

NORTH DEVON COUNCIL

Minutes of a meeting of the OVERVIEW AND SCRUTINY COMMITTEE held at the Brynsworthy Environment Centre, Barnstaple on Tuesday 13th February 2018 at 2.00 p.m.

PRESENT: Members

Councillor Greenslade (Chair)

Councillors Bonds (present for minutes 106 to 111), Chesters (present for minutes 106 to 111), Ley (present for minutes 106 to 113), Mathews, Patrinos, Webber, White and Worden.

Officers:

Head of Resources (JT) and Corporate and Community Services Officer (KJ).

106 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Meadlarkin and Roome.

107 MINUTES

RESOLVED that the minutes of the meeting held on 18th January 2018 (circulated previously) be approved as a correct record and signed by the Chairman.

108 DECLARATIONS OF INTEREST

There were no declarations of interest announced.

109 PERFORMANCE AND FINANCIAL MANAGEMENT REPORT QUARTER 3 2017/18

The Committee considered a report to the Executive on 5th February 2018 by the Leader and Executive Team together with a minute extract (circulated previously) regarding the Performance and Financial Management Quarter 3 of 2017/18.

The Head of Resources gave an overview of the third quarter performance of the year and took the Committee through the headline financial figures.

He drew the Committee's attention to the following points:

- As at 31st December 2017, the latest forecast net expenditure was £12.007m, which was £0.062m over budget. However it was anticipated that there would be an increase in Business Rates Retention income of £0.050m which would produce an overall forecast net budget deficit of £0.012m.

- Salary vacancy savings of £0.167m had been identified as at 31st December 2017. The target for the year was £0.200m. Further savings were anticipated from the Environmental Health and Housing team.
- The target savings would not be achieved in 2017/18 from the service changes within the Waste and Recycling service, although we had seen a reduction of £0.034m in the overspend that had been reported in quarter two.
- In 2016/17 additional business rates income of £0.742m was achieved over and above the Council's baseline funding. In 2017/18 an additional income above the base budget of £1.220m of £0.050m had been assumed.
- The Council took on £1.5m of extra borrowing in November 2014 and a further £0.5m in August 2016.

In response to questions from the Committee, the Head of Resources confirmed:

- The anticipated £0.340m savings from the service changes in Waste and Recycling had been offset by the additional £0.350m one-off costs for the 2017/18 year. This had been to cover additional expenses such as hire costs of vehicles and additional rounds.
- The remodeling of the collection routes had reduced the number of routes from 23 to 30.
- New vehicles were now being used. It was more cost effective to purchase vehicles rather than lease or hire them. Vehicles were expected to be used for a period of seven years. There was a capital reserve in place for the future replacement of the vehicles.
- The Council had previously borrowed at a low, fixed interest rate. Any future borrowing may not be at such low rates.
- £30 million was collected from Business Rates, of which the Council currently retained 40%.
- Collection levels of Council Tax and Business Rates were currently 83.53% and 83.04% respectively as at quarter 3. The Council was on target to achieve 97.5% by the end of the financial year. Collection rates had averaged 97% over the last few years with little change.
- 'Write offs' of Business Rates and Council Tax were only considered once other debt recovery options had been exhausted. Options considered included attachments to earnings or benefits, liability orders, debt collection agencies.

RESOLVED, that the decisions and recommendations of the Executive be endorsed.

110 TREASURY MANAGEMENT ANNUAL STRATEGY 2018/19

The Committee considered a report to the Executive on 5th February 2018 by the Leader and Executive Team together with a minute extract (circulated previously) regarding the Treasury Management Annual Statement 2018/19.

The Head of Resources advised that the report covered the following: The Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Statement 2018/19.

The Head of Resources drew the Committee's attention to the following:

- The additional responsibilities of the Chief Financial Officer (Section 151 Officer) were detailed in appendix 2. He would now be required to prepare a Capital Strategy.
- Some Councils had been looking at non-financial investments (e.g. property investments) as an income source. Large returns were available from this form of investment however it was noted that the risks were also higher. The Government were looking at controlling this kind of investment.
- Properties could be purchased both within and outside of a Local Authority area. A Council could purchase property within its area to provide accommodation, e.g. for temporary homelessness accommodation. This was viewed as acceptable practice. Investment in another geographical area with view to provide an income source was being considered differently.
- The Capital Financing Requirement (CFR) to fund the existing capital programme for 2018/19 was estimated at £4.270m with a decrease to £3.340m in 2020/21. This had shown a reduction from 2016/17 when the figure was £6.469m.
- The estimated figures for 2019/20 and 2020/21 for the capital expenditure for "Tackling the Housing Problem" were shown as £0.850m for each year based on the statutory requirement without further investment (i.e. as at the same statutory requirement in 2017/18).
- The Current Portfolio Position information showed the level of external debt would remain at £2m until 2020/21. The borrowing was anticipated for the provision of a replacement bailer for the Waste and Recycling Service. A business case would be required for this purchase at a future date.
- Alternative funding streams would need to be considered in future for the Leisure Centre financing. This could include grant income from Sports England and Section 106 funds but it was expected that an element of borrowing would still be required.

