

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
OVERVIEW AND SCRUTINY BOARD

Minutes of the Meeting held on 10 February 2020 at 6.00 pm

Present:-

Cllr P Broadhead – Chairman

Cllr M Haines – Vice-Chairman

Present: Cllr S Bartlett, Cllr M F Brooke, Cllr M Earl, Cllr G Farquhar,
Cllr L Fear, Cllr M Greene, Cllr N Greene, Cllr R Lawton,
Cllr R Maidment, Cllr P Miles, Cllr C Rigby, Cllr B Dove (In place of
Cllr M Anderson) and Cllr M White (In place of Cllr M Iyengar)

Also in attendance: Cllr J Edwards

1. Apologies

Apologies were received from Cllr M Anderson and Cllr M Iyengar.

2. Substitute Members

Notification of the following substitute members for this meeting was received from the relevant political group leaders or their nominated representatives:

- Cllr B Dove substituting for Cllr M Anderson
- Cllr M White substituting for Cllr M Iyengar

3. Declarations of Interests

There were no declarations of disclosable pecuniary interests or other interests in respect of any items on the agenda.

4. Public Speaking

There were no public questions, petitions or statements received for this meeting.

5. Chairman's Update

The Chairman welcomed everyone to the meeting and encouraged contributions from Board members and substitutes on the agenda items being considered.

6. Forward Plan

The Chairman introduced a report, a copy of which had been circulated and a copy of which appears as Appendix A to these minutes in the Minute Book. He referred to the following list of items on the Cabinet Forward Plan which the Board had previously agreed to scrutinise at its March meeting:

- Arts and Cultural Development in Bournemouth
- Seascope Group Limited 5 Year Strategic Plan (2020-25)
- Bereavement Services Business Plan – Phase 1
- Options Appraisal for the delivery of Revenue and Benefits Services (moving to 2021)
- Wessex Fields Site Development Strategy

He asked the Board to consider which of the remaining items on the Cabinet Forward Plan for March it wished to scrutinise. The Board agreed to add the following items to its March agenda:

- Street Works Permitting Scheme
- Heathlands SPD
- Unauthorised encampments policy and practice
- Capital investment strategy (non-treasury) 2020 – 2025

The Chairman reported that any further changes to the list of items for March as a result of further changes to the Cabinet Forward Plan would be discussed between him and the Vice Chairman and circulated to the Board by email for comment.

RESOLVED that the Forward Plan attached at Appendix A of the report be updated to reflect the above decisions, and approved.

7. Scrutiny of Corporate Related Cabinet Reports

Organisational Development – Estates and Accommodation Strategy

The Leader of the Council presented the Cabinet report, a copy of which had been circulated and which appears as Appendix F to the Cabinet minutes of 12 February 2020 in the Minute Book.

The Leader explained that since Cabinet had adopted the principle of a single council hub in November 2019 a BCP Estate High Level Hub Options Analysis had been developed. She summarised the key findings as set out in the report. She emphasised that a single civic centre did not mean that the Council was retreating into one place and she talked about the role of community hubs in providing services to residents.

Following an evaluation exercise of three core options, the recycling and refurbishment of the Bournemouth Town Hall complex was considered the

most appropriate recommendation for the reasons set out in the report. Although the expected net costs of this recommendation were between £20m - £29m, the Leader clarified that this was not as recently reported a proposal to spend £29m. A further report to Cabinet in June 2020 would include the results of a market pre engagement and evaluation process, a proposed project implementation plan, and budget and funding strategy.

The Leader and the Corporate Director of Resources responded to questions from Board members.

The Leader was asked whether any public consultation had been undertaken on the proposals. She explained that there had been no public consultation at this stage, as the report was a high-level options appraisal. However, the information gathered from the community engagement survey on how people wanted to engage with the Council would feed into the development of a customer access strategy. This strategy would help to meet the corporate objective of a 'modern and accessible council'. Decisions on more detailed proposals around service delivery and locations would be subject to further engagement at a later date.

The Leader was asked whether income from the sale of the other core hub sites would be used to fund the preferred option. She explained that the proposed next steps were set out in the report and would be considered alongside the Council's corporate objectives and the duty to provide best value. The Leader referred to a summary of the implementation approach provided in the report, which set out the key milestones for the project. More detailed information on timescales would be available in Summer 2020. Much depended on the outcome of the procurement process.

The Corporate Director responded to a question on whether the net costs in the report included the community hubs. He explained that the net costs were based on a 'per square metre' calculation, which had provided a benchmark when evaluating the three core options. This did not include the community hubs, nor did it purely cover the single civic centre either. It was noted that at each stage of the process decisions would be required on what to spend and when. Many community hubs would already be in Council ownership (e.g. libraries) and associated costs could be met through other means, e.g. the transformation budget.

