



AGENDA

For a meeting of the

RESOURCES DEVELOPMENT AND SCRUTINY PANEL

to be held on

THURSDAY, 18 JANUARY 2007

at

9.30 AM

in

**COMMITTEE ROOM 1, COUNCIL OFFICES, ST. PETER'S HILL,
GRANTHAM**

Duncan Kerr, Chief Executive

Panel Members:	Councillor David Brailsford, Councillor Robert Conboy, Councillor Dorrien Dexter, Councillor Kenneth Joynson, Councillor Albert Victor Kerr, Councillor John Kirkman (Chairman), Councillor Reg Lovelock M.B.E. (Vice-Chairman), Councillor Andrew Roy Moore and Councillor Gerald Taylor
Scrutiny Officer:	Paul Morrison 01476 406512 p.morrison@southkesteven.gov.uk
Scrutiny Support Officer:	Jo Toomey 01476 406152 j.toomey@southkesteven.gov.uk

Members of the Panel are invited to attend the above meeting to consider the items of business listed below.

1. COMMENTS FROM MEMBERS OF THE PUBLIC

To receive comments or views from members of the public at the Panel's discretion.

2. MEMBERSHIP

The Panel to be notified of any substitute members.

3. APOLOGIES

4. DECLARATIONS OF INTEREST

Members are asked to declare any interests in matters for consideration at the meeting.

5. ACTION NOTES

The notes of the meeting held on 23rd November 2006 are attached for information.

(Enclosure)

- 6. FEEDBACK FROM THE EXECUTIVE**
- 7. INTERNAL AUDIT**
PricewaterhouseCoopers to present the Operational Plan and Summary of Findings.
(Enclosures)
- 8. DIAL-A-RIDE**
The Chief Executive to feed back on the request for information from TransLinc.
- 9. SCRUTINY OF SALARY LEVELS**
To hear evidence from the Chief Executive.
- 10. REDUCTION OF RISK USING OUTSIDE PROVIDERS OF FINANCIAL SERVICES**
To hear evidence from the Chief Executive.
- 11. ANNUAL EFFICIENCY STATEMENT 2006/07 - PROGRESS TO DATE**
Report CHFR27 by the Service Manager, Finance and Risk Management.
(Enclosure)
- 12. RISK MANAGEMENT**
Report CHFR28 by the Risk Management Team Leader.
(Enclosure)
- 13. FINANCIAL SPEND ON MANAGEMENT RESTRUCTURE**
The Corporate Head of Finance and Resources to report.
- 14. FINANCIAL IMPACT OF EQUAL PAY LEGISLATION**
Report by the Human Resources Services Manager.
(To follow)
- 15. REVIEW OF CAR PARKING POLICY IN GRANTHAM AND STAMFORD INCLUDING BENCHMARKING**
Briefing paper by the Asset & Facilities Service Manager.
(Enclosure)
- 16. REVENUES AND BENEFITS - PENDING LEGISLATION**
To be updated on progress and potential implications of awaited legislation.
- 17. POTENTIAL FINANCIAL ISSUES ARISING FROM THE GRANTHAM MASTERPLAN**
The Service Manager (Economic Development & Town Centre Services) to report.
- 18. BEST VALUE PERFORMANCE INDICATORS**
(Enclosure)
- 19. WORK PROGRAMME**
(Enclosure)
- 20. REPRESENTATIVES ON OUTSIDE BODIES**
Representatives on outside bodies to give update reports.
- 21. FINANCIAL REPORTS**
- 22. GATEWAY REVIEW 3**
The panel to undertake the third gateway review.

Notes from the working group meeting on 15th December 2006 are attached.
(Enclosure)
- 23. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCE, DECIDES IS URGENT.**

WORKING STYLE OF SCRUTINY

The Role Of Scrutiny

- To provide a “critical friend” challenge to the Executive as well as external authorities and agencies
- To reflect the voice and concerns of the public and its communities
- Scrutiny Members should take the lead and own the Scrutiny Process on behalf of the public
- Scrutiny should make an impact on the delivery of public services

Remember...

- Scrutiny should be member led
- Any conclusions must be backed up by evidence
- Meetings should adopt an inquisitorial rather than adversarial style of traditional local government committees



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.

January 2007

Operational Plan Update 2006/2007

South Kesteven District Council

Agenda Item 7

PRICEWATERHOUSECOOPERS 

System	Review	Current Position	Terms of Reference Issued	Draft Report Issued	Management Responses Received	Start date
Corporate Business Systems						
Risk Management	FUR	Planned for 4 th quarter	–	–	–	To be confirmed
Business Continuity Planning	FS	Review complete	✓	✓	✓	September 2006
Corporate Governance	FS	Fieldwork in progress	✓	–	–	December 2006
Project Management	FS	Review complete	✓	✓	–	November 2006
Operational and Financial Systems						
IT systems	FUR	Review complete	✓	✓	✓	September 2006
Internet and Email Usage	FUR	Review complete	✓	✓	✓	May 2006
Freedom of Information Act	FUR	Review complete	✓	✓	✓	May 2006
Contracting and Tendering Procedures	FS	Review complete	✓	✓	✓	June 2006
E-procurement Review	FS	Planned for 4 th quarter	✓	–	–	January 2007
Housing Benefits and Council Tax	FS	Fieldwork complete	✓	–	–	November 2006

