



OVERVIEW AND SCRUTINY COMMITTEE

MEETING : Monday, 26th November 2018

PRESENT : Cllrs. Coole (Chair), Ryall (Vice-Chair), Hawthorne (Spokesperson),
Dee, Haigh, Hampson, Hilton, Lewis, Morgan, Pullen, Taylor,
Walford and Wilson

Others in Attendance

Councillor James, Leader of the Council and Cabinet Member for
Regeneration and Economy

Councillor Watkins, Deputy Leader and Cabinet Member for
Communities and Neighbourhoods,

Councillor Noakes, Cabinet Member for Culture and Leisure

Councillor Cook, Cabinet Member for Environment

Councillor H. Norman, Cabinet Member for Performance and
Resources

Anne Brinkhoff, Corporate Director

Jonathan Lund, Corporate Director

Jon Topping, Head of Policy and Resources

Hadrian Walters

Tony Wisdom, Democratic Services Officer

APOLOGIES : Cllrs. Finnegan and Toleman

107. DECLARATIONS OF INTEREST

107.1 Councillor Hampson declared an interest as a trustee of Aspire.

108. DECLARATION OF PARTY WHIPPING

108.1 There were no declarations of the existence of a party whip.

109. MINUTES

109.1 The minutes of the meeting held on 29th October 2018 were confirmed and signed by the Chair as a correct record subject to the amendment of minutes 105.12 and 105.14 to refer to Councillor Hampson rather than Councillor Stephens.

110. PUBLIC QUESTION TIME (15 MINUTES)

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110.1 There were no questions from members of the public.

111. PETITIONS AND DEPUTATIONS (15 MINUTES)

111.1 There were no petitions or declarations.

112. MONEY PLAN 2019-24 & BUDGET PROPOSALS 2019/20

112.1 The Chair invited the Leader of the Council, Councillor James, and the Cabinet Member for Performance and Resources, Councillor Hannah Norman, to address the Committee.

112.2 Councillor James provided an overview of the draft Money Plan and 2019/20 Budget proposal stating that the current year had been challenging and future years would continue to provide a challenge.

112.3 He stated that savings of over £0.2 million had been achieved in 2018/19, building on the savings of over £10 million achieved in recent years. He confirmed that the proposals were draft and would be updated when details of the local Government settlement were known in December.

112.4 He advised that the savings this year of £250,000 were due to having taken difficult decisions at an early stage. The savings for next year relate to a review of energy efficiency projects, a prudent phasing of the expected savings from vacating the warehouses as well as the first expected income from our Property Investment Strategy.

112.5 He noted that the budget included both revenue and the capital programme, in which provision had been made for the start of the delivery of Kings Square. The Kings Walk property deal has had a significant impact on long term revenue planning and we were able to introduce additional revenue savings of £0.2 million in 2019/20 in addition to those achieved last year which is the net benefit of the rental arrangements.

112.6 He stated that the transformation programme which was continuing required the drawing of funds from earmarked reserves during 2018/19 and the proposed plan identified the need to build up those reserves to protect the Council in the future. In particular, the plan assumed a one-off use of £1 million from the Business Rate reserve in 2020/21.

112.7 Councillor Hannah Norman continued to present the overview of the Money Plan and Budget stating that local government continued to face a tough financial outlook. In particular from 2020/21 onwards with the Fair Funding Review and the potential resetting of Business Rate Baselines. She noted that the money plan prudently assumed a near full reset of business rates and the expected retained Business Rates had been reduced accordingly.

112.8 She noted that the plan assumed the use of £1 million from business rate reserves in 2020/21 and to enable this the reserve must be restored to that level by the end of 2019/20.

