

**Minutes of the meeting of the Scrutiny Committee for Leader,
Resources and Economic Growth held on 18 January 2017
from 7:00p.m. to 9:00 p.m.**

Present:

John Allen
Edward Belsey
Margaret Belsey
Kevin Burke*
Rod Clarke

Tony Dorey
Jacqui Landriani*
Andrew Lea
Bob Mainstone*
Gordon Marples

Peter Martin
Norman Mockford
Geoff Rawlinson
Linda Stockwell*
Colin Trumble

* Absent

Also Present (as nominated substitute): Councillors Ruth de Mierre, Peter Wyan and Anthony Watts Williams.

Also Present: Councillors Norman Webster, Garry Wall and Jonathan Ash-Edwards.

The Chairman informed the committee that owing to apologies having been received from Councillor Stockwell he had nominated Councillor Tony Dorey to be Vice Chairman for the duration of the meeting.

This was agreed by the Committee.

RESOLVED

That Councillor Tony Dorey be elected Vice Chairman for the duration of the meeting.

1. SUBSTITUTES AT MEETINGS OF COMMITTEE – COUNCIL PROCEDURE RULE 4

The Committee noted that, in accordance with Council Procedure Rule 4, Councillor Ruth de Mierre had replaced Councillor Linda Stockwell; Councillor Peter Wyan had replaced Councillor Jacqui Landriani and Councillor Anthony Watts Williams had replaced Councillor Bob Mainstone for the duration of the meeting.

2. APOLOGIES

Apologies were received from Councillors Burke, Landriani, Mainstone and Stockwell.

3. DECLARATIONS OF INTEREST

None.

4. MINUTES

A Member enquired if provision had been made for the new £1 coin in relation to parking meters. It was confirmed by the Assistant Chief Executive, Judy Holmes that this work had been completed.

The minutes of the meeting held on 9 November 2016 were then agreed as a correct record and signed by the Chairman.

5. URGENT BUSINESS

None.

6. DRAFT CORPORATE PLAN AND BUDGET 2017/18

Councillor Jonathan Ash Edwards as portfolio holder introduced the Report. The Report outlined the refreshed Corporate Priorities which reflect the current direction of the Council. In relation to the Budget the Report reflected the Council's aspiration to be financially independent to mitigate impact of the reduction in Revenue Support Grant year on year. The Council has taken a strategic approach to enabling investment in services and community grants. This Council is fortunate in that it is able to be proactive and support communities at a time when a number of other authorities are unable to do so. The Council continues to invest in generating an income stream; however it must also remain vigilant and diversify sources of income in order to continue to invest in services.

A Member asked why if CPI is at 1% is the Council seeking an increase in Council Tax of 1.99% as this must be justifiable.

The portfolio holder confirmed that the Council Tax rate is for Members of the Council to consider annually and as the Revenue Support Grant decreased the Council needed to be mindful of the proportion each source of income generates. It was considered that 1.99% was reasonable and he noted this Council had frozen the Council Tax precept for the previous five years. In real terms the Council Tax for Mid Sussex is low and is fact the third lowest of all Sussex authorities.

A Member noted the second bullet point of paragraph 2.5.1 and sought assurances that the Council was keeping a customer focus for all. He further noted the diminishing Revenue Support Grant. In relation to Business Rate Retention in the future he considered what opportunities were open to the Council and how this may affect the Council's finances. On a final point he noted the £900k reserve for The Orchards Shopping Centre and was pleased to see this included as a starting point for supporting the recent acquisition.

The portfolio holder confirmed the Council wanted to ensure services are accessible to all, as there was increasing expectation of being able to interact with the Council from a number of sources.

In relation to Business Rates Retention, this was being looked at by the Economic Development Working Group. As this was still an unknown the Council must remain cautious, but be clear in obtaining value for money rather than subsidising economic activity that would take place in any case.

A Member welcomed the positive Report and noted the Burgess Hill Regeneration. He was, however, concerned about how The Orchards Shopping Centre was going to be managed and further noted that there was no mention in the Report of Basepoint business units. On a final point he sought clarification on the term "market supplement" in relation to staffing.

The portfolio holder confirmed that a Management Agent had now been appointed to manage The Orchards Shopping Centre. The £900k reserve was an important start and would give the Council some flexibility in how the asset might be managed and enhanced in the future.

The Chief Executive, Kathryn Hall, provided an explanation of each of the sections contained in the Report and reminded Members that the Council is legally obligated to have a balanced budget.

A Member wished to confirm that spending was not being increased and instead the Council was being prudent.

The Chief Executive confirmed that the Council proposed to live within its means and therefore this represented very little change.

The Member noted and welcomed the proposed Reserve for The Orchard Shopping Centre.

The Chief Executive indicated that the Reserve is a meaningful start and the Council hoped to achieve more with the asset in the longer term. Any investment in the Orchards Shopping Centre and alteration to the Reserve would be a Member decision.

A Member sought clarification on the Council Tax increase and the expected tariff in 2019/20 and 2020/21 that appeared to need to be returned to Central Government as this was a concern.

Peter Stuart, Head of Corporate Resources, informed Members that whilst the figures reflected a payback to Central Government from 2019 the baseline would change as Local Government funding evolved. As such on page 27, years 3 and 4 were indications only.

The Member asked if other authorities were in a similar position and the Head of Corporate Resources confirmed that some were affected in the same way.

The Leader of the Council, Garry Wall, confirmed that the funding outlook in years 3 and 4 will look different nearer the time as local government funding became clearer. He reminded Members that the 100% Business Rate Retention was still being worked through and the Council continued to lobby Central Government on the ethics of funding. Whatever the outcome it was important that the Council was cognisant of the challenges ahead and community priorities.

A further Member noted that there appeared to be some good news in relation to pensions in the medium term. He did, however, note pressures referred to on page 29 in relation to paying pitches. He enquired if this pressure could be offset by fees from increased usage.

Simon Hughes, Head of Digital and Customer Services explained the meaning of the term "market supplement" and when such a supplement is used.

The Head of Corporate Resources confirmed that the Pension Fund was now in a minor deficit being 89/90% funded and as such no increase in the budget allocation was required unlike the previous 3 years.

The Assistant Chief Executive confirmed that in isolation certain areas of the budget indicates pressures, however, these are offset by income. In relation to the Basepoint

starter business units there are not currently any obligations which fall to the Council and after 3 years the centre will begin to provide an income for the Council.

A Member raised the matter of the New Homes Bonus which currently represents in the region of 15% income and Central Government's intention to withhold payment during 2017/18 should a Local Plan not be submitted.

The Chief Executive reiterated that New Homes Bonus was not being relied on by the Council in order to provide services and as such should that eventuality occur then it would affect the Council's Reserve budget only.

It was queried if the New Homes Bonus was being distributed to Town and Parish Councils. It was confirmed that it was not as the Local Planning Authority is the intended recipient.

A Member wished to thank officers and Councillor Jonathan Ash-Edwards for achieving a council tax freeze for the past five years; he further welcomed a refresh of the Council's priorities.

Another Member enquired if there were other investment opportunities similar to The Orchards Shopping Centre.

The Leader of the Council reminded Members that it was a deliberate strategy not to rely on the New Homes Business for delivering services unlike some other authorities. He noted that where an authority had been using this funding to support services they were now in a difficult position. This Council's strategy was to invest to support services. The Council would not stop looking for financial opportunities to invest and Members would be involved in these.

A Member welcomed the more detailed explanation in the Report that had been provided from each service.

The Chairman asked for each Head of Service to introduce the budget for their respective areas.

The Assistant Chief Executive took the opportunity to update Members on the Council's bid to secure funding for starter homes. The Council was one of only 30 authorities to have been successful. A further area of good news was in relation to the Local Enterprise Partnership where the Council had secured £15 million funding for the Burgess Hill Growth Area.

A Member noted that there had been budget pressure in relation to Temporary Accommodation and she was concerned that the starter homes initiative, whilst welcome, would not necessarily assist in alleviating this demand. To this end she enquired as to what controls are in place to manage this service pressure and overspend.

The Assistant Chief Executive confirmed that the Council works proactively with the private rented sector to secure appropriate housing and has a robust affordable housing programme making use of council owned land and planning policy which seeks 30 % affordable housing.

The Leader of the Council acknowledged that this was a complex area of work with the impact of welfare reforms and the market place proving particularly challenging. The Council has points of contact to provide advice and has strong relationships with

Registered Social Landlords. Planning committees also play a part in the delivery of affordable housing. The Council is working with Central Government on the Starter Homes initiative and is also supporting investment in Burgess Hill. The Council is utilising its money to encourage inward investment and are giving the support that is needed.

A Member asked if the Starter Homes were being funded by the Council and sought to establish if they are part of the 1,500 homes proposed at Burgess Hill.

The Assistant Chief Executive stated that the 500 starter homes were not the confirmed number and that of the 1,500 homes at Burgess Hill some of them would be starter homes. The Council has a separate Affordable Housing programme and the Starter Homes will be additional to that existing programme.

A Member noted the performance of the Development Management service which had achieved more applications without increased staffing levels. He further noted the strengthening of the service in relations to trees.

A further Member acknowledged the performance of the Development Management Service and to also convey his thanks to the team.

Head of Corporate Resources, Peter Stuart, drew Members attention to the initial potential reduction in the budget of 25% for Wellbeing. West Sussex County Council had instead confirmed an 8% reduction in funding for 2017/18. He further reminded Members that Adur was leaving the Census Partnership and Horsham had recently indicated they are reviewing their Membership. Mid Sussex would seek to retain skills and minimise disruption to service users.

A Member enquired whether a Service Level Agreement could be entered into in order to have continuity in the Health and Wellbeing Service.

