

SCRUTINY CO-ORDINATING COMMITTEE

MINUTES

11 September 2009

The meeting commenced at 2.05 pm in the Civic Centre, Hartlepool

Present:

Councillor: Marjorie James (In the Chair)

Councillors: Christopher Akers-Belcher, Stephen Akers-Belcher, Caroline Barker, Jonathan Brash, Chris McKenna, Arthur Preece, Carl Richardson, Jane Shaw, Chris Simmons and David Young.

In accordance with Council Procedure Rule 4.2 (ii), Councillor Sheila Griffin attended as a substitute for Councillor Ann Marshall.

Officers: Mike Ward, Chief Financial Officer
Chris Little, Assistant Chief Financial Officer
Joan Wilkins, Scrutiny Manager
Angela Hunter, Principal Democratic Services Officer

33. Announcement

The Chair informed Members of the sad news received today that Bill Iseley a long standing and recently retired member of the Council and Freeman of the Borough had passed away. As a mark of respect, Members observed a minute's silence.

34. Apologies for Absence

Apologies for absence were received from Councillors Frances London, Ann Marshall, Trevor Rogan and Edna Wright and resident representatives Linda Shields and Iris Ryder.

35. Declarations of interest by Members

None.

36. Minutes of the meetings held on 25 August 2009

Confirmed.

37. Responses from the Council, the Executive or Committees of the Council to Reports of the Scrutiny Co-ordinating Committee

None.

38. Consideration of request for scrutiny reviews from Council, Executive Members and Non Executive Members – Council referral – Strategy for Funding One-Off Business Transformation Costs *(Chief Financial Officer)*

The Chief Financial Officer presented a report which sought Members' views on the proposed strategy for the funding of Business Transformation one-off costs and the formulation of a response to the referral from Council on 30 July 2009. A copy of the report considered by Council was attached at Appendix A. It was highlighted that in February 2009 Members approved the principal of funding one-off Business Transformation severance costs (£3.14m) and one-off implementation costs (£0.68m) on a loan basis repayable over a five year period from the gross savings achieved from implementing the Business Transformation Programme (BTP).

Since that time a number of one-off benefits had been identified including a more favourable 2008/2009 outturn than expected, which had enabled a revised strategy for funding one-off Business Transformation costs to be developed including:

- (i) The ability to take Business Transformation savings to the revenue budget earlier, increasing the Programme's contribution towards solving the budget shortfalls in 2010/11 and 2011/12; and
- (ii) The retention of the "borrowing facility" from reserves as a means of addressing the costs arising from the Service Delivery review.

The Chief Financial Officer highlighted that the unearmarked general fund balances as at 31 March 2009 had increased to £4,575m which was well above the considered 3% good practice level of the General Fund Budget. The proposal for funding the one-off business transformation costs would return the unearmarked general fund balances to the anticipated level of £3,462m which equates to 3.5% of the General Fund Budget which was still slightly above the minimum recommended level of 3%. However, it was thought appropriate to maintain slightly higher unearmarked general fund balance in the current economic climate.

The proposed strategy would increase the value of Business Transformation efficiencies which would help balance the budgets in 2010/2011 and 2011/2012. It also meant that the borrowing facility was available for the one-off costs arising from the Service Delivery Options.

A discussion ensued which included the following:

