

**MINUTES of the meeting of the Strategic Monitoring Committee held at The Council Chamber, 35 Hafod Road, Hereford on Monday, 9th February, 2004 at 10.30 a.m.**

**Present:** Councillor T.M. James (Chairman)  
Councillor Mrs. P.A. Andrews (Vice Chairman)

Councillors: B.F. Ashton, W.L.S. Bowen, A.C.R. Chappell,  
J.H.R. Goodwin, Mrs. M.D. Lloyd-Hayes, J. Stone, J.P. Thomas and  
W.J.S. Thomas

**In attendance:** Councillors Mrs. J.P. French, P.E. Harling, Mrs. J.E. Pemberton,  
R.J. Phillips, D.B. Wilcox and R.M. Wilson

**48. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**49. DECLARATIONS OF INTEREST**

Councillor A.R.C. Chappell declared a prejudicial interest in relation to agenda item 11 as a Director of Community First.

**50. MINUTES**

**RESOLVED:** That the minutes of the meeting held on 8th December, 2003 be confirmed as a correct record and signed by the Chairman.

**51. BUDGET MONITORING 2003/04 TO 30 NOVEMBER 2003**

The Committee was informed of the position with regard to revenue budget monitoring for programme areas in 2003/04.

The report considered by Cabinet on 29th January, 2004 was appended to the report. At the Chairman's request an amended summary budget monitoring report was circulated showing amounts carried forward from 2003/2004.

The report concluded that the projected overspending for the year was within the Council's limit of 1%. The County Treasurer acknowledged that there was an underlying problem on the property budget, but the recovery plan and budget proposals sought to address the concerns.

In the course of discussion the following principal points were made:

- It was acknowledged that the underspending on e-modernisation was significant. However, it was expected that expenditure would accelerate during the remainder of the year and the resources could be carried over and spent in 2004/05.
- The reduction in rental income from the Cattle Market and the Butter Market was noted. Some concern was expressed about the way in which the rent review for the Butter Market had been dealt with. The Chief Executive advised that the Property Management Review would establish the robustness of the Council's

valuation process and whether this was an isolated event.

- It was also noted that deficit on income from the Industrial Estate had risen and that this was in the main due to loss of rental income. The County Treasurer acknowledged that there was an underlying problem on the property budget, but the recovery plan and budget proposals sought to address the concerns. It was noted that whilst rental income should increase if the Rotherwas access road was constructed it would take time for the benefits to accrue.
- The continuing pressure on the social care budget and the attendant risks were noted.

**RESOLVED: That the report be noted.**

**52. CAPITAL PROGRAMME MONITORING 2003/04 TO 30 NOVEMBER 2003**

The Committee considered the Capital Programme forecast for 2003/2004.

The report considered by Cabinet on 29th January, 2004 was appended to the report. The County Treasurer advised that action was being taken to seek to ensure that no resources available to the Council on the condition that they were spent in the current year would be lost.

**RESOLVED: That the position be noted.**

**53. MEDIUM TERM FINANCIAL PLAN 2004/2005 - 2007/08**

The Committee was invited to comment on the Medium Term Financial Plan.

The report submitted to Cabinet on 29 January 2004 had not been included with the agenda papers but was available at the meeting. The Chief Executive reported that the summary of budget pressures submitted to the Budget Panel had amounted to some £13 million. This level of expenditure could not be resourced. Cabinet was supporting the investment of £7 million over the four year period and had identified Social Care (Older People's Services), and ICT as priorities. Progress on ICT was, however, linked to decisions on the Council's accommodation. He outlined the priorities of the Plan as set out in paragraph 6 of the report on the revenue budget agreed by the Cabinet.

In response to questions the Chief Executive explained that it was not possible at this stage to say how the proposed additional expenditure over the four years might be allocated precisely to budgets because a number of other factors such as the Government grant each year had to be taken into account. In terms of the Council's accommodation it was important to quantify the cost benefits of rationalising accommodation and this exercise was underway.

