

Minutes of a meeting of the Scrutiny Committee held on 24th January 2017 at Pippbrook, Dorking from 7.00pm to 9.00pm

Present: Councillors David Draper (Chairman), David Harper (Vice-Chairman), Stephen Cooksey, Simon Edge, Mary Huggins, Malcolm Ladell, Jatin Patel, Paul Potter, Sarah Seed and Patricia Wiltshire.

Also present: Councillors Lucy Botting, Lynne Brooks, Margaret Cooksey, Metin Huseyin, Duncan Irvine, Vivienne Michael, Corinna Osborne-Patterson, Michelle Watson and Charles Yarwood.

51. Minutes

The minutes of the Scrutiny Committee meeting held on 29th November 2016 were agreed as a correct record and signed by the Chairman.

52. Apologies for Absence

An apology for absence was received from Councillor Tim Ashton

53. Disclosure of Interests

Councillor David Harper declared:-

- a non-pecuniary interest in item 4 as he worked in the Satellite industry.

Councillor Sarah Seed declared:-

- a non-pecuniary interest in item 4 as she worked on the Rural Strategy
- a non-pecuniary interest in item 11 as she was on the Thomas Flack Working Group

54. The Mole Valley Rural Community Strategy

During her introduction of the report, the Executive Member for Communities, Services and Housing highlighted for Members that a report on the Rural Community Strategy had previously been considered by the Scrutiny Committee on the 8th of November 2016. At that meeting, Members had raised a number of comments and suggestions, which had subsequently been incorporated into the final draft Strategy. It was also noted that the report now outlined the strategic priorities and aims of the Strategy.

During the discussion of the draft Strategy questions were raised about how it might improve Mole Valley District Council's funding opportunities. Officers advised that the Strategy would give greater confidence to funding bodies and, therefore, would increase the likelihood of MVDC gaining funding. It was suggested by a member of the Committee that the EU may be a possible source of funding, and that this avenue should be investigated by the Council as a matter of urgency, as it was unlikely to be still available once Britain left the EU.

Another Member of the Committee questioned how the Strategy would work to promote tourism in the local area and what were the benefits of turning a day visitor into an overnight visitor. Officers advised that there was significant economic value in visitors staying overnight in Mole Valley, as analysis had indicated that overnight visitors spent an average of £210 per visit, against a day visitor who spent an average of £35. It was also confirmed that the Rural Community Strategy would complement the work of the Tourist Information Panel and the emerging Dorking Business Improvement District (BID).

Concern was raised over the potential increases in Business Rates and how this would affect rural businesses. Officers advised that as the increases had yet to be applied, the exact impact of any increase was yet to be understood, but there was the potential for a 'Rural Relief' scheme for business rates which may ease the impact of any increases.

Members discussed the importance of protecting rural community assets and questioned what action was being taken in this area, as it was felt that the Strategy did not reflect the urgency of this matter. The Corporate Head of Planning explained that these concerns would be reflected in the

new Local Plan; however, practically it was difficult to resist the loss of community assets in planning terms as the restrictions on buildings being converted for residential use are limited. It was advised that businesses such as local shops needed the support from the local community to be viable and the option of 'co-ownership' where members of the community purchased the property together, could be an avenue to be explored. Officers also advised that local communities were becoming increasingly proactive regarding the protection of local assets, with the most recent example being the Crown Inn in Capel, which had recently been registered as an Asset of Community Value. As Article 4 Directions were suggested as another means of protecting community assets, it was highlighted that although using an Article 4 Direction would remove permitted development rights from a site, it would not necessarily be a guaranteed means of preventing a change of use application. Instead it meant that the application had to go through planning control.

After a Member asked about the importance of the Annual Summit that would take place as part of the Strategy, Officers explained that this was at the top of their agenda and the purpose of the Summit would be to review the previous year's Action Plan and look at the coming year's Action Plan, with key stakeholders invited.

