

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 13 September 2017.

PRESENT

Mr. S. J. Galton CC (in the Chair)

Mr. G. A. Boulter CC
Mr. L. Breckon JP CC
Dr. T. Eynon CC
Mr. D. Jennings CC
Mr. J. Kaufman CC

Mrs. R. Page CC
Mr. T. J. Richardson CC
Mrs H. L. Richardson CC
Mrs B. Seaton CC
Mr. D. Slater CC

25. Minutes.

The minutes of the meeting held on 19 July 2017 were taken as read, confirmed and signed.

26. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

27. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

28. Urgent Items.

There were no urgent items for consideration.

29. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

All members who were also district councillors declared a personal interest in all items on the agenda.

30. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

31. Presentation of Petitions under Standing Order 36.

The Chief Executive reported that no petitions had been received under Standing Order 36.

32. 2017/18 Medium Term Financial Strategy Monitoring (period 4) and Investment in Projects

The Commission considered a report of the Director of Corporate Resources which provided members with an update on the 2017/18 revenue budget and capital programme monitoring position and provided details of proposed investment in two Environment and Transport projects using funding from the central inflation contingency, to be considered by the Cabinet at its meeting on 15 September 2017. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The overspend on the Dedicated Schools Grant (DSG) High Needs Block was currently funded from the DSG earmarked fund. However, this fund was low and not likely to be topped up. There were also other demands on the earmarked fund. Although the Department for Education allowed overspends to be carried forward, the risk of doing so was felt to be too high.
- (ii) In July the Government had announced an increase in school funding and proposed the introduction of a new national funding formula. It was currently processing feedback from the consultation and an announcement was expected later in the month. It was noted that the biggest risk to the County Council of the new funding formula was that the ability to transfer funds from the schools block into the High Needs Block would be most.
- (iii) Concern was expressed that there was an overspend in the Children and Families Service directorate budget due to the number of interim positions. The Commission was advised that the delay in recruitment had been largely caused by the need to finalise the Ofsted action plan and related staffing requirements, rather than any issues relating to the Council's HR function.
- (iv) The County Council had a long term aim to reduce the number of people in residential and nursing care. A reduction of 25 people had been achieved during the previous year. It was confirmed that, when the Help to Live at Home domiciliary care service had been introduced, the capacity in the home care market had reduced and caused a temporary increase in the use of residential care. However, the position had since stabilised. The tenders for the three vacant lots had recently been awarded and the service would go live in November for those areas. A detailed report on the matter would be submitted to the next meeting of the Adults and Communities Overview and Scrutiny Committee.
- (v) The additional funding for repairing potholes would enable a pilot scheme to be rolled out across the county, whereby a team would be dispatched to repair a pothole within 14 days of it being reported, instead of a Highways Inspector being sent out to assess and prioritise it. The benefit of this approach was that it was more responsive; the risk was that the asset management approach to the area taken by Highways Inspectors would be lost. The new approach to potholes would be evaluated to ensure that the risks did not outweigh the benefits.
- (vi) It was suggested that the 'report it' app needed further development, particularly as it only allowed the service user to upload a single photo of the issues. Officers undertook to feed this issue back to the Department.

- (vii) Concern was expressed that some pothole repairs were of poor quality. Members were advised that supervisors signed off work once it was completed and that spot checks of repairs were also undertaken. In addition, periodic inspections of a whole area were undertaken. Some repairs were only temporary and would be followed up later with a permanent solution.
- (viii) At the Local Government Association conference, £2.3 billion of funding for roads maintained by local authorities was announced. The Commission was advised that the County Council had already been successful in bidding for funding for the Melton Relief Road and had developed a number of other bids for various funding streams. The County Council had a good track record in this area as it had invested in advance design and had well developed business cases prepared. However, with the continuation of austerity it would become difficult for the County Council to continue to provide match funding for bids.
- (ix) The Commission welcomed the additional funding to enable the Council to manage school parking issues and noted that this was to enable the Council to assess sites and develop proposals for improvements, for example to make a site compliant with a Traffic Regulation Order so that it could then be enforced. It was agreed that enforcement was key issue and members were pleased to note that enforcement options, such as roving enforcement officers, were being considered. A report on school parking issues, including the establishment of parking or safety champions in schools, would be submitted to the Environment and Transport Overview and Scrutiny Committee in November.
- (x) With regard to capital schemes and projects, members requested that local members be kept informed of any developments in their electoral division.

RESOLVED:

- (a) That the 2017/18 Revenue Budget and Capital Programme monitoring position and proposed investment in projects be noted;
- (b) That the comments now made be submitted to the meeting of the Cabinet on 15 September 2017;
- (c) That the report on school parking issues to the Environment and Transport Overview and Scrutiny Committee meeting in November be circulated to all members of the County Council for information.

