

OVERVIEW AND SCRUTINY PERFORMANCE AND VALUE FOR MONEY

SELECT COMMITTEE

24/01/2019 at 6.00 pm



Present: Councillor Ahmad (Chair)
Councillors Davis, Phythian, Stretton (Vice-Chair), Williamson
(Substitute) and Byrne (Substitute)

Also in Attendance:

Councillor Fielding	Leader of the Council, Cabinet Member for Economy and Enterprise
Councillor Jabbar MBE	Deputy Leader and Cabinet Member for Finance and Corporate Resources
Councillor Shah	Deputy Leader and Cabinet Member for Neighbourhood Services
Councillor Roberts	Cabinet Member for Housing
Councillor Ali	Deputy Cabinet Member for Education and Culture
Ray Ward	Deputy Chief Executive, Corporate and Commercial Services
Mark Warren	Managing Director, Community Health and Social Care Services (DASS)
Rebekah Sutcliffe	Strategic Director of Reform
Carol Brown	Director of Environmental Services
Paul Entwistle	Director of Legal Services
Anne Ryans	Director of Finance
Peter Wood	Head of Strategic Assets and Facilities Management
Katrina Stephens	Interim Director of Public Health
Samantha Smith	Senior Finance Manager
Mark Stenson	Head of Corporate Governance
Joe Davies	Assistant Director, Commercial
Paul Dernley	Head of Shared and Collaborative Services

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Curley.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2018/19 MONTH 8 – NOVEMBER 2018



The Select Committee gave consideration to a report of the Director of Finance which provided them with an update on the Council's 2018/19 forecast revenue budget position and the financial position of the capital programme as at 30 November 2018 (Month 8), together with the revised capital programme 2018/23.

In relation to the Revenue position, the Select Committee were informed that the current forecast outturn position for 2018/19 was a projected favourable variance of £0.145m after allowing for approved and pending transfers to and from reserves.

The most significant area of concern was the People and Place Portfolio, in the main due to the transfer of Children's Social Care into this area. An update on the major issues driving the projections within this Portfolio was provided. Action was being taken and would continue for the remainder of the financial year to address variances and take mitigating action as detailed in the report.

The Select Committee noted the overall corporate position was being managed by offsetting favourable variances, most noticeably from Capital, Treasury and Corporate Accounting budgets, in part caused by the anticipated cost of borrowing and capital financing being lower than budgeted and the availability of additional Treasury Management income and unringfenced grants not allocated to service budgets.

Information on the Month 8 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report. There were no significant issues of concern in relation to the HRA and Collection Fund, however, the DSG continued to be an area which was facing a financial challenge with an increase in the projected year-end deficit. Action was being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position.

With regard to the Capital position, the report outlined the most up to date capital spending position for 2018/23 for approved schemes. The 2018/19 capital programme budget had been revised to £48.952m at the close of Month 8, a net decrease of £40.706m from the original budget of £89.658 and a reduction of £0.571m from the £49.523m reported at Quarter 2. Actual expenditure to 30 November 2018 was £24.637m (50.33% of forecast outturn). The Select Committee were informed that it was probable that the forecast position would continue to change before the year end with additional re-profiling into future years.

The Select Committee **RESOLVED** that:

1. The forecast revenue outturn for 2018/19 at Month 8, being a £0.145m under spend, be noted.
2. The forecast positions for the HRA, Collection Fund and the DSG be noted.
3. The use of ear marked reserves as detailed in Appendix 1 to Annex 1 of the report be noted.
4. The revised capital programme for 2018/19 to the extended period of 2022/23, as at Month 8, be noted.
5. The report be commended to Cabinet.



6

REVENUE BUDGET 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2023/24

Consideration was given to a report of the Director of Finance which provided the Select Committee with the forecast budget gap and the Administration's budget proposals for 2019/20 together with forecast budget gap estimates for the period 2020/21 to 2023/24, having regard to the Provisional Local Government Finance Settlement published on 13 December 2018.

The Cabinet Member for Finance and Corporate Resources and the Director of Finance presented the report and addressed the enquiries of the Select Committee.

The report set out proposals for the Council's Revenue Budget for 2019/20 and Medium Term Financial Strategy for 2019/20 to 2021/22. It advised Members of the key financial challenges and issues which would be faced by the Council over the forecast period and set out the Administration's revenue budget proposals for 2019/20 together with updated budget gap estimates for the period 2020/21 to 2023/24.

The report highlighted policy announcements and implications which arose from the Chancellor's Autumn Budget Statement and the Provisional Local Government Finance Settlement. The report also detailed key budget adjustments and expenditure pressures which underpinned the forecasts that provided the backdrop for the Council's Medium-Term Financial Strategy.

