



**VALUE FOR MONEY SCRUTINY
COMMITTEE
27 JANUARY 2015**

PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)

Councillors Mrs J Brockway (Vice-Chairman), I G Fleetwood, N I Jackson, Mrs M J Overton MBE, P Wood, R A Renshaw and T M Trollope-Bellew

Councillor Ray Morgon, London Borough of Havering attended the meeting as an observer

Officers in attendance:-

Andrea Brown (Democratic Services Officer), David Forbes (County Finance Officer), Michelle Grady (Assistant Director of Finance) and David Hair (Team Leader - Scrutiny and Member Support)

35 WELCOME

The Chairman welcomed all present to the meeting and, in particular, Councillor Ray Morgon of the London Borough of Havering who was in attendance as an observer.

36 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors C E D Mair, P M Dilks and A G Hagues. Pete Moore, Executive Director of Finance and Public Protection also submitted his apologies.

In line with Local Government (Committee and Political Groups) Regulations 1990, notifications of replacement members had been received as follows:-

1. Councillor T M Trollope-Bellew for Councillor A G Hagues (for this meeting only)
2. Councillor R A Renshaw for Councillor P M Dilks (for this meeting only)
3. Councillor R B Parker for Councillor N I Jackson (until further notice)

Since notification had been received that Councillor R B Parker would be replacing Councillor N I Jackson until further notice, Councillor Parker had submitted his apologies for this meeting. A further notification had been received, as a result, which advised that Councillor N I Jackson would replace Councillor R B Parker for this meeting only.

**VALUE FOR MONEY SCRUTINY COMMITTEE
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No declarations of Councillors' interests were received at this stage of the proceedings.

38 MINUTES OF THE MEETING OF THE VALUE FOR MONEY SCRUTINY
COMMITTEE HELD ON 25 NOVEMBER 2014

RESOLVED

That the minutes of the meeting of the Value for Money Scrutiny Committee held on the 25 November 2014 be confirmed and signed by the Chairman as a correct record.

39 BUDGET PROPOSALS39a Council Budget 2015/16

Consideration was given to a report of the Executive Director of Finance and Public Protection, which provided the Committee with the budget proposals agreed by the Executive on 6 January 2015 as its preferred options.

David Forbes, County Finance Officer, introduced the report by giving a presentation and circulating, for Members consideration, comments of other Scrutiny Committees on this item.

During discussion, the following points were noted:-

- The county as a whole was a net recipient of business rates via a central government top-up payment. The figures shown were if the rates were pooled with the District Councils. If a council did not pool, the government would only protect the organisation if they lost greater than 8% of the rate. Pooling removes such protection. Business rates income goes up with inflation and as a result of growth in the tax base;;
- The 20% funding for New Homes received within Lincolnshire goes to the County Council and had been used as a general source of funding in the budget. Next year was the fifth year of the initiative and for the first year and part of the second year, it could have been seen as additional money but this was no longer the case as it was now classed as a top-slice of Revenue Support Grant (RSG);
- District Councils were required to recalculate their tax base using the number of properties paying tax, and they are required to make assumptions about collection rates. Changes in the tax base and the performance of the collection fund were reported to precepting bodies like the County Council;
- The total business rate income was split three ways – 50% to government, 40% to districts and 10% to the county. The body who would be significantly impacted by changes in yield would be the District Councils;
- It was confirmed that the increase in the Adult Care Budget was partly due to the impact of the minimum wage increasing;

- A review of transport, including Home to School Transport, was being undertaken. As in other areas, annual fixed price contracts meant that the benefits of lower fuel prices were not being felt but that they may do in coming months as new contracts were let;
- It was noted that the funding regime had been frozen until 2020, as had the impact of the census data;
- The figure noted for redundancy costs was a "guesstimate" taken from information within the core offer. This would also include pensions strain costs for over 55s as the redundancy budget also paid for early retirement;
- Although £300k of reductions was included for PCSOs, it was not known what form that would take. The Police and Crime Commissioner would decide how those reductions would be implemented;
- Some other Councils had set up "arms length organisations" to deliver services. Some were charitable Trusts as this would enable them to then access additional government funding;
- A two year budget had not been provided as there were not enough reserves to be able to balance the budget in the second year. Additional funding would depend on decisions from the new government and, additionally, the funding required for the Care Act and Better Care Fund would also impact;
- North Kesteven District Council was the only District Council who invited the County Council to be included within their own public budget consultations;
- A review by government into rural funding suggested two years ago that Lincolnshire should receive £7.5m but actually received £1.3m and this was not expected to change materially until the regime changed in 2020;
- In relation to the Care Act Grant, the £4m allocation was to undertake assessments of people registering with the Local Authority and not to implement the care required. Individuals were to be assessed by the Local Authority and, if deemed to have sufficient resources, would have to pay the first £72k cost of care. This was to be implemented from April 2016;

RESOLVED

That the report be noted.

39b Feedback from the Budget Discussions at Meetings of Scrutiny Committees

Comments from other scrutiny committees, relating to their areas of interest, were circulated at the start of the meeting, to allow members to consider these comments throughout their discussion of the overall budget.

RESOLVED

That the comments of other scrutiny committees be noted.

**VALUE FOR MONEY SCRUTINY COMMITTEE
27 JANUARY 2015**39c Revenue & Capital Budget Proposals 2015/16

Consideration was given to a report of the Executive Director of Finance and Public Protection, which described the budget proposals arising from the Provisional Local Government Settlement, announced on 18 December 2014.

David Forbes, County Finance Officer, introduced the report with a presentation and confirmed that this was the section of the budget which was pertinent to the remit of the Value for Money Scrutiny Committee. He also referred members to the glossary on page 39 of the report at 39a above for ease of reference.

During discussion, the following points were noted:-

- Although discussions were ongoing with the Boundary Commission to reduce the number of Councillors in Lincolnshire to 71, should they decide to increase the number after the 2017 election, this would result in additional spend;
- Legal Services had a net income budget as they charge for their service, with the remit of making an operating surplus. Fire & Rescue had set up a company which allowed it to trade much more widely. This income then served to underpin their budgets;
- Many support service staff were expected to be TUPE transferred over to LCC, Serco or West Yorkshire Pension Fund;

The Committee agreed that the following comments would be provided to the Executive for their consideration:-

- The Committee recognised that the Better Care Fund was only guaranteed for the forthcoming financial year and that it would be important to recognise this when considering future budgets;

At 3.45pm, Councillor I G Fleetwood left the meeting and did not return.

- The Government's Revenue Support Grant calculations up until the end of the decade would be based on population figures for the County as at the 2011 Census. This would potentially disadvantage Lincolnshire as the County was expected to experience net inward migration during this period;
- The Committee was supportive of efforts by the Council to generate additional income to offset savings requirements and encouraged the Council to continue to do this where possible.

RESOLVED

1. That the report be noted:
2. That the comments noted above be submitted to the Executive for their consideration.

At 3.50pm, Councillor R A Renshaw left the meeting and did not return.

40 VALUE FOR MONEY SCRUTINY COMMITTEE WORK PROGRAMME
 2015

Consideration was given to a report which provided the Committee with the opportunity to consider its work programme for the coming year.

Due to the lack of items scheduled for the April meeting, Members were notified of the possibility that this meeting may be cancelled as a result. A final decision would be taken nearer the time.

Members were reminded of a Councillor Development Session, which would be held on the morning of Thursday 12 February 2015 and repeated in the afternoon, entitled Successful Meetings and delivered by David McGrath. All Members were encouraged to attend.

RESOLVED

That the Work Programme be noted and approved as set out in the report.

The meeting closed at 3.50 pm

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