

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in THE CIVIC SUITE, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN on Thursday, 9 September 2010.

- PRESENT: Councillor J D Ablewhite – Chairman.
- Councillors J T Bell, E R Butler, S Greenall, Hall, Roberts, M F Shellens, G S E Thorpe and D M Tysoe.
- Mr R Hall and Mrs H Roberts.
- APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors Mrs J A Dew and N J Guyatt.
- IN ATTENDANCE: Councillor T V Rogers, Executive Councillor for Finance and Customer Services
- Councillors M G Baker, Mrs M Banerjee, J W Davies, P J Downes, R S Farrer, P M D Godfrey, C R Hyams, L M Simpson and P R Ward.

### **30. MINUTES**

The Minutes of the meeting of the Panel held on 15<sup>th</sup> July 2010 were approved as a correct record and signed by the Chairman.

### **31. MEMBERS' INTERESTS**

No declarations were received.

### **32. LOCAL GOVERNMENT ACT 2000 - FORWARD PLAN**

The Panel considered and noted the current Forward Plan of Key Decisions (a copy of which is appended in the Minute Book) which had been prepared by the Leader of the Council for the period 1<sup>st</sup> September to 31<sup>st</sup> December 2010. It was agreed that the Asset Management Plan – Annual Report should be considered at a future meeting.

In respect of the item entitled “Sale of Land at Mill Road, Eaton Socon”, the Scrutiny and Review Manager explained that this related to a proposal by a developer to purchase a small area of land which was currently let to the Scouts in the area. The Scouts had no objection to the proposal.

### **33. FINANCIAL FORECAST**

*(Councillor T V Rogers, Executive Councillor for Finance and Customer Services was in attendance for this item).*

*(Councillors M G Baker, Mrs M Banerjee, J W Davies, R S Farrer, P M D Godfrey, C R Hyams, L M Simpson and P R Ward were in attendance for this item)*

Consideration was given to a report by the Director of Commerce and Technology (a copy of which is appended in the Minute Book) in relation to the Council's financial forecast for the period to 2018/19. By way of introduction, the Chairman drew attention to the severity of the financial situation facing the Council, the likelihood of a reduction in the funding the Council received from the Government and the need for the Council to consider its future requirements and structure to respond to the current situation. This would require radical decisions to be taken, which were likely to affect most services in some way and the Chairman emphasised the importance of the role of overview and scrutiny in this process.

Councillor T V Rogers, Executive Councillor for Finance explained that the report by the Director of commerce and Technology provided Members with an update on the present financial position and on the adjustments that the Authority would be required to make. He went on to refer to the recent consultation on the budget, which had generated approximately 2000 responses, and to the need shortly for radical decisions to be taken, which were likely to affect all services. The Panel noted the intention of the Executive Councillor to involve the Overview and Scrutiny Panel in this process and that all Members were invited to submit ideas for spending reductions. An announcement by the Government was expected in October on the Revenue Support Grant for 2011/12 following which the Council would prepare the draft budget.

The Director of Commerce and Technology explained that cuts in Government funding were likely to amount to over £3m per annum within 5 years which would create a total budget shortfall of over £8m per annum in 4 years time. The scale of savings needed would require Members to approve substantial changes to the scope and nature of services provided by the Council starting with the current year's budget and Medium Term Plan. The Panel's attention was drawn to the circumstances that would influence the Council when setting the budget and the constraints that were likely to exist in relation to the level of Council Tax, which might provide an opportunity to increase Council Tax to a level closer to the average for District Councils.

Having acknowledged the uncertainty surrounding the current forecast which contained a number of assumptions that would be clarified over the next few months, Members discussed whether the Council should start to take steps in preparation for the anticipated reduction in Government grant. While some Members were of the opinion that decisions could only be made once the level of grant and potential changes in the Council's responsibilities were known, others considered it was imperative that the Council should start to make plans at the earliest opportunity for budget reductions.

Discussion then ensued on the possible devolution of services to towns, parishes or localities. With the recent decision on public conveniences in mind, the Panel recommended that if third tier organisations were to be invited to take on other additional responsibilities, consultation should be undertaken with town and parish councils at the earliest opportunity to enable them to incorporate the need for any additional funding into their budget setting processes. It was suggested that the District Council might also engage with towns and parishes about opportunities for other budgetary savings.

