

Minutes



To: All Members of the Overview & Scrutiny Committee, Chief Executive, Chief Officers, All officers named for 'actions'

From: Legal, Democratic & Statutory Services
Ask for: Michelle Diprose
Ext: 25566

OVERVIEW AND SCRUTINY COMMITTEE TUESDAY, 20 DECEMBER 2016

ATTENDANCE

MEMBERS OF THE COMMITTEE

R G Beeching, J Billing, C Clapper, M Cowan (Vice-Chairman), H K Crofton, T Hone (Chairman), A Joynes (Vice-Chairman), D E Lloyd, G McAndrew, D T F Scudder

***PARENT GOVERNOR / CHURCH REPRESENTATIVES (VOTING)**

None present

**denotes members appointed for education scrutiny matters only*

Other Members in Attendance

R H Beeching, C M Hayward, I M Reay, L F Reeve, P A Ruffles, A Stevenson, M A Watkin, C B Woodward

PART I ('OPEN') BUSINESS

CHAIRMAN'S ANNOUNCEMENTS

(i) Welcome

The Chairman welcomed Chris Hayward, Executive Member for Resources and Performance, Owen Mapley, Director of Resources, Claire Cook, Assistant Director Finance, other Members in attendance and graduate trainees supporting the Integrated Plan (IP) scrutiny to the meeting.

(ii) Scrutiny in Hertfordshire

- (a) The Chairman advised the Committee that, in view of scrutiny operating in an increasingly challenging environment, a scrutiny handbook was being prepared to provide new and existing Members and officers of the County Council with information regarding the way in which scrutiny is conducted by the Council. The handbook would be shared with Members of the Committee in due course. In addition, the paperwork supporting scrutiny activity was also being revised to reflect current and future demands.
- (b) The Chairman also advised Members that the title and status of the Monitoring of Recommendations Topic Group was being reviewed to ensure it reflected the importance of its role and responsibilities. Members would be kept informed of progress.

MINUTES

The Minutes of the meeting of the Committee held on Thursday, 10 November 2016 were confirmed as a correct record and signed by the Chairman.

1	INTEGRATED PLAN PROPOSALS 2016/17 AND FUTURE YEARS Overview of Resources, Pressures and Key Issues	ACTION
[Officer contacts: Owen Mapley, Director of Resources (01992 555601), Lindsey McLeod, Head of Accountancy Services (Tel: 01992 556431)]		
1.1	The Executive Member for Resources and Performance and the Director of Resources provided the Committee with an overview of the Integrated Plan (IP) proposals for 2017/18 – 2019/20 prior to the Committee’s scrutiny of the proposals early in the New Year.	
1.2	Members were provided with a timetable for the Plan and received information regarding strategic direction plans, revenue budget and funding, pressures, the Council’s capital programme and reserves.	
1.3	Key points raised in the presentation to Members and in the Committee’s discussion are set out below (the full report to Committee can be viewed here https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/588/Committee/6/Default.aspx):-	

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1.4 Context

1. The Integrated Plan proposals would bring together the financial impact of service plans and the available funding to resource these over the next 3 years.
2. Strategic direction plans had been produced setting out the future direction of each portfolio in the context of achieving substantial further savings; where policy changes had been required, these had been through cabinet panels and Cabinet for approval during 2016. Given the extent of the savings required from 2018/19 onwards it would be necessary to continue to develop proposals for savings; work to identify further efficiency savings and policy options was underway and would be considered by cabinet panels and Cabinet in due course.

1.5 Revenue Budget: Funding Gap and Resources

3. The funding gap, based on the Local Government Finance Settlement 2016/17, was £34m for 2017/18 rising to £75m by 2019/20.
4. The County Council had submitted an Efficiency Plan to Government meeting the requirements for a confirmed 4 year settlement.
5. The provisional settlement for local government was announced on 15 December 2016; a consultation had been published and a response would be prepared for submission by the 13 January 2017 deadline. The Final Settlement would be confirmed in early February 2017. (A briefing note on the provisional settlement for Hertfordshire County Council can be viewed here <https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/588/Committee/6/Default.aspx>).
6. There continued to be growth in the council tax base; the draft IP figures assumed 0.8% per annum, which provided an additional £3m. Officers had been working with districts to improve forecasting which indicated that there may be some additional growth above this (to be confirmed in the New Year).
7. The referendum threshold of a 2% increase in Council Tax remained; the additional Social Care Precept of 2% per year also remained, however, whilst remaining capped at 6% over

the next 3 years, it could be raised to 3% in 2017/18 and 2018/19. This might help ease immediate pressures but would result in a 0% rise being available in 2019/20.

