

JOINT MEETING OF EXECUTIVE CABINET AND OVERVIEW (AUDIT) PANEL

8 February 2017

Commenced: 2.00pm

Terminated: 3.10pm

Present: Councillor Taylor (in the Chair)
Councillors Bailey, Bell, Cooney, Fairfoull, J Fitzpatrick, Ricci, Ryan, L Travis and K Welsh

Apologies for Absence: Councillors Gwynne, Kitchen, K Quinn, Robinson and Warrington

45. DECLARATIONS OF INTEREST

There were no declarations of interest submitted for this meeting.

46. MINUTES

a) Joint Meeting of Executive Cabinet and Audit Panel

Consideration was given to the Minutes of the Joint Meeting of Executive Cabinet and Audit Panel held on 14 December 2016.

RESOLVED

That the Minutes of the Joint Meeting of Executive Cabinet and Audit Panel held on 14 December 2016 be taken as read and signed by the Chair as a correct record.

b) Single Commissioning Board

Consideration was given to the Minutes of the Single Commissioning Board held on 17 January 2017.

RESOLVED

That the Minutes of the Single Commissioning Board held on 17 January 2017 be received.

c) Carbon and Waste Reduction Panel

Consideration was given to the Minutes of the Carbon and Waste Reduction Panel held on 12 January 2017.

RESOLVED

That the Minutes of the Carbon and Waste Reduction Panel held on 12 January 2017 be received.

d) Enforcement Co-ordination Panel

Consideration was given to the Minutes of the Enforcement Co-ordination Panel held on 25 January 2017.

RESOLVED

That the Minutes of the Enforcement Co-ordination Panel held on 25 January 2017 be received.

e) AGMA Executive Board Meetings / Greater Manchester Combined Authority

Consideration was given to a report of the Executive Leader and Chief Executive, which informed Members of the issues considered at the Greater Manchester Combined Authority on 16 December 2016, the Joint Meeting of the Greater Manchester Combined Authority and AGMA Executive Board on 18 December 2016 and the Forward Plan of Strategic Decisions of the Greater Manchester Combined Authority and AGMA Executive Board.

RESOLVED

That the content of the report be noted.

47. BUDGET REPORT 2017/18

Consideration was given to a report of the First Deputy (Performance and Finance) and the Assistant Executive Director, Finance (Section 151 Officer), setting out the detailed revenue budget proposals covering 2017/18 – 2019/20 including the proposed council tax increases. The proposed budget was set in the context, once again, of cuts in Government funding to all councils. This would be the 8th year of reductions in funding with at least another two to follow. The report reflected the Council's provisional Grant Settlement from the Government, announced on 15 December 2016. It was noted that at the time of writing the report, the final settlement was still awaited and would be reported to Members before final budget decisions were made at the Full Council meeting on 28 February 2017.

The budget drew together the Council's many service plans and delivery strategies and set out an overall plan in financial terms. The budget also ensured that resources were used to deliver services to local people in line with the agreed priorities of the Council and its partners. By the end of 2016/17 the Council would have had to make efficiency savings of £144.5 million, due to a combination of reductions in funding and an increase in the cost of providing services. The Council had managed this difficult challenge by taking tough decisions, early, and would continue to do this. The Council was committed to growing Tameside as outlined in the Corporate Plan – to build houses, attracting businesses, creating jobs and promoting better health, skills and education for Tameside's communities and seeking to tackle the causes of service demand and so continue to reduce the overall costs of Council services.

There would be a step up in the partnership working with the NHS which would require a change in risk sharing in order to see transformational changes in service delivery in Health and Social Care. Funding of £23 million had been received from the GM Health and Social Care Partnership to assist with implementing some of these changes. The Council would continue to find new ways to deliver services that were sustainable and even more efficient.