**RESOLVED: That the report be noted.**

**54. REVENUE BUDGET 2004/05**

The Committee was invited to express a view on the Revenue Budget proposals for 2004/2005.

The report summarised the information which had been presented to Cabinet on the recommendations of the Budget Panel regarding the parameters for preparation of the Revenue Budget for 2004/05. It described Cabinet's priorities for the Medium Term Financial Plan; the application of the Medium Term Financial process to

Budget Policy and an assessment of risks faced by the Council both in terms of service delivery and the Council's status and reputation. It also set out emerging budget pressures and the composition of a standstill budget taking account of anticipated inflation and unavoidable commitments.

Advice was set out in the report on statements by the Office of the Deputy Prime Minister (ODPM) on the prospect of expenditure by authorities being capped.

It was noted that the initial proposal from Cabinet as a basis for further consultation was for a revenue budget of £176.4 million implying a Council Tax at Band D of £972.50. Supporting schedules detailing the budget for each programme area had been circulated separately subsequent to the despatch of the agenda papers.

The Chief Executive highlighted the need to balance what it was thought the Council could afford to spend with the management of the risks facing the Council. He also advised the Committee of the duty placed on the Treasurer within the context of the budget to give a professional advice on what would constitute an appropriate level of reserves. In giving this advice the Treasurer would have regard to the advice of the Authority's auditors. Whilst the Council could disagree with that advice it would have to provide a reasoned case for such a course. He also remarked upon the uncertainty over the approach the ODPM would take to capping authorities' expenditure.

The Committee raised a number of detailed questions. They noted in particular the proposed investment of £7 million over the period of the Medium Term Financial Plan and the inability through the Plan to fund the assessed pressures which amounted to £13 million. The Chairman of the Committee sought an indication of the priority to be given to the listed bids given the proposed Medium Term Financial Plan proposals.

The Leader of the Council responded by recognising the balance to be maintained between Council Tax levels and the much needed investment. He referred to the priority given in the budget proposals to Social Care (Adults) (£1 million) and ICT (£700,000) against the totals over the period of (£5.3 million), and (£3.4 million) respectively. Whilst it would be important to maintain modest support for pressures in other areas it was his belief that those areas would remain the major priorities over the plan period.

There were a number of detailed questions on the reserves through which the need to concentrate on the usable reserve was stressed. It was noted that it was proposed to reinstate the reserves, in accordance with the Council's decision when setting the 2003/04 budget, over the period of the Medium Term Financial Plan by utilising the additional income raised from second homes (circa £300,000) per annum. Some concern was expressed about the anticipated income which would be generated in response to which the County Treasurer advised that he believed the estimate to be prudent.

**RESOLVED: that Cabinet be asked to consider the following observations on the Revenue Budget 2004/2005 before making final recommendations to Council on 5th March, 2004:**

- (a) the Committee's concern registered over the levels of investment in Social Care (Adults), notwithstanding the proposed investment of £1 million and Cabinet be invited to reassess the risks of that approach;
  - (b) the impact of levying Council Tax at the proposed Band D level of £972.50 and the hardship that could be created for some sections of the community;
- and

- (c) support offered for the concept of fulfilling the commitment to replenish reserves by accumulating the additional revenues raised from second homes as detailed in paragraph 14 of the report.

**55. 2004/05 SUPPORTED CAPITAL BORROWING AND OTHER AREAS CAPITAL PROGRAMME**

The Committee considered the extent and allocation of supported and unsupported borrowing for capital expenditure for 2004/05.

The report considered by Cabinet on 29th January, 2004 was appended to the report. This set out the Council's supported borrowing allocation for 2004/2005 applicable to schemes in the Education, Transport and Housing areas; the considerations relating to prudential borrowing to finance schemes in other areas and the position on the capital receipts reserve.

The County Treasurer presented the report noting that Cabinet was proposing prudential borrowing of £5 million and a de minimis limit of £10,000 below which expenditure would be treated as revenue rather than capital. The level of prudential borrowing would not allow all the current bids for schemes to proceed, with a number of schemes having to be deferred for consideration in future years.

