

CORPORATE SCRUTINY COMMITTEE

8th December 2003

PRESENT:-

Labour Group

Councillor Bell (Chair) and Councillors Mulgrew and Stone.

Conservative Group

Councillor Ford.

COS/37. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillor Murphy (Vice-Chair)(Labour Group) and Councillors Bale and Mrs. Hood (Conservative Group).

COS/38. **MINUTES**

The Open Minutes of the Special Meetings held on 30th September and 6th October and the Minutes of the Meeting held on 27th October 2003 were taken as read, approved as true records and signed by the Chair.

COS/39. **IEG STATEMENT - UPDATE**

The Committee received an update from the E-government and Strategy Manager. He reported that the latest IEG Statement had been submitted and commented that the requirements for this document were much more prescriptive. A meeting had been held with the Government representative and initial feedback had been positive. It was expected that a decision on the Statement and potential funding would be announced on approximately 16th December. The Council had accepted an offer of a visit from the Government's representative and this would probably take place in February 2004.

Progress reports were given on the Customer Relationship Management and Customer First projects, the selection of a supplier for the 'A-Z Information Library' and the 'E-forms' project. In response to a question from Councillor Ford, it was confirmed that there would be ongoing support for each of the software packages purchased. Progress was reported on the E-payment project and an update was given on the replacement telephone system.

Work on the Revenues and Benefits IT System was progressing and this was being monitored closely. It was due to be installed in June 2004. The Chair questioned progress on this project and the Officer responded that the supplier was finding it challenging, due to the scale of this project. However, it was felt that the partnership arrangement had worked well. Progress on the Information Kiosks aspect of this system was also discussed. Four such kiosks were proposed and there was a discussion about the likely locations for each of the kiosks. It was noted that difficulties were being experienced in finding a suitable location for a kiosk in the Melbourne area.

Councillor Stone asked about computer transaction security and the Officer explained the Council's commitment to work towards BS7799, which was the highest standard for information management and security. Currently, the Council's systems were as secure as was possible, but there was an ongoing process to increase security measures.

It was reported that the Geographic Information System had gone 'live' in a limited way and once it had been tested thoroughly, it would be launched officially. The Officer then spoke of progress on the mobile working and document image processing projects. The Council had been selected for a commendation for its work on the National Land and Property Gazetteer (NLPG). Only 17 Authorities had been commended nationally and the Derbyshire Consortium had received a number of awards. Progress with the NLPG was discussed together with the availability of digital mapping information via a County Council website. Security issues were again considered together with the benefits that the NLPG would have for emergency services. Comments were made on the resource implications for the section to ensure delivery of the various projects. The Officer was thanked for the report.

COS/40. **BUDGET ISSUES**

A report was made by the Financial Services Manager and initially he gave a background to the Council's Budgetary Process. The Officer explained the types of expenditure that were considered as revenue or capital. He spoke about the Housing Revenue Account (HRA), the General Fund and Capital Finance. There was a legal obligation on the Council to prepare an annual budget. He explained the process undertaken to build the budget which led to a decision by a Special Council Meeting on the level of Council Tax. This process included consultation through Area Meetings. To provide a context, the Chair explained that for every 1% increase in the Council Tax levied by the District Council, it would only generate approximately £35,000.

The Financial Services Manager referred to the out-turn from the last financial year. Overall, the Council had been in a healthy position in recent years, due mainly to the increased income generated and underspending arising from staff vacancies. A further budget round had been approved in the Summer because of the identified underspend.

For the Housing Revenue Account, it was noted that whilst the increase in Council house sales provided a capital receipt it caused a loss of revenue income in future years. He reported a change in the subsidy arrangements and spoke of current pressures on the HRA.

The Council's position with regard to capital spending was satisfactory and significant capital receipts over recent years had been pooled, to enable expenditure over a number of future years.

The Officer referred to a report considered by the Finance and Management Committee in July 2003. Particularly, he referred to risk analysis issues and the three year approach to assessing the impact of spending proposals on the level of balances, to ensure sustainability and the maintenance of minimum balances of £0.5m.

The Chair commented that if the budget was projected forward for a fourth year, balances would fall below the recommended £0.5m level. There was a discussion about the predicted level of balances, actual out-turns and it was questioned whether a pessimistic view was taken when compiling the budgets. The Officer explained the difficulty of predicting budget levels in the medium term and the Deputy Chief Executive spoke about longer term sustainability. In response to a question from Councillor Ford, the Financial Services Manager explained projected deficit levels.

Comment was then made about earmarked reserves and particularly the commutation reserve. The Officer circulated a paper that sought to explain commutation adjustment. Over a 20 year period, the commutation adjustment would be cost neutral. Initially, many authorities would receive additional resources and the adjustment would become negative in future years. The Council had created a commutation reserve to meet these future costs. The Government had recently confirmed that once the adjustment became negative, no actual cost would be incurred. This had two advantages for the Council in that there would be no further need to allocate resources to the reserve and the accumulated reserve would be available for another purpose. Currently, the commutation reserve was just under £1m.

The Chair asked about other earmarked reserves and a number of examples were provided, including the IEG reserve and that for future maintenance of the Swadlincote Woodlands Site.

