



MEETING OF THE RESOURCES DEVELOPMENT AND SCRUTINY PANEL

THURSDAY, 23 NOVEMBER 2006 **9.30**
AM

PANEL MEMBERS PRESENT

Councillor Brailsford
Councillor Joynson
Councillor Kerr
Councillor Kirkman (Chairman)

Councillor Lovelock M.B.E. (Vice-Chairman)
Councillor Moore
Councillor G Taylor

OFFICERS

Scrutiny Officer
Corporate Head of Finance & Resources
Strategic Director
Service Manager, Supported Housing (note 95)
Service Manager, Economic Development & Town Centre Management (note 96)
Service Manager, HR & Diversity (note 99)
Service Manager, Finance & Risk Management
Service Manager, Performance Management & Engagement (note 88)
Economic Development Officer (note 96)
Collection & Enforcement Officer (note 97)
Scrutiny Support Officer

OTHER MEMBERS PRESENT

Councillor Auger
Councillor Bryant
Councillor Mrs Cartwright

82. MEMBERSHIP

There were no substitutes.

83. APOLOGIES

Apologies for absence were received from Councillor Conboy. Councillors Joynson and Brailsford had sent apologies in advance of the meeting for arriving late.

Councillor Carpenter, the portfolio holder with responsibility for Dial-a-Ride, sent his apologies.

84. DECLARATIONS OF INTEREST

The Resources & Assets Portfolio Holder at the start of the meeting stated that he had no interests other than for his functions as a cabinet member. He later declared that he had a personal interest in note 95 because he was a governor of Browns hospital. Councillor Joynson declared a prejudicial interest in relation to this item.

85. ACTION NOTES

The notes of the meetings on 28th September 2006 and 5th October 2006 were noted. The notes of 15th November 2006 were circulated at the meeting and these would be formally accepted at the next meeting.

86. UPDATES FROM LAST MEETING

- The rent arrears action plan was ongoing and improvements were progressing accordingly.
- In relation to the recommendation concerning bank reconciliations, the bank had found the missing documents and discussions were ongoing with the bank to arrange recompense.
- Only one member of the panel had provided feedback on information they wanted for budget reports.
- Concerns about the lack of resources for the finance and risk management team and legal services had been expressed at gateway 2. The Chief Executive would be invited to the DSP meeting in January to be scrutinised on this issue.
- An updated staff statistics sheet was circulated.
- BVPI 8 would be considered later in the meeting. The portfolio holder was looking into the recommendation on financing outcomes of staff performance development reviews.
- The staff liaison group had been established with a member from each political group except the labour group, who had decided not to make a nomination because they had on members on other groups such as the Chief Executive's appraisal panel. The chairman reported that he was very disappointed that the group would not be represented at the meetings.
- Management restructure costs would be on the agenda for the panel's January meeting.
- The internal auditors were continuing their work on validating information on the pensions. It was hoped that responses and final impact assessments to the pending cases should be made in January 2007.

87. FEEDBACK FROM THE EXECUTIVE

The Resources & Assets Portfolio Holder reported that the structure review of Wake House would be delivered soon; work on Stamford cattle market was underway; and proposed CCTV coverage as part of the current development was being considered for Abbey Gardens in Grantham to include the front of the civic suite.

He was delighted with the thorough scrutiny process at gateway review 2 by the panel. He was sure that the interest of members in the service plans was of value to managers. In relation to note 70 from the gateway meeting, the portfolio holder reported that whereas joint working on revenues and benefits had been ideal, it was no longer likely to be feasible. The county council were looking to hold meetings to rationalise practices.

Conclusion:

To include on the panel's work programme: benefits of joint working on revenues and benefits.