The Council budget for 2017/18 had been prepared following an intense review of the resources required to support and deliver the services of the Council. It took account of the pressures that services were facing as well as increasing demographic demands to enable the Council to achieve its desired outcomes. The overall net budget proposed for 2017/18 was £177.396m taking into account the provisional Local Government Financial Settlement for 2017/18.

When the grant settlement was announced in December 2016, the Secretary of State had set out his guidelines on Council Tax and Table 10 in the report illustrated the effect of increases in Council Tax on the affordability of the Council's medium term plan. The budget for 2017/18 could be balanced with a 4.99% increase, being 1.99% in respect of general level council tax and 3% in respect of social care precept, but there remained a shortfall in future years even after a council tax increase.

It was reported that the Capital Programme consisted of 180 projects and the Council was estimated to spend £143 million on capital investment from 2016/17 to 2018/19. The resourcing of the current Capital Programme had been reviewed to maximise efficiencies on the revenue costs

of capital. Minimum borrowing had been assumed to be carried out with the majority of the corporate funding now undertaken by using reserves and / or capital receipts. Details were also given of the following:-

- Risks and Uncertainties Facing the Council;
- Schools Funding;
- Pay Policy Statement; and
- Legal considerations.

It was further reported that in line with its statutory duty, the Council had consulted with businesses and other representatives of non-domestic ratepayers on its draft budget which ran for a period of two weeks between the 1 February and 16 February 2017.

In conclusion, the Section 151 Officer stated that the budget had been prepared in accordance with International Financial Reporting Standards and he was satisfied regarding the robustness of estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves.

RESOLVED

That the following recommendations outlined in Section 11 of the report be RECOMMENDED to Council for approval subject to any final minor changes to the final figures:

(i) Revenue Budget Recommendations

- (a) That the budgeted net expenditure for the financial year 2017/18 as set out in Appendix 1 to the report be agreed at £177.396 million and that the level and usage of reserves and balances set out in the report be approved.**
- (b) That the Medium Term Financial Strategy, as updated in the report, be approved and form the basis of future updates, reports and decisions taken by Cabinet to balance resources and expenditure in future years' budgets.**
- (c) That Council Tax for 2017/18 be increased by 4.99%, being 1.99% in respect of general level council tax and 3% in respect of social care precept.**
- (d) That the pay policy for 2017/2018 included at appendix 5 to the report be approved.**
- (e) That the budget assurance statement process for service areas be noted.**

(ii) Capital Budget Recommendations

- (a) That the position on the Capital Programme as set out in section 9.3 of the report be agreed and that specific proposals be considered in March 2017.**
- (b) That the updated Minimum Revenue Provision statement as set out at 9.31 of the report be approved.**
- (c) That the Prudential Limits set out in the report be approved with the Council to receive monitoring reports during the coming year to demonstrate compliance.**
- (d) That the Prudential Indicators reported at Appendix 4 in the report be approved.**
- (e) That authorised borrowing limits for 2017/18 for Tameside and for the Greater Manchester Metropolitan Debt Administration Fund be agreed as set out in Appendix 4 to the report.**

(iii) General Recommendations

- (a) That the Council notes the difficult circumstances, and the expected challenges set out in the report over the medium term.**
- (b) That the Council notes the significant good progress made over the last few years in meeting the financial challenges and continuing to operate in a financially robust manner.**
- (c) That the Council retains a minimum level of General Fund balances of £17 million.**
- (d) That the Council accepts the advice of the Section 151 Officer regarding the robustness of the estimates made for the purposes of the budget calculations**

and the adequacy of the proposed financial reserves. Following this, that the Council determines that the estimates are robust for the purpose of setting the budget and that the proposed financial reserves are adequate.

48. TREASURY MANAGEMENT STRATEGY

Consideration was given to a report of the First Deputy (Performance and Finance) and the Assistant Executive Director (Finance) setting out the Council's borrowing strategy for 2017/18 and the Annual Investment Strategy.

