

ITEM 4

Time commenced - 18:00

Time finished – 20:45

SCRUTINY MANAGEMENT COMMISSION 8 NOVEMBER 2011

Present: Councillor Higginbottom (Chair)
Councillors Harwood, Keith, F Khan, Naitta and
Roberts

In attendance: Councillors Hickson and Rawson

30/11 Apologies

Apologies for absence were received from Councillor Dhindsa.

31/11 Late Items to be introduced by the Chair

There were no late items.

32/11 Declarations of Interest

Councillor Keith declared a personal interest in minute number 36/11 as he was appointed to the Board of Derby Homes Limited.

Councillor Higginbottom declared a personal interest in minute number 36/11 as she was appointed to the Management Committee of the Derby Furniture Project.

33/11 Minutes of the meeting held on 20 September 2011

The minutes of the meeting held on 20 September 2011 were agreed as a correct record and signed by the Chair.

34/11 Call-in

There were no items.

35/11 Councillor Call for Action

There were no items.

Items for Discussion

36/11 Revenue and Capital Budget Proposals

The Strategic Director of Resources provided members with outline details of the proposed budget and summarised the remit of both the Resources and Chief Executive's Directorates.

The commission then considered in detail the budget pressures and proposed savings detailed in the revenue budget consultation document.

The commission noted the potential implications, which arose from schools opting to become academies, including a reduction in revenue that was derived from services provided by the local education authority. This included, for example, a charge for the administration of payroll through Human Resources. The Strategic Director of Resources reassured the commission that although it would be difficult to competitively price such services, the quality assurance provided by the authority would outweigh that offered by competitors. The Chief Executive informed members that the authority would be assessing this situation on a regional level and considering which services would continue to be offered to schools. Following assessment of the risks, a strategy would be developed.

The commission explored the potential of achieving savings through the introduction of electronic systems, such as the Geographical Information System and through providing services to other organisations. The Strategic Director of Resources explained that a particular emphasis had been placed on identifying efficiencies across directorates. A hub model was implemented to centralise the delivery of business support services. It was reported that the potential to share services, such as the post to print initiative, with other organisations in the city had been identified. The commission noted that effective working arrangements already existed between the Department for Work and Pensions and Her Majesty's Revenue and Customs. The Director of Customer Management informed the commission that automated and self service models would be progressed in Customer Services to provide an improved modern process.

Members noted the level of income generated by the markets within the city and questioned whether this could be improved. The Chief Executive explained that there was a recurrent problem; fewer tenancies were being undertaken in the markets, thus reducing the variety of goods and services being offered. This caused a decline in footfall, which in turn, decreased the amount of tenancies. It was reported that a number of options were being evaluated in consultation with market representatives, to improve and increase the vibrancy of the markets. Members noted that the Guildhall Market was listed and that the Eagle Market was not owned by the council, rather it was leased from the Westfield Group.

The commission questioned the nature of the proposed redesign of the new City and Neighbourhoods Partnership. The Overview and Scrutiny Officer informed the commission that the Director of Derby City and Neighbourhood Partnerships intended to circulate a briefing paper regarding the restructure to members. Members

requested that the Director of City and Neighbourhoods Partnerships be invited to the next commission meeting and explain the new structure.

The commission expressed particular concern about the proposals to reduce grants to arts organisations, including Deda, Quad, Sinfonia Viva and Derby Live. Members debated the potential impact of these reductions on the local economy. It was reported that an event was recently held, which recognised and promoted the financial contribution that arts and culture organisations were making to the local economy. The commission questioned whether an economic impact assessment had been conducted to properly assess the effect that the reduction of these grants would have on the local economy.

The Strategic Director of Neighbourhoods advised the commission that services such as Derby Live required significant levels of investment. Furthermore, leisure and culture services were discretionary in nature, rather than regulatory. The Strategic Director explained that the Leader of the Council had recalled that when organisations such as Quad were created, it was agreed that they would become self-funding within a specified timescale. The Strategic Director referred to the corporate hierarchy of the organisations concerned, questioned the viability of a small organisation supporting the employment of chief executives or directors and explained that it remained difficult for the council to justify the current level of input. It was reported that the proposed reductions were part of a four year plan, which was designed to allow the affected organisations time to revise their business plans. The Strategic Director assured the commission that the council would work, together with the Arts Council, to assist the affected organisations in undertaking restructures and achieving better ways of working.

