

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE** held at Room 15, Priory House, Monks Walk, Chicksands on Monday, 1 February 2010

PRESENT

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

Cllr P A Duckett
R W Johnstone

Cllr Mrs J G Lawrence
J Street

Apologies for Absence: Cllr I Dalgarno
D Jones

Substitutes: Cllr A R Bastable
P Snelling

Members in Attendance: Cllr R A Baker
A D Brown
M R Jones
Ms C Maudlin
P Williams
J N Young

Officers in Attendance: Mr M Bowmer Assistant Director Financial Services
Mr R Ellis Director of Business Transformation
Mr C Heaphy Director of Corporate Resources
Mr L Manning Democratic Services Officer
Miss C Powell Overview and Scrutiny Officer

CR/09/032 Minutes

RESOLVED

that the Minutes of the meeting of the Corporate Resources Overview and Scrutiny Committee held on 18 January 2010 be confirmed and signed by the Chairman as a correct record.

CR/09/033 Members' Interests

To receive from Members declarations and the nature thereof in relation to:

(a) Personal Interests in any agenda item.

None notified.

(b) Personal and prejudicial Interests in any agenda item.

None notified.

(c) Any political whip in relation to any agenda item.

None notified.

CR/09/034 Chairman's Announcements and Communications

No announcements were made by the Chairman and no matters of communication raised.

CR/09/035 Petitions

No petitions were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 2 of Part A4 of the Constitution.

CR/09/036 Questions, Statements or Deputations

No questions, statements or deputations from members of the public were received in accordance with the Public Participation Procedure as set out in Annex 1 of Part A4 of the Constitution.

CR/09/037 Call-In

No matters were referred to the Committee for a decision in relation to the call-in of a decision.

CR/09/038 Requested Items

No items were referred to the Committee for consideration at the request of a Member under Procedure Rule 3.1 of Part D2 of the Constitution.

CR/09/039 Draft Budget 2010/11 to 2014/15 - Comments from Overview & Scrutiny Committees

The Committee considered a report by Councillor Jamieson, as Chairman of the Committee, which set out the comments received from the Business Transformation; Children, Families and Learning; Corporate Resources; Social Care, Health and Housing and Sustainable Communities Overview and Scrutiny Committees in relation to the draft budget Medium Term Financial Plan for 2010/11 to 2014/15. Members were aware that the Corporate Resources O&S Committee had been assigned the role of co-ordinating responses and comments on the Plan for presentation to the Executive at its meeting on 9 February 2010.

The Chairman stated that he felt the Committee had not had sufficient time to carry out its task as thoroughly as it should have done and that this shortcoming would need to be addressed to prevent a reoccurrence in the future. He then referred to the Committee's previous comments, which were

detailed in full in his report, and in particular to the concerns expressed regarding the current budget setting process, the lack of an overview role for the Committee in departmental budgets, the aforementioned lack of time and the lack of clarity in some of the proposals and the outcomes which would arise. The need for future budgets to be earlier and for information to be provided with greater transparency was emphasised.

In order to undertake a review of the budget setting process as quickly as was possible the Chairman proposed that a Task Force of 3-5 Members be created. The Chairman's proposal was welcomed unanimously by the Committee.

RESOLVED

- 1 That the comments received from the Council's Overview and Scrutiny Committee's on the draft budget Medium Term Financial Plan for 2011/12 to 2014/15, as set out in the report of the Chairman of the Corporate Resources Overview and Scrutiny Committee, be approved and they be RECOMMENDED to Executive for consideration at its meeting on 9 February 2010.**
- 2 That a Task Force composed of 3-5 Members be established to examine means of improving the budget setting process, having full regard to Best Practice and the processes adopted by other local authorities.**
- 3 That the Task Force carry out its work as quickly as possible with the aim of reporting its findings to the April meeting of the Committee**

CR/09/040 Medium Term Financial Plan 2010/11 to 2014/15 (incorporating the 2010/11 Budget)

The Committee received a report which proposed the Council's Medium Term Financial Plan 2010/11 to 2014/15 and the Council Tax rates for 2010/11 with indicative figures for future years. Members were aware that the report was to be submitted to the Executive on 9 February 2010 and their views were sought for submission to that meeting.

