



OVERVIEW AND SCRUTINY COMMITTEE

MEETING : Monday, 4th December 2017

PRESENT : Cllrs. Coole (Chair), Ryall (Vice-Chair), Finnegan (Spokesperson), Pearsall, Hilton, Lewis, Wilson, Dee, Hawthorne, Melvin, Smith, Patel, Pullen, Taylor and Stephens

Others in Attendance

Anne Brinkhoff, Corporate Director
Andrew Cummings, Finance
Jon Topping, Head of Policy and Resources
Simon Byrne, Democratic and Electoral Services Officer

APOLOGIES : Cllrs. Hampson

1. DECLARATIONS OF INTEREST

1.1 There were no declarations of interest.

2. DECLARATION OF PARTY WHIPPING

2.1 There were no declarations of an existence of a party whip.

3. PUBLIC QUESTION TIME (15 MINUTES)

3.1 There were no public questions.

4. PETITIONS AND DEPUTATIONS (15 MINUTES)

4.1 There were no petitions or deputations.

5. DRAFT MONEY PLAN 2018-23 AND BUDGET PROPOSALS 2018-19

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

5.2 Councillor James provided an overview of the draft Money Plan and Budget Proposal stating that the Council had made savings of £1.6 million in the

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year 2017/18 which had built on savings of £10 million in previous years. He confirmed that, as it stood, the Money Plan and Budget Proposal were drafts and subject to being updated once details of the Local Government settlement were released.

- 5.3 He advised the Committee that, due to an overachievement with regard to savings targets in the previous year, the proposed savings for the year 2018/19 were £200k. Next year's savings would relate to changes in the way of working with MGL and the Voluntary Sector as well as the first expected income from the Council's Property Investment Strategy.
- 5.4 Councillor James confirmed that the budget included both revenue and the capital programme, in which the completion of the new Bus Station in 2018 had been budgeted for. He further advised that The Kings Walk property deal had had a significant impact on long term revenue planning. As such, the Council was able to introduce a revenue saving of £0.505 million - the net benefit of rental arrangements. This deal had also strengthened the Council's cash position and the savings requirement had been reduced by £450k.
- 5.5 Councillor Norman continued to present an overview of the Money Plan and proposed Budget stating that Local Government across the country faced a difficult financial outlook and pressures were set to continue.
- 5.6 He advised that the New Homes Bonus was a risk of which to be aware and that the Cabinet was concerned that Central Government would make further changes to the level of deadweight.
- 5.7 Councillor Norman expressed the view that the future of Local Government finance must be built on partnership working and shared services with both first-tier and second-tier authorities where appropriate. He stated that delivering services to residents was a challenge under current financial pressures but a challenge the Council approached positively to deliver the best possible.
- 5.8 In response to an intervention from Councillor Wilson regarding discrepancies in the General Fund reserve, Jon Topping (Head of Policy and Resource) explained that the introduction by Central Government of deadweight had affected this and that more would be gained from the New Homes Bonus when, for example, new student accommodation was completed. He also stated that the Council was financially stronger as the earmarked reserves had been built to a greater level and, with the King's Walk deal, greater reserves would be in place.
- 5.9 Councillor Pullen asked where plans stood in relation to the reduction or changing of service delivery. He further enquired, in relation to the Leader of the Council stating that it was an aim for communities to be more self-empowered, what exactly were communities expected to do themselves.
- 5.10 Councillor James responded that the service planning process would make changes or otherwise to service delivery clearer. With regard to Councillor

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Pullen's second question, he shared the view that, for example, better use of digital platforms would mean resources would be better directed towards those most in need; that supporting social enterprise would have a role; that the aim was not intended as prescriptive and he would be happy to listen to the ideas of residents.

