

Minutes of the Overview and Scrutiny Committee 22 January 2014

Present:

Councillor P.A. Broom (Chairman)
Councillor A.E. Friday (Vice-Chairman)

Councillors:

F. Ayers	R.D. Dunn	I.T.E. Harvey
C.A. Davis	C.M. Frazer	D. Saliagopoulos
	D. Gohil	

In attendance: Councillor R.L Watts, the Leader.

Apologies: Councillors A. Ayub, C.A. Bannister, M. Bushnell, M. J. Madams, M.W. Rough and S.D. Taylor. Also Councillors V.J. Leighton, Cabinet member for Planning and Corporate Governance and Councillor N. Gething, Cabinet member for Economic Development and Fixed Assets.

11/14 Disclosures of Interest

There were none.

12/14 Minutes

The Minutes of the meeting held on 12 November 2013 were agreed as a correct record.

13/14 Matters Arising

The Committee asked for an update on Minute 313/13 Emergency Plan 2013/14. The Chairman advised that matters had been put on hold due to the recent floods. However, there had been some learning points as a result of this experience and the Committee would continue to work with the portfolio holder and officers on the role of councillors in the Emergency Plan.

Following this review a briefing would be arranged for all councillors on their role and the Emergency Plan. The Chairman indicated that it was her intention to organise a meeting of the Committee to specifically consider the impact of the recent flooding on residents with relevant agencies in attendance.

Two updates were laid round for members on matters raised at the September 2013 Committee meeting on funding for the Community Safety Team and developments with the Short Lane site. Officers agreed to provide written responses to Members' questions on these items.

14/14 Call in of Cabinet decisions

No decisions had been called in.

15/14 Leader's Task Groups

The Committee received updates on progress with the work of the three Leader's Task Groups looking at Economic Development, Fixed Assets and Environment and Waste.

Councillor Frazer informed the Committee that he was working on a paper for the Economic Development Task Group to develop an Economic Development Strategy for Ashford town.

RESOLVED to note the work undertaken to date by the Leader's Task Groups and that a full review will be presented at the May 2014 Committee meeting.

16/14 Localism Act – Impact on Service Areas

Councillor Friday reported on the work of the sub-group which had looked in more detail at the reports on the impact of the Localism Act on Council services which had been submitted to the November meeting of the Committee.

The sub-group had identified two areas in particular, Neighbourhood Plans and Assets of Community Value, where it felt residents could gain more benefit and was arranging meetings with the relevant Heads of Service to discuss its ideas.

The Chairman, Councillor Broom noted that representatives of Residents' Associations would be invited to the March 2014 meeting of the Committee to give their perception of Council services and their opinion of the opportunities offered to local residents by the Localism Act

RESOLVED to note the update on the work of the sub-group in relation to the impact of the Localism Act on Council services.

17/14 Customer Relationship Management procurement update

The Committee discussed an update report on the Customer Relationship Management (CRM) Procurement project which was one aspect of the 'Enhancing Customer Experience' programme in the Customer Service Strategy 2011-2014.

A Customer Relationship Management (CRM) system would enable Customer Services and the Council to have a holistic view of the customer, remove duplication into back office systems, maximise the Council's collection rates as it brings sundry debt, parking, council tax and housing benefits overpayments debts into one place, and would integrate with the Council's website to encourage channel shift.

A contract was awarded for a software solution in November 2013. Some savings had already been delivered through other parts of the programme and

CRM was expected to deliver a return on investment within 3 years and ongoing savings thereafter in the region of £160k.

The Committee noted that a key project objective was to improve customer service and satisfaction and it queried how this would be incorporated into the system. The Committee was interested in how the Council is currently gauging residents' satisfaction with its services and asked for more information on surveys undertaken and how we have dealt with the data gathered.

The Committee queried how the Council will deliver the staff savings flowing from CRM in years 2 and 3 which are flagged as coming from services beyond Customer Services, what the shelf life of the product is expected to be and whether business needs analysis had been incorporated.