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- 112.9 She advised that no changes to the Money Plan had been required following the Chancellor's budget on 29th October which included additional Disabled Facilities Grant funding and the Future High Streets Fund.
- 112.10 Longer term decisions on Local Government funding would be made in the Spending Review 2019 which was expected in Autumn 2019. She noted that 2019/20 would be the last year of the four year settlement for Government funding and that the plan assumed that New Homes Bonus would continue to reduce over the life of the Plan.
- 112.11 She referred to the key assumptions detailed in section 6 of the report and noted that the plan assumed annual Council Tax growth of 2.99 per cent over the life of the plan.
- 112.12 She stated that budgets for Culture and Museums would be increased and noted that even with the benefit of additional income from items such as new procurement and continued income growth at Kings Walk further savings totalling £250,000 are required. The proposed Plan would ensure that the General Fund balance would remain above £1.4 million by the end of the Plan.
- 112.13 She noted that the Council had built up its earmarked reserves over the last five years to a more acceptable level but it would be drawing on those reserves in the short term to complete the transformation programme and enable the move from the warehouses. She stressed the importance of returning those reserves to that level during the life of the Plan.
- 112.14 She concluded that the plan demonstrates that the Council can set a balanced budget but recognises that there will be significant changes over the life of the Plan through pressures from Government and challenging income targets to be met.
- 112.15 Councillor Wilson asked if the Council would receive a further four year settlement and asked about consultation on the budget. The Head of Policy and Resources replied that a four year settlement was not expected and consultation would take place online.
- 112.16 Councillor Hilton asked if any increases were planned in fees and charges. The Head of Policy and Resources advised that Officers were preparing a report for Council in February and the plan assumed growth of £94,000 (2.5 per cent).
- 112.17 Councillor Hilton referred to earmarked reserves and noted that the Statement of Accounts only identified the reserves and showed any movement. He noted that the County Council indicated which of their reserves were committed and he believed Members needed that information in order to make a judgement on the reserves. The Head of Policy and Resources indicated that he would be happy to provide a breakdown.

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- 112.18 Councillor Hilton was advised that the discrepancy between the General Fund closing balance for 2018/19 and the opening balance for 2019/20 represented a contribution to the General Fund balance which would not be made in 2019/20.
- 112.19 Councillor Hilton asked if Key City or the Culture Budget were the reason that there would be no contribution to the General Fund balance in the current year. He was advised Key City and Ignite would be carried forward in the draft Money Plan.
- 112.20 Councillor Haigh questioned Ignite being identified as a budget pressure and was advised that if capital receipts had been available they would have been used to fund the transformation programme. She asked if the Council's capital assets had been examined to identify opportunities for sales. She was advised that asset Management were asked to do that on a regular basis.
- 112.21 Councillor Haigh questioned Culture (Museums and Guildhall) and Markets being identified as budget pressures and was advised that the sums were a correction to the base budget to make targets achievable.
- 112.22 Councillor Haigh asked if any other items on the list of budget pressures were related to transformation and she was advised that they were not.
- 112.23 The Chair thanked Councillors James and Hannah Norman for their presentations and invited Cabinet Members to present their respective portfolios.

Regeneration and Economy Portfolio

- 112.24 Councillor James advised that current staffing levels within his portfolio were 23.3 Full Time Equivalents (FTE) and two vacancies.
- 112.25 Councillor James highlighted the following anticipated financial pressures for the next year:
- There has been pressure on the markets budgets and these have been reported to Members through quarterly financial monitoring. Significant work has been undertaken to bring the markets to full capacity but new traders were subject to initial discounts and incentives and there was not likely to be a significant or immediate impact on incomes.
 - A new contract for the delivery of market services was expected to be in place before the start of 2019/20. The expected efficiencies and savings as a result were expected to reduce the budget pressure on this area.
 - The draft Money Plan includes a reduction of £100,000 per annum on a recurring basis. With the new contract and ongoing work by the Cultural and Trading Service it is expected that this will bring the net position in line with the budget.

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112.26 Councillor James outlined the following proposed budget savings:-

- Preparations were underway to vacate the warehouses and the saving of £200,000 identified for 2019/20 in last year's plan has been split between 2019/20 and 2020/21. This will deliver the saving in the long term but will ensure that the budget was realistic given the expected timings of the move and delivery of savings from the warehouses.
- Council had approved a Property Investment strategy with potential investment levels of £80 million. Investment opportunities were being pursued actively within the criteria of the strategy and a modest savings target of £100,000 had been introduced as income from the strategy. No property had yet been acquired.
- The contract for the provision of parking services had been renegotiated with reduced ongoing contract costs and savings of £50,000 had been included in the Money Plan to reflect the full year benefits.

112.27 Councillor James stated that Kings Walk Shopping centre property deal had a number of financial impacts upon the General Fund including a significant ongoing income benefit in 2018/19 which was forecast to increase in 2019/20 as part of the original agreement and in subsequent years as rent levels in the centre increase with the planned investment.

112.28 Councillor James outlined the main priorities in his portfolio area as follows:-

Kings Quarter – the planning application would be considered by the planning Committee on 6th December.

Relocation of Council Offices

The Fleece Inn – several expressions of interest were being considered.

A new operator for the City centre markets.