Further questions were raised by Members and it was agreed that these would be discussed directly with the Executive Member for Communities, Services and Housing after the Committee meeting.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

55. Dorking Business Improvement District (BID) Proposal

The Executive Member for Property, Parking and Economic Development introduced the report and recommended that it should be endorsed. It was explained that MVDC was in a complicated position in relation to the BID as it had the obligation to remain neutral from a process perspective, as the Council would be administering the ballot for the BID and also collecting the levy. However as a property owner and rate payer within Dorking, the Council was able to vote in the ballot and to participate in the BID.

It was highlighted that two Members would sit on the BID board. The Executive Member for Property, Parking and Economic Development would be the Council's representative and one of the five Dorking Members would be selected as a resident's representative. The Committee welcomed the news that representation on the BID board would include one of the Dorking Members.

Overall the Committee were supportive of the proposals set out in the report.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

56. Self-Build and Custom Housebuilding Regulations 2016

The Executive Member for Planning introduced the report by explaining that the proposal to introduce both a local connection test and viability assessment would help to streamline the register, by identifying those individuals who were genuinely in a position to build their own home. The Executive Member explained that the new scheme would include two different parts of the register. Part 1 would be for those who could meet the local connection test and the viability test and those who could only meet one of the above would continue to be added to Part 2 of the Register, subject to meeting the existing national eligibility tests. The Part 1 of the Register would be used as a piece of evidence which would be put forward with the Local Plan to show that MVDC was taking the necessary steps to meet the demand for self build plots.

There was some apprehension expressed over what effect the regulations would have on planning control and whether there would still be restrictions in place on what could be built. Officers provided reassurance that planning permission would still be required and the Development Control Committee could still make decisions on planning applications, as appropriate.

Concern was raised about how the introduction of the two tiered system would affect those who

were already confirmed as certified entries on Part 1 of the Register. Officers advised that, if the two tiered system was approved by the Executive, then those already on the list would have to pass the local connection and viabilities tests and pay a fee to be included on Part 1 of the list. If they declined to do this, they could be added to the Part 2 of the Register.

It was questioned whether viability checks would be done for those who have been on the list for certain lengths of time. Officers advised that checks would be done on an annual basis to ensure that entry was still viable.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

57. Parish Wards of Beare Green, Capel and Coldharbour Draft Neighbourhood Development Plan

The Executive Member for Planning introduced the report by drawing the Committee's attention to the concerns which were outlined in the 'Consultation Response to the Draft NDP'. It was the Council's view that the policies outlined in the Draft NDP required amendment to ensure that they were in line with both MVDC and national planning policies. Officers had highlighted these concerns to the organisers, who had declined to amend the NDP accordingly.

From the Committee's discussion of the report concern was raised about the amount of resource and time required to prepare this piece of work. Officers confirmed that the main cost in administering the NDP was in officer time.

The Committee noted that the Executive was being asked to agree that the criteria had been met, that would allow the NDP to move to the next stage of the process, which was further public consultation, administered by MVDC followed by examination by an independent examiner; At this stage MVDC would be able to make its own representation and outline some of the areas of concern.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

58. Mole Valley District Council Grant Aid Applications

The Executive Member for Wellbeing introduced the report by explaining that although MVDC still wanted to provide support to local charities, but funding pressures meant that only a finite amount of funds were available. This meant that there would be greater scrutiny for future funding applications to ensure they reflected the Council's own priorities. It had been decided not to cut the MVDC grant pot; but changes had been made to how they had been traditionally distributed. The primary difference was that there would be a reduction in the funding provided to the recipient of the largest MVDC grant, Citizens Advice Mole Valley (CAMV), to enable the creation of a new funding pot for smaller charities. MVDC recognised the valuable services that the local charities provided and wanted to ensure there was greater opportunity for more of these charities to gain funding support from MVDC.

From the discussion there was a focus on the proposed reduction in funding for CAMV, with some Member's concerned about the impact this reduction would have on the level of service currently provided by the charity. The Executive Member for Wellbeing explained that MVDC had been working with CAMV to develop a strategy to ensure the future sustainability of the service and that CAMV were in discussions with two other large organisations for additional grant funding.

Overall, the opportunity to provide funding to smaller organisations was welcomed by the Committee and the difficult decision that was made to reduce funding to CAMV to make this possible was recognised.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

59. Asset Investment Criteria

The Executive Member for Finance & Investments introduced the report by advising that they were

a robust set of Criteria for the Asset Investment Strategy and it was recommended that they be endorsed.

