
Overview & Scrutiny Panel (Economic Well-Being)

**Report of the meetings held on 6th May, 12th June
and 10th July 2014**

Matters for Information

1. THE FUTURE OF MEMBERS IT – CALL IN

Pursuant to Item No. 38 of its Report to the meeting of the Council held on 30th April 2014 and following publication of the Cabinet's decisions on 10th April 2014 regarding the future of Members IT, the Panel called-in this matter for further consideration.

The Panel decided to request the Cabinet to reconsider some of its decisions on this matter:-

- ❖ so that printed agendas and reports will be provided on request;
- ❖ to clarify that all newly elected Members will not be required to purchase an iPad, though all Councillors would be required to use the new ways of working from a date to be determined; and
- ❖ to make reference to the offer of financial assistance from the Council to enable Members to purchase an iPad.

The Panel has also asked the Cabinet to verify whether the terms of the Constitution, particularly the Members Allowances Scheme (and the associated guidelines), meet the requirements of the new arrangements. If changes are required, the Panel has indicated that a review should be undertaken and any changes implemented in the usual way through the Corporate Governance Panel.

The Cabinet's response to the recommendations made through the call-in is set out in its Report to this meeting (Item No.1 refers).

2. POTENTIAL SALE OF DISTRICT COUNCIL LAND AT HERMITAGE ROAD, EARITH

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

The Panel has considered a proposal to sell Council owned land at Hermitage Road, Earith for affordable housing development. Having

regard to the alternative use value of the site and the views of the Executive Councillor who has suggested that the proposal strikes a good balance between addressing the need for social housing and generating a capital receipt for the Authority, the Panel has recommended that the Cabinet should dispose of the site on the terms set out in the report.

3. SERVICE DELIVERY OPTIONS FOR LEGAL AND IMD

The outcome of discussions with LGSS on opportunities to develop a shared service arrangement for selected services, initially Legal and ICT services, have been reported to the Panel. Members have been advised that concerns remain over the influence and control the Council might have over any partnership arrangement with LGSS. Following the Council's announcement on 10th April of the intention to explore a new strategic framework with South Cambridgeshire District Council, Members have noted that the LGSS option is no longer being pursued and have endorsed the continuation of discussions with South Cambridgeshire District Council.

4. PROVISIONAL 2013/14 OUTTURN (REVENUE AND CAPITAL)

The Panel has reviewed the provisional revenue and capital Outturn for 2013/14. Members have been pleased to note that the provisional revenue outturn reveals expenditure was £2.2m below the expected level. They have been acquainted with the likely reasons for this and have welcomed the presentation of financial information in the new format.

Members have also welcomed the intention to commence a programme of Zero Based Budgeting in preparation for the formulation of the draft Budget in December 2014. They have been advised of the likely methodology for the review and have noted that updates on progress are to be received on a regular basis.

In terms of the variations in revenue spending from the 2013/14 Budget and the Provisional Revenue Outturn, the Panel has enquired about the income profile for One Leisure, St Ives and will invite the Executive Councillor for Commercial Activities to attend a future meeting to discuss this further. With reference to a forthcoming matter for discussion on the Agenda for the Development Management Panel, Members have stressed the need to ensure the arrangements for entering into Section 106 Agreements are robust.

Given the service transformation that the Council is facing over the medium term and the intention to invest in additional revenue generating capital projects, the Panel has endorsed a proposal to increase the Special Reserve and to establish a new "Capital Investment" Earmarked Reserve.

5. 2013/14 TREASURY MANAGEMENT ANNUAL REPORT

In accordance with the requirements of the CIPFA Code of Best Practice and the Council's Treasury Management Strategy, the Panel

has reviewed the Council's treasury management performance for the year ending 31 March 2014. Members have discussed the Council's borrowing and investment activity during the year, the counterparty lists and the risk to the Council. Having noted that the downgrading of the long term rating of the NatWest Bank has resulted in its removal from the Council's counterparty list for investment purposes, the Panel has been informed that NatWest will continue to be used for operational banking purposes. In response to a question whether this will have an impact on the charges incurred by the Council, Members have been advised that it is not expected that the budget will be exceeded.

6. OUR ROLE IN SUPPORTING THE PROSPERITY AND VITALITY OF THE MARKET TOWNS

Following a suggestion by the Council Programme Meeting that the content of the Council debate on 'the prosperity and vitality of the Market Towns', could be used to take forward a potential overview and scrutiny study, the Panel has agreed to invite Mr William Grimsey to a future meeting to give his views on the future of the High Street. In light of the content of the presentation, the Panel will then develop and scope its study.

7. SHARED SERVICES

Prior to its consideration by the Cabinet, the Panel has endorsed a proposal formally to enter into a strategic shared services partnership with South Cambridgeshire District Council. Members have been informed that the Council has to meet significant budget challenges and reductions in Government Grant are likely to continue well beyond the next General Election. Therefore, whilst the Council has already begun to make good progress on delivering efficiencies and developing a shared approach to a limited range of services, it is imperative that the Council takes all opportunities to minimise costs whilst protecting and enhancing services. As part of the proposal, the Council will also continue to work with Cambridge City Council and other appropriate partners where the opportunity exists to pursue a shared commitment to the delivery of other services.