8. The Government had confirmed its commitment to fundamental changes to local authority funding, through 100% retention of rates; pilots of full retention were going ahead in London, Manchester, Liverpool, and extended to Cornwall, West of England and West Midlands, all of which were areas that had agreed devolution deals. Additionally, its Fair Funding review of authorities' needs analysis would be taken forward. The Council would continue to contribute to the Department for Communities and Local Government's working groups and consultations on this were expected in the New Year.
9. A new Adult Social Care Support (ASC) Grant had been announced for 2017/18, funded by reductions in the New Homes Bonus; this was not new money but a redistribution of funding already promised to councils. For the County Council this would provide an additional £4.153m for 2017/18; however, it would result in an overall net loss across all Hertfordshire authorities. Officers agreed to provide additional information on the impact on the Council of the New Homes Bonus to Members.
10. Reductions in the national public health budget by £84 million had been confirmed (£1.234m for Hertfordshire in 2017/18, rising to £3.739m by 2019/20; these reductions were in addition to existing reductions of £3.1m in 2016/17).
11. Loss of Education Support Grant had been confirmed from September 2017 (this funding was currently received directly by the County Council to fund central education support services); some would come back as part of the Dedicated School's Grant and final figures were expected on 20 December 2016.

Owen Mapley

1.6 Pressures

12. The greatest pressure in maintaining a standstill budget was the impact of demographic change (an increasing ageing population some of whom had complex health and social care needs) which continued to increase above previous estimates; this pressure needed addressing whilst ensuring high level safeguarding and service provision standards were maintained.
13. The introduction of the new rate for the National Living Wage was in the process of being modelled so that its impact could be

assessed.

14. Herts Valleys Clinical Commissioning Group (HVCCG) had proposed ceasing its contribution to the Council for health and social care, equating to approximately £8.5m per annum; withdrawal of these funds would present a significant additional pressure on the Council's budget. The County Council had challenged this proposal and discussions with HVCCG were in progress. A similar proposal had not been put forward, thus far, from the CCG serving the east and north of the County.
15. The impact of rising inflation on pay and non-pay budgets was significant; the cumulative estimate for 2017/18 was £13.2m rising to £43.080m in 2019/20. These levels would be reviewed within the IP proposals.

1.7 Capital Programme

16. The IP would include a capital strategy setting out priorities for investment including those relating to maintaining and renewing infrastructure to support front line service delivery. Services were reviewing all existing schemes to ensure budgets were still required, to review cashflow profiling and to ensure grant or other funding was applied wherever possible.
17. With current low interest rates, officers were reviewing future potential receipts and were investigating options to generate optimum returns from non-operational sites; developing Property Company proposals might also impact on capital receipts and these would require consideration in the approach to treasury management, cashflows and borrowing levels in the short term.
18. The Invest To Transform fund was being refreshed with the introduction of a formal investment panel ahead of Cabinet decisions for bids over £150k. This would include a more rigorous review of the "five tests" applied to all robust business cases: 1) Strategic fit; 2) Economic options appraisal and NPV analysis; 3) Assessment of commercial model proposed and if appropriate (e.g. make vs buy); 4) Financial/Affordability assessment; 5) Project Management/Deliverability Assessment (i.e. do we have the right skills and capacity to deliver). The Council was also looking to engender a level of "competition" to encourage innovative ideas and creativity from front line staff to bid for "invest to save" funds to pursue cost saving and/or service improving ideas.

1.8 Reserves

19. A prudent level of General Fund Balances was set for 2016/17 at 4% of the Net Revenue Budget, equating to £32.1m; all general and specific reserves would be reviewed during the IP process and officers were working with service teams to understand the range of financial and operational risks so that the size of any required contingencies and reserves could be properly assessed.

1.9 Members were reminded and encouraged to participate in the IP scrutiny and to contribute suggestions for achieving a balanced budget for 2017/18 – 2019/20.

Conclusion

1.10 The Committee noted the report.

2. SCRUTINY RECOMMENDATIONS: UPDATE

[Officer contact: Natalie Rotherham, Scrutiny Officer (01992 555300)]

2.1 The Committee received a report providing the recommendations from the ‘the Flood Risk Management Topic Group’, the ‘Herts Waste Partnership Topic Group (HWP)’ and the Hertfordshire Safeguarding Children Board (HSCB) Topic Group’.