88. TRAVEL CONCESSIONS

The chairman introduced this item by explained that although the new national scheme would be implemented in 2008, it needed to be kept under review as it was still not clear how it would be funded. The Performance Management & Engagement Service Manager presented report MA2, which outlined reimbursement costs for bus passes and travel vouchers. Estimates on costs were currently within budget, despite increased take-up. She explained that the national cross-border scheme in 2008 would be more attractive and a further significant increase would be expected.

The government had not indicated how this would be funded, although guidance would be available in the autumn of 2007 at the earliest and early indications were that district councils would administer the scheme thereby requiring potentially significant start-up costs. The Financial & Risk Management Service Manager explained that if it was included in the government's revenue settlement grant, it would be difficult to identify how much had been allocated for cross-border travel. The portfolio holder added his concern about this, also stating that if government funded it centrally, they would be able to remove from their grant how much they had previously allocated for travel concessions. However, because of the work done by council officers, the cost of the current scheme was identifiable. The panel discussed this and considered that as a national scheme, it should be funded nationally. The benefits of lobbying were then discussed.

The panel continued to ask officers questions about the new scheme and its potential financial implications for the council. Travel vouchers, the discretionary element of the service, were a very valuable service to those vulnerable people without access to a bus route. A withdrawal of this service could have a very detrimental effect. However, without the necessary funding, a change to the scheme would be required. The officers were asked whether the next issue of vouchers could last until the implementation of the new scheme, that is, that they be issued for 15 months. The officers explained that the vouchers had already been printed; any decision made by council to vary the scheme needed to be made by August 2007 to allow time for printing vouchers.

Conclusions:

- (1) The Resources DSP expresses its concern that the government has not indicated how much of its revenue settlement grant has been allocated to concessionary travel nor whether the new national bus pass scheme in 2008 would be centrally funded.**
- (2) The Resources DSP requests that cabinet via the Local Government Association strongly lobby central government to fund the new national bus pass scheme.**
- (3) The Resources DSP recommends to the Access & Engagement Portfolio holder that the travel voucher scheme should be reviewed and if, as a result of this review, any new scheme is to be implemented, it should take effect from January 2008.**

89. CAPITAL PROGRAMME 2006/07

The chairman introduced this item as a post-scrutiny exercise because it had already been debated by council. As service plans had required the identification of projects within 3-5 years, it was his view that the capital programme should do the same. Members and officers should therefore be presenting ideas taking a long-term view.

The Corporate Head of Finance and Resources, presenting report CHFR23 reiterated this view. She explained previous approached to the programme and how it was important to target capital resources to priority areas. Capital reserves were limited and so only projects of the highest priority could proceed. Few projects had been identified for the programme so far and this was concerning because the programme may not be able to sustain projects with short-term notice. The Resources & Assets Portfolio Holder had the same concern and added that new scheme should be taken on by the council.

The panel discussed the costs and benefits of borrowing for capital projects.

Conclusions:

- (1) The Resources DSP at its meeting on 8th February 2007 to review capital programme projections.**
- (2) The Resources DSP recommends to the cabinet/portfolio holder that they develop a 5 year capital programme and that consideration be given to put policies in place whereby members and officers can input into that programme.**

90. FEES AND CHARGES - PROPOSED STRATEGY

The Service Manager of Finance and Risk Management presented report CHFR24, which presented the final draft of the fees and charges strategy. This had been scrutinised at a previous meeting of the panel and comments incorporated.

The officer outlined the constraints and the important issue of fees and charges, as they provided more income for the council than council tax. He explained how the finance team would be working with service managers on the issues arising from the strategy.

The panel discussed in some detail the charges made to the county council for school use of leisure centres and whether or not charges could be set that would result in a net income for the council. The panel asked for this to be looked into. There was also a need to ensure that the cost of services was calculated accurately so that these could be recovered accordingly. The corporate head clarified the position from the medium term financial strategy on a three-year rolling income review.

One member suggested an aspirational level for income from fees and charges and this was debated but with no consensual view. It was agreed, however, that specific information on fees and charges would be necessary for the service plan gateway review, especially for the largest income generators.