System	Review	Current Position	Terms of Reference Issued	Draft Report Issued	Management Responses Received	Start date
Operational and Financial Systems, cont.						
Debtors	FS	Fieldwork complete	✓	–	–	November 2006
Creditors	FS	Fieldwork complete	✓	✓	✓	June 2006
Payroll	FS	Fieldwork complete	✓	✓	✓	June 2006
Housing Rents	FUR	Review complete	✓	✓	–	September 2006
Human Resources Devolution	FS	Planned for 2007/8	–	–	–	To be confirmed
Absence monitoring	FUR	Planned for 4 th quarter	–	–	–	January 2007
Car park income collection and enforcement	FS	Planned for 4 th quarter	–	–	–	January 2007
Early Retirement Review	SP	Fieldwork complete	✓	✓	na	November 06

Key

	Type of Review	Scope of the Review
FUR	Follow Up Review	To identify whether recommendations raised in previous audits have been successfully implemented.
FS	Full Scope	To review the design of controls over a process or system and to perform testing to determine whether controls are operating in practice.
SP	Special Project	To perform work on a specific area or risk. The work to be performed being defined within the planning of the review.

In the event that, pursuant to a request which South Kesteven District Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. South Kesteven District Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and South Kesteven District Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, South Kesteven District Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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January 2007

Summary of Findings 2006/2007

South Kesteven District Council

System	Type of Review	Level of Assurance	Key Findings
Business Continuity Planning	FS	Moderate Assurance	<p>Seven recommendations were raised, of which:</p> <ul style="list-style-type: none"> • Five were rated medium risk; and • Two were rated low risk. <p>The main recommendations identified were:</p> <ul style="list-style-type: none"> • To carry out a risk assessment exercise throughout land and buildings used by South Kesteven District Council; • To ensure that appropriate business continuity and media training is provided to relevant staff; and • A number of improvements which could be made to the Business Continuity and Emergency Plans that are in place.
System	Type of Review	Level of Assurance	Key Findings
Project Management	FS	Moderate Assurance	<p>Four recommendations were raised, of which:</p> <ul style="list-style-type: none"> • Two were rated high risk; and • Two were rated medium risk. <p>The high risk recommendations relate to the absence of designated central project support and issues identified with the usage and design of project management guidelines.</p>

System	Type of Review	Level of Implementation	Key Findings
IT Systems	FUR	67% fully or partially implemented	<p>Thirteen recommendations were followed up of which:</p> <ul style="list-style-type: none"> • Three had been fully implemented; • Five had been partially implemented; • Four had not been implemented; and • One is no longer accepted by management. <p>The four recommendations not implemented relate to the Unix switch user function, NT security, Unix auditing and Oracle Security. We recommend that management make progress with the implementation of the outstanding recommendations.</p> <p>It is of note that management no longer accept the recommendation originally raised in relation to the need for a separate dedicated test database for the Team Spirit Payroll system as they consider the risk of not having this to be acceptable.</p>
System	Type of Review	Level of Implementation	Key Findings
Housing Rents	FUR	100% fully or partially implemented	<p>Nine recommendations were followed up of which:</p> <ul style="list-style-type: none"> • Six had been fully implemented; and • Three had been partially implemented. <p>We were pleased to note that the majority of control weaknesses that resulted from the introduction of the new housing rents system (Anite) in April 2005 had been fully resolved by the time of this review.</p>

System	Type of Review	Level of Assurance	Key Findings
Early Retirement	SP	NA	We undertook work to assist the Council in verifying details of past early retirements and implement robust procedures in this area going forward. The results of this work have been reported back to the Council.

Key

Type of Review

	Type of Review	Scope of the Review
FUR	Follow Up Review	To identify whether recommendations raised in previous audits have been successfully implemented.
FS	Full Scope	To review the design of controls over a process or system and to perform testing to determine whether controls are operating in practice.
SP	Special Project	To perform work on a specific area or risk. The work to be performed being defined within the planning of the review.

Assurance Ratings

Level of Assurance	Description
High	Our work may have found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.
Moderate	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than high or they would be unlikely to occur.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.

In the event that, pursuant to a request which South Kesteven District Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. South Kesteven District Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and South Kesteven District Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, South Kesteven District Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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REPORT TO RESOURCES DSP

REPORT OF: SERVICE MANAGER, FINANCE AND RISK MANAGEMENT

REPORT NO: CHFR27

DATE: 18th January 2007

TITLE:	ANNUAL EFFICIENCY STATEMENT 2006/07 - PROGRESS TO DATE
FORWARD PLAN ITEM:	
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Teri Bryant – Resources and Assets Portfolio Holder	
CORPORATE PRIORITY:	Effective Use of Resources	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	None	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:	CHFR25	

1. INTRODUCTION

The purpose of this report is to update members of the progress being made in 2006/07 against the designated target for this financial year, as agreed at the Resources DSP meeting on 23rd November 2006.

2. RECOMMENDATION

Members are asked to note the latest position of anticipated savings against targets for 2006/07.

