

**REPORT OF CHAIRMAN OF STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

Councillors Strachan (Chairman) Norman (Vice-Chairman), Mrs Barnett, Mynott, Powell, D. S. Smith, Tittley and Mrs Woodward.

(In accordance with Council Procedure Rule No.17 Councillors Eadie, Spruce, and Wilcox attended the meeting)

**APOLOGIES FOR ABSENCE:** Apologies were received from Councillors Mrs Arnold and Thomas (Vice-Chairman).

At the meeting of the Strategic (Overview and Scrutiny) Committee held on 29<sup>th</sup> January 2014 the following matters were considered:

<b>1 THE MEDIUM TERM FINANCIAL STRATEGY (REVENUE &amp; CAPITAL) 2014-17 (MTFS (R&amp;C) 2014-17)</b>
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- 1.1 The Committee received a report on the proposals for the Council's three year MTFS (R&C) 2014-2017. It was reported that the MTFS had been based on the assumptions that the Friarsgate scheme would go ahead and that Council Tax would be frozen for two years. It was also reported that all bids had been included in the Capital Programme although this would mean a need for external borrowing were all bids to be accepted. It was noted that it was unlikely that all bids would be accepted. . It was further noted that there was a funding gap of £3,143,450 over the period 2014/15 to 2016/17 that would need to be closed.
- 1.2 Members asked if there was an alternative financial plan or model if Friarsgate did not go ahead and it was reported that there was. Members also asked if Business Rate income was planned to increase with the increase of employment land coming through the Local Plan and it was reported that there was much uncertainty around Business Rates and projections were based on the information at the time on where growth would occur. It was noted that the government had still not advised on how accounting for the potential cost and impact of rating appeals would be handled which was making modelling difficult.
- 1.3 Members asked about the effects of the reduction in funding allocated to Parishes for Local Council Tax Support (LCTS) and it was felt that any reduction would be significant especially for the smallest rural parishes. Members also felt that it would be more difficult to negotiate with Parish Councils to take on services if their precepts were reduced. It was reported that there would be no reduction for Parishes in the first year and the District Council would write to Parishes to consult ahead of any future changes.
- 1.4 Members then asked what criteria would be used to decide which bids on the Capital Programme would be accepted and it was reported that it would be dependant on what borrowing would be required and how it could sit within the Council's financial situation.
- 1.5 Members thanked the Officers for the report and the presentation given to Members on a previous occasion.
- 1.6 The report was noted and observations passed to Cabinet.

## **2 MONEY MATTERS: 2013/14 REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY**

- 2.1 The Committee received a report on the District Council's financial performance from April to November 2013. It was reported that since the publication of the report, up to 31<sup>st</sup> December 2013, the District Council was within budget and additional National Non Domestic Rates had offset the cost of bringing in savings from the Fit for the Future programme and so less reserves had been needed.
- 2.2 It was reported that the main financial risks were the uncertainty around the impact of Business Rate appeals, strain on the Pension Scheme as there was an aging workforce and no new employees entering the scheme and the slight reduction in collection rates although it was noted that the full picture had not been seen yet.
- 2.3 It was asked why some expenditure had not been frozen especially for equipment for the Leisure and Parks directorate which was not statutory and it was reported that a lot of the machines used were on a lease agreement and so needed replacing at the end of their leases. It was also reported that the Leisure and Parks directorate had yielded the greatest savings in the first phase of the Fit for the Future programme. It was noted that it was prudent to still include the service as no political decision had been made on its future. It was also commented that although not mandatory, Leisure and Parks was important to help tourism in the District but more creative thinking could be used as to how the service was run.
- 2.4 The report was noted.