During the discussion of the Asset Investment Criteria report some Members questioned whether the technical expertise to carry out this complicated operation was available within MVDC. However, the Executive Member for Finance & Investment reassured the Committee that MVDC would be working with experts from outside of the organisation to identify potential assets and move the strategy forward.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

60. Community Transport Review

The Executive Member for Wellbeing introduced the report by explaining that the transport services available in Mole Valley have great social value for the vulnerable residents and were essential for tackling the growing issue of social isolation. The Review highlighted that the Services met a number of different needs for users, with some residents using the service everyday in contrast to others who used it rarely as a back up. Some issues with communication had been identified between Dial-A-Ride and East Surrey Rural Transport and one aim arising from the Review was to improve communication between these two providers to enable better co-ordination.

As part of the Community Transport Review, it was asked that the Executive include an additional item on the Implementation Plan for the final strategy document to return to Scrutiny and Executive before any decisions were made.

Questions were raised surrounding the funding being provided for Dial-A-Ride Vehicle replacement as it was stated in the Capital Programme that £200,000 would be available for the 2016/17 and then zero for the following three years. However, the Committee were reassured by the Chief Executive that this was a presentational issue and that the funding would be rolled over to the following years if it was not used. It was also explained that if all the funding was used then further funding would be identified as needed.

During the discussion concern was raised over the possibility of introducing a cap to membership and the impact this would have on residents who use the service. The Committee were pleased to note that the Executive Member for Wellbeing confirmed that a cap was not being considered, instead the idea of introducing a tiered membership which would allow residents to choose a membership which suited their needs and provided greater value for money was being considered, but as this area of work was still in its initial stages, further detail was not available.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

61. Thomas Flack Trust Fund Applications

The Committee noted that the proposals had already been discussed by the Thomas Flack Working Group and had no objections to the recommendations proposed.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

62. 2017/2018 Budget, Council Tax Resolution, and Refreshed Corporate Strategy

The Chairman of the Standing Budget Panel gave the report which outlined their recommendations relating to the 2017/18 Budget. A copy of the report is attached at Annex One.

During the Committee's discussion of the budget, a number of concerns were raised, including one about the rate of increases to our fees and charges in comparison to current rate of inflation, with it being questioned why fees were being increased by 4-5% when the current rate of inflation was closer to 1%.

Another concern related to the proposal to increase Member's expenses in light of the funding pressures being faced by MVDC.

A concern was also raised by a Member about the refreshed Corporate Strategy and in particular how some of the proposed amendments changed the emphasis of a number of the existing aims set out in the Strategy.

Resolved: That the comments of the Scrutiny Committee be relayed to the Executive during its consideration of the report.

Standing Budget Panel Report

Scrutiny Committee 24th January 2017

Item 12: 2017/2018 Budget, Council Tax Resolution and refreshed Corporate Strategy

Introduction

The role of the Standing Budget Panel (“the Panel”) is to review the Council’s budget formulation process and the robustness of the Administration’s budget proposals and to advise Scrutiny Committee of its findings. The full terms of reference of the Panel are attached to this report (Annex A). The Panel membership comprises Cllrs Ling (Chairman), Kennedy (Vice Chairman), Edge, Patel, Ladell, and Elderton.

The Panel has discharged its responsibilities as detailed in this report and attachments. Over the past three months, the Standing Budget Panel has met on five occasions. Our first meeting was held in November 2016 and was used as an opportunity to bring us up to date on the Council’s current financial situation and to provide general scene setting for this year’s budget. We also met in December 2016 to discuss the proposed fees and charges. Our other three meetings were held in January 2017 and were the Panel’s annual opportunity to meet with the Executive to discuss in detail their budget proposals.

The Scrutiny Committee will find attached with this briefing note a copy of the Panel’s meeting notes (Annex B) from its November and December meetings; the notes from the January meetings will be available in due course. From these notes there are a number of items we would like to draw to your attention:

1. Fees & Charges Principles

The Fees and Charges Principles document (Annex C) is a key control in the Council’s approach to setting fees and charges. We noted that the document is now four years old, and **recommend** that it should be reviewed to confirm that it remains appropriate to delivering the Council’s expectations.