A Member drew the Committee's attention to the reference in the Targeted Efficiency Savings (Green) to the migration of Biggleswade Customer Services Centre (Point of Presence) to a shared location and sought clarification on the proposal. She also commented that although the resulting savings in premises related costs were identified in the report as £23,000 for 2011/12 she stated that, because the Council would have to give notice of its intentions, any savings would be spread over a two year period and six months rent would be payable during the first year. In response, however, the Director of Business Transformation assured the meeting that the savings would arise as stated in the report. He added that the lease for the Biggleswade premises was up for review and the arrangements would be discussed with Biggleswade Town Council. The officer also advised that customer services in general were under review and the options for the delivery of face to face services were under consideration. The Member referred to the absence of staff numbers and costs

but the officer explained that, because the option for future service provision had not been identified, it was not possible to supply this information.

The Chairman commented that he felt there was a lack of clarity throughout the report regarding staffing numbers. Another Member queried whether there were any plans to close the Biggleswade Customer Service Centre as to do so would represent a reversal of the assurances given when the then Mid Beds District Council relocated to Chicksands. In response the Director assured the meeting that the service would not be removed but that various options were being considered as to how the service might be delivered in a different way. He stressed that no decisions had yet been made. The Member commented that it would have assisted the Committee to have been supplied with information so that Members were fully aware of any developments and issues such as this did not arise unexpectedly.

A Member then referred to the possible closure of the Customer Service Centre in Leighton-Linslade and commented that he was not aware of any consultation having been carried out with either Members or the Town Council. A local Member stated that the proposal was not referred to in the report before expressing general concern that the information in the budget reports was presented in such a way as to obscure the full implications of Members' decisions. However, the Director stated that this was part of a wider review of the customer services operation but reiterated that no decision had yet been made. A range of options were being explored for each of the face to face customer service centres, the primary considerations being improvements in customer service quality and access to services whilst taking into account the need to operate more efficiently and effectively. He stated that staff and Members would be fully consulted on any proposals and confirmed that there were no plans to close the Leighton-Linslade Customer Service Centre at present.

A Member referred to a Growth Proposal for community engagement under which Members would have an area budget to draw on of up to £5000 each and queried when the opportunity would arise to debate such issues. In response the Portfolio Holder for Corporate Resources advised that discussion could take place in the current meeting. The Director of Corporate Resources then reminded the meeting that the Growth Proposals required efficiencies to proceed whilst the Assistant Director Financial Services added that the new statutory requirements could be delivered at a level the Council determined as acceptable.

The Chairman then queried the overall robustness of the budget. In response the Assistant Director stated that the proposals would become more robust over time as the officers monitored the Council's finances and took account of new pressures that arose. However, the Chairman asked that, for the purpose of this debate, the meeting put to one side the possibility of 'unknown unknowns' in terms of unforeseen budgetary pressures arising and he sought confirmation that the budget was sufficiently robust. In response the Director of Corporate Resources explained that the current budget was not one of a mature organisation given the short period of the Council's existence and that the budget was based on the merger of the budgets of the three legacy authorities. However, he stated that 2010/11 would see a noticeable

improvement over 2009/10 in accuracy and by year three of the Council's existence the budget information would be very accurate.

The Chairman sought clarification on how much the increase in budget costs was driven through Government action such as the increase in taxes, the loss of grant and legislative change. The Director was unable to respond immediately to the Committee concurred with the Chairman's proposal that this information be submitted at a later date. The Director agreed to respond shortly.

The Director stated that it was a difficult time for the Council to be established as a new Authority. The current economic situation had resulted in a loss of investment income but an increased demand for services. It was therefore difficult for the Council to deliver on its promises.

The Chairman referred to the savings arising or due to arise from projects such as Invest to Save, procurement, restructuring, the Delivery of Efficient Corporate and Transactional Services in local government (DECATS) and the transport review which were not part of the revenue budget. He sought clarification as to what action had been taken to identify the savings and prevent them from simply being absorbed into the Directorates' budgets. In response the Director stated that the role of the Efficiency Board, which monitored the Green, Amber and Red Targeted Efficiency Savings to ensure savings were delivered, could be extended to perform this function.

The Chairman expressed concern that savings from the projects could be delivered but then used. He therefore proposed that monies should be identified and added to reserves with use subject to Executive approval. The Committee gave its support for this proposal.