**RESOLVED: that the report be noted.**

**56. RACE EQUALITY SCHEME - PROGRESS REPORT**

The Committee received an update on progress made against the action plan designed to deliver the Council's race equality scheme.

The Chief Executive reported that the Audit Commission had been critical of the action taken by local authorities in addressing race equality issues and highlighted that performance in this area would increasingly be focused on in inspections of the Council's service delivery.

It was noted that a research report commissioned from University College, Chichester would be completed in June 2004.

**RESOLVED: that the actions taken and progress to date be noted.**

**57. ANALYSIS OF HEREFORDSHIRE COUNCIL'S INPUT INTO THE HEREFORDSHIRE PARTNERSHIP - INITIAL TERMS OF REFERENCE**

The Committee considered a report setting out the terms of reference for an analysis of the nature and scope of the Council's input into the Herefordshire Partnership, the level of return the Council currently received and could receive and how the analysis would be taken forward.

Members expressed the view that the report should seek to provide evidence of the Partnership's achievements and what difference the Partnership had made.

**RESOLVED: That the action set out in the report be agreed.**

**58. COMMUNITY FIRST FUNDING SUPPORT**

(Councillor A.R.C. Chappell having declared a prejudicial interest left the meeting for the duration of this item.)

The Committee considered a report setting out a proposed means of reviewing the funding support for Community First within the context of an overall review of the support to the voluntary sector in Herefordshire.

**RESOLVED:**

- That (a) **the change in approach to the structure of the review of support to the voluntary sector as set out in the report be agreed;**
- and**
- (b) **that Community First be included in the Review along with other infrastructure bodies.**

**59. PUBLIC SERVICE AGREEMENT UPDATE**

The Committee received a report on the latest performance against the Public Service Agreement (PSA) targets and the second round of PSAs to be negotiated with the Government.

The report to Cabinet on 18th December 2003 was appended to the report.

The Chief Executive reported that the Government Office for the West Midlands had invited the Council to be considered as a pilot for the second round of PSAs. Members requested that lessons learned from the Council's experience in relation to the current PSA should inform any negotiations for a second agreement.

**RESOLVED: That the report be noted.**

**60. PERFORMANCE MONITORING - CORPORATE HEALTH**

The Committee considered the Council's corporate performance in relation to the Best Value Indicators from 1st April, 2003 to 30th November, 2003 and proposals to improve reporting arrangements during 2004/2005.

The report to be considered by Cabinet on 12th February, 2004 was appended to the report.

It was reported that the Head of Performance Management was reviewing performance reporting arrangements across the Council with a view to introducing an improved and more consistent approach to performance monitoring during 2004/2005.

The Committee also noted the modification of the Council's meeting timetable to provide for four programmed meetings of the Scrutiny Committees each year. It was assured that arrangements would be made to ensure that relevant Cabinet Members and Scrutiny Committee Chairmen would continue to receive regular performance monitoring reports, in particular at the end of 8 months which was a critical time for allowing remedial action to be taken.

**RESOLVED: That the Council's corporate performance from 1st April to 30th November 2003 and proposals to improve reporting arrangements during 2004/2005 be noted.**

**61. MID-YEAR ASSURANCE REPORT**

The Committee considered the key internal control issues identified in the annual audit assurance report and the action taken in response to them.

The report considered by Cabinet on 18th December 2003 was appended to the report.

The County Treasurer advised that there were no issues of major concern.

**RESOLVED: That the report be noted.**

**62. SCRUTINY ACTIVITY REPORT**

The Committee noted the work being undertaken by the Scrutiny Committees.

**63. WORK PROGRAMMES**

The Committee considered its work programme and those of the Education and Environment Scrutiny Committees.

It was noted that the Committee's work programme would have to be amended to reflect the Committee's decision to commission reports on the Herefordshire Partnership and Community First.

**RESOLVED:**

**That (a) the Committee's Work Programme as appended to the report be approved as amended;**

**and**

**(b) the work programmes of the Education and Environment Scrutiny Committees be noted.**

The meeting ended at 1.15 p.m.

**CHAIRMAN**