112.29 Councillor Pullen enquired what was being considered for the property Investment Strategy and Councillor James advised that he would be happy to brief Councillor Pullen as a number of opportunities were being considered.

112.30 Councillor Pullen asked what would be bid for under the Future high streets initiative. Councillor James replied that there were a number of projects for which the Council could bid but more work was required.

Performance and Resources Portfolio

112.31 Councillor Hannah Norman advised that current staff levels within her portfolio were 44.8 FTE and 1.2 posts vacant.

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- 112.32 Councillor Norman highlighted the anticipated budget pressures for next year as follows:-

Housing Benefit paid and Housing Subsidy received form the largest sums which are part of the Council Budget. As Housing benefit customers were increasingly transferring to the Universal Credit system this element of work will decrease and the Council would lose subsidy credits. An initial assessment of £50,000 lost income had been included in the Money Plan.

Three additional posts within policy and resources will support strategy development, performance management and programme delivery as part of the Together Gloucester initiative. This is included in the Plan at a cost of £150,000 per annum.

- 112.33 Councillor Norman outlined the proposed budget savings within her portfolio as follows:-

A reduction in the Council's insurance premium is expected to deliver annual savings of £50,000.

Additional savings were expected in reductions of the Council's contributions to the Civica partnership.

She stated that no new income streams had been identified for her portfolio.

- 112.34 She did not anticipate any changes to her portfolio as a result of the budget proposals for 2019/20 but stated that one of her key priorities was delivering the transformation programme, both processes and digital. She will strive to deliver value for money and ensure that the Council only spend what it can afford.

- 112.35 Councillor Hilton referred to the £150,000 provision for Ignite and was advised that it had been prudent to include that sum which was still subject to Cabinet approval and if approved would be available from 1st April 2019.

- 112.36 The Chair asked when the Cabinet would make a decision. Councillor Norman did not know when the decision would be considered but expected that it would be discussed at the forthcoming Cabinet awayday.***

Culture and Leisure Portfolio

- 112.37 Councillor Noakes advised that current staff levels within her portfolio were 40.2 FTE with 2.8 vacancies and zero hours staff were employed as required***

- 112.38 Councillor Noakes highlighted the anticipated budget pressures within her portfolio for next year as follows:-***

The major pressure was achieving the savings targets for both the Guildhall and the museums. She was grateful for the recurring additional £100,000 for the service from 2019/20.

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The apparent reduction in funding for Marketing Gloucester Ltd related to a staff member who transferred back to the Council and an appropriate adjustment would be made to the draft budget.

The relocation of the Tourist Information Centre would reduce operating costs in respect of rent, rates and utilities but not staffing.

The proposed transfer of the Gloucester Life Museum to the Gloucester Historic Building Trust was not a savings-led initiative but would have a beneficial effect on the operating budgets of the museums service.

The recent review of the food and drink offer encompassing the whole operation of the sites to maximise service and income would deliver further growth in income.

Some one-off building related costs were incurred in 2018/19 but should not continue.

112.39 *Councillor Noakes advised that there were no new proposed budget savings in her portfolio but the one-off funding of £10,000 for cultural anniversaries in 2018/19 would no longer apply.*

112.40 *No specific new income streams had been identified for the Culture and Leisure Portfolio.*

112.41 *Councillor Noakes advised that there were no changes to the priorities in her portfolio which remained to maximise income and ensure that Gloucester will become known for its distinctive culture.*

112.42 *Councillor Pullen expressed concern that the additional £100,000 would be absorbed by overspends and he was referred to the quarterly financial monitoring reports.*

112.43 *Councillor Wilson asked if spending was now allocated accurately. He noted that the costs for Blackfriars had doubled while income had fallen. He stated that it would be useful to have an indication of the anticipated end of year position in order to make comparisons and assess the accuracy of budgets.*

112.44 *Councillor Haigh asked if the subsidy for Marketing Gloucester was related to the costs of the Chief Executive. Councillor Noakes advised that Marketing Gloucester were allocated one budget and expected to deliver the agreed service.*

112.45 *Councillor Haigh asked what improvements had been made to the food and drink service. Councillor Noakes advised that a plan had been agreed to provide a bigger offer with simple improvements to maximise income. She noted that councils generally were not good at catering. Councillor Haigh challenged that statement and Councillor Noakes advised that the Roundhouse had stopped its provision due to losses.*

112.46 *Councillor Hilton noted the anticipated income of £3.42 million for Culture and Trading with an anticipated surplus of £250,000 and sought an assurance that these figures were accurate. The Head of Policy and Resources assured him that work had been done and an analysis completed. He*

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confirmed that any surplus would return to the General Fund unless a specific project had been identified then it would be transferred to earmarked reserves.