The potential implications of the pending Lyons Inquiry were discussed but it was now anticipated that it would not be published until the time of the comprehensive spending review.

Conclusions:

- (1) The Resources DSP recommends that the fees and charges strategy is embedded within service plans as a standard policy of continuous review.***
- (2) The Resources DSP requests a review by officers on the county council contribution to district leisure centre usage by schools and to report back to the meeting on 8th February 2007.***
- (3) To recommend that a fundamental review of fees and charges takes place and is embedded in service plans.***
- (4) Taking into account the impact on service users, consideration be given to increasing discretionary fees and charges not already covered by an existing scheme, by inflation, RPI or as appropriate.***
- (5) Areas where charges are not levied be reviewed.***
- (6) Service managers to provide information on the level of subsidy as a gateway question: “are levels of subsidy identify per capita per level of operation?”***
- (7) The Resources DSP to review the issue as part of its Gateway Review 3 meeting.***
- (8) To add to the panel’s work programme for June 2007 the outcome of the Lyons Enquiry.***

91. ANNUAL EFFICIENCY STATEMENT 2006/07 - PROGRESS TO DATE

The Service Manager for Finance and Risk Manager presented report CHFR25 on how the council is meeting its efficiency targets. In the first submission, £500,000 savings had been declared and those that could be continued were recorded in the 2006/07 submission. A further £166,000 had been identified.

Whereas service managers were working better on efficiency savings, support was still required to identify further efficiencies.

Conclusion:

The Resources DSP expresses its concern to the Chief Executive that some service managers are not identifying contributions to Gershon savings.

92. STATEMENT OF INTERNAL CONTROL

The Corporate Head of Finance and Resources presented report CHFR3 considered by the Constitution and Accounts Committee for post-scrutiny. The statement of internal control, and how the council was proceeding with it, was an area that external auditors were focussing on. The format was prescriptive and had been set by CIPFA guidance.

The officer provided an update on related activity and action identified in the report as "significant internal control issues". She would be considering to add a review of pensions issue and the different ways of working arising from the new financial management software. The auditor's report had also highlighted a need for an audit committee, although this had not been as strong as previously anticipated. If the council wanted to progress with its Use of Resources assessment, it would be expected to have an audit committee.

93. LARGE SCALE VOLUNTARY TRANSFER - FINANCIAL UPDATE

The Corporate Head of Finance and Resources explained that work was ongoing to identify all the costs of pre-ballot work; she would be reporting on this as part of the closure of accounts and it could therefore be scrutinised then. She explained that clarification on which costs could be funded to the housing revenue account and which could be funded to the general fund. A large proportion of the costs were employee-related and would have therefore been borne by the council regardless of LSVT.

The officer explained how funds had been allocated to the process so as to protect the council tax payer. Work now needed to be done to review the impact of the LSVT ballot on the business plan for the housing revenue account. The officers, on being asked by the panel clarified how the council was required to go through the stock option appraisal process.

Conclusion:

To note progress with the financial aspects following the ballot on LSVT.

(The panel adjourned from 12.20p.m. – 1.00p.m.)

94. PROGRESS WITH GATEWAY REVIEWS

The Corporate Head of Finance and Resources reported on some common

issues that had arisen during all of the gateway reviews so far. There had been a lack of consistency but the gateway review 2 checklist had focussed the scrutiny exercise. A briefing paper was circulated and its frankness appreciated by the panel. The process was better than previous years but further development was needed. The benefits of a specific budget/audit committee was discussed, although it was acknowledged that this would disenfranchise other members.

The Strategic Director explained improvements that could be made, especially the need to channel resources according to council priorities. Information had not always been consistent and arrangements for monitoring progress with plans needed developing. She proposed that at the start of the next meeting of the panel, the panel could provide its feedback on the process and that at the following meeting, review a proposed timetable.

