

PERFORMANCE AND GOVERNANCE

Minutes of the meeting of the Performance and Governance held on 15 November 2011 commencing at 7.00 pm

Present: Cllr. M Fittock (Chairman)
Cllr. R Walshe (Vice-Chairman)

Cllr. K S Bayley, Cllr. C Clark, Cllr Mrs A Cook, Cllr. R J Davison,
Cllr. M Dickins, Cllr. Mrs A Firth, Cllr. J Grint, Cllr. R Hogarth,
Cllr. J London, Cllr. P McGarvey and Cllr. R Piper

Apologies for absence: Cllr J Gaywood

Cllr Mrs J Davison and Cllr. B Ramsey were also present

31. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 27 SEPTEMBER 2011 (ATTACHED)

Resolved: That the minutes of the meeting of the Performance and Governance Committee held on 15 November 2011 be approved and signed by the Vice Chairman as a correct record, as he had chaired that meeting.

32. DECLARATIONS OF INTEREST.

No declarations of interest were made.

33. FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE:

Members' attention was drawn to the tabled responses.

- (a) Performance Monitoring: LPI DS 002 – Total Trading Account Position
- referred on 27.09.11 (Finance Advisory Group 02.11.11)

The tabled response was noted.

- (b) Performance Management Performance Report - LPI HB 001, 002, 005
& 006 – referred on 27.09.11 (Services Select Committee 08.11.11)

The response from the draft minutes of the meeting, was noted.

34. MINUTES OF THE FINANCE ADVISORY GROUP

Members' attention was drawn to the tabled Minutes of a meeting of the Finance Advisory Group held on 2 November 2011, which were noted.

Members expressed concern as to the amount of tabled paperwork. Members were advised that the Finance Advisory Group minutes had been published via the Committee Management Information System (CMIS) the day before and there had not been enough time to send out a paper copy. Also, the response from Services Select Committee was an extract from the draft minutes as the meeting had only taken place the week before and after the agenda had been published. Members suggested that a reminder that the minutes were also on this Committee's agenda may have helped. The Deputy Chief Executive and Director of Corporate Resources advised that he would ensure an improvement for the next meeting of the Committee, in light of Members' concerns.

In response to a Member's query, it was advised that between 95-98% was still expected back on the recovered Icelandic investment.

35. ACTIONS FROM THE LAST MEETING OF THE COMMITTEE

The completed actions were noted.

36. FUTURE BUSINESS, THE WORK PLAN 2011/12 (ATTACHED) AND THE FORWARD PLAN.

Members noted the updated version of the Work Plan 2011/12, which had been tabled. The Chairman advised that this had been drawn up in response to comments made at the last meeting of the Committee on balancing the workload.

37. PERFORMANCE MONITORING

The report provided the Committee with a summary of Council performance and through the exceptions report detailed all 'Red' performance indicators for the period to the end of September 2011.

In response to Member questions, the Head of Environmental and Operational Services advised that the price of diesel was an ongoing concern and he was not yet aware of the outcome of the debate in the House of Commons that day with regards to a proposed 3p/litre increase in fuel duty from January 2012. As it stood, by year end the cost for diesel could be up to £40,000 above budget. There had been a budget presumption with regards to the charges imposed by SITA and Thames Water for trade waste and cesspool emptying disposal but they had increased their prices above budget levels after the budget was set. Operationally, SITA and Thames Water were both local, and Thames Water offered a preferential rate as the disposal point is located at the depot. Another trade waste disposal option sometimes used was Greatness Quarry, but it was a landfill site and the council's trade waste collection vehicles were not designed to tip on landfill. It also operated a 3 tonne minimum disposal.

Members asked why a higher increase in the cost of diesel had not been factored into the budget. The Head of Environmental and Operational

Services reported that when setting his budget he had to factor in the price of diesel as it stood at that time in order to match the overall target for the trading accounts. Cabinet had agreed that diesel costs would be identified as a budget pressure, rather than a growth item. He was required to balance his budget and would have to find savings elsewhere. Members were concerned about this approach and felt that Cabinet should be asked to change their views on this. The Chief Executive explained that it was necessary to do this because of the relationship between Central Government and local authorities in respect of budget setting and expenditure control. In effect, local authorities were financially controlled on their estimated expenditure, rather than actual expenditure at the end of the year. This meant that if a potential price increase was factored into the budget at the beginning of the year resulting in a projected overspend, then cuts in other services would have to be made immediately. However, if the budget was set on costs as they stood, this would provide time for savings/underspend to be identified elsewhere, negating the need for cuts and further job losses. It was a risk, but did mean that there was a certain degree of flexibility and opportunity to find savings elsewhere and prevented the need to make unnecessary cuts. If budget holders were not able to find efficiency savings this would be reported to Members. However Heads of Service all generally helped each other out and this was all monitored very carefully by the Finance Advisory Board and Cabinet. The Committee noted that the approach to budget-setting and control had been the practice for a number of years, and in each of these years, the end of year position ("outturn") had been at or slightly below the estimates.

In response to Members' queries on Revenues and Benefits performance, the Head of Finance and Human Resources advised that it was too early to tell whether the new measures introduced were making any significant impact. Recruiting qualified assessors was still a problem due to uncertainties and possible changes to legislation. Not as many were training as assessors and many were going on to other careers. Recruitment for apprentices was currently carried out via Kent County Council but it was hoped in the next round it would be possible to meet with prospective candidates and talk to them earlier in the process. Additional resources were used in the summer and had a positive impact on the backlog, however it was still at a high level so some extra staffing was still being used. Members felt that it was clear more staff were required to meet the increasing workload. It was also noted that despite the increased workload due to the current climate, the administration grant was being reduced by £40,000. Cabinet was expected to make representations concerning this. Members wished to make their own concerns clear to Cabinet and bring to their attention the increased workload and future need to give proper consideration for further staff.

