



**VALUE FOR MONEY SCRUTINY
COMMITTEE
25 NOVEMBER 2014**

PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)

Councillors Mrs J Brockway (Vice-Chairman), P M Dilks, I G Fleetwood, A G Hagues, N I Jackson, Mrs M J Overton MBE and P Wood

Councillor M S Jones attended the meeting as an observer

Officers in attendance:-

Zoe Butler (County Customer Service Manager); David Forbes (County Finance Officer); Judith Gilbert (Democratic Services Officer); David Hair (Team Leader – Scrutiny and Member Support); Kevin Kendall (County Property Officer); Dave Pennington (Capital Programme Manager); Jo Ray (Pensions and Treasury Manager); Jasmine Sodhi (Performance and Equalities Manager); George Spiteri (Commissioning Performance and Assurance Manager); Matthew Stapleton (Project Sponsor) and Karen Tonge (Treasury Manager)

25 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors J P Churchill, S F Kinch, C E D Mair and Pete Moore, Executive Director of Finance and Public Protection.

26 DECLARATIONS OF COUNCILLORS' INTERESTS

No declarations of Councillors' interests were received at this stage of the proceedings.

27 MINUTES OF THE MEETING HELD ON 23 SEPTEMBER 2014

RESOLVED

That the minutes of the meeting of the Value for Money Scrutiny Committee held on the 23 September 2014 be confirmed and signed by the Chairman as a correct record.

(Councillor Mrs M J Overton, MBE and Councillor P M Dilks joined the meeting)

At this point in the meeting the Chairman reported that Councillor I G Fleetwood would be leaving the meeting at 10.55 am and returning at 12 noon as he had another urgent meeting to attend.

**28 COUNCIL BUSINESS PLAN 2012-2015 PERFORMANCE REPORT -
QUARTER 2 2014/2015**

Consideration was given to a report on behalf of the Chief Information and Commissioning Officer, which summarised performance against the Council Business Plan 2012/15.

Jasmine Sodhi, Performance and Equalities Manager, introduced the report and referred to some of the highlights in the performance for Quarter 2. It was noted that four of the performance indicators had been worse than target for two consecutive quarters which included:

- People leaving reablement who did not require ongoing support;
- Percentage of eligible population aged 40-74 who were offered and received a National Health Service health check;
- People supported to stop smoking; and
- People accessing the Wellbeing Service due to breakdown in unpaid carer role.

During discussion, the following points were noted:-

- Clarification was received with regard to the stages of the formal complaint process. Stage 1 was the initial complaint and if the complainant was dissatisfied with the response received at this level then the complaint may then be progressed by the complainant to Stage 2. If the complainant was still unhappy with the response received at Stage 2 then the complaint may be escalated by the complainant to the Ombudsman for a resolution;
- Confirmation was received that complaints received were monitored and if a number of complaints had been received around the same topic or policy then the relevant service area would be informed accordingly;
- It was confirmed that more work would be undertaken in the future to streamline the "going to school" process which would also include school transport arrangements in order to simplify this process for parents;
- Confirmation was received that there were no complaints regarding school transport outstanding;
- Consideration was being given to the different areas of support needed by elderly people in their home should their normal care arrangements break down and it was suggested that the trends be investigated rather than setting specific targets;

(Councillor P M Dilks apