

TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 6th November, 2013

Present: Councillor Mrs Elizabeth Shenton – in the Chair

Councillors: D Becket, Mrs Burgess, Hambleton, Mrs Hambleton, Jones, Taylor.J and Waring

Portfolio Holder(s): Cllr Snell – Communications, Policy and Partnerships

Officers: Mark Bailey – Head of Business Improvement & Partnerships
Martin Stevens – Scrutiny Officer
Louise Stevenson – Scrutiny Officer
Kelvin Turner – Executive Director, Resources & Support Services

1. APOLOGIES

Apologies were received from Cllr Howells. Cllr Stubbs also sent his apologies as Cabinet Portfolio Holder for Finance and Resources.

2. DECLARATIONS OF INTEREST

There were no declarations of interest received.

3. MINUTES OF PREVIOUS MEETINGS

RESOLVED: That the minutes of the previous meetings held on 2 September 2013 and 9 October 2013 be agreed as a correct record.

4. CAPITAL STRATEGY 2014 TO 2017

The Executive Director, Resources and Support Services introduced the Capital Strategy 2014 to 2017. The first draft was ready for scrutiny comments prior to consideration by Cabinet in January and full Council in February.

The strategy had been prepared against the backdrop of continued reduction in funding and it was necessary for it to be linked closely to the Asset Management Strategy in order to identify additional capital resources through potential disposals. The Asset Management Strategy contained a list of potential disposal assets and land assets were balanced with finances. All assets, both land and property, were being profiled, and there was some concern regarding older buildings. Staffordshire County Council had given notice on its lease of buildings in Sidmouth Avenue and their long term future was being considered, in particular the potential holding costs should the buildings stand empty. The Portfolio Holders for Finance and Resources and Economic Development, Regeneration and Town Centres would provide a response detailing how the Asset Management Strategy was compiled. Assets were monitored and potential strategic acquisitions to achieve overall bigger receipts would be investigated.

The income received from the Council's share of receipts from Aspire tenants under the Right to Buy legislation had decreased significantly. This had been a main source of funding previously, although they were beginning to increase. The Council

received a fixed proportion of the sale price of a property. Members questioned what the remaining maximum potential income from the scheme was and the time limits for right to buy. The remaining potential income was estimated to be very limited and the time limits would be ascertained and circulated after the meeting. Social landlords were offering more shared ownerships schemes which impacted on Right to Buy rates.

Members requested clarification of paragraph 6.11 of the strategy relating to borrowing. They felt the wording suggested that borrowing would only be considered if capital resources were depleted, but that borrowing could allow for savings through capital investment without utilising capital funds. They felt the wording needed to be flexible as it may currently exclude such borrowing projects. The Executive Director, Resources and Support Services would check and change the wording if necessary. There was the Invest to Save Initiative (funded by the Budget Support Fund) which could be used to front load projects. The Portfolio Holder for Finance and Resources had discussed short term borrowing with the Cabinet and where a business case could be demonstrated Cabinet would consider these on a case by case basis. The Treasury Management Strategy would provide the ultimate decision regarding borrowing and a draft of this would be received at the next meeting.

RECOMMENDATIONS: (a) The time limit for Right to Buy house purchases to be ascertained and circulated to the Committee.

(b) The Portfolio Holders for Finance and Resources and Economic Development, Regeneration and Town Centres to provide a response detailing how the Asset Management Strategy is compiled.

(c) The Executive Director, Resources and Support Services to review the wording of the Capital Strategy 2014 to 2017, with particular reference to paragraph 6.11 and amend if necessary.

5. **MEDIUM TERM FINANCIAL STRATEGY 2014/15 TO 2018/19**

The Executive Director, Resources and Support Services introduced the Medium Term Financial Strategy (MTFS) 2014/15 to 2018/19. Local authorities still faced challenging financial situations and where previous budget strategies had focussed on areas such as additional income and procurement savings more radical methods would be required in the future. The Council's external auditors had conducted a Financial Resilience Review and the Council had scored well with good systems, procedures and processes to face the challenges ahead.

A Member questioned whether the Committee could receive the MTFS prior to Cabinet in future. The Leader would pass the query to the Portfolio Holder for Finance and Resources to review the timetable, ascertain if the request was possible and provide a formal explanation as to why the MTFS was received by Cabinet first. The MTFS was a living document and the Leader was happy to receive the Committee's comments and minor amendments could be made.

Members were concerned that the Strategy did not emphasise the severity of the financial situation. Risk assessments would be conducted by the Business Improvements team for any service changes. All Council departments had been asked to model what their service would look like with a 20%, 40% and 60% budget reduction which would create a picture of what the Council could afford to do. Savings from the Heads of Service posts that had recently been vacated would be included in the Draft Savings Plans that would be received at the December meeting.

