

FINANCE AND MANAGEMENT COMMITTEE

19th October 2006

PRESENT:-

Labour Group

Councillor Wilkins (Chair), Councillor Pabla (Vice-Chair) and Councillors Carroll, Richards (substitute for Councillor Southern), Southerd, Taylor and Whyman, M.B.E.

Conservative Group

Councillors Harrison, Lemmon, Nalty, Mrs. Renwick and Mrs. Wheeler.

In Attendance

Councillor Shepherd (Labour Group) and Councillors Bladen and Hood (Conservative Group).

APOLOGIES

Apologies for absence from the Meeting were received from Councillors Harrington and Southern (Labour Group).

FM/61. **MINUTES**

The Open Minutes of the Meeting held on 7th September 2006 were taken as read, approved as a true record and signed by the Chair.

MATTERS DELEGATED TO COMMITTEE

FM/62. **REPORT OF CORPORATE SCRUTINY COMMITTEE – SICKNESS ABSENCE**

The Committee considered a report on a review by the Corporate Scrutiny Committee of the sickness absence statistics of employees at South Derbyshire District Council and the arrangements for managing sickness absence. The report was presented to the Committee by Councillor Bladen.

The Corporate Scrutiny Committee in formulating its work programme for 2006/07 had identified that sickness absence rates per employee had increased in 2005/06 to 9.38 days per year from the 2004/05 figure of 8.52 days. The target for the 2006/07 year had been 8.5 days per employee. Sickness absence was included in the table of Best Value Performance Indicators (BVPI 12) and consequently, the Committee initiated a review of sickness absence in order to identify:-

- Any work related causes of sickness absence
- Trends in sickness absence
- Actions being taken to address the increasing levels of sickness absence
- Any further actions to reduce sickness absence

The absence rates for Council employees over the past four years was as follows:-

Year	Absence Rate (Days)	BVPI Quartile Position
2002/2003	14.93	Bottom
2003/2004	8.95	Top
2004/2005	8.52	Top
2005/2006	9.38	Upper Median

The findings of the Corporate Scrutiny Committee were:-

- The sickness absence rate within the Council compared well with other local authorities in Derbyshire. The 2005/06 figure of 9.3 days per employee per year placed South Derbyshire fifth out of the eleven authorities.
- National comparisons, however, were not so favourable. The two most recent sickness absence surveys from the Health and Safety Executive (HSE) and CIPD gave an average rate of sickness absence of approximately 8 days per employee per year. Further analysis indicated however, that local government figures were higher and that the District Council was better than average.
- Long-term sickness absence over four weeks in duration contributed most to the Council's sickness absence rate. Long-term sickness absence was the most costly to the Council in terms of sick pay, providing temporary cover, loss of employees' knowledge and expertise and involved the Human Resources Division and provision of occupational health support.
- The nationally identified statistic that older workers had more sickness absence than younger workers was confirmed within the Council. The 2005/06 figures revealed that employees under 25 years of age averaged only 1.6 days sickness absence.
- The management of sickness absence was the responsibility of Managers. The Human Resources Division provided advice and support and would become more involved in specific cases of longer-term absence and provided support for the employee to return to work.
- The Council's Sickness Absence Management Policy provided for extensive support for employees, particularly during long-term sickness absence. Every effort was made to facilitate the return to work of longer-term sick employees, including phased return, adaptations to the workplace and changes of work patterns and redeployment.
- It was generally accepted that the work environment could affect the health of employees. The recent improvements to the main reception and other areas within the main Council offices contrasted sharply with the appearance of many corridors and offices.

RESOLVED:-

That the Committee approves the following recommendations of the Corporate Scrutiny Committee in respect of sickness absence:-

- (1) That, given the financial and other impacts of long term sickness and recognising that each case is unique, consideration be given to defining the timescale for certain actions to take place in resolving long-term absence.***

- (2) That the Head of Human Resources continues to monitor the reporting of sickness absences and completion of Return to Work interview forms and that senior management be advised of any failings in their area of responsibility.***
- (3) That sickness absence performance be reported regularly, not only to senior staff, but throughout the Council to raise awareness of the impact absences can have and to make staff aware of performance against targets.***
- (4) That a programme of work be determined and costed for improvements to corridors, offices and work areas to provide a healthier working environment at the Council's Civic Offices.***
- (5) That the Human Resources Division review, and when appropriate, bring forward proposed amendments to the Sickness Absence Management Policy.***

Note : Councillors Bladen and Hood left the meeting at 6.30 p.m.

FM/63. **AUDIT SUB-COMMITTEE – 27TH SEPTEMBER 2006**

The Committee considered the Minutes of the Audit Sub-Committee from its Meeting held on 27th September 2006.