The Head of Corporate Resources confirmed that the Council had prepared a contingency of £50k; however, it was unlikely that a Service Level Agreement would be entered into owing to yearly budget pressures with the relevant services.

A Member sought clarification on the trimming of supplier prices and what this meant.

The Head of Corporate Resources stated that the Council was seeking value for money when contracts are being entered into, this did not mean that existing contracts were being renegotiated. This activity was seen to be good supply management.

A Member asked if efficiency savings were likely to be achieved with partners seeking to leave the Census Partnership or if this was likely to incur increased costs for the Council.

The Chief Executive clarified that no firm decisions had been made except in relation to Adur. One of the founding principles was in relation to economies of scale that could be achieved as a partnership and there is a possibility that these may diminish with less partners.

A Member enquired if a Procurement Manager is still employed on behalf of the Council.

The Head of Corporate Resources confirmed that there was a Procurement Team in place.

Simon Hughes, Head of Digital and Customer Services, stated that the service was aiming to deliver efficiencies and improved services for example through the Customer Relations Manager system. The focus for 2017/18 was in investing in revenue generating areas and reducing administration costs.

Tom Clark, Head of Regulatory Services and Solicitor to the Council stated that for his services it was business as usual for the forthcoming year. The Legal Team was forecast an increased revenue from s106 fees, building control was anticipating increased income from building control fees and Environmental Health was forecast a 15% increase now that the department was fully staffed.

A Member queried the budget for the Member Services Team and it was confirmed that this budget included a number of items including Member Allowances.

The Head of Corporate Resources informed Members of the projects that were coming forward in 2017/18 and stated that additional playground projects may come forward throughout the year should funding from S106 be available.

A Member noted one of the projects was to install photovoltaic panels on the Council offices and he enquired if this was likely to help the Council reduce costs.

The Head of Corporate Resources confirmed that this project had been suggested before however the savings were at that time marginal, the business case at the current time is being considered.

A Member queried the figures throughout the budget as he believed there was an imbalance between receipts and expenditure.

The Head of Corporate Resources sought to reassure Members that the figures were correct and explained that s106 monies were not reflected in the graph on page 17. The intention of the graph was to provide an overview of the position.

The Chairman asked the Head of Corporate Resources to write to the Member a detailed explanation and this was agreed.

A further Member sought clarification of Disability Grant Funding and enquired if this was being fully met by the County Council. He further noted the renewal of sanitary ware at Adastra Hall. In addition he asked for pages 70-71 of the Report to be updated. On a final note he sought clarification on the Council Chamber Modernisation project and asked if the feasibility study was included in the budget.

The Head of Corporate Resources confirmed that the County Council finance all the Disability Grant funding. In relation to the sanitary ware at Adastra Hall they were in need of modernisation before agreeing any hand over to Hassocks Parish Council. In relation to the report on Garden Waste across pages 70-71 this reflected a two stage process which was already underway; however, the Report could be updated. In regards to the Council Chamber modernisation project it was confirmed that the feasibility study was being funded separately, he further noted that expectations were high and these may need to be moderated in order to keep costs under control.

The Chairman took the Members to the recommendations which were agreed unanimously.

RESOLVED

The Committee resolved to agree to recommend to Cabinet:

- a) The financial outlook facing the Council;
- b) The proposed service changes and challenges in promoting large scale projects;
- c) The proposed increase in Council Tax;
- d) The proposed placements in the Specific Reserves;
- e) The proposed Capital Programme; and
- f) The service commentaries and supporting summary budget tables for each business unit.

7. CAPITAL PROGRAMME MONITORING REPORT

Peter Stuart, Head of Corporate Resources introduced the Report updating Members on how projects are progressing. He drew attention to the overspend in relation to the office accommodation which was due to unforeseen works being required however, he stated that this overrun was manageable.

A Member raised a concern in relation to Finches Field and asked if the s106 deadline could be extended. He further noted Queens Crescent overflow and queried the narrative of the Report.

The Head of Regulatory Services and Solicitor to the Council stated that it was unlikely that the s106 deadline for Finches Field would be extended.

The Chairman took Members to the recommendations which were noted unanimously.

RESOLVED

The Committee resolved to note the Report.

8. WORK PROGRAMME 2016/17

Tom Clark, Solicitor to the Council and Head of Regulatory Services introduced the Work Programme and stated an item on Economic Development will be included in the February meeting.

The Chairman reminded Members that the Report on Mid Sussex Partnerships no longer came to this committee and instead would now be taken to the Scrutiny Committee for Community, Housing and Planning.

The Assistant Chief Executive sought clarity on what the Committee was expecting from an Economic Development Report as did the portfolio holder.

The Chairman stated that the Committee were expecting a Report on Economic Development as this was requested at the previous meeting.

The portfolio holder agreed that a Report outlining a brief update on Economic Development would be brought to the next meeting.

The Chairman then moved to the recommendation which was agreed.

RESOLVED

That the Work Programme for 2016/17 be noted with the addition of an Economic Development report in February 2017.

Chairman.