
Overview & Scrutiny Panel (Economic Well-Being)

**Report of the meetings held on 15th July and
9th September 2010**

Matters for Information

11. FINANCIAL FORECAST

In conjunction with the Cabinet (Item No. 28 of their Report refers), the Panel has been acquainted with the present position in relation to the Council's financial forecast for the period to 2018/19. To assist them in their deliberations, all Members of the Council were invited to attend and take part in the discussions.

Members have been informed of potential variations in a number of sources of income and other factors that could affect the Council's financial position. The Panel has acknowledged the uncertainty surrounding the current forecast and a number of assumptions which will be clarified over the next few months.

The Panel has acknowledged the severity of the situation facing the Council and the problems created by current economic and political conditions, together with the likely deficit for the year, falling revenue reserves, the emerging prospects for lower government funding and government plans to replace Council Tax capping from 2012/13. Members have also acknowledged that the total shortfall is likely to rise to over £8 million per annum in four years time. As a result, the Panel has recognised that radical decisions will need to be taken by the Council which are likely to affect most services in some way.

Attention having been drawn to the potential for changes in the level of Government grant the Council will receive in the next few years, the Panel has been advised that the forecast has been based on a cash reduction of 25% in grant over 5 years but this could increase to 40% and, importantly, does not include inflation. It is envisaged that the authority will be afforded an element of protection as any reductions should not be greater than the average for similar authorities. Having examined the options and the constraints that are likely to exist in relation to the level of Council Tax, it has been suggested that any proposals which are developed that might require a referendum, this should not be undertaken in conjunction with the County Council, whose proportion of the Council Tax represents a much larger element of local taxation.

The Panel's attention has been drawn to the recent budget consultation exercise, which has generated almost 2000 responses and will be used to gauge public views on changes in services and what local priorities are. Members have suggested that they would like to see the responses analysed by source as this could affect the overall findings.

On the subject of the Council's financial planning process, Members have discussed whether the Council should take steps in preparation for the anticipated reduction in Government grant, which is expected to be announced on 22nd October 2010. Some Members are of the opinion that the Council should start to make plans at the earliest opportunity for likely budgetary reductions, while others think that decisions can only be made once the level of grant and the situation with regard to potential changes in the Council's responsibilities are known.

Comment has been made on the possible devolution of services to towns, parishes or localities. With the recent decision on public conveniences in mind, the Panel has recommended that if these organisations are to be invited to take on board other additional responsibilities, consultation should be undertaken with them at the earliest opportunity to enable them to incorporate the need for any additional funding into their budget setting processes. The Panel has further suggested that the District Council might engage with towns and parishes about opportunities for other budgetary savings.

The Panel has discussed the extent to which the Council is statutorily required to provide services. Members have suggested that it is not possible to make recommendations on possible changes in service levels and functions without sufficient knowledge of the Council's statutory responsibilities and the non statutory services it provides. Whilst the Panel has acknowledged the inherent difficulties in producing such information, the Panel has asked for details to be circulated, together with an indication of the number of employees who are currently employed to undertake wholly non statutory functions.

Having noted that the Council's basic statutory functions are limited, the view has been expressed that the Council's priorities should be taken into account when planning reductions in services. Comment has also been made that the Council provides some services which were not classified as statutory under UK Parliamentary Law but nevertheless are subject to other influences arising from, for example, European Union Legislation, such as recycling targets. At the same time consideration should be given to facilities which are provided on a joint or shared basis and the contractual arrangements and obligations which exist. It will also be necessary to consider the effect of any changes to services and functions on the Council's reputation.

The Panel has strongly recommended that the Council should adopt a strategic approach to planning changes to its services. In doing so, Members have suggested that the current challenges might provide an opportunity to refocus the Council through an overarching vision.

The Strategy should demonstrate what the Council will do in future and how it will get there. Similar concerns have been voiced at a recent meeting of the Corporate Plan Working Group who have suggested that a clear vision of Council services is required in advance of any organisational changes. The Council will need to know what it is seeking to achieve and which positions it will need to retain to do so before it proceeds with implementing the Voluntary Redundancy scheme.

With regard to the need to make savings, a Member has suggested that a business approach should be adopted and Heads of Service invited to identify ways in which savings might be made as part of an action plan. In addition, a flexible approach should be taken towards the salary differentials between levels in the Council's organisational structure and, generally, the salary assigned to posts should be reduced as employees leave.