RESOLVED:-

That the Minutes of the Audit Sub-Committee from its Meeting held on 27th September 2006, a copy of which is attached at Annexe 'A' to these Minutes, be received and noted.

FM/64. **IMPROVEMENT PANEL – 16TH AUGUST 2006**

The Committee considered the Minutes of the Improvement Panel from its Meeting held on 16th August 2006.

RESOLVED:-

That the Minutes of the Improvement Panel from its Meeting held on 16th August 2006 be received and noted.

Note : Councillor Shepherd left the meeting at 6.35 p.m.

FM/65. **SERVICE PLANS 2006/2009**

The Committee considered Service Plans for the following areas:-

- Finance and Property Services
- Human Resources
- Information Technology and Customer Services
- Legal and Democratic Services
- Revenue Services
- Policy and Economic Regeneration

Service Plans were an important part of the Council's performance management framework, acting as a link between the Corporate Plan and personal performance objectives, established through the Employee Review and Development Scheme. Each of the plans contained the following elements:-

- a description of the service including the customer base, standards of provision, the extent of partnership working, budgets, the management of capital assets and staffing arrangements
- the opportunities and challenges faced by the service, including future budget pressures over the next 3 years and plans for efficiency reviews
- key tasks for the three years from April 2006 to March 2009, including actions resulting from the Corporate Plan, Improvement Plan and the Community Strategy
- workforce planning
- managing risks
- employee structure, work organisation and development needs
- national and local performance indicators (with three year targets)
- useful contacts

RESOLVED:-

- (1) That the Service Plans for Finance and Property Services, Human Resources, IT and Customer Services, Legal & Democratic Services, Revenue Services and Policy and Economic Regeneration be approved as a basis for service delivery for the period to March 2009.***
- (2) That future Service Plan reports only include information which is relevant to the work of this Committee.***

FM/66. **ANNUAL REVIEW OF THE COUNCIL'S FINANCIAL STRATEGY**

The Committee considered a report on the use of the Council's resources, as it was considered best practice for Councils to review their financial strategy on a regular basis, at least once a year. The Financial Strategy set out the framework and fundamental principles on which the Council planned and managed its financial resources. The strategy was designed to ensure that:-

- Finance contributed to the vision and priorities of the Council, whilst ensuring that:-
 - The Council's financial position was sustainable, and
 - Probity and stewardship existed in the use of financial resources.

The key areas of the Strategy were:-

- Moving resources to meet priorities and new spending pressures
- Setting a minimum level of reserve balances
- Maintaining a sound and sustainable financial position
- Maintaining other earmarked reserves
- Generating/maximising external funding
- Local taxes
- Ensuring probity and stewardship

- Maintaining and developing sound financial management
- Raising awareness of finance

A key theme of the strategy was to contribute to the vision and priorities of the Council which were largely formulated after consultation with the local community and other stakeholders. These then formed the Council's Corporate Plan and were represented in other major strategies such as Housing, Crime and Disorder.

RESOLVED:-

That the Council's updated Financial Strategy be approved.

FM/67. **REVIEW OF THE COUNCIL'S CAPITAL INVESTMENT STRATEGY 2006 TO 2009**

The Committee considered a report which reviewed the Council's Capital Investment Strategy 2006 to 2009. To demonstrate good use of its resources, it was considered best practice that Councils review their capital investment strategy on a regular basis, at least once a year. The strategy set out specific ways in which capital investment would help to deliver the Council's priorities and how this investment would be financed. It had been updated to reflect the priorities of the Council as set out in the Corporate Plan 2006-2009, as approved in June 2006. The report proposed a policy on the use of retained capital receipts from the disposal of certain Council assets, namely investment in providing low cost affordable housing.

Capital investment was a key factor in enabling the delivery of the Council's priorities and its overall vision for the District. The following areas were covered in the report:-

- A definition of capital.
- An outline of how investment was planned and managed.
- A profile of the District, the Council and its priorities.
- The resources available to the Council for capital investment.
- Targeted areas for investment and the funding strategy.
- A risk assessment.

RESOLVED:-

- (1) ***That the Council's updated Capital Investment Strategy 2006 to 2009 be approved.***
- (2) ***That a Capital Allowance of £2.15 million be established to provide low cost affordable housing.***
- (3) ***That, subject to operating within the Council's Capital Allowance, reinvestment of "retained" capital receipts be made in approved schemes to provide affordable housing, dependent on the resources being generated.***

FM/68. **PROPOSED CREDIT CONTROL POLICY**

The Committee considered a report on the introduction of a Credit Control Policy relating to the Council's sundry debts. The policy was designed to

make the process of raising, controlling and managing debt more proactive and cost effective, placing it on a more commercial footing.

