

# MEETING OF THE BUDGET - JOINT OVERVIEW AND SCRUTINY COMMITTEE

WEDNESDAY, 10 JANUARY 2018      2.00 PM



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## COMMITTEE MEMBERS PRESENT

Councillor Robert Reid (Chairman)	Councillor Rosemary Kaberry-Brown
Councillor Bob Adams	Councillor Charmaine Morgan
Councillor Ashley Baxter	Councillor Bob Russell
Councillor Mrs Pam Bosworth	Councillor Mrs Judy Smith
Councillor Mike Cook	Councillor Mrs Brenda Sumner
Councillor Lynda Coutts	Councillor Brian Sumner
Councillor Nick Craft	Councillor Mrs Andrea Webster
Councillor Phil Dilks	Councillor Martin Wilkins
Councillor Barry Dobson	Councillor Paul Wood
Councillor Breda Griffin	Councillor Linda Wootten
Councillor Graham Jeal	Councillor Ray Wootten

## CABINET MEMBERS

Councillor Matthew Lee, The Leader  
Councillor Kelham Cooke, The Deputy Leader  
Councillor Helen Goral, Cabinet Member for Communications and Engagement  
Councillor Mike King, Cabinet Member for Economy and Development  
Councillor Dr Peter Moseley, Cabinet Member for Environment  
Councillor Nick Neilson, Cabinet Member for Communities  
Councillor Nick Robins, Cabinet Member for Retail and Visitor Economy  
Councillor Jacky Smith, Cabinet Member for Health, Wellbeing and Skills  
Councillor Adam Stokes, Cabinet Member for Finance

## OFFICERS

Chief Executive (Aidan Rave)  
Strategic Director, Development and Growth (Steve Ingram)  
Assistant Director, Finance (Richard Wyles)  
Assistant Chief Executive (Lee Sirdifield)  
Assistant Director, Development and Growth (Paul Thomas)  
Assistant Director, Legal and Democratic (Lucy Youles)  
Assistant Director, Transformation and Change (Judith Davids)  
Civic and Democratic Officer (Anita Eckersley)

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**1. COMMENTS FROM MEMBERS OF THE PUBLIC**

A statement regarding raising the long-stay tariffs in Welham Street Car park, Grantham together with suggestions to improve parking there and in nearby streets had been submitted by a local resident.

The Chairman assured the local resident that the issues raised in her statement would be passed to Cabinet and taken into consideration when parking tariffs were being considered.

**2. ONE MINUTE SILENCE**

A one minute silence was held in memory of Councillor Terl Bryant who had recently passed away. The Chairman paid tribute to how hard he had worked to ensure the Council was in a stable financial position. A letter of condolence from the Chairman of the Council had been sent to the family on behalf of Members and staff of South Kesteven District Council.

**3. MEMBERSHIP**

Councillor Bob Adams substituted for Councillor Peter Stephens for this meeting only.

Councillor Phil Dilks substituted for Councillor Tracey Forman for this meeting only.

**4. APOLOGIES**

Apologies for absence had been received from:

Councillors, Cunningham, Exton, Forman, Manterfield, Powell, Sampson, Stephens, Stevens, S Stokes and Trollope-Bellew.

**5. DISCLOSURE OF INTERESTS**

There were no disclosures of interest for this meeting.

**6. BUDGET PROPOSALS 2018/19**

The Chairman noted that prior to the start of the meeting, it had come to his attention that the proposals for increasing Car Parking charges were to be removed from the budget proposals for 2018/19 and would therefore not be considered at this meeting or the Cabinet meeting on 11 January 2018.

In response to Members requests for clarification about why the proposals had been withdrawn at such late notice, the Cabinet Member for Retail and Visitor Economy explained that following feedback from residents and group, further work would be required on the parking tariffs.

The Leader confirmed that following the concern expressed by residents and group members, the proposed changes to Car Parking charges would be removed from the budget proposals for 2018/19. Other initiatives being considered for implementation that would encourage greater car park usage included improved signage, new car parking machines and positive enforcement. The existing charging structure would remain in place.

Members queried why this had only just come to light, especially as members of the public had attended the meeting to listen to this particular aspect of the budget proposals. Clarification was also sought on whether the £250k car parking charges in the budget proposals would be removed or included. The Committee was informed that the £250K would still be included in the budget proposals but would be achieved through other initiatives.