Based on the latest estimates, the budget reduction requirement for 2019/20 had increased from the previously reported figure of £17.986m to £22.696m. This increase was due to a range of changes to the estimates which were set out in detail in Section 11 of the report. Section 12 of the report detailed the Administration's budget reduction proposals. There were a total of 35 proposals delivering savings of £7.829m in 2019/20. If approved in full, these proposals further reduced the budget reduction requirement to £14.867m for 2019/20. Section 13 explained the approach to balancing the 2019/20 budget. In order to remove the requirement for further spending reductions, it was proposed to part-finance the 2019/20 budget by using the opportunities provided by the ability to use Capital Receipts to support spending on transformational projects up to a value of

£3.000m and from an available Collection Fund Surplus of £2.269m. A number of specific and corporate reserves would be used to address the balance.



Approval of the proposals set out in this report in full by Budget Council would deliver a balanced revenue budget for 2019/20. The budget reduction requirement for subsequent years was forecast to be £22.883m for 2020/21, £10.889m for 2021/22, £6.859m for 2022/23 and £4.160m for 2023/24.

Members sought and received clarification on the change to the amount of business rates expected. They were advised that this anticipated the expected change in the business rates retention scheme in 2020/2021.

The Select Committee examined each of the budget reduction proposals as follows:

The Leader of the Council, and the Strategic Director of Reform were in attendance to address the enquiries of the Select Committee on the following items:

REF-BR1-248 Review of District Working

Members were advised of the intention to review district working to reflect significant changes in the overall operating environment since the last review in 2012/13.

REF-BR1-230 Review of Executive Support Function and non-pay budgets

Members were informed that following a rationalisation of the Council's senior management structure that the subsequent alignment of the executive support function meant that the service could operate with one less post.

REF-BR1-229 Review of Design and Assurance

Members were informed of the intention to establish a design and assurance function to strengthen the co-operative culture and enable a whole system approach to design. This non-silo approach will offer more efficient working and reduced expenditure.

The Cabinet Member for Health and Social Care and the Managing Director, Community Health and Social Care Services (DASS) were in attendance to address the enquiries of the Select Committee on the following items:

HAS-BR1-237 Day Care Services

A proposal to re-tender the service to a different provider. There would not be a reduction in service to service users.

HAS-BR1-238 Community Transport

Members asked for and received further information in relation to the services that were provided and the impact on service users of withdrawing the grant. They were informed that the organisation would need to consider its business case in relation to the ongoing provision of services.

The Select Committee wished that as far as possible a similar service provision would be available in the town centre. The Cabinet Member for Neighbourhood Services and the Director of Environmental Services were in attendance to address the enquiries of the Select Committee on the following items:

PPL-BR1-209 Reduction in budget supporting North West in Bloom

Members enquired whether there was a role for the Districts to assist in forming a route and were informed that this could be considered, along with assistance from community groups.

PPL-BR1-212 Charge for full-length kerbs in designated areas

Members were informed that there would be an increased fee for those that wanted this provision and areas had been identified in each of the cemeteries.

PPL-BR1-213 Reduction in Administrative Support

Automating processes had enabled efficiencies that meant the service could operate with one less post.

PPL-BR1-214 Reduction in maintenance costs following purchase over hire

Savings would be achieved through the purchase of fleet and equipment rather than hiring.

PPL-BR1-217 Fleet Management

Savings would be achieved through covering seasonal variance by the retention of vehicles from the old fleet rather than hiring vehicles.

PPL-BR1-218 Highways IT and mobile working savings

Automating processes had enabled efficiencies.

PPL-BR1-208 Increase in Pest Control income/fees

The increased income would be achieved through an increase in the number of contracts delivered. There would be no increase in fees.

PPL-BR1-207 Revised Performance Standards

The revised standards would reduce the costs of testing.

The Cabinet Member for Neighbourhood Services and the Head of Strategic Assets and Facilities Management were in attendance to address the enquiries of the Select Committee on the following item:

PPL-BR1-233 Additional Bus Lane Enforcement

Members noted that this was not a proposal for additional bus lanes but to enforce the restrictions on those that were already there.

The Leader of the Council and Cabinet Member for Economy and Enterprise, and the Head of Strategic Assets and Facilities Management were in attendance to address the enquiries of the Select Committee on the following item:



PPI-BR1-202 Property Savings and Accommodation Review

Members were informed of an ongoing number of workstreams that would re-design the corporate estate. Proposals would be brought forward for disposal of certain properties or community value transfers and the identified properties would be reported individually to Ward Members.

