



Minutes of the meeting of the BUDGET AND RESOURCES SCRUTINY COMMITTEE held on THURSDAY 3 JANUARY 2019 AT 7:00 PM

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

Apologies: Councillor C Wilson (Councillor Miles informally substituting)

Officers: P Simpson (Corporate Director (Resources and Commercial Development)), S Richardson (Service Director (Finance and Resources)), A Rulton (Strategic Finance Business Partner), M Smith (Strategic Finance Business Partner), M Kelleher (Service Director (Housing and Regeneration)), E Nickless (Head of Homelessness Prevention and Housing Access), T Darke (Service Director, Growth, Economy and Culture), N Sainsbury (Head of Placemaking), E Richardson (Overview and Scrutiny Officer)

Also Present: Councillor Marland – Leader of the Council
Councillor Legg – Cabinet Member (Customer Services)
Councillor Long – Cabinet Member (Housing and Regeneration)
Councillor Middleton – Cabinet Member (Resources and Innovation)
Councillor Priestley – Cabinet Member (Economy, Growth and Community Partnership)

Councillor McDonald and 3 members of the public

BR36 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

The detailed notes on individual reductions and income generation proposals are included as Annex A of these minutes.

BR37 THE POLITICAL CONTEXT

The Committee received an update on the draft 2019/20 budget from Councillor Marland, Leader of the Council, in which he outlined the political context for the budget drafting process.

Councillor Marland thanked the Committee for its report on the identified pressures in the draft 2019/20 budget. The Committee's comments had been very positive and helpful. He explained that developing the proposed reductions in the draft budget was not a last minute thing; they were worked out at the same time as the pressures as the aim was to take a long term view of the Council's finances.

Preparation of the draft budget was not just about finance, it was also about delivering a wider plan for the Council. The Council Plan was based around opportunities for residents and maintaining family friendly services; again there were no cuts to libraries, children's centres or children's social care.

Councillor Marland also commented that the savings in the Housing and Regeneration General Fund were about working more efficiently and were real savings from finding ways to do things better rather than just cutting services. The proposed reduction was predicated on demand management but there were risks and the Council needed to always manage both demand by, and the expectations of, residents as it may not always be possible to manage an unexpected surge in demand with the same level of service delivery.

The draft 2019/20 budget also included some invest to save proposals in things that really did matter to residents, such as road safety.

Councillor Marland reiterated that the Council, both officers and councillors, was here to deliver services to residents and not just talk about things or decry austerity. There was always a choice to be made and the Council needed to make wise choices about where to invest its money. Doing things on the cheap was not the same as doing things cheaply or more efficiently.

Councillor Marland then went on to explain the Administration's approach to the additional social precept which had been added to Council Tax over the past three years. The Government had allowed councils to add an extra 6% to Council Tax over the past three years to help relieve the increasing burden of providing social care services. In Milton Keynes, the Cabinet had opted to levy the precept at an additional 3% over two years as they had considered this to be better than taking 2% over three years. He added that the Cabinet would have been unlikely to take a higher precept again in 2019/20, even if it had been available, as they were aware of the burden this put on local residents.

RESOLVED –

That Councillor Marland be thanked for his attendance at the meeting and for sharing his views with the Committee.

BR38

PLACE DIRECTORATE: PLANNING INCOME UPDATE

Councillor Legg, Cabinet Member for Customer Services, which included Planning and Development Control services, advised the Committee that he had no reductions or proposals for income growth in his portfolio for 2019/20. He was, however, able to update the Committee on the Planning Department's income targets from last year's budget.

The Development Control and Policy Team's costs were £1.4m for the year; their planned income was on target to reach £2.6m by the end of 2018/19. £134k was still outstanding but the necessary invoices had been raised, giving a £1m surplus. The Department was now completely self-funding and was no longer drawing anything from the Council's General Fund. The profit of £1.2m had now been built into the base

budget, with the surplus being based on the provision of additional services.

Councillor Legg explained that the Department was close to the maximum it could levy on those services for which it could charge, which was why there were no new proposals for 2019/20.

