

CORPORATE SCRUTINY COMMITTEE (SPECIAL)

24th January 2005

PRESENT:-

Labour Group

Councillor Murphy (Chair), Councillor Lane (Vice-Chair) and Councillors Jones and Stone.

Conservative Group

Councillors Atkin, Bale and Mrs. Hood.

COS/22. **BUDGET CONSULTATION**

The Head of Finance and Property Services circulated information (in the form of pie charts) which compared expenditure by Council priority in the base budgets for 2004/05 against that for 2005/06. Overall, there were no great variances, but particular reference was made to the identified increase in improving services.

The Chair questioned whether the Council had a set of changing priorities. In response, the Head of Finance and Property Services confirmed that the overall budget was projected forward, with additional service developments approved by Members. The Deputy Chief Executive questioned whether the statistics presented included the Housing Revenue Account and this was confirmed. It was also confirmed that each 1% of the pie chart represented expenditure of £400,000. Therefore the increase in improving services was significant. The Deputy Chief Executive confirmed that the Council's priorities were changing and he made reference to the review of the Corporate Plan. If Members wished to examine how resources were being realigned, they would need to look at the budget at a more detailed level.

In response to a question from Councillor Stone, the Head of Finance and Property Services explained the funding towards the National Forest. In response to a question from the Chair, he explained that the statistics presented included service developments up to July 2004. Councillor Atkin asked about initiatives for tackling anti-social behaviour and he questioned the funding arrangements. Officers explained the approach to such initiatives through the Crime and Disorder Partnership and this Council's funding contribution. The Chair added that crime and disorder was a high priority for South Derbyshire people and he questioned why this was not reflected by an increase in funding for this area. The Deputy Chief Executive replied that funding through the Partnership also needed to be considered as well as service delivery outcomes.

Councillor Lane asked whether Policy Committees used this type of information to analyse expenditure. He referred to corporate costs, which might be considered to be high. The Deputy Chief Executive reminded Members of the comparisons made to other local authorities on corporate costs as part of the Senior Management Review. This exercise was not, however, undertaken annually.

Note: At 4.20 p.m. Councillor Jones joined the Meeting.

Members discussed the approach taken by Policy Committees to look at Corporate Plan requirements for their respective areas. They pursued the discussion of corporate costs, using a further example, which related to pension costs. It was considered that Policy Committees tended to look at major variances between budget levels for the following year. Further reference was made to the bench marking exercise to compare the Council's corporate costs to those of other local authorities.

With regard to the budget report, it was felt that this did not help Members to consider the scope for changes in funding, to meet the identified priorities. The Deputy Chief Executive explained the progress made in this regard. The Chair also referred to the work to be undertaken to meet the requirements of the Gershon report.

Note: At 4.35 p.m. Councillor Bale withdrew from the Meeting.

Councillor Lane enquired whether Policy Committees received budget monitoring reports. The Chair pursued this point and spoke about the role of the Finance Department in providing such monitoring reports. He felt that Policy Committees tended look at the detail of projects and asked whether they looked also at high level strategic monitoring. The Deputy Chief Executive explained that the Council's Constitution made Finance and Management Committee responsible for budget monitoring. Currently, the other Policy Committees had a limited role with regard to financial management. Service Plans had been simplified to engage Policy Committees in the work of the Committee. He also explained how underspends were treated to ensure that these were redirected to meet the Council's identified priorities. The Chair questioned whether this approach contributed to the finding in the CPA report on the Council's "slow rate of change".

The Committee then discussed the allocation of funding to different service areas. The Chair felt that the division of funds between service areas was a matter for the whole Council. He pursued the points regarding Policy Committees' responsibility for financial issues. The Vice-Chair felt that Policy Committees should estimate the cost of delivering their services for the year and should undertaken periodic monitoring. He considered that the budget should effectively be the Corporate Plan expressed in financial terms.

The Chair questioned whether the current structure effectively excluded Policy Committees from a financial role, when recent reviews had sought to make such Committees become more strategic in their approach. This also meant that the Finance and Management Committee had a significant remit. The Deputy Chief Executive responded, explaining the current financial strategy to re-utilise saved resources to spend on corporate priorities. He commented on the CPA statement about the relative slow pace of change within the organisation. He used the example of negotiations with Derbyshire County Council regarding financial contributions towards tipping costs to show how a Cabinet structure enabled faster decision making. If the District Council considered a move to a Cabinet structure, it would need to be satisfied with the split of resources between the different service areas.

Councillor Lane questioned how the Council satisfied itself that the Corporate Plan was being delivered. He spoke about the strategic and

financial role of Finance and Management Committee and the perceived difference in responsibilities for service committees. The Deputy Chief Executive clarified the responsibilities of the other Policy Committees and he used an example of the recent budget round to show how such committees had prioritised service development proposals. Reference was also made to the Service and Financial Planning Working Panel and the shifting resources project, which was seen as an ongoing mechanism to achieve the requirements of the Gershon report.

In response to a question from the Chair, the Deputy Chief Executive commented on the delivery of certain support services. It would be possible to agree a quality of service provision and then to look at the options available to deliver it for the best price. He referred to a number of support services which were presently delivered in-house, but might be available from an external source at a lower cost.

The Chair referred to the budget consultation arrangements and he felt that the process should start much earlier. He outlined a possible timetable where initial consultation took place in the summer months, to allow for feedback and further consultation in November or December. This could be used to shape the Corporate Plan and the setting of budgets for the following financial year. The Deputy Chief Executive explained that in previous years such consultation had been undertaken to discuss priorities rather than budget levels. The Chair questioned whether the process outlined was reasonable, desirable and achievable. Whilst it was possible, there was a need to recognise that not all aspirations could be achieved immediately. Councillor Lane commented on current Member involvement in the budget process.

It was noted that the approach currently undertaken by Policy Committees was different from that suggested by the Scrutiny Committee and it might be possible to form a Working Panel to discuss a review of the current arrangements. Whilst the Council operated the alternative arrangement, the decision making process was based on a Committee structure. A change to a Cabinet structure might be seen as preferable, but Members were reminded that feedback from consultation on adopting the modernised arrangements led to the decision to adopt the alternate arrangement.

The Head of Policy and Economic Regeneration reminded Members of the review undertaken by each of the three Policy Committees, to look at their working arrangements. The preparation of annual reports for each Policy Committee might help to achieve some of the areas touched upon by the Scrutiny Committee. She added that Committees were encouraged to manage their agenda content and an example of this was the Housing and Community Services Committee, which devoted a Meeting specifically to the stock options process.

Further consideration was given to the achievement of efficiency savings, to comply with Gershon and a number of options were discussed.

The Chair commented on compliance with the budget policy framework and he referred also to the overlaying of the Corporate Plan and the budget. The Deputy Chief Executive clarified the purpose of the Corporate Plan, to highlight key issues and enable the management of change. The Corporate

Plan and Service Plans comprised the policy framework, but simplified Service Plans might not give the same level of detail as a business plan.

The Chair reiterated the need to commence the budgetary process at an earlier date, to give a clearer picture and enable more informed consultation. To achieve this, he proposed a recommendation that the timetable set out within the Constitution be followed and that the Council ensure that the content of the Corporate Plan was delivered. In response to a question from Councillor Atkin about the shifting of resources, the Deputy Chief Executive confirmed that the Housing Revenue Account had to be treated separately.

S. MURPHY

CHAIR

The Meeting terminated at 5.25 p.m.