The Leader of the Council and Cabinet Member for Economy and Enterprise was in attendance to address the enquiries of the Select Committee on the following item:

CEX-BR1-252 Corporate Priorities

To reduce the level of non-pay budget held within the corporate priorities budget.

The Leader of the Council and Cabinet Member for Economy and Enterprise, and the Director of Legal Services were in attendance to address the enquiries of the Select Committee on the following item:

CCS-BR1-226 Constitutional and Civic and Political Support Services Staff restructure

A proposal to delete two vacant posts.

The Deputy Cabinet Member for Education and Culture, and the Interim Director of Public Health were in attendance to address the enquiries of the Select Committee on the following items:

REF-BR1-201 Oldham Library and Lifelong Learning Services – ICT Services

Revisions in the provision of ICT services enabled a budget reduction.

REF-BR1-225 Reduction in library staff budget

Members were informed that there were sufficient volunteers to deliver the Delph library service.

REF-BR1-242 Reduction in grants to cultural organisations

Members suggested grants could be aligned to outcomes in future years.

REF-BR1-243 Reduction in Business Support Staff for Oldham Music Services

The service would explore different ways of working.

The Cabinet Member for Neighbourhood Services, and the Interim Director of Public Health were in attendance to address the enquiries of the Select Committee on the following item:

REF-BR1-234 Get Oldham Growing

It was noted that this was a difficult decision. Members suggested that officers could work with the Districts to undertake the ambassador roles. It was anticipated that the programme itself would continue.

The Cabinet Member for Finance and Corporate Resources, and the Director of Finance were in attendance to address the enquiries of the Select Committee on the following items:

CCS-BR1-249 Supplies and Services

Each service would have its budget reduced by 2% and would be responsible for delivering this.

CCS-BR1-250 Introduction of vacancy factor

Members were informed that there would be no delay in filling posts that were key of where there was an urgent requirement.

The Cabinet Member for Finance and Corporate Resources, the Director of Finance and the Deputy Chief Executive Corporate and Commercial Services were in attendance to address the enquiries of the Select Committee on the following item:

CCS-BR1-251 Development of the Unity Partnership operating model Phase 2

The way the company functioned had been considered and opportunities to make additional savings had been identified.

The Cabinet Member for Finance and Corporate Resources, the Director of Finance, the Deputy Chief Executive Corporate and Commercial Services, and Assistant Director, Commercial, were in attendance to address the enquiries of the Select Committee on the following item:

CCS-BR1-228 Council Traded Services/Unity Commercial Services Reviews

Members noted further savings may be identified.

The Cabinet Member for Finance and Corporate Resources, the Director of Finance and the Deputy Chief Executive Corporate and Commercial Services were in attendance to address the enquiries of the Select Committee on the following items:

CCS-BR1-253 Corporate and Commercial Services

Members were informed that the staffing review was currently subject to consultation.

CCS-BR1-227 Digital by Design

Members queried how much of the service could be digitalised whilst still offering a good service and were informed that, whilst it would not be appropriate to digitalise every aspect, the new infrastructure would enable better access and was a more-stable platform. The public would be able to access the service when convenient to them.



CCS-BR1-220 Insurance Review

Members noted this was an additional saving and the contract was due to be re-tendered in April 2019.

CCS-BR1-221 Housing Benefit – Reduction in provision for loss of subsidy

The number of recipients of Housing Benefit had decreased, as the roll out of Universal Credit had accelerated, therefore the volume of unrecoverable overpayments had reduced. Members noted this was a saving with no impact on housing benefit recipients.

CCS-BR1-222 Audit Fee Reduction

This was an additional saving due to the reduced cost of external audit.

CCS-BR1-223 Treasury Management

Members noted this was additional income.

CCS-BR1-245 Financial Services Redesign

The service redesign was noted.

The Cabinet Member for Finance and Corporate Resources, the Director of Finance, the Deputy Chief Executive Corporate and Commercial Services, and Head of Shared and Collaborative Services, were in attendance to address the enquiries of the Select Committee on the following item:

CCS-BR1-247 Transition AVC Contributions to Salary Sacrifice

Members were informed that the ability to pay AVC's as salary sacrifice,, which reduced the Council's national insurance contributions.

The Cabinet Member for Finance and Corporate Resources, the Director of Finance and Senior Finance Manager were in attendance to address the enquiries of the Select Committee on the following items:

CCS-BR1-240 Fees and Charges additional Income

Members sought and received clarification on the following:-

- Link Centre Room – this was the market rate for the facility.
- School Meals – this service was provided on a cost-recovery basis, increases in salaries had increased the cost and there was a service financial deficit as a result. The last increase had been two years ago and prior to that in 2011. It was not possible to sustain the current financial position without a price increase. It was noted that this proposed price was in line with other organisations and that this was a valued and excellent service.
- Increase in inter-library reservation fee – this was a large % change but small monetary amount.