It was reported that as at 31 March 2016 the Council had £156m of investments which needed to be safeguarded and £120m of debt. The Council was also the lead authority responsible for the administration of the debt of the former Greater Manchester City Council on behalf of all ten Greater Manchester Authorities. As at 31 March 2016, this was a further £110m of debt. The significant size of these amounts required careful management to ensure that the Council met its balanced budget requirement under the Local Government Finance Act 1992.

The report included information on the following:

- Code of Practice;
- Need to borrow;
- Types and duration of loans;
- Sources of borrowing;
- Rescheduling;
- Current position 2016/17;
- Tameside's estimated position at 31 March 2017;
- 2017/18 borrowing requirement;
- Greater Manchester Metropolitan Debt Administration Fund requirement;
- Borrowing strategy;
- Interest rates;
- Investments and proposed changes; and
- Treasury Management advisors.

Particular reference was made to the Annual Investment Strategy detailed at **Appendix A** to the report and the estimated borrowing requirement for both Tameside and the Greater Manchester Metropolitan Debt Administration Fund and the strategy to be employed in managing the debt position. It was proposed that the following changes outlined in section 14 of the report were made to the Council's investment strategy:

- **Counterparty Limits** – The counterparty limit be changed to £50m for UK Government bodies (e.g. local authorities and other similar bodies). Any such investments would be highly secure due to the Government-backed nature of these entities.
- **Alternative Investments** – A new class of "alternative investments" be added to the available list of non-specified investment instruments. This would include asset backed pooled investment funds, which were secured against real assets such as green energy, timber or property.

RESOLVED

- (i) That the report be noted and the proposed borrowing strategy be supported; and**
- (ii) That the Annual Investment Strategy, including the changes set out in section 14 of the report be RECOMMENDED for approval by Council.**

49. PROPOSED INCREASE IN RECOVERY COSTS

Consideration was given to a report of the First Deputy (Performance and Finance) and the Assistant Executive Director (Exchequer Services) reviewing the cost of the recovery of monies in respect of council tax and business rates, considered current recovery activity and associated costs, events which had occurred since costs were last increased, and the position in terms of summons costs across the Greater Manchester area. The review proposed an uplift in summons costs to be approved by Magistrates in accordance with legislation.

It was explained that each year the Council had to take action to recover council tax and business rates debts through the Magistrates Courts. From April 2016 to December 2017, in excess of 1,000 summonses had been issued with a total arrears value of £5.3m for business rates, and more than 16,000 with a value of £8.6m in respect of council tax for the same period. Arrears continued to be recovered until such time that the debt was repaid and which could take several years.

A charge was levied against any debtor who was summonsed to the Magistrates Court which was currently £75 for council tax and £94 for business rates. These costs had not increased despite the costs over a number of years.

Legislation made it clear that local authorities could recover reasonable costs of recovery by charging a cost for the issue of a summons. While many businesses rates and council tax payers paid their bill without delay, there were an increasing number of individuals who did not pay, repeatedly paid late or attempted to evade payment where possible. Recovery action was expensive in terms of administration costs including document production, equipment and IT system upgrades and also staff costs in liaising with enforcement agencies, employers, the Department of Work and Pensions and attendance at Court to seek liability orders.

Legislation stated that the local authority was entitled, under Council Tax (Administration and Enforcement) Regulations 1992 Regulation 34(8) and the Non-Domestic Rating Collection and Enforcement Local Lists Regulations 1989 Regulation 12(6)(b) seeking costs, which were a sum equal to the costs reasonably incurred by the applicant billing authority in obtaining the order.

Tameside had last increased summons' costs for both council tax and business rates in 2012 and currently had low costs when compared to other Greater Manchester authorities. A number of events had occurred, which had subsequently increased the number of summonses issued. A full review of recovery costs had taken place and the proposal was to increase the cost of a summons for both business rates and council tax debtors with effect from 1 April 2017.

