

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday, 12th February, 2007 at 10.00 a.m.

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

Councillors: W.L.S. Bowen, J.H.R. Goodwin, J.P. Thomas and W.J.S. Thomas

In attendance: Councillors Mrs. J.P. French and R.M. Wilson

61. APOLOGIES FOR ABSENCE

Apologies were received from Councillors B.F. Ashton, H. Bramer, A.C.R. Chappell and Mrs M.D. Lloyd-Hayes. Councillor R.J. Phillips (Leader of the Council) also sent his apologies.

62. DECLARATIONS OF INTEREST

There were no declarations of interest.

63. MINUTES

RESOLVED: That the Minutes of the meeting held on 15th January, 2007 be confirmed as a correct record and signed by the Chairman.

64. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

There were no suggestions from members of the public.

65. REVENUE BUDGET STRATEGY AND CAPITAL PROGRAMME 2007/08

The Committee was invited to comment on the Cabinet's budget strategy for 2007/08.

The Head of Financial Services presented the report. The report to Cabinet on 8th February was appended. The Committee was invited to submit comments for Cabinet's consideration on 22nd February prior to recommendations being made to Council.

The Head of Financial Services drew attention to the following key points:

- That the proposals in the budget were consistent with the Medium Term Financial Strategy (MTFS) which had previously been reported to the Committee. Whilst assumptions in the Strategy about the immediate future held good he noted that the outcome of the Lyons Inquiry into local government funding, which would potentially have implications for the medium term, had not

been completed.

- There was a projected underspend on the revenue budget, for the fourth consecutive year, suggesting a need for closer alignment of resources to plans. This also suggested that there was sufficient capacity within the base budget to manage without inflation on non-pay budgets for at least 2007/08.
- That financial cover had been provided for the £5.8 million of savings which the MTFS assumed would be generated from the Herefordshire Connects project.
- That Cabinet had proposed a Council Tax increase for 2007/08 of 3.8% compared with the assumption in the MTFS of 4.7%. This would lead to a reduction in planned income of some £600,000 per annum over the next three years in the base budget. It was unlikely that this could be recovered given the Government's stance on the level of Council Tax increases.
- That Local Authority Business Grant Income (LABGI) of at least £1 million was expected, although this was yet to be confirmed.
- That work to assess the likely outturn for ICT budgets was ongoing and would be reported in the next Integrated Performance Report.
- The potential hotspots and identified remedies as set out in paragraphs 30 and 31 of the report.
- Increases in Directorate base budgets.
- The assumptions for inflation in 2007/08.
- Invest to save and invest to mitigate proposals.
- The position on the capital programme, noting the slippage in 2006/07 and the reduction in proposals for 2007/08 having regard to the capacity of the revenue account to absorb the financial implications arising from prudential borrowing.

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

- The proposed Council Tax increase for 2007/08 of 3.8% compared with the assumption in the MTFS of 4.7% was discussed. It was noted that this reduction was identified in the report as one of the budget hotspots. The remedy seemed to be to meet the resulting shortfall in the MTFS from reserves and the LABGI grant. It was asked what the implications of this would be for the Council's financial position and for services.

The Head of Financial Services replied that the reduction in the Council tax increase assumed in the MTFS did have implications. Because the shortfall could be met from the various sources described in the report in 2007/08 the impact on service delivery would be minimal. Some of the remedies identified in the report were, however, one-off measures and the position would need to be reviewed. The key for the future was the delivery of the savings envisaged from the Herefordshire Connects Programme.

The Chief Executive commented that officers were obliged to highlight to Members the consequences of the proposed reduction in the Council Tax increase for 2007/08, compared with the assumption in the MTFS, for the base budget and that it was likely to be difficult to recover this sum through increases

in future years. It was for Council then to reach a judgment on the level of Council Tax it wished to set.

- A Member observed that there were circumstances in which it was appropriate for reserves to be used rather than simply carried forward for no discernible purpose.
- On behalf of the Cabinet it was stated that the years of consecutive underspends, the view that the estimate of the savings which would be generated by Herefordshire Connects was a conservative one and a recognition of the pressure caused by rising bills on residents, in particular those with fixed incomes, had been factors which had influenced Cabinet's proposal for what it considered to be a deliverable budget.
- In response to a further question about the anticipated cashable efficiency savings from the Herefordshire Connects Programme the Head of Financial Services said that the level of saving deliverable in 2007/08 was uncertain for the reasons set out in the report.

The Chief Executive commented that the Council's external auditors had expressed some concerns about the ability to deliver the Herefordshire Connects Programme, without quantifying that risk. Measures had been taken in the budget to cover the assumed risk. He considered that the budget proposals provided a stable base to cover any difficulty in the delivery of the Programme in 2007/08.

