

# **MINUTES OF THE MEETING OF THE EXTRAORDINARY OVERVIEW AND SCRUTINY COMMITTEE HELD ON TUESDAY, 5TH FEBRUARY, 2019, 19:00 – 20:15**

**PRESENT:** Cllr Lucia das Neves (Chair), Cllr Pippa Connor (**Vice-Chair**), Cllr Mahir Demir, Cllr Ruth Gordon, and Cllr Adam Jogee.

**Co-optees:** Luci Davin, Yvonne Denny and Mark Chapman

## **14. FILMING AT MEETINGS**

Noted.

## **15. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

## **16. URGENT BUSINESS**

It being a special meeting of the Sub Committee, under Part Four, Section B, Paragraph 17, of the Council's Constitution, no other business was considered at this meeting.

## **17. DECLARATIONS OF INTEREST**

No declarations of interest were made.

## **18. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS**

None.

## **19. ADDITIONAL BUDGET SAVINGS**

The Director of Finance, John Warlow, introduced this report to the Overview and Scrutiny Committee (OSC) which included further proposals included within the 12<sup>th</sup> February 2019 Cabinet report on the 2019/20 Draft Budget / 5 year Medium Term Financial Strategy (MTFS) 2019/24, presented since the 11<sup>th</sup> December 2018 Cabinet report for the OSC to review and consider.

The December report to Cabinet included a budget gap of £6.5m in the 2019/20 budget. The updated report to be considered by Cabinet on 12<sup>th</sup> February presented a balanced budget for 2019/20. The OSC was asked to consider the additional proposals set out by Cabinet to bridge the outstanding £6.5 mil gap in the December report.

The OSC were taken through Appendix A, which set out the 2019/20 Draft Budget / 5 year Medium Term Financial Strategy (MTFS) 2019/24, and Appendix B, which set out the summary of the new proposals included in the February Cabinet report on the Draft Budget / 5 year MTFS. The Details of Service Budget Changes was highlighted to the OSC at page 3 of Appendix B as showing the impact and explanations of the budget changes at service level.

For clarity, it was noted:

- Regarding the detail of the figures contained within the report, the OSC was referred to 'NHB Adjustment' in table 8.3. The black figure of £141k in 2019/20 was an improvement to the budget in Year 1 from the New Homes Bonus Grant and more than had been previously assumed. However, this was a one off and it was not anticipated this would continue into 2020/21 and so the figure was nullified to show red (£141k). The black figures in the table were a contribution to the budget, whereas the red were budget deficits.
- Regarding the Adjustment to council tax income figures at table 8.4, there was expected to be a 0.25% increase in the collection rate. The Council was now expecting to attain £878k more than had been previously assumed for 2019/20, but in 2020/21, it had previously taken a more positive view on what Council Tax income would be for that year and so this had been revised to write down that assumption.
- In looking at the 'Retained Business Rates by Pool' at Appendix A, the OSC queried whether there was any opportunity to apply to the government for funding should predictions on figures not be accurate. The Director of Finance noted the figure for 2020/21 was a marked increase from the previous year's figures but this was due to money that had been received by the Revenue Support Grant now being received into the Business Rates Pool. In regards to a safety net, it would take a significant drop in business rates for any safety net to be required, which was unlikely in the immediate future.

Following discussion on Appendix B, the following was noted:

#### Table 8.3: Grant Changes

- Regarding the grant change for New Homes Bonus, the Director of Finance informed the OSC this was calculated by the government based on returns submitted by the local authority. The Council had the figures checked internally to ensure the government's calculations were correct and the Council had corroborated the figures. More money was forecast to be received from the grant in 2019/20. It was expected this would be an ongoing grant in the short to medium term.
- Regarding the Levy Surplus Payment, the OSC was informed the government had to ensure the business rates collected, which were due to local authorities, was paid to them. Any authority that had growth above what they were deemed to need, were required to pay a levy which would be redistributed to fund safety nets for other local authorities not in a surplus position.

- The change in the figure for Lead Local Flood Authority Adjustment was an updated figure following further information being attained. It was not expected for there to be an ongoing increase for this grant from 2020/21.

Table 8.4: Technical Adjustment Related Budget Reductions Measures

- On the increased collection rate to Council Tax Income, the Director of Finance noted 1% of Council Tax equated to approximately £1m and so the ongoing benefit to the budget would be £250k each year. The adjustments year on year was also based on other recalculations done by the Council.
- Regarding using the Flexible Homeless Support Grant to offset Temporary Accommodation risk, it was noted the Council had received a series of grants over previous years that had led it to being in a surplus position and the OSC was assured there was enough money to be able to fund this budget proposal with the Grant being covered. It was considered reasonable to use part of that Grant to address the level of overspend in Temporary Accommodation.
- The Flexible Homing Support Grant was for £8.6m in 2017/18, £8.3m in 2018/19, £6.7m in 2019/20. There was no announcement on what the grant would be for 2020/21 but the Council was optimistic there would be one.
- Regarding Treasury and Borrowing Adjustments, since the main budget report, the Director of Finance noted there was now clarity about which of the schemes the Council expected to be fundable from business cases rather than corporate funding. Since the December report, the Council had reviewed its assumptions and it had now tightened those assumptions to less of a margin. Therefore, it was reasonable to assume certain treasury costs could be funded from business cases rather than corporate funding.
- The amendment to Winter Pressure and Adults/Children's Social Care grant was a budget correction on new information being attained.