The commission queried the proposed restructure of the Voluntary and Community Sector Grants team by one full time equivalent post. It was reported that the decrease had been made necessary due to the reduction in grant-based funding. The Strategic Director of Resources clarified that the council transferred the grants but did not provide a contingency fund for external organisations. Contingency monies were reserved for internal purposes only.

With regard to the review of service delivery and plans within the Climate Change team, the commission, questioned whether additional cuts in the budget were intended and whether there were any plans to further support the work of the team. The Strategic Director of Neighbourhoods confirmed that no further reductions were planned and agreement with the budget holders would be sought to properly attribute the savings which had already been achieved.

Members commented that the format of the revenue budget proposals document was user-friendly, enabling the reader to easily access and assimilate the data provided.

The commission noted the capital programme for 2012/13 and the indicative capital programme for 2013/14 and 2014/15.

The Strategic Director of Resources informed the commission that the capital programme was funded through debt charges identified in the revenue budget. The budget pressures that were listed under treasury management accounted for the

additional costs in borrowing capital and paying interest. The commission noted that the council held a relatively low general reserve of £7.2 million pounds which was unallocated. It was reported that earmarked reserves were designed to anticipate specific liabilities. The Strategic Director confirmed that redundancy payments would be funded through temporary borrowing from earmarked reserves. These monies would eventually be repaid.

The commission asked whether the £2.8 million pounds which was assigned to the replacement of the payroll system would be better invested in improving the current system and selling the service. The Chief Executive explained that the current service was ineffective, required updating and was unsuitable for sale. The authority was examining the cost effectiveness of becoming a partner in the East Midlands Share Service. The purchase of a bespoke system would improve the functionality of the financial and human resources management system. It was reported that an independent cost analysis model had indicated that undertaking the work internally would cost approximately one £1 million pounds more. The proposed new system would reduce manual intervention and assist in rolling out the self service principal.

In relation to the provision of information and communication technology support for schools, the commission expressed concern in relation to the continued support provided to academies. The Strategic Director of Children and Young People confirmed that this was a contractual obligation which was established under the Building Schools for the Future Programme. The commission understood that the need for clarification of continuing responsibilities under the programme was a nationally recognised issue.

The commission requested clarification under the housing programme, as to the quantity of properties affected. The Director of Finance and Procurement explained that it was a rolling programme, which was dependent on need.

The Strategic Director for Neighbourhoods confirmed that the new cardboard collection process would require an increase in vehicle usage but this would be a temporary increase, until existing contracts were reviewed in 2015.

The commission questioned whether the council could request assistance from the Environment Agency in relation to expenditure under the flood defence programme. The Strategic Director of Neighbourhoods confirmed that the council was the responsible authority with a statutory obligation to maintain brooks.

Members asked a number of questions to which they received detailed responses and therefore made no specific recommendations.

Resolved to recommend to the Council Cabinet:

- 1. That an economic impact assessment is carried out, on proposals to reduce grants to arts organisations, to properly assess the effect this could have on the local economy. However, the commission was clear it did not wish the council to incur additional costs in carrying out the assessment, as it expects organisations affected by budget reductions to provide the necessary information, for verification by council officers.**

The commission debated the potential impact of reductions to arts and culture budgets on the local economy. The commission was informed that an event was held recently which recognised and promoted the financial contribution arts and culture organisations were making to the local economy. The commission recommends that evidence of a proper economic impact assessment be presented to the Council Cabinet.

37/11 Update on the Review of Governance and Ethical Standards

The Chair proposed a motion to postpone consideration of this item to a future meeting of the commission.

Resolved to postpone consideration of this item to a future meeting of the commission.

38/11 Scrutiny of the Forward Plan

It was reported that the Council Cabinet had considered four items, which were not included in the Forward Plan. Members were given notice, by letter, of these urgent items for consideration. The key decisions concerned the separate recycling of cardboard, neighbourhood nursery childcare provision, the regeneration fund and the D2N2 Bid for a Derby Enterprise Zone.

Resolved to note the items considered by the Council Cabinet, which were not included in the Forward Plan.

39/11 Forward Plan

The commission noted the contents of the Forward Plan.

Resolved to note the Forward Plan.

40/11 Retrospective Scrutiny

There were no items.

41/11 Matters referred to the Commission by Council Cabinet

There were no items.

MINUTES END