

THE MINUTES OF THE MEETING
OF THE RESOURCES SCRUTINY COMMITTEE
HELD ON TUESDAY 24 JUNE 2008

Present: Councillor A Burnip (Chair)
Councillors Mrs M Baird, A Collinson,
D Maddison and Mrs J Maitland

Apologies: Councillors A J Holmes and R Liddle

- 1 **THE MINUTES OF THE LAST MEETING** held on 3 June 2008, a copy of which had been circulated to each Member, were confirmed.

Matter Arising

The Chair reported that the proposed visit to Hackworth Road Depot by the Committee, as requested at the last meeting was likely to take place in the week commencing 7 July 2008. The date would be confirmed to Members in due course.

RESOLVED that the information given, be noted.

- 2 **THE MINUTES OF THE MEETING OF THE EXECUTIVE** held on 20 May 2008, a copy of which had been circulated to each Member, were submitted.

RESOLVED that the information contained within the Minutes, be noted.

Matter Arising

The Chair made reference to the local government review and the effect on the structure of community safety delivery in the District from 1 April 2009. The statutory requirement was for a single Crime and Disorder Partnership for each local authority area i.e. one covering all of County Durham. He hoped that the high level of service provided by Easington Community Safety Partnership would continue under the new arrangements.

RESOLVED that the information given, be noted.

- 3 **PUBLIC QUESTION AND ANSWER SESSION**

There were no members of the public present.

- 4 **FEEDBACK FROM SCRUTINY MANAGEMENT BOARD**

The Chair advised that there were no issues considered at the Scrutiny Management Board meeting held on 16 June 2008 which fell within the remit of this Committee.

RESOLVED that the information given, be noted.

5 SERVICE UNIT PERFORMANCE REPORTING – FINANCE

Consideration was given to a briefing note prepared by the Head of Financial Management, a copy of which had been circulated to each Member.

Attached to the briefing note were the key service objectives of the Unit, their linkages to the Council's corporate objectives and details of the 'top ten' high level actions in the Unit's Service Plan for 2008/9.

The Position Statement covered the following three areas:-

(i) Positive Results from the Unit's Service Plan

D Temple, Head of Financial Management reminded Members of the structure of the Unit, explaining that it was made up of four sections and employed over eighty members of staff. The Sections within the Unit were Accountancy and Payments, Internal Audit, Revenues and Benefits and each Section had an Operational Manager to oversee the day to day activities. The Benefits, Revenues and Audit Sections reported to the Community Services Scrutiny Committee and Audit Committee.

He advised that within the Revenues Section, the interim management arrangements put in place as a result of the long-term sickness absence of the Revenues Manager continued to work well.

The Accountancy and Payments Section had now completed the Council's Accounts for 2007-8 within the statutory time framework and these were scheduled to be reported to Special Executive and Special Audit Committee this week, and to full Council on 30 June 2008.

All Sections in the Unit continued to liaise closely with the Audit Commission on all related financial matters. Together with the Director of Finance and Corporate Services, he met with the External Auditor to discuss topical financial issues as and when required. A key topic at present was the local government review and regular exchanges were taking place with the Audit Commission to ensure that 'business as usual' continued in the transitional period leading up to the implementation of the new unitary Council.

During this year financial monitors would continue to be presented to the Executive in respect of the 2008-9 General Fund and HRA budgets. These monitors would also inform the new unitary Council in the period up to 1 April 2009.

Collection rates on Council Tax and Business Rates together with Revenues and Benefits performance for 2008-9 were on target, including the Council Tax collection rate which was only slightly below the same performance when compared to the previous financial year. This was commendable considering the number of mortgage rate increases in the last 18 months, which had inevitably had an adverse effect on Council Taxpayer's disposable incomes. In respect of Council Tax collection for last year (2007-8) the Council had achieved its second highest ever collection rate which was only slightly below the previous year's collection rate.

The Internal Audit Section had discontinued its day-to-day service with East Durham Homes from this financial year. EDH now had an alternative provider (Bentley Jennison). The impact on the Council's Internal Audit service would be minimal but there would be still be client responsibilities for the Council in overseeing EDH which would continue to be carried out by the Council's Internal Audit Section, the costs of

which would be charged to the Council's HRA. The new provider would meet with Council Officers on a quarterly basis to review progress.