3. DETAILS OF REPORT

The figures below have been updated from report CHFR25 as submitted at 23rd November 2006 meeting (those marked with an * have been updated).

The table below shows the efficiency gains achieved in 2005/06 which are deemed to be ongoing in 2006/07. It should be noted that these figures are mainly based on projections following data from a third quarterly perspective and will be subject to change once actuals are known at the financial year end. These are broken down as follows:

Efficiency Area	Service Area	Description	Amount	Of which Cashable
Environmental Services	Waste Services	Waste Collection Services	£40,415	
LA Social Housing	Supported Housing	Monitoring of lifeline customers for South Holland	£34,750	£34,750
Corporate Services	Environmental Health	Redeployment of staff to front line services	£84,114	£84,114
	Corporate services – Modernisation agenda	Website use to contact SKDC	£122,129	
Procurement	Service Transformation	ICT server replacement	£4,000	£4,000
	Financial Services	E-procurement	£9,325	
	Corporate Services	Civic Vehicle	£25,063	£25,063
	Financial	Internal Audit	£35,000	£35,000

	Services Service Transformation Asset and Facilities Asset and Facilities	contract Telephony Mobile Phone Contract 5% saving on preventative maintenance of M&E	£1,100 £6,330 £7,970	£1,100 £6,330 £7,970
Productive Time	Care Services	Care Services Sickness Reduction	£16,236* Previously £25,311	£16,236*
	Corporate Services	Corporate Sickness Reduction	£48,078* Previously £89,097	
Transactions	Financial Services	Electronic payments	£14,913	
	TOTAL		£449,422	£214,563

Throughout the year there has been extensive work undertaken by the accountancy section in order to identify savings that can be achieved to meet our 2006/07 target. During the course of this work the following areas have been identified as addition efficiency savings totalling £208,980:

Efficiency Area	Service Area	Description	Amount	Of which Cashable
Corporate Services	Planning Policy	Redeployment of staff to front line services	£11,132	£11,132
	Waste Services	Redeployment of staff to front line services	£16,521	£16,521
Procurement	Legal Services	Tree Preservation Orders	£7,083	£7,083
Transactions	Corporate	AllPay	£106,656	£106,656

	Services			
	Financial Services	CEDAR electronic ordering	£24,925	
	Corporate Services	Customer Service transactions	£37,673* New gain	
	TOTAL		£208,980	£141,392

These calculations are based on predicted outcomes using the latest available information, but these will be subject to change and will require regular review throughout the remainder of the financial year.

Therefore, against the target for 2006/07 of £725,000 the savings identified to date are £658,403 which is broken down as follows:

	<u>Cashable</u>	<u>Non-cashable</u>	<u>Total</u>
2005/06 ongoing	£214,563	£234,860	£449,422
<u>2006/07 new</u>	<u>£146,383</u>	<u>£62,598</u>	<u>£208,981</u>
Total	£360,945	£297,458	£658,403
2006/07 Target	£362,500	£362,500	£725,000
Variance	(£1,555)	(£65,042)	(£66,597)

Overall there is a shortfall of £66,597 for achieving the overall efficiency target, of which the majority of relate to non-cashable efficiency gains. Further analysis will need to be undertaken in conjunction with the on-going review work on the savings found thus far.

4. COMMENTS OF SECTION 151 OFFICER

I have been consulted regarding the content of this report.

5. COMMENTS OF MONITORING OFFICER

No comments.

6. CONCLUSION

Work will need to be undertaken to identify the required shortfall in efficiency gains (mainly non-cashable). Accountancy services will be putting further processes in place to capture the further savings necessary to ensure the Council achieves its overall efficiency target for 2006/07. However, input from service areas is essential if these further savings are to be realised.

7. CONTACT OFFICER

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REPORT TO RESOURCES D.S.P.

REPORT OF: Risk Management Team Leader

REPORT NO.: CHFR 28

DATE: 18th January 2007

TITLE:	Risk Management
FORWARD PLAN ITEM:	No
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	No

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor T Bryant Finance and Assets	
CORPORATE PRIORITY:	Use of Resources	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? N/A
BACKGROUND PAPERS:		

1. INTRODUCTION

This paper outlines the current position in respect of the risk management arrangements at SKDC and the planned actions following the appointment of the risk management team leader.

2. RECOMMENDATIONS

Members are asked to note the contents of the report.

3. DETAILS OF REPORT

3.1 Risk Management

At the beginning of December 2006, an initial assessment of the risk maturity of the Authority was undertaken. The assessment was carried out using criteria supplied by the Institute of Internal Auditors. This rates an organisation as risk naïve, risk aware, risk defined, risk managed or risk enable. Following the initial assessment, SKDC are considered to be risk defined. This means that the majority of recognised risk management processes have been put in place within the Authority, although many need reviewing and updating to reflect current best practice. It is also clear that, whilst risk management is considered routinely at senior management level, there is a need to embed risk management processes at service delivery level. The aim is to provide a consistent clear approach to risk management across the whole organisation.

At the time of this report the following progress has been made towards this objective:

The risk management strategy has been reviewed and updated and is currently under discussion with the Management Board to ensure that its recommendations and approach are consistent with the Authority's risk appetite and working practices. Following agreement with management, the strategy will be presented to members for approval.

