

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE** held at on Monday, 7 September 2009

PRESENT

Cllr J G Jamieson (Chairman)
Cllr J A E Clarke (Vice-Chairman)

Cllrs P A Duckett
D J Hopkin
R W Johnstone

Cllrs D Jones
Mrs J G Lawrence
Mrs C Turner

Apologies for Absence: Cllrs Mrs A Barker

Substitutes: Cllrs L Birt

Members in Attendance: Cllrs R Stay

CR/09/026 **Apologies for Absence**

Apologies for absence were received from Councillor Barker, and Councillor Birt was present as her substitute.

CR/09/027 **Minutes**

The minutes of the meeting held on 10 August were approved as a correct record and signed by the Chairman.

Comments were made regarding style and grammar and a request was made that minutes be written in line with the principles of Plain English.

CR/09/028 **Declarations of Interest**

There were no declarations of interest.

CR/09/029 **Chairman's Announcements and Communications**

The Chairman advised the Committee, in relation to minute CR/09/022 ICT Strategy/Accommodation Strategy, that the Accommodation Strategy would start to deliver changes before Christmas, achieving this earlier than previously anticipated.

CR/09/030 **Petitions**

There were no petitions.

CR/09/031 Public Questions, Statements and Deputations

There were no questions, statements or deputations from members of the public.

CR/09/032 Call-In

There had been no matters of call-in.

CR/09/033 Department Overview: Financial Services

The Committee received a presentation providing a department overview from Matt Bowmer, Assistant Director Financial Services. The slides are attached to these minutes at Appendix A.

Members were advised of staff changes and noted that Nyree Home had now taken up the role of Head of Business Finance and Adrian King the post of Corporate Finance. Robert Gregan remained as Head of Procurement.

The Committee was advised of a range of issues and challenges as set out in the slides.

A discussion ensued on the roles of second and first tier officers in developing Directorates' budgets. It was noted that in the last year preparing the budget had been carried out without the full complement of Directors. For the budget preparation period this year all Directors and most of the Assistant Directors were already in post. They would be working on their own Directorate's budget and had been asked to model on the basis of cuts to the order of 5%, 7% and 10% of the current year's budget. Officers would work together at a wide-ranging challenge session.

Members were advised that whilst the Financial Services team was seeking to maximise returns on balances and review borrowing costs the harsh economic climate had led to a low interest rate which limited options. It was noted that the Council's need to borrow remained unchanged. Whilst the Council had inherited a good portfolio it might become appropriate to switch borrowing to a variable rate – this was being monitored on a daily basis.

In response to a question it was noted that a cashflow model was nearing completion and that this would be refined as further data became available. It was noted that much cashflow was predictable (e.g. income arising from the Council Tax payments made through Direct Debit) but that other (e.g. capital schemes) were less certain. Adhering to good financial management procedures already in place contributed to managing this well.

The Committee noted the presentation.

CR/09/034 Budget Setting Process 2010/2011

The Committee received a presentation by the Assistant Director Financial Services setting out key dates for the budget setting process. The slides are attached to these minutes at Appendix B.

Members were concerned that there should be sufficient opportunity for the Committee to consider budget proposals. Members discussed how this should be approached and agreed that a meeting of the Committee in the week starting 8 December would be timely. The meeting scheduled for 30 November could be moved forward for this purpose. A suggestion was made that a Task Force should review the budget setting process, and comments were made that this would be valuable once lessons could be drawn from the process currently ongoing.

RESOLVED:-

1. to note the presentation on the Budget Strategy 2010/2011;
2. that the meeting of the Committee scheduled for 30 November 2009 should be moved to the week starting 8 December 2009 to enable scrutiny of the budget proposals within the Committee's remit;
3. that a Task Force be set up, comprising members of other Overview and Scrutiny Committees as well as this one, to review the budget setting process once lessons could be learned from the current process, and that its first meeting be held in January 2010.

CR/09/035 Quarter 1 Budget and Performance Information

The Committee considered a report providing information on the budget position as at 30 June 2009 as well as performance information. In response to a question the Director of Corporate Resources advised that a plan was in place to streamline the budget information flow such that up to date information would be submitted to this Committee and then considered by the Executive shortly afterwards.

The Committee noted that whilst it was important to clamp down on overspends, carrying some extra posts (e.g. as now in Human Resources to complete the harmonisation programme) would provide long term gains.

In response to a comment that much of the current overspend was property related, the Director advised that insufficient information had been provided in advance of Vesting Day regarding properties. Additional facilities management staff were on the Central Bedfordshire Council payroll and the Council also had responsibility for security for the additional buildings. Work was being undertaken urgently to rationalise office accommodation. The Director indicated that he would provide information after the meeting in response to a question as to the percentage of unlet council property.

A discussion ensued regarding the outstanding property issues yet to be agreed with Bedford Borough Council, including the County Farms. It was noted that a complete opening balance sheet must be in place from 1 April 2010 and that a negotiated settlement remained the best outcome. However, it was also noted that it might be necessary to go to arbitration in due course on all of the matters which had not been agreed. Members were advised that a

consequence of the opening balance sheet not being in place on time could be the qualification of the accounts, which must be avoided.