RESOLVED to note the report subject to:

- (1) A recommendation that it is essential that the Council incorporates resident surveys and feedback into all systems in order to establish a baseline of what residents feel and be able to monitor our progress;
- (2) Clarification on how CRM will deliver improved customer service and satisfaction and how customer feedback will be incorporated into the system;
- (3) An evaluation of the impact of the system on other service areas and the shelf life of the product;
- (4) Ensuring the Customer Relationship Management system is built with validated, verified and approved business requirements. This will form the baseline/foundation of a product being planned, built and tested effectively and efficiently with cost at the heart of delivery and
- (5) Inclusion on the work programme of a report to a future meeting on resident surveys and how we deal with the data gathered.

18/14 Budget 2014-2015

The Committee received a presentation from Terry Collier, the Chief Finance Officer on the issues, challenges and core approach and principles underpinning the 2014/15 to 2016 budget. A copy of the presentation is attached and covered the following main areas:

- Pressures and opportunities
- Key financial issues
Council Tax setting
- Spreading savings/income generation across 2014/15 and 2015/16
- Income generation
- Doing things differently and prioritisation

The Committee was concerned about the predicted deficits and discussed possible opportunities for addressing the budget gap with the Chief Finance Officer. It was agreed that the Committee should consider how it could

contribute to the budget process by discussing later in the year, once the 2013-14 outturn was known.

RESOLVED that:

- (1) the presentation from the Chief Finance Officer be noted with thanks and
- (2) the Committee further consider how to address the budget gap at a future meeting.

19/14 Cabinet Forward Plan

The Committee received the Cabinet Forward Plan.

RESOLVED to note the Forward Plan.

20/14 Work Programme

The Chairman confirmed that two further items would be included on the Work Programme as discussed at this meeting:

1. resident surveys for the next meeting in March 2014 and
2. addressing the Budget Gap for the May 2014 meeting.

She invited members to contact her if they had any issues/topics they wished to be included for future meetings.

21/14 Any other Business

No other business was reported.