In order to assess the fees and charges proposed against these Principles we sought detailed information from Officers on matters such as:

- a) the cost of providing the services associated with each fee or charge;
- b) the amount of revenue currently raised and expected to be raised by each fee and charge, as well as the utilisation of the underlying services (such as car parks) and any associated enforcement revenue; and
- c) comparative fees and charges raised by other authorities and any relevant commercial services.

We received some useful further information in response to these requests, although there was only limited information available about costs. As part of any review of Fees and Charges Principles, we **recommend** that Officers give consideration to what information can be provided in order to demonstrate compliance with those principles.

2. Risk Implications – Report Wording

We noted that the risk section of the report on the “Budget, Council Tax Resolution and Refreshed Corporate Strategy” did not provide substantive detail on the risk implications and mitigations to the 2017/18 Budget. While noting that too much detail would be equally unhelpful we agreed that more detail would be helpful in the wording of this section through the identification of specific areas of risk in the budget. We also **recommend** that Executive Members confirm, when signing off on their budget proposals, that as far as they are aware all significant/high impact risks and their mitigation have duly been taken into account.

3. Capital Contribution

The Panel were informed that changes to the operation of the New Homes Bonus scheme were announced by the Government at a late stage of the budget-setting process, and these resulted in a loss of Funding of about £400,000. The Panel noted the consequent reduction of the Capital Contribution from Revenue in the Budget 2017/18, the consequences of which may not have been fully considered. We noted the potential risk that this could entail for future asset replacement and capital maintenance.

4. Savings

The Panel noted that the 2017/18 Budget would benefit from some significant savings resulting from projects previously agreed (Pippbrook refurbishment and Meadowbank stadium improvements) and the decision to prepay pension contributions from Reserves. The Panel also noted that the 2017/18 Budget referenced fewer instances of achieving operational savings compared to previous financial years. The Panel noted that current borrowing rates and the impact of the Asset Investment Strategy would have a relieving impact on day-to-day financing activities. However, the Panel received assurances that rigour was being maintained such as with the annual process whereby Business Managers discussed savings and pressures on their budgets in consultation with the Section 151 Officer and Financial Services Manager. The Panel exhorted the Executive to continue to maintain a focus on identifying and addressing opportunities to achieve greater value for money.

5. General Inflation on Expenditure

Part of our discussion involved the rate of inflation being set at 1% in the Budget report. We noted that the Bank of England was predicting 2% and that in this case the rate set for this budget would be too low. However, the Panel also noted that the explanation provided by the Finance Services Manager in his paper addressed this point in that inflation had been added, in preparing the budget, based on the movement in price indices from November 2015 to November 2016. Also, those areas where particular increases were expected in coming months – food, fuel and energy – were not the major areas of Council spend.

6. Potential Council Tax referendum

The Panel identified an additional risk to the Budget arising at a late stage, namely the possibility of a referendum on 2017/18 Council Tax, instigated by Surrey County Council, which has dominated recent news. The panel questioned what the impact of that might be on MVDC, in relation to costs and staff resources, if a ballot and a second round of Council Tax billing were required. (NOTE: since the Panel meeting it has been confirmed that all costs of any rebilling and the cost of the referendum would be met by SCC)

7. Issues arising for individual portfolios

a. Finance & Investments

The Panel noted that there were a number of risks associated with the Asset Investment Strategy. These include:

- the risk that no suitable investment projects may present themselves within the timescale required for the 2017/18 budget;
- possible increases in interest rates chargeable to the Council on borrowed funds and/or reductions in rentals available for commercial properties;
- inability to let properties acquired in whole or in part, or vacancies occurring during ownership; and
- significant falls in market values for commercial property which might affect the ability of the special purpose vehicle to repay the loans.

