

CORPORATE SCRUTINY COMMITTEE

28th October 2002

**PRESENT:-**

**Labour Group**

Councillor Bell (Chair), Councillor Rose (Vice-Chair) and Councillors Lauro and Stone.

In Attendance

Councillor Harrington (Labour Group).

**APOLOGY**

An apology for absence from the Meeting was received from Councillor Douglas (Conservative Group).

COS/25. **MINUTES**

The Open Minutes of the Meeting held on 16th September 2002 were taken as read, approved as a true record and signed by the Chair.

COS/26. **BEST VALUE REVIEW: FINANCIAL SERVICES PROGRESS REPORT**

The Financial Services Manager provided an update on this Best Value Review. For the Revenues and Benefits aspect of the review, a professional Partners Focus Group was to be arranged, hopefully for November/December. It was proving difficult to find people interested in attending a Housing Benefit recipients group. An update was given on the new revenue system, with final evaluation of the suppliers taking place and it was anticipated that a recommendation would be made shortly. It was also proposed to work in partnership with East Staffordshire Borough Council on a number of projects:

- The introduction of paperless Direct Debits
- Direct Debit publicity campaign in the local newspaper
- Joint working on the best way to deal with committal applications for non-payment
- Joint working on serving bankruptcy notices in appropriate cases and
- Investigating the provision of joint housing benefit legislation training (with the introduction of the new tax credits system)

Appended to the report were details of the Finance Services aspects of this review. Key issues and progress/work outstanding were reported for:-

- Reviewing performance and comparative analysis
- Improving financial (IT) systems and reporting
- Cross-cutting issue – combining debt collection
- Reviewing the scope for reducing interest rate on fixed external debt
- The role and services provided by Finance
- Exploring the opportunity for more joint working and

- Reviewing financial procedures, documentation, cheques and balances

The Committee discussed the proposals to improve services. It was thought that this might be ahead of the usual process for other Best Value reviews where an Action Plan was formulated after the final review report was submitted. Support and advice could be provided to the Review Team in this regard. The Financial Services Manager agreed that there was the need for an interim report proposing the future direction for the service.

The Vice-Chair spoke about the new revenue system, particularly about debt recovery and the balance between pursuing debt and write-off where recovery action could be more costly.

The Financial Services Manager gave an outline of this Council's treatment of central establishment charges and compared this to the approach taken by other local authorities. As part of a benchmarking group, he was to undertake a survey of other Derbyshire local authorities on this issue.

The Chair questioned how the review would be progressed and the Financial Services Manager spoke of plans for completion of the review and commencement of the Action Plan. The appropriate type of external reality check for this review was also considered and the Policy and Best Value Manager spoke of the possible mechanisms available and those used for other recent reviews. One possible option might be to approach District Audit, but this would need to be researched.

#### **COS/27. BUDGET PROCESS 2003/04**

It was reported that as part of the Council's Financial Strategy, it had committed itself to ensuring that balances did not fall below £500,000 over a three year financial planning period. A report was submitted to provide an updated projection at the start of the budget process, which rolled forward Council spending plans by a further year.

The basis of the projection was explained in detail. In essence, it showed that while balances were currently at a healthy level of £1.5m, they could fall as low as £340,000 on the basis of known spending commitments over the next three years. This meant that as part of the budget process, the Council would need to consider the action it was going to take to ensure that balances did not fall below £500,000.

The report then considered the budget process itself. Last year the Council introduced new arrangements for setting its budget which provided for:-

- Scrutiny of Council spending plans through the Council's scrutiny process;
- Greater consultation with the public on Council spending proposals via Area Committees; and
- Linking spending decisions more closely to Council aims and objectives, as set out in its first corporate plan

Broadly, this approach was considered successful, although the Scrutiny Committee had suggested that there should be greater Member involvement in assessing revenue and capital bids. This was recognised in June when a group of Members met to consider bids for additional resources that arose

from the budget underspend. It was proposed that this approach be followed for this budget round, and that Members might wish to take time to review the basis under which bids for new funds were scored.

Members considered the three year financial projection and the likely impact on balances. Traditionally, there were some budget underspends and an incomplete establishment of posts, which would have a positive effect on the level of balances. This was an early indication of a potential shortfall, but appropriate action could be taken.

The Chair spoke of the Committee's role in the consultation process. He also spoke of his own budget concerns and felt that the additional expenditure in July was effectively a supplementary budget. Councillor Lauro referred to the longer term projections and questioned the assumptions made for levels of income, fees/charges and Council Tax levels. He voiced his concerns about the inclusion of such detailed information in open reports and the possible adverse press publicity. The Financial Services Manager responded that the assumptions were based on Government guidelines for interest levels. Questions were submitted on the use of Capital Receipts and advice was provided on the restrictions in place. In response to further questions, the Financial Services Manager confirmed that the Council had no short-term debt and that some £4-5million was held in deposit accounts.

It was noted that the level of Planning income had reduced and Members considered how this could be addressed. The budget allocations for bad and doubtful debt seemed excessive, but Mr. Stackhouse explained this was an actual calculation based on a guideline formula. It would not be possible to impose more stringent controls or to reduce the budget provision as had been suggested.