- 5.11 Councillor Hilton stated that there appeared to be no indication on a transfer to alternative Council premises or any monies allocated. He additionally enquired as to plans to reduce reliance on the New Homes Bonus forecast.
- 5.12 In response, Councillor James stated that an accommodation review with monies was included in the draft plan and that the plans on reducing reliance on the New Homes Bonus were prudent and reflected in the draft proposals.
- 5.13 Councillor Stephens asked that the position on prices inflation being included on selected fees and charges be clarified and whether it would apply beyond 2018/19. He also expressed the view that the proposed budget assumed that all savings would be achieved but that he did not believe this was possible. He asked Councillor James how confident he was that the savings would be delivered.
- 5.14 Councillor James responded that the prices inflation to which Councillor Stephens referred would not necessarily apply to all fees and that it would be examined by individual officers in individual areas. He further stated that all budget savings could not be guaranteed but that a new management team was in place and that there was every chance of success.
- 5.15 Councillor Stephens asked whether the rental income in the King's Walk budget was dependent on potential rental voids. Councillor James responded that the income did take into account expected vacancies.
- 5.16 The Chair thanked Councillors James and Norman for their presentation and invited Cabinet Members to present their respective portfolios.

Regeneration and Economy Portfolio

- 5.17 Councillor James highlighted the following anticipated financial pressures:
- The cost of maintaining Council buildings, including associated service charges, had increased in recent years. He stated that it was therefore prudent to include an additional £50k into the asset management service to meet these pressures;
 - Whilst there had been significant focus on recruiting stallholders for the markets, increased income would not be seen immediately;
 - Given the launch of the Gloucester BID would see significant inward investment into the City, the Council itself was obliged to meet its share of the cost to a total of £30k which was provided for in the proposed Money Plan.

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- 5.18 Councillor Pullen stated that he understood that there had been issues with the markets and that these were being attended to but queried how subsequent changes would be reflected in the Money Plan. In response, Jon Topping stated that when changes were in place, the plan would be adjusted.
- 5.19 Councillor Pullen further enquired as to what contingencies there were in place for an increase in repair charges. Councillor James highlighted the extra funds placed into asset management and Jon Topping advised that £400k was an earmarked reserve for repairs.
- 5.20 Councillor Patel shared his view that it was pleasing to see improvement in the markets in the City and that a great deal of effort had been made by the team.
- 5.21 With regard to budget savings and the subsequent impact on services relevant to Regeneration and Economy, Councillor James advised that additional savings of £230k had been realised from the Together Gloucester re-organisation in excess of the £1m target. He further advised that this had been held in reserve throughout 2017/18 to mitigate transitional costs and could be released as a saving for 2018/19 as all the new teams were now in place.
- 5.22 Additionally, Councillor James informed the Committee that the introduction of a Property Investment strategy and potential investment levels of £80m had been approved by the Council. It was hoped that the first investments would be made during the 2018/19 year and, as such, a modest savings target of £50k as income from the strategy was introduced.
- 5.23 Councillor James advised that the King's Walk deal would provide a net income for 2018/19 of £505k and that this had been provided for in the budget. This was forecast to increase in two years as rent levels would increase with the planned investment.
- 5.24 This increase in funding to the Council would allow a sinking fund to be built up and this was forecast to be at over £10m by the end of this Money Plan and would protect the Council against future capital requirements and rent fluctuations.
- 5.25 Councillor James further informed the Committee that the contract for the partial occupation of North Warehouse by Regus included the potential for the Council to receive income on a profit share basis. The Council had now reached the point where income had begun to be received and a target of £50k had been included in the Money Plan.
- 5.26 The Chair thanked Councillor James for his presentation.