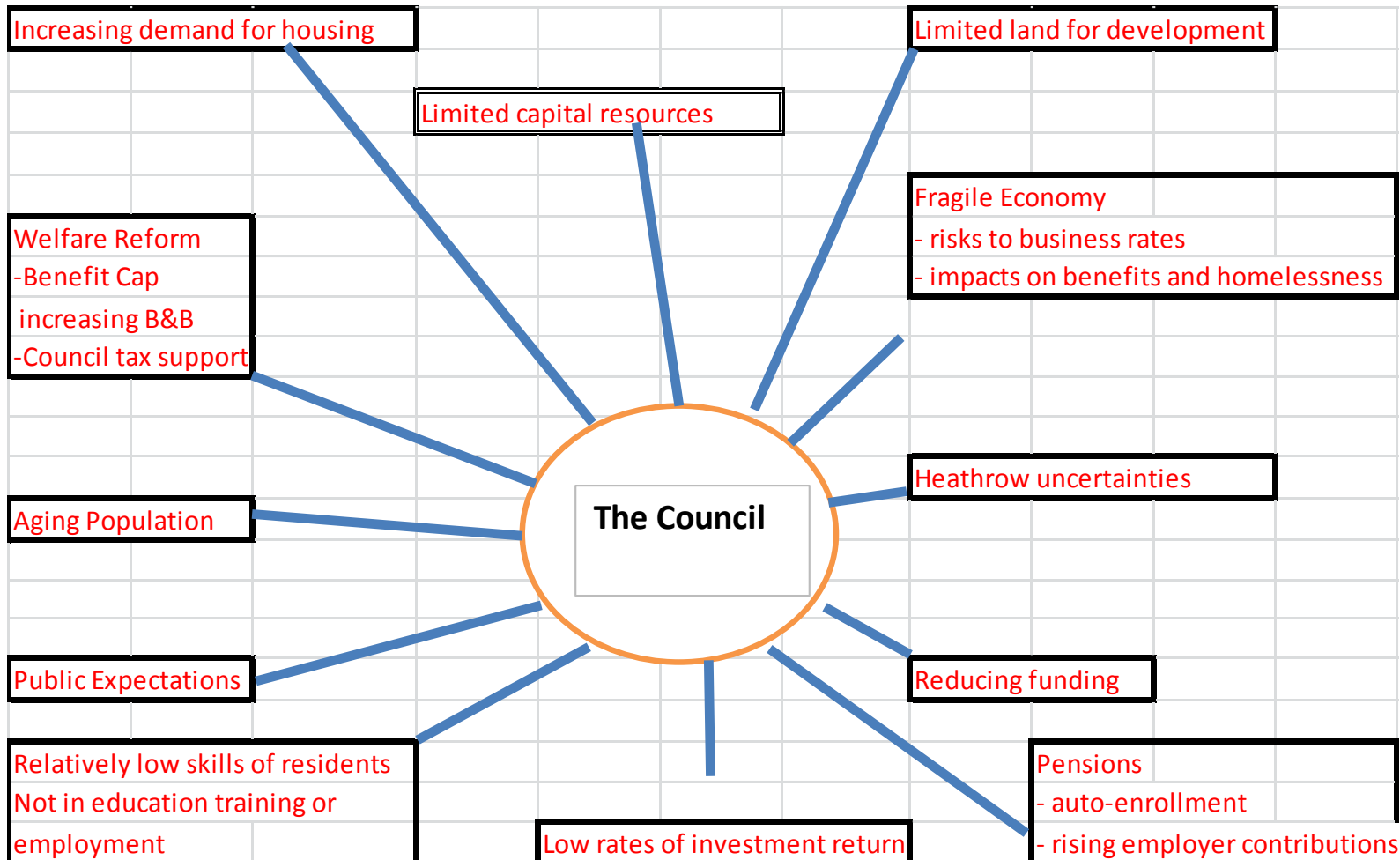
Overview and Scrutiny Budget Briefing 22-1-14 The Council's Financial Position