A Member commented that major savings could be made through procurement and queried if the Council's Directorates had had responsibility for their own procurement. In response the Chairman reminded the meeting that there was a central procurement team and that the Committee was due to receive an update on its Task Force review of the procurement strategy and consideration could be given to the opportunities for savings at that point.

A Member referred to contracts and queried the holding of reserves by each Directorate to compensate for possible overspends. She suggested that all contracts should be examined to minimise this possibility. In response the Director explained that the Council's contracts were in the process of being reviewed for value for money and that reserves were within a centrally held contingency fund.

A Member asked if reserves were robust enough to cope with unforeseen events affecting harmonisation. The Director stated that he believed the reserves to be relatively robust.

A Member suggested that a breakdown of how the average household Council Tax was allocated to Council services should be made available to the public. The Chairman reminded the meeting that this matter did not fall within the Committee's remit but that of the Business Transformation O&S Committee.

The Director of Business Transformation indicated that he would consider this task and that it was possible to provide such a breakdown. The Member asked that the information not be provided in percentage terms as this would be difficult for the public to interpret. The Chairman suggested that Members advise the Director of their comments and he discuss these with the Chairman and Vice Chairman of the Business Transformation O&S Committee and the Portfolio Holder for Business Transformation.

RESOLVED that the Director of Corporate Resources provide an estimate of how much budget costs have increased as a result of Government action resulting in grant loss, increased taxation levels, legislative change etc.

RECOMMENDED to Executive that it:

- 1 Identifies the additional savings from those initiatives which are not currently part of the revenue budget;***
- 2 Ensures that, once the savings have been identified, relevant Directorate budgets are adjusted and the savings added to reserves;***
- 3 Requires its specific approval to allow the use of any of the additional savings.***

CR/09/041 Capital Programme 2010/11 to 2014/15

The Committee received a report which set out the Council's spend for 2010/11 to 2014/15 and proposed funding through the use of capital receipts and borrowing. Members noted that the report was to be submitted to meeting of the Executive on 9 February 2010.

In addition the Director of Corporate Resources referred Members to a table (Table 7) in the report on the Medium Term Financial Plan (minute CR/09/041 above refers) which provided a summary of the Capital Programme. Members noted that the impact of the proposals on borrowing and the use of previously unapplied capital receipts had been taken into account in the formulation of the Plan. The Director of Corporate Resources explained that the aim was to ensure capital spending was spread evenly over the five year period in order to prevent peaks and troughs. He then drew Members' attention to the severely decreasing level of existing capital receipts. He pointed out that only £2.762 million in receipts would be available in 2011/12 following which the figure would be zero unless sales took place. The Director commented that to sell assets during the current period of depressed market values could mean the Council was not maximising potential income but if did not sell then gross capital spending would fall substantially unless new borrowing was used to fill the funding gap. The Director explained that in view of the interest and principle repayments it was better to generate new capital receipts than new borrowings but he acknowledged that, in the short term and under the current economic climate, this would be difficult decision for the Council to make.

In response to a query by the Chairman regarding the schemes likely to receive grant funding the Assistant Director Financial Services stated that the rolling programmes provided the best likelihood. On the possible future availability of capital receipts the Director explained that this was dependent on demand arising from the development framework which was difficult to predict. He stated that it was too early to make any assumption as to when this would occur.

In response to a query by a Member on the composition of the new capital receipts the Director explained that the new capital receipt figure detailed in table were at a level needed to balance the programme so it was now necessary to identify what assets could be disposed of to provide this figure. He advised that the Council had assets of substantial value in the longer term.

In response to the Vice Chairman's comments regarding the absence of asset purchase to replace those sold and therefore provide a future investment the Director advised that it was possible to use capital to provide a new school and then sell the old school site. However, a Member commented that many school sites had covenants restricting their use to educational purposes. The then Bedfordshire County Council had closed some schools but had been left with empty buildings. The Director pointed out that there were currently many schools with pupil vacancies and that school places would be needed elsewhere as a result of the growth agenda.

The Chairman expressed concern regarding the possibility of increasing borrowing each year given that it would impact on revenue.

The Portfolio Holder reminded the meeting that the Council had only recently established what assets it owned and that the Council had a large asset base but, given the economic situation, it was too early to sell.

Turning to the Capital Programme the Chairman stated that there were no business cases provided for any of the projects listed and so the Committee was unable to evaluate any of them unless individual Members had local knowledge. He also referred to the large number of rolling projects and proposed that information relating to these areas should be made available to Members. This was supported by the Committee.