However, we noted the assurances received that the risks are continuously monitored and mitigated. The Budget for 2017/18 and thereafter depends on the success of this strategy and the Panel noted that further information, such as in relation to the Asset Investment Criteria, is available to the Scrutiny Committee. We **recommend** that the Council's external auditors take an early look at this Strategy, given its importance to the Council's accounts, and be invited to provide any observations they may have to Finance Officers.

b. Environment

The Panel discussed whether it was appropriate or necessary to increase charges in the Environment Portfolio in light of the savings that would be achieved on waste collection through the Joint Waste Contract.

We also expressed concern surrounding the size of the increase to taxi licensing which is 5%.

c. Communities, Services & Housing

We noted that the application of the Government's benefits cap posed a potential risk to the Council's objectives and expenditure in relation to homelessness. We were informed that, as at the date of this report, the cap currently affected 70 families in the Mole Valley District and that Council staff were working closely with the families concerned to manage that risk, including through the use of discretionary payments.

d. Property, Parking and Economic Development

We noted that there had been a conscious decision to freeze Car Parking charges during 2017/18. This decision was out of step with Fees & Charges Principle No. 1 which required fees and charges to maximise income. However, the Panel noted the explanation received from the responsible Executive Member for doing so i.e. to support the District's local economy in general and local businesses particularly.

The Panel noted that parking was an important element in the aim to create a vibrant town centre for Dorking. And that the proposal in-part responded to the results of the Dorking Parking Review.

We noted that this issue was presented in the context mostly of Dorking and not Leatherhead. However, we were advised of the potential for there to be a parking review in Leatherhead in future.

The Panel noted that it was difficult to identify in detail the infrastructure costs associated with car parking expenditure. However, it was clear from the comparison of MVDC charges with others and the decision to freeze the charges over a number of years that the Council was not proposing excessive charges and so exploiting those parking in its car parks. We **recommend** that information about these costs and income should be made more available to demonstrate to the public that the Council is acting responsibly in this area.

e. Wellbeing

The Panel noted the substantial increase in sports pitch hire charges between this year and next year. The higher charges were explained as being necessary to cover costs. Whilst noting this, the Panel recommends that a gradual (say, two or three year) phasing should be applied to any increase of this kind, particularly when it affects voluntary groups and clubs, and that the option of continuing a subsidy should not be ruled out in cases where there are wider benefits to the community.

In relation to the grant to Citizens Advice Mole Valley (CAMV), the Panel noted the responsible Executive Member's assurances that CAMV understood and accepted the reasons for reducing the grant made to it by the Council, though it was naturally disappointed.

In respect of this and other grants the Panel **recommends** that robust KPIs¹ should be in place for all recipients and that the Council should require this as a pre-condition to any grant. This would also assist the Council in assessing the impact of any grant reduction.

f. Planning

The Panel noted the detrimental impact on the operation of the Planning Department from competition from the private sector both in terms of retention of staff and income from fees. The Panel understood that the Executive was aware of these pressures and **recommends** continual assessment of the position so that appropriate remedial action is taken as and when necessary.

g. Transform Leatherhead

The Panel noted that, for the first years of Transform Leatherhead, the project had been funded from reserves and not as part of the Council's revenue budget. Currently, some of the costs are to be met from reserves and others were being absorbed within other departmental budgets. In order to improve transparency and establish a clear audit trail for monitoring and control, the Panel **recommends** the introduction of a traditional, annual budget for Transform Leatherhead.

Conclusion

Apart from the issues raised in this report which the Panel brings to the attention of the Scrutiny Committee, we confirm that, based on the work undertaken and the assurances and explanations received from the Executive, we have identified no other significant concerns in relation to whether the Administration's proposals:

- are clear, focused, achievable, realistic and based on sound financial practices;
- have clear linkages with corporate and other plans that form the Policy Framework and are consistent with the Council's aim to improve services in priority areas;
- are consistent with achievement of the Council's goals, standards and priorities; or
- are consistent with the Council's agreed charging principles.

We also noted the funding of useful, additional new priorities in relation to family support, rough sleepers and planning enforcement and consultancy resources.

We are happy for members of the Scrutiny Committee to expand on the points we have raised in this debate, and indeed for any Member to do so in the Budget Debate in Council.

We would like to thank the Executive Members for their attendance at our meetings and the full and frank manner in which they responded to our questions. We would also like to thank the officers who attended for their time and professional expertise. And I would like to thank the other members of the Panel for their contributions to our debates and this report.

¹ To define and measure the outcomes that will be delivered as a result of the application of the grant funding provided.

Standing Budget Panel - Terms of Reference and Workplan for 2017/18 Budget**Introduction and Background**

The Standing Budget Panel will review the Council's budget formulation process and the robustness of the Administration's budget proposals. The Panel will advise the Scrutiny Committee of its findings.

1. Terms of ReferenceGeneral Objectives

To scrutinise the Administration's budget proposals, including fees and charges and grants to voluntary organisations.

The Panel will meet in Autumn/Winter each year to challenge the Administration on the extent to which its proposals:

- are clear, focused, achievable, realistic and based on sound financial practices;
- have clear linkages with corporate and other plans that form the Policy Framework and are consistent with the Council's aim to improve services in priority areas;
- achieve the Council's goals, standards and priorities;
- are consistent with the Council's agreed charging principles.

Outcomes

- To have scrutinised the Administration's Budget proposal and to have commented to the Scrutiny Committee as appropriate;
- To have examined the budget as a whole and challenged in more detail any and all specific Services budgets;
- To have scrutinised the proposed fees and charges and grants to voluntary organisations.
- To have held the appropriate Portfolio Holders and Senior Managers to account over the budget proposals;
- To make comments to the Scrutiny Committee on the Administration's budget proposals;
- To have provided an opportunity for transparency and awareness of the Budget setting process for the community by way of a public report to the Scrutiny Committee.

The timetable below suggests that it may be possible to complete the Panel's work in four meetings subject to any specific, alternative arrangements requested by the Panel. These meetings will report to the Scrutiny Committee at its January meeting.

Meeting	Date	Purpose
Meeting 1	7 th November 2016	<ul style="list-style-type: none"> • Background briefing on <ul style="list-style-type: none"> (i) MTFS (ii) Budget (iii) Performance Plans
Meeting 2	14 th December 2016	<ul style="list-style-type: none"> • Review of latest fees and charges proposals • Review of proposed grants to voluntary organisations
Meetings 3 & 4	9 th & 11 th January 2017	<ul style="list-style-type: none"> • To challenge Portfolio Holders on their budget proposals

2. Information to be provided to the Panel

- The Medium Term Financial Strategy and associated documents;
- Information on pressures on the Council's budget;
- The Government's total resource allocation to the Council;
- Comparison of the Band D Council Tax levels against other Surrey local authorities;
- Proposed grants to voluntary organisations;
- Provisional budget proposals for 2017/18, including growth and savings proposals;
- Proposed fees and charges for 2017/18.

Notes of a meeting of the Standing Budget Scrutiny Panel held on 7th November 2016 at Pippbrook, Dorking from 7.00pm to 8.10pm

Present: Councillors Simon Ling (Chairman), Paul Elderton, Paul Kennedy (Vice Chairman), Malcolm Ladell and Jatin Patel

1. Apologies for Absence

An apology for absence was received from Councillor Simon Edge.

2. Disclosure of Interest

None.

3. 2016/17 Budget

The following briefing papers on the current 2016/17 Budget were circulated to the Panel prior to the meeting:-

- (a) Terms of reference and 2016/17 Workplan for the Standing Budget Panel
- (b) Standing Budget Panel final report on 2016/17 budget
- (c) Example of last year's template of budget information from Executive

The Panel considered the proposed Terms of Reference and agreed the following minor changes:-

- (a) Introduction to include the following wording, 'The Council is required to set a balanced budget and follow sound financial practice based on CIPFA, NAO and International Guidance. The Standing Budget Panel will...'
- (b) Outcomes (bullet point 2) to be reworded to read 'To have examined the budget as a whole and challenged in detail any or all of the service budgets.'
- (c) Outcomes (final sentence in the final paragraph) to be amended to read, 'the Standing Budget Panel will present its final report to the Scrutiny Committee in January.'

(NOTE: These minor amendments have subsequently been agreed with Councillor David Draper, Scrutiny Committee Chairman.)