Board members spoke in support of the recommendations, and it was noted that a similar approach to estates and accommodation had been adopted by other large organisations. The Leader explained that the Council recognised that it needed a strong presence across the BCP area. She acknowledged the points made about dovetailing with the wider estates strategy and the value of engaging with local ward councillors when considering individual hubs. She agreed that the 'reason for recommendations' in the report should be amended to align with recommendation (b).

The Chairman suggested that it would be helpful to establish a Working Group, to understand in more detail the rationale behind the in-principle

decision and the proposed next steps. The work would probably require one to two meetings and the Group would report back to the O&S Board prior to a further report to Cabinet in June 2020. He was happy to be the lead member and welcomed interest from other Board members who would like to take part.

RESOLVED that the O&S Board establish a Working Group on the Estates and Accommodation Strategy as outlined above.

Voting: Unanimous

8. Scrutiny of Budget Related Cabinet Reports

Housing Revenue Account (HRA) Budget Setting 2020/21

The Portfolio Holder for Housing presented the Cabinet report, a copy of which had been circulated and which appears as Appendix D to the Cabinet minutes of 12 February 2020 in the Minute Book. He summarised the purpose of the report and outlined the key recommendations. He then responded to questions from Board members.

The Portfolio Holder was asked about the viability challenges around the provision of new build social housing, as detailed in paragraph 76 of the report. He confirmed this was high on his agenda and would form part of the development strategy for 2020. The Council had to be financially sensible in balancing viability with how much it was able to build. Officers explained that the amount of subsidy in the HRA to offset costs was a key factor. It was noted that viability would improve if either Homes England grant or right to buy receipts were secured.

The Portfolio Holder provided clarification on how the effect of rent increases on residents was calculated, for example the new build in Turnbull Lane. Officers explained that the rent did not reflect Local Housing Allowance rates as they were today, as the national rent policy had resulted in an annual 1% reduction. The Portfolio Holder was asked about future plans for major projects in the Bournemouth neighbourhood. He explained that there were ambitions for 465 new homes from the HRA over the next 5 years, with over 1,000 homes from the General Fund. Officers reported that as well as identifying sites the Council was scaling up and refocussing resources in readiness for this programme.

The Portfolio Holder confirmed that the recommendation at 2(x) to transfer £2million of neighbourhood HRA funds to the General Fund was a legitimate transaction, as the HRA would benefit from the savings made as a result of the Council's transformation programme. The Corporate Director for Resources responded to concerns from some Board members regarding the lack of detail in paragraph 62 of the report on exactly where the savings would be made, how this would benefit the HRA and local residents, and the associated governance arrangements for this significant level of contribution. He explained that the savings were those identified in the original Cabinet report in November 2019. The organisation

development implementation plan would be subject to scrutiny prior to a final commitment from Cabinet and Council in April 2020. He agreed to discuss further the concerns raised by Board members with the Portfolio Holder and the Section 151 Officer to ensure that clarity and more detailed assurance was provided on this element of the report when the recommendations were presented to the Cabinet on 12 February.

Quarter 3 Budget Monitoring Report

The Portfolio Holder for Finance presented the Cabinet report, a copy of which had been circulated and which appears as Appendix C to the Cabinet minutes of 12 February 2020 in the Minute Book. He summarised the purpose of the report and outlined the key recommendations. He highlighted the most significant change in the forecast for this quarter which was for adult social care and the reasons for this, as set out in paragraph 4. He also referred to the latest in year deficit position of the Dedicated Schools Grant as detailed in paragraphs 52 – 55. He invited Board members to ask questions in tandem with the main budget report which followed.

2020/21 Budget and Medium Term Financial Plan

The Portfolio Holder for Finance presented the Cabinet report, a copy of which had been circulated and which appears as Appendix A to the Cabinet minutes of 12 February 2020 in the Minute Book. He provided an overview of the proposed 2020/21 budget which he presented as a responsible and sustainable budget, and which formed the basis for the proposed council tax. He responded to questions from Board members on both reports.

The Portfolio Holder was asked about the use of the capital receipt generated from the sale of Templeman House to support the Council's investment in transformation, as a Board member understood that there was a plan to turn it into affordable housing. The Portfolio Holder explained that the site of the former care home was surplus to requirements. The Section 151 Officer explained the flexible approach the Council was taking to the use of capital receipts, as set out in paragraphs 70 – 71 of the report. It was subsequently clarified by the Corporate Director for Environment and the Section 151 Officer that there was indeed a current planning consultation in relation to the Housing Revenue Account purchasing the site from the General Fund for general needs and affordable housing. The way in which it was listed in the report was correct, but once a business case had been approved it would appear as a capital investment.

