

**OVERVIEW AND SCRUTINY COMMISSION
HELD ON MONDAY, 6 SEPTEMBER 2021
(FROM 5.30 PM – 6.25 PM)**

PRESENT: Councillor Sam Gibbs in the Chair. Councillors Philip Broadbank, Nick Brown, Rebecca Burnett, Paul Haslam, Sue Lumby, Pat Marsh, Thomas Watson and Robert Windass.

Late Arrivals: Councillor Robert Windass at 5.33 pm

Early Departures: None

38/21 – APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:

Notification had been received that Councillor Rebecca Burnett was acting as a substitute for Councillor Norman Waller, Councillor Philip Broadbank was acting as a substitute for Councillor Chris Aldred, Councillor Nick Brown was acting as a substitute for Councillor Michael Harrison and Councillor Paul Haslam was acting as a substitute for Councillor John Mann. Apologies were received from Councillor Bernard Bateman, Councillor Stuart Martin and Councillor Nigel Middlemass.

(5.30 pm)

39/21 – DECLARATIONS OF INTEREST:

No declarations of interest were made at the meeting.

(5.31 pm)

40/21 – MINUTES:

The Minutes of the meeting of the Commission held on 16 August 2021 were approved as a correct record.

(There were five votes for and three abstentions.)

(5.32 pm)

41/21 – EXEMPT INFORMATION:

There was no exempt information.

(5.33 pm)

42/21 – PUBLIC ARRANGEMENTS- QUESTIONS:

There were no public questions submitted.

(5.33 pm)

43/21 – MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2026/27:

The Chair introduced the item, explaining that consideration of the Medium Term Financial Strategy (MTFS) each year was a responsibility held by the Commission. The meeting documents included a cover report from the Scrutiny, Governance and Risk manager and one from the Head of Finance as well as copy of the MTFS for the years 2022/23 to 2026/27. Following consideration at the meeting, the Commission's comments and recommendations would be submitted to a Cabinet meeting to be held on 13 October 2021. The Chair welcomed the Head of Finance (HoF) to the meeting to present the Council's Medium Term Financial Strategy (MTFS) for the

OVERVIEW AND SCRUTINY COMMISSION

period 2022/23 to 2026/27.

The HoF introduced the strategy explaining that it set out how the Council planned to manage its finances over the next five years and how resources could be aligned to the priorities set out in the Council's other key strategic documents. It provided an overview of the Council's current financial position and set out the key considerations in the Council's financial planning. The MTFs provided information on the key budget pressures facing the Council and assumptions for future funding which would inform the final budget for the Council

The Government had announced in July that councils in North Yorkshire would be reorganised to form one unitary council across the whole of the county from April 2023, Harrogate Borough Council would continue to operate until March 2023. The MTFs therefore provided some information about budget preparations of the new unitary council.

In introducing the report the Head of Finance reported that future funding for local government continued to be uncertain due to a delay in the spending review until later in the autumn and also anticipated delays in the fair-funding review. Business rates reform was also expected to be delayed, and would include a re-set of the business rate baseline, which would be significant for Harrogate as growth in business rates since 2013-14 would be lost costing the Council approximately £600k. It was also assumed that the new homes bonus would be phased out by 2023/24 with a reduction in grant of £1.2 million in the first year and £0.5m in the second year.

The key considerations and assumptions were brought together in the table at paragraph 66 which set out projected expenditure against projected funding for each of the years from 2022/23 to 2026/27. The assumptions behind this were listed at paragraph 65. A budget surplus was shown for 2022/23 due to the anticipated delay in the business rates baseline reset. Significant pressure was showing for 2023/24 onwards with a budget deficit for the life of the plan of £1.8 million. £1.1 million of this fell in 2023/24. The Council would address this through use of the Budget Transition Fund, additional fees and charges income and service savings.

Commission Members asked questions and sought confirmation from the HoF on a number areas within the MTFs, these included:

Business Rate Retention Scheme (BRRS): the strategy assumed that implementation of the Fair Funding Review and reforms to the BRRS would be delivered in 2023/24. This included a full reset of business rate retention baselines. The effect for the Council was a significant loss of business rate income in 2023/24. If implementation took place earlier, there would be an additional one-off cost to the Council of around £600k in 2022/23. Confirmation was provided that the Council was a member of the Leeds City Region business rates pool which allowed for 50% of any growth in business rates to be retained locally by authorities who were members. Local authorities who were members of the LCR business rates pool were Leeds, York, Wakefield, Calderdale, Kirklees and Bradford and Harrogate Borough Council's share was 40% of the pooled amount.