He went on to explain that some savings were the result of improved operating systems and adherence to agreed performance plans. Although not entirely perfect, Milton Keynes was being seen by other local authorities as an example of best practice and regularly received visits from other Planning authorities to see how it was done. The national Planning Advisory Service recommended that no more than 60% of the costs of running a Planning Department should be charged to a council's General Fund. Very few local authorities outside London achieved this.

The proposal to offer applicants for planning permission a nominated officer to work with them, which had caused much concern to the Committee during a previous round of Challenge Meetings, had been put on hold as unnecessary at present.

However, Councillor Legg also commented that a successful proposal could have a knock-on effect elsewhere. The proposal a couple of years ago to charge those who submitted invalid applications had been very successful in that the number of invalid applications was now very low. It had solved the problem of poorly prepared applications creating unnecessary work for Planning staff, but the consequence was a much reduced income stream from this source.

The Council charged the bare minimum to cover costs for its planning services. The current surplus was due to a strong property development economy locally but any down turn in the housing market could have a negative effect on income.

BR39 PLACE DIRECTORATE: HOUSING AND REGENERATION – GENERAL FUND

The Committee scrutinised the proposed reduction in relation to the Housing and Regeneration General Fund which had been identified during preparation of the 2019/20 draft budget and discussed this with Councillor Long, Cabinet Member for Housing and Regeneration.

This proposal would be further considered at the meeting scheduled for 22 January 2019 and any recommendations made would be included in the Committee's report, which would be submitted for consideration by Cabinet on 5 February 2019 as part of the 2019/20 budget setting process.

BR40 PLACE DIRECTORATE: GROWTH, ECONOMY AND CULTURE

The Committee received a presentation from Councillor Priestley, Cabinet Member for Growth, Economy and Community Partnership, outlining the proposed reductions and plans for income generation in her portfolio which had been identified during preparation of the 2019/20 draft budget.

The Committee then scrutinised, commented upon and discussed these proposals with Councillor Priestly.

These would be further considered at the meeting scheduled for 22 January 2019 and any recommendations included in the Committee's report, which would be submitted for consideration by Cabinet on 5 February 2019 as part of the 2019/20 budget setting process.

RESOLVED –

1. That Cabinet Members, Councillors Legg, Long and Priestly, be thanked for discussing the proposed reductions and plans for income generation in their portfolios identified as part of the 2019/20 draft budget preparation process
2. That officer colleagues attending the meeting be thanked for the support offered to the Cabinet Members during the budget setting process and for the clarification of various issues raised by the Committee.
3. That any recommendations the Committee may have arising from the evidence taken at this meeting be included in the report on its work which will be presented to Cabinet on 5 February 2019.

BR41

CAPITAL PROGRAMME

The Committee discussed the draft 2019/20 Capital Programme with Councillor Middleton, Cabinet Member for Resources and Innovation.

The Capital Programme would be further considered at the meeting scheduled for 22 January 2019 and any recommendations included in the Committee's report, which would be submitted for consideration by Cabinet on 5 February 2019 as part of the 2019/20 budget setting process.

RESOLVED –

1. That Councillor Middleton and members of the Finance Team be thanked for discussing the Capital Programme with the Committee and highlighting areas of concern.
2. That the Committee welcomes the suggestion of the Cabinet Member for Resources and Innovation that the Finance Team bring proposals for more effective scrutiny of the Capital Programme to a future meeting of the Committee.

THE CHAIR CLOSED THE MEETING AT 09:40 PM

Place Directorate: 3 January 2019

a) Housing and Regeneration: Councillor Long (R16)

R16 – Savings in Temporary Accommodation Budget (-£1.9m)

