

# Public Document Pack

## FINANCE AND SERVICES SCRUTINY COMMITTEE

17 DECEMBER 2015

**PRESENT:** Councillor M Rand (Chairman); Councillors B Chapple OBE (Vice-Chairman), B Adams, J Chilver, B Everitt, P Irwin, S Lambert, N Lewis and C Poll.

**IN ATTENDANCE:** Councillor H Mordue

**APOLOGIES:** Councillors J Bloom, A Huxley, E Sims, M Smith, M Stamp and M Winn.

### 1. MINUTES

RESOLVED –

That the minutes of the meeting held on 16 November 2015 be confirmed as a correct record.

### 2. PUBLIC SECTOR EQUALITY DUTY

Section 149 of the Equality Act 2010, the Public Sector Equality Duty (PSED), came into force on 5 April 2011. The objective behind the duty was to ensure that consideration of equality issues formed part of the routine, day-to-day decision making and operational delivery of public authorities. In summary, it required that the District Council, in the exercise of its functions, had due regard to the need to:

- eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Equality Act.
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not by:
  - Removing or minimising disadvantage that people in the protected groups suffer because its connected to that protected characteristic
  - Take steps to meet the needs of people from the protected groups where these differ to those of other people
  - Encourage participation from protected groups in public life or other activity where their participation is disproportionately low
- foster good relations between persons who share a relevant protected characteristic and those who do not by:
  - Tackling prejudice
  - Promoting understanding

The protected characteristics were age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity status, race, religion or belief, sex, sexual orientation.

Following the introduction of the Equalities Act 2010 (Specific Duties) Regulations 2011, the Council had published a statement in 2012 on how the Council was meeting the Public Sector Equality Duty. The regulations were designed to ensure that public bodies were transparent about their compliance with the Equality Duty. And, by publishing information about their equality performance and objectives, public bodies would be accountable to the people and communities they served.

The Committee received a report which provided an assessment of the Council's performance against the Public Sector Equality Duty and which had been updated in light of the Council's performance assessment for 2014-2015. The information would be considered by Cabinet in January 2016, with a view to publishing an updated Public Sector Equality Duty statement on how AVDC was continuing to meet its statutory duty.

Appendix 1 to the Committee report detailed a performance assessment that had been undertaken of AVDC for 2014-2015 to demonstrate compliance with the general Equality Duty. The Council's equality objectives had also refreshed, in consultation with the Equalities Steering Group, and these were provided at Appendix 2. Members referred to the report and both appendices whilst considering this matter.

Members commented that while the Committee report included information on equality performance and objectives relating to Council staff and residents/customers, there was no mention of the duty or objectives that the Council had relating to equality duties towards Councillors.

Members sought further information and were advised:-

- (i) that they could be provided with information on any instances of bullying that had been reported within the Council.
- (ii) that the Equalities Steering Group had spoken with AVDC's Communities team as part of refreshing the equality objectives.

RESOLVED –

- (1) That the Cabinet Member for Leisure, Communities and Civic Amenities be asked to take into account the Committee's comments regarding the Council's equalities duties to Councillors in finalising the Public Sector Equality Duty Statement for 2016 and the Equalities Objectives for 2016-2020, that would be submitted to Cabinet in January 2016.
- (2) That AVDC's Equality Report and performance for 2014-2015 be noted.

### **3. BUDGET PLANNING 2016/17 AND BEYOND (INITIAL PROPOSALS)**

At the November meeting, the Scrutiny Committee received a copy of the budget report submitted to Cabinet on 10 November 2015, and that set out the high level issues facing the Council when developing the budget proposals for 2016/17. This explained the significant difficulty created by a variety of high value factors including retained business rates, further reductions in Government grant and the New Homes Bonus.

The comments made by scrutiny were reported back to Cabinet and the Cabinet Member for Finance, Resources and Compliance, for consideration in putting together the initial set of budget proposals for 2016/17.

The Scrutiny Committee received a report that had been submitted to Cabinet on 15 December 2015 and that detailed Cabinet's initial budget proposals for 2016/17 together with the updated Medium Term Financial Plan. The key proposals were:-

- to take into budget planning the £1.953m of realised savings – of this sum, £1.4m was attributed to service redesign, restructuring, new income generation or service cessation delivered as part of work undertaken under the umbrella of the new business model.
- to increase Council Tax by an annual amount equal to £2.71 for a Band D property, equivalent a 1.99% increase from 1 April 2016.
- to agree to use or contribute to balances any difference created within the budget arising from the Government's grant settlement figures being different than that assumed within the Cabinet report.