- A question was also asked about the selection of a preferred partner for the Herefordshire Connects Programme, as referred to in the report. The Director of Corporate and Customer Services explained that a partner was needed to help to deliver the project, filling skill gaps and helping to realise the benefits of the Programme. She emphasised that a key aspect of the Programme was that savings generated were reallocated to corporate priorities rather than to the Service which had generated the saving.
- It was noted that whilst savings from Herefordshire Connects in 2007/08 could not be determined at this point it had been agreed that there was a need to proceed with the invest to save and invest to mitigate proposals financing these from reserves pending delivery of the savings.
- The limited flexibility open to the Council in setting the Council tax and the likelihood that this would be reduced further in future years was acknowledged.
- A further question was asked about the level of the Council's reserves. It was noted that the Council had operated with the aim of a General Reserve of £3 million but there was a case for this to be reviewed, looking at how much needed to be set aside to cover the risks the Council needed to manage and how much contingency was provided for other purposes. A report was requested setting out the position on the Council's reserves, the level of reserves needed to manage risk and what scope further reserves might afford the Council in its future financial planning.
- A question was asked about the proposed replacement of Weobley Library. It was noted that this was not included in the list of confirmed Capital Programme bids for 2007/08.

In conclusion the Committee noted without further question each of the decisions on

the budget made by Cabinet on 8th February.

RESOLVED:

That (a) Cabinet's draft Budget Strategy and proposals for the Capital Programme for 2007/08 be noted;

and

(b) a report be made to the Committee, setting out the position on the Council's reserves, the level of reserves needed to manage risk and what scope further reserves might afford the Council in its future financial planning.

66. ANNUAL OPERATING PLAN

The Committee was invited to comment to Cabinet on the draft Annual Operating Plan.

The Corporate Policy and Research Manager presented the report, noting that the Corporate Plan and Annual Operating Plan were to be considered by Cabinet on 22nd February. He informed the Committee that the Plans had been developed in consultation with the Resources Directorate to ensure that they were affordable and that the allocation of resources reflected the Council's agreed priorities as set out in the Plan.

He added that Ministerial approval of the Local Area Agreement (LAA) was still awaited. Discussion was also continuing within the Council to ensure targets reflected the Council's aspirations and were realistic, including in respect of the level of improvement that could be achieved in social care for older people and adults with learning disabilities in 2007/08 towards the longer-term programme of re-shaping approved by Cabinet. It was intended that these targets would be finalised in time for them to be included in the final version of the Plan.

In the ensuing discussion the following principal points were made (page references are to the relevant page in the agenda papers):

- It was suggested that the Council and the Public needed greater clarity on what the development of the proposed Public Service Trust with the Primary Care Trust would mean. The Chief Executive replied that a public consultation exercise was planned.
- (Page 60/61) The Corporate Policy and Research Manager acknowledged that in parts of the Plan the action that partner organisations would take to achieve the specified targets where they were the lead organisation were not described. This contrasted with the level of information available for most of the Council led targets. The intention was that wherever this information the final version of the Plan would be clearer in showing how the planned improved performance would be achieved.
- (page 56) A Member suggested that setting a maximum speed limit of 40mph on all routes off main roads would help to improve safety.
- (page 58) Whilst recognising that the wording was substantially dictated by Government requirements and no change could be made at this point the phrase "promoting community harmony" could be more helpful than, "promoting diversity

and community harmony” as more in keeping with the Government’s focus on community cohesion.

- (page 46) It was asked how the targets to increase the number of people claiming benefit to which they were entitled sat with the Government’s decision to set a target for the overall number of benefit changes processed that resulted in a reduction or termination of benefit. In reply it was stated that although an unfortunate inference could be drawn from the wording of the Government’s new target the Government agreed that the target in the LAA to increase take up of benefit by those entitled to it was a good one. Some £9 million in additional benefit was now being claimed by older people annually in the County.
- (page 44) It was asked whether setting a target for pupils in schools maintained by the Council achieving 5 or more A* - G grades was too wide a target range. In reply it was noted that there was also a target (required by Government) for A* - C grades including Maths and English. Moreover, setting a target range to G measured the achievement of qualifications which represented significant achievement for a minority of less able young people that would otherwise go unrecorded.
- (page 49) The target for restricting the decline in the total number of VAT registered businesses was questioned. In reply it was stated that targets were needed to measure the effectiveness of the Council’s economic development measures. Demonstrating success helped to generate Government funding. Noting the number of one-man businesses in the County which would not be VAT registered it was acknowledged that it was difficult to find good single measures. A range, as set out in the Plan, was therefore required.
- (page 50) It was suggested that the target, “to decrease from 416 to 160 the number of people accepted as homeless....” should be reworded. It was important to reduce the number of people who were unintentionally homeless but in doing so it was essential that they were provided with somewhere to live that was reasonable and appropriate to their needs. This was not always the case. The target needed to reflect the provision of a proper solution to cases of homelessness.
- It was stated in reply that the reduction in homelessness over the last year had been sharp and sustained and the aim of the Strategic Housing Service was to house people properly.
- The issue of the need for affordable housing was briefly discussed. It was noted that affordability was a problem for those seeking to acquire a property but the issues those suffering homelessness faced were of a different nature in the majority of cases.
- (page 54) It was asked whether the recycling targets were sufficiently challenging. The Corporate Policy and Research Manager replied that he was satisfied that the targets were realistic. The targets over the life of the three-year Corporate Plan were more ambitious. The Chief Executive remarked that the Council had been criticised by auditors in the past for not always being sufficiently realistic in setting targets.
- (page 56) In relation to improving road safety the question of de-trunking the A49 was raised. It was noted that this would only be worthwhile if appropriate funding for its upkeep was transferred by the Highways Agency.

