
Overview & Scrutiny Panel (Economic Well-Being)

Report of the meeting held on 11th November 2010

Matters for Information

28. DRAFT BUDGET 2011/12 AND MTP 2012/16

(All Members of the Council were invited to attend and take part in the debate on this item)

In conjunction with the Cabinet (Item No. 41 of their Report refers) the Panel has examined the draft Budget for 2011/12 and Medium Term Financial Plan (MTP) for the period 2012-16. Members have been acquainted with the present position in relation to the draft budget and MTP and have been informed of proposed spending changes, potential Council tax options and the assumptions being made with regard to the level of grant the Council will receive from the Government following the Comprehensive Spending Review. The Panel has acknowledged that a number of significant uncertainties exist and only some of these will be resolved before the Council has to approve the final budget and MTP in February 2011.

Members have reiterated the view that the Council should approach the financial planning process strategically through a vision for the District and for the Council. This will enable the Council's priorities to be weighted and make it possible to take better informed decisions on the budget. Although the Government is constantly changing the requirements on local authorities, the view has been expressed that this should not affect the overarching vision and that changes only have an impact on the delivery of it. With regard to the need for a strategic approach to financial planning, a Panel Member has recommended that contingency plans should be prepared that address a range of scenarios and identify options for future action to respond to changing events. In addition, it has been suggested that a rationale should be produced for each of the proposed changes and the Panel has been assured that decisions will be informed by detailed pieces of work as the Council's plans develop.

As part of their deliberations the Panel has suggested that rather than completely delete some services immediately, the Council should first investigate alternative delivery methods. For example, local office services might be provided through shared buildings and employees or on reduced hours using fewer employees. An assessment of all local public sector assets

might assist in this task. At the same time caution has been expressed that shared services can incur their own problems and costs especially in the field of information technology. Moreover, it has been pointed out that delegating functions down to Town and Parish Councils can result in increased service costs and it may be preferable to seek contributions from these Councils for the District Council to continue to operate them. If this is to be done, it has been stressed that Town and Parish Councils should be informed at the earliest opportunity to enable them to make the necessary provisions in their budgets.

Some Members have expressed specific concerns in relation to the potential loss of customer service centres. The Panel has been advised that investigations are ongoing into ways of making savings but at the same time still providing services locally. The view also has been expressed that front-line services should be retained. Although it is thought to be preferable to seek savings in the back office, it has been acknowledged that this can be difficult to define and that this is an important part of the Council's role, through such activities as local strategic planning.

With regard to the indicative figures presented to the Panel on likely reductions in employee numbers, Members have suggested that the Council should investigate ways of making better use of its employees. They might be a source of income creation, could promote growth and the Union should be consulted on opportunities for job sharing. The latter would mean that skills would not be lost and there could be savings on redundancy costs.

Other suggestions for general approaches to alternative delivery methods include outsourcing and selling the Council's services to other organisations. Particular suggestions have been made on the potential to outsource the grounds maintenance service and on selling the call centre service to other local authorities. The idea of creating a single customer centre for Cambridgeshire also has been suggested.

Members have commented on proposed changes to services. On proposals to reduce the grants paid to voluntary organisations, it is recognised that the Council will honour its existing commitments, but it has been pointed out that voluntary organisations will have an important role in the new localism agenda and that their services will be more in demand as a result of changes to the welfare system. As a result, it has been suggested that the Council should look at the value of the work that they do and what it will cost the Council to replace the activities that will be lost.

Comments have been made on the proposals for CCTV. It is felt by a number of members that this service is needed and it will be costly to reintroduce if this is deemed necessary. It is suggested that the impact of the proposals and other options should be reviewed in conjunction with the police and the Community Safety Partnership. There is the potential to share the cost of the service with Cambridgeshire Constabulary or to adopt an arrangement such as that used by some parish councils who pay for equipment, which is linked to the District Council's CCTV control room. The Overview and Scrutiny Panel (Social Well-Being) has already decided to undertake some work in these areas.

Discussion has taken place on the leisure centres. It is suggested that the economic costs and social benefits of them should be identified, as should the projected rate of return on the Council's planned investments in them. In addition, a Councillor is of the view that the Council should immediately investigate the options to place the leisure centres into a trust to inform future plans. Others have said that if the leisure centres, through investment, become profitable, they should be retained so that the Council will benefit from this income. Another suggestion is that some Customer Service Centre functions might be provided through them if local offices are closed.

On the subject of street cleansing, comment has been made that either the budget should be reduced and the Town Councils asked to make up the difference or the existing budget should be more equitably distributed amongst the District's towns and villages. Comment has also been made that the Council should review its plans only to produce District Wide electronically as this method of communication will not reach a significant number of residents who do not have access to electronic communications. Some means of communicating with as many residents as possible needs to be found. It has further been suggested that planned increases in car parking charges should be staggered.

