

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
Wednesday, 12th February, 2020

Present:- Councillor Steele (in the Chair); Councillors Napper, Cusworth, R. Elliott, Jarvis, Keenan, Mallinder, Tweed and Walsh.

Apologies for absence:- Apologies were received from Councillors Jepson, Taylor and Wyatt.

The webcast of the Council Meeting can be viewed at:-
<https://rotherham.public-i.tv/core/portal/home>

131. MINUTES OF THE PREVIOUS MEETING HELD ON 15 JANUARY 2020

Resolved: -

That the minutes of the meeting of the Overview and Scrutiny Management Board held on 15 January 2020 be approved as a true and correct record of the proceedings.

132. DECLARATIONS OF INTEREST

There were no declarations of interest from members of the Board.

133. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no questions from members of the press or public.

134. EXCLUSION OF THE PRESS AND PUBLIC

The Chair advised that there were no items of business on the agenda which would require the exclusion of the press and public from the meeting.

135. BUDGET AND COUNCIL TAX 2020-21 AND MEDIUM TERM FINANCIAL STRATEGY

Consideration was given to a report that was submitted for pre-decision scrutiny ahead of the Cabinet meeting scheduled for 17 February 2020 in respect of the Budget and Council Tax 2020-21 and Medium-Term Financial Strategy.

The report provided information on the Council's Budget and Council Tax for 2020/21 based on the Council's Provisional Local Government Finance Settlement for 2020/21, budget consultation and the consideration of Directorate budget proposals through the Council's formal Budget process, alongside a review of the financial planning assumptions contained within the Council's Medium Term Financial Strategy.

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In setting the proposed 2020/21 budget, increases of 0.99% in the Council's basic Council Tax and of 2.0% in the Adult Social Care precept were being recommended. The revenue budget for 2020/21 was the second year of a two-year budget for 2019/20 and 2020/21 that had been approved by Council on 27 February 2019. It was noted that since the introduction of austerity measures in 2010, the Council had made savings in excess of £200 million in response to the significant reductions in Central Government funding, and that this figure included savings of £16 million that would need to be delivered during 2020/21.

The Leader of the Council and the Strategic Director, Finance and Customer Services attended the meeting to respond to specific queries from Members in respect of report.

The Leader advised that while the setting of a two year budget had been effective in addressing some of the difficulties that Government austerity measures had created for the Council and had ensured that no further job losses or service reductions were required in 2020/21, there still remained much financial uncertainty for the Council that made budget planning for future years very difficult. The Leader noted that the continuing uncertainty around changes to Business Rates retention was a particular area of difficulty for future years. In view of this continued uncertainty the Leader noted the importance of the Council being able to increase its level of reserves in 2020/21 to help mitigate against the risk of future financial uncertainties

Members sought clarification that increases to the Real Living Wage had been incorporated into the budget with regard to independent sector home care service provision contracts. The Strategic Director, Finance and Customer Services confirmed that this assumption had been included. The Leader noted that the budget for 2020/21 enabled the Council to pay the Real Living Wage to all homecare staff who were employed both directly and indirectly by the Council, contributing to the delivery of the Council's Social Value Policy.

Members asked several specific questions on the financial planning activities around the delivery of both Adult Services and Children's and Young People's Services and welcomed the greatly improved situation of the position of the Adult Services budget compared to previous years. The Leader advised that detailed service planning around anticipated service demand had enabled the effective budget management for Adult Services. The Leader noted that even with the most effective planning and budgetary control there would always be more uncertainty with regard to the Children and Young People's budget due to the variability of service demand and the associated costs of delivery.

The Chair sought confirmation that the savings identified in the 2019/20 budget for delivery during 2020/21 would be delivered during the upcoming financial year. The Strategic Director, Finance and Customer

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Services confirmed that all of the required actions required to deliver the identified savings had been put in place and were being actively monitored. The Chair asked for further information on the Council's Capital Programme and its delivery with regard to investment in Rotherham town centre and the development of town centre housing. The Leader provided further information about the delivery and funding of the Capital Programme, noting the bid that had been made to the Future High Street's fund to support town centre improvements. Members expressed their support for the Capital Programme activities and welcomed the commitment to the delivery of mixed housing in the town centre.

The Chair asked that as the savings that had been identified for delivery during 2019/20 in the Regeneration and Environment Budget had not yet been delivered what action was being taken to ensure that they would be delivered during 2020/21. The Leader noted that the delivery of the savings identified in the Streetpride budget had been very challenging to deliver due to the demands for the service and the very complex back office and IT processes involved, but advised that he was confident that the actions taken, including the installation of new IT systems in the last year would deliver the required savings during 2020/21.

The Board sought assurances that all reasonable measures had been taken in the preparation of the budget, and that the budget took account of the risks and considerable financial uncertainty facing the Council in future years. The Strategic Director, Finance and Customer Services advised that while she could give full assurance on the budget preparation process and could confirm that contingency measures had been built in to the budget to deal with financial uncertainties, it was never possible to anticipate all possible scenarios and remove risk entirely from the budget. The Strategic Director, Finance and Customer Services noted that the provision in the budget of increasing the Council's General Fund Minimum Balance to £25 million was a prudent action that would reduce financial risk to the Council in future years.

The Board expressed their disappointment in the processes of Government in the setting of funding levels for local government and the difficulties and uncertainties that they created for local authorities trying to deliver essential and complex services to residents. Members asked if departments worked together across the Council in sharing best practice in managing budgets and on ways of delivering savings. The Leader advised the "One Council" approach was used and had proved to be very effective in sharing best practice and had been a major improvement to how departments had often operated in isolation in the past.

The Chair thanked the Leader and the Strategic Director, Finance and Customer Services for attending the meeting and answering members questions.

Resolved: -

1. That the Cabinet be advised that the recommendations to Council be supported.
2. That further reports be brought to the Overview and Scrutiny Management Board for its consideration on the potential impact of any significant changes to government funding streams received by the Council, at a time if and when such changes occur.

136. DECEMBER FINANCIAL MONITORING

Consideration was given to a report that was submitted for pre-decision scrutiny ahead of the Cabinet meeting scheduled for 17 February 2020 in respect of December 2019 Financial Monitoring.

The report detailed out the financial position of the Council as at the end of December 2019, with the figures included in the report being based on actual costs and income for the first nine months of 2019/20 and forecasted figures for the remainder of the financial year. It was noted that as at December 2019, the Council had a forecast year-end overspend of £4.0m on the General Fund.

The report included figures on each Directorate's projected budget outturn for the financial year 2019/20 as well as the reasons for both positive and negative variances from the 2019/20 budget. Information was also included detailing the actions that were being taken in each directorate in order to reduce and remove negative variances.

It was noted that the Council had £3.2m of the budget contingency reserve available to support the 2019/20 financial outturn, but it was emphasised that if planned savings and spending reductions were not delivered to an extent where they could be wholly contained within the budget contingency reserve, there would be a further negative impact on the Council's other reserves if they were required to be called on to support the 2019/20 budget.

The Leader of the Council and the Strategic Director, Finance and Customer Services attended the meeting to respond to specific queries from members in respect of report.

The Leader noted that since the publication of the report actions had been implemented across Directorates to reduce, and if possible, remove the £800,000 adverse variance against the Council budget, and that these actions were now starting to have a positive impact. The Leader advised that he had confidence that the £800,000 of required savings could be realised before the end of the financial year. Members sought further information on how capitalisation was being used in managing Council expenditure. The Strategic Director, Finance and Customer Services provided further information on how capitalisation was used in managing

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budgets and expenditure but noted that it was important that any capitalisation was done in a way that would not cause problems with the budget being stored up for future years.

Members noted the above inflationary cost pressures with regard to residential placements for children and welcomed the revitalised foster care recruitment activity being carried out by Brightsparks for the Council that would positively impact on the number on in-Borough placements. The Leader concurred with members that more in-Borough placements would not only provide better outcomes for the children involved but would also relieve pressure in that budget area. The Chair asked with regard to the forecast overspend on home to school transport of £1.3 million, what action was being taken to address the underlying issues around consistent overspending in this budget area that had been highlighted in numerous financial monitoring reports. The Leader noted that this budget area had long been a challenging one to manage due to increases in service demand, but assured the Chair that actions being taken to review and monitor how the service was delivered would make this a less problematic budget to manage in the future.

The Chair asked how the severe flooding that occurred in the Borough in late 2019 had impacted the Council's budget, and whether the costs incurred by the Council dealing with the impact of the floods were recoverable from Government. The Strategic Director, Finance and Customer Services advised that not all costs incurred were recoverable, and of those that were recoverable the Council could only claim part of the cost incurred, however it was estimated that around £200,000 of the spending incurred by the Council in dealing with the impact of the floods would be recovered.

Members asked for information on how the Council planned to respond in both the short and medium terms regarding the pressures on the High Needs Block of the Dedicated Schools Grant created by the rising numbers of children supported in specialist provision and by the rising costs of Education Health Care plans caused by the increased age parameters of those children and young people eligible for this support. The Strategic Director, Finance and Customer Services provided information on activities in this area and on the disapplication request to Government which had been approved and would allow budget to be transferred from the schools block to the high needs block in order to help meet the costs of the demand on the block.

The Chair thanked the Leader and the Strategic Director, Finance and Customer Services for attending the meeting and answering members questions.

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Resolved: -

1. That the Cabinet be advised that the recommendations to Council be supported.
2. That further Financial Monitoring reports be brought to the Overview and Scrutiny Management Board for its consideration in advance of them being considered by Cabinet.

137. URGENT BUSINESS

The Chair reported that there were no urgent items of business requiring the consideration of the Board.

138. DATE AND TIME OF NEXT MEETING

Resolved:-

That the next meeting of the Overview and Scrutiny Management Board be held on Wednesday 4 March 2020 commencing at 11.00 a.m. in Rotherham Town Hall.