The Council had managed its debts in accordance with its Financial Procedure Rules. These governed the way in which the main income collection system was controlled and sought to ensure that all income was identified, collected, receipted and banked correctly. The policy proposed aimed to build on these factors and introduce a more commercial aspect into the control and management of sundry debt. In particular, the policy proposed the following actions that were not covered explicitly in the current procedures:-

- Clearly communicate to customers the Council's terms and conditions for payment.
- Bring payment terms and follow-up into line with accepted practice.
- Reduce the time taken between service provision and a bill being despatched to the customer.
- Being more proactive in account control, liaising with the Council's major non-consumer debtors on a regular basis.
- The introduction of specific deadlines for dealing with disputes.
- Reviewing whether a debt should be pursued through litigation.
- The introduction of performance information to understand trends and issues to pinpoint areas for improvement.

RESOLVED:-

That the Credit Control Policy detailed in the report be approved.

FM/69. **CAPACITY BUILDING**

The Committee considered a report which outlined further proposals to improve efficiency by building capacity and improving the development of staff, in order to enhance services further.

A significant aspect of becoming more efficient was to build capacity within the Council's current resources to be able to improve the service for customers whilst meeting local and national priorities. This work was being undertaken by adopting various measures to ensure the Council's day to day processes were streamlined and that mechanisms were in place to monitor work flow to ensure continuous improvement.

It was proposed that the Council entered into a strategic partnership with an external organisation that could advise and assist in the delivery of the following outcomes:-

- The streamlining of services, improving operational productivity and service quality as defined by the customer
- In carrying out the above, delivering the following efficiency gains:-
 - Increased operational capacity
 - Reinvest/divert resources to improve quality and priority service areas
- Acquire the capacity/capability to carry out such work over the course of the programme and in the future for such work to be self sustaining by the use of best practice methodologies, tools and techniques, cultural change – systematic performance improvement (quality/efficiency) becoming the day job.

Page 6 of 11

The Committee was advised that the financial implications of the proposals were as follows:-

- Provisional research had indicated the cost to be between £100,000 and £150,000 estimated over a 3 year period, which would be subject to a full tendering exercise. It was proposed that the cost would be funded as follows:-
 - £90,000 reserve currently earmarked for additional costs arising from implementing a new Revenues and Benefits system.
 - £32,000 reserve earmarked for training and development.
 - £28,000 from the Corporate Training budget (this budget totalled £126,000 over 3 years).

RESOLVED:-

- (1) That the proposals to engage a strategic partner to build capacity within the organisation be approved.***
- (2) That the £90,000 currently earmarked for Revenues and Benefits be utilised to meet part of the associated costs for building capacity.***

FM/70. **BADGER HOLLOWS LEISURE PARK , COTON PARK, LINTON**

The Committee considered a report on the lease of the recreation area at the Badger Hollows Leisure Park, Linton to the Linton Parish Council.

Capital works at the Badgers Hollows Leisure Park site were now substantially completed and establishing and formalising the ongoing management of the site was important. Linton Parish Council was committed to managing the recreation area at the Leisure Park once work on the site had been completed, possibly by taking a long-term lease. Discussions had taken place with Linton Parish Council and it was proposed that they be granted a 25 year lease of the site at an initial peppercorn or nominal rent, subject to confirmation of revenue support from the District Council.

Members were advised that allowances for £14,000 revenue support contribution had already been made in the Council's financial forecast for future years. The proposal had been considered and supported by the Housing and Community Services Committee at its meeting on 31st August 2006.

It was confirmed that the completed new leisure area would offer an excellent community facility to both the residents of Coton Park and the wider catchment area of Linton, Castle Gresley and parts of the Swadlincote urban area.

RESOLVED:-

That the Committee approves the following:-

- (1) The granting of a lease of the recreation area at Badger Hollows Leisure Park, Coton Park, Linton to Linton Parish Council for a***

term of 25 years at an initial peppercorn rent and the detailed heads of terms be agreed with the Director of Community Services.

- (2) *The payment by the District Council to Linton Parish Council of revenue support of £14,000 phased over the first three years of the lease.***

FM/71. **COMPLAINTS AND FREEDOM OF INFORMATION REQUESTS**

The Committee considered a report which provided information on the following:-

- A summary of official comments, compliments and complaints received by the Council for the period from 1st April to 30th September 2006.
- A summary of the Freedom of Information requests received by the Council for the period from 1st January to 30th September 2006.

Members were advised that 4 comments, 4 compliments and 23 complaints had been received for the period 1st April to 30th September 2006. A total of 61 Freedom of Information requests were received between 1st January and 30th September 2006.