Performance and Resources Portfolio

- 5.27 Councillor Norman outlined the anticipated financial pressures as follows:

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- The Bank of England had recently approved the first interest rate rise to 0.5% and whilst the Council's long term borrowing was at fixed rates, it would be advisable to include a provision of an extra £50k in the budget for interest costs;
 - The largest sums which formed part of the Council budget were Housing Benefit and Housing Subsidy. The reclaiming of Housing Benefit overpayments resulted in a partial subsidy credit yet this would be lost as increasing numbers moved to the Universal Credit system. As such, an initial assessment of £50k lost income was been included in the Money Plan; and
 - Digital transformation would allow the authority to provide services to residents in a modern and efficient manner yet IT revenue budgets were not sufficient to allow the necessary investment. An additional £100k per annum, therefore was included in the Money Plan, representing an additional £500k investment over the life of the plan.
- 5.28 The primary saving in this portfolio was the returns from the investment the Council made with the CCLA – a diversified, low risk property fund which provided a good return and therefore considered a good new income stream. The investment allowed the Council to introduce a saving of £450k into the Money Plan.
- 5.29 With regards to the four year Local Government settlement, Councillor Wilson sought confirmation that there would be no change as the Chancellor of the Exchequer had suggested. Councillor Norman stated that it was possible that there would be changes and it was necessary to be prepared for that possibility.
- 5.30 In response to a query from Councillor Hilton as to where the £90k net figure in relation to Democratic Services came from, Accountancy Manager Andrew Cummings confirmed that this was a net budget which remained from the previous year and included, for example, the annual canvass and the day to day work of the team. He further confirmed that the correct gross and net figures would be corrected in the final budget.
- 5.31 Councillor Hilton continued by querying what the chances of a dividend from Gloucestershire Airport were in the next five years to which Councillor Norman stated that, as ever, the Council was hopeful a dividend could be achieved. Councillor Hilton further queried what the value of the airport's pension deficit. Jon Topping confirmed that the value was £2.5 million, that contributions had increased significantly in order to have it paid off as soon as possible and that financial assumptions could change.
- 5.32 Councillor Stephens enquired as to the progress of the accommodation review and queried why there had been no detailed business case on moving Council premises and shared the view that the Cabinet needed to consider other alternatives.

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- 5.33 Councillor Norman confirmed that the Cabinet had discussed alternatives but were in the process of a negotiation. He further confirmed that no arrangement would be entered into without a compelling business case. He advised the Committee that the County Council were amenable to the City Council occupying premises and that both parties would benefit from closer working.
- 5.34 Councillor Melvin expressed concern that the Council were paying for premises which were two-thirds vacant but that the relevant Officers should be allowed to fulfil their duties in exploring options. The Spokesperson for the Committee concurred that the Cabinet Member be allowed to continue his work.
- 5.35 The Chair thanked Councillor Norman for his time and presentation.

Culture and Leisure Portfolio

- 5.36 Councillor Norman conveyed Councillor Noakes' apologies that she could not attend the meeting. He continued by stating that he would read a statement prepared by Councillor Noakes for the benefit of the Committee and suggested that, were there to be any further queries, Members write to Democratic Services or request Councillor Noakes' attendance at a future meeting.
- 5.37 The anticipated financial pressures for the year ahead were outlined as follows:
- Particular attention to the Museums Service was required so as to foster good relationships with funding bodies such as the Heritage Lottery Fund. It would be particularly necessary to develop new approaches to audience development, participation and income generation.
 - The Business Plan for the Blackfriars Priory was due to be renewed and would be incorporated into the new Venues Development Plan.
 - In recent years, the Tourist Information Centre had not met the profit target. The target was over ambitious and detracted from the otherwise significant achievement of having won the gold national award and 'Winner of Winners'. As such, an income target reduction of £10k was included in the draft budget. Relocation of the Tourist Information Centre was also to be considered to further reduce operating costs.
 - The transfer of the Gloucester Life Museum to the Gloucester Historic Buildings Trust continued to be explored as the Trust was considered a suitable steward for the city heritage asset. Were the proposal to go

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ahead, it would have a beneficial impact on the operating budget of the museums service.