Terry Collier, Chief Finance Officer

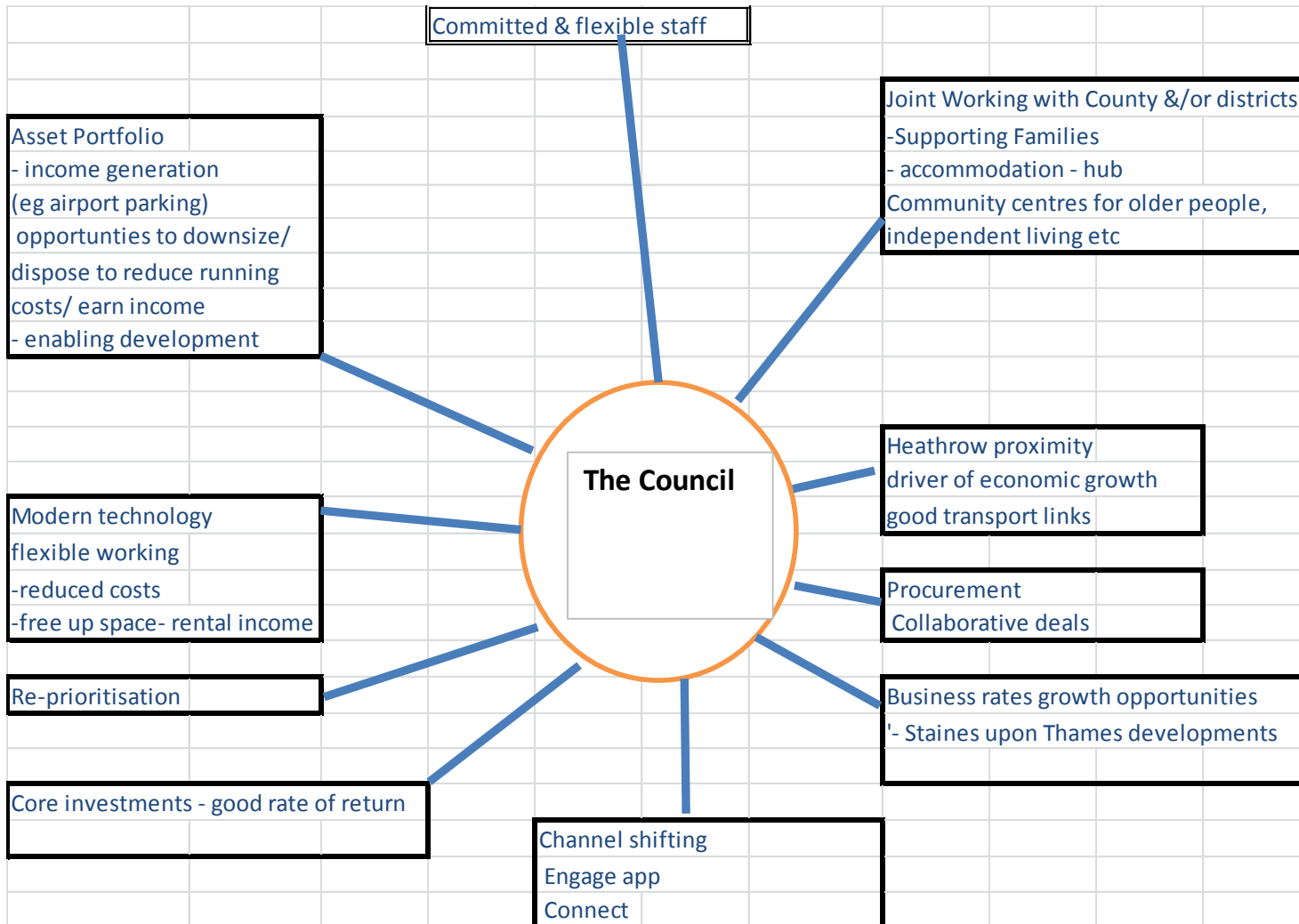
Session to cover

- **Where we are**
 - Context: Pressures and opportunities
 - Summary of financial issues
 - Council tax setting
- **Where we need to go**
 - Spreading savings/income generation across 14-15 and 15-16
 - Income generation
 - Doing things differently and prioritisation

Services Context: Pressures



Services Context: Opportunities



Key financial issues

- Reducing Revenue Support Grant (80% reduction over next 5 years)
- Underlying £0.6m reduction in funding in 15-16
- Limited reserves £15m (31.3.13)
 - £10 m core investments – if need to draw down should be looking to achieve rate of return of >4%
 - Ability to sustain Capital Programme
 - Options; including borrowing where a business case
- Protecting council tax base
 - Continue to increase annually just below the limit? Current uncertainty as Government not revealing until February council tax referenda limit
- Income generation
- Assets maximisation
- Key importance of sustaining and growing business rates
- Need to focus on closing 15-16 gap

Reaching the limits of salami slicing

- Need to focus on whole service areas- areas of discretion, and also focus on income generation



Funding reduction for 2015-16

- 2015-16 see £600k (30%) reduction in Revenue Support Grant
- Plus further £180k increase in employers contributions for historic pensions deficit

Budget gap projections prior to detailed 2014-15 budget process

■ Assumes :

- we are able to maintain current level of business rates collection and retention.
- £250k net general growth per annum
- 1% underlying remunerations increase per annum
- 1.94% annual council tax increase

