

**MINUTES OF A MEETING OF THE SUSTAINABLE GROWTH SCRUTINY COMMITTEE
HELD AT THE COUNCIL CHAMBER - TOWN HALL ON 9 NOVEMBER 2010**

- Present:** Councillors M Dalton (Chairman), S Allen (Vice-Chairman), N Arculus, D Day, J Peach and S Lane
- Also Present:** Councillor Seaton, Cabinet Member for Resources
Councillor Holdich, Cabinet Member for Education, Skills and University
Councillor Benton, Cabinet Advisor
- Councillors Collins, Dobbs, Fletcher, Harrington, Kreling, Lowndes, Rush, Stokes and Todd
- Officers Present:** John Harrison, Executive Director of Strategic Resources
John Richards, Executive Director of Children's Services
Steven Pilsworth, Head of Corporate Services
Vicki Palazon, Financial Services Manager
Karen Whatley, Project Manager
Carrie Denness, Principal Lawyer
Louise Tyers, Scrutiny Manager

1. Apologies for Absence

No apologies for absence were received from members of the Committee.

Apologies for absence were received from Councillors JA Fox, JR Fox, Miners and Saltmarsh.

2. Declarations of Interest and Whipping Declarations

No declarations of interest were made.

3. Minutes of the Meeting held on 14 September 2010

The minutes of the meeting held on 14 September 2010 were approved as an accurate record.

4. Call In of any Cabinet, Cabinet Member or Key Officer Decisions

There were no requests for call-in to consider.

5. Medium Term Financial Strategy 2011/12 to 2015/16

We welcomed Councillor Seaton, Cabinet Member for Resources to the meeting.

The report came to the Committee as part of the Council's agreed process for budget setting and informed the Committee of the Cabinet's initial proposals for the Medium Term Financial Plan to 2015/16.

The Cabinet had been working on the budget proposals since June 2010 and had based its work on the following principles, actions and priorities:-

- Continuing to reduce costs and bureaucracy by robustly pursuing its efficiency agenda through the business transformation programme and other council departments.
- Further reducing its dependence on consultancy where it was appropriate to do so and upskilling its own workforce.
- Considering other ways of delivering the best services to our residents that placed less of a financial burden on the tax payer including working with voluntary organisations and businesses to secure value for money and improvements in performance.
- Reducing the number of people employed by the organisation and reducing senior management costs.
- Reviewing all the buildings the council owned and used ensuring they were being used as efficiently and effectively as possible and any that were no longer needed were disposed of.
- Continuing to secure savings by ensuring services provided the best value for money for residents.
- Only making reductions in services where there was still not enough money available to deliver them when other savings had been accounted for.

If all proposals were accepted, the Council would face the following financial position:

	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k
Budget Surplus (+) / Deficit (-)	3,347	-745	-6,414	-18,508	-23,842

Whilst the Cabinet had modelled the position over five years to ensure that they were aware of the financial horizon, at this stage they had not developed specific proposals to try and close the gap further in the last two years. There remained considerable uncertainty over the financial position for a number of reasons. Including the following:

- The Spending Review covered four years only.
- The Local Government finance settlement was likely to cover two years (possibly with a further two in outline). However the Government was intending to review the whole system of local government finance and would implement changes in 2013-14
- The new Census information would be fed through into financial settlements. It was expected that this would see a more realistic estimate of the growing population of Peterborough.
- The impact of the new homes incentive would be clearer
- The Council would benefit from its investment in renewable energy, through reduced energy bills and avoiding the carbon tax
- The country was likely to be returning to a healthier economic position

Observations and questions were raised around the following areas:

- The work put in to develop the Strategy was recognised and it was acknowledged that some bold and difficult decisions had to be made. Did the Cabinet Member believe that enough savings would be delivered and did he believe the Strategy was sound? *This was a balanced budget. The Government would only be giving us details of the grant settlement for two years and we did not know what would happen in years four and five.*
- Members were aware that a community budget system would be introduced in 2013. What would the implications be for the Council? *We had not yet looked in detail at the impact of community budgets.*
- Should the Council be looking to concentrate spending only on statutory services? What was the split between statutory and discretionary spend? *This could be done*

but it would mean the end of services such as the Museum and libraries as a good proportion of our discretionary spend was now with Vivacity. An analysis of spend had been undertaken and could be sent to interested members.

