
Overview & Scrutiny Panel (Economic Well-Being)

**Report of the meetings held on 10th January and
7th February 2013**

Matters for Information

39. BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 TO 2018

At the invitation of the Chairman, Councillor Downes, Leader of the Liberal Democrats, has presented to the Panel his Group's views on next year's Budget and Medium Term Plan. He has outlined their overall view on Council Tax levels and emphasised the importance of distinguishing between reductions in services and cost savings from improved efficiencies when making budgetary decisions. A number of specific short and long term cost saving proposals have been put forward, some of which are supported by Panel Members. The Chairman and a small group of Members have met separately with Councillor Reeve to listen to the views of the UKIP group on this matter. These suggestions, together with those identified at an informal meeting in November and a report by the Borrowing Working Group, will be reviewed by the Panel at its April meeting before a comprehensive list of recommendations is submitted to the Cabinet for further consideration by Executive Members.

At its meeting in February, the Panel has reviewed the Medium Term Plan (MTP) for 2014 - 18 and the Budget and the level of Council Tax for 2013/14, which appear as a separate item elsewhere on the Agenda for the Council meeting.

The Panel has been reminded of Executive Councillors' four financial objectives relating to achieving a balanced budget, the level of reserves, securing the Council's finances after the New Homes Bonus ceases and capital borrowing. Members have then considered each aspect of the Budget and MTP and future Council Tax levels.

The Panel has drawn attention to the fact that the overall budget is 4.8% higher than the forecast outturn for 2012/13. The increase is a result of multiple factors but inflation is a major contributor. The pay review will have a significant effect on overall budget requirements in future years. The introduction of more efficient working practices will also be beneficial. Whilst it is recognised that the Council is working at

capacity, it is not necessarily the case that all areas are operating as efficiently as they might be. Some services have introduced efficiencies and it is suggested that the organisational culture needs to develop so that all sections constantly strive to find efficiencies. This will be assisted if there is a change to the Budget process, so that it is influenced from the bottom up and the top down. The Panel will examine the Budget process once the current budget process has been completed.

With regard to the level of Council Tax, the suggested approach that the Council should introduce the maximum increase allowed has been questioned. The view has been expressed that a lower level of increase should be considered. However, having been reminded of the historical context and the fact that the Council continues to subsidise services from reserves, the Panel has recommended that Council Tax is increased by £4.67 per year, which equates to a Band D charge of £133.18.

Having been acquainted with the methodology, which has been introduced to determine the Council's position in respect of Business Rates, the Panel has received assurances that a Memorandum of Understanding with Urban and Civic will ensure that Huntingdonshire based businesses will not be allowed to transfer to the Enterprise Zone unless their need to expand cannot be accommodated in their existing locations. This will minimise the effect of the Enterprise Zone on the Council's Business Rates income.

The Panel has considered a suggestion by Councillor S J Criswell that the town and parish councils tax base grant should not be provided after 2013/14. The MTP currently contains provision of £357k each year until 2017/18 for this purpose. Although there is some support for the current approach, abuse of the grant by some councils has led others to the view that it should not continue after 2013/14. If this is the case, it is suggested that an adequate period of notice is allowed and that consideration is given to providing a "soft landing". The Panel has asked to be consulted before a final decision is taken.

The Panel has expressed its appreciation of the additional provision of £100k, which has been included for homelessness. This is the result of a recommendation by the Panel. Members have also recognised the fact that the budget does not contain any unidentified savings for 2013/14, which is a considerable achievement.

Having thanked Officers and Executive Councillors for their work in preparing a sound, efficient and effective Budget in particularly difficult circumstances, the Panel has indicated that the Cabinet should recommend the Council to approve the proposed MTP, Budget and Financial Plan and increase the Council Tax for 2013/14 by £4.67 per year; that is, a Band D charge of £133.18.

40. BUSINESS PLAN ONE LEISURE

(This item was submitted as a Part 2 item under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

The contents of a proposed Business Plan for One Leisure and the options for restructuring the existing staffing arrangements have been considered by the Panel. The Panel has recommended to the Cabinet that the One Leisure Business Plan should not be adopted in its present form and has made a number of suggestions on the ways in which it should be developed.