Members were concerned that cleaning and maintenance costs at Borough Hall were in the region of £40,000 per month but that the Borough may have been divesting itself of other properties with their associated costs. The Committee was advised that plans were in place to move the majority of Bedford-based employees to Technology House in the very near future and the remainder over the next three years. .

Members noted the cost implications of employing specialist lawyers in relation to child protection and were advised that where possible, working in partnership with neighbouring local authorities would be undertaken to reduce costs. The Director commented that increasingly, local authorities were seeking to work together to reduce costs.

A discussion ensued on the importance of reducing overspends by identifying issues early and seeking to address them. Members commented that identifying where savings might be made was important, and noted that the Council consistently held approximately 300 vacancies.

The Committee considered the performance information. It was noted that the Directorate did not have direct control over a number of the performance indicators. Discussions were being held with the Policy and Performance team as to how more meaningful performance indicators could be shaped.

The Director of Corporate Resources committed to provide the Committee with a robust updated budget forecast "as is" Corporate Resources for 2009/10 and the steps proposed to achieve the budget.

RESOLVED to note the report.

CR/09/036 **Task Force Feedback: Review of the Procurement Strategy**

The Chairman provided an update to the Committee on the work to date of the Procurement Strategy Task Force. Prior to doing so, he thanked the other members of the Task Force for their work and also on their behalf, expressed thanks to Robert Gregan, Head of Procurement and his team for their invaluable support.

Members noted that the Task Force had reviewed the Council's procurement practices with the Head of Procurement and also discussed issues with the Corporate Resources Portfolio Holder and the Director of Corporate Resources. No discussions had been held with other Directorates.

Background to the Council's spending on goods and services was provided to the Committee including figures for the number of suppliers and invoices received annually. The top 250 contracts had also been identified.

Findings included that:

- A significant proportion of current expenditure had been made without the full involvement of the procurement team

- A significant proportion of expenditure was thought to be off-contract
- Procurement policy was not always adhered to throughout the Council.

The Chairman detailed a number of matters which might be included in a successful Procurement Strategy. These included:

- that the role of procurement should be communicated clearly and understood by all budget holders
- the Strategy should have identifiable objectives, responsibilities and timing
- there should be a category review for the top six expenditure categories
- contract management structures should be improved and use made of Key Performance Indicators to facilitate better contract management.

Members noted that a number of recommendations arising from the Task Force's work would be reviewed with the Procurement Team and then the draft Procurement Strategy would be brought to the Committee. The Task Force had also suggested further work including focusing on a particular contract where there were issues and reviewing the strategy on a regular basis. Members also considered that it would be valuable to review the situation regarding procurement in 3 months time.

RESOLVED:-

1. to note the Chairman's report on the Task Force's work;
2. that the Committee should consider the draft Procurement Strategy at its November meeting, before it was submitted to the Executive;
3. that the Task Force reconvene in December/January to review the position in relation to the Procurement Strategy at that point.

CR/09/037 Revised Work Programme

The Committee received its revised Work Programme. It was noted that items at the next meeting would comprise the following:-

- Department Overview: Human Resources and Organisational Development
- Review of the Capital Programme 2009/10
- Medium Term Property Strategy
- Revised Budget Outturn.

CR/09/038 Executive's Forward Plan of Key Decisions

The Committee noted the Executive's Forward Plan of Key Decisions for the period starting 1 September 2009.

CR/09/039 Date of Next Meeting

The Committee noted that the next meeting would be held on 5 October 2009 at Priory House, Chicksands, Shefford starting at 10.00am.

Chairman

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Date

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(Note: The meeting commenced at 10.00 a.m. and concluded at 1.00 p.m.)



Financial Services

Issues/Challenges



New relationships/processes

- SAP
- Financial Procedures
- New directors and senior managers

• **Issues/Challenges (2)**

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Financial Reporting

- Closure of legacy authority accounts
- Disaggregation of the County Balance Sheet
- International Financial Reporting Standards (IFRS)

Issues/Challenges (3)

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Budget Monitoring 2009/10

- Working with business to deliver spend to budget

Budget Strategy 2010/11 to 2014/15

- Service provision v funding pressures

Issues/Challenges (4)



External Inspection

- Use of Resources

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Budget Strategy 2010/11 to 2014/15

Key Dates



| | |
|------------------------------|---|
| <p>August/ September</p> | <ul style="list-style-type: none"> •Directors to identify revenue efficiencies •Capital Bids submitted |
| <p>October</p> | <ul style="list-style-type: none"> •Fees and Charges policy agreed •Asset Management Strategy agreed •2009/10 Capital Programme Reviewed •Individual Directorate challenge days and Corporate Challenge day to consider revenue options |

Key Dates (2)



| | |
|------------------------------|---|
| <p>December/ January</p> | <ul style="list-style-type: none"> • Local Government Finance Settlement • Draft Revenue Budget to Executive • Draft Revenue Budget to Overview & Scrutiny Committees • Public Consultation |
| <p>January</p> | <ul style="list-style-type: none"> • Treasury Management Policy agreed |
| <p>February</p> | <ul style="list-style-type: none"> • Executive recommends Budget • Council approves Budget |

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