

CORPORATE SCRUTINY COMMITTEE

6th December 2004

PRESENT:-

Labour Group

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

Conservative Group

Councillors Atkin, Bale and Mrs. Hood.

COS/18. **MINUTES**

The Open Minutes of the Meeting held on 25th October 2004 were taken as read, approved as a true record and signed by the Chair. With regard to Minute No. COS/17, Councillor Atkin requested a copy of the documents circulated at the last Meeting on the Special Project – Best Value Process.

COS/19. **BEST VALUE REVIEW PROCESS SPECIAL PROJECT – UPDATE AND REVIEW OF PROGRESS**

The Chair reported that a further informal Meeting had been held on 29th November 2004. There had been a discussion on the questionnaire feedback from internal stakeholders and the Chief Executive had been interviewed. The information received would be fed into the final report for this Special Project. The Chair requested that a written report from that informal Meeting be provided at the next Scrutiny Committee.

The Policy and Best Value Officer circulated a research summary document from the Office of the Deputy Prime Minister (ODPM). This gave an evaluation of the long-term impact of the Best Value regime. The document comprised the following sections - methodology, data, implementing best value, internal changes, the impact of best value and it gave conclusions. Key issues within the document were highlighted. It was noted that the Council's recent review had reached the same conclusions as those in the ODPM research summary document. The Chair provided a context on this Council's review and referred to the lines of enquiry pursued. He hoped it had provided a base-line to enable comparison with other authorities. The response rate from staff of 52% was good, but he felt it worth noting that the response from senior Officers and Members was disappointing. There might have been reasons for the poor response rate and this was worthy of exploration. The Head of Policy and Economic Regeneration offered to raise this issue at a meeting of the Corporate Improvement Group.

Councillor Atkin referred to a statement within the research summary about the scaling down of Best Value Reviews to enable a focus on the Comprehensive Performance Assessment (CPA). The Head of Policy and Economic Regeneration confirmed that advice was received to scale down the number of Best Value Reviews in preparation for the CPA. The CPA outcome and improvement programme would be used to shape the review programme

for the following year and an example was the planned review of housing repairs and maintenance. The Deputy Chief Executive confirmed that the approach being taken was in line with Audit Commission guidance. He referred to the lessons learned in undertaking Best Value Reviews and to the Shifting Resources project. The Head of Policy and Economic Regeneration explained that the focus for Best Value Reviews was now on outcomes rather than the process itself. The Deputy Chief Executive also commented on the value of time spent previously on non-contentious reviews.

The Chair questioned the approach to be taken to conclude this review. He offered to prepare a first draft of a report by the new year for consideration by Members of the Committee. It was suggested that Officers of the Best Value Team would be interviewed in order to provide further information for this review. It was agreed to arrange an informal Meeting of the Scrutiny Committee for this purpose immediately after the Meeting. The Chair suggested a process to complete the review report.

COS/20.**BUDGET ISSUES**

The Chair welcomed the Head of Finance and Property Services and sought an outline of progress to date with the preparation of the budget. The Officer explained that the first draft of budgets would be available for Corporate Management Team by the middle of the current week. Over the past two weeks, Officers had given initial consideration to the process, following receipt of the Labour Group's manifesto. Heads of Service were now preparing capital and revenue service development bids. It was planned to score these proposals before Christmas and to hold meetings of the Service and Financial Planning Working Panel to look at the scored bids. Policy Committees would meet soon after Christmas and there would be a consultation period with various stakeholders. By mid-February, a more accurate budget position would be available for consideration by the Council.

Comment was made on the favourable Government grant settlement of 8% which should be welcomed as the settlement was around the twentieth highest nationally. The Chair questioned why the authority had fared so well and it was felt that growth in population and a number of other factors had impacted on the settlement. In previous years, the level of Government grant settlement was below the formula level and even with the 8% increase, the Council was still slightly under funded. The Government was still protecting those authorities which would lose out under the revised funding arrangements.

The Deputy Chief Executive explained that the Government had commissioned a report about future funding plans for Local Government. The "Lyons" report was due to be published in 2005 and it was unlikely that any funding changes would be made before that report was issued. It was felt that this Government settlement reflected a backlog of service demands given the increases in population and that the Council was now getting a better reflection of the continued growth of its area.

Councillor Jones sought to compare the level of funding shortfall to that received previously. The introduction of revised funding arrangements was discussed, together with the probable transitional provisions. Councillor Bale questioned whether there were specific requirements for elements of the

Government grant settlement. Officers confirmed that this was a general grant provision.

The Chair questioned whether there were any proposed changes to the Council's consultation plans. In particular, he questioned proposals to engage 'hard to reach' groups. No specific changes had been made to the consultation arrangements this year. However, in recent years the consultation with the business sector had been expanded to include representatives of the community and voluntary sectors. Councillor Jones felt there were difficulties in providing effective consultation with the majority of residents. Reference was also made to feedback from the Council's Area Meetings and statistically this was similar to that received via the Citizens Panel. The Chair questioned whether use was made of the Citizens Panel each year, but this was not the case. A comparison was made to Derbyshire County Council which used its Citizens Panel through a focus group approach. It sought to identify a range of issues with the focus group and then pose specific questions to seek feedback.