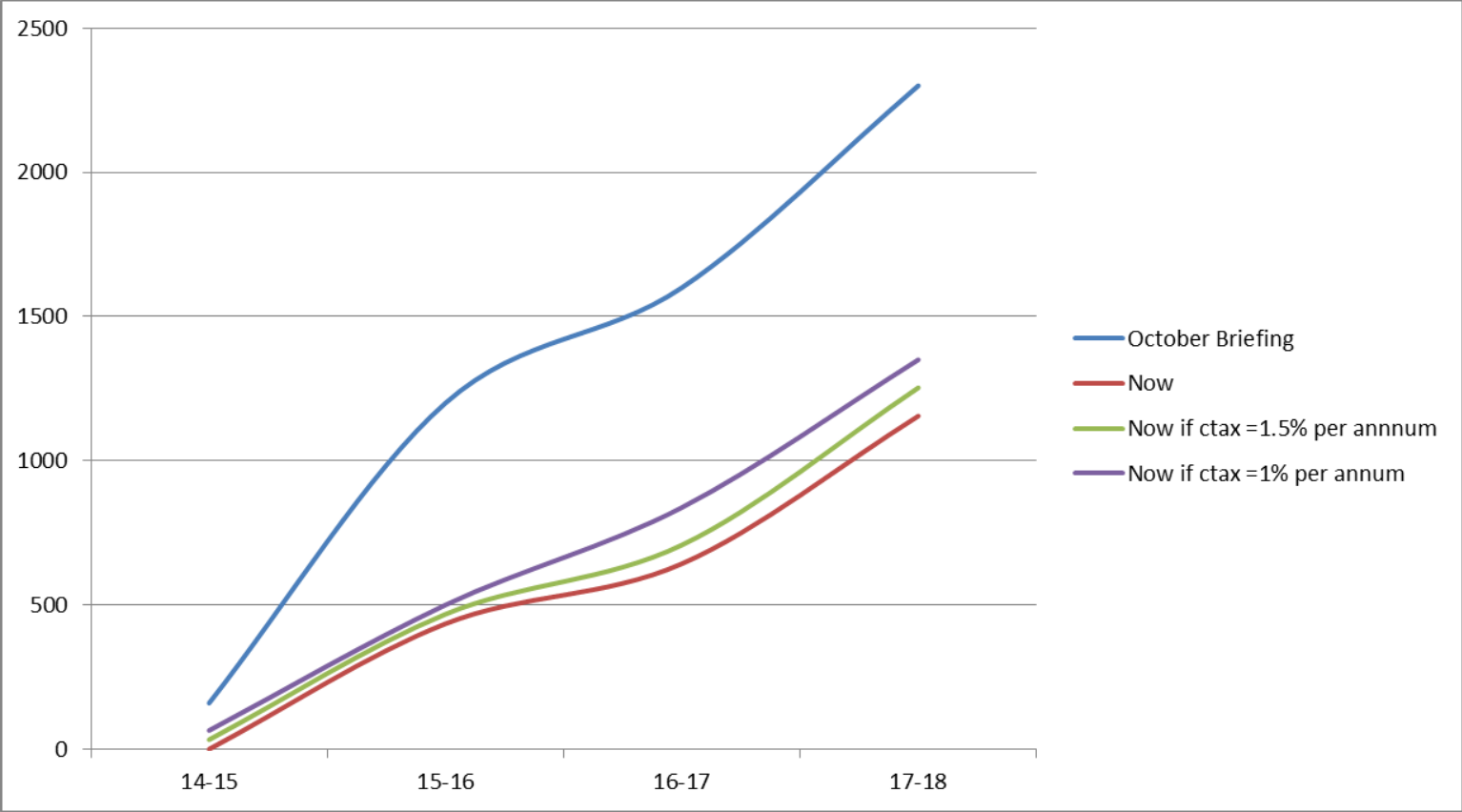
■ Latest budget gap projections

- 14-15 £160k (draft budget now balanced)
- 15-16 £1,200k (£435k) budget gap (increase £1,040k)
- 16-17 cumulative £1,600k (£643k) budget gap (incr £400k)
- 17-18 cum £2,300k (£1,155k) (incr £700k)

