

## **STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

**8<sup>th</sup> FEBRUARY 2010**

### **PRESENT:**

Councillors, Smedley (Chairman), Hogan (Vice-Chairman) Adams, Bamborough, Mrs English, Humphreys, Jackson, Lewin, Norman, Strachan, and Wilks.

(In accordance with Council Procedure Rule No.17 Councillors, Mrs Fisher, Greatorex, Pritchard, Mrs Richards, Roberts, Smith, Mrs Stanhope and Wilcox attended the meeting)

Councillor Ellis also attended the meeting.

**APOLOGIES FOR ABSENCE** were received from Councillors, Atkins, Derrick, Constable, Tranter and Tittley.

### **DECLARATIONS OF INTEREST:**

No declarations of interest were made.

### **MINUTES OF STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

The Minutes of the Meeting held on 27<sup>th</sup> October 2009 were taken as read and approved as a correct record.

**RESOLVED:** That the Minutes of the Meeting held on 1<sup>st</sup> July 2009 be approved as a correct record.

### **THE FINANCIAL STRATEGY AND STRATEGIC ACTION PLAN FOR 2010/11 (THE MEDIUM TERM FINANCIAL FORECAST FOR REVENUE 2010-2013 & FOR CAPITAL 2009-2014)**

The Committee was introduced to the Strategic Action Plan for 2010-2011 and the Financial Strategy. It was reported that the Strategic Plan outlined all the District Council's priorities and the Financial Strategy sets out how our resources are used to deliver these priorities. It was noted that the District Council have many robust partnerships including ICT and it is hoped shared services will increase where benefits can be demonstrated.

It was reported that there had been a significant impact on the Council's finances as a consequence of the recession. For 2009/10 the impact is £1.346m which represents 92% of the contribution from reserves to support the Council's services. It was noted that after all remaining reserves available have been used there would be a funding gap of £3.569m over the period 2009-2013. It was also reported that reserves could only be replenished through extra income generated, further savings for example through shared services. It was asked and also noted that officers were continually monitoring the impact and members could be assured it was not due to lack of performance.

It was discussed that the Garrick theatre had experienced high growth however this had slowed due to the recession, it was considered wise to be cautious and state that business will need time to recover. It was asked why income from leisure centres

had stayed the same from last year and it was reported that there had been a decrease in the number of adult swimming but an increase in gym memberships.

It was asked if the Pay Bill figures included incremental increases and it was reported that these were already built into the budget and the 0% figure shown in the report was for the national Pay Award only. It was agreed to make this clearer in future.

It was noted by the Committee that it was currently uncertain what detrimental impact to the Council's Finances of the transfer of concessionary travel to Staffordshire County Council.

With regard to the Capital Programme, the three year medium financial forecast 2010/13 contains prudential borrowing of £5.81m. In accordance with the Council's Constitution, authorisation will need to be given to the Director of Finance, Revenues and Benefits for prudential borrowing purposes.

**RESOLVED:** That the report be noted and the views of the Strategic (Overview & Scrutiny) Committee be provided to Cabinet.

## **PERFORMANCE AND FINANCIAL UPDATE**

The Committee considered the performance of the last half year against the Strategic Action Plan for 2009/10 along with the performance against indicators as identified by Cabinet as the most critical. It was pleased to see that performance on a number of areas including refuse collection and electronic payments was increasing. It was highlighted that the risk register had been refreshed and included the loss of the multi storey car park.

There had been lower return on investments from 4.9% to 1% and it was reported that this had resulted in £92k less from receipts.

The Committee were notified that a grant for the Garrick theatre from the Arts Council was now in the 3<sup>rd</sup> stage and success was hopeful. It was asked how costs for the Garrick would change if there were more performances and it was explained that as there were more customers, the need for more staff, and the wear and tear would increase too.

It was asked what the District target for recycling was as the County target of 50% by 2020 had already been met. It was reported that it was too early to look at due to the introduction of the blue bins. It was noted savings would be seen from the new bins and shared service with Tamworth BC.

**RESOLVED:** That the report be noted.

## **TREASURY MANAGEMENT STRATEGY REPORT 2010/11 TO 2014/15**

The Committee considered the Treasury Management Strategy Report for 2010/11 to 2014/15. It was reported that since the collapse of the Icelandic banks, the Chartered Institute of Public Finance and Accountancy (CIPFA) had revised the Treasury Code and Guidance to ensure there is scrutiny of treasury matters. It was noted that training for members is currently being arranged.

It was reported that District Council receive three interest rate predictions; optimistic, central case and pessimistic. The central case rates have been used as these are considered to be prudent. It was also reported that any impact to revenue from borrowing for the Capital Programme will be shown.

It was asked if external advice of who to invest with could be trusted after the collapse of Icelandic banks. It was noted that the District Council uses credit rating agency scores and other economic information available as advised by the Council's treasury management advisors. In accordance with the CIPFA Code for Treasury Management, the Council seeks securitisation followed by liquidity and finally return on investments in its treasury management strategy.

With regard to the balance sheet, it was noted that the future value of fixed assets would increase as a result of the Council's Capital Programme Investments in its asset base. It was clarified that the figure shown for the pension scheme item on the balance sheet was in respect of the Actuarial valuation of the pension scheme and the Council's financial commitments in respect of pensions for its employees.

Councillor Wilcox and the Strategic (Overview & Scrutiny) Committee thanked the finance team for all their hard work.

**RESOLVED:** That the report be noted.

### **COMPREHENSIVE AREA ASSESSMENT (STAFFORDSHIRE REPORT) AND ORGANISATIONAL ASSESSMENT (LICHFIELD DISTRICT COUNCIL)**

The Committee was provided with the Audit Commission's assessments for both Staffordshire as a whole and Lichfield District Council.

With regard to the Comprehensive Area Assessment, which covered Staffordshire, it was noted that there were no green flags of exceptional performance and no red flags of significant concerns. It was agreed that this showed the area to be in a healthy situation.

The Organisational Assessment, which covered Lichfield District Council, gave an overall score of 3 out of 4. It was noted that the score for use of resources was 2 out of 4 however this was considered good taking into account that the District Council is below average for Council Tax charges. There were some areas for improvement and these would be looked at. It was noted that although the score looked lower than previous years, this was a new system of assessment.

The Committee expressed their concern that the document did not give detail on areas for improvement. Neither, it was felt, did the Comprehensive Area Assessment give Lichfield District residents an indication of the involvement of the District in the County.

The Leader notified the Committee that he had met with the external auditors to express his views about Members being involved in the process and had been assured that this would change in the future.

**RESOLVED:** That the report be noted.

### **REPORT OF PARTNERSHIP TASK GROUP**

The Chairman of the Partnership Task Group, Councillor Smedley, gave an update on the progress made. He notified the Committee that three areas would be considered by the task group and reported back.

**RESOLVED:** That the report be noted.

## **WORK PROGRAMME AND FORWARD PLAN**

Consideration was given to the Work Programme and Forward Plan and Councillor Mrs English requested that a report from the Disability Partnership Panel be added.

**RESOLVED:** That the Forward Plan be noted and the Work Programme be noted and amended as agreed.

(The Meeting finished at 8.55pm)

CHAIRMAN