## **3 ICT – LOOKING TO THE FUTURE**

- 3.1 The Committee received a report on the acute challenges the District Council was facing in relation to Information Technology. It was reported that the current operation system used by the District Council was Windows XP which would soon no longer be supported by Microsoft and no more security updates provided. It was also reported that Central Government had made a decision to disconnect local authorities from their Central Government's Public Sector Network (PSN) from September 2014 onwards if they still used Windows XP, due to the increased risk of virus infection from an unsupported operating system.
- 3.2 It was then reported that the current disaster recovery systems were too lengthy and not fit for purpose and so it was proposed to address this at the same time. Members noted that there had been a Member Working Group investigating options and it was recommended that new Servers, including disaster recovery Servers, be purchased and housed in a purpose built facility at Staffordshire County Council. It was also reported that it was recommended that existing computers be converted to thin clients running the Windows 7 operating system directly from the servers.
- 3.3 Members asked why Windows 7 had been chosen as the operating system and not Windows 8 and it was reported that the programmes used by Officers would work better with Windows 7. Members noted that there were some concerns that CD ROMS would no longer be able to be used which some departments, like Planning, relied on, however as it was recommended not to dispose of the current computers, this would not be a problem.
- 3.4 Members asked for assurances that having all servers offsite would not cause any problems with disaster recovery and asked if it would be wise to have just one server at

the District House for emergencies. It was noted that as the facility at the County Council was purpose built, it was more fire proof and secure than the District Council. It was also reported that from a disaster recovery standpoint, housing the servers in two separate purpose built areas at the County Council minimised the risk of a complete loss of hardware.

- 3.5 Members asked why there was no sinking fund for ICT infrastructure or it had not been budgeted for and it was reported that at the time of the budget being set, the government had not informed Councils that they would not connect with them through the PSN if still running XP and so was not considered as urgent a matter as it was now. Members noted that although a sinking fund would be advantageous, finances were focused more on delivering services. It was however noted that a sinking fund would be advantageous were it to become financially viable in future.
- 3.6 Members asked if the professional fees identified to implement the improvements could be negotiated lower and it was reported that the figures shown in the report were the worst case scenario and talks were already taking place to reach a better deal for the Council.
- 3.7 Officers were thanked for their hard work to date.
- 3.8 The Committee resolved that Cabinet be recommended to approve the following:
- (1) In relation to the challenge regarding the end of support by Microsoft for Windows XP and Office 2003:
    - Adopting Windows 7 as the replacement operating system to Windows XP (paragraph B.4.4).
    - Upgrading to Microsoft Office 2013 for the desktop document production software (paragraph B.4.7).
    - Implementation of Microsoft Lync to improve working on documents both within the Council and with other linked agencies (paragraph B.4.8).
    - Developing a training programme to assist Members and Officers in moving from the current versions of the software to the proposed versions (paragraph B.4.9).
    - Appointing additional resource to support the ICT team on delivering the project (paragraph B.4.11).
    - Procurement of a software application to store archive information from systems that only hold historical information (paragraph B.4.12).
    - Procurement of a software application to assist with training Officers in policies and procedures and identifying training needs (paragraph B.4.13).
  - (2) To address the threat of disconnection from the PSN:
    - Replacement of the core activity and auditing tool (paragraph F.6.1).
    - Implementation of additional servers to meet the Cabinet Office requirements (paragraph F.6.2).
    - The closure of Outlook Web Access and the movement of secure email boxes to a third party (paragraph F.6.3).
    - Purchase and implementation of encrypted memory sticks (paragraph F.6.4).
    - Implementation of additional mobile phone security to meet the Cabinet Office requirements (paragraph F.6.5).
    - Undertake a programme of Verification of Criminal Records checks to comply with the Cabinet Office's for the Baseline Personnel Security Standard (paragraph F.6.6).
  - (3) In reviewing the ICT Access, Use and Security Policy:
    - The policy in Appendix K is adopted as a Council policy (paragraph G.2.1).
    - A two-stage sign off approach is adopted and all Members and Officers will sign the new commitment statement (paragraph G.2.2).
  - (4) In considering the remaining issues:

- The Council adopt option C2 of those investigated by the IT review group that contains the following features (paragraph I.2.2):
  - Replacement of some desktop computers and laptops.
  - Conversion of the majority of the equipment to act as thin clients.
  - Purchase of new servers from the ANS group.
  - Placing the servers in the County Council server rooms and making use of their disaster recovery capabilities.