- to agree the revised list of Fees and Charges attached as Appendix E to the Cabinet report.
- to keep the Band D Special Expenses charge at the same level for 2016/17.
- to recommend to Council that a sum of £600,000 be ringfenced from General Working Balances to fund the AVDC change programme, along with a delegation to the Cabinet Member for Finance, Resources and Compliance to approve a budgetary framework and allocations out of this sum.

The Cabinet report divided the main elements of budget planning between pressures, savings, Government Grant, Business Rates and proposals for Council tax. The expected pressures were identified in the MTFP. A number of new spending pressures had arisen, primarily associated with waste disposal, with total service based pressures amounting to £2.227m of which £559,000 represented a general provision for inflation and pay.

The Government Grant that the Council would receive for 2016/17 had been announced on 17 December and was £23,000 less than the expected reduction of £1.087m for 2016/17 that had been assumed in the MTFP. Unexpectedly, the Government had also offered 4 year settlements to those councils that wanted them, covering the whole of this Parliamentary term. However, this came with conditions so Officers would be looking at this over the coming weeks to assess the impact that this might have on the Council.

The most difficult areas of the budget proposals to accurately predict was on retained business rates, which meant that informed assumptions had to be made regarding business rate growth and potential reductions through appeals. It was believed that an adequate appeals reserve had been established and, in light of this, it was considered that £476,000 of business rate gain could be safely taken into the budget planning proposals.

However, it would be important for the Council to avoid over relying on business rate growth until the Government's intention on the future split of resources between the different tiers of local government became clearer. The government had announced that it would be consulting on this in due course. In light of these concerns, it had been proposed that any gains or losses achieved in the year would be managed through the Business Rate Equalisation Reserve, which would continue to be monitored and reviewed annually as part of the budget planning process.

The budgetary projection included the extension to various rate reliefs (notably Small Business Rates Relief) through 2015/16 and 2016/17 announced in the Chancellor's Spending Review statement. This would reduce the amount of rates collectable with the Government compensating the Council based upon the amount of actual Relief given. The impact of this on the Council was assumed to be revenue neutral.

The Council had submitted a business rate pooling application to the Government for 2016/17, even though the Government had never actually formally invited any proposals. Unexpectedly, the Council had been informed by Government this week that the application had been successful. The relative merits of this would be assessed and included in the final budget report to Cabinet in January.

The Cabinet report also contained information on:-

- Investments / Net Borrowings – the Council had been using its cash balances over the past few years in lieu of long term borrowing. The Interest Rate Equalisation Reserve had been also been used for a number of years to smooth

budget pressures, however, further ongoing use of the Reserve was now unsustainable and would need to be curtailed.

- New Homes Bonus – in accordance with the NHB policy, a further adjustment would be made and paid to AVDC in 2016/17, being the 6th and final adjustment. In total, AVDC would receive £8.272m NHB for 2016/17. It was likely that NHB paid to AVDC in future years would then reduce as the Chancellor had announced in the Spending Review that government would be consulting on reforms including reducing the length of payments from 6 years to 4 years and reviewing the split in the funding between the tiers of local government.
- Council Tax Base (Discounts, Exemptions and the Reduction Scheme) – it was estimated that the combined financial impact of schemes and exemptions introduced over the last few years would increase the amount of Council Tax collectable by £205,500 in 2016/17. The Spending Review had announced that the proposed changes to working tax credits would not proceed, however, it was likely that changes to be brought in through welfare reform would necessitate a full review of the Local Scheme to better inform decision making for 2017/18.
- Aylesbury Vale Estates – a Business Plan for the forthcoming year would be agreed in the New Year, with the dividend payments forecast to be in line with expectations.
- Council Tax – the cost of providing services to residents in 2015/16 had been £229.43 per household (funded by government grant support £93.08, Council Tax £136.35). Since the government's austerity programme had begun there had been a reduction in grant support equal to £105 per property annually, with a further reduction of £17.68 in 2016/17 to £75.40 per property. As such, the report recommended that Council tax be increased by 1.99% on 2016/17, i.e. just below the threshold limit of 2% that would trigger a Council Tax referendum.
- Reserves – there had been an increase in the level of reserves held which was principally due to NHB monies received on the back of the significant housing growth in the Vale and the difficulty in delivering infrastructure schemes in a short timeframe. The vast majority of reserves were held for legitimate reasons, with overall balances forecast to dip significantly over the next 2 years as further budget pressures materialised and the earmarked infrastructure schemes were delivered.
- Review of Fees and Charges – last year, Cabinet had re-introduced an annual review of all the Council's fees and charges as part of the budget setting process. This had been continued for 2016/17 and a review of the charges for 2016/17 was included as Appendix F to the Cabinet report. Most charges had been held or increased by less than 2%, with the only exceptions being leisure pitch fees at Bedgrove and Meadowcroft, the introduction of new pre-application advice tariffs in planning, and some miscellaneous licensing fees and charges (licences relating to animals and for sex establishments).