A risk management action plan has been produced as an integral part of the Risk Management Strategy. This will provide a useful tool to enable management and members to monitor the progress of risk management within the Authority.

A risk management training programme will be established which will provide appropriate training to members and officers.

An annual report in respect of risk management will be produced for 2006/07. This will be presented to members.

3.2 Business Continuity Planning

Business continuity planning, in conjunction with the support provided by Lincolnshire Fire Services, will be managed by the risk management team. This will enable a

consistent approach to the identification and management of the risks relating to business continuity that is aligned to the overall risk management processes at SKDC.

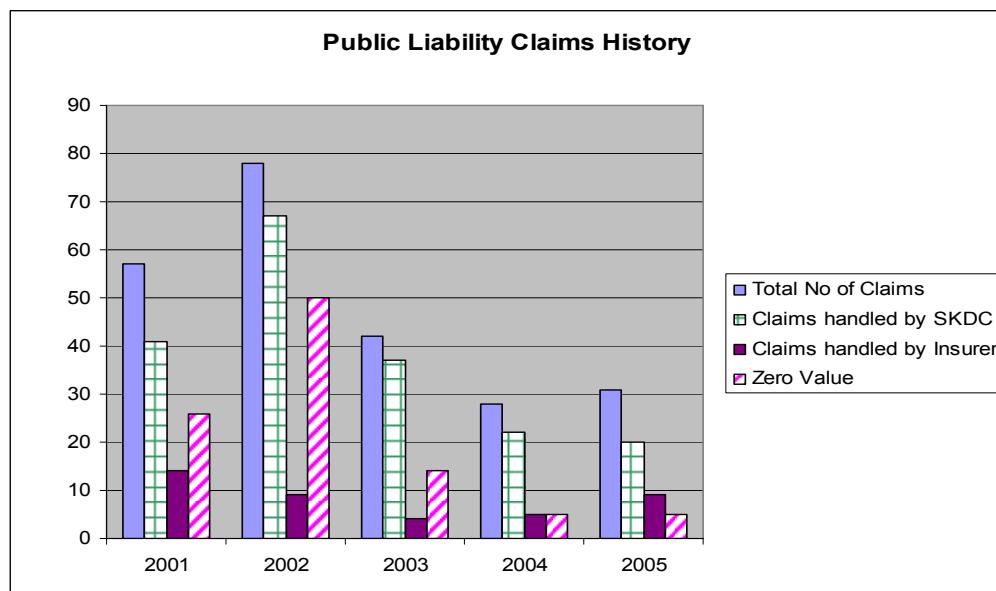
3.3 Insurance

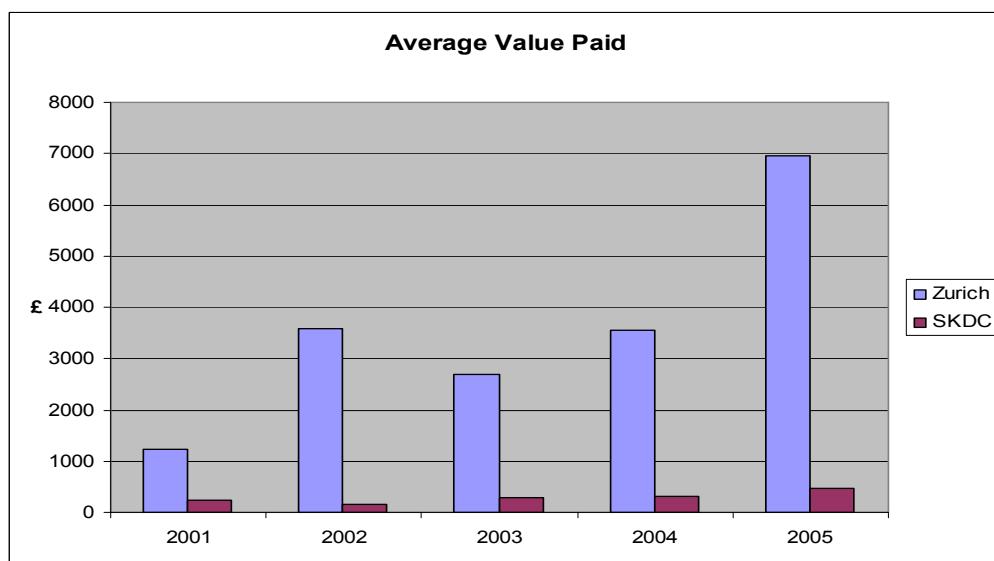
The current software used for managing insurance claims has limited functionality. Whilst it enables management of individual claims and retains the records for historical purposes, this data is not readily accessible for management information purposes. It is therefore not easy to review the overall claim history of the Authority. Zurich Municipal, the Authority's insurers, can provide historical information in respect of claims handled through them; however this only provides part of the insurance history as a proportion of claims are handled directly by the Authority. The software will no longer be supported by its suppliers later this year and the opportunity has been taken to review the available software options in order to meet the Authority's requirements.