Conclusion:

To include on the agenda for the meeting on 18th January 2007 a 20 minute feedback session on the gateway reviews and a further session at the meeting on 8th February 2007.

95. SUPPORTED HOUSING - RESOURCES AND BUDGETS

The Supported Housing Manager presented report SHM18, which set out the current financial position of the sheltered housing and helpline services. The report had omitted to include that a full equality impact assessment would be required for various related policies before the end of January 2007.

He explained various aspects of the sheltered housing service. This was at a comparatively high proportion and specification of duties was changing due to the supported people agenda. The council's service was person-centred and provided an individual service. It was the first in the county to implement a flexible service. Further details on service levels were provided. As a result, residents tended to choose the lower level service. The cost implications of this were discussed. The officer clarified that because they provided a 24hour service, they very often got involved in non-housing related matters. A full review of the service would be necessary in the future.

The panel reported on the positive feedback they had received on the sheltered housing and helpline services.

The service base figures were scrutinised and accepted but members had several questions and concerns about the 2006/07 detailed budget breakdown (appendix 2). The officer provided clarification on general maintenance costs, fire alarms, gas and electricity, the increased cost of business travel due to amalgamation of the schemes,

Spend against budget was currently favourable but the officer was concerned that within Lincolnshire, county contribution to the warden service may reduce over the next three years, although reviews were underway to address this.

Because the council's service was more comprehensive than others, it was at risk to be reduced to fit county standards. This had already been communicated to residents and staff. This will be addressed as part of the post-LSVT-ballot review.

The pressures on being cost-competitive within the market were explained by the officer and the officer was commended for his work on this.

The Service Manager was seeking to enhance staffing levels at the helpline call centre to deal with high-demand times during the week. This would be met by trying to reduce expenditure in other areas.

The proposed improvements to the service were set out in the report but given that LSVT would not proceed, the timescales for these would need to be reviewed because of significant financial restrictions. They may have to be prioritised over a five-year period.

Conclusions:

- (1) That the Resources DSP in six months reviews the financial aspects of the supporting people service and its aspirations.**
- (2) To recommend that pool car use and mileage costs for the service be reviewed.**
- (3) The proposed improvements to the service contained in the report be reviewed.**

96. DIAL-A-RIDE

The panel welcomed Reena Fehnert, the Dial-a-Ride Manager from the county council, to the meeting, who had agreed at very short notice to attend the meeting to answer questions.

The Service Manager of Economic Development and Town Centre Management presented the briefing paper outlining the dial-a-ride service, its performance and financial situation. Responsibility for the service had moved from property services to planning policy and now came under the service manager's remit. He clarified that the former manager had budgeted according to the previous two year's usage figures. The Dial-a-Ride partnership scheme had had mixed membership and the Dial-a-Ride Manager confirmed that only recently had the council been represented on it. The Resources & Assets Portfolio Holder reported that he had only been invited to one of the partnership meetings when the service was his responsibility and he confirmed that the current portfolio holder had not been made aware of them. The Dial-a-Ride Manager explained that it was management group set up by the transport board and was generally not attended by councillors. Officer attendance and how the service fitted with the priorities and the service manager's remit debated was discussed.

The panel expressed its concerns that the mileage and fare revenue information submitted by the Dial-a-Ride operator seemed inaccurate and that

revenue per mile, mileage and total fare revenue did not balance. The Dial-a-Ride Manager informed the panel that she had contacted the logistics manager at TransLinc, the operator, to clarify the information but was awaiting a response. In relation to finance, the Dial-a-Ride manager confirmed that initial funding had been received from the Countryside Agency but this had now been withdrawn. Members were concerned that the council may be charged for mileage to and from the bus depot. The officers also clarified the budgetary position of the service. It was apparent that a deficit was anticipated although this had been rectified during the gateway review process.

The chairman suggested that should the council disinvest from the service, it could face a penalty given the contract for the service. It was also acknowledged that the service did provide a valuable opportunity for vulnerable people. This would therefore need to be considered as part of any options appraisal and accurate information from TransLinc was vital.