<b>4</b>	<b>REVIEW OF THE PLAN FOR LICHFIELD DISTRICT: ANNUAL ACTION PLAN 2014/15</b>
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- 4.1 Members received a report on the impact of the Fit for the Future programme Phase 1 on the Plan for Lichfield District, the strategic challenges faced and the priorities for the coming financial year.
- 4.2 It was reported that the Plan for Lichfield District was a live document and had three themes and a number of aims and ambitions. It was reported that the Plan is also owned and endorsed by partners on Lichfield District Board and is therefore delivered jointly with other organisations. Owing to the District Council's budget deficit of £1.7m, the Fit for the Future (F4F) programme was launched and because of this Cabinet agreed to review the ambitions in the Plan. It was then reported that although areas such as Community Development and Leisure Services had been adversely affected by F4F, and other services would continue but at a reduced level, overall the strategic direction set out in the Plan continued to be appropriate. It was reported that the Council will continue to work with partners on the Lichfield District Board who help to deliver ambitions.
- 4.3 The remainder of the report focused on the next Annual Action Plan for the District Council. It was noted that each Directorate had identified their top ten most critical issues for 14/15 and these had been used to compile the next Annual Plan.
- 4.4 Some Members felt the Plan was too modest and not challenging enough and wanted to see more ambition. It was noted and agreed that the top ten was not an exhaustive list and that further 'top tens' had been considered by each of the Overview and Scrutiny Committees. However, it was noted that some of the issues set out in the Plan (eg. implementing the Friarsgate scheme) will be very challenging for the Council to achieve, especially within the context of the Fit for the Future savings made and needed.
- 4.5 Members asked whether the Council could start leading and engaging partners more on joint ambitions. It was reported that this was already happening including as an example with the Better Care Fund which was bringing partners closer together to deliver services jointly. It was recognised that there was a need to have a good relationship with partners.
- 4.6 Members felt the Council should lobby partners more to try and ensure services continued and this was agreed.
- 4.7 It was proposed that item 1 of the Action plan read as "monitor and respond to impacts of Welfare reform" and this was agreed.
- 4.8 It was agreed that the more focused approach to annual planning be endorsed and amendments as agreed be made.

<b>5</b>	<b>DIRECTORATE TOP 10 AND PERFORMANCE REPORTING – 2014/15</b>
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- 5.1 The Committee received a report on the top ten issues facing the Finance, Democratic and Legal Directorates in 2014/15. It was reported that a number of items on the Directorate Top Ten were also on the Corporate Top Ten lists including the Boundary Commission review, the introduction of Individual Electoral Registration and implementation of the revised Local Council Tax Support Scheme.
- 5.2 Members asked if the Asset Management Review was on target to complete by summer 2014 and it was reported that although a large piece of work, it was on target.
- 5.3 Members asked how close to completion was the disposal of land at Brook End, Fazeley and it was reported that it a long process but on target. It was noted that a Capital receipt would be received but the amount was not currently known.
- 5.4 Members asked how a target could be set for the number of Enforcement Notices issued and it was reported that it was based on best estimates and past averages.
- 5.5 Members noted that the Performance Indicators for the Finance directorate had been considered by the Audit Committee.
- 5.6 The report was noted.

## **6 MEMORANDUM OF UNDERSTANDING WITH TAMWORTH BOROUGH COUNCIL**

- 6.1 The Committee received a report on the proposed Memorandum of Understanding (MoU) with Tamworth Borough Council. It was reported that the MoU related to potential shared services and was formalising the current approach. It was also reported that the MoU was neither a contractual or legally binding agreement. It was then reported that it would not take away the sovereignty of either local authority. It was noted that the MoU had already been approved by Tamworth Borough Council's Cabinet.
- 6.2 Members overall welcomed the MoU and noted that if a suggested shared service was proposed, it would be scrutinised in the usual manner. It was asked if there were any proposals due and it was reported that there were not. It was also reported that any proposal for shared service would be business case driven.
- 6.3 Members asked if other local authorities could be included and it was reported that the Chief Executive regularly met with her counterparts from other areas and the MoU did not prevent sharing services with other authorities if in the Council's best interests based on a business case.
- 6.4 Members requested bi-annual updates of the MoU for monitoring and this was agreed.
- 6.5 It was agreed that the Memorandum of Understanding with Tamworth Borough Council be endorsed.

## **7 WORK PROGRAMME AND FORWARD PLAN**

- 7.1 Consideration was given to the Work Programme and Forward Plan. It was agreed that a Special meeting was not likely to be required for April 2014 to consider the report of the Independent Remuneration Panel.

## **8 VOTE OF THANKS**

- 8.1 It was proposed, duly seconded and resolved that the sincere thanks of the Committee be recorded to all the Chairmen and Vice-Chairmen for their work during the past year.

R. Strachan  
Chairman  
Strategic (Overview and Scrutiny) Committee