Discussion ensued about the perception of the way decisions were being made, the consequence of holding a budget scrutiny meeting so close to a Cabinet meeting and the lack of opportunity of being able to speak at a Cabinet meeting for members of the public.

In response to Members concerns about the public attending and no opportunity to speak about the car parking issue either at this meeting or Cabinet, the Chairman read the statement submitted by the local resident and confirmed that he would ensure this would be taken into consideration and copies would be provided for the Cabinet meeting.

The Chairman welcomed the new format and the opportunity provided for Scrutiny Committee Members to review and consider the Budget Proposals for 2018/19 prior to it going before Cabinet. Members were reminded that Scrutiny was the eyes and ears of the decision making process. The role at this meeting being to consider and seek clarification on elements of the budget proposals.

Members were reminded of the recent changes in governance personnel and the appointment of a new Chief Executive. Reference was also made to an ever diminishing Revenue Support Grant (RSG) and the need for the Council to have a balanced budget that provided it with the opportunities, resources and funding to deliver services, future initiatives and projects whilst allowing for investment as well as provide savings for a rainy day.

The Leader noted the difficult times ahead. He paid tribute to how Councillor Bryant had helped prepare the Council for the reduction of the Revenue Support Grant and how he had helped lay the financial foundations. The way forward was to provide good and efficient levels of service whilst preparing the Council for the challenges that lay ahead. He noted that the current car parking charging structure would remain but further considerations would be required once the cinema project was under way.

The Chairman noted the two tranches to be considered, the national context and the local context. The Cabinet Member for Finance was invited to give a presentation to Members on the overview of the Budget Proposals.

The Cabinet Member for Finance referred to the principles and processes undertaken to develop the 2018/19 Budget Proposals. The 2018/19 budget was a new baseline for the new leadership and it was noted that additional funding required to deliver the ambitions recently set out by the Leader had been considered by the Cabinet. Reference was made to SKDC being one of the lowest Band Ds in England and that the additional funding would be offset by savings, efficiencies and revenue generation. There had been challenges during the Cabinet led process but the budget proposals were now refined following Members' feedback. Feedback from this meeting today would be taken into consideration at the Cabinet meeting.

In respect of the national context, under the Local Government Funding Reform, the Government had recently published a consultation paper entitled "Fair funding review, a review of relative needs and resources". The outcomes of the review would be introduced in 2020/21. The Secretary of State had also confirmed that the business baseline would be reset in 2020/21. Existing grants from 2020/21, which included Revenue Support Grant and the Public Health Grant would be incorporated into the business rates retention which would be at 75% by then.

The referendum limit for Council Tax had increased from 2% to 3% for 2018/19.

In addition, the Council had received confirmation they had been successful in a bid to be part of a 100% business rate retention pilot for Lincolnshire for 2018/19.

The Government had also recently announced the 2018/19 New Homes Bonus allocations. It was noted that the previous figures had been indicative and based on previous years' allocations. No changes in the eligibility of properties qualifying for funding or the deadweight threshold were expected and the national baseline was now at 0.4%. The New Homes Bonus figures for SKDC were £2.1m 2018/19 whereas it had been £3.16M in 2017/18.

Consultation was going to take place in spring 2018 regarding the £153M in negative RSG remaining in the 2019/20 funding allocations which was likely to affect the Council.

Reference was made to the charts in the presentation showing the large reductions to the RSG. There would be a reduction of £1.4bn or 28% in the RSG for 2017/18 to 2018/19, which equated to a confirmed reduction of £4.9bn or 68% between 2016/17 to 2019/20.

A feature of the settlement had been the continued shift in funding from the lower to upper tier services as outlined in the table on page 6 of the

presentation. National funding between 2012/13 to 2019/20 had reduced significantly from £28.1bn to £17.6bn over the period which was a 37% funding reduction.

On a local level, a summary of savings, efficiencies, income and reserve movements were provided.

The Invest to Save Reserve would be used to fund the Transformation and the Innovation Teams. The Local Priorities Reserves would be used to fund the Big Clean, Festivals and the Community Fund. The estimated amount of expenditure was £1,960K.

Budget reductions, savings and efficiencies had been identified through changes to staffing terms and conditions, staffing changes in some areas, and an increase in the vacancy factor to 3.5%. Budget reductions in the use of consultants, agency staff and subscriptions had also been included. Further savings would be achieved through shared services and corporate procurement. The estimated amount of savings was £1,383K.

