

Minutes of the meeting of the BUDGET AND RESOURCES SCRUTINY COMMITTEE
held on TUESDAY 12 MARCH AT 7:00 PM

Present: Councillor R Bradburn (Chair),
Councillors Cannon, Ganatra, P Geary, Gilbert, Miles (substituting for
Darlington) Rankine, and C Wilson

Apologies: Councillors Darlington (Miles substituting) and K Wilson
Councillors P Geary and C Wilson (both for lateness)

Officers: S Richardson (Director of Finance and Resources), R Bates (Head of
Revenues and Benefits), M Steele (Service Delivery Manager, LGSS
Revenues and Benefits), A Rulton (Strategic Finance Partner – Capital
Programme), S Evans (Infrastructure Policy and Programme Manager),
T Darke (Director for Growth, Economy and Culture), E Richardson
(Overview and Scrutiny Officer)

Also present: 5 members of the public

BR53 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

BR54 INTRODUCTION AND WELCOME

The Chair opened the meeting by thanking all those involved in the budget scrutiny process during 2018/19, including all the members of the Committee for achieving cross-party agreement in the reports to Cabinet, the Finance Team for their work in producing relevant documents, the Cabinet Member for his attendance when requested and the Overview and Scrutiny Officer for managing the whole process. This was the twelfth meeting of the Committee this cycle, clocking up a total of 1,406 minutes of scrutiny so far.

He also thanked the Fawcett Society for their continued interest in the work of the Committee and their regular attendance at meetings.

BR55 MINUTES OF THE PREVIOUS MEETINGS

That the Minutes of the meetings of the Budget and Resources Scrutiny Committee held on 11 December 2018, 3 January 2019, 9 January 2019, 15 January 2019 and 22 January 2019 be agreed and signed as a correct record by the Chair.

BR56 UPDATE ON IMPROVEMENTS TO THE REVENUES AND BENEFITS SERVICE

The Committee received a short presentation by the Head of Revenues and Benefits, in which he explained that the service was starting to

emerge from an 18 month – 2 year transition period following a poor audit health check by the Department for Work and Pensions (DWP) in January 2017. During the presentation and subsequent discussion, the Committee noted that:

- (a) There had been significant improvements in service delivery. All new claims were now reviewed with 24 hours of arrival and in-month new claims were taking an average of 20 days to process (down from 64 days in March 2018);
- (b) The number of claims was falling; the Service now received an average of 150 new claims per week and 2,500 changes of circumstances per week. The Service was now taking 8.72 days to process changes of circumstances which was just over the national average of 8 days;
- (c) The number of telephone calls was also falling, relieving pressure on staff;
- (d) The section had already taken on 5 apprentices and hoped to have another 4 in place by year end in order to provide a succession plan of in-house trained staff when more senior staff moved on. Support and development opportunities were now also being provided for all staff;
- (e) Staff turnover had reduced significantly and staff were now engaged and motivated. They felt that they were being listened to and enjoyed being part of the change process;
- (f) There were currently 35 vacancies across the three operations within the service, although 15 would not be replaced pending changes to the local authorities involved. The Service was in the process of recruiting 20 replacement staff, including apprentices, of which 7 would be assigned to the Benefits Section. The Service should be fully resourced for the next financial year;
- (g) There was more sharing of resources between Milton Keynes and Northampton to streamline service provision, although the shared service with Northamptonshire County Council posed some challenges as that body would cease to exist in the future, but Milton Keynes Council would continue to work with the succeeding authorities;
- (h) The Service was emerging from a period of historic backlogs and was now meeting the national average for processing change of circumstances claims;
- (i) The DWP had completed its final visit and had made some very positive comments about the progress made. However, there was now a need to continually strive for further improvements;
- (j) There was a variety of reasons for incorrect payments, either over or under, to those to which a person a person was entitled which were not always the fault of staff. Milton Keynes was below the national local authority threshold for the number of errors made by staff;

- (k) The processing figures for Milton Keynes and Northampton were starting to align as the system improved. However, Milton Keynes had a much higher volume of work and a rapidly expanding population, whereas the population in Northampton was more static.

In response to a question about the introduction of Universal Credit to Milton Keynes, the head of Revenues and Benefits explained that the transition seemed to be going quite smoothly. This was because Milton Keynes had been able to put in 3-4 years of advance planning for the change-over and had benefitted from the experiences of other local authorities where Universal Credit was already in operation. The Council had also established a discretionary fund to support those who may be in extreme hardship during the transition period onto Universal Credit.