Summary of Insurance Claims History

Public Liability

The following charts provide an illustration of the public liability claims history for the Council in recent years. The first chart shows that the level of claims has decreased, although the following chart shows that the average value of these claims has increased significantly since 2003. Further analysis is required to identify the underlying reasons for this increase. Considerable work has been undertaken by the Council's Insurance Services Officer in working with officers to minimise the public liability risks and dealing with insurance enquiries prior to the submission of actual claims.





Motor Vehicle

A review of the motor vehicle claims submitted to Zurich Municipal shows a significant increase in the number of claims, as illustrated in the following table:

Year	Number of Claims
2001/02	14
2002/03	13
2003/04	34
2004/05	25
2005/06	27

This increase coincides with the decision to bring refuse collection in-house as can be demonstrated by the following table showing the number of claims by department:

Year	Building	Corporate Services	Housing	Social Services	Environmental Services	Highways	Refuse Collection	Other
2001/02	2	1	7	3				1
2002/03	1	2	2		2	1		5
2003/04		1		1			26	6
2004/05			3				20	2
2005/06	1		1		1		21	3
TOTAL	4	4	13	4	3	1	67	17

Further analysis of the motor vehicle claims is currently being undertaken by Zurich Municipal. The results of this analysis will be used to inform decisions regarding the management of the motor vehicle insurance risk.

3.4 Internal Audit

The risk management team will work closely with the Authority's internal auditors to enable the internal audit work programme to contribute towards the enhancement of risk management processes. Monthly liaison meetings will continue to take place and current arrangements in place to promote the role of the internal auditors as risk experts and advisors will continue to be developed.

3.5 Monitoring

It is proposed to establish a database of risk related recommendations and proposed actions, arising from such items as internal audit reports, risk register reviews, external reviews (eg Use of Resources), statement of internal control, etc. This will enable effective monitoring of the implementation of agreed actions and the subsequent strengthening of the internal control and risk management environment.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

5. COMMENTS OF SECTION 151 OFFICER

I have been consulted regarding the contents of this report

6. COMMENTS OF MONITORING OFFICER

No comments

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

8. CONCLUSION/SUMMARY

With the establishment of the risk management team, the Authority is in a strong position to move forward with embedding effective risk management.

9. CONTACT OFFICER

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RESOURCES DSP BRIEFING PAPER **(DATE – 18 JANUARY 2007)**

REVIEW OF CAR PARKING POLICY IN GRANTHAM AND STAMFORD INCLUDING BENCHMARKING

PAUL STOKES – ASSET & FACILITIES MANAGER

1.0 Introduction

This paper is to update the DSP on the current position regarding car parking, set out actions required and advise upon benchmarking information obtained.

2.0 Details

2.1 The current policy relating to the car parking service, agreed by Cabinet in January 2004 established a biennial review of car parking charges and as a minimum an increase in line with inflation.

The next increase is applicable in April 2008 but papers relating to the amount of increase will be required in the forthcoming months, in particular if any re-designation of car parks is considered other than increased charges as the Council must fully comply with the statutory requirements of the Road Traffic Act 1984 requiring a full consultation period of up to 6 months.

2.2 The completion of the Multi-storey Car Park at Welham Street, Grantham is anticipated in August 2007. Currently Welham Street is designated as a single storey long stay car park, with 151 spaces, and as a result of the construction works will become 3-storey with 328 spaces. There are various charging options available such as retain all spaces as long stay or opt for short stay on the ground floor and long stay on the upper stories. Also there have been requests from adjacent businesses to purchase season tickets with allocated spaces.

2.3 The Car Park at Wharf Road, Stamford will be closed from April 2007 until the end of August 2007 to allow for the works of removing contaminated materials. Temporary spaces have been created at the Cattle Market site in Stamford but there will be a shortfall of 107 spaces during this period.

2.4 Benchmarking information obtained for the 2006 review established that Grantham and Stamford offered cheaper parking than several adjacent towns and this data was utilised in consideration of that review. The process of obtaining like data for the next review has now begun.

- 2.5 Currently the Council employs four car parking attendants, with one who acts as Supervisor. Two are based in Grantham and two in Stamford. Statistics obtained from the recent Decriminalised Parking Enforcement Study for all Councils within Lincolnshire indicate that the issue of 3.2 Excess Charge Notices (ECN'S) per parking attendant per day in South Kesteven is in the upper quartile. Similarly income revenue arising from ECN'S in South Kesteven is in the upper quartile, although the discount offered for early payment, i.e. within 7 days, is high compared to others.
- 2.6 The Council operates charging for Car Parks on a pay and display basis, which is relatively cheap and cost effective. However, more sophisticated methods are available and are currently being considered for "pilot" on Welham Street, Grantham.

3.0 Recommendation

- 3.1 That the Resources DSP consider future actions required for the satisfactory implementation of the current car parking policy.

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Resources DSP - Performance Monitoring 2005/06

Those indicators with a number in the PI column are from the Government's Best Value Performance Indicators suite used by many Councils. The remaining indicators are local to SKDC and may be relatively simple measures/indicators only. The reader is asked therefore to exercise an element of caution when interpreting any data attached to them.