Table 8.2: Service Budget Changes

- The Director of Finance informed the OSC that, since the December report to Cabinet, the Council had reviewed whether there was any service where the existing budget level was not required. The Adults services had been active in reviewing its budget requirements and it was forecast that £1m of additional corporate funding, as part of the draft 2019/20 budget, was no longer required. It was emphasised the Adults services was still to benefit from a £7m growth in the 2019/20 budget. That £7m had two components, firstly, the Adults services had carried forward, what was now recognised to be, undeliverable savings from previous years and the Council had decided to write those off on a permanent basis, which meant £3m budget relief for its budget. Secondly, the Adults services was to benefit from a variety of grants, these would result in £4m growth in its budget.
- The Director of Finance noted the lack of detail with regard to the proposed saving on the car pound for 2020/21 but informed this was a Year 2 initiative and did not directly impact on 2019/20. The provision for the car pound was externally provided and the Council had been exploring alternative means to provide this service. This was at an early stage and a business case would

need to be made but the Council had made an assumption the alternative provision would leave the budget £200k better off from 2020/21.

#### Priority 4 – Strategic Property Services

- The Council had reviewed its strategic properties and it was expected that an increase in advertising would lead to an additional £85k being generated.
- The Director of Finance informed the OSC the total £500k additional savings was a reasonable assumption and could be achieved.
- Regarding the 'Hornsey Town Hall Management cost', it was noted the Council did not have the same obligations due to the change in Hornsey Town Hall's status and so recognised savings could be made. The OSC sought reassurance that the Council was fulfilling its duties to the Hornsey community and requested a report from officers on the detail behind this additional saving and what was behind it (**ACTION: John Warlow**).

#### Priority X – Growing Libraries Income

- The Director for Customers, Transformation and Resources, Richard Grice, outlined the service budget changes with regard to the Council's libraries. The new budget proposal in Priority X proposed to grow the level of income generated from the Council's libraries estate as part of a developing libraries strategy, an element of which would be focussed on income generations through utilization of underused spaces. The OSC had previously been informed of a libraries strategy being developed that would deliver on additional income but that was not expected to be generated until 2020/21 and 2021/22. In producing that strategy, the Council had found there was early work it could do to generate an additional income of £100k for 2019/20. That income would be generated by advertising (£10/15k), room hire (£20k), printing (£15k), coffee provision through Costa (£15k), delivery lockers (£20k) and other services such as photo copying/printing.
- Regarding pursuing a contract with Costa, the OSC sought reassurance from the Council that it was a reputable organisation and paid its employees the London Living Wage.
- Regarding opening hours, the OSC was informed no decisions had yet been taken but it was exploring the possibility of longer opening hours as the extra commercial activity, in lieu with longer opening hours, would result in additional income. Some Council's operated 24/7 libraries that were accessible via an electronic card. It was noted they did not have library staff available at all hours but security was always present.
- The OSC sought assurance from Officers that the Council's libraries continued to be a quiet and safe place for those using the services to study. The Director for Customers, Transformation and Resources assured the OSC the intention was for libraries to continue as they were and provide the same services but noted the difficulty in the running costs of the libraries estate with approximately 80% of its spending going to labour costs.
- Regarding advertising, the OSC was informed this would likely be focussed around library counters or self-service machines where books were hired and

be in paper/poster or electronic form. The OSC was assured any potential advertisers would have to abide by the Council's existing advertising policies.

- The OSC had concerns over any proposed changes to the library service. It therefore requested an interim report on the breakdown in figures for the libraries estate, and when expected changes would take effect, as soon as possible to see what the reality of any changes might be (**ACTION: Richard Grice**).

Following discussion on the report and its appendices, the OSC noted the continual demand on officers to make budget cuts and praised the savings they had managed to identify. However, the OSC noted there would need to be further budget cuts in the future and questioned how that might be achieved. The Director of Finance informed that the Council had achieved a great deal in identifying budget savings since 2010 and had been actively looking ahead. There was a transformation agenda which recognised that the funding change to the Council was such that it needed to fundamentally change its approach to how it delivered services. The OSC was informed there could be improvements to services, which might create further savings, but there might also be areas where the assumptions were optimistic.

The Vice-Chair closed by recognising the work of officers on identifying savings in the budget.

**20. ANY REQUIRED BUSINESS ARISING FROM THE BUDGET SCRUTINY PROCESS**

None.

**21. FUTURE MEETINGS**

25<sup>th</sup> March 2019

29<sup>th</sup> April 2019

CHAIR: Councillor Lucia das Neves

Signed by Chair .....

Date .....