained that £4.25m had been set aside to mitigate against economic shocks or unexpected occurrences that could not be predicted.
- In response to a question from the Chair, Councillor Smith, the Deputy Leader stated that she did not anticipate any changes to the budget as a result of the consultation responses received.
- Councillor Black raised the issue of re-banding council tax for properties following improvements. The Interim Executive Director reported that this did already take place in Bury.
- Councillor James suggested that future budget consultations should make the public explicitly aware of what services the Council fund and provide.
- In response to a question from Councillor Fitzgerald, the Interim Executive Director explained that proposals for Capital projects were encouraged, based on a viable business case being provided. Each individual proposal would be looked at on its own merits with consideration of all variables.

It was agreed:

That the report be noted.

OSC.543 DRAFT HOUSING REVENUE ACCOUNT 2017/18

A report from the Deputy Leader of the Council and Cabinet Member for Finance and Human Resources was submitted which detailed the proposed Housing Revenue Account (HRA) for 2017/2018. The report set out proposals in respect of Dwelling and Garage rents, Sheltered Support, Management Amenities, Heating and Furnished Tenancy charges and Fernhill Caravan site tenancy charges. The report had been prepared on the basis of the Government's requirement for a decrease in dwelling rents of 1% for 2017/18 for General needs and Sheltered Extra Care properties.

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

- Councillor Fitzgerald referred to the loan of £78m taken out by the Council to purchase housing stock and enquired about the level of risk there was that rents would not cover the loan repayments in the future. The Interim Executive Director explained that a 30 year business plan was in place in respect of the loan and reported that despite right to buy sales, the Council still maintained a housing stock of approximately 8200 properties.
- Councillor Black highlighted the need to continue to be proactive with regard to rent arrears and rechargeable repairs in order to prevent loss of income to the Council.

- In response to the issue of bringing empty properties back into use, the Interim Executive Director acknowledged the value in these initiatives but stressed that such schemes were dependant on the availability of external funding.

It was agreed:

That the report be noted.

OSC.544 TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2017/2018

The Deputy Leader of the Council and Cabinet Member for Finance and Human Resources submitted a report setting out the suggested Strategy for 2017/2018 in respect of the following aspects of the Treasury Management Function:-

- Capital Plans and prudential indicators
- The minimum Revenue Provision Policy
- The current treasury position
- Treasury limits in force which will limit the treasury risk and activities of the Council
- Prospects for interest rates
- The borrowing strategy
- Policy on borrowing in advance of need
- Debt re-scheduling
- The investment strategy
- Creditworthiness policy
- Policy on use of external service providers

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 2017/18 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, Members discussed the Council's diversification into investment properties where a sustainable tenant was in place. Councillor J Walker commented on the positive impact of recent property investments.

It was agreed:

That the report be noted.

OSC.545 DEVOLUTION GOVERNANCE

A report was submitted for information providing an update in respect of Overview and Scrutiny arrangements within the Greater Manchester Combined Authority.

It was agreed:

That further updates be provided as governance models develop.

COUNCILLOR S SMITH
Chair

(The meeting started at 7pm and ended at 8.25pm)