IND Type = C - Cumulative/% - Percentage/ CA - Cumulative Average/N - Number/A - Average

Reporting = blank - Monthly/Q - Quarterly/Y - Yearly/H - Half yearly (Sept)

PI	SKDC Priority Area and PI Description	Lead Officer	IND Type	Reporting	2005/06 SKDC Outturn	2004/05 Upper Quartile	2006/2007 SKDC Target	April	May	June	July	August	September	October	November	Are We Improving Yr on Yr?	2007/2008 SKDC Targets	2008/2009 SKDC Targets
USE OF RESOURCES Priority A																		
BVPI 9	Council Tax collected	Craig Scott	C		98.30%	98.3%	98.60%	10.56%	20.89%	30.34%	39.8%	49.27%	58.77%	68.37%	77.90%	N	98.70%	98.80%
SK90	% of CT payers paying by direct debit/self serve	Craig Scott	C		66.30%	N/A	70%	69.91%	70.69%	71.65%	69%	72.29%	72.56%	72.77%	72.88%	Y	71%	72%
BVPI 10	NDR collected	Jeanette Strutt	C		98.90%	99.10%	99.0%	12.20%	23.78%	33.07	41.89%	50.97	59.80%	70.06%	79.01%	Y	99.1%	99.2%
BVPI 12	Days sick per member of staff	Joyce Slater	CA		8.10	8.40	8	6.24	6.77	6.53	6.17	6.13	6.13	6.67	7.04	Y	7.9	7.8
SK113	% of large projects delivered on time and within budget	Sally Marshall (lead)	%		N/A	N/A	80%	n/a	n/a	n/a	N/A	N/A	N/A	N/A	N/A	n/a	80%	90%
SK114	% availability of core ICT systems during core working hours	Andy Nix	CA		95%	N/A	96%	n/a	98.5%	98.75%	98.75%	99.00%	99.00%	0%	99.45%	n/a	97%	97.5%
SK117	% of "Z" savings achieved	Richard Wyles	%		N/A	N/A	tbc	n/a	n/a	n/a	34%	54%	54%		60%	n/a	tbc	tbc
SK118	Use of Resources - Assessment Score	Sally Marshall (lead)	N	Y	N/A	N/A	Level 2									n/a	Level 2	Level 3
SK119	% of Gershon targets achieved	Richard Wyles	C	Q	N/A	N/A	100%			n/a						n/a	100%	100%
OTHER BVPIS - CORPORATE HEALTH BASED																		
BVPI 8	Invoices paid on time	Sally Dalby	C		98.30%	95.90%	99.5%	100%	99.8%	99.56%	99.26%	99.35	99.32	99.29	99.25%	Y	99.5%	99.5%
BVPI 15	Ill health retirements / staff	Joyce Slater	C		0.20%	0.1%	0.30%	0%	0%	0	1%	1%	0.41	0.35	0.31%	N	0.30%	0.30%
SK110	Number of FTE staff employed by SKDC	Joyce Slater	N		547	N/A	545	550	553	548	544	544	547	548	547	Y	545	545
SK111	% Turnover of leavers from SKDC in year	Joyce Slater	C		6%	N/A	10%	17%	11%	11%	8.42%	8.58%	8.02	7.90	7.15%	n/a	10%	10%
SK112	% of elected members that have attended SKDC elected member training & development programme events	Joyce Slater	C	Q	N/A	N/A	90%			32.7%			32.7	32.7	32.70%	n/a	90%	90%
SK115	Number of Staff satisfaction survey's done using the Opinionmeter	Ellen Breur	C	H	N/A	N/A	1						N/a			n/a	2	2
SK116	% Performance & Development Reviews completed	Joyce Slater	C		N/A	N/A	100%	n/a	9%	10	11%	20%	39%	44%	59%	n/a	100%	100%

DEVELOPMENT AND SCRUTINY PANELS (DSPs) WORK PROGRAMME 2006/7

INTRODUCTION

This Work Programme is partly derived from the Cabinet's Forward Plan, but also contains items that have been brought forward by the DSPs themselves.

Where the item has appeared on the Forward Plan, the anticipated date of the key decision is listed in the second column. The third column shows the last available date that the full DSP can consider this item before the key decision is due to be taken (unless a special meeting is called). This does NOT necessarily mean that the item will appear on the DSP agenda, this will only happen if this is requested by the Chairman or members of the DSP. There will also be instances where there is no DSP meeting before a decision is due to be taken; in these cases the next meeting date after the decision date is shown.

As Cabinet meets monthly and the DSPs meet bi-monthly it is not possible within the current timetable of meetings for the DSPs to consider every single Cabinet or Cabinet Member decision. Scrutiny members are therefore encouraged to read this Work Programme and bring forward items for consideration where they think that an item should be considered by the DSP.