The Committee discussed the benefits of an increase spend on more advanced/efficient recycling equipment and the effect on possible costs and income from external markets.

RESOLVED, that the decisions and recommendations of the Executive be endorsed.

111 REVENUE BUDGET 2018/19, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL STRATEGY 2018-2022.

The Committee considered a report to the Executive on 5th February 2018 by the Chief Financial Officer, together with a minute extract (circulated

previously) regarding the Revenue Budget 2018/19, Capital Programme and Medium Term Financial Strategy 2018-2022.

The Committee received a presentation from the Head of Resources regarding the Revenue Budget 2018/19, Capital Programme and Medium Term Financial Strategy 2018-2022.

He drew the Committee's attention to the following:

- Aim of the Budget Update:
 - Provisional Local Government Finance Settlement 2018/19
 - Reminder of Multi-Year Funding Settlement
 - New Homes Bonus Funding
 - Business Rates Retention / Council Tax
 - Strategic Grants
 - Draft Revenue Budget 2018/19
 - Medium Term Financial Strategy 2018 to 2022
 - Draft Capital Programme 2017/18 to 2020/21
 - Timeline.
- The provisional Government Settlement for 2018/19 was £3.571m. This was £300,000 less in cash terms than in 2017/18 (-8%) in line with the Medium Term Financial Plan (MTFP).
- 100% Business Rate Pilot accepted for Devon. This was a one-off pilot for 2018/19. £17m extra funding was forecast for Devon as a whole, with potentially £0.364m in additional funding for North Devon Council. If the pilot was extended for a further year the Council would be looking to take part for 2019/20.
- The Council had applied to increase the Planning Fees by 20%. Any income from this increase would be reinvested in the Planning service (software upgrade / additional staff).
- Increase in level of Council Tax allowed (as per the Government) – core increase proposed for band D property of 2.99%. Rural Councils could now increase Council Tax by up to 3% or £5 (whichever was higher). The largest increase of the Council Tax was for Devon County Council services (72% of total bill collected).
- The New Homes Bonus:
 - To reduce legacy payments to four years of payments (rather than six years' as previously).
 - The introduction of a national baseline at 0.4%. Awards would only be paid if growth of 0.4% achieved. No incentive for any levels lower than 0.4%.
- The New Homes Bonus funding had previously been calculated using the preceding six years' figures. This had now been proposed to be calculated using only four years' figures. For North Devon Council this was £1.314m for 2018/19 year.
- Strategic Grants: No changes to funding had been proposed to the grants for the Theatres and to North Devon Plus. Community Councillor Grants were to stay at £1000 per Councillor. It was proposed to reduce all other strategic grants by 8% which was in line with North Devon Council's settlement reduction which was also 8% for 2018/19.

The Chairman confirmed that a report had been recently provided to Members giving full details of the services provided by those in receipt of strategic grants.

The Head of Resources confirmed that:

- The Draft Revenue Budget for 2018/19 showed a net budget figure of £12.158m. This would be funded by £6.022m Council Tax, £3.571m Business Rates retention (baseline), £1.252m Business Rates Retention (growth) and £1.313m New Homes Bonus.
- The medium Term Financial Strategy 2018/22 was showing £nil budget gap for 2018/19, which would increase to £0.616m in 2021/22.
- The Draft Capital Programme for 2017/18 to 2020/21 totalled £9.925m. This was recommended to Full Council for approval.

The Committee discussed the 'Pilot' scheme for 100% Business Rate Retention and noted that it was possibly a misleading title if the project was only intended for a one year period.

The Head of Resources explained that:

- The Pilot may continue on to a further year but at this time no decision or further details were known regarding the proposed scheme. He advised that the Governments' Autumn Budget mentioned a 75% Business Rates retention across the country.
- the £0.060m Rural Services Grant would still be received in addition to any income from the pilot scheme.
- In future the budget of the Local Authority would be funded purely by Business Rate and Council Tax incomes.
- A pay offer of 2% had been factored in to the budget, with a higher increase for those on lower salary grades.
- An element of inflation had been allowed for in the budget figures. There was always a risk of unknown changes to the inflation rate but provision had been made where possible.

