

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Scrutiny and Overview Committee 1 April 2010

AUTHORS: Cllr James Hockney, Chairman of the Finance Task & Finish Group
Jackie Sayers, Scrutiny Development Officer: 01954 713451

Portfolio Holders: Cllr Simon Edwards, Portfolio Holder Finance
Cllr Tom Bygott, Portfolio Holder Sustainability, Procurement and Efficiency (Value for Money)
Cllr Tim Wotherspoon (Portfolio Holder Northstowe plus Communications)

REPORT OF THE FINANCE TASK AND FINISH GROUP

1 Purpose

To report on the work of the Finance task & finish group and seek endorsement of its final recommendations.

Options

2. The Committee could endorse, amend or reject each of the recommendations before agreeing to forward the report to the Cabinet.

Background

3. By the end of the 2007/08 financial year the Cabinet had expressed some concerns about the level of underspends within the Council. Separately, following a financial training session, the Scrutiny and Overview Committee had some questions about budget scrutiny and consultation.
4. The Scrutiny and Overview Committee agreed on 19 June 2008 to set up a cross-party task and finish group with the following terms of reference:

To investigate and make recommendations for improving the Council's financial management, and budget setting processes, and to recommend improvements to future scrutiny of the budget and integrated business reports.

5. The task and finish group comprised the following Members:

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| Cllr Richard Barrett | Cllr Cicely Murfitt |
| Cllr Nigel Cathcart | Cllr Hazel Smith |
| Cllr James Hockney (chair) | Cllr Richard Summerfield |

6. The relevant portfolio holders were invited to all meetings.
7. The task and finish group made an interim report to the Cabinet in March 2009, with eleven recommendations; all but one were accepted at the time. A decision about the eleventh one was deferred by Cabinet until the new Executive Director was in post, when it too was accepted and included in the Cabinet's action plan.

Final report of the task and finish group

8. This final report of the task and finish group provides an update regarding the recommendations made in the interim report. It also sets out the later work on value for money and public consultation, with the resulting recommendations.

9. During the time covered by the review, the Council received two overall 'Use of Resources' scores. In 2008/09 the score was 3 (performing well) out of a possible 4; in 2009/10 a new, harder framework was introduced on which the Council scored 2 (adequate performance) out of 4. The Audit Commission has acknowledged that the new assessment is more outcome focused rather than based on procedures, and that the latest scores are therefore not comparable to previous years' scores.
10. A similar reduction happened at the vast majority of authorities previously scoring 3 and so this is therefore not regarded as a cause for undue concern. The group's findings would support this view as the Council has in fact made a number of improvements during the course of the review, as listed below.

Recommendations made in the Interim Report

12. The review group was pleased to note at the end of the review that all of the actions were complete or on target. See Appendix A.
13. Prior to the interim report, the group had also questioned the Council's practice of presenting the budget in two parts; the staffing and overheads element before Christmas and the whole budget after Christmas. They decided not to make a recommendation on this before the new Executive Director was in post. But following his appointment, they were pleased to note that the 2010/11 budget was presented in a single report, in February 2010.
14. In summary, the recommendations have contributed to several useful outcomes which strengthen the Council's budget setting and financial control processes:
 - An agreed corporate cycle now informs budget-, consultation-, service- and scrutiny-planning
 - There is a closer working relationship between the accountancy team and cost centre managers which has led to improved financial control
 - A procedure is in place for controlling budget variances of more than +/- 5% and more than +/- £2,500
 - The constitution has been amended so that a budget roll-over is permitted only where the budget-holder can show that the current year's budget has been fully committed and that there were no other sources of funding
 - The new management competencies framework provides targeted financial management training if a need is identified through a manager's performance and development review
 - Integrated business monitoring reports now show budget information alongside relevant performance information, enabling more accurate analysis of spending and outcomes
 - There have been improvements to the Council's website and council tax leaflet, enabling residents to more easily understand council finances: a simpler summary of accounts is also planned
 - There was a marked increase in the number of residents responding to the budget consultation; consultation with businesses has also improved
 - Work has begun on how to communicate the Council's 'value for money' record to residents
 - Members have received a refresher session on financial scrutiny which informed scrutiny of the 2010/11 budget
 - From 2010 Members will be able to attend an annual workshop for understanding and scrutinising the emerging budget and service plans

Value for Money

15. The group looked at the Council's record on achieving value for money, and how well this is communicated to residents.