The main focus of the Board's questions and discussion was around the measures proposed to address the deficit on the High Needs Block of the Dedicated School Grant (DSG). The key issues of concern were as follows:

- The proposed transfer of £0.2million from early years funding to support the High Needs Block. Board members talked about the detrimental impact this would have on early years providers and their

staff, potentially forcing some to close, and the knock on effect this would have on the Council in having to provide a statutory service by alternative means.

- That although £0.2million may seem a relatively small amount in the context of the overall budget it would have a sizeable impact.
- The outcome of the consultation which was reported to the Schools Forum had not supported the transfer from the early years funding. The Council should be listening and responding to these views.
- It was not clear whether the Council had considered alternative options for sourcing the £0.2million?
- The proposed approval of £1.2million to a Financial Liability Earmarked Reserve to help mitigate the estimated deficit meant that local council tax payers were picking up the cost of something which Central Government should be funding.

A Councillor who was in attendance at the meeting also expressed concerns at the impact on the early years sector.

The Portfolio Holder responded to requests to reconsider the proposed transfer of £0.2million from early years funding. He explained that the proposal was intended to build some resilience within the High Needs Block. He provided some background context to the growing deficit and explained that this would only get worse if the recommendations were not agreed. He explained that early years providers did benefit in some ways from the High Needs Block through special education needs provision. He accepted that the Schools Forum, which he had attended, had not supported the proposal this year, following a lengthy discussion on the different options put forward. Ultimately it was the Council's decision, and although he understood the concerns, if the funding did not come from the early years budget it would need to be found from elsewhere. The Council was required to make difficult decisions to achieve a responsible and sustainable budget.

The Portfolio Holder was asked what the Council was doing to highlight the issue of underfunding of the High Needs Block at a local, regional and national level? He reported that representatives of the Department for Education were visiting the Council in March, when this issue would be raised. It was noted that BCP Council received the lowest percentage of funding (8%) of all councils nationally, due to the funding formula and the way in which it was used. The Leader of the Council confirmed that she and the Chief Executive had raised their concerns at their most recent meeting with the local MPs. The MPs had agreed to take this back to the Government and she would request an update from them shortly.

The Portfolio Holder was asked why he considered the actions of the Shadow Authority in 'plugging the gap' with £2.4 million last year constituted an unsustainable budget, when he was proposing the same course of action this year, without the agreement of the Schools Forum, in order to balance a budget which he was presenting as sustainable. The Portfolio Holder refuted this statement. He clarified that the Schools Forum had agreed a transfer of £1.8million to the High Needs Block, although it

had not supported the transfer of the full £4million. This issue was now awaiting determination by the DfE. He explained that last year the pressures turned out to be greater than anticipated and these were still growing. This was partly due to infrastructure requirements around Education, Health and Care Plans not being in place. The Financial Liability Earmarked Reserve together with the additional sums detailed in the report, and the savings and efficiencies in Children's Services, formed part of the Council's longer term strategy to reduce the High Needs Block deficit and ensure that it did not undermine the overall budget. He anticipated that the Reserve would equate to the forecast deficit which would reduce over time. While a difference in views on the Portfolio Holder's position was maintained, there was general agreement that this was a national issue which the Government needed to address.

The Section 151 Officer clarified that if the £0.2million transfer from early years was not approved and did not come from elsewhere in the DSG, the overall deficit would increase. The financial resilience reserve would need to increase accordingly to address this, and additional funding would therefore have to be found from elsewhere in the budget to cover this.

In response to questions on other areas in the reports the Portfolio Holder and the Section 151 Officer provided the following information:

- The reduction in the base budget revenue contingency was based on a reduction in the levels of uncertainty going forward and a confidence that the current position was unlikely to change significantly before the end of the financial year
- The £240,000 investment to support climate change was the same funding which had been agreed by Council in December 2019 but now formed part of the base budget. The Corporate Director for Environment explained that a number of costed proposals had now been developed including engagement through a citizens assembly.
- It was anticipated that there would be balance of £8.3million in the financial liability reserve by 31 March 2021. It was not expected that this any of this balance would be spent.
- The Cabinet Portfolio Holder for Transport confirmed that work was in hand in those areas identified as assumed savings in the MTFP report but listed as not yet started (RAG rated as white)

The decision of Christchurch Town Council to increase its town council precept by 51%, and how this compared with the other council precepts in the Christchurch area was noted.

The Board considered how best to take forward the concerns expressed in its discussion about the national funding formula for the Dedicated Schools Grant, and the impact on the High Needs Block. It was noted that the issue was already being raised at political and senior management level at every opportunity but that additional representation on this matter could not be anything other than helpful.

RESOLVED that the Cabinet be recommended to request that the Leader write to the Minister for Education to express councillors' concerns over the funding formula applied to BCP Council giving rise to the pressure on the Dedicated Schools Grant and the growing deficit to the High Needs Block.

Voting: Unanimous

The meeting ended at 8.20 pm

CHAIRMAN