RESOLVED

That it be RECOMMENDED to the Tameside Magistrates to set the following recoverable costs:

- (i) a Council Tax summons to be £84 from 1 April 2017; and**
- (ii) a Business Rates summons to be £126 from 1 April 2017.**

50. LOCAL AUDIT AND ACCOUNTABILITY ACT 2014 – OPTIONS FOR APPOINTMENT OF EXTERNAL AUDITORS

Consideration was given to a report of the First Deputy (Performance and Finance) and the Assistant Executive Director (Finance) summarising the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

It was explained that in November 2016, the Audit Panel received a report on the Local Audit and Accountability Act 2014: Changes to arrangements for appointment of External Auditors. The report presented the options open to the Council, outlined the advantages / benefit, disadvantages

/ risks for each and concluded that there was support across Greater Manchester for a Greater Manchester level procurement and sought approval for this option to be pursued and the report provided an update on progress.

The three broad options open to the Council under the Local Audit and Accountability Act 2014 and a summary of each were provided in the report together with the advantages / benefit and disadvantages / risks:

- Option 1 – to make a stand-alone appointment;
- Option 2 – set up a Joint Auditor Panel / local joint procurement arrangements; and
- Option 3 – opt-in to a Sector Led Body.

It was reported that since the November 2016 Audit Panel Meeting, GM Treasurers had engaged in further discussions and meetings with Public Sector Audit Appointments Limited. It appeared likely at this stage that they would be unable to guarantee the same external auditor for all GM local authorities but could provide reasonable assurance that it would be feasible for the same firm to be appointed for the Greater Manchester Combined Authority, Transport for Greater Manchester and Greater Manchester Police.

The weighting to be afforded to social value in the procurement process had been clarified and GM Treasurers at their meeting on 20 January 2017 agreed that the sector led procurement potentially offered greater value for money.

The deadline to opt into the sector led approach was 9 March 2017 and was a decision that must be approved at Full Council.

RESOLVED

That it be RECOMMENDED to Council to approve that the Council participates in the Sector Led Procurement for External Auditors.

51. PRIMARY AND SECONDARY SCHOOL ADMISSION ARRANGEMENTS

Consideration was given to a report of the Executive Member (Lifelong Learning) and the Executive Director (People) detailing the outcomes of the consultation on admission arrangements and published admission numbers for Tameside community and voluntary controlled schools for admission in September 2018.

The consultation process followed a timetable determined by the Department for Education running for a minimum of six weeks between 1 October 2016 and 31 January 2017. Admission arrangements must be determined by 28 February 2017 and published by 15 March 2017.

For entry to school in September 2018, one change had been proposed to the admission arrangements for community or voluntary controlled primary, junior and secondary schools and that was to reduce the number of preferences from six back to three. There was a slight change proposed to the operation of waiting lists. The proposed changes relating to waiting lists would be reflected in the co-ordinated admissions scheme for 2018/19 and these would be published on the Council's website on 1 January 2018 as required by the School Admissions Code.

Particular reference was made to the consultation that had taken place with regard to the published admission number at four community secondary school to accommodate the increasing secondary population. The Council had a statutory duty to ensure sufficient places for all pupils residents in the borough but the ability to directly procure these places was limited to its community schools. Officers from the Council had been talking to head teachers at all schools in Tameside and the report outlined the nature of the proposals needed to accommodate the increases in four secondary schools including financial resources.

It was further reported that three out of the four schools were objecting to the increase in the published admission number and their concerns were summarised in the report and their written responses were appended to the report.

The Council had been proactive in tackling the issue of rising births over recent years. The published admission number had been increased at many primary schools but these primary pupils were now beginning to move through to secondary and more needed to be done to accommodate all pupils. Members were aware of a successful free school application for Tameside that had been proposed by the Laurus Trust, bringing an additional 180 places per year group from September 2018. It was stressed that even with the proposed increase in places from this consultation and the new free school opening, there was still a need for additional places in future years.