Environmental Health had also responded to new legislative requirements and duties placed on local housing authorities around the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 which came into force on the 1st October 2015. This included a recommendation to impose the maximum allowable fine of £5,000 where private sector landlords had not responded to a remedial notice requiring them to install smoke and carbon monoxide alarms (where appropriate) in their rental properties.

- Balances – current projections indicated that working balances would end 2015/16 at around £4m after appropriations for specific projects. This was significantly above the assessed minimum level of £2.5m. These excess balances would provide the Council with opportunities to offset the upfront costs of further change initiatives such as Right Here, Right Now project that had been funded last year.
- Commercial AVDC – information was provided on the commercial AVDC programme and changes proposed to the way in which Officer staffing was structured and organised. In particular, there would be a move into a more generic approach to fulfilling customer demands that would require a much more commercial approach and understanding of Council business and set AVDC on a new footing to deal with the future challenges ahead.

It was recommended that £600,000 of the Council's General Fund working balances be ringfenced specifically to invest in and resource this sustainability / change programme properly.

- MTFP 2017/18 and after – the core assumptions used in the MTFP had been set out in the report to Cabinet in November 2015, and an overview of this was again included to assist Members in their deliberations.
- Special Expenses – it was recommended that the Special Expenses budget for Aylesbury Town remain frozen at its current level for 2016/17.

The draft budget and proposals under development were attached as appendices to the Cabinet report as follows:-

- Appendix A2 – Summary of Changes.
- Appendix B – Budget Proposals 2016/17 to 2020/21 (General Fund Revenue Balances).
- Appendix C – Savings, Efficiencies and Income as part of 2016/17 budget planning.
- Appendix D – Budget pressures identified in 2016/17 budget planning.
- Appendix E – Fees and Charges schedule.
- Appendix F – Aylesbury Special Expenses – Summary Budget 2016/17

Members referred to the Cabinet report, updated information and appendices whilst considering this matter. They requested further information and were informed:-

- (i) that the Government had made a commitment to provide central funding allocations for each year of the Spending Review period for Councils that published an efficiency plan. It would be important for the Council to assess what was involved in efficiency plans before responding to the offer.
- (ii) that working on the business rates pooling would offer the Bucks local authorities opportunities to test and improve partnership working.
- (iii) that the Government had established a compensatory mechanisms for its changes to the Business Rates system, with it estimated that the impact on the Council would be revenue neutral. However, it was always possible that for there would be changes to the distribution of business rates between tiers of local government, particularly in view of the Government's stated wish to provide additional resources to authorities who supported adult social care.

- (iv) that the Aylesbury Special Expenses related to services that AVDC provided in the Aylesbury Town area. Work was progressing to develop this budget and initial indications from a review of costs and charges was that it should remain frozen at its current level for 2016/17.

Members were also informed that any increase in Aylesbury Special Expenses was taken into consideration in calculating the overall increase in Council Tax.

- (v) that AVDC had provided Town and Parish Councils with software that would allow them to consider issues such as localised Council Tax discounts in calculating their precept requirement for 2016/17.
- (vi) that, as already detailed, section 14 of the Cabinet report detailed information on Council tax, and explained that Government support in 2016/17 (through the grant settlement) to provide services to residents would further reduce from £93.08 to £75.40 per property. Without action by the Council such as generating further efficiencies and additional income then it would not be possible to deliver services in future years that residents expected.

RESOLVED –

That the scrutiny committee was supportive of Cabinet's initial set of budget proposals for 2016/17 together with the Medium Term Financial Plan, as detailed in the report to Cabinet on 15 December 2015.

#### **4. WORK PROGRAMME**

The next meetings of the scrutiny committee would be held on 8 February 2016 and 5 April 2016.

As there were no agenda items scheduled for these meetings, Members were asked to contact the Chairman and/or Democratic Services with suitable suggestions for the future work programme.