- Highways Adoption fee – now similar to the rest of Greater Manchester.
- Fees for weddings – after a service review, weddings would no longer be conducted on Mondays and fees were therefore set at the same value for Tuesdays to Thursdays with different fee rates for Fridays, Saturdays and Sundays.
- Taxi Marshall Levy – this was fully costed and paid for as part of the licensing fee.

Options/Alternatives considered:-

- Option 1 – PVFM accept the assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 2.
- Option 2 – PVFM propose amendments to the assumptions which will change the resulting budget gap and financial forecasts.
- Option 3 – PVFM recommend all the budget reduction proposals included in this report to the value of £7.829m for approval and the approach to the use of reserves and balances and as well as Council Tax and Adult Social Care Precept increases.
- Option 4 - PVFM request that further work is undertaken on some or all of the budget proposals and the approach to reserves and balances and that Cabinet considers a revised position.

The Director of Finance confirmed that these proposals constituted a valid budget that could be delivered.

RESOLVED that the Select Committee accepted and commended to Cabinet:

1. The national and regional policy landscape determining the context in which the Council was setting its revenue budget for 2019/20 and Medium Term Financial Strategy to 2023/24.
2. The impact of Oldham Council Policies and Strategies on the Council's budget setting process and the development of its Medium Term Financial Strategy.
3. The financial forecasts for 2019/20 to 2023/24 having regard to the Provisional Local Government Finance Settlement and associated funding announcements.
4. The key issues to be addressed in continuing to respond to the financial challenges facing the Council..
5. The 2019/20 Budget Reduction Proposals at a value of £7.829m.
6. The proposed use of £2.946m of reserves for specific purposes and £6.652m of corporate reserves to balance the 2019/20 budget .
7. The fees and charges schedule included at Appendix 5.

8. The pay policy statement included at Appendix 6.
9. The proposed Council Tax increase of 3.99% for Oldham Council services resulting in the charges set out at paragraph 17.3 and Table 22 of the report.
10. The proposed increase to the empty property premium from 50% to the maximum 100% allowed from 1 April 2019.
11. The proposal to draw on the Collection Fund for major preceptors of £105.824m for Borough Wide services and £92.090m for Council services.
12. The proposed budget for 2019/20 for the Council set at £223.939m.

The revised estimated budget reduction targets of £22.883m for 2020/21, £10.889m for 2021/22, £6.859m for 2022/23 and £4.160m for 2023/24

7

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2019/20 TO 2023/24

Consideration was given to a report of the Director of Finance which set out the Capital Strategy for 2019/20 to 2023/24 and thereby the proposed 2019/20 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2020/21 to 2023/24, having regard to the resources available over the life of the programme.

The proposed Capital Strategy and programme for 2019/20 to 2023/24 took the essential elements of the 2018/22 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2019/20.

In accordance with CIPFA guidance, the Strategy was presented so that it provided:

- A high-level long term overview of how capital expenditure, capital financing and
- treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

The Cabinet Member for Finance and Corporate Resources, and the Director of Finance presented the report.

The Select Committee noted the priorities as set out in the report.

RESOLVED that:

1. The Capital Strategy for 2019/20 to 2023/24 at Appendix 1 of this report and summarised at section 2.1 be accepted and commended to Cabinet.
2. The capital programme for 2019/20 and indicative programmes for 2020/21 to 2023/24 at Annex C of Appendix 1 and summarised at section 2.2 to 2.6 of the report be accepted and commended to Cabinet.

8

HOUSING REVENUE ACCOUNT ESTIMATES FOR 2019/20 TO 2023/24 AND PROPOSED OUTTURN FOR 2018/19

Consideration was given to a report of the Director of Finance which set out the latest Housing Revenue Account (HRA) outturn estimate for 2018/19, the detailed budget for 2019/20 and strategic estimates for the four years 2020/21 through to 2023/24. The report also set out the recommended dwelling and non-dwelling rents and service charge increases to be applied from April 2019.

The Cabinet Member for Finance and Corporate Resources, the Cabinet Member for Housing and the Director of Finance presented the report.

The projected financial position for 2018/19 was estimated to be a £2.506m positive variance when compared to the original budget forecast for 2018/19 approved at the February 2018 Budget Council meeting. The majority of this variance was attributable to the re-profiling of HRA funded capital schemes into later years due to revisions to planned spending profiles.

