

Overview and Scrutiny Committee
26 NOVEMBER 2018

Present: Councillors: Leonard Crosbie (Chairman), David Coldwell (Vice-Chairman), Paul Clarke, Matthew French, Nigel Jupp, Lynn Lambert, Tim Lloyd, Mike Morgan and Brian O'Connell

Apologies: Councillors: Toni Bradnum, Jonathan Dancer, Billy Greening, Kate Rowbottom, Ben Staines and Michael Willett

Absent:

Also Present: Councillors: Jonathan Chowen and Brian Donnelly

SO/40 **MINUTES**

The minutes of the Committee held 24th September 2018 were approved as correct record of the meeting and signed by the Chairman.

SO/41 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

SO/42 **ANNOUNCEMENTS**

There were no announcements.

SO/43 **CABINET MEMBER INTERVIEW**

The Cabinet Member for Finance and Assets had been invited to the meeting as part of the Cabinet Member interviews.

The following questions had been submitted in advance of the meeting, which the Cabinet Member answered at the meeting.

Question 1:

Although the MTFS has now gone through Cabinet, it does appear that some members of the council are not aware of the relationship between the MTFS and the final Budget. Could you please clarify?

On the same subject I have seen that some councils operate a 5 year cycle of MTFS and assume that we do the same. If this is the case can you please tell the committee where we are in the cycle. *Councillor Coldwell*

Answer:

Council finances are different to businesses. We receive our funding and then design the services offer we can give our customers within the money given. Businesses design their services and then work out how much they can sell and at what price they sell them at.

The Medium Term Financial Strategy initially works out how much money we believe we will receive. Then it looks that the cost of the current service offer. Because it is illegal for the Council to set an unbalanced budget we then have to consider how we fill in the difference. In these years of austerity I'm afraid this difference is always, or almost always, a shortfall of money to service cost. The strategy then looks at all the changes we could make to fill the gap between what we provide and what we can afford. These changes include increases in council tax and fees and charges but also, efficiencies officers can make and new income ideas. For most councils this also means cuts to services our residents and businesses value. Horsham District Council is in the fortunate position we have been able to make these changes without damaging cuts.

The budget is then, or rather is now, being calculated by each service in the council in detail. The 2 processes come together with service plans to present to Cabinet and Council after Christmas the full position. The strategy sets the direction and the key changes, the budget fills in the detail.

On length of strategy there is no set rule. Some Council's use 3, 4 or 5 years, others go as long as 10. With our government funding, the capping levels, being decided in December each year the further out we look the more unreliable our estimate of the difference. The art of the Medium Term Financial Strategy is to make enough change to make our position stable. If we do too much, which a long strategy could encourage us to do, we may have to make cuts to services our residents value. And then find ourselves making surpluses. Do too little we end up like Northamptonshire.

That said we do have an outline 10 year model and I have looked at what our longer term position is. If we are prudent, and that includes inflationary increases on council tax and charges, and maximising use of our commercial property portfolio, then this Council will not sit on large unnecessary reserves nor face the Government inspectors coming in to reverse a situation we could have managed had we made those prudent decisions at the start.

Question 2:

Regarding the sale of surplus land, I accept that some of the parcels that might be sold unsuitable for affordable or social housing for a number of reasons including small plot size and/or location but will Cllr Donnelly confirm that the Parish Councils be asked if they could suggest a community use for the land?
Councillor Coldwell

Answer:

No. The Council has an obligation under S123 of the Local Government Act 1972 to achieve the 'best consideration'. The Head of Property Services is preparing a report for January's Cabinet proposing to sell some surplus land and this was considered at my PDAG earlier this month. Selling this land we release money we can reinvest in investment property for a return that will support our financial strategy and enable us to maintain a balanced budget. While community uses are valued, and as you know we support our communities way in excess of the offer of other districts either in Sussex or elsewhere, we cannot give away land for "nice to do" purposes, when we need to create a sustainable future for this Council, its residents and its businesses.