Fees and charges and income generation would be achieved through increased planning fees, green waste collection, increased car parking usage and an increased number of market stalls. New income would be generated through web advertising, sharing expertise, commercial waste, use of the Council Company, sharing of ICT platforms and St Peter's Hill Development. The estimated amount of generated income was £1,111K.

Expenditure on the Cabinet investment proposals was outlined as: £430K on the Big Clean; £800K on Invest SK; £350K on Leisure and Arts and £1,340K on Transformation, commercial and budget pressures. This was an estimated total of £2,920K.

Reference was made to the Council Tax proposals and how SKDC was one of the lowest charging local authorities. The Council had an option to increase their share of the council tax by £5 per annum. An increase of council tax by £5 would generate £7.146m in 2018/19; £7.378m in 2019/20 and £7.526m in 2020/21.

It was noted that the budget proposals were based on an increase of £5 on the Council's share of Council tax and that additional funding from elsewhere would need to be found if this option was not supported.

After having been considered by the Committee today, the proposals would go before Cabinet on 11 January 2018 for approval for consultation subject to any feedback or changes that Scrutiny may have raised. The final budget proposals would then go before Cabinet in February 2018 for recommendation and then presented to Full Council in March for full approval.

Members sought clarification on:

**Savings achieved, how would the savings be achieved and had discussions with each department affected been undertaken?** Discussions had taken place with the Cabinet Member, Strategic Director for each service and Heads of Service. Members were assured that this would mainly be covered by reductions in agency spend, overtime and callout costs but if other reductions were proposed they would be subject to the appropriate consultation and constitutional procedures.

**The budget process had begun in August 2017 why had these proposals not been before scrutiny sooner and certainly early than the day before Cabinet:** The Chairman acknowledged the concern but emphasised that this was a new approach and suggested that consideration be given to factoring in the scrutiny process earlier in future years.

**Savings and Efficiencies:** More detail was requested on the split of proposed savings and efficiencies regarding staffing terms and conditions and agency staff. The Chairman commented that the split might not be available today but the Leader maybe in a position to clarify some of the points.

The Leader explained the elements for this item:

**Agency/Consultants:** The fees would need to be more stringently negotiated for people engaged on a daily basis.

**Call out Charges:** An allowance was made for some staff 'on call' or 'standby' but were not always called out. This would be looked at in more detail.

**Overtime:** This was another area that would be reviewed.

Should consideration need to be given to changing terms and conditions a formal process would be undertaken.

The Leader further explained that the figures put forward in the budget proposals were a conservative perspective. Some areas may be difficult to achieve but other areas may compensate, a lot of thought and ideas had gone into preparing the budget proposals

Councillor Breda Griffin arrived at 2.50pm

**Whether pension reserves should be used to fund projects. The pension scheme was part of the County Council Government Pension Scheme with input from other authorities. Had discussions been undertaken with the other authorities:** It was noted that the pension reserves had previously been used and this did not affect the amount employees would receive.

**Whether it was ethically appropriate to encourage tenants to participate in a lottery scheme:** It was noted that other local authorities had established successful lotteries and that the funds would be used to enhance the Community Fund in order to make it self-sufficient.

**Procurement – Reduction in utilities expenditure:** It was noted that a review of the Council's utility contracts and tariffs would be undertaken by Grant Thornton. The Contracts had not been reviewed for a number of years.

**Clarification on the reduction in corporate costs of £345K:** Further work would be undertaken by the Leader and the Chief Executive as this reduction was a late change to the budget proposals due to the proposed national pay settlement for staff of 2% rather than 1% as previously forecasted.

**Sharing Services – clarification was sought on which services and which authorities were involved:** A number of areas identified with the potential to share were other local authorities and organisations. Elements in the Council Services with potential to share were Building Control and HR services. The Council had to be more commercially focused and look at ways of generating income as it moved forward.

**In-house enforcement schemes, whether these could be self-funding. Previous attempts had not been successful:** The new team once established would be dedicated to enforcement. The first year included the initial set up costs which would not be reflected in following years. The aim was for the team to be self-financing but also provide additional income that could be used for areas not currently covered such as dog fouling.