Members noted that despite a very significant improvement, the Performance Indicator for the number of missed green waste collection complaints would likely remain red. Members congratulated the Head of Environmental and Operational Services and his Team for agreeing to the Christmas collections and extra days, which was appreciated by many residents.

ACTION 1: For the purposes of black and white printing, Officers to investigate a better way of identifying the traffic light colours in grayscale.

Resolved: That:

- (a) the contents of the report be noted; and
- (b) areas of concerns listed above with regards to the increase in cost of diesel, and the problems facing Housing Benefits, be referred to Cabinet.

38. FINANCIAL PROSPECTS & BUDGET STRATEGY 2012/13 AND BEYOND

The report set out the major financial pressures the Council was likely to face over the next four years, together with a proposed strategy for setting a balanced and sustainable budget for 2012/13 and beyond. The Council had an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities a year ago, for 2011/12 the Council brought its budget setting process forward by two months and produced a 10-year budget together with a four-year savings plan. This provided the Council with a stable basis for future years, which addressed the reduction in Government funding as well reducing its reliance on reserves.

Building on the considerable progress made over recent years, the report updated Members on significant risk areas as well as setting out the way forward for service prioritisation, business and financial planning, financial strategy and the budget setting process. The overall emphasis was on building on the strong framework provided by the 10-year budget, whilst taking into account any new financial burdens and changes in the economy that had an impact on budget assumptions. The report also provided Members with the proposed timetable for the budget setting process.

A Member commented on the opportunities offered by the possible income stream that could be achieved if Councils were allowed to retain business rates with new powers to potentially borrow against those revenues. He was advised that at the moment it was unclear how this may operate in practice and therefore no assumptions were being made and no significant extra income was expected.

Members were advised that the way reserves had been used they would have run out in three years and funds would have had to have been found from the revenue budget. Instead their use had been smoothed over the ten year period and the budget stabilisation reserve was being used as a mechanism for preventing unexpected movements between budget years. The level of reliance on reserves had significantly reduced and in the longer term, more sustainable solutions could be sought and if the economic recovery resulted in positive outcomes for the Council then the reliance on the reserves could be reduced or their period extended beyond the ten years.

The Chief Executive confirmed that partnership working was still very much on the agenda. The thrust of the Secretary of State's policy was to encourage partnership working and service sharing, especially for District Councils. Meetings were continuing with other Councils in order to look for further opportunities for partnership working. However he advised that when working with others it was a matter of persuasion and that timescales were not always as quick as one would like.

Looking at the variable income sources a Member queried why more opportunity was not taken to increase Development or Building Control fees rather than just car parking charges. The Chief Executive explained that Development Control fees were set to a national scale. All the statutory obligations were regulated by set fees, and Building Control fees were also subject to commercial competition. The issue had been taken up with the Local Government Minister and it was hoped that under the current Government review of planning fees, Councils would at the very least be allowed to set fees at a rate that would allow them to break even. It was noted that pre-application advice was a moot point, as a council this was not yet extended to householders but only developers and commercial applications. A Member suggested investigation of more commercial rubbish collection services as a potential source of income.

Resolved: That the report be noted and the comments made on the proposed budget strategy, reported to Cabinet.

39. INVESTMENT STRATEGY UPDATE

Members were reminded that they approved the Investment Strategy as part of the budget-setting process in December 2010. In considering that Strategy, Members were advised that, given the current economic climate, the Strategy would need to be monitored and reviewed, where necessary, during the year. The report gave details of recent developments in the financial markets and changes to credit ratings. Members noted that it was considered by the Finance Advisory Group on 2 November 2011.

The Head of Finance and Human Resources reported that it was difficult to place investments due to the reduced number of institutions meeting the required credit criteria, so alternatives were being investigated. Following recent downgradings, Santander UK plc, Clydesdale Bank and the Nationwide Building Society no longer met the relevant criteria and so, as investments with these institutions expired, the funds would be placed elsewhere. If conditions worsened, Members agreed that a move to more secure investments such as lending to the Debt Management Office's Account Deposit Facility or opening of Money Market Funds should be considered. Members suggested that Officers should have the discretion to deposit the amounts held by Santander, Clydesdale and Nationwide in the semi-nationalised banks, if nowhere else were found in the meantime.

Resolved: That the report and Members views be noted, and that

Cabinet consider increased use of the semi-nationalised banks for placing deposits.

40. FORMAL CUSTOMER COMPLAINTS MONITORING 2010/11

The Customer Service Manager introduced Julie Heather, the Complaints and Reporting Officer, to the Committee. He updated Members regarding customer complaints and feedback monitoring for the year 2010/11, referred to information from the Local Government Ombudsman's Annual letter, and invited Members to visit the Contact Centre for a tour and demonstration of the Lagan CRM complaints monitoring system.

ACTION 2: Future reports to contain figures as well as the percentages when referring to the number of complaints at all Stages.

Resolved: That the report be noted.

41. BUDGET MONITORING – SEPTEMBER 2011 FIGURES

Members considered the Budget Monitoring Report for the month ended September 2011, and the forecast year-end position.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 9.03 pm

Chairman