Finally, the Head of Revenues and Benefits extended an invitation to members of the Committee to visit the Revenues and Benefits section and see the work being done for themselves.

RESOLVED –

1. That the Head of Revenues and Benefits and the Service Delivery Manager, LGSS Revenues and Benefits, be thanked for their report and contribution to the Committee's consideration of this item.
2. That the Committee welcomes the report and notes the positive progress being made to improve service delivery within the benefits section.
3. That staff in the Revenues and Benefits service should be commended for their hard work in delivering a much improved service to the residents of Milton Keynes.
4. That the recent negative reporting in relation to the Revenues and Benefits service needs to be readdressed and the positive progress made in service delivery acknowledged.
5. That the Head of Revenues and Benefits brings a further update to the Committee in 6 months' time.

BR57

GETTING THE BEST VALUE FROM S106 OPPORTUNITIES

The Committee received a presentation from the Infrastructure Policy and Programme Manager giving an update on the position of S106 funding from last year. She explained that the Council was now taking a much more forward thinking and collaborative approach to delivering infrastructure requirements and projects through S106 receipts. The presentation included an explanation of Planning Obligations, what a S106 Agreement was, the Milton Keynes Tariff, a detailed look at the Community Infrastructure Levy (CIL), the negotiation process, the current policy basis, how S106 applications were processed and service improvements to date.

During the presentation and the subsequent discussion with the Infrastructure Policy and Programme Manager, the Committee noted that:

- (a) A more sophisticated, forward thinking approach was needed as the Government expected local authorities to be specific as to why they needed S106 / tariff funding from any one development;
- (b) The money could take a while to come in as the Council did not always get the full amount from developers up front on day one;
- (c) There was a 10 year timescale for spending S106 funding and at the end of that time any unspent money had to go back to the developer. The Infrastructure Policy and Programme Manager agreed that this had happened occasionally but she did not have the figures to hand;
- (d) The information on current S106 projects was available on the Council's website for any ward councillor or member of the public to check on projects in their area. Currently this was not a 'live' page, but the information was updated regularly;
- (e) S106 funds could only be spent on the project for which they were originally allocated. Where a fund was nearing expiry the Council would have to check the legal agreement and discuss a way forward with the developer. A change of application or extension period could be negotiated but developers had no obligation to accept any changes and could ask for the return of any unspent funds;
- (f) There were legal limitations on what type of project was suitable for S106 funding and how the agreements should be worded;
- (g) The Council relied on Service Departments to bring projects forward well in advance of the Planning Gain stage in order to be allocated funding and developers had the right to challenge any requests for S106 money;
- (h) It was up to Service Departments to deliver on schemes and to draw down money. They should not be requesting funding "just in case" if there was no definite project;
- (i) 80% of the Council's infrastructure projects were funded from S106. The remaining 20% had to come from other sources;
- (j) The Council's S106 Monitoring Officer had a reputation for being tenacious, with a rigorous approach to project delivery. There were triggers in each legal agreement to alert the Council to any issues and the Council was good at reacting to and dealing with any such triggers.

The Infrastructure Policy and Programme Manager and the Director for Growth, Economy and Culture then went on to discuss the pros and cons of the Community Infrastructure Levy (CIL) as an alternative means of raising infrastructure funding with the Committee. During the discussion, the Committee learnt that:

- (a) CIL was a flat charge which could be levied on a development by local authorities to support its infrastructure projects. Although amounts raised were lower than those generated by S106, local authorities had more flexibility as to how the money was spent and there was no expiry date or hand back obligation;

- (b) Some work had been done previously on whether a CIL would be beneficial to Milton Keynes but the Council had decided some years ago not to proceed with it. Although the decision was reviewed annually, the decision not to proceed did not appear to be as robust as it had a few years ago. Work was planned for 2019/20 to review this and explore the current viability of a CIL for Milton Keynes;
- (c) There was more scope on what the funds could be spent, but projects had to be aligned to the Council Plan;
- (d) The CIL was a form of tax on developers, based on the value of the land being developed. Once this had been paid to the Council, developers were not able to claim it back;
- (e) The Government was due to publish a range of technical amendments to the CIL scheme, which was now its preferred method for local authorities to raise infrastructure funding;
- (f) Adopting a CIL did not mean that S106 funding had to cease; both schemes could be run side by side.