*Councillor Martin Wilkins left the meeting at 3.23pm.*

**Transformation Team and Innovation Team and whether there would be a crossover of work:**

The Transformation Team would be looking at strategic service reviews and benchmarking through partnerships with other local authorities and private sector partners, the adoption of new technologies, customer services and delivering more services on line. The team would also be looking for opportunities to commercialise and sell these services on to other local authorities and the wider public sector.

The Innovation Team would be looking at innovative ideas and opportunities tapping into the wealth of knowledge and experience of staff, as well as the emerging markets for new practices and ways of working.

The two teams would work closely together to ensure no overlap.

**With a move to more online transactions with customers, how would people with disabilities or no access to online services be able to access Council Services:**

It was all about providing the offer to everyone. A large number of people now wanted to access services on line but there would always be frontline face to face access and services available.

**Community and Ward funds** – Discussion took place around the funding for the Community Fund and it was anticipated that the lottery would enable this to be self-funding although New Housing Bonus monies had been used for the fund.

**Ward Budgets:** To be known as “Ward Members’ Grant Scheme” would the money go back into the pot if it was not used. This would be a pilot scheme for one year. Each ward member would be allocated £1000 which could be used individually by the Ward Member for a project or work within the ward or pooled by all Members of that Ward. As it was a pilot scheme a decision at a later date would need to be made about monies not used.

**Homelessness Reduction Act 2017 – Funding for a temporary accommodation worker, where was the funding for this post coming from, would funding be allocated for temporary accommodation for the homeless and would resources be available to deal with the impact of the Homelessness Reduction Act 2017:** Consideration would be given to the impact of the Homelessness Reduction Act 2017 along with the requirement to consider resourcing to respond to the legislative requirements. The impacts had to be identified first.

**Tourism – and potential income – would there be funding available to keep the Grantham Museum going.** Discussions were being undertaken with the Museum. The Head of Visitor Economy had been appointed and a Heritage Officer would shortly be in post. A Heritage Strategy was in the process of being developed for the whole of the District.

**Markets** – It was noted that there would be an increase in market stalls in Stamford but what was being done to improve the market in Grantham. An action plan for markets was being developed. It was expected to be available in the next couple of months.

Members queried whether they would be part of the consultation process in respect of the action plan as there were a lot of issues raised by market holders. It was noted that Members would be welcome to be involved with the consultation process.

*(Councillor Woods left the meeting at 4.00pm)*



The Committee adjourned for a break at 4.00 and returned at 4.20

Members sought further clarification on the following issues:

**Whether part of the £50K savings would come from street lights:** It was noted that a Street Lighting Work Shop was taking place next week which would be looking at ways of saving energy on street lighting. Although there was currently a keen price for maintenance, the overall maintenance contracts had not been reviewed since 2009 and could potentially provide further savings. The findings would go back to the Environment OSC.

**Disposal of plastics following the news about China and how this would be dealt with at a local level:** This would be an issue but it was being seen as an opportunity to look at ways of addressing it and providing the potential to secure an additional service for businesses which could generate an income for the Council.

**Was recycling going to be offered to businesses?** This was another opportunity that was being considered. The collection and associated services in respect of all types of waste and recycling was being reviewed.

In conclusion, Members welcomed the opportunity to have an input into the consideration of the Budget Proposals and thanked the Chairman for his fairness and being given an opportunity to speak and seek clarification.

The Chairman again emphasised that Scrutiny Committees would need to monitor the progress of all elements of the Budget Proposals. Some Members raised concerns about the expenditure element of the budget and requested a separate vote for Expenditure and Income. The Chairman determined that this could not be taken and Members were asked to vote on the proposals.

### **Recommendations:**

Following an in-depth review and having given thorough consideration to the Budget Proposals for 2018/19, the Budget Joint Overview and Scrutiny Committee agreed the following recommendations to Cabinet:

- a. That the Committee supports the budget proposals which are based on a £5 increase of Council Tax and noted that any decision on such an increase would be subject to the outcome of the public consultation;
- b. That the Committee notes that the proposed changes to Car Parking charges will now be removed from the budget proposals for 2018/19 due to other initiatives being implemented to encourage greater usage including improved signage, new car parking machines and positive enforcement.

**Action Point:**

That Scrutiny would monitor the progress of all elements of the Budget Proposals for 2018/19, and

That scrutiny of the budget is factored in at an earlier stage of the process in future years.

**7. CLOSE OF MEETING**

The meeting closed at 5.15pm.