112.47 *Councillor Hampson was pleased that a more realistic budget had been produced for aspire and questioned the grant/contribution of £30,000. The Head of policy and resources undertook to provide further information. Councillor Hampson noted that the building was provided rent free and questioned the maintenance costs for GL1 and the Tennis Centre. The Head of Policy and Resources advised that an analysis would be produced but there may be building related expenditure in future years.*

Environment Portfolio

112.48 *Councillor Cook advised that current staff levels within his portfolio were 31.7 FTE with no posts vacant.*

112.49 *He advised that there were no additional financial pressures on his portfolio. He stated that savings of £50,000 had been identified through energy efficiency measures and no new income streams were anticipated.*

112.50 *He noted that the Council was in an ongoing dispute with Amey and he would keep Members informed of progress.*

112.51 *Councillor Hilton noted that the anticipated income for the Green Waste service was £686,000 and asked if this figure assumed no growth or increase in charges. Councillor Cook advised that there was no necessity to increase charges and demand remained fairly static.*

112.52 *Councillor Haigh questioned the location of the public toilets and was advised that the budget included the community toilets Scheme and facilities in the Bus Station, Kings Square, Westgate car Park and Gloucester Park.*

Communities and Neighbourhoods Portfolio

112.53 *Councillor Watkins advised that current staff levels within her portfolio were 43.2 FTE and 3 posts vacant.*

112.54 *She stated that there were no major budget pressures identified within her portfolio for next year. She confirmed that the £20,000 for the development of partnerships in the community was a one-off funding for 2018/19 and had been removed for 2019/20.*

112.55 *She stated that there were no specific savings identified within her portfolio for 2019/20 and no new income streams were anticipated.*

112.56 *She outlined the following priorities for her portfolio:-*

Reduced reliance on temporary accommodation.

Continued improvement of housing performance.

Continue the good work of Action Glos in reducing street homeless.

New housing supply to reduce numbers of people in bed and breakfast accommodation.

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Continue to invest in community building across the City.

Maintain Purple Flag status.

Further develop the work of Nightsafe and Daysafe.

112.57 *Councillor Hilton was advised that the Members Allocation fund would continue for 2019/20 at £500 per Member*

112.58 *Councillor Hampson noted that Shopmobility charges had increased and asked for the number of users and details of usage of the service. Councillor Watkins advised that the service was now more financially sustainable and the Council would continue to look to the future.*

112.59 *Councillor Haigh suggested that the surplus shown for licensing be spent on increasing gambling inspections. She was advised the licensing was now within the Environment portfolio. Councillor Cook stated that he would be happy to consider this. Councillor Watkins noted that there were other ways of raising standards such as the Best Bar None and Purple Flag initiatives.*

112.60 *The Chair requested that the latest list of portfolio responsibilities be circulated to all Councillors.*

Housing Strategy and Planning Portfolio

112.61 *Councillor James presented this portfolio on behalf of Councillor Organ. He stated that the current staff levels in the portfolio were 18.4 FTE with 1.5 posts vacant.*

112.62 *He stated that budget pressures included the preparation of the City Plan and commissioning evidence where required. A budget of £72,000 had been introduced in 2018/19 and would be gradually reduced as the plan was finalised. The budget also included a contribution to the costs of the Joint Core Strategy team.*

112.63 *Councillor James advised that no specific savings had been identified for 2019/20 and it was anticipated that the newly introduced Planning Performance Agreements would produce a new income stream.*

112.64 *He noted that the priorities for the portfolio included the City Plan; the Joint Core Strategy Issues and Options; the Retail Review; the Planning Process Review and arrangements with Tewkesbury Borough Council and other local authorities.*

112.65 *Councillor Hilton questioned the budget of £1.4 million for premises and the Head of Policy and Resources undertook to provide more information.*

112.66 *Councillor Hilton asked how costs associated with planning appeals such as barristers' fees were funded. He was advised that there was no specific budget for these costs which were charged to the General Fund.*

112.67 *The Chair thanked the Leader of the Council and Cabinet Members for their presentations.*

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113. DATE OF NEXT MEETING

Monday, 3rd December 2018 at 6.30pm.

Time of commencement: 6.30 pm hours

Time of conclusion: 8.00 pm hours

Chair