The Committee was interested to know how much S106 had been returned unused to developers and requested that the Infrastructure Policy and Programme Manager provide them with the details as she did not have those figures to hand. They also asked her to provide information on the percentage of projects which were successful in getting their money in from developers promptly.

RESOLVED –

1. That the Infrastructure Policy and Programme Manager and the Director for Growth, Economy and Culture be thanked for their very informative report and contribution to the Committee's consideration of this item.
2. That the Infrastructure Policy and Programme Manager presents a 6 monthly report to full Council on S106 funding so that all ward councillors are aware of what is happening in their areas.
3. That once the work being done by the Infrastructure Policy and Programme Manager and her team to assess the benefits of the Community Infrastructure Levy (CIL) is complete, the Cabinet be requested to give serious consideration to adopting this model of additional infrastructure funding.
4. That the Infrastructure Policy and Programme Manager be requested to bring a report on the progress towards the adoption of the CIL model to the March 2020 meeting of the Budget and Resources Scrutiny Committee.

BR58

ERP GOLD FINANCIAL / HR MANAGEMENT SYSTEM PROGRESS REPORT

The Service Director for Finance and Resources presented his third update to the Committee since the ERP System had gone live in April 2018. He explained that in the 11 months since then the problems

encountered had been a mixture of IT and service performance issues. However progress was being made to address the outstanding issues, including:

- A reduction in delays in single payments to suppliers;
- A reduction in staff pay errors and good progress on other HR issues;
- Strong progress on financial reconciliations;
- The software issue in the general ledger which was being worked round although it would not be possible to permanently fix it until the system was upgraded; and
- The accruals issue had been resolved and signed off.

The Committee was advised that the system was not yet at 'business as usual' across all areas of operation, particularly with some complex debt recovery cases. The Director of Finance and Resources further advised that the Tradeshift Portal which contractors could use to submit invoices to the Council would be replaced later this year. Only 20% of the Council's suppliers had signed up to it, with most of them still sending their invoices through via e-mail, which then had to be printed off and scanned back into the system to create a workflow.

Other points noted during the presentation were:

- (a) Milton Keynes Council had its own dedicated team based at Cambridgeshire County Council to process payments. The other local authorities in the LGSS partnership also had their own teams but based together in one location;
- (b) The Council would be able to meet the statutory deadline for the production of its 2018/19 accounts;
- (c) If everything was working as it should then suppliers were paid on their agreed due date;
- (d) Overpayments on staff salaries were generally recovered the following month, unless particularly large, when a staged recovery could be arranged;
- (e) The possibility of selling on the service as a finished product had been delayed due to the recent review of the LGSS model. The results were imminent but LGSS needed to be completely satisfied with the system before it could sell it on.

The Committee expressed concern as to how much the system had cost to implement (£9m across the three local authorities) and whether the promised savings were being achieved. The Director for Finance and Resources explained that currently most savings were from software licences; the Committee requested that he provide them with figures on the value of additional costs against savings. The Committee also asked him to provide them with figures on the amount and rate of recovery for overpayments on staff salaries.

RESOLVED –

1. That the Director for Finance and Resources be thanked for his report on the current position of the ERP Gold / HR Management System.
2. That the Director for Finance and Resources be requested to bring a further update report to the September 2019 meeting of the Budget and Resources Committee.

BR59

REVIEW OF HOW DRAFT BUDGET PROPOSALS ARE CHALLENGED

The Committee received a presentation from the Director for Finance and Resources which covered how the budget setting process was currently challenged, reviewed all the work carried out by the Committee during 2018/19, identified some core items that should be looked at on a regular basis, regular updates on certain items, suggestions for scrutinising the Capital Programme and possible future options to improve the scrutiny of the Council's finances and resources.