The Committee noted the responses and the Cabinet Member agreed to take supplementary questions.

The Committee noted that one of the difficulties with the Medium Term Financial Strategy (MTFS) was forecasting the level of uncertainty of New Homes Bonus, the Government grant and the cap on Council Tax.

The Committee discussed the sale of surplus Council owned land and whether these could be suitable for affordable housing or temporary accommodation units.

The Cabinet Member explained that these pockets of land were being sold to increase the Council's income. However he agreed that the sale of units for temporary accommodation was a good project and land would be assed for sale or such purposes, as it became available.

The Chairman thanked the Cabinet Member for attending the meeting.

SO/44 **MEDIUM TERM FINANCIAL STRATEGY - OVERVIEW AND SCRUTINY RESPONSE**

On 20th November 2018 the Chairman had invited Members of the Committee to attend an informal meeting to discuss Overview and Scrutiny's response to the MTFS. The Chairman then presented the Committee's response at the Cabinet Meeting on 22nd November.

A summary of the discussions at the informal meeting was presented to the Committee:

- The Council was currently financially robust with reserves of over £24M, including New Homes Bonus (NHB)
- The housing numbers calculated for 2019/20 to 2023/24 in the NHB were accepted but considered modest
- The NHB income projections were also considered modest
- Capital expenditure – £2.5M in the reserves for 2019/20 for the possibility of a running track, plus £11.3m for the Bridge development
- Members accepted the RPI inflation figure of 3.3%
- The forecast Savings/Income data were noted, but it was agreed that Overview and Scrutiny would look in detail at the projected Savings/Income for 2020/21 of £1.3M
- Options table – the proposals were modest and some restrictive
- The MTFS did not include the proposals for the sale of five parcels of land of a value of approximately £1.55M, if the sale was approved there is a windfall which had not been included in the MTFS
- In relation to the sale of land, as mentioned above, the Members stressed that this land should be offered on a “first refusal” basis to the Housing Company that the Council intends to launch in 2019.

The Chairman stated that the informal meeting of the Committee was called at relatively short notice to enable Overview and Scrutiny to comment on the MTFS to be considered by the Cabinet on Thursday 22nd November. The meeting was attended by seven members of the Committee. The Director of Corporate Resources was not in attendance at the meeting.

The Cabinet Member thanked the Committee for its input.

SO/45 **REPORT ON THE COUNCIL'S CORPORATE PLAN PRIORITIES, FINANCE AND PERFORMANCE Q2 2018/19**

The Committee received the report on the Council's Corporate Plan Priorities, Finance and Performance for quarter two.

In terms of financial performance the Director of Corporate Resources highlighted that at mid-year the Council was predicting an overspend, which was unusual.

It was noted that the main difference was as a result of the introduction of the Homeless Reduction Act. The Director anticipated that targets would be back on track by the year end.

On performance, the main indicator flagged up for the Committee was the LGSS02 Right Time – housing benefit, as a result of the change over from the Census partnership to LGSS and the complexities withdrawing from the partnership. Withdrawal from the Census partnership would complete in mid-December. Much of the delay was attributed to the IT systems.

Members of the Committee reiterated their support of the purchase of temporary accommodation to house the homeless, rather than using Bed and Breakfast.

Regarding capital expenditure, the Director noted the Members' concerns regarding Capital expenditure forecasting, it was a recurrent situation. The Committee noted that the Chief Executive continued to put pressure on heads of service when it came to project forecasting.

SO/46 **TASK AND FINISH GROUP UPDATES**

SO/47 **FINAL REPORT OF THE CENSUS TASK AND FINISH GROUP**

The Chairman of the Census Revenues and Benefits Task and Finish Group presented the final report of the review.

The report highlighted some lessons learnt which would be taken on board for future joint ventures.

It was suggested that more could be done to monitor the new scheme going forward, to ensure that the same mistakes were not made in the future.