16. They found that the South Cambridgeshire's council tax is 12th lowest of all 201 district councils in the country, while the vast majority of the Council's services perform well above average.
17. Nevertheless, residents seem to be insufficiently aware of this 'good value for money' record. Only a third of respondents to the 2008 Place Survey agreed that the District Council provided value for money. While this is on par with the national average, it is a major decrease on the figure of 49% in 2006/07. National trends also show a drop, albeit smaller.
18. The group agreed that much more work needed to be done to communicate value for money messages, so that residents had a truer picture of the District Council's achievements on their behalf. However feedback gathered by holding a residents' focus group revealed many communication challenges. There was evidence that residents:
 - think that the council tax is all kept by the District Council, rather than shared with the police, fire service, county and parish councils: this may be because the bill carries only the District Council logo and is all paid to the District Council
 - do not realise how small a proportion of the council tax (one thirteenth) goes to the District Council
 - assess value for money at a very local level - asking: "what has my household or community received for the money?"
 - do not know (or want to know) exactly which services are provided by each body
19. The group saw the need for a strategic response to these challenges.

Recommendation A: That officers develop a Council-wide communication plan for improving residents' understanding of the value for money achieved by the District Council.

20. Communicating a well-evidenced value for money record relies on accurate and up to date benchmarking information from every service area. The task and finish group found that the approach to benchmarking and value for money testing was excellent in some parts of the Council but that this good practice needed to be rolled out across the Council.

Recommendation B: That some service areas' excellent approach to benchmarking and value for money testing in the service-review and service-planning process be rolled out to all service areas.

Communication and consultation

21. Another important area of work focused on how well the Council communicates and consults with residents regarding the Council's finances. The interim report covers the detailed work previously carried out by the group. Since then, improvements have been made to the web site and the annual budget consultation; the 2009/10 consultation of residents saw a marked increase in the response rate.
22. The focus group mentioned above identified some valuable lessons, especially regarding the annual council tax leaflet, such as
 - even residents interested in council spending do not read this leaflet
 - they did not feel it relevant to them or their own locality
 - adverts introduce interest and colour but might be better placed between sections rather than within them
 - information in tables is hard to read
 - the phone numbers section is better at the beginning, not the end
 - similar, more localised information could be published in parish magazines
 - it could include what last year's tax was spent on, as well as how next year's will be spent
 - spending should be allocated to services rather than to portfolios.

23. Many of these ideas have now been used to radically improve the council tax leaflet being issued in March 2010. Others will inform next year's design.
24. As indicated above, it is hard for residents to reliably engage with consultation regarding the District Council's element of the council tax as they do not make a ready or accurate distinction between the various bodies who receive a share of it.
25. Following the group's interim report, the Council has improved the way that residents and businesses are consulted about the budget. The budget consultation featured in the 2009 winter edition of *South Cambs magazine* attracted a much higher response rate than previously. However, focus group members suggested ways to make it even more effective next year:
- replace the front page headline "Have your say" with a more attention-grabbing one such as: "Council tax rise, see page 11"
 - avoid the use of percentages; 6% sounds a lot; 13p does not
 - consult about the whole council tax bill, not just the district council's part

Recommendation C: That officers explore a mechanism for working with the other bodies who share the council tax, to carry out joint consultation.

26. **Implications**

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| Legal | None | Equal Opportunities | None |
| Financial Staffing/ capacity | The expectation is that the actions recommended in this report can be achieved within existing resources | | |
| Risk Management | If the recommendations in this report are not implemented, there is a risk that value for money, communication and consultation will not improve, which could adversely affect external assessments and value for money | | |

Consultation

27. A residents' focus group was held on 16 December 2009.

Effect on Annual Priorities and Corporate Objectives

28. Improvements to the Council's financial planning, communication and consultation will help to meet the Council's aim to be "a listening council, providing first class services accessible to all".

Options

29. The Committee has the options to endorse, amend or reject each of the recommendations before agreeing to forward them to the Cabinet.

Contact Officer: Jackie Sayers, Scrutiny Development Officer Tel: (01954) 713451

Contact Member: Cllr James Hockney, Chairman of the Finance task and finish group