In the course of their discussions, the Panel has considered a preliminary response to the proposals presented by the Liberal Democrat Group to the Council meeting on 3rd November 2010. The Panel has been advised of details of the current grants provided to voluntary organisations and that further consideration will need to be given to funding for voluntary organisations, that the Employment Panel is currently considering changes to the Payroll System and that a number of the suggestions relating to the potential for job sharing, sub-letting of Council premises and sharing back office staff are already being undertaken or currently being pursued. Members have been advised that investigations have revealed that it will not be feasible to sell and lease back Pathfinder House. With regard to the proposal to reduce the number of elected members and the size of the Cabinet and the Overview and Scrutiny function, the Panel has noted that any electoral changes are subject to approval by the Boundary Commission and are unlikely to generate savings in the current four year term. Similarly the size of the Cabinet is a matter for consideration by the Leader.

At the conclusion of the debate, the Panel has recommended that the Cabinet approve a draft budget for submission to the Council, subject to the Panel's comments on:

- ◆ weighting the Council's priorities;
- ◆ investigations taking place into ways of retaining some services through shared services and job sharing;
- ◆ investigations taking place into alternative ways of delivering services rather than completely deleting some services;
- ◆ shaping the MTP into a vision

- ◆ concerns regarding reductions in planning enforcement activities and grants to voluntary organisations;
- ◆ outsourcing;
- ◆ using leisure centres for the provision of customer services;
- ◆ the need for a rationale on mothballing CCTV and consultations with the Community Safety Partnership on this service;
- ◆ reviewing the proposals on District Wide through a strategic approach to communication with residents;
- ◆ reviewing further back-office functions;
- ◆ delegating functions to Town and Parish Councils and the need to communicate any proposals as soon as possible;
- ◆ the need for investments to be informed by business plans;
- ◆ the need for contingency planning and for a rationale to be produced for changes; and
- ◆ staggering increases in car parking charges.

29. TREASURY MANAGEMENT – REVIEW OF PERFORMANCE

Having been reminded of the background to the introduction of enhanced arrangements for overseeing the management of the Council's financial investments and borrowing, the Panel has reviewed the performance of the Council's Investments for the period 1st April to 30th September 2010. Members have been pleased to note that funds have performed well and that the latest forecast outturn shows that there is likely to be an increase in the interest the Council receives on its investments compared with the net budget.

Attention having been drawn to the Council's current approach to the security and liquidity of investments, the Panel has been acquainted with the rates available for investments and borrowing. In so doing, the Panel has discussed the extent to which the Council should accept some minor level of risk in return for higher levels of interest. Members have been advised that while some local authorities prefer to accept a lower return for complete security, it is considered that the securities offered by Building Societies are sufficient to minimise the risk associated with their use for short term investments. In addition, there are limits on the amounts that can be invested and they are available immediately.

The Panel has endorsed a decision to invest with the Cambridge Building Society. Not only has this achieved a higher rate of return compared with other Building Societies for a short term investment, it also provides funds for the Building Society that it can lend to local businesses, thereby promoting local economic growth.

Following changes in the definition imposed on the Council for fixed and variable rate investments, the Panel has endorsed a proposal to change the limits for investments. This will give the Council flexibility to react to changes in interest rates.

The Panel has recommended the Cabinet to submit the review of the Council's Treasury Management Performance to the Council.

30. PERFORMANCE MANAGEMENT

Details of the Cabinet's deliberations and decisions in response to a previous report by the Overview and Scrutiny Panel on the Council's performance against its priority objectives have been received. Having noted that the matter concerning the cost of external consultants has been referred back to the Corporate Plan Working Group for further review, the Panel has agreed that this work might be better undertaken by the Overview and Scrutiny Panel (Economic Well-Being) and has established a working group for this purpose.

Other Matters of Interest

31. LOCAL GOVERNMENT ACT 2000 – FORWARD PLAN

The Panel has been acquainted with details of the current Forward Plan of Key Decisions. Members have been advised that the Budget and MTP will be presented to the Panel for consideration in February in conjunction with the Treasury Management Strategy and Prudential Indicators. In doing so, the Panel has acknowledged that changes to the meeting schedule for future years will provide them with a longer timescale to comment on reports before they are considered by the Cabinet.

32. WORKPLAN

The Panel has reviewed its work plan and received details of studies being undertaken by the other Overview and Scrutiny Panels. Councillor M F Shellens has undertaken to consult the Chairman on the potential for a study into the future financial implications of the Council's housing responsibilities.

33. SCRUTINY

The Panel has considered the latest edition of the Decision Digest and discussed matters contained therein. Following the recent receipt by a Member of a tree replacement notice, comment has been made that the Council should review the information, which is currently circulated to Members, as this could realise cost savings.

J D Ablewhite
Chairman