The Chairman of the Committee proposed a third recommendation, that the Director of Corporate Resources address the monitoring and visitation process to see how we are doing with our new third party contractor LGSS. The Chairman asked for an update at the next meeting of the Committee.

The Committee noted and accepted the recommendations.

APPROVED

- (i) That the work of the F&P on CenSus Revenues and Benefits from March 2017 on the Housing Subsidy Audit, be continued, and
- (ii) That the working practices of CenSus following on from the officers' measures to mitigate the situation, be reviewed,
- (iii) That the Director of Corporate Resources be asked to provide an update to monitor the process with the new partnership with the LGSS.

SO/48 **FINAL REPORT OF THE ENGAGEMENT OF OVERVIEW AND SCRUTINY TASK AND FINISH GROUP**

The Chairman of the Engagement of Overview and Scrutiny Task and Finish Group presented the final report.

The report was recommending the reinstatement of the three working groups – finance and performance, business improvement and community. The Chairman stressed the importance of the timing of these meetings, to ensure that reports are received in a timely manner.

The Committee approved the recommendations. The Committee hoped that the terms of reference for each of these groups and membership would be available for the next meeting.

The Vice-Chairman of the Committee would review the timetabling and logistics for the new working groups and report back to the Committee.

APPROVED

- (i) The Committee approved the introduction of three standing working groups

SO/49 **ACTIONS ARISING FROM THE REPORT OF THE ENGAGEMENT OF OVERVIEW AND SCRUTINY TASK AND FINISH GROUP**

The Committee agreed as part of the previous agenda item, that the nominations for members for the three working groups would be presented at the next meeting of the Committee, along with draft terms of reference and a timetable.

SO/50 **WORK PROGRAMME**

Two members of the public spoke this item.

A suggestion had been submitted for the work programme on 25th September 2018 (the day after the last meeting of the Committee) on the S106 agreement for North of Horsham. This suggestion was assessed by the Chairman and Vice Chairman and not considered suitable for the work programme. Instead Councillor O'Connell had been instructed by the Chairman to respond to the concerns raised by the members of the public at the last meeting and to the suggestion form which had been submitted.

Councillor O'Connell had sent an extensive reply to the member of the public addressing his concerns and responding in detail to his statement. He refuted his comments and gave a number of clear facts and figures to support this, as had been set out in a number of Council reports over the past years on affordable housing.

The Work Programme was noted.

SO/51 **SUGGESTIONS FOR THE WORK PROGRAMME**

(i) Running Track

Two members of the public spoke on this item.

A suggestion to review the re-provision of the athletics track, was made. The Councillor questioned whether the decision made by Council in 2012 and supported again in 2015, was still valid in today's economic circumstances.

The Cabinet Member for Leisure and Culture explained how the Council had made a commitment to the re-provision of the athletics track as part of the future of Broadbridge Heath Leisure Centre and it was now part of the Council's commitment.

After a long discussion on the matter it was concluded that as this item was on the Cabinet Forward Plan for decision in January 2019, the Committee could be involved with the discussions on cost, facilities, process. The Cabinet Member invited all Members to attend his Policy Development Advisory Group in January.

It was concluded that the Committee accepted the commitment to replace the running track and based on the discussion with the Cabinet Member, the Committee would expect to be engaged on the decision process and to receive the relevant information at the same time as the Cabinet Member's Advisory Group.

Therefore this suggestion would not be taken forward.

(ii) S106 Funds – West Sussex County Council (WSSCC)

A second suggestion for the work programme was made to establish the allocation of S106 funds which Horsham District Council held on behalf of WSSCC.

The Committee approved this suggestion for a task and finish group.

SO/52 **CABINET FORWARD PLAN**

The Vice Chairman added this item to the agenda to make aware to the Committee the items on the Cabinet Forward Plan, which in turn could help generate subjects for review by Overview and Scrutiny.

The Committee noted the Cabinet Forward Plan.

SO/53 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 8.14 pm having commenced at 5.30 pm

CHAIRMAN