The Scrutiny Committee discussed the possibility of commencing consultation at an earlier date. Effectively, the budget process concerned the allocation of resources to specific areas. Officers agreed that wider consultation could be undertaken throughout the year. The Chair recalled the intensive process undertaken last year and felt that Scrutiny had added little to this process, other than reviewing the scoring system for service development proposals. He made a comparison to another authority where a working group approach was used to review the budget process and inform those scrutinising the process. The Deputy Chief Executive explained the approach of this Council using the Service and Financial Planning Working Panel. Corporate Management Team was also considering how to provide a balance between the scoring system and mandatory requirements arising from the Corporate Plan and the CPA Improvement Plan. Councillor Lane felt that there was an argument to revisit the scoring system, to give priority to such mandatory issues. He questioned whether the review would look at the core budget. The Deputy Chief Executive responded that priority was given to mandatory tasks but this year there were a number of serious issues to be addressed. He added that a leasing option was being considered to make use of available capital resources, to ease revenue pressures. There was a need to manage the Council's budget, to make it sustainable.

The Chair perceived that there were several forums which drove policy and he questioned how these were brought together. He felt there was a lack of overall control, particularly if there were different Members and Senior Officers involved in the various forums and he questioned how this was co-ordinated, to ensure the right direction of travel. The Deputy Chief Executive agreed to an extent that previously there had been twin-tracking between the Corporate Plan and resource availability. From next year there would be single document comprising the Budget, Corporate Plan and Improvement Plan. The Head of Policy and Economic Regeneration explained that the Corporate Plan consultation was being linked this year to the budget process, which represented a further development.

Councillor Atkin questioned when the Corporate Scrutiny Committee would submit its recommendations on the budget proposals. The Head of Finance and Property Services explained that Finance and Management Committee would consider a budget report in mid-January and approve proposals for

consultation. The Deputy Chief Executive confirmed the Scrutiny Committee's involvement in the process was to provide feedback on the budget consultation.

The Chair questioned when the service targets were set. Service Plans were due to be submitted to the January round of Policy Committees and the Deputy Chief Executive outlined the process for service planning, resulting in a composite document by March. The Chair questioned whether the budget consultation could be undertaken in the summer months. It was explained that the budget process was required to set the Council Tax for the following financial year. The consultation process could be undertaken at any time during the year. Councillor Lane suggested a 'timeline' approach to give an understanding on how the budget came together. Further consideration was given to the timing of the consultation, the level of the Scrutiny Committee's involvement and it was noted that Policy Committees would be adopting a work programme approach for the following year, which should assist.

Councillor Atkin questioned the arrangements for the Housing Revenue Account (HRA). The Head of Finance and Property Services confirmed that substantial work had been undertaken during the previous year for the stock options process. Arrangements for the HRA followed a similar process to that for the General Fund leading to the determination of housing rent levels.

COS/21. **SHIFTING RESOURCES REVIEW**

The Deputy Chief Executive advised that a report had been submitted to the last Improvement Panel on the implications of 'Gershon'. The document from the Office of the Deputy Prime Minister comprised some 60 pages. There was a 'building block' approach and a framework to achieve 2.5% savings year on year. Of this, approximately 50% of savings would need to be 'cashable', with the funds redeployed to other service areas. The remaining savings would need to demonstrate efficiency or performance improvements. These improvements were linked to other Government targets and there were differing degrees of clarity in the targets, dependent on the Government Department involved. The 'building block' approach to procurement could be built into the Corporate Plan. There were some outcomes which had to be built into the Best Value Performance Plan, to show how savings had been achieved and where the resources had been reused.

In response to a question from the Chair, it was confirmed that savings would have to be achieved from 2005/06 and thereafter. The Council's budget would need to be finalised over the next two months and he questioned how this review would be achieved. The Head of Policy and Economic Regeneration clarified that the Council would have until June 2005 to set out its proposals to achieve the required efficiency savings. In response to a question from Councillor Atkin, it was clarified that the 2.5% savings needed to be achieved across the Council. The implications of 'Gershon' would impact to varying degrees on different divisions of the Council. To provide a context, the required savings equated to £250,000, but these savings needed to be ongoing. Officers reiterated that this review was about shifting resources to frontline services and increasing performance. There was a need to look at the guidance in detail, to determine how best to proceed.

The Scrutiny Committee discussed the achievement of service improvements, delivering the same service level with a reduced staffing budget. The Deputy Chief Executive gave an example of moving support staff into more visible services. Councillor Jones commented that the cumulative impact would make achievement of 'Gershon' more difficult in years 2 and 3. Useful guidance was provided on helping staff to become more efficient and an example provided was managing sickness absence, which this Council had introduced previously.

Councillor Atkin questioned potential retraining costs and this would be dependent on the nature of the redeployment. The Chair sought a commitment on when proposals to achieve 'Gershon' would be available. It was anticipated that a report would be considered by the Finance and Management Committee in January 2005. However, the Corporate Management Team was currently without a Director of Corporate Services. The Chair questioned who would formulate the terms of reference for the review. The Deputy Chief Executive expressed a personal view, that this would be considered initially by the Corporate Management Team and then discussed with Policy Chairs. He confirmed that he was responsible for this project. The Head of Policy and Economic Regeneration confirmed that the Improvement Panel had considered the implications of the 'Gershon' report and it would also need to be considered by Policy Committees.

Councillor Bale compared the roles of the Scrutiny Committee and the Improvement Panel. The Policy Team had provided information to the Improvement Panel and its Minutes were received by the Finance and Management Committee. Councillor Bale questioned whether the Scrutiny Committee should become more involved, from a Best Value perspective. It was a matter for the Committee to determine its level of involvement, but there were benefits in separating the roles of the two forums to ensure that they did not overlap.

S. MURPHY

CHAIR

The Meeting terminated at 5.30 p.m.