The Panel will be formally invited to consider proposals for variations in the budget in due course, Members have emphasised the need to develop a clear plan outlining possible proposals for reductions and to involve all Members of the Council in these discussions at an early stage. It will not be possible to make any decisions before the results of the public consultation have been considered but it is intended to hold initial discussions with Members prior to the formal discussion of proposals for changes at the meeting of the Overview and Scrutiny Panel (Economic Well-Being) in November 2010. The Panel is of the opinion that Overview and Scrutiny has an important role in the development of the financial plan and an additional meeting will be convened for Members to undertake the necessary preparatory work to enable them to fulfil this role.

As part of their deliberations a number of suggestions for possible savings have been made by individual Panel members and other members of the Council in attendance. A list of the suggestions has been submitted to the Cabinet for consideration. The suggestions include the need for a comprehensive approach to reviewing all services that could potentially be delivered through collaborative working, a review of the Council's Management Structure, the introduction of Zero based budgeting from a statutory perspective over 5 years and a review of services in comparison with other authorities.

Having recognised the significant financial challenges which face the authority in future years, the Panel have emphasised the need to highlight the challenges which need to be addressed over the coming months to all Members of the Council.

The Panel has endorsed the recommendations with regard to the annuity basis for the calculation of Minimum Revenue Provision for submission to the Cabinet.

12. FORMER FIRE STATION SITE AND WASTE RECYCLING CENTRE, HUNTINGDON STREET, ST NEOTS

(The following item was considered as a confidential item under paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972).

Prior to their consideration by the Cabinet, the Panel has reviewed the details of the four applications received for the leasehold of land at the former fire station site and waste recycling centre, Huntingdon Street, St Neots. The site had been marketed following the approval of a planning brief earlier in 2010.

As part of their deliberations, the Panel has discussed the merits of the applications received and acknowledged the need to strike a balance between the financial return and the potential benefits any development might bring to the local community. With this in mind, the Panel has asked for further details of the bids to be presented to the Cabinet.

Having endorsed the proposals within the report, the Panel has suggested that a number of additional terms and conditions are included in any future agreement to ensure that the objectives within the planning brief are achieved.

This matter was considered by the Cabinet at their meeting on 22nd July 2010. Item No. 27 of their Report refers.

13. ANNUAL REPORT ON ORGANISATIONS SUPPORTED BY GRANTS VIA SERVICE LEVEL AGREEMENTS

Details of the performance of voluntary organisations in Huntingdonshire who receive funding from the Council via service level agreements have been presented to the Panel. An annual report on this subject had been requested at a previous meeting following the conclusion of a detailed study into grant aid.

By way of background, the Panel has been reminded of the Cabinet's previous decisions to move from a system of open applications for grant aid to a commissioning model and to introduce agreements for a 5 year period. Members have been acquainted with the current performance framework, which is designed to link the funding provided to local organisations to the priorities set out in the Council's Corporate Plan – Growing Success and the objectives of the Cambridgeshire Local Area Agreement. With regard to the management of the agreements, Members have been informed that all organisations are monitored against a set of agreed performance indicators and other organisational criteria on a quarterly basis. The targets are based on performance in the previous three years and have been increased by 10% since last year.

The Panel has discussed a number of specific performance figures and, in doing so, Members have noted the success of some

organisations in securing additional funding. However, the view has been expressed that these organisations would not be able to do this if the District Council's "Core Funding" is reduced.

The Panel has discussed the terms of the agreements between the District Council and the voluntary organisations and, in light of the ongoing Government Spending Review, queried whether three year agreements should be introduced. In response, Members' attention has been drawn to recent proposals by Cambridgeshire County Council and NHS Cambridgeshire to introduce a single funding agreement for the Councils of Voluntary Services across Cambridgeshire. However, the model developed by the District Council has been identified as a good practice by both District Audit and Go-East. The Council will consider changing to three year agreements when the negotiations take place on their renewal.

14. CUSTOMER SERVICES

The Panel has received a presentation by the District Council's Customer Services Manager on the development of customer services within the Council. The presentation followed the Panel's previous decision to carry out a review of customer services. This decision was the result of proposals by the Liberal Democrat Group for amendments to the 2010/11 Budget.

As part of the presentation, the Panel has been acquainted with the background to the establishment of the Council's Contact and Customer Services centres, together with details of the range of services currently provided and statistical information on customer enquiries. The Panel has also received details of customer feedback, demand for services and the challenges facing customer services within the District. Members have noted details of the savings which have been achieved in Customer Services to date, together with a series of options for changes to service provision and the level of savings these might achieve. Officers will continue to review the service with a view to achieving savings.

