
Overview and Scrutiny Panel (Economic Well-Being)

Report of the meeting held on 8th December 2015.

Matters for Information

35. ZERO BASED BUDGETING UPDATE: PREPARATION FOR THE 2016/17 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY

The Panel has been acquainted with progress of the Zero Based Budgeting (ZBB) reviews, which have been undertaken in preparation for setting the 2016/17 Budget. Members have been reminded of the reasons for introducing ZBB and the ZBB Tranche 1 achievements. They have then discussed the two ZBB Tranches, which have been completed in the current year.

As last year an external specialist has been retained to provide strategic benchmarking, forecasting and budgeting advice. A Star Chamber comprising the Executive Leader and the Executive Leader for Resources have been presented with service change options together with additional opportunities for savings. Any additional savings will form part of the overall Budget setting process for 2016/17.

The Panel has discussed the outcome of the ZBB and Star Chamber processes and the impact on resources. Between 2016/17 and 2019/20 forecast net saving to the Budget is 18.7%, with a total contribution to reserves of £6.7m. This represents a potential change of £13m compared with the current Medium Term Financial Strategy (MTFS) modelled total draw-down from General Reserves of £6.3m in the same period.

Members have commended these achievements and acknowledged the improvement in the accuracy of the forecasting and profiling of savings. They also have accepted that decisions during subsequent rounds of ZBB will be more challenging.

The Panel has been informed that planned co-location of Citizens Advice and the Department for Work and Pensions at Pathfinder House represents an appropriate match with Council services. This view has been endorsed. Having been assured that the changes will make little difference to the Council's critical services, the Panel has recommended the Cabinet to include the savings proposals identified through the ZBB process in the forthcoming 2016/17 Budget and MTFS.

36. CUSTOMER SERVICE STRATEGY

The Panel has recommended the Cabinet to approve a revised Customer Service Strategy. The previous Strategy has been updated to reflect other Council strategies and policies. It also takes into account customer feedback and the views of Officers. The result is a more comprehensive document with wider application.

Members have been made aware that the Strategy's links to the Corporate Plan have been strengthened and now includes examples of good practice.

Progress against the Strategy will be monitored through the corporate performance reporting process. An annual review also will take place.

It has been suggested that a facility should be introduced to the Council's website that enables residents to identify their local Councillor.

37. CORPORATE FRAUD AND PROSECUTION POLICY

The Panel has reviewed the Fraud Workplan and a revised Prosecution Policy. The Workplan has been produced following the transfer of responsibility for Housing Benefit fraud to the Department for Work and Pensions. It incorporates analysis of the areas of work that present the most risk to the Council and of emerging risks facing local authorities.

Taking into account the facts that the value of fraud discovered for Council services equates to in excess of £170k in addition to five social houses being recovered plus other benefits, it is considered that the Fraud Team continues to be a valuable asset to the Council. The Panel, therefore, has expressed support for the Fraud Workplan and the revised Prosecution Policy.

38. PROCUREMENT POLICY

The Panel has endorsed the contents of a Procurement Policy. The Policy outlines how procurement supports the Corporate Plan and the Council's objectives. It goes into detail on how procurement risk will be managed, on helping local businesses compete for public spend and on the performance and governance of procurement.

Members have been informed that the Procurement Policy will support the achievement of savings, cost avoidance and additional income. They have received confirmation that, in addition to financial considerations, the Policy takes into account other criteria such as security. It will be underpinned by the Code of Procurement and guidance for staff.

39. RESERVES REVIEW

The Panel has been acquainted with the outcome of a review of the way the Council manages its reserves. Members have been reminded of the financial challenges facing the authority and that the Council is about to embark on an ambitious Commercial Investment Strategy. In

that context, the review has established a need for a Strategy that clearly defines the operation of any reserves and for associated governance arrangements that will enable the Council to manage its reserves in a more commercial environment. The Panel has therefore, recommended the Cabinet to approve the Reserves Strategy.

The Panel has concurred with the view that when managing the Council's reserves, Members should be led by professional Officers. Members have then expressed support for proposed terms for the management of each type of reserve, and have agreed to a change to the way the minimum level of reserves is defined. Whereas in the past it had been set at a fixed figure, it is now recommended that the minimum level of reserves should equate to a percentage of any year's Net Expenditure.

40. COMMERCIAL INVESTMENT STRATEGY BUSINESS PLAN

The Panel has reviewed the Commercial Investment Strategy (CIS) Business Plan. Members have discussed the principles on which the Plan is based and have accepted that in order to achieve the clear aim of providing a revenue stream for the Council, the approach should be to invest in commercial property. This will enable the Council to benefit from trends in the national economy and to promote the local economy. The Panel has, therefore, recommended the Cabinet to approve the CIS Business Plan.

To enable work on implementing the Strategy to commence, the Cabinet also has been recommended to approve the transfer of £6.8m from the Council's General Fund balance to the Capital Investment Earmarked Reserve together with the potential to borrow up to £35.0m from 2016/17 onwards to support the CIS. However, there will still be "head-room" to borrow a further £25.0m if commercial opportunities arise. Finally, terms for a policy for the repayment of borrowing have been endorsed and will be submitted to the Council.

Members have drawn attention to the need to have the necessary Officer resources in place to monitor the local market and identify opportunities. They have further stressed the need for close monitoring of the performance of investments.

Other Matters of Interest

41. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel has been acquainted with the contents of the Notice of Key Executive Decisions, which has been prepared by the Executive Leader.

42. WORKPLAN STUDIES

The Panel has received details of the studies being undertaken by the other Overview and Scrutiny Panels.

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

The Panel has reviewed its programme of studies.

D Harty
Vice-Chairman