- Business case set out how MKC managed flow of homeless in and out of temporary accommodation. 70% confidence rate built into business case;
- Staffing resource being increased to deal with and prevent homelessness in the first place;
- Prevention was cheaper than a reactive, crisis management of each case approach;
- MKC was driving down the costs of temporary accommodation locally;
- Increased case work and each case now more time intensive, but increased staff resource meant cases were being dealt with earlier in the process;
- Three key problem areas:
 - (a) Number of people in temporary accommodation;
 - (b) Length of time they spend in temporary accommodation; and
 - (c) No of permanent properties available;
- Responses include:
 - (a) General reduction in the number of homeless presenting at MKC due to earlier support work by the Council;
 - (b) Length of time being spent in temporary accommodation was reducing and per night cost had fallen from £40 per night, per person in 2017 to £15 per night per person in 2019;
 - (c) Still need more properties – MKC had only been able to build 28 new properties during 2018. Proposal to build 600 new houses over next 4 years – locations would be discussed with ward councillors first;
- Effect of introduction of Universal Credit at this stage was unknown, as was a possible detrimental effect of Brexit on people's wages;
- Possible effects of Universal Credit had been built into budget forecast and additional officers had been taken on to deal with a possible increase in homelessness due to Universal Credit;
- MKC needed to manage interface with private rented sector and encourage landlords to roll tenancies over rather than terminate;
- MKC had good relationship generally with local private landlords – landlords outside MK were harder to deal with;
- MKC had worked hard with private landlords to get the costs of temporary accommodation down;
- A lot of today's homeless people were in work, but in very low paid jobs. The supply of truly affordable housing was in short supply

- Risks around whether reduction was achievable needed to be considered – given the amount of money (1/3 of total reductions for 2019/20) more detail in the business case would have been helpful;
- Good work was being done to reduce the use of temporary accommodation due to a change in approach. There was a concentrated effort to modernise the Housing Service and the way it worked;
- Part of the failure was in successive government policy on building social housing by local authorities going back to 1980s;
- Previously most homeless were placed in temporary accommodation outside Milton Keynes in room only hotel accommodation. MKC had managed to turn this round in the last year – most people in temporary accommodation were now in the local area and the use of hotel accommodation was being kept to a minimum;
- Problems of rough sleepers were far more complex than just a lack of housing;
- Family homelessness could also be complex – MKC was now trying to deal with both the issues and the people with a holistic approach, which was a requirement under the new Homelessness Reduction Act;
- Housing people adequately and properly would also relieve pressure on other services such as mental health provision and NHS services;
- A staff increase for the Tenancy Sustainability Team had been identified as a pressure in the HRA to deal with issues arising from Universal Credit;
- Milton Keynes was also seeing a small increase in cheaper, private rented accommodation becoming available as a result of some multi-national firms relocating to elsewhere in Europe prior to Brexit;
- £250k in the housing General Fund was to help those in the private rented sector who might experience problems with Universal Credit;
- Council would be working closely with its own tenants to resolve any issues with Universal Credit before they became a problem;
- MKC was also starting to work with local housing associations on similar prevention work;
- Analysis work was being done on who was presenting as homeless as there was a need to understand the causes and different types of homelessness so that services could be targeted to be most effective;
- 5 reductions had been withdrawn from the draft budget:
 - (a) £87k capital bid for CCTV;
 - (b) £29k staff resource for the Private Rented Sector Team;
 - (c) £30k staff resource for dealing with empty housing;
 - (d) £15k for a domestic homicide review had been absorbed as a one-off cost;
 - and
 - (e) £4k for a temporary mortuary;
- Re (b) and (c) above - generated income would be taken first and then appointments made.

b) Economy, Growth and Culture: Cllr Priestley (R17 -R19 and R32 – R33)

R17 – Sharing Libraries Phase II (-£30k)

- Broad context of libraries had been discussed at the Pressures meeting in October;
- Change programme to develop branch libraries into community hubs;
- Meeting in 3rd week in January to develop approach;
- Clear that one size didn't fit all;
- Working partnership with whole range of partners;
- Library budget would need to be reset in 21/22 to match new strategy;
- Libraries already had a relationship with parish councils and there were other models such as volunteer-run libraries already operating in MK;
- Worcestershire used a hub and spoke model – the hub was the main library in an area run by professionals, with the spokes being branch libraries run by volunteers (eg retirees, people looking for work experience);
- Commercial support and sponsorship for libraries was also a possibility;
- A lot of background work would need to be done to understand each individual case;
- Timeline: start work on plans in new financial year, with a clearer idea emerging in 2nd quarter of the year. Will need to be con-ordinated with other stakeholders;
- Some initial plans for libraries should be available in the spring which could be shared with the Committee then;
- Income from Bletchley and Fenny Stratford Town Council moving into spare office space at Bletchley Library already taken in 2018/19;
- MKC needed to address the lack of library provision in most deprived areas of MK (the 2 inadequate schools in MK were in a deprived area without a library);
- Would be reviewed and Library Service did not necessarily have to be building based or sole occupancy – facilities could be shared with other organisations. There were also models where public libraries worked with schools.