The Panel is of the view that the Plan's fundamental orientation needs to change so that it reflects One Leisure's total costs. It has recommended that the Executive Councillor for Healthy and Active Communities should arrange for the Plan to be developed to include the service's revenue position together with its capital and maintenance costs and the recharges it incurs. Members are also of the opinion that the Plan's Objectives should be reviewed so that there is a clear financial target and they identify which services are in competition with other providers, those which are solely provided by One Leisure and those which are provided through collaboration or by others.

The Panel has made a number of comments on the presentation of data. Generally, the Panel is of the view that more detailed figures on individual and collective services should be coupled with defined timescales.

The Panel has not been able to express a view on the options for the staff structure without more detailed job descriptions. Members are of the view that this section of the Plan needs to include more information on both the service and the impacts of the various options before such a decision can be made.

The Panel has concluded that there is considerable scope for savings to be made in One Leisure. Although Members do not recommend that the Business Plan is adopted in its current form, they strongly recommend that the One Leisure Service should make whatever savings it can that do not have an impact on services at the earliest possible opportunity. This work should commence with the 'big ticket' items and include a review of recharges. Members have indicated that they would be interested to see the outcome of the latter exercise. Savings that have an impact on services should be included in the Business Plan to enable Members to consider them.

The Panel has decided not to pursue its study into the One Leisure business model.

41. FRAUD INVESTIGATION

The Panel has considered a report on the activities of the Council's Fraud Team, current fraud trends and the planned response to risk following the introduction of a Single Fraud Investigation Service (SFIS) which will become operational before 2015. In response to a report by the National Fraud Authority on 'Fighting Fraud Locally', the Corporate Governance Panel had established a Working Group to consider the current risks from the introduction of a SFIS and how fraud investigations might be undertaken across the Council from 2015. The Panel has been acquainted with the Working Group's recommendations.

The Panel has received an explanation of the cost of the Fraud Team, the income currently received from the Department of Work and Pensions and the total amount of fraud identified during 2011/12. Members have been reminded that the effects of fraud identification might be a benefit to Central Government as opposed to a local authority. It has been suggested that the level of profit achieved by the service, should be identified.

The Council currently undertakes more publicity than other organisations; for example, leaflets for tenants in Social Housing Association properties have recently been prepared. However, more could be done in this respect through the Council's website and by targeting hard to reach minority groups; though inevitably there will be a cost associated with this activity.

The Panel has been advised that the National Fraud Authority has been established by the Government Cabinet Office to tackle fraud across central and local government. Experience to date indicates that it would be a supportive and productive organisation, which would help organisations to work together to combat fraudulent behaviour. As a result of the Fraud Team's activities, additional funding had been made available to the Council by the Local Government Association for this purpose. In addition, the Department for Communities and Local Government is considering funding schemes for particular areas of fraud, for example, the Council Tax Support Scheme.

42. PRIVATE SECTOR RENT LEVELS

Further to Item No.40 of the Report to the meeting held on 22nd February 2012, the Panel has received an update on private sector rent levels in Huntingdonshire. Members have been advised that, with the exception of some four bedroom properties, there is currently no evidence to suggest that landlords have been adjusting their rents downwards as a result of changes to the Housing Benefit System. This has reduced the number of households which the Council has been able to prevent from becoming homeless by assisting them into private sector tenancies.

Having concluded that the Council needs to monitor the homelessness situation closely, Members have discussed the opportunities presented by the Localism Act to accommodate private sector households, the modelling which is being undertaken on welfare reforms and the likely reasons why rents are not falling. Anecdotal evidence suggests that most landlords have a business model for their property portfolios that contains a point below which it is not viable to reduce rents. In addition, the private sector rental market remains buoyant, which means landlords do not need to accept Housing Benefit claimants. The Council has two small discretionary budgets for homelessness prevention, which can be used to assist in short term emergencies, for example, by temporarily topping up Housing Benefit. It has been suggested that it would be helpful if future reports compare rent trend data with the cost of temporary accommodation incurred by the District Council.

A further report will be submitted to the Panel in 6 months time.