A budget update was circulated and the Finance Services Manager commented on the likely financial settlement for 2004/05. There were a range of factors that influenced the level of Government grant provided and the Officer explained that a review of the assessment formula had taken place. Whilst the level of resources available nationally was broadly the same, the formula review had had a positive impact for the District. The Government had imposed a 'cap' limit to protect those local authorities that were losing resources. Nationally, there was a shift in funding from the south to the north. This year, the Government was still using the revised formula, but the 'cap' limit was more stringent and the headline increase for South Derbyshire was 2.4%. However, there were reductions in the Rent Allowance and Council Tax Benefit subsidy, which meant that overall there was a net reduction of around £15,000 and the funding level was substantially below the Government's funding formula. The Officer spoke of other funding received but mostly this was ring-fenced for a specific project or service. If no 'cap' had been imposed, the Council would have received an additional £600,000.

A further document was circulated, which provided an analysis of 'winners and losers' under the Government's grants distribution formula. South Derbyshire ranked thirtieth on this list and the net effect was a shortfall of 12.5% in grant level. Members commented on those other Derbyshire and East Midland local authorities that had been affected even more adversely by the revised grant distribution formula. The Chair understood that County Councils had received a more generous settlement of approximately 5%. The Officer noted that the majority of this settlement was earmarked specifically for education. He advised that once introduced, the 2001 census data would have an adverse impact in terms of Government grant funding.

The Chair continued with the budget update, referring to capital resources and the prudential system, which would provide greater freedom to borrow. However, the Council would need to determine borrowing limits, having regard to sustainability and the repayment of debt. The Chair commented that the Council's overall debt equated to £9m. The Officer explained that as part of the budget process, an options appraisal would be prepared on the merits of using some reserves to repay a portion of the debt.

The pooling of capital receipts was discussed. In future, the Government would claim the 75% 'set aside' element of capital receipts unless they were reinvested in regeneration or affordable housing. Details were awaited on the application of the revised scheme. The Officer concluded by explaining the budgetary process over the coming months and the Policy and Best Value Manager confirmed the Corporate Scrutiny Committee's role in this process.

COS/41. **BEST VALUE PERFORMANCE PLAN**

A copy of the 2003 Best Value Performance Plan (BVPP) summary was circulated. The Policy and Best Value Manager commented on the format and content of this document and earlier documents. For 2004, it was proposed to continue with the same format as used last year. It was confirmed that there was no prescribed format for the document or required title. It was suggested that the document could be renamed and for next year, parish councils might have an input into the document. The Deputy Chief Executive spoke of a planned Meeting with the Public Relations Officer, to see how the publication could be presented to ensure that it was read. The Chair spoke of the scope to reduce the amount of words and make better use of white space. The Policy and Best Value Manager referred to the three year Corporate Plan and the Comprehensive Performance Assessment which were key issues to be included in the 2004 summary document. The Chair noted that the Council did not produce a periodic residents' newspaper. There was a discussion about the cost of publicising the BVPP summary and the opportunity to commence a periodic newspaper.

Councillor Ford asked how the Council's BVPP summary compared to that produced by other authorities. The Officer explained the range of different formats used by local authorities for their summary documents. If it was planned to introduce a periodic publication, it would be necessary to submit a service development proposal and practically, this was not possible for the current budget round. The majority of costs associated with this publication related to distribution rather than printing. The Deputy Chief Executive commented on the inclusion of parish-based information. Whilst this would be useful, it would complicate production of the document.

The Committee then considered issues associated with publication of the BVPP summary in other formats and other languages. Historically, only one request had been received for an audio version of a Council leaflet on Local Government Modernisation. There had been no requests for documents in languages other than English. The Committee discussed how this initiative could be taken forward and hopefully the Corporate Scrutiny Committee could provide a Member input. The Deputy Chief Executive offered to refer this issue to the Corporate Management Team and it could be added to the Committee's work programme for a future Meeting.

COS/42. **CUSTOMER CARE SPECIAL PROJECT**

The Chair referred to previous consideration of this special project and felt there was a need for Members to understand how services were delivered in different parts of the Council. He suggested that several small groups of Committee Members visit Divisions and then provide a report back to the Committee on the approach to customer care in that area. Effectively, this was an audit of customer care for each section of the Council. He referred to those departments highlighted previously and suggested that Councillor Stone and himself visit some Divisions whilst Councillors Mulgrew and Ford visit other Divisions. The Policy and Best Value Manager asked whether “corporate” services should also be visited. All Members wished to visit the Housing Division. The Policy and Best Value Manager would liaise with those Members not present and all Members were asked to confirm their availability, so that appointments could be made. It was planned to complete the audit and to hold a further Special Meeting of the Committee on Monday, 2nd February 2004.

COS/43. **WORK PROGRAMME**

The Scrutiny Committee considered the Work Programme for the coming months. Details were provided of those Best Value Reviews, Policy Framework documents, Special Projects and responsive issues proposed for consideration. Members were reminded of the Committee’s input into the budget process and it was therefore proposed to lighten the agenda for the 9th February 2004 Meeting, to give scope for discussion of the budget.

R. BELL

CHAIR

The Meeting terminated at 5.55 p.m.