33. Medium Term Financial Strategy Update.

The Commission considered a report of the Director of Corporate Resources which explained the overall financial position faced by the County Council. The approach to updating the current Medium Term Financial Strategy (MTFS) and advised members of a recent announcement by the Government with regard to 100% business rates retention pilots for 2018/19. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) In response to a query regarding the level of reliance on the fair funding campaign and the implications of an unsuccessful outcome, the Commission was advised that officers had exercised caution and were not assuming a successful outcome when undertaking financial forecasting. However, the campaign was going well and if successful would significantly reduce the funding gap.
- (ii) Members requested data showing additional income generated for the Council through the development of new homes in Leicestershire, along with additional expenditure incurred. It would be useful to see this as an average per new home per year. Officers undertook to provide this information and advised that, in the context of the whole budget, there was generally a circa two percent increase to the annual tax base each year but the County Council was still required to make significant savings.
- (iii) Concern was expressed that, whilst the report stated that district councils would not review council tax collection, this was not accurate as district councils continually reviewed their arrangements. However, the Commission was advised that this referred to a full, external review, which had been requested and would be paid for by the County Council and would include forecasting, collection and policy. District Treasurers had rejected that. With regard to forecasting, it had been identified that for some districts this did not reflect housing growth and could be inaccurate. This had a significant effect on the County Council's ability to set an accurate budget. Department of Communities and Local Government performance data showed collection rates were average but it was expected that, for a fairly affluent county such as Leicestershire, performance would be in the top quartile. Policy issues related to the need to have tighter controls over council tax discounts. It was acknowledged that some of these issues had been accepted by district councils but disappointing that they had rejected the proposal to undertake an external review.
- (iv) The proposal to undertake an external review of council tax collection was also supported by the Police and Fire services, as precepting authorities. The advantages to an external review were the breadth of knowledge that such reviewers had, their understanding of the system and examples of best practice. Some members of the Commission supported the proposal for an external review and requested that the issue be raised again with district councils, with the offer of a member panel including representation from both the County and district councils to oversee the review.
- (v) With regard to council tax discounts, it was confirmed that individual district councils each set their own policy. It was acknowledged that this enabled each council to reflect local circumstances but it would be useful for the County Council to understand how each policy was applied and enforced, due to the effect that it had on the County Council's budget.
- (vi) Members welcomed the intention to submit a bid to pilot 100% business rates retention in 2018/19, noting that as a one year pilot it could not be used to address ongoing revenue pressures. Some concern was expressed that it would not be possible to support both the fair funding campaign and the 100% business rates retention pilot; however, members were advised that the 100% business rates retention pilot was intended to be an incentive to develop growth and did not preclude some redistribution of funding in a fairer way. It would be important for a

discussion to take place with the Government to clarify the intention behind the pilots and how they were expected to work.

RESOLVED:

- (a) That the significant financial challenge faced by the County Council be noted;
- (b) That the approach outlined in the report to updating the Medium Term Financial Strategy be noted;
- (c) That the opportunity for the County Council to submit an application to pilot 100% Business Rates Retention in 2018/19 be noted;
- (d) That the comments now made be submitted to the meeting of the Cabinet on 15 September 2017.

34. Draft Corporate Asset Investment Fund Strategy 2017/18.

The Commission considered a report of the Director of Corporate Resources which would be submitted to the Cabinet on 15 September 2017 to seek the Cabinet's approval to the proposed Corporate Asset Investment Fund Strategy which set out the approach to future asset investments using the Council's Corporate Asset Investment Fund (CAIF). A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The Commission welcomed the draft CAIF Strategy and supported the intention to increase the County Council's income. In particular, the proposal to rely on the 2003 Act rather than set up a company for the Council's investment activities was welcomed.
- (ii) The Commission was pleased to note that the rates of return would be reviewed regularly to ensure that inflation rates were reflected accurately. Members were also reassured that the property value of the estate was reviewed annually.
- (iii) The Governance process for the acquisition of or investment in assets was that, subject to the Strategy being approved by the Cabinet, the Corporate Asset Investment Fund Advisory Board (comprising members of the Cabinet) would receive a detailed report, including external advice, in relation to each project. This Board was advisory and all decisions would either be taken by the Director of Corporate Resources using his delegated powers or referred to the Cabinet if necessary. An annual report detailing the projects undertaken during the year, return on investment, successes and those that had not worked would be submitted to the Cabinet and Scrutiny Commission alongside the final revenue and capital outturn position. The Commission requested that local members should also be kept informed of any developments in their electoral divisions and that minutes of the Board meetings be shared with Commission members.
- (iv) Members identified a potential conflict of interest between maximising the income of the County Council and acting in the best interests of local communities. This was acknowledged, however if the County Council did not increase its income it would need to identify additional savings which could have a greater detrimental effect on communities.

- (v) It was confirmed that all large investments were let on a full repairing lease to minimise the County Council's liabilities. It was accepted that small businesses were often not able to take responsibility for repairs to buildings so these properties were let on an internal repairing lease. The management of properties was undertaken in-house although external advice was available.
- (vi) With regard to the Coalville Workspace, the Commission was advised that all schemes had made immediate losses and funding from the Leicester and Leicestershire Enterprise Partnership had been required to fill the funding gap. A re-evaluation of all the projects had therefore been undertaken to ensure that the schemes were sustainable. Most of the work that had already been undertaken remained relevant so costs were kept to a minimum. One of the properties would be disposed of as it was more suited to an owner-occupier.
- (vii) With regard to the development at Leaders Farm, the County Council was close to finalising terms with the agreed tenant. A planning application had already been submitted. It was expected that the development works would commence in Spring 2018.

RESOLVED:

- (a) That the draft Corporate Asset Investment Fund Strategy and approach to future asset investments be supported;
- (b) That the comments now made be submitted to the meeting of the Cabinet on 15 September 2017.

35. Dates of future meetings.

It was noted that the future meetings of the Commission would be held on the following dates:-

Wednesday 15 November at 2.00pm
Wednesday 24 January 2018 at 10.30am
Wednesday 7 March at 10.30am
Wednesday 6 June at 10.30am
Wednesday 12 September at 10.30am
Wednesday 14 November at 10.30am.

10.30 am - 12.55 pm
13 September 2017

CHAIRMAN