Details were provided which showed that the surge in births was not expected to be a permanent issue as it had begun to fall. Therefore, proposals needed to be a mix of permanent and temporary as these would become surplus in years to come.

The Chair made reference to further correspondence received prior to the meeting from the Head Teacher of Hyde Community College stating that whilst the Council's difficulties in accommodating an increase in student number in the Borough was understood, emphasised their opposition to the increase in the published admission number at Hyde Community College and included responses to the Directorate's individual comments within the report. In addition, the Executive Head Teacher at Mossley Hollins High School had sent further correspondence to the Head of Access and Inclusion advising that he was unhappy with the response provided by the Directorate in the report.

In reply, the Head of Access and Inclusion made reference to the responses from the schools summarised in the report and their detailed comments appended to the report. She outlined the position regarding PFI costs and stated that the number of pupils predicted to come into secondary schools over the next few years meant that there would be very little spare capacity, if any, and therefore budgets would increase for the schools contained in the proposals. The costs for the proposed capital works would be funded through the Basic Need capital funding of £12m for the two financial years 2016/17 to 2017/18 and allocated to support the delivery of projects necessary to increase the capacity of schools. She also responded to additional considerations of increased facilities management costs and the concerns raised regarding the potential impact on standards if a school had to increase its published admission number.

RESOLVED

- (i) That the determination of Published Admission Numbers for all voluntary controlled and community schools for 2018/19 without change from those that applied for admission in 2017/18 other than the changes set out in Appendix 5 to the report, be approved.**
- (ii) That the determination of admission arrangements for all Tameside community and voluntary controlled schools for admission in 2018/19 as set out in Appendix 6 to the report, be approved.**

52. REVIEW OF FOOD POVERTY

The Chair of the Statutory and External Partners Scrutiny Panel / Executive Member (Healthy and Working) presented a report on the scrutiny review of Food Poverty dated June 2016 and the recommendations made to support future services. It was explained that the aim of the review had been to examine the extent to which individuals and families were experiencing food poverty, the range of contributing factors and the changes that had been made to the way the Council and its partners supported residents during hardship.

Over the last five years the UK had witnessed a quick and considerable increase in the need for food aid. As a result, food inequality and food poverty had become key priorities for local

authorities and health economies as evidenced in Tameside by the opening of 12 foodbanks since 2010. The Panel acknowledged the commitment of the organisations and many volunteers who helped to provide the service.

In conclusion, the Statutory and External Partners Scrutiny Panel was concerned to investigate the extent of food poverty and would strive to support the vulnerable residents and families in need.

The Executive Member (Health and Working) made reference to his response in support of the recommendations for future services.

RESOLVED

That the recommendations detailed in Section 8 of Appendix 2 to the report be noted.

53. ADVANCE PAYMENT OF EMPLOYER PENSION CONTRIBUTIONS

Consideration was given to a report of the First Deputy (Finance and Performance) and Assistant Executive Director (Finance) advising that the Council currently paid an employer's contribution to the Greater Manchester Pension Fund on a monthly basis for all members of staff who were active members of the Fund.

The opportunity had now arisen for the Council to pay its contribution in advance, by up to one, two or three years, in a single lump sum. In return, the Pension Fund would agree to a discount depending on how far in advance the payment was made. The recommendation was to pay three years in advance for which a discount of 10% would apply. Contribution rates were currently being assessed by the actuary for the next three financial years.

In light of past experience, the report also recommended a reduction in the amount paid to the Pension Fund each year to cover the pension strain cost of early retirements.

RESOLVED

That it be RECOMMENDED to Council subject to any final amendments / clarifications from the Council's external auditors to:

- (i) Make an advance payment equivalent to three years' contributions to the Greater Manchester Pension Fund.**
- (ii) The amount included in the employer's contribution rate for early retirement be reduced from 1% to 0.5%**

CHAIR