The Panel has discussed the introduction of new requirements designed to improve the Council's data security and the impact they might have on the way services are provided. The Code of Connection poses a number of specific problems for the authority with regard to remote access and home working. Having been advised of the likely cost of complying with the standard and in noting that the Authority is to be inspected in October 2010, Members have been advised that representations had been made to the Secretary of State for Communities and Local Government to request that the inspection is delayed to enable further work to be undertaken.

With regard to staffing arrangements at the Contact and Call Centres, the Panel has discussed the contingency arrangements which were in place to cover for Officers who are absent through sickness. The service is augmented by a small team of contract staff and there has been a good response by Officers at all locations to high demand and the need to cover for absences. However, some advisors are now

accruing high levels of flexitime. In the longer term consideration will need to be given to issues relating to staff recruitment and retention.

The Panel has also discussed a number of other issues including the potential for sharing back office costs with other authorities and whether there is the potential to provide a customer services function on behalf of other authorities.

Having considered the Customer Service Quarterly Performance Report for the period April to June 2010 on the levels and standards achieved by the Service, the Panel has recognised the importance of Customer Services to the delivery of the Council's Services and has decided not to pursue this area of study any further at this time.

15. RISK REGISTER

The Audit and Risk Manager has attended a Panel meeting to discuss the addition of 44 new entries to the Council's Risk Register during the period 1st September 2009 to 28th February 2010. Members have been acquainted with the background to the establishment of the Risk Register, together with details of the process through which risks are added and the monitoring mechanisms that are in place. The 44 new entries were the result of Activity Managers being asked to identify risks within their service areas for the first time.

The Panel has discussed a number of specific issues with regard to the risks within the Register and the measures that are taken to mitigate these risks. Members have, in particular, reviewed the method of assessment and classification of individual risks and the cost of the commercial package for monitoring risk. They have also discussed the information that is submitted to the Council's Panels and Committees and they have made a number of suggestions for changes to the way the information is presented in the future.

16. STRATEGIC PARTNERSHIP SCRUTINY

In conjunction with the Panels for Social and Environmental Well-Being and to comply with the requirements of the Local Government and Public Involvement in Health Act 2007, the Panel has considered their approach to scrutinising the partnerships in which the Council is involved. To assist them with this responsibility, the Panel has agreed to consider the Action Plan of the Economic Prosperity and Skills thematic group and its regular monitoring report at a future meeting.

The Overview and Scrutiny Panels have also been advised of recent developments concerning joint scrutiny between Cambridgeshire Councils. In commenting on the proposals presented to them, the Panel has outlined their support for the principle of joint scrutiny provided that no additional organisational structures are created, that savings can be clearly identified and that matters are addressed on an issue by issue basis.

17. PERFORMANCE MANAGEMENT

In conjunction with the Panels for Social and Environmental Well-Being, the Panel for Economic Well-Being has reviewed the Council's performance against the targets within the Corporate Plan "Growing Success" that fall within its remit. Members have noted responses to a number of questions raised by the Corporate Plan Working Group and been advised of the current situation with regard to the submission of proposals to form a Local Enterprise Partnership for Greater Cambridge – Greater Peterborough. Recommendations by the Corporate Plan Working Group designed to enhance the Council's approach to its strategic budget planning and performance management have been endorsed for submission to the Cabinet.

The Panel has discussed the deliberations of the Corporate Plan Working Group on the Council's use of external consultants. The Working Group had reiterated their intention to undertake further work on this subject with a view to satisfying themselves that the use of consultants is subject to appropriate controls, management and justification. The Panel has clarified that the term "consultants" includes the use of contractors. Having noted that expenditure on consultants had amounted to £1.8 million in the previous year and was likely to increase in the current year, in order to contribute towards the savings that the Council needs to identify, the Panel has recommended that the amount the Council spends on employing external consultants should be reduced by £1.5m in the current financial year.

Other Matters of Interest

18. OVERVIEW & SCRUTINY PANEL – REMIT AND WORK PROGRAMME

The Panel has reviewed its programme of studies and considered its work programme for the forthcoming year.

19. SCRUTINY

The Panel has discussed the latest editions of the Decision Digest and discussed the matters contained therein. Arising from their discussions details of the measures the Council takes to protect the data it holds on the District's residents has been circulated to Members.

J D Ablewhite
Chairman