OVERVIEW AND SCRUTINY COMMISSION

Business Rates Appeals: as explained at paragraph 37 of the MTFS, each individual business has the right to appeal the valuation of its premises. Confirmation was given that the strategy included an estimated provision for some successful appeals.

Business rates income and changes to ways of working due to the pandemic: Members queried whether there had been an impact on business rate collection as a result of more people working from home. The HoF explained that the government had provided business rate relief to companies and compensation to local authorities for the loss of business rates income. However there was no effect on business rate income generally as a result of more people working from home.

New Homes Bonus (NHB) and timescales/delays between approval (planning permissions) and delivery of new homes: the HoF confirmed that the figures given for the NHB in 2022/23 and 2023/24 were estimates based on amount of new homes built, reductions in empty homes and increasing affordable housing. Estimates included this delay as a factor in calculations.

North Yorkshire Pension Fund: it was confirmed that at the last review, the valuation was 126% of the fund. The next review of the value of the fund would happen late in 2022, for implementation from 2023/24 and the impact of changes in valuations at that time would be with the new authority.

Earmarked reserves: The Commission referred to the Audit Completion Report - Year Ended 31 March 2020, provided by the Council's external auditors. It included a low priority internal control recommendation about inclusion of details of earmarked reserves (both actual and projected) for the period of the MTFS. The HoF confirmed that paragraph 52 of the strategy provided details about reserves and this section had been expanded in the proposed strategy. Reviews and analysis of Council reserves would take place as part of the preparations for Local Government Reorganisation.

Turkish Baths: it was confirmed that the repayment of £135k to the Council Investment Reserve would be removed in 2023/24. This followed the repayment of investments to fund refurbishments to the facility that will have been completed in 2022/23. In addition, the service had put forward details that had been approved, of further additional income and future service level expenditure reductions in 2023/24 and 2024/25.

Subvention (Harrogate Convention Centre): Members requested more details about the £500k of one-off funding for subvention that was listed as a new service level expenditure item. The HoF explained that this was potentially funding/grants to be used to boost the visitor economy in the district. This could include incentives that encouraged longer-term economic growth. It was confirmed that a decision had not yet been made about this item, but it was prudent to include it within the MTFS as it was being considered.

Ripon New Pool and Leisure Centre Project: the HoF confirmed that calculations about future repayments relating to the new swimming pool were based on the latest information and approved budget for the project. It was confirmed that specialist,

OVERVIEW AND SCRUTINY COMMISSION

investigative work was ongoing at the Ripon Leisure Centre site.

Increases to income as a result of increasing existing fees and charges:

Members referred to the 2.5% increase that was included in the MTFs. The HoF confirmed that the MTFs set the parameters for increases which would only be undertaken where it is economically advantageous. Individual services had the flexibility to make decisions about this and a breakdown of areas of the Council where changes were not 2.5% along with narrative about the reasoning for this would be available as part of the budget preparation and approval process.

Waste, service level new expenditure item, additional refuse crews (£87k) in 2024/25 due to housing growth: it was confirmed that, following a service review, waste management services had been streamlined and round optimisation had resulted in fewer resource requirements. As part of the preparation of the MTFs there were assessments about future growth in the district (an average increase in council tax base of 1.5% per annum was assumed). In addition, detailed information about capacity and costs had been provided by the service to inform the inclusion of this new expenditure item in 2024/25. It was **agreed** that the service would be contacted to provide additional information regarding this issue. Members noted that at a national level, waste reviews were currently being undertaken by central government which would be likely to result in regulatory changes and financial implications.

Local Government Reorganisation implementation costs: Members referred to the potential disruption and costs of change management. The HoF confirmed that the MTFs included one-off funding of £1million for implementation costs. North Yorkshire County Council (NYCC) had been successful with their bid for a county unitary. The bid itself had included some details of the potential costs of the transition, although these details had not been agreed with Harrogate Borough Council as a partner in the reorganisation. It was however confirmed that NYCC would incur the majority of the transformation costs.