- *How had the New Homes Incentive figure been arrived at? The figure was based around an average Band D Council Tax property. Full details were still to be provided but it would be based on actual properties built. We had been conservative as we had only allowed for Year 1 but the fund in future years was likely to be finite.*
- *With regards to Neighbourhood Council Capital Spend a saving of £44,000 had originally been put forward but now all of the funding was being removed. The capital funding would be replaced by S106 monies that would become the responsibility of the Neighbourhood Councils.*
- *The proposals showed a lot of debt for an authority of our size. Our level of borrowing was not high compared to others. When it came to funding the capital programme there were only two options – either sell off assets or borrow. The other option would be to stop items on the programme.*
- *What were the services to schools being talked about in the report? This was about how we traded services to schools, for example, workforce training and governor services. We would be looking to trade more aggressively by selling services to schools including other authorities.*
- *What delivery options were being considered for Children's Services? Becoming a charitable trust would lead to savings as it would be built around aggressive trading arrangements and a lean structure. There would be service savings, for example, terms and conditions for new employees and different pension arrangements.*
- *Would the proposed savings for allotment fees really be a saving due to the administration time spent in collecting the fees? The Cabinet should look to introduce a one off fee to cut out the administration and it was also suggested that the Cabinet remove the charge altogether to encourage allotment use. The cost of an allotment was £52 and currently an active card discount was available but the proposal was to take away the discount. We would look again at the overall cost of this service and the cost of collecting fees. However one issue was that no maintenance fund had been built up for the allotments.*
- *The Cabinet should look again at the proposal to reduce the opening hours of the two manned public conveniences as they were services that the public valued and were of good quality. The proposed saving of £10,000 was minimal. The savings would be made during periods of low usage but the comments would be passed on.*
- *Some of the street furniture and clutter on the streets should be removed as it cost money to maintain. The comment would be passed on to the Cabinet Member for Housing, Neighbourhoods and Planning.*
- *Would the increase in wheelie bin fees really be a saving? This charge would be for all new bins including new homes and not just replacement bins. The comment would be passed on.*
- *It was noted that there would be a staggered reduction in the funding for the Women's Enterprise Centre, should there be a more aggressive reduction in funding? It was felt that this was the quickest way the savings could be delivered. The comment would be passed on to the Cabinet Member for Community Cohesion, Safety and Women's Enterprise.*
- *What projects would the business transformation team be working on? There was not a definitive list and this was a cost neutral part of the budget as money would not be spent unless a clear benefit was identified.*
- *There was a need to remove the essential car user allowance as in some cases it was being used as a perk. Not all members of staff who received the allowance needed to use their vehicles for work purposes. Currently there were 430 members of staff receiving the allowance and this proposal had received a lot of staff reaction. We would consider any strong cases from employees who believed that they should still receive the allowance.*

- The proposed 40p per mile rate for all car users was noted however the Cabinet should be encouraged to consider an additional 5p per mile for car sharing. *40p was the HMRC rate and taken with the removal of the Essential Car User Allowance it was felt to be reasonable.*
- Were the proposed savings of £350,000 for sick pay bankable savings? *They were largely bankable as it should lead to a reduction in providing cover. However it was acknowledged that in areas such as children's services these services still needed to be provided.*
- The Council should look again at maintaining a freeze on all non-essential recruitment as some jobs were still being advertised. *It was agreed that only essential recruitment should be happening. If any members believed a job which was being advertised was not essential then please let the Cabinet Member or Chief Executive know.*
- Staff should be given the opportunity to reduce their working hours as working four days rather than five may be an incentive to some staff. *Staff could already request to reduce their working hours and Directors were authorised to approve any such requests. Any reduction in hours would only be voluntary and it was not clear how many staff would volunteer. We were already talking to the unions and we would publicise to staff that they were able to reduce their hours.*
- If we were all in this together both senior managers and councillors should also be asked to take a pay cut. *If we were to reduce pay we would need to come out of national bargaining which we did not plan to do. We were currently in discussions with the unions whose national position was no pay cuts. Councillors were already below benchmarked levels and it was expected that there would be a freeze on allowances.*
- Some Members believed a reduction in pay and hours should be looked at as other councils and public services were already looking at it.
- How did the approval of the Local Economic Partnership (LEP) affect the budget? *The announcement of the LEP had only recently been made and the partners still had to consider what it meant and agree a delivery model. There would be no direct government funding but LEP's would be able to bid into funds. Opportunity Peterborough (OP) had already said that some of their work could move into the LEP.*
- Would that mean a reduction in the funding for OP? *OP now only received a third of its original funding as it was now only an economic development vehicle. It was an effective unit at the moment and we needed it now more than ever.*
- The Council's auditor, in a report on the 2008/09 accounts, said that he did not like the way OP was funded as we would have no rights to any share of its assets if it was wound up. *No concerns had been raised with officers or the Audit Committee.*
- When would publication of all spending over £500 start? *Spending would be published from January 2011.*

ACTION AGREED

That all of the comments and observations made tonight be reported to the Cabinet.