DEVELOPMENT AND SCRUTINY PANELS (DSPs)
WORK PROGRAMME 2006/7

RESOURCES DSP			
<u>ISSUES FOR CONSIDERATION</u>	<u>Date item appeared on Forward Plan</u>	<u>DATE OF KEY DECISION (IF APPROPRIATE)</u>	<u>DSP MEETING</u>
LSVT – financial aspects		Ongoing	Ongoing
Internal Audit		N/a	Ongoing
Budget Monitoring		N/a	review quarterly
Service Planning: Gateway Reviews		Jan/Feb 2007	Gateway 2 15.11.06 Gateway 3 18.01.07
Gateway Reviews Process: Scrutinise progress/outcome		Jan/Feb 2007	18.01.07 and 08.02.07
Use of Resources Action Plan	N/a	N/a	18.01.07
Council salary levels	N/a	N/a	18.01.07
Risk reduction using outside providers of financial services	N/a	N/a	18.01.07
Revenues and Benefits awaited legislation	N/a	N/a	18.01.07
Benchmarking of car parking policy	N/a	N/a	18.01.07
Financial impact of equal pay legislation	N/a	N/a	18.01.07
Dial a ride update	N/a	N/a	18.01.07
Treasury Management Strategy		Not before January 2007	18.01.07
Pathfinder status – to consider	Dec 06	Not before January 2007	18.01.07

DEVELOPMENT AND SCRUTINY PANELS (DSPs)
WORK PROGRAMME 2006/7

applying for PS for enhanced two tier working			
Local Area Agreement – approval	Dec 06	Not before January 2007	18.01.07
Post scrutiny of pensions policy	N/a	N/a	18.01.07
Budget 2007/8	Dec 06	Feb/March 2007	18.01.07
Strategy on use of resources including climate change strategy and VFM strategy	Dec 06	February 2007	18.01.07
Financial spend on management restructure (provisional)	N/a	N/a	18.01.07
Grantham Masterplan – potential financial issues	N/a	N/a	18.01.07
Capital Programme Projections	N/a	N/a	08.02.07
County Council contribution to SKDC leisure centre usage by schools	N/a	N/a	08.02.07
People Strategy	Dec 06	Not before March 07	15.03.07
Lyons Enquiry – outcome of report	Dec 06		June 2007
Operation of Arts Centres – maximum subsidy per council tax payer		N/a	Portfolio holder to be invited to future meeting
Staff employment statistics		N/a	To receive quarterly reports

Agenda Item 22

NOTES OF THE BUDGET WORKING GROUP – 15TH DECEMBER 2006

PRESENT:

Working Group Members:

Councillor Brailsford
Councillor Kirkman (Chairman)
Councillor Lovelock (Vice-Chairman)
Councillor Martin-Mayhew
Councillor Moore
Councillor G Taylor
Councillor Thompson
Councillor M Williams

Officers:

Rebecca Chadwick
Sally Marshall
Paul Morrison
Colin Wyatt
Richard Wyles + 1 other

Other Members Present:

Councillor Auger
Councillor Bryant – from 11.00a.m.
Councillor Carpenter – from 11.00a.m.
Councillor Mrs Cartwright – from 11.00a.m.

APOLOGIES:

Apologies for absence were received from Councillors: Conboy, Craft, Mrs Dexter, Joynson, Nadarajah, Nicholson, M Taylor, J Smith and Mrs Smith.

WELCOME:

Councillor Kirkman welcomed everyone to the meeting and thanked the finance team for their tremendous amount of work on the budget preparation.

The Corporate Head of Finance and Resources addressed the issues facing the working group. These were: available resources; spending pressures; mitigation; and the cabinet view.

AVAILABLE RESOURCES:

- The Local Government Settlement and Formula Grant had been confirmed at £9.626m. This was the same as had been confirmed last year. It was not the lowest grant in comparison with other authorities, but the council was far from the maximum.
- The Comprehensive Spending Review was due to be announced in the summer of 2007, and this would point to the government providing a three-year settlement. It would be likely that the amount would be very tight, especially for districts. The council therefore needed to look to a sustainable solution by focussing on prioritisation.
- Government capping levels for council tax had been confirmed at 5%. Being one of the lower council tax bases in the country, the council would be starting at a low base for council tax increases.
- This would provide just under £677,000 above the 2006/07 budget to meet all inflationary increases and service increases. It was therefore likely that the council would need to increase council tax close to the maximum 5% allowed. To fund growth in certain areas, cuts in others would have to be made.
- In relation to specific grants, the government was likely to top-slice from its formula grant to meet the government's priority areas. In certain service areas, this would be

allocated to the county council, because of pressures to work in partnership. Further details on the planning delivery grant, waste performance efficiency grant, local authority business growth initiative and the housing benefit administration grant were provided at the meeting. The officer advised that it would be prudent to assume that no revenue support would be provided.

- Fees and charges did provide some flexibility for the council to vary its income in discretionary areas, although government guidance did have to be considered. The council did have a trend in under-estimating user numbers and so this needed to be addressed. The working group noted that the Resources DSP had asked for a fundamental review of fees and charges.

SPENDING PRESSURES:

- £310,000 had been identified in service plans as bids for growth. These had been taken out of the budget preparation for scrutiny by the group.
- £813,000 growth (of which £654,000 were contractual commitments) had been estimated for salary budgets with a potential 2.5% salary increase. The Local Government Association had indicated that no more than 2% should be allowed but pressures to make salaries more dynamic to reflect other industries needed to be considered.
- The group expressed its concern that salary levels at the council were well below market rate and should therefore not be considering a salary increase less than 2.5%.
- The forecast savings for the recent management restructure were questioned by the group and they were told that the calculations would be available in the new year.
- Other aspects of salary budgets were explained, including staff development and some contractual commitments to career-grade staff.
- Overtime assumptions had been extracted from budget estimates and the introduction of annual hours working for staff had reduced the need to pay overtime, although this was still necessary for out-of-hours services: cleansing, asset & facilities management, homelessness, building control, environmental health and tenancy craft workers.
- Other spending pressures included increases in supplies and services.
- Analysis of the general fund to find historic areas of under-spends was underway. No patterns had yet been identified but managers were being encouraged to consider carefully their budget requests to avoid having unnecessary surpluses.
- The issue of internal recharges may alleviate the general fund to some degree because there may have been an under-recharge of internal support charges to the housing revenue account. This was being reviewed and the introduction of time recording would help with this.