- 5.38 The development plan for the Council's food and beverage operations was expected to generate increased footfall, spend and income. The Council had been successful in a bid for £1.49m from the Great Place scheme organised by the Arts Council, Heritage Lottery Fund and Historic England. The grant had helped establish delivering the cultural strategy to provide further funding and work was underway. A further £200k was secured from the Paul Hamlyn Foundation and would assist artistic and cultural development.
- 5.39 It was confirmed also that there had been no change in the priorities of the portfolio as a result of the Draft Money Plan. What had changed was the grant to Marketing Gloucester identified at last year's budget.
- 5.40 In relation to the possibility of the Life Museum transfer, Councillor Stephens asked whether there was a contingency plan should the transfer not go ahead. Jon Topping confirmed that there were funds set aside for unexpected events and shared the view that it would be beneficial both culturally and financially were the transfer to go ahead.
- 5.41 Councillor Wilson queried whether the Council was pushing Aspire too close to the point of financial difficulty. Jon Topping responded that a plan was in the process of being developed for efficiencies and income growth.
- 5.42 Councillor Hilton asked whether the Council had made sure that, if there was no accreditation with regard to the Gloucester Historic Buildings Trust, will the relevant buildings be safe. He raised the point that previously, discussion had been about restoration through developers and queried whether the Council would hand the Life Museum to the Trust and, if so, what impact would this have on future budgets.
- 5.43 Councillor James advised that the proposal was to transfer the building to the Gloucester Historical Buildings Trust and that the Board would look at its remit upon receiving advice. He noted that the Trust had not taken on such a project in a number of years. He suggested that were they to do so, it would be a worthwhile piece of work.
- 5.44 The Chair thanked Councillor Norman for presenting the Culture and Leisure portfolio.

Environment Portfolio

- 5.45 Councillor Cook provided an overview of anticipated financial pressures for the coming year as follows:
- The Amey contract continued to be the greatest financial pressure financial monitoring suggested that the performance of the new Waste and Recycling service would lead to the contract being on budget for the first time since the introduction of savings targets. As recycling income was a fluctuating market, work to identify further

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efficiencies within the Contract would continue. Councillor Norman also brought to the Committee's attention the fact that the contract was due to expire in 2022 and that it was necessary for the Council to develop a clear understanding of its commercial and strategic options over the next 24 months to enable the most appropriate option to be pursued in 2020/21 ready for mobilisation in 2022.

- In recent years, levels of income at the Cemetery and Crematorium had been above those required by the budget and savings were introduced to raise these targets. In 2017/18 income levels were more in line with budgets and presented a challenging target over the rest of the financial year.
- 5.46 Councillor Cook advised that there were no proposed new savings for the Environment portfolio having achieved significant savings over recent years. He did, however, add that officers would continue to look for efficiencies where possible.
- 5.47 Following a number of years of new and increased targets, Councillor Cook stated that there were no new income streams notwithstanding the fact that officers were clear in their understanding that opportunities to raise additional income should always be considered.
- 5.48 Councillor Cook further advised the Committee that the main priorities for his portfolio continued to be, strengthening the systems of performance management and reporting; exploring emerging opportunities for efficiency savings and additional income; exploring the commercial and strategic options in respect of the end of the current Amey Contract and the efficient delivery of the Council's high profile public facing services.
- 5.49 Councillor Stephens congratulated Councillor Cook on the remedial action taken with regard to the Amey contract and that he hoped preparations for the next contract would reflect lessons learnt.
- 5.50 Councillor Melvin also conveyed her thanks to Councillor Cook and queried what contingency was available for servicing new areas. Councillor Cook confirmed that this was 'part-and-parcel' of the contract.
- 5.51 Councillor Patel asked what the source of the sponsorship income was and Andrew Cummings advised that the income was as a result of advertising on roundabouts and 'Welcome to Gloucester' signs.
- 5.52 The Chair thanked Councillor Cook for his presentation.