The financial position for 2019/20 showed an estimated HRA closing balance of £19.477m which was considered to be sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2019/20 position has been presented after allowing for an increase in rent of 3.4%.

The Government had advised that PFI properties were exempt from Central Government's 1% Social Rent Reduction Programme. As all Oldham housing stock was contained within two PFI schemes the 2019/20 budget would follow historic rent setting guidance of CPI plus 1%, resulting in an increase of 3.4%.

The Cabinet Member for Housing advised the Committee that as Universal Credit had been designed around a 52 rent year, tenants may suffer financial hardship given that 2019/20 is a 53 week rent year. The Cabinet Member advised that the Council intends to consider options to assist tenants so they do not fall into rent arrears.

RESOLVED that:

1. The forecast HRA outturn for 2018/19 (as per Appendix A) be accepted.
2. The proposed HRA budget for 2019/20 (as per Appendix B) be accepted.
3. The strategic estimates for 2019/20 to 2023/24 (as per Appendix D) be accepted.
4. The proposed increase to dwelling rents for all properties of 3.4% be accepted.
5. The proposed increase to non-dwelling rents as per individual contracts be accepted.
6. The proposal that PFI 2 and 4 service charges are unchanged be accepted.
7. The proposal to set PFI 2 concierge charges in line with actual costs for full recovery be accepted.
8. There was support for the proposal to assist tenants in receipt of Universal Credit where possible.
9. The report be commended to Cabinet.

9

TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

Consideration was given to a report of the Director of Finance which informed members of the strategy for 2019/20 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators, together with linkages to the Capital Strategy.

The Cabinet Member for Finance and Corporate Resources, and the Director of Finance presented the report.

The Strategy for 2019/20 covered two main areas.

Capital Issues

- The Capital Strategy and the Prudential Indicators
- The Minimum Revenue Provision (MRP) Policy Statement

Treasury Management Issues:

- The Current Treasury Position
- Treasury Indicators which limit the treasury risk and activities of the Council
- Prospects for Interest Rates
- The Borrowing Strategy
- The Policy on Borrowing in Advance of Need
- Debt Rescheduling
- The Investment Strategy
- The Creditworthiness Policy
- The Policy regarding the use of external service providers.

The report outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and made recommendations with regard to the Treasury Management Strategy for 2019/20.

RESOLVED that:

1. The Capital Expenditure Estimates as per paragraph 2.1.2 were accepted.
2. The MRP policy and method of calculation as per Appendix 1 was considered and accepted.
3. The Capital Financing Requirement (CFR) Projections as per paragraph 2.2.4 were accepted.
4. The projected treasury position as at 31/03/2018 as per paragraph 2.4.4 was accepted.
5. The Treasury Limit's as per section 2.4 was accepted.
6. The Borrowing Strategy for 2019/20 as per section 2.6 was accepted.
7. The Annual Investment Strategy as per section 2.10 including risk management and the creditworthiness policy at section 2.11 was accepted.
8. The level of investment in specified and non-specified investments detailed at Appendix 5 was accepted.
9. The report be commended to Cabinet.

10

COUNCIL TAX REDUCTION SCHEME 2019/20

Consideration was given to a report of the Director of Finance which set out the proposed Council Tax Reduction Scheme for 2019/20.

The Cabinet Member for Finance and Corporate Resources, and the Director of Finance presented the report.

Members were informed that there was a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualified for assistance in paying Council Tax. The Local Government Finance Act 2012 placed a requirement that each year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2019/20 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2019. For Oldham, this would require the Council to agree a revised 2019/20 scheme at the 27 February 2019 Council meeting.

Members asked for and received clarification in relation to information as to entitlement to Universal Credit being taken as an automatic application for a Council Tax Reduction.

RESOLVED that:

1. The continuation to limit support to a maximum of 85% of Council Tax of a Band A property be agreed.
2. The treatment of information received from the Department for Work and Pensions (DWP) about Universal Credit entitlement as a claim for Council Tax Reduction be agreed.
3. The application of earnings disregards for Universal Credit/Council Tax Reduction (UC/CTR) claims as set out below-

- a) Single claimant £5 per week
 - b) Couple £10 per week
 - c) Disabled/Carer £20 per week
 - d) Lone Parent £25 per week
- be agreed
4. The incorporation of housing costs into the UC/CTR calculation be agreed.
 5. The application of disregards for Bereavement Support Allowance and post graduate master's degree loan and special support payments in the assessment of Council Tax Reduction be agreed.
 6. The report be commended to Cabinet

The meeting started at 6.00 pm and ended at 8.35 pm