The Dial-a-Ride Manager was asked about her approach to the service. She explained that the exit strategy for the withdrawal of the Countryside Agency funding was that the partnership would proceed with the service. This had therefore increased costs in addition to extra costs incurred for mileage over 15,000 as per the contract with the operating company. This had been an unrealistic figure. The Manager had been making recommendations to the partnership on changes to the service to make it more efficient

Reena: I have been making recommendations to change the way we operate but it is up to the partnership to agree how we go ahead with these but any change was made on a majority vote and so far, her recommendations (based on a community transport system such as operating on a first come first served basis, being less flexible, set days for longer distances) had been rejected. She confirmed for the panel the county council was the administrative and accountable body for the service. The Corporate Head of Finance and Resources suggested she would contact the county council to ensure that financial controls and relevant systems were in place.

The panel discussed this and further financial implications in detail. The officers provided clarification where possible but it was apparent that further work was required on the information currently available.

Conclusions:

- (1) The Resources DSP expresses its grave concern about the apparent lack of financial control of the Dial-a-Ride service.**
- (2) In light of the issues raised within the debate and report, the DSP recommends that the report be considered by cabinet at its next meeting as a matter of urgency.**
- (3) The Resources DSP recommends that the service be reviewed to ensure its appropriate priority category and that where the service sits in the new management structure is appropriate (e.g. it may be more appropriate with concessionary travel).**
- (4) Officers confirm that terms of reference and the council's contractual**

- rights with the Dial-a-Ride partnership and service.
- (5) The Resources DSP requests an options appraisal for the service.
 - (6) The Resources DSP requests that the apparent lack of control of the budget for the service be tackled as a matter of urgency.
 - (7) The Chief Executive be urged to contact Translinc to provide accurate figures for mileage and revenue of Dial-a-Ride for south Kesteven.
 - (8) The Dial-a-ride management group be attended by council officers and consideration be given to appointing councillors to the board.
 - (9) The S.151 officer be asked to raise concerns about the service through the Lincolnshire finance officers forum.
 - (10) A further report be submitted to the panel for its meeting on 18th January 2007.

97. DISCRETIONARY RATE RELIEF - POSITION STATEMENT

The Collection and Enforcement Coordinator presented his report on the scheme implemented from April 2006. He outlined the benefits to the panel of organisations registering as Community Amateur Sports Clubs (CASCs). The Resources & Assets Portfolio Holder added his concerns that many organisations had not registered and were therefore not benefiting from rate relief. The panel supported the portfolio holder's attempts to encourage take-up.

The officer clarified for the panel that this was a category z priority and that organisations could only receive mandatory relief and then small business relief on the remaining amount. He had worked on targeting some businesses considered entitled to relief.

Conclusion:

The Resources DSP recommends that all mandatory routes for discretionary rate relief should be exhausted prior to the consideration of any discretionary rates.

98. BUDGET REPORTS

The Corporate Head of Finance and Resources explained that the central report format had been finalised but panel's report format preferences were awaited. Members were asked to feed back their comments on what information they needed.

99. BEST VALUE PERFORMANCE INDICATORS

Three indicators marked "red" were identified for scrutiny. The potential non-achievement of z-savings was considered and this would be considered during gateway review 3.

BVPI8 had dipped as a result of the temporary effects of the management restructure.

SK112 had revealed disappointment at the lack of support by members for training. The related issues were discussed with the Service Manager.

SK116 had shown some improvement and the position to date clarified by the Service Manager.

100. WORK PROGRAMME

This was noted with updates.

101. REPRESENTATIVES ON OUTSIDE BODIES

The chairman reported that documents relating to the Black Sluice Internal Drainage Board had been submitted to the Scrutiny Support Officer.

102. CLOSE OF MEETING

The meeting closed at 4.50p.m.