In its consideration of the Standing Budget Panel final report for 2016/17, the Panel noted that some items highlighted in last year's report to the Scrutiny Committee were still relevant for the coming year. With reference to the current staff turnover rate of 15%, the Panel noted that although higher when compared to previous years, the average length of stay per employee was 7 years.

With reference to borrowing to invest, the Panel noted that it may wish to look at the return on investments. The Panel went on to consider the template used to collate budget information from Executive and requested that more information be included detailing (a) basic assumptions, key risks and feasibility of achieving the budget (page 1 of the template) and (b) variations (page 2 of the template) which would improve clarity. With reference to Executive Member attendance at the Standing Budget Panel meetings in January, Panel Members suggested that it would be helpful if the Leader of the Council could attend both meetings in January and provide an overview of the budget at the beginning of the first meeting to set the scene. The Panel also requested that Councillor Lynne Brooks, Executive Member for Finance and Investments be invited to attend the Panel meeting on 11th January.

4. 2017/18 Budget

The following briefing papers on the Budget for 2017/18 were circulated to the Panel prior to the meeting:-

- (a) Business & Budget Planning Timetable for 2017/18 budget
- (b) Financial scene-setting report for 2017/18 budget (Council 11th October 2016)
- (c) Latest performance & budget monitoring report (Month 6 reported to Executive on 25th October 2016)

The Financial Services Manager explained the Business and Budget Planning Timetable for 2017/18. The Panel was pleased with the layout of the table and advised that it was a useful visual reference.

The Panel went on to consider the 'updated Medium Term Financial Plan & Efficiency Plan' attached at appendix A to the Financial Setting and Efficiency Plan 2017/18 to 2019/20. Funding was discussed and Members noted that although the New Homes Bonus and Business Rates had been the subject of consultation earlier in the year, to date no announcements had been made. The Panel also noted that, as funding would be decreasing over the next three financial years, specifically the Government Revenue Support Grant which would be falling to zero, three major factors as detailed in the scene setting report, namely pensions, the Joint Waste Initiative and the Asset Investment Strategy, would all help to balance the budget.

The Panel went on to consider the Asset Investment Strategy and Members queried whether purchases with development opportunity would be considered as part of the Strategy. The Financial Services Manager explained that purchases for development would be kept separate from the Asset Investment Strategy; the Strategy would solely be used for purchases that represented a sound financial investment. It was also confirmed that these purchases would not be restricted by the boundaries of Mole Valley. In order to purchase a property through the Asset Investment Strategy, strict evaluation criteria that would need to be met, based upon the rate of return delivered by an investment. The Panel discussed the internal rate of return that would be required of potential investments and it was confirmed that a target had been set of 7%.

The Joint Waste Contract was expected to generate a benefit of £1.3 million to the Council and the Panel questioned why this was not reflected in the figures laid out on the Medium Term Financial Strategy. It was confirmed that this was due to the contract starting part way through 2018, so these statistics only showed part of a year.

The Panel acknowledged that there were a number of risk factors such as being unable to predict what properties would become available for the Asset Investment Strategy and the timescales that were being considered in the Medium Term Financial Strategy. The Panel noted that a Risk management seminar would be arranged for Members, details of which would be confirmed in due course.

5. Future Arrangements

The Panel noted that their remaining meetings to consider the 2017/18 budget would be held at 7pm on the following dates:-

- 14th December 2016 (fees & charges – some Executive Members would be in attendance for this)
- 9th January 2017 (budget discussion with Executive Members)
- 11th January 2017 (budget discussion with Executive Members)

It was noted that the Standing Budget Panel meeting on 14th December 2016 would be chaired by Councillor Paul Kennedy as Councillor Simon Ling was unable to attend.

Notes of a meeting of the Standing Budget Scrutiny Panel held on 14th December 2016 at Pippbrook, Dorking from 7.00pm to 7.43pm

Present: Councillors Paul Kennedy (Vice Chairman), Simon Edge and Paul Elderton

1. Apologies for Absence

Apologies for absence were received from Councillors Simon Ling (Chairman), Malcolm Ladell and Jatin Patel.

2. Notes of the Last Meeting

Notes of the last meeting held on Monday 7th November 2016 were agreed as a correct record.