In response to a question regarding the statutory duties and responsibilities of the Council, Members were advised of the difficulties involved in producing this information in a definitive list. However, the Panel were of the view that it was not possible to make recommendations on possible changes in service levels and functions without sufficient knowledge of the Council's statutory responsibilities. Members requested that this information was circulated to them, together with an indication of the number of employees who were currently employed to undertake wholly non statutory functions.

The Panel were advised that the provision of basic statutory functions took only part of the Council's overall budget. In this respect comment was made that that the Council provided some services, which were not classified as statutory under UK Parliamentary Law but nevertheless were subject to other influences arising from, for example, European Union Legislation, such as recycling targets. At the same time attention was drawn to the contractual arrangements and obligations which existed for facilities which were provided on a joint or shared basis with associated difficulties in implementing service reductions in these areas. Reference was made to the need to consider the effect of any changes to services and functions on the Council's reputation. In response to a question whether the Council was reviewing services in comparison with other authorities, the Executive Councillor advised that this was the case.

The Panel discussed the Council's strategic approach to planning changes to its services. Members were of the view that the current challenges provided an opportunity for the Council to refocus on a high-level vision. It was suggested that the Strategy adopted should identify what the Council would do in the future and how it would get there. If the Council knew what it was seeking to achieve it would be possible to identify what positions it would need to retain. This work should be completed before the Voluntary Redundancy Scheme was implemented.

On the question of identifying savings, a Member suggested that a business approach should be adopted and that Heads of Service should be invited to identify ways in which service reductions might be achieved. During the course of the discussions a number of suggestions were then made by individual Members of both the Panel and the Council for potential savings. These included the administration of bus passes for the over 60s, changes to the Management Structure, the rates paid to Members and Officers for travelling on Council business and the establishment of a trust to operate the Leisure Centres. In respect of a proposal to change the

terms and conditions of employees from Inbucon to the National Joint Council scheme, the Panel were advised that the Employment Panel were already considering this. Other suggestions for areas where savings might be achieved included the Great Fen project and the upper tiers of the Officer structure. In addition, a comprehensive review should be undertaken to identify those services that could potentially be delivered through collaborative working or through outsourcing.

With regard to any future proposals that might require a referendum on Council Tax, a Member suggested that this should not be undertaken in conjunction with the County Council as that authority's proportion of the Council Tax represented a much larger element of local taxation. In discussing the recent budget consultation exercise, it was suggested that the results should be analysed by source as this could affect the overall findings.

Councillor M S Shellens asked a number of questions in relation to increases in employer pension contributions, the flexibility of the Council's borrowing arrangements and the assumptions made on future economic trends and on demographic growth in the area. With regard to the likely reduction in Revenue Support Grant, the Panel noted that the authority would be afforded an element of protection as any reductions should be not greater than the average for similar authorities. Comment was then made that a flexible approach should be adopted towards the salary differentials between levels in the Council's organisational structure and that generally, the salary assigned to posts should be reduced as employees left. In that context, concerns were expressed about the availability of enhanced redundancy packages for senior managers and the likely increase in demand on the budget for the Council's statutory homelessness service. A suggestion was made that a zero based budgeting exercise might be undertaken from a statutory perspective over a 5 year period.

Having noted that the Panel would be formally invited to consider proposals for variations in the budget in due course and that Heads of Service had already been invited to identify opportunities for potential service reductions, Members reiterated the need to develop a clear plan containing proposals for reductions. In doing so, the Panel stressed the need for all Members of the Council to be involved in the formulation of any proposals at an early stage. The Executive Councillor for Finance explained that it was his intention to discuss proposals with Members prior to any formal discussion on the proposals at their meeting in November 2011 but it would not be possible to make any decisions before the results of the public consultation had been considered.

Following a question by a Panel Member about the potential sale of Council assets, Members were reminded that this would generate capital rather than revenue receipts and that it was unlikely that any of the Council's Assets would realise significant income for the Authority. It was agreed that a copy of the Asset Register should be circulated to Panel Members in due course.