Members of the Milton Keynes branch of the Fawcett Society, a national organisation campaigning for gender equality and women's rights at work, at home and in public life, had been attending meetings regularly to observe the budget scrutiny process and were invited by the Chair to give their views on the matter. They made a number of comments, including:

- (a) They had started attending meetings in order to assess the effects of the Council's budget proposals on women and had come to the process late for 2018/19 but hoped to follow it all the way through during 2019/20;
- (b) They were concerned at what appeared to be the lack of Equality Impact Assessments for the various proposals or an explanation of why these may not have been necessary for some items;
- (c) The paperwork was not easy for a lay person to read or understand and some of the detail was overwhelming. They were in awe of both the Committee and Council staff for negotiating their way through it;
- (d) The initial budget pages on the Council's website were good, with clear explanations, but the links then just took readers to the committee papers on the budget which had been presented to the Cabinet in December;
- (e) Opportunities for public comment seem long winded, ie during the consultation period the public had been asked to comment on the Cabinet papers as they stood. These were very detailed, quite technical and had not been easy to comment on;
- (f) The public consultation had been very poorly advertised and many people to whom the Fawcett Society had spoken had not been aware of it. It hadn't even been advertised on social media;

- (g) The Leader's Budget Roadshow had also been poorly advertised and attendance had been low. The members of the Fawcett Society found this disappointing as they thought the Leader's presentation had been excellent and had set out the budget and the issues for 2019/20 in a clear and accessible way;
- (h) The gender disparity on the Committee was a concern. Although 37% of councillors were female, there was only one woman on the Budget and Resources Scrutiny Committee and the Fawcett Society would have expected to see more diversity of membership on the Committee;
- (i) The Council should not shy away from discussion just because the subject matter was difficult. There was a great deal of scepticism amongst the public about the Council, particularly its consultation process.

The Chair thanked the members for the Fawcett Society for their insight which the Committee would find helpful in taking budget scrutiny forward.

The Committee then discussed how it could approach scrutiny of the budget setting process and other financial matters in the future and noted that:

- (a) There was a lot of scope for reflection on how the Council engaged with the public on budget matters;
- (b) There was a need to streamline how the Council talked about the budget in order to make it accessible for the public;
- (c) The Scrutiny Function was there as a critical friend to the Administration and needed to be as efficient as possible;
- (d) The budget was a cross-council matter and the Budget and Resources Scrutiny Committee needed to consider how it engaged with the other scrutiny committees on this;
- (e) Reviewing both the new pressures and proposed reductions together made sense in order to see how they balanced out as a whole rather than looking at each in isolation;
- (f) Given the volume of budget proposals each year, the Committee might need to zoom out and be more selective about what it looked at in detail;
- (g) The lack of Equality Impact Assessments needed to be looked into, as well as trying to increase public involvement by better publicising the consultation and any roadshow type events;
- (h) Work needed to be done to make the documentation more navigable for the public, perhaps with an index so that specific items could be located easily;
- (i) The Committee needed to tackle the broader aspects of the draft budget by also looking at what was in the main report and considering the other proposals, rather than just reviewing and

commenting on the spreadsheets; scrutiny of the budget and the Council's financial matters needed to be qualitative as well as quantitative;

- (j) Councillors had been elected to represent their local residents and act as a conduit for information in both directions. Not only should they be taking the Council's message to the public, they should also be bringing the public's views back to the Council.

It was agreed that the Committee's 2019/20 Planning Group, once appointed, would take on board the issues raised and the suggestions made during this discussion and in association with the Finance Team develop a methodology for the scrutiny of the 2020/21 draft budget proposals in particular and the Council's financial matters in general.

RESOLVED –

1. That the Director for Finance and Resources be thanked for his presentation and suggestions for improved scrutiny of the Council's draft budget proposals in particular and its finances and other resources in general.
2. That the members of the Fawcett Society who attended the meeting be thanked for their contribution to the discussions and their insight from "the other side of the table".
3. That Budget and Resources Scrutiny Committee's 2019/20 Planning Group, once established, reviews the Work Programme for 2019/20 in light of this meeting's discussions and the suggestions from the Director for Finance and Resources and the Fawcett Society.
4. That the Scrutiny Management Committee note that currently 37% of councillors are female, therefore the Chair of the Management Committee is requested to write to the Political Group Leaders to ask them to consider gender diversity when making appointments to the scrutiny committees for 2019/20, in order to better reflect the female / male make-up of the Council.

BR60

2019/20 WORK PROGRAMME

The Committee noted the meeting dates for 2019/20 and the suggested list of items for scrutiny. The suggestions put forward in Minute BR59 above would be added to the list and the Committee's 2019/20 Planning Group would meet as soon as possible after Annual Council in May to agree the Work Programme.

RESOLVED –

That the meeting dates for 2019/20 and the suggested items for the new Work Programme be noted.

THE CHAIR CLOSED THE MEETING AT 9:55 PM