3. Disclosures of Interest

None

4. Proposed Fees & Charges

The following briefing papers on the Budget for 2017/18 were circulated to the Panel prior to the meeting:-

- (a) Fees & Charges Schedules for each Executive Member Portfolio, setting out the charge of the last 4 years, the proposed charge for 2017/18 and the percentage change.
- (b) Analysis of the "Top 20" discretionary Fee & Charge items in order of the budgeted income in the current year (2016/17).

During their consideration of the proposed fees and charges for 2017/18, Panel Members noted that:

- the fees and charges principles were four years old and queried how they were reviewed and refreshed as a key policy;
- fees and charges were split between discretionary items, whereby MVDC could set the tariff, and statutory items where tariffs were outside MVDC control; and
- fees and charges should be set at levels that would maximise income, were in line with the fees and charges principles and met key performance indicators.

The Financial Services Manager agreed that he could restack the top 20 discretionary items to reflect the different Executive Portfolios.

The Panel requested that Executive Members provide a short introduction to their Portfolio area at the Standing Budget Panel meetings in January. The Panel also indicated that it would be helpful for Executive Members to cover any significant increases proposed and the potential impact these would have.

The Panel went on to discuss the fees and charges for car parking and it was noted that it would be useful to have car park usage statistics. There was some discussion on full cost recovery and Panel Members commented on the need to ensure that due process had been followed. Members agreed that a definition of full cost recovery would be helpful, together with an analysis of costs to ensure that they were set at the appropriate level. The Financial Services Manager indicated that further work on car parking charges was underway and further information would be available shortly.

The Panel discussed the revenue that was generated from parking enforcement. It was noted that this was a statutory charge and MVDC had no control over setting the cost. The Panel agreed that it would like to consider this further as it would provide helpful context to the car parking discussion.

The Panel commented that it would be helpful for them to be informed of any rules that were in place to monitor increases in fees and charges, for example, could the Council round up to the nearest one pound when setting the fees and charges? Were there any caps in place on proposed increases? The Financial Services Manager agreed to feed back on the processes in place to set fees and charges each year.

5. Future Arrangements

The Panel noted that their remaining meetings to consider the 2017/18 budget would be held at 7pm on the following dates:-

- 9th January 2017 (budget discussion with Executive Members)
- 11th January 2017 (budget discussion with Executive Members)

The Panel agreed that an additional meeting would be arranged for one evening in the week commencing 16th January 2017. Arrangements for this would be sent out via email to Members of the Panel.

A briefing for Members on the impact of the Budget would be brought back to the Standing Budget Panel in January.

It was noted by the Panel that Councillor Edge had given his apologies for their next meeting on 9th January 2017.

Fees and Charges Principles

<p>Contribution to the Corporate Plan and Finances</p>	<p>1. Charges should maximise income unless there is a clear decision not to do so.</p> <p>2. Discretionary services should be charged on the basis of full cost recovery. If not, any subsidy from the tax payer should be the result of a decision to financially support the cost of providing the service.</p> <p>3. Fees and charges policies will reflect key commitments, corporate priorities and fit with the Council's Medium Term Financial Strategy.</p> <p>4. The Council will take a firm stance on fee dodgers</p> <p>5. Payment in advance and non cash payments will be encouraged to ease collection and minimise collection costs.</p> <p>6. Fee and charge levels should not be providing subsidies to commercial operators from council tax payers.</p> <p>7. Where considerations are solely commercial, the budget manager should be free to set charges to maximise income.</p>
<p>Concessions</p>	<p>8. Concessions for services should be justifiable and consistent</p> <p>9. Council controlled concessions should have regard to Council objectives</p> <p>10. Council controlled concessions offered to commercial operators or other local authorities should be tightly controlled</p>

Consistency	<p>11. Where the impact of increases in charges is high, consideration should be given to phasing over time.</p> <p>12. Charges should be determined in the context of those levied by other similar providers.</p> <p>13. Charges should be reviewed and revised, at a minimum, annually</p> <p>14. There should be consistency between charges for similar services</p> <p>15. There should be a rational scale in the charge for different levels of the same service</p>
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