In concluding their discussions, the Panel recognised the significance of the challenges facing the authority in coming years and the need to

highlight these challenges to all Members of the Council. Having reiterated the importance of the role of Overview and Scrutiny in the development of any financial savings plan, it was

#### RESOLVED

- a) that the recommendations with regard to the annuity basis for the calculation of Minimum Revenue Provision as outlined in Annex C to the report now submitted be endorsed;
- b) that Cabinet be recommended to undertake consultation at the earliest opportunity with town and parish councils on opportunities for the devolution of services and functions to enable them, if necessary, to include additional provision during their budget setting process;
- c) that the need for a clear vision and strategic approach to any spending reductions / variations be emphasised; and
- d) that details of the Council's the statutory obligations and the number of employees undertaking wholly non statutory functions be submitted to a future meeting.

*(Councillor P J Downes left part-way through this item).*

### **34. PERFORMANCE MANAGEMENT**

The Panel considered a report by the Head of People, Performance and Partnerships (a copy of which is appended in the Minute Book) containing details of the Council's performance against the priority objectives in the Panel's remit in the quarter to 30<sup>th</sup> June 2010. Attention was drawn to the matters raised at the meeting of the Corporate Plan Working Group and, in relation to the measure "internal promotions as a percentage of all vacancies filled", the Scrutiny and Review Manager reported that 8 fixed term posts had been advertised in the reporting period.

With regard to the fall in income from hospitality in the previous quarter following the closure of the St Neots bars and catering operation, Members were informed that it had been possible to accrue savings on staff costs, reduced opening hours, better supplier prices and less wastage. This had enabled profit margins to remain on target. Having noted that a further report on performance of the Leisure Centres would be submitted to the October meeting of the Panel, it was suggested that this ought to include details of any returns on the capital investment which had been made at the Leisure Centres in previous years. At the instigation of the Corporate Plan Working Group, Members also were advised that a bid had been submitted to the Government to establish a Local Enterprise Partnership for the Greater Cambridge – Greater Peterborough area.

The Panel discussed a previous request by the Corporate Plan Working Group for an update on the Council's use of external consultants. Having noted that expenditure on consultants had amounted to £1.8 million in the previous year and in the context of the

earlier discussions on the financial forecast, Members agreed that the Cabinet should be recommended to reduce the amount the Council spent on employing external consultants by £1.5m in the current financial year.

The Panel endorsed the recommendations of the Corporate Plan Working Group, which had been designed to enhance the Council's approach to its strategic budget planning and performance management. Whereupon, it was

## **RESOLVED**

that the Cabinet be recommended

- a) to consider the Panels' comments as part of its deliberations on the report by the Head of People, Performance and Partnerships;
- b) to seek contributions from opposition groups, all other Members, employees and the public in the search for the necessary financial savings;
- c) to take fully into account the views expressed by those identified in recommendation (b) above and review the Council's priorities, aims and objectives in the Corporate Plan with the Overview and Scrutiny Panels being involved in the review process;
- d) to develop a clear vision of what services should be retained, delivered differently or withdrawn as a result of recommendation (c) above and use this as a guide in the application of the Council's Redundancy Policy;
- e) to review all internal and external performance indicators to ensure that they are appropriate to the service delivered by or in partnership with the Council with the Corporate Plan Working Group being involved in the review process; and
- f) to reduce the amount of expenditure for the purpose of employing external consultants by £1.5m in the current financial year.

## **35. WORKPLAN**

The Panel received and noted a report by the Head of Democratic and Central Services (a copy of which is appended in the Minute Book) containing details of studies being undertaken by the Council's Overview and Scrutiny Panels. Attention was drawn to a recent article in the Hunts Post regarding the cost of alcohol related treatment at Hinchingsbrooke Hospital. Having regard to the Panel's ongoing study on the health implications of the night-time economy, the Scrutiny and Review Manager undertook to liaise with County Council colleagues

to ascertain whether any work on this subject was being undertaken by the Cambridgeshire Adults Wellbeing and Health Scrutiny Committee.

Councillor G S E Thorpe reported that he had received further information with regard to the use of S106 money for transport schemes in St Neots and that he did not intend to pursue this matter any further at this time.

**36. OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) - PROGRESS**

The Panel received and noted a report by the Head of Democratic and Central Services (a copy of which is appended in the Minute Book) reviewing progress on matters that had previously been discussed.

**37. SCRUTINY**

The Panel received and noted the latest edition of the Council's Decision Digest. Councillor G S E Thorpe commented that the project management costs associated with the Great Fen Project represented a potential area where savings might be achieved.

Chairman