A schedule giving details of the compliments, comments and complaints received and action taken and improvements made to Council services was attached at Annexe 'A' of the report. Details of the Freedom of Information requests received for the period from 1st January to 30th September 2006 were attached at Annexe 'B' of the report.

RESOLVED:-

- (1) *That the report of the summary of official comments, compliments and complaints received by the Council for the period from 1st April to 30th September 2006 be noted.***
- (2) *That the report of the summary of the Freedom of Information requests received by the Council for the period from 1st January to 30th September 2006 be noted.***

FM/72. **STATEMENT OF ACCOUNTS 2005/2006**

The Committee considered a report on the Council's Annual Accounts and Financial Statements for the period 2005/06 following their audit by the Audit Commission. The Council's draft accounts and financial statements (subject to Audit) were considered and approved by this Committee at its Special Meeting on 29th June 2006. The Audit Commission had completed its work and submitted its annual Governance Report to the Audit Sub-Committee on 27th September 2006. The Governance Report gave an unqualified opinion on the accounts, but the audit did require some material amendments which were also reported. The following material and significant adjustments were reported:-

Issue	Value of Misstatement £
Both gross income and expenditure on the Consolidated Revenue Account had been overstated by £4.96 million because several internal recharges had not been removed from the accounts presented for audit.	4.96 million
The Council had not applied a change in the discount factor (applicable from 1 April 2005) which converted the value of its housing stock from market value to social use. The change was a reduction in the factor from 62 per cent to 50 per cent. The value of the housing stock was overstated by £26.97 million.	26.97 million
As a consequence of the valuation error other capital entries in the accounts required amendment: <ul style="list-style-type: none"> - capital charges were overstated by £966,000; - depreciation was overstated by £230,000; and - the value of disposals was overstated by £1,055,000 	966,000 230,000 1,055,000
The Council signed a Section 106 agreement with a developer in January 2006 which provided for a capital contribution of £2.5 million from the developer in May 2006. The signed agreement allowed three months should either party wish to challenge it. The Council received the £2.5 million on 2 May 2006. Technical advice had been received and considered together with the relevant financial reporting requirements. As a result, it had been agreed that the receipt of the money was an “adjusting post balance sheet event” and that debtors would be increased by £2.5 million in the 2005/06 accounts with a corresponding entry as a deferred credit. An explanatory note had been added to the accounts	2.5 million

RESOLVED:-

That the material amendments to the Council’s Statement of Accounts for the year ended 31st March 2006 be noted.

FM/73. PRESENTATION: REVIEW OF THE INFORMATION TECHNOLOGY DIVISION

The Committee received a presentation from Mr. G. Goold (Improvement and Development Agency) on a review of the Council's Information Technology Division which he had undertaken. The methodology for the review included a brief analysis of relevant background reports. The conclusions reached were based mainly on evidence, comments and opinions from a series of staff interviews.

The review found many positive aspects of the Information Technology service, including a robust infrastructure, a significant efficiency gain and good performance against external E-Government targets. The review also identified and recommended a number of changes that should be made to improve the current service and prepare it for future development. The changes proposed were:-

- Reorganisation of the current structure.
- Building a more professional Information Technology service based on the strengthening and re-focussing of the Help Desk and the use of project and programme management methodologies.
- Building closer links between Information Technology and the service departments as the Council engages with the Transformation Agenda. This would include the broadening of the Information Technology Strategy to include enhanced business support for departments that purchased software packages.
- The Head of Information of Technology and Customer Services should contribute to the Transformation, Shared Services and Business Improvement agendas.

RESOLVED:-

That the content of the presentation on the review of the Information Technology Division be noted.

FM/74. LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985**RESOLVED:-**

That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.

MINUTES

The Exempt Minutes of the Meeting held on 7th September 2006 were received.

MEMBERS' QUESTIONS AND REPORTS

The Committee received Members' reports on the following matters:-

- *Requests for repairs to sheltered housing accommodation*
- *Rosliston Forestry Centre*
- *Proposals for the flying of a Derbyshire flag*
- *Council trees*

**REVIEW OF INFORMATION COMMUNICATION TECHNOLOGY DIVISION
(Paragraph 4)**

The Committee approved proposals in respect of the review of the Council's Information Communication Technology Division.

**RESTRUCTURING THE LEISURE AND COMMUNITY DEVELOPMENT
DIVISION (Paragraphs 1 and 3)**

The Committee approved proposals in respect of the restructuring of the Council's Leisure and Community Development Division.

HOUSING SERVICES STAFF STRUCTURE (Paragraphs 3 and 4)

The Committee approved proposals in respect of an amended staffing structure for the Council's Housing Services Team.

P.J. WILKINS

CHAIR