The Committee discussed the changes to the Waste and Recycling service. The issues regarding the BARTEC system and initial resistance from some users were discussed. It was noted that a new waste transfer station would be built next to Brynsworthy which would reduce time taken to transfer waste. The waste was currently transferred to Deep Moor near Great Torrington. Savings were expected on staff time and fuel costs.

RESOLVED that the decisions and recommendations of the Executive be noted.

112 REVIEW OF THE CHARGES AND FEES FOR SERVICES 2018/19

The Committee considered a report to the Executive on 5th February 2018 by the Chief Financial Officer together with a minute extract (circulated

previously) regarding the Review of Charges and Fees for Services 2018/19.

The Head of Resources advised that the Executive had recommended to Council a 3% increase in the majority of fees for 2018/19 financial year and that exceptions were:

- Land Charges fees – to remain unchanged as any income into the service must cover the costs of the service and demonstrate a break-even position.
- Environmental Health fees as a majority were set by statute.
- Although the pannier market fees were recommended at 3% increase it was proposed that any additional income received from this (expected at £6,000) would be set aside to be spent on the market.

The Committee discussed the market and the recent decision to close the market overnight. They had been advised by market traders that the decision was welcomed as it meant that stalls could be left out overnight. The Committee felt that the market was failing to attract younger market stall-holders.

The Committee discussed the fees and the cost of the administration involved in changes the fees and advising customers of the changes. It was felt that some of the fee changes may not be cost-effective to implement.

The Head of Resources advised that the level of increase had no bearing on the cost of implementing the increase as the administration process to amend the fees would not vary.

RECOMMENDED that:

- (a) The burial fees of children between the ages of 2 and 16 at Marlborough Road Cemetery, Ilfracombe and Bear Street Cemetery, Barnstaple, were reduced to £nil.
- (b) That the changes to fees at the Pannier Market, Barnstaple be deferred pending a working group of the Committee meeting to discuss the implications in more detail.

RESOLVED that the decisions and recommendations of the Executive be noted.

113 EXEMPTIONS FROM CONTRACT PROCEDURE RULES.

The Committee considered the Exemption from Contract Procedure Rules Minute extract from minute 101 (The Development of Disabled Facilities Grants and other North Devon Council Services to Secure Disabled Adaptations and Improvements in Residential Property) of the Executive of 8th January 2018) by the Corporate and Community Services Officer (circulated previously).

RESOLVED that the report be noted.

114 RMB CHIVENOR

The Chairman advised the Committee with regards to RMB Chivenor, that no decision had been confirmed in relation to the closure of the base although local press had now indicated it could close in 2023.

RESOLVED that the Committee set up a task and finish group to identify possible future uses for the base should the Marines vacate the site.

115 POLICE AND CRIME COMMISSION UPDATE

Councillor Mathews addressed the Committee. He confirmed that a presentation from the recent meeting of the Police and Crime Panel he attended had been forwarded to the Committee members by the Corporate and Community Services Officer.

The Committee discussed the opportunity to obtain funding to help alleviate problems of anti-social behaviour in town centres. It was noted that the Committee were not aware of such funding but that contact could be made with Sargent Jones (based at Brynsworthy Environment Centre) or the Community Protection Manager.

There were no further updates at present.

116 NHS UPDATE

The Chairman addressed the Committee regarding the National Health Service Update.

The Committee considered the issues faced by the NHS and noted:

- They had concerns over the creation of Accountable Care Organisations (ACOs). These had been identified by the Government recently with the aim of being introduced on 1st April 2018. The Government had since decided to delay the implementation pending a consultation period of 12 weeks. No start date was yet known for the consultation period.
- The South Devon Clinical Commission was separate from the rest of Devon and that the Social Services were run by the Torbay Unitary Authority. It may be useful to make contacts in that area to consider the way that their system was working.
- The problems in attracting qualified health professionals and nurses to the area.

117 WORK PROGRAMME/FORWARD PLAN

The Committee considered the Work Programme / Forward Plan (circulated previously).

RESOLVED that:

- (a) the item Accountable Care System be added to the work programme for April 2018.
- (b) the item “Establish a Task Team regarding the Pannier Market” be added to the work programme for April 2018, with an item “Pannier Market Task Team – Follow up” be added for June 2018.
- (c) the item “Establish a Task Team regarding RMB Chivenor” be added to the work programme for April 2018, with an item “RMB Chivenor Task Team – Follow up” be added at a later date to be confirmed.
- (d) the work programme be noted.

Chairman

The meeting ended at 4.41p.m.

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.