2.2 It was noted that the HWP Topic Group report had been provided to Hertfordshire district and borough Chief Executives, Leaders and the relevant Executive Members. In order to pursue further collaboration between the County Council and District and Borough Councils, the Committee requested that officers also seek to have the Topic Group’s report included on the agenda of the next Hertfordshire Leaders’ meeting.

2.3 The Chairman of the Traffic Regulation Orders (TRO) scrutiny advised the Committee that information requested by the Topic Group had still not been received. The information related to the costs incurred outside of the TRO team; the Topic Group had requested that a breakdown of the project costs involved in 6 HLB (highways locality budget) scenarios be provided in order that they could be assessed for acceptability and to establish where reductions in costs could be made. The Committee requested that highways officers be reminded that this information was still required.

2.4 Members noted that there had been no Executive Member responses received since the last meeting of the Committee.

Natalie
Rotherham

Natalie
Rotherham /
Steve Johnson

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2.5 The Committee was advised that the Monitoring of Recommendations Topic Group had met on 25 November 2016 and had signed off as completed all outstanding topic group recommendations. Members were further advised that one further item had been due to have been considered by the Topic Group in February 2017; the Topic Group had, however, decided to defer consideration of this item of business until its first meeting following the local government elections in May 2017.

Conclusion

2.6 The Committee noted the ‘Flood Risk Management Topic Group’, the ‘Hertfordshire Waste Partnership Topic Group’ and the ‘Hertfordshire Safeguarding Children Board Topic Group’ scrutiny recommendations, set out in Appendix 1(a), 1(b) and 1(c) to the report, and agreed that progress on their implementation be considered by the Monitoring of Recommendations Topic Group at its first meeting in the new County Council.

Natalie
Rotherham /
Michelle
Diprose to
note / action
all

3. SCRUTINY WORK PROGRAMME 2016 – 2017

[Officer contact: Natalie Rotherham, Scrutiny Officer (01992 588485)]

3.1 The Committee considered its work programme 2016 – 2017, attached as Appendix 1 to the report, noting those scrutinies recently concluded and those scheduled for the forthcoming period.

3.3 As a result of its discussions the Committee agreed some amendments to its work programme; these are recorded at paragraph 3.6 below.

3.4 The draft scoping document for the Children’s Services Children’s Centre Topic Group, attached as Appendix 2 to the report was also received.

3.5 Members noted that the work programme would be presented to the first meeting of the Committee in the new County Council (following the local government elections in May 2017) for consideration and approval and/or amendment, including the priority and timing of future scrutinies.

Natalie
Rotherham
/Michelle
Diprose
to note and
action

Conclusion

3.6 1. The work programme considered at this meeting reflected the decisions made by the Committee at its last meeting.

Natalie
Rotherham
Charles
Lambert/
Michelle

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2. The Committee amended its work programme as follows:-
 - (i) The March 2017 meeting of the Committee should include a report providing feedback on the Integrated Plan scrutiny conducted in January/February 2017;
 - (ii) The main focus of the Committee's meeting in June 2017 should be Committee's 2017 – 2018 work programme;
 - (iii) The annual scrutiny of the Hertfordshire Safeguarding Children Board should be included in the work programme for 2017; and
 - (iv) A scrutiny of 'Highways' should be added to the work programme; the focus of which should be determined by the new Committee.
3. The Committee agreed that no scrutinies be deleted from the work programme.
4. The Committee agreed that the work programme 2017 – 2018, attached as Appendix 1 to the report and as amended in 2. above, be approved.
5. The Committee noted that the Health Scrutiny Committee meeting in March (being conducted over 2 days; 16 and 30 March 2017) would be its scrutiny of the NHS budget, quality and patient experience.
6. The Committee noted that (as agreed its last meeting) the Child and Adolescent Mental Health Services Transformation Board scrutiny had been re-assigned as a scrutiny of the Health Scrutiny Committee (rather than as a joint scrutiny of both committees); with participation from Members of the Overview and Scrutiny Committee welcomed.
7. The Committee requested that the Health Scrutiny Committee consider renaming the 'Discharge' scrutiny to one better explaining the nature of the scrutiny to be undertaken.
8. The Committee noted the draft scoping document for the Children's Service Centre Topic Group, attached as Appendix 2 to the report.

4. OTHER PART I BUSINESS

- 4.1 There was no other Part I business.

**CHAIRMAN'S
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REPORT TO COUNTY COUNCIL

A summary of all items will be reported to the County Council at its meeting on 21 February 2017.

Michelle
Diprose

**KATHRYN PETTITT,
CHIEF LEGAL OFFICER**

CHAIRMAN _____

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