- (i) What level of council tax level would be anticipated in view of the above proposal? The Chief Financial Officer confirmed that was an issue for Members to determine but was anticipated to be around 2.5%.
- (ii) A Member questioned what Central Government's view would be should the authority's general fund balances continue to increase. The Chief Financial Officer indicated that it may result in criticism from the District Auditor. A Member commented that any increase in the general fund balances would be used to off-set the anticipated future deficit. The Chief Financial Officer added that this would be communicated to the District Auditor should it be necessary.
- (iii) A Member sought clarification on the expenditure and generated savings from the budget of £500k agreed by Council for the delivery of the BTP. The Chief Financial Officer confirmed that the original budget had been agreed to fund KPMG for their initial work and for back-filling the posts of the Business Transformation Team. The Chief Financial Officer added that a report would be forwarded to Members prior to the next meeting of Council detailing spend to date from that budget and any generated savings. In addition, the Chief Financial Officer suggested that future budget monitoring reports could include Business Transformation expenditure and any generated savings achieved.
- (iv) In response to a Members' question, the Chief Financial Officer indicated that savings were transferred to the General Fund as part of the budget strategy and agreed through the budget process. It was noted that an information pack which identified allocated savings and expenditure from the BTP was being prepared for Members and would be available at the seminar scheduled for next week.
- (v) Members reiterated previous comments about budget information being presented in an understandable and clear format. The Chief Financial Officer indicated that the budget process would begin a month earlier this year due to the complex nature of the issues to be considered. In response, the Chief Financial Officer commented that the move to producing departmental budget reports to the relevant scrutiny forums had increased the clarity of the information presented to Members and had worked well but understood that this may need re-examining should Members wish to receive more detail. A Member suggested that the production of an executive summary for budget reports may be an appropriate way forward to assist Members.

In summary, following an explanation of the process and benefits behind the proposed alternative strategy, Members recognised the many benefits of implementing the proposed strategy and expressed their support for the implementation of the strategy as the most appropriate way forward. The need was also recognised for one-off expenditure through the Business Transformation Programme in order to generate recurring savings. These

savings would then be placed in the General Fund in accordance with current practice for allocation in accordance with the wishes of Council.

Decision

- (i) That the views and comments of the Scrutiny Co-ordinating Committee, as detailed above, be noted.
- (ii) That details of how the £500,000 originally allocated to the Business Transformation Programme have been spent to date be circulated to Members before the next meeting of Council.
- (iii) That a process be put in place to ensure that in the future details of the costs and savings generated through the Business Transformation Programme were reported to Members in a clear format, at regular intervals.
- (iv) That in conjunction with the detailed budgetary reports currently provided as part of the Budget Consultation Process an executive summary also be provided to assist Members.
- (v) That Council be recommended to approve the proposed Strategy for the funding of Business Transformation one-off costs.

39. Forward Plan

None.

40. Consideration of progress reports/budget and policy framework documents

None.

41. Consideration of financial monitoring/corporate reports

None.

42. Call-In Requests

None

43. Any Other Item which the Chair considers are urgent

Minute 44 – Request for Funding from the Dedicated Overview and Scrutiny Budget

Minute 45 – Call-in Decision: Business Transformation (Programme Board and Asset Management Arrangements)

44. Request for Funding from the Dedicated Overview and Scrutiny Budget *(Scrutiny Manager)*

In line with good practice, a request had been made by the Chair of the Scrutiny Co-ordinating Committee for funding from the Dedicated Overview and Scrutiny Budget. The request was to attend a briefing/conference entitled 'Helping Communities Deal with Debt: Understanding Money and Tackling Credit Problems', to gather evidence in relation to financial inclusion for use as part of the ongoing 'Child Poverty' investigation.

The costs were detailed in the report and included travel, accommodation and conference fees which totalled £377.50.

Decision

The request for funding totalling £377.50 from the Dedicated Overview and Scrutiny Budget was agreed.

45. Call-in of Decision : Business Transformation (Programme Board and Asset Management Arrangements)

The Chair of Adult and Community Services Scrutiny Forum informed Members that at the meeting of Cabinet on 7 September 2009 consideration was given to the recommendations of the Scrutiny Co-ordinating Committee on 25 August 2009 in relation to the Business Transformation Programme Board (BTPB) and Asset Management Arrangements.

Members were informed that the recommendation of the Committee to remove the back bench Member appointed by Council to the BTPB and include the Group leaders of all the political groups and the leader of the Administrative Group on the BTPB were agreed.

Decision

The decision of Cabinet was noted.

The meeting concluded at 3.15 pm.

CHAIR