The Director stated that lifecycle costing had been used though he could not say if this had been applied to all the projects. He warned that deferring expenditure could create a backlog and create problems. In response the Chairman stated that the decision on this matter was one for Members rather than this Committee to make but they needed the information first in order to do so. He also stated that the purpose of the Committee was to ensure that information was provided to enable members to arrive at a reasoned decision.

At the suggestion of the Chairman the Committee put aside consideration of those projects funded by a third party and which had no revenue implications.

The Chairman commented that it was difficult to assess individual capital items on schools in the absence of an asset strategy on schools and development. In response the Director confirmed that there was an asset strategy. With

regard to schools provision the Director stated that funding through the Government's Building Schools for the Future programme would not be available to the Council and so, as a result, the Council would need to develop an alternative strategy.

The Chairman referred to the medium term accommodation programme and asked if this could be deferred or reduced in cost. The Director explained that this provided a revenue return which would reduce costs. He pointed out that the offices at Technology House were in a relatively poor condition and so had been obtained under favourable terms. In addition it would be necessary to purchase new furniture because that currently in use in Borough Hall was in an extremely poor state of repair. However, the new furniture represented an investment for the future because it could ultimately be used in the Council's new long term accommodation. In connection with this a Member commented on the absence of reference to indicative costs for the new office build. In response the Portfolio Holder reported that consideration had been given to this matter but it was difficult to establish what levels of capital funding would be available. The Director advised that the lease for Technology House could be extended beyond the initial four year rental period if this proved necessary.

RECOMMENDED to Executive:

- 1a** *That the Director of Corporate Resources review slippage on projects from 2008/09 and 2009/10 with the relevant director in order to verify that these are fully committed and that there is no option to delay or reduce expenditure.*
- 1b** *That where this is not the case the project should be subject to review.*
- 2** *That the proposal for £500k for Affordable Housing Capital Programme be reviewed in order to establish if this could be part funded through land contribution rather than grant.*
- 3** *That the Director of Corporate Resources review all rolling programmes with the relevant director to establish the potential to reduce and/or delay expenditure with a default position of reducing the programme's budget.*
- 4** *That, in the first instance, any savings and/or slippage be used to reduce borrowings.*
- 5** *That the list of Reserved Schemes be reviewed after the Q1 budget monitoring in order to assess priorities and whether additional capital spending can be undertaken either as a result of savings or additional capital receipts.*
- 6** *That, with regard to expenditure under the Corporate Resources Directorate, consideration be given to:*
 - a)** *minimising the cost of the Technology House project;*

- b) *the potential reduction of the corporate property block budget and ICT infrastructure budget;*
 - c) *the use of lower cost alternatives to the proposed relocation of the Data Centre such as server hosting/application service providers.*
- 7 *That, whilst the Committee is supportive of the Campton Lower School project, alternatives to the proposed site acquisition purchase be considered such as a land swap or purchasing an option on the site until such time as the Council was in a position to build subject to there being no impact on project timing.*
- 8 *That the purpose of the Performance Complaints Management System be explained and whether its introduction is essential.*
- 9 *That additional capital projects be considered where there is a significant saving and the Council's overall financial position is enhanced.*
- 10 *That expenditure on schools be examined in the context of a school asset management strategy including grant funding, asset replacement and the potential for asset sales from school relocation.*

CR/09/042 **Quarter 3 Performance Report**

The Committee was aware that this report had been withdrawn from the agenda because it had been submitted for inclusion in error. The Committee was also aware that the report would be placed before its meeting in March as scheduled.

CR/09/043 **Quarter 3 Budget Management Report**

The Committee was aware that this report had been withdrawn from the agenda because it had been submitted for inclusion in error. The Committee was also aware that the report would be placed before its meeting in March as scheduled.

CR/09/044 **Revised Work Programme**

RESOLVED that the revised Work Programme for 2009/2010 be approved.

CR/09/045 **Executive Forward Plan**

NOTED that the Executive Forward Plan for the period 1 March 2010 to 31 March 2011 was not yet available.

CR/09/046 **Date of Next Meeting**

NOTED that the next meeting of the Committee would be held at 10.00 am on 1 March 2010 in Room 15, Priory House, Monks Walk, Chicksands.

(Note: The meeting commenced at 10.00 a.m. and concluded at 12.28 p.m.)