Communities and Neighbourhoods Portfolio

- 5.53 Councillor Watkins stated that there were no identifiable major financial pressures anticipated. She did, however, advise that the removal of the savings target for the Shopmobility Service had ensured that this service, which had been a financial pressure for a number of years, now operated within the financial targets set by full Council. She further advised that this would continue to be monitored and reviewed.

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- 5.54 Councillor Watkins informed the Committee that the taxi marshal service now had a funding package agreed, including support from the Gloucester BID, which had allowed this service to continue. This service required just a £3k a year contribution from the Council and was therefore included in the Money Plan.
- 5.55 Councillor Watkins advised that the Communities and Neighbourhoods team was in the second year of savings in relation to the reduction of Voluntary and Community Service (VCS) grants. She advised that this required a £50k as part of the 2018/19 budget. She further advised that the grants process and guidelines had been revised to make them simpler. Additionally, the principles and decision making criteria were likely to remain similar.
- 5.56 Councillor Watkins also informed the Committee of the intention to reduce the budget of the Member Allocation Fund to £500 per Member with a view to members providing seed corn funding in line with ABCD principles.
- 5.57 Councillor Hilton raised the fact that the Members Allocation Fund had been consistently revised downwards and queried whether it should be cancelled and have applications made directly to the Gloucester Lottery Fund. He shared the view that the allocation remain at £1k or be discontinued.
- 5.58 Councillor Patel concurred with Councillor Hilton and suggested it was timely to review the fund and its processes.
- 5.59 Councillor Stephens stated that the fund was useful and there should be a better mechanism than a comparatively small fund. Councillor Pullen suggested that, given there had been a reduction in the allocation, it would be sensible that Members were provided with guidance on what it could be used for.
- 5.60 Councillor Lewis stated that some Members pool their funds so as to provide an equal spread. He further stated that the fund did still have real value and had worked in Quedgeley.
- 5.61 Councillor Watkins acknowledged that there was disagreement about the value of allocating funding and would seek feedback from Members. She advised that great efforts had been made to streamline the process and that the Members Allocation Fund allowed for a better geographical spread rather than a centralised administration.
- 5.62 Councillor Wilson queried whether the effect of the reduction in Voluntary Sector Grants on voluntary service provision had been examined.
- 5.63 Councillor Watkins advised that the Council were in contact with the relevant organisations. She further stated that the savings were part of a two year savings plan and the organisations were therefore aware. She stated that whilst it was possible there was negative feedback, she was not aware of any specifically.

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5.64 Councillor Watkins stated that, whilst there were no specific changes in priority as a result of the Draft Money Plan, priorities for the portfolio remained largely the same. She stated the Council's desire that Shopmobility be made more sustainable as well as working towards Purple Flag status. Councillor Watkins also indicated that tackling poverty would be a key priority for Communities and Neighbourhoods and that the team would work towards physical regeneration helping social regeneration.

5.65 The Chair thanked Councillor Watkins for her presentation.

Housing and Planning Portfolio

5.66 Councillor Organ provided an overview of anticipated financial pressures as follows:

- The City Plan was being taken forward to its final stages of preparation. There were various different pieces of evidence that needed to be completed to justify the plan, as well as examination which could be costly. A budget of £72k was included within the budget to allow for this.
- A significant increase in both demand for, and the cost of, the provision of temporary accommodation to prevent homelessness was identified as a significant pressure particularly given the Council's ability to only reclaim a proportion of this back through the benefits system. In order to build greater support for the Council's base housing service, the budget made an additional allowance of £100k per annum.
- For the JCS, there was a need to undertake a review of housing supply to address a 1,000 dwelling shortfall which was not possible to allocate through the recently adopted JCS. There was also a need to undertake a review of retail policy for all three authorities. The budget for 2018/19 therefore removed the existing budget allocated to the JCS and added a provision of £60k for this additional work.

5.67 Councillor Organ informed the Committee that there were no specific savings identified for the Housing and Planning portfolio but that he was continually exploring how the resilience of the service can be strengthened and where savings can be made.