6. Scrutiny Review - Use of Consultancy

Councillor Lane introduced the report which provided an update on the work of the Scrutiny Group which had been established to review the Council's use of consultancy.

This was Scrutiny's second review into the use of consultants and considerable progress had been made by the Group. The Group had been given access to the Verto system which showed the current status of the Council's projects and were looking at a number of projects to see how and what benefit consultants brought. One issue that the Group felt strongly about was that it was important to use in-house skills where possible. A final report, with recommendations, from the Group would be brought to the Committee in February 2011.

Comments and observations were raised around the following areas:

- The review had taken a long time since it was set up in March and appeared not to have got anywhere. Was a full list of consultants used by the Council available? *A full list was not available but the review had established that the number of consultants being used had reduced considerably.*
- The Committee should acknowledge receipt of the report with a proviso that we were unhappy at the speed of progress being made in undertaking the review. It could appear that the delay reinforced the view that the Council was trying to hide the real situation.
- Councillor Seaton advised that he did not believe that anything was being hidden and if the Group felt that they were having problems getting all the information that they needed then they should let him know.
- A number of different officers had been interviewed by the Group and a number of questions had been raised around the contract with Amtec. It may appear that progress had been slow but a lot of progress had been made.
- Had Councillor Fletcher received any answers to his questions which were submitted in January? *Many of Councillor Fletcher's questions related to the Professional Services Partnership contract. The Group had looked at a number of invoices to see how consultants had been contracted. A number of the questions now had answers and the Group was close to getting answers to all of them.*
- Why were the Group not able to see the contact between Amtec and V4 to establish what the sub-contracting arrangements were? *The City Council did not hold copies of the records between Amtec and V4.*
- Did the Group believe everything was in order? *The Group would like to reserve judgement until it had completed the review. Some consultants appeared to have shown value but it was necessary to take a view on whether the overall contract was providing value for money.*
- At the invitation of the Chairman Councillor Fletcher gave his views on the work so far. He believed that the progress made was pathetic and it was unacceptable that he had never received any answers to his questions which were submitted in January. The review should not have taken this long to undertake and he still believed that the Council had something to cover up.
- Councillor Seaton advised that he welcomed the review. He had seen some of the answers to the questions which had been submitted but some of the questions did not move the Council forward, for example, seeing all invoices in relation to consultants. Again, if the Group believed things were being hidden from them they were to let him know.
- Councillor Lane said that he was concerned that Councillor Fletcher had not received a direct response to his questions and he would ensure that he received a response.
- The Chairman echoed the concerns of other Members and requested that as much information as possible should be sent to Councillor Fletcher.
- The budget papers said that the Committee was carrying out the review but that was not quite accurate. The budget papers should be amended to say that a Review Group was carrying out the work on behalf of the Committee.

ACTION AGREED

The Committee acknowledged the report.

7. Forward Plan of Key Decisions

The latest version of the Forward Plan, showing details of the key decisions that the Leader of the Council believed the Cabinet or individual Cabinet Members would be making over the next four months, was received.

Observations and questions were raised around the following areas:

- Councillor Arculus enquired when ward councillors would be consulted on the proposed decision in relation to the proposed sale of land at Vawser Lodge. *The Scrutiny Manager would check at what stage the decision was.*

ACTION AGREED

- (i) To note the latest version of the Forward Plan.
- (ii) The status of the proposed decision in relation to Vawser Lodge to be established.

8. Work Programme

We considered the Work Programme for 2010/11.

It was agreed to add the following to the work programme:

- City Centre Area Action Plan (March 2011)

ACTION AGREED

To confirm the work programme for 2010/11.

9. Date of Next Meeting

Thursday 6 January 2010 at 7pm (Budget Meeting)

CHAIRMAN
7.00 - 9.10 pm