R18 – Grant Funding to Support Health & Wellbeing Activities (-£32k)

- Wider use funding by another name;
- Plan to deliver savings over a couple of years;
- Review of funding to rebadge and how it was servicing community groups across the city;
- Will have a wider brief as the city grows, with more groups needing more support;
- Wider use funding £64k left - £32k per year out over next two years no money left – if money leaves budget where does new money come from?

- Transforming into another sort of fund – same pot of money working with a wider set of groups;
- In 21/22 would be a little over £80k to spend – range of partnerships being developed to put money back in the pot.

R19 – Leisure Contract Savings (-£50k)

- Converting unused squash courts at Bletchley Leisure Centre into a soft play area;
- Work to be completed later in 2019 with saving coming through in 20/21.

R32 – Potential Income from 3D App (£0 in 2019/20)

- 3D app being developed as a place-making tool – identifies various services using technology;
- There had been issues with delivery due to lack of the right staff resource but this was now in place and progress was anticipated;
- Red rating due to lack of staff resources – staff now in place and savings should come through;
- Concern raised about how to maximise use of app in an already crowded field – other similar work already out there;
- However, could take off if MKC got it right – slow burn now but have right officer in place to take project forward;
- Could be used to advertise the availability of MKDP assets;
- How much would app cost to develop and how much would be the ongoing costs;

R33 – Efficiency and Demand Management (-£15k)

- More efficient project management – fee earning resource as now processing invoices properly;
- Revamp of Economic Development and inward investment teams communication processes – MKC needed to up its game in this area;
- Cost on non-housing regeneration on designated estates had not been shown as a pressure;
- No specific budget for this – economic development and skills development were undertaken across MK as a matter of course.

Growth, Economy & Culture – General Points

- Repeat warning: danger of taking savings too soon without any clear plans of how they could be achieved – need to make savings first before they can be spent;
- News that England had been awarded the UEFA Women's Football Championships 2021 was welcomed.

Capital Programme: Councillor Middleton

- Ideas for better ways to scrutinise Capital Programme being worked and would be brought to a future meeting;
- Some capital expenditure driven by legal requirement to provide certain services such as school places;
- Current Capital Strategy included as Annex K of the main draft 2019/20 budget document. This presented a more corporate approach to the Capital Programme;
- Council having to find savings on the bottom line – invested in Civic Offices in order to vacate Saxon Court to create an available asset;
- MKC owned the local centre at Greenleys – looking at ways to develop it to best advantage for residents and Council;
- More scrutiny of Capital Programme built in through the “Pipeline Process” of assessing viability of capital projects, although there was still more which could be done;
- Capital Programme was only ever a snapshot in time as constantly being rolled over;
- Proposed post-completion scrutiny of random projects to see if it was best use of funds, could value be added, was it best spend of money, were proposed benefits realised;
- Some backwards looking was done but was an area which would benefit from a more thorough approach as most work was done to take projects forward;
- Slippage in the Programme had been an issue in the past with departments bidding for funds before they were ready to move the project forward. The way bids were processed was changing, which should reduce the amount of slippage as departments would no longer be able to bid too early in the process;
- Level of carry-over had been a constant over a number of years. With the process only changing this year a full cycle had not yet been worked through;
- Is there capacity to deliver everything in the Programme given recent high turnover of staff?
- Sometimes needed to be a trade-off against getting right decisions and keeping process moving – there was scope for improved streamlining;
- Finance team would like to see all councillors engage in budget setting for the Capital Programme. There needed to be a more coherent and consistent approach and greater councillor engagement in the process;
- MKC needed to look at potential round the Oxford-Cambridge Arc and re-opening of the East-West Rail Link. RM reported that there was a lack of transparency around proposals from the Government.