The Chair referred to the deficit on the pension scheme and asked how this would be addressed by the Council. A £1million lump sum contribution had been made to offset this deficit for a three year period. Unless there was a significant shift in the stock market and other issues affecting the pension fund, the County Council would require additional contributions. Comment was made on the budget provision for insurance premiums and the percentage increases faced by local authorities due to increasing claims.

Consideration was then given to the budget process and the budget timetable was reviewed. Clarification was provided on the scoring system for revenue spending bids and the weightings applied to a number of specified criteria. There was a discussion on the process of scoring service developments, the opportunity for Member involvement and the weighting given to those views expressed by the public following the consultation exercise in the summer months. Consideration was also given to the respective roles of the Committee and the Finance and Management Committee, with regard to the budget consultation process.

## COS/28. **CORPORATE PLAN**

The Policy and Best Value Manager circulated a progress report on preparation of the Corporate Plan for 2003. The document was an important component of the Council's performance management framework and an outline was given of its purpose and the proposed content. It was envisaged that the Plan would not differ significantly from that produced last year and

an outline was given of the main changes. Under the Council's Constitution, the Corporate Plan formed part of the Authority's budget and policy framework and as such, must be approved by the Council. This was planned for 7th November and would be preceded by a Seminar for Members.

The Policy and Best Value Manager referred Members to the critical success factors appended to the report and highlighted a number of the enabling criteria and proposals. It was hoped to keep the plan simple and an outline was given of the suggested format and content. The Committee discussed external distribution arrangements and the opportunity to publicise the plan through the Council's Area Meetings and a number of other fora.

An update was given on current Best Value Reviews, the shift to the Comprehensive Performance Assessment (CPA) and the transitional arrangements. The Best Value Inspectorate was to reinspect the Development Control and Sheltered Housing Reviews. The CPA would consider amongst other things, resource management and therefore, work undertaken on the current Best Value Reviews would still be of value. Where future inspections were likely, it would be appropriate to undertake mini Best Value Reviews for that service area.

#### COS/29. **MONITORING ARRANGEMENTS FOR PLANS AND STRATEGIES**

At previous Meetings, the Committee had discussed a review of arrangements for monitoring and reporting progress on the Council's plans, strategies, Best Value Reviews and Audit Inspection Reports. Unfortunately, there was little progress to report due to other pressures, although it was hoped to proceed with this project in the near future.

#### COS/30. **BEST VALUE PERFORMANCE PLAN**

Members were reminded of the requirement to produce the Best Value Performance Plan (BVPP) and a summary document. Final guidance was awaited on the requirements for the 2003 Plan and it was understood that some changes were to be made, so that the requirements would be less stringent. The deadline for production of the summary document was 24th March with the full plan needing to be prepared by the end of June 2003.

Members' views were sought on the format of the summary document. Copies of BVPP summary documents had been received from a number of other local authorities and these were circulated for the Committee's views. There was a range of different formats and following some discussion, there seemed a general preference for the style of document produced by High Peak Borough Council which was concise, of a good quality and with a good mix of images and text.

#### COS/31. **IEG STATEMENT**

The Chief Finance Officer provided an update on the IEG Statement for South Derbyshire. Last year the Government asked Councils to prepare a statement, setting out plans to deliver 100% of services electronically by December 2005, where it was possible to do this. The Council's first IEG statement was submitted in July 2001. It was considered 'satisfactory' and had resulted in the award of £200,000 of Government finance. The Government had produced its National Strategy for E-Government in March

2003 and had now requested all Councils to review their strategies against this template.

The first draft of the South Derbyshire Strategy was submitted for consideration. It was intended to submit the document to the Office of the Deputy Prime Minister by the end of October, subject to any final changes Members might wish to make at the November Council Meeting. The impact and importance of the IEG Statement were significant.

Members questioned the likely funding that would result from another 'satisfactory' IEG Statement and this was expected to be £200,000 for 2003/04. There was less certainty over future funding arrangements.

The Chair suggested some minor modifications to sections of the document to make it more positive. Members wished to be involved in IEG, spoke of the IT equipment needs for some Members and the approach taken by other authorities.

The Committee discussed the options available to provide public access kiosks, considering particularly the services that could be provided, possible locations and formats available to enable ease of use. Developments in digital television technology would increase dramatically the options available for public access to Council services.

COS/32. **“HOW GREEN IS THE COUNCIL?”**

The Chair reminded Members of the service development proposal for a dedicated Officer to pursue this initiative. It was agreed to circulate the draft bid document to all Members, in order that comments could be taken on board and the bid submitted by the deadline of 15th November.

The Chair asked if Members wished to commence a further special project and he suggested a review of customer care within the Council. All Members were invited to submit suggestions to the Overview Committee which would meet the following Monday. Councillor Stone suggested consideration of transport matters, but it was felt this might be too large a topic, which the Council would have limited influence on. Councillor Lauro felt a review of Area Meeting arrangements might be worthwhile, particularly if they could be combined with the County Council's Area Committees. The Policy and Best Value Manager explained that the review of the Council's Constitution had recognised this issue and it was proposed to reconvene the Modernising Working Panel to look at it.

R. BELL

CHAIR

The Meeting terminated at 6.00 p.m.