Having welcomed the establishment of a shared services partnership as the first step in the process, the Panel has sought clarification as to the extent and scope of the proposals, the impact on the Council's working practices and on employees and the arrangements for managing and monitoring risk in the partnership. As part of the discussion, requests have been made for details on how democratic control of the strategic partnership will be exercised, the reasons for deciding not to pursue an agreement with Local Government Shared Services for the provision of Legal and IT Services, the geography of potential partners, the use of any surplus funds if the Council is to succeed in its objective to become more commercial and the arrangements to terminate the partnership should this be necessary. The Executive Leader and the Managing Director have responded to these points in turn and they have informed the Cabinet deliberations

on this matter. There will be an opportunity for the Panel to have further involvement in it as the partnership develops.

The Panel has drawn attention to the danger that the Council might lose control of its services as it diversifies and enters into a number of partnership arrangements. However, the Executive Leader has reiterated that the development of a shared services approach has no bearing on the sovereignty of services, which will remain under the control of the District Council. Continuing with the current approach is no longer viable and is considered to be riskier than the proposed arrangements.

In response to Members' concerns regarding the perceived challenges the Council faces in recruiting and retaining employees in the current environment, the Panel has been advised that there has not been a significant increase in staff turnover and that the calibre of candidates recently interviewed for the new Head of Services roles had been extremely high. Sickness levels within the Authority are now below the public sector average and it is envisaged that a shared approach to service delivery will improve staffing resilience.

In response to a suggestion by a Member that opportunities for joint working in relation to the collection of refuse should be investigated, the Panel has been reminded that the RECAP partnership is looking at such collaboration arrangements and that developments between South Cambridgeshire and Cambridge City Council might be used as a platform which could be developed by the District Council at the appropriate time. However, in the first instance, it is intended to concentrate on back office services.

8. LOVES FARM COMMUNITY BUILDING – COMMITMENT TO CONTRACT

Further to Item No. 35 of its Report to the Council on 30th April 2014, the Panel has reviewed progress of the development of the joint community building and pre-school playgroup in Loves Farm, St Neots. The design for the building is nearly complete and the tender from the County Council's approved contractor is expected by the end of July 2014. Members have been provided with an illustration of the final design.

Having noted that the building will be owned by the District Council and sub-let in two distinct parts, Members have reiterated their previous recommendation that the Council should seek to minimise the risk that might arise if the local community group is unsuccessful in generating sufficient income from the facility.

In terms of the construction of the facility, the Panel has discussed the procurement process and procedures that have resulted in the situation whereby a single tender is awaited for approval. However, Members have been assured that this is in accordance with the County Council's usual procedures for construction projects. The Panel has also noted that the District Council will be working with the Community Group to finalise the external works and that the

Community Group has applied for grant funding to augment the current plans.

The Panel has endorsed terms for the continuation of the project.

9. BUDGET MONITORING 2014 (REVENUE AND CAPITAL)

The Panel has reviewed the emerging variations to the 2014/15 approved revenue and capital budgets at its meeting in July. Members have been pleased to note that the variations in the net revenue budget thus far represent a saving of £0.355m. In terms of capital, Members have discussed the overspend of £0.050m on the Huntingdon Multi-Storey Car Park, which has arisen as a result of a change to the specification as the build progressed. Having noted that this is the subject of a separate review, the Panel has requested that the outcome is presented to a future meeting.

10. REVIEW OF RISK MANAGEMENT STRATEGY

The Panel has been acquainted with the outcome of the annual review of the Council's Risk Management Strategy. In previous years the review has been submitted to the Corporate Governance Panel; however, this responsibility has recently transferred to the Cabinet. The Strategy has been developed to ensure the Council manages the threats that may hinder the delivery of its priorities and so that opportunities for continuous improvement are maximised.

In considering the draft Strategy and in recognising their responsibilities for scrutinising the Council's finances, Members have questioned the way in which financial risks are monitored and controlled. Their attention has been drawn to the financial values which form part of the Council's risk scales. Having noted that the Council's Risk Register currently contains 155 risks, the Panel has discussed the nine 'red' risks, which are the most serious ones, and the number of risks within each risk category.

Having been informed that the Corporate Governance Panel reviews the Authority's 'total risk' every six months, the Chairman has undertaken to speak with the Chairman of the Corporate Governance Panel to determine whether there is a role for the Economic Well-Being Panel further to review this area without duplicating the work which is already undertaken.

Following a discussion on the Council's corporate approach to risk, Members are of the opinion that risks should be incorporated into the Register to reflect the move to shared services and the outsourcing of services.

In recognition of the financial pressures facing the Authority and the need to be innovative, explore alternative methods of service delivery and to reduce the Council's reliance on Government Grant, the Panel is content to support the risk appetite levels within the Strategy.

Other Matters of Interest

7. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel has received current Notices of forthcoming Key Executive Decisions, which have been prepared by the Executive Leader.

8. OVERVIEW & SCRUTINY PANEL (ECONOMIC WELL-BEING) – PROGRESS

The Panel has reviewed its programme of studies. In so doing, Members have asked for sight of the post project appraisals for the development of the Huntingdon multi-storey car park and One Leisure, St Ives. In addition, Councillor M F Shellens has requested further details of the occupancy rates of the multi-storey car park compared to the forecast projections within the Business Plan.

Given the absence of any response from the Local Enterprise Partnership to the Panel's request for a presentation on its Business Plan, the Chairman has undertaken to raise this matter directly with the Executive Leader. It is anticipated that the first performance monitoring report against the new Corporate Plan will be available for the Panel's September meeting.

The Chairman has suggested that a briefing should be provided to the next meeting on the work which is already being undertaken to improve the project management arrangements within the Authority.

9. SCRUTINY

The Panel has received the latest editions of the Decision Digest at each of its meetings.

R Harrison
Chairman