In response to a question in relation to the frequency of meetings with EDH's Auditors Members were advised that there were protocols in place to monitor the service between the formal quarterly meetings. There was regular liaison and he was confident that the arrangements were working well.

He was satisfied that within the Unit all Best Value Performance Indicators and Local Performance Indicators were broadly on target for 2007-8 and that early indications for the financial year were that all PIs were on target in 2008-9.

In terms of the local government review, Officers continued to be involved in the LGR Finance Officers Group and sub-groups and whilst this could create capacity issues, the situation was being managed at present. The briefing note provided details of major areas of work for the Unit and he added that the national concessionary fares scheme had been implemented successfully.

(ii) **Negative Results/slippage**

D Temple advised that there had been no slippage however the work as part of the local government review would need to be closely monitored as it was expected that this workload would increase. He added that there was a need to balance the work required for the local government review and maintaining 'business as usual'.

(iii) **Capacity Issues**

D Temple reported that notwithstanding the potential capacity issues reported, the Unit were managing to secure efficiencies/savings identified as part of the 2008/9 budget process. No major revisions had been made to existing Service Plans, the details of which would inform the Council's Transitional Plan for 2008-9 and its Corporate Plan.

RESOLVED that the information given, be noted.

6 VALUE FOR MONEY – CONCESSIONARY FARES SCHEME

Consideration was given to the report of the Director of Finance and Corporate Services which advised of the value for money aspects of the concessionary bus fares scheme, a copy of which had been circulated to each Member.

T Bell, Director of Finance and Corporate Services advised that Resources Scrutiny Committee had agreed a programme of value for money reviews at its meeting on 18 September 2007 which included the concessionary bus fares scheme.

When the scheme was selected for inclusion in the value for money programme it had been based on cost comparisons of the scheme that was in place in April 2006. Since then the Districts in the County had implemented a national scheme effective from April this year and renegotiated the contract for a further 2 years. Although now a national scheme, Districts had continued to work on a county-wide basis and the scheme had discretionary elements such as off-peak travel. Although costs had varied since then, the Council's costs were still comparatively high.

He continued that the overall reimbursement cost of the scheme was currently apportioned to Districts on a basis agreed in March 2006. He referred Members to the tables in Section

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4.1 in the report which set out the 2007/2008 and 2008/2009 estimated funding shares. This showed the disparities in terms of shares and unit costs across the Durham Districts.

This demonstrated that Easington's share was much higher than other Districts and the report outlined the reasons for this disparity which related to the government's last revision of the scheme in 2006 when this Council received around 25% of the grant distributed in County Durham. At that time the grant distribution was heavily weighted towards elderly persons in receipt of benefit.

Following changes to the scheme in April 2006 as detailed, it became clear that unless the grant was pooled the County-wide scheme would be unaffordable for the majority of the Districts and after due consideration agreement was reached.

Table 3 at Section 4.9 in the report showed the position in relation to the government grant supporting the travel scheme and the discretionary or non-grant funded element. Despite the grant being pooled there were still disparities in terms of the percentage of the scheme supported by grant and the residual or discretionary cost.

From 1 April 2008 the national scheme was implemented and the Government distributed further grant for 2008/9 to County Durham at £1.5m. Table 4 showed that each District now had 92.3% grant funding. The Council's discretionary element was now less, freeing up the monies to spend on other services.

In terms of value for money it was clear that if the Council had not agreed to pool grant in 2006, even though it was not earmarked, then the county-wide scheme would have been in difficulty.

The financial data showed that Easington had the highest share of the cost as it had received 25% of the grant. However pooling had helped sustain the county-wide scheme and in terms of procurement had enabled the Durham Districts to collaborate and negotiate contracts until the end of March 2010, although this was subject to appeal by the bus companies. As the latest contract may only be subject to transport inflation the negotiation had given some financial certainty over that period albeit transport costs were adversely affected by rising fuel costs. The government intended reviewing the scheme from 2010/11.