43. CUSTOMER SERVICES MONITORING REPORT

The Panel has considered the Customer Services Monitoring report for the period July to December 2012. The report sets out the standards of service that have been achieved and the issues the service has to face in the forthcoming quarter. Members have discussed sickness levels at the Call Centre since April 2012 and the impact this had had on service levels. Stress has only been a factor in two cases of long term sickness absence. Managers take particular steps to counteract the fact that stress levels were often high in this type of working environment. The Panel has requested comparative sickness levels in other authorities.

The Panel has been provided with details of the cost of the new Customer Relationship Management (CRM) system and the savings it is expected to generate compared with the previous system. Welfare reforms have not yet had a significant impact on Customer Services, though it is expected that there will be an increase in footfall at the Customer Service Centres and more calls to the Call Centre as the changes take effect from April 2013.

Having been informed that a new Customer Services Strategy and an interrelated Strategy for Channel Migration are to be developed over the next few months, the Panel has appointed the Chairman, together with Councillor R B Howe and Mr R Eacott to contribute to these pieces of work.

44. 2013/14 TREASURY MANAGEMENT STRATEGY

In accordance with its responsibility for scrutinising Treasury Management, the Panel has reviewed and endorsed the Treasury Management Policy and Strategy for 2013/14 and the Prudential

Indicators for submission to the Cabinet and Council. The Strategy is based upon the revised version of CIPFAs Code of Practice and Government Guidance, which expects priority to be given to the security and liquidity of investments rather than simply maximising the interest earned.

Having been assured that the Treasury Management Advisory Group provides oversight of the Strategy and the actions taken under it, the Panel has been advised of the terms of the contract for the receipt of advice from an independent firm of Treasury Management Advisors. Members have also been acquainted with the legal rules relating to the receipt of Council Tax, the onward payment of it to other precepting bodies and the use of the cash flow benefit that is created. It is not envisaged that these arrangements will change.

Members have noted that a new element of this year's Policy and Strategy is the potential for the Council to provide loan finance to local organisations that can support Council services. This will enable the Council to make a margin on the loan subject to adequate safeguards. Other local authorities make loans to organisations and the Panel supports the suggestion that the District Council should investigate whether this might provide a contribution towards the savings the Council needs to find. The inclusion of these terms in the Strategy will allow the investigations to take place. Members have stressed that loans should only be made for the purposes stated above.

45. DOCUMENT CENTRE REVIEW

The Panel has endorsed the findings of its Working Group, which had been established to review the costs of the District Council's Document Centre and to form a view on its efficiency and cost effectiveness. Overall, the Panel is very impressed with the way the Document Centre is run and is of the opinion that it operates effectively and efficiently. The cost of running the centre has been reduced by 10% in the last three years and there are currently no capacity issues being experienced. The Panel has endorsed a number of recommendations relating to internal printing/design services and post, mail handling and scanning which are designed to achieve further efficiencies and cost savings.

Having noted that there are only six departments using Electronic Document Management (EDM), the Panel has expressed concern that EDM has not been rolled out throughout the District Council as was originally intended. It is recommended that this is the subject of a separate investigation.

The Panel has endorsed the view that there is scope to improve the financial performance of the Document Centre and have considered a number of options through which this might be achieved. To do this, the Council will need to determine whether it has the appetite to undertake significant levels of investment to develop the service. It has

been pointed out that alternative approaches might be considered, including the opportunities presented by electronic media.

The methodology employed during the study will be reviewed for use in future investigations. As part of this, the involvement of senior management in finalising recommendations will be considered. The report will now be submitted to the Cabinet, for consideration by Executive Members.

Other Matters of Interest

46. NOTICE OF EXECUTIVE DECISIONS

The Panel has been acquainted with details of the current Forward Plan of Key Decisions and has noted those items which will be presented to its future meetings. Members have received an update on the Cambridgeshire Pooling Designation and have been informed that Cambridgeshire Local Authority Chief Executives have agreed not to pool business rates income in 2013/14. However, this will not preclude Cambridgeshire Authorities from entering into a pool in future years.

47. OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) – PROGRESS

The Panel has reviewed its ongoing studies.

48. SCRUTINY

The Panel has considered the latest edition of the Decision Digest and discussed matters contained therein.

T V Rogers
Chairman