5.68 He outlined that officers had been requested to explore the potential for the creation of shared Development Management and Planning Policy services between the three JCS authorities. He further advised that officers would conduct a process and efficiency review of Development Management to gain a better understanding of the actual costs of determining planning applications and the level of subsidy the Council provides on different types of applications.

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- 5.69 Councillor Organ also advised the Committee that there was a review of the use of Discretionary Housing Payments (DHP) to ascertain how this money could be used better to support people at risk of homelessness.
- 5.70 In terms of new income streams that had been identified, Councillor Organ stated that legislation that would allow planning authorities to increase their fees by 20% was anticipated. He further advised that recent homelessness legislation had placed additional pressures on the Council and Central Government funding of approximately £50k per annum for the next three years was expected to help meet these new costs.
- 5.71 Councillor Lewis enquired as to Homes in Multiple Occupancy (HMOs) are calculated and whether there were any further opportunities for income generation in this respect. The Corporate Director, Anne Brinkhoff, confirmed that she would provide this information to Members.
- 5.72 Anne Brinkhoff advised that there would be a review of the Council's homelessness service, that there were efforts to move people through the process more speedily and that new homes were required.
- 5.73 Councillor Hilton shared the view that reviewing the processes for development control was a productive course of action but expressed reservations that advice given by development control officers should be chargeable and, as such, the officers must be independent. He further queried whether any funding was available for updating the Geographic Information System (GIS).
- 5.74 Jon Topping advised, with regard to the GIS, that Business Support had new officers to update the system. Anne Brinkhoff further advised that, whilst it had not been identified as a pressing priority, if, as anticipated, planning fees were to increase, it was possible the GIS could see some further investment.

5.75 SUSPENSION OF COUNCIL PROCEDURE RULE 6

On the motion of the Chair, and in accordance with the Constitution, the Committee resolved that the meeting be extended beyond two hours.

- 5.76 Councillor Pullen raised concerns about the housing overspend in the context of placing those in need of temporary accommodation outside of the City. He questioned what was going to be put in place to prevent this problem from continuing. He further asked what would be done to increase the budget in this regard.
- 5.77 Jon Topping recognised that there was significant pressure in this area and that it would warrant further examination. Anne Brinkhoff stated that the Council did make good efforts to avoid placing individuals and families out of the City.

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- 5.78 Councillor Patel suggested that the provision of more homes was not the only answer and that there had been unfair criticism of the Council in this respect. He stated that he was pleased to see cohesive multi-agency working and that there had been a good level of spending on housing and homelessness.
- 5.79 In response to a query from Councillor Melvin in relation to planning fines income, Andrew Cummings advised that enforcement and fines income contributes to overall planning costs. He further advised that, in respect of legal fees, routine fees would be charged to One Legal whereas fees arising from major applications (whether planning or legal) would be charged to planning.
- 5.80 Councillor Stephens shared his view that there was a serious problem with housing supply and that it was imperative that it be dealt with as a matter of urgency.
- 5.81 Councillor Organ reiterated his understanding that there was a problem that needed to be addressed and that efforts to secure private investment for housing were ongoing. He informed the Committee that a review of housing and homelessness would be undertaken as well as efforts to reduce the numbers in temporary accommodation. He indicated, by way of example, the regeneration projects in Matson, Podsmead and Coney Hill as well as the progress made with the JCS.
- 5.82 Councillor Stephens further expressed the view that it was unacceptable for homeless families to be placed outside of the City and that substantial investment was necessary to solve the housing problem.
- 5.83 The Chair thanked Councillor Organ for his presentation.
- 5.84 RESOLVED – That the Draft Money Plan for 2018-23 and Budget Proposals for 2018-19 be noted.**

6. DATE OF NEXT MEETING

- 6.1 8th January 2018 at 6.30pm.

Time of commencement: 6.30 pm hours

Time of conclusion: 8.45 pm hours

Chair