There was discussion of the growth agenda and the need to look for external funding which the MTFs did contain some modelling for. Members felt it was essential to look beyond being more efficient and considered that there were several strands that needed to be pursued including more work with the voluntary sector for the benefit of residents, health authorities focussing more on prevention rather than treatment and sharing services such as was being investigated with the Legal department. The model being looked at for the Legal department was not the one that had been anticipated. Keeping the Council's legal service was now being looked at with the possibility of buying in services from the County Council as required, which could potentially be a model for other areas. It was necessary to look at alternative models of delivery and look at what other authorities were doing well.

With decreasing funding from central government the tax payer would be the biggest funding source for the Council and there was a changing relationship between local authorities and the public. Services would need to be more focussed to a local need rather than government targets. The third sector would be able to deliver some services better than the Council, and through the Co-operative Strategy they could be commissioned with the emphasis on social values. It might also be necessary to rationalise the Council plan.

Members questioned whether there was an indication of when central government funding would cease. If the funding reductions continued on the current trajectory then the estimate would be 2021-2022. Members were of the opinion that when the funding did stop there would be an opportunity to develop the Borough with partners without the need to borrow money. There was a model with a neighbouring authority whereby they had entered into a joint venture with a company who they lent money to at a greater rate than they had borrowed.

There was also discussion around issues that could influence the MTFs such as HS2 and JCB leasing the Blue Planet building in Chatterley Valley, Newcastle.

RECOMMENDATIONS: The Portfolio Holder for Finance and Resources to ascertain whether the Medium Term Financial Strategy can be received by the Committee prior to Cabinet in future and provide a formal explanation as to why the strategy was received by Cabinet before the scrutiny committee.

6. **FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER TWO (SEPTEMBER) 2013**

The Executive Director, Resources and Support Services introduced the Financial and Performance Management Report to end of quarter two (September) 2013. The Council was in a good position for the first half of the year. Members questioned the financial performance of Jubilee 2 and the overspend at Kidsgrove Sports Centre. Jubilee 2 was performing well and there were on-going discussions with Staffordshire County Council with regard to Kidsgrove Sports Centre.

The Head of Business Improvement and Partnerships introduced the performance element of the report. In general performance was good and the majority of indicators were on target. There had been an attempt to indicate where there were trends with indicators and following an action from the previous meeting a short guide to the report had been circulated. The Head of Business Improvement and Partnerships provided an updated of the recommendations from the last meeting, which had been addressed in the main. There had been a decrease in the indicator for leisure and

recreational facilities which was a consequence of the issues at Kidsgrove Sports Centre. There was a positive performance for detritus, but crime and disorder figures were generally up. A Member requested that thanks be extended from the Committee to Council staff to thank them for the improvement and provide encouragement for future positive indicators for detritus. The Chair questioned how the information was collated for reference 1.4.2 regarding the number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods. This would be clarified.

A Member felt that performance indicators linked to the Medium Term Financial Strategy and questioned whether there were conversations to rationalise services and therefore save money. For services like grass cutting the Borough Council, County Council and Aspire are currently doing jobs like this separately, which Members felt must be inefficient. A discussion on responsibilities for grass cutting with Aspire had already been broached. Conversations about future service delivery were also taking place with Staffordshire County Council and Aspire. The County Council were looking for district councils to deliver services, in particular for highways, but they were looking for complete coverage of the whole of the county by several district councils. The Borough Council was in discussion with Stafford Borough Council and Cannock Chase Council regarding joint coverage of the county. The Portfolio Holders for Culture and Leisure and Environment and Recycling were looking to utilise green land that the Council held as community orchards or vegetable plots to mitigate maintenance costs and provide community projects.

A Member questioned whether the Disabled Facilities Grant considered the whole life of recipients, giving the example that a stair lift for a young person would need replacing later on in their life, and it would be more cost efficient to lease the lift rather than purchasing it. The Leader would ask the Portfolio Holder for Economic Development, Regeneration and Town Centres to consider this and whether Disabled Facilities Grants were as efficient as they could be.

There was a discussion regarding the rescue plan for the Co-operative Bank that had been announced. As part of the rescue plan the bank's business with local authorities would cease and the Council had received notification to this effect. The bank would however be honouring their contracts until 2015 and a tendering exercise would begin in the New Year to identify a new bank.

RECOMMENDATIONS: (a) Officers clarify how the information is collated for reference 1.4.2 regarding the number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods.

(b) The Portfolio Holder for Economic Development, Regeneration and Town Centres to investigate the efficiency of Disabled Facilities Grants.

7. **WORK PLAN**

The Committee gave consideration to its work plan. The Portfolio Holder for Economic Development, Regeneration and Town Centres would be invited to the next meeting of the Committee in relation to the Asset Management Strategy.

The Council Plan update item would be moved to the 22 January 2014 meeting. The Leader clarified that he would provide written responses to advance questions received for the Portfolio Holder Question Time item for the 3 December meeting. A document was also distributed detailing the remits of the Committee and the Portfolio Holder in readiness for the item at the next meeting. A Portfolio Holder Question

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Time item would be added to the agenda for 26 March 2014 to enable the Committee to question the Portfolio Holder for Finance and Resources.

8. **URGENT BUSINESS**

There was no urgent business considered.

COUNCILLOR MRS ELIZABETH SHENTON
Chair