The Committee did not have any specific recommendations for Cabinet on the assurance that account would be taken of its general comments in refining the Plan for submission to Cabinet.

(Mrs PA Andrews Vice Chairman took the chair during part of the discussion of this item in the Chairman's absence.)

67. UNDERSTANDING AND RESPONDING TO THE PUBLIC

The Committee was invited to consider the results from recent user satisfaction surveys and determine what further investigation or other action to take in response-

The Head of Policy and Performance presented the report. He drew attention to the wealth of information that was available to help the Council understand more about the public's views and how it might respond through the Corporate Plan and individual Service Plans. He noted that the public's views would be an increasingly important part of future inspection regimes.

Focusing on the annual user satisfaction survey, which was currently one of the few consistent, statistically valid, sources of information, he suggested a number of ways in which the Committee might wish to use the survey in its work. He noted that there was a time lag between the data being collected and its validation by the Audit Commission and that it would be helpful to move to a position where reaction to specific policy initiatives could be identified allowing a response to be made in the Annual Operating Plan.

In the ensuing discussion the following principal points were made:

- The Committee discussed a number of the results, noting some apparent anomalies and contradictions and how deeper analysis could produce some interesting and unexpected findings.
- The Chief Executive emphasised an underlying theme that public satisfaction with how the Council ran things overall was below that shown by the public for authorities performing at a similar level. There had been a surge of public enthusiasm and support when the Council was formed after Local Government Reorganisation in 1998. Since 2000 this had declined and the gap between satisfaction with the Council and that shown in comparator authorities had remained static. It was important to understand why this was the case if the Council was to move from being categorised as an authority that was improving adequately to one that was improving well. Part of the issue was to explain matters to the public to ensure that they had a clearer understanding of the factors affecting the way the Council operated.
- It was noted that, nationally, satisfaction with how authorities ran things overall had declined and was lower than satisfaction ratings for individual services.
- The Head of Policy and Performance suggested that it might be useful for the other scrutiny committees to receive a report on the range of satisfaction data available and to assess whether the information was sufficient and what was being done in response to it. When considering the Directorate Service Plans the Scrutiny Committees might also want to assess how these were being informed by the views of the public and what actions were proposed to improve satisfaction.

- It was asked when the results of the 2006 user satisfaction survey would be available. In reply it was stated that the Audit Commission was validating the data. It should be known in March when it intended to publish the information. Indications were that nationally the downward trend in overall satisfaction with Councils was continuing whilst satisfaction with individual services continued to improve in a number of areas.

RESOLVED:

- (a) **that the findings of the 2006 user satisfaction survey be reported to the Committee when validated by the Audit Commission;**
 - (b) **reports be made to individual service Committees on the user satisfaction data available inviting them to consider whether the information is sufficient and action in response to it;**
- and**
- (c) **when considering the Directorate Service Plans the Scrutiny Committees consider how these are being informed by the views of the public and what actions are proposed to improve satisfaction.**

68. CORPORATE ICT STRATEGY

The Committee was invited to comment to Cabinet on the proposed Corporate ICT Strategy.

The Director of Corporate and Customer Services presented the report. She outlined the Strategy's aims and the key issues which it was designed to address. She reported that as the Strategy had been produced before publication of the findings of the Committee's review of ICT Services it did not yet take account of that Review. She also commented that the provision of ICT Services was a fast moving area which would need to be kept under regular review.

In the ensuing discussion the following principal points were made:

- It was difficult for the Committee to comment on the Strategy until it could see to what extent the Strategy took account of the findings of the Committee's review of ICT Services. In reply it was stated that several of the issues identified in the Committee's review had already been addressed in the Strategy but acknowledged that further work needed to be done to take account of the findings where this was considered appropriate by the Executive.
- Asked about the respective roles of the Council and its prospective preferred partner in delivering the Herefordshire Connects project the Director said that the Council was driving the process and the system was being developed to meet the Council's requirements. She confirmed that prospective delivery partners had been kept informed of the plan to develop a Public Service Trust and were aware that they would be required to meet the ICT requirements this would generate.

RESOLVED: To recommend to the Executive that the Corporate ICT Strategy be revised to take account of the Committee's review of ICT Services.