MITIGATION:

- The need to identify further efficiencies, such as mechanisation, smarter administration and back office efficiencies, was a major issue in relation to mitigation.
- A member of the working group talked about the need for councillors to also work more efficiently by receiving paperwork electronically.
- The Comprehensive Spending Review was focussing on asset bases and reserves and therefore it may be difficult for the council to keep large reserves if they were not allocated for certain projects. The working group considered it important, however, to have a prudent reserve.
- Prioritisation and redistribution of resources needed to be considered. The council had looked to save £480,000 from category Z services but only £288,000 had been saved

during the current year. For further internal investment, the council needed to achieve further savings.

- The sustainability of reserves needed observing because it provided income investment. However, it would not be prudent to use this for revenue purposes. The capital reserve had been at £5,000,000 at the start of the current financial year but this was now close to being spent.
- Interest receipts had been increasing but these were estimated to level out shortly. Building control reserves, which were required to break even over a three-year period, did have an estimated surplus and so it needed to be investigated whether that service was being charged correctly.
- The working group considered that any capital programme proposal with revenue implications should not be progressed.
- The working group also asked about the impact of pension proposals for 2008/09. It was advised that the county council's deputy treasurer had provided guidance on the government's option arising from its review of the local government pension legislation. The government option had been the least favourite as it was the most expensive for local authorities and employees. There would be a separate report to cabinet when appropriate.
- More work was required to consider the Special Expense Areas (SEAs), and the chairman advised on the deficits for each. It was noted that a council tax increase above capping limits might be required to recover these and the Section 151 officer was making further investigations in the matter. The working group was still keen that they be reviewed with a view to eliminating / reducing the deficits.
- The working group also asked about progress with the leisure trusts and the officers advised that this was being progressed by Asset & Facilities Management. **They were also further advised that if there was eventually**
- The officers also advised that the capital programme needed to be robust and be longer-term.
- Public consultation on the budget would take place in January at the local forum meetings.

CABINET VIEW:

Cabinet had so far highlighted the need to:

- Check robustness of assumptions made about fees and charges.
- Take out bids for growth in service areas and put back subject to prioritisation and available resources.
- Look at contractual commitments only for salary growth.
- Check the meeting of objectives for category M services.
- Examine the likelihood of achieving category Z saving, especially assumptions made about travel voucher savings.
- Analyse underspends.
- Examine the impact of internal recharge distribution.

BUDGET DETAILS:

The working group scrutinised in detail the growth items requested in the service plans. Various issues were discussed with the officers and cabinet members present at the meeting. A number of items were considered as potential priority areas for inclusion in the budget and recommendations made appropriate, as recorded below.

The working group also considered:

- Analysis of budget deficit of services according to their priority-category.
- Costings for training
- Progress with the leisure trust
- The need to provide career progression to retain staff
- Budget for income from fees and charges
- Analysis to identify underspends
- Details on subsidies of arts and leisure centres

Having completed its scrutiny, the budget working group considered that the DSPs were in a good position to proceed with gateway review 3.

RECOMMENDATIONS

(1) That cabinet be recommended not to include growth areas identified in service plans in the 2007/08 budget with the following exceptions:

- **Investment required for the Deepings Leisure Centre pool air handling units and water filtration system be taken from the capital assets maintenance budget.**
- **The Asset and Facilities bid for £10,000 towards the Welland Carbon Trust Energy Contribution be a standby priority area should available funding arise from the LLGBI.**
- **Proposals for growth in Waste Management be a standby priority area should the proposals be shown to be self-financing.**
- **The bid for Play equipment be a standby priority area.**
- **The bid for a compost bin at Wyndham Park be included only if there are mitigating circumstances requiring its implementation.**
- **The bid for an ASBO officer be approved only subject to self-funding from changes to a management position.**
- **Funding required for the update of the fire alarm system at Stamford Arts Centre be taken from the capital asset maintenance fund.**

(2) Cabinet also to be recommended the following:

- **The new travel vouchers scheme for 2008 be implementation at the same time as the national scheme in April 2008. (i.e. The January – March 2008 current scheme vouchers not be issued). The potential to extend the time limit for redemption of 2007/08 vouchers up to the end of March 2008 be investigated.**
- **All out of hours services provided by the council be reviewed.**
- **The Special Expense Area deficits be reviewed.**
- **Any future capital projects that have a potential detrimental effect of revenue be carefully considered.**
- **To consider whether category M services have been given the right priority level.**
- **If there are any estimated underspends for the current financial year, they should not be spent unless there is a sound business case. Actual spend for the current financial year should form the base budget for 2007/08.**