In response to a question in relation to the calculation of the amount of income generated from travellers, T Bell advised that it was not possible to calculate an exact amount as the bus companies did not have the technology to do this. This was calculated using a concessionary fares calculator provided by the Department of Transport.

In answer to a further question relating to the future of the scheme under the new unitary authority, he advised that the current scheme should not be affected as the funding was already pooled. However, as stated in the report costs were likely to increase because of the current rising fuel prices. Unless government grant increased to reflect this then the discretionary costs would go up.

A discussion ensued on the three year value for money review programme in general as outlined in Appendix 1. T Bell advised that this programme had been agreed prior to the confirmation of the government's decision to restructure local government in Durham.

With the implementation date less than ten months away a significant amount of work was being undertaken by Council Officers in the process, and Members were asked to consider whether continuation of the value for money programme was beneficial given the amalgamation of District and County services from April 2009.

In discussing this, T Bell advised that the Officers involved in the workstream meetings were attempting to transfer elements of good practice at Easington to the new authority and it was felt that this should be the focus of attention in the remaining months. If the value for money programme continued, this would present capacity issues for Officers undertaking value for money work which was in effect already being carried out within the workstreams.

Following discussion it was **RESOLVED** that the information given, be noted and given the implications of the local government review, recommended that the value for money programme be not continued.

7 VALUE FOR MONEY REVIEW OF HORTICULTURAL SERVICES

Consideration was given to the report of the Environmental Services Operations Manager which gave details of the value for money review of the horticultural services, a copy of which had been circulated to each Member.

P Penman, Environmental Services Operations Manager advised that this report followed the verbal progress report given to Members on 22 April 2008.

He explained that horticultural services was the first key service area to be selected to undergo a value for money review following the Management Team programme of priorities for value for money analysis. This process met the Council's aims to measure how services were performing within current budget allocation.

The horticultural services were high on resident's priorities and the Council's spend was approximately £1.7 million each year in delivery. The Management Team's initial assessment determined that the service could be high cost, average performance and average satisfaction. This assessment was based on information produced by the Audit Commission, which compared costs against population, and results from the BVPI 119e satisfaction survey carried out in the District in 2006/7.

The report outlined the broad approach that had been taken in carrying out the review based upon costs, performance and satisfaction, and P Penman took Members through the findings in relation to each of these elements, as detailed in the report.

From these it could be concluded that in terms of costs, some of the associated costs with providing the service to residents and paying customers varied between high cost and low cost but that the Council's overall position when benchmarked against other authorities was good. The current position could further improve when a saving of £12,000 due to monthly wage payments was applied in 2008/9.

With regard to outputs, he advised that these were rated good as it was performing above average on the number of hectares of land maintained per front line employee. Initial findings showed that industrial disease could affect performance of the service but successful redeployment across the clean and green teams meant that performance should remain unaffected.

From the satisfaction survey, it was concluded that the horticultural service as average and gave some constructive comments of where the service could be improved. Most of these comments had now been addressed.

Employee appearance and attitude towards residents rated very well.

High levels of satisfaction were achieved for cost and performance for paying customers but improvements were required to reduce the time taken to respond to hedge

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maintenance requests. There was also a need to continue engaging with residents and customers to understand their views and make service improvements jointly.

Overall the review demonstrated that this was a value for money service however to continue to improve, a number of actions would be carried out and these were detailed in the report.

In discussing the review, a Member asked if the use of strimmers would be phased out. P Penman advised that restricted use of this equipment would continue, but would be subject to review by the new unitary authority from 1 April 2009.

In response to a further question relating to joint arrangements with some of the District's Parish/Town Councils, he advised that as part of the local government review, existing Service Level Agreements would need to be reviewed and work had started on this.

With regard to grassblowers, P Penman advised that it was not possible to fit these to all existing grasscutting machines as they had to be 'fit for purpose'. However, he added that there had been an improvement in the service as the number of 'fit for purpose' machines owned by the authority had increased.

A Member commented on the good result from the satisfaction survey relating to the appearance and attitude of workers, and felt that staff should be commended for this.

RESOLVED that the findings of the review, be noted.