Local Plan: details of potential costs and timescales associated with a review and examination of the Local Plan were included within the MTFs. There was a requirement to review the Local Plan every five years. It was confirmed that decisions about the Local Plan process within the geography of the new council had yet to be made.

The Chair confirmed that all the points of discussion raised at the meeting would be referred to a Cabinet meeting to be held on 13 October. Members expressed the view that, the following points should be emphasised:

- The Commission noted the impacts of Local Government Reorganisation on compiling of the MTFs. The Commission expressed gratitude to the Finance department and wider teams in their work in compiling the MTFs, which had been achieved against a complex and challenging backdrop. Particular praise was given to the Head of Finance.
- As part of the ongoing Local Government Reorganisation process, the Commission noted that all Members would be involved, including decisions

OVERVIEW AND SCRUTINY COMMISSION

regarding changes to services. Members expressed the view that the current, transitional period represented significant opportunities for progress to be made in terms developing and delivering better services for local people. Throughout the process, opportunities for progress should be harnessed, with an optimistic, positive approach and a commitment to continuing to deliver high-quality service to customers.

(5.33 pm - 6.14 pm)

44/21 – FORWARD PLAN OF KEY DECISIONS:

Members referred to the following Key Decisions listed on the Forward Plan:

Appointment of Suppliers for the provision of Asbestos Testing and Removal Services (Forward Plan Reference 040HP19): the Scrutiny, Governance and Risk Manager confirmed that this item had now been removed from the forward plan. An interim solution was in place and this item would be included as part of a combined report in the future.

Procurement of a Digital Platform (Customer Relationship Management System, Forms and Customer Portal) (Forward Plan Reference 42CA21): this was listed as a key decision because it involved expenditure of £150k or more. Following a question about the rationale/longevity of this new system in the context of Local Government Reorganisation, it was agreed that the Commission would be informed when the report was available.

Key Decisions about **disposal of Council owned Land:** it was requested that, if the Council was arranging meetings with local residents or Parish Councils Ward Members should be made aware/invited.

(6.14 pm - 6.18 pm)

45/21 – OVERVIEW AND SCRUTINY DRAFT WORK PROGRAMME 2021/22:

The Chair introduced the report submitted by the Scrutiny, Governance and Risk Manager (SGRM). The main focus of the previous meeting of the Commission concerned the item at Minute 33/21 (Bus: Enhanced Partnerships And Bus Service Improvement Plan). It was confirmed that following consideration of Harrogate Borough Council's suggested measures and requests for bus service improvements, the Commission's feedback had been referred to the Cabinet Member for Carbon Reduction and Sustainability.

Following a question about whether the local bus provision work item was considered complete, the SGRM confirmed that the Commission had completed a distinct piece of work at the previous meeting. The outcome of this was that all of the Commission's comments and suggestions about improvements to local bus provision were to be included in the Council's response to North Yorkshire County Council's initial consultation. The report anticipated that any future involvement would be as part of any work or consultation that was undertaken by the Council and that Members would be kept informed at the appropriate time. Councillor Pat Marsh and Councillor Tom Watson indicated that further in-depth work could be undertaken particularly around public consultation and looking at best practice in other areas, such as how rural services operated in the East Riding of Yorkshire. It was **agreed** that this would be discussed at a future meeting.

OVERVIEW AND SCRUTINY COMMISSION

(6.18 pm - 6.22 pm)

46/21 – **FEEDBACK FROM OTHER COMMITTEES AND EXTERNAL BODIES:**

Councillor Nick Brown was Chair of the Overview and Scrutiny task and finish group that was conducting a review of the hosting of the UCI Road World Championships which was a cycling event that took place in September 2019. Councillor Brown explained that the group had undertaken a public consultation with residents and business that had received around 700 responses, this was considered a good level of engagement. The responses had been analysed and the group had met to receive the feedback. The next steps were further engagement with the business community and the aim was to report back to the Commission before the end of the year. The review aimed to constructively inform the approach to any future, similar events.

(6.22 pm - 6.25 pm)