Council Tax Strategy

- Are we sticking to increasing Council tax by just under the referenda limit each year?
- Issue is we will not learn until some time in February what the 2014-15 referenda limit is
- Hints by the Minister that this may go down
- At same time Government has addressed short funding issue of freeze grants by building into ongoing funding
- If Government were to reduce referenda limit to say 1% then all councils might as well accept the freeze grant.
 - 1.5% limit we lose £32.5k relative to previous assumption
 - 1% limit = £65k lower income

Projected Budget Gaps (£000s)



Capital funding

- On current projections even if we keep Capital Programme to under £4m in total over 5 years, we will run out of capital funds 2-3 years into that programme
- This means we will need to consider a range of options including:
 - Generating additional capital receipts (but our preference is revenue income streams)
 - Attracting capital grants
 - Considering prudential borrowing
 - Funding from revenue reserves
 - Revenue contributions to capital including allocating portion of year end underspends

Income generation

- Medium term there are asset opportunities including
 - Airport parking (possible £250k per annum) potentially by 15-16
 - Ashford Multi-storey car park options being considered – complicated by interaction with college proposals
 - Staines-upon-Thames developments including:
 - Elmsleigh IV
 - Riverside development

Knowle Green

- Possible option of relocating from Knowle Green
- Moving Leisure centre into park (integrating indoor and outdoor facilities, greater scope for 3G pitches etc)
 - Frees up large Knowle Green footprint for development
 - Relocating offices – towards town centre? Or some towards centre and back office else where
 - Requires different methods of working

Ways of improving our financial resilience- doing things differently

- Need to focus on areas of biggest spend and largest income streams
- Asset income stream – for example airport parking
- Restructuring
- Partnership working
- Procurement-
- Staff suggestions
- Accommodation
 - Short term letting out more of Knowle Green
 - Relocating from Knowle Green
 - Link to Surrey Public Service Transformation pilot

Doing things differently

- Business transformation use of IT

Recent examples Engage, Connect, Internet telephony

- **Doing things differently- eg changes to services**
 - Lync – working without handsets
 - Joining up delivery of services across tiers – eg Supporting Families
- Reducing non-priority services
- Use of borrowing to fund income/cost savings generation projects

Selected significant areas of spend (excluding central recharges)

- Grounds maintenance (D) £1.6m
- Refuse Collection (M) £1.3m
- ICT £1m (D/M- driven by services)
- Street cleaning (D/M) £0.8m
- Customer Services (D/M) £0.7m
- Planned and responsive maintenance (D) £0.7m
- Depot management and admin £0.6m
- Housing Needs (M) £0.6m
- Planning (net of fees) (M) £0.6m
- Pension past service deficit (M) £0.5m
- Knowle Green (D) £0.5m
- Day centres (D) £0.3m
- General grants (D) £0.3m

Discretionary

- Given low net value of some discretionary services may not be worth the public relations costs etc of reducing
- Spelride £49k
- Meals on Wheels (£31k)
- Leisure £80k

Most significant current (gross) income streams (13-14 budgets)

- Car park fees £1,344k
- (plus season tickets £240k & off-street PCNs £117k)
- Recycling credits £651k
- Elmsleigh rental share £560k
- Green waste £376k – demand for another round?
- Planning fees (S) £369k
- Investment income £345k
- Cemeteries £321k
- Building Control £308k – under regs meant to breakeven over any 3 year period – in a competitive mkt
- Staines Market £300k
- (S) = Statutory set

Prioritisation and Doing things differently

- If we are to increase budgets to support priorities:
 - Need to continue to drive for additional income streams
 - In some instances this will justify borrowing in order to make happen
 - What are we going to do less of?
 - What do we accept we can do at a lower standard ie Ford Focus rather than Rolls Royce?
 - Eg telecare SPAN
 - How do we move forward shared services and find a willing partner(s)?
 - If we are to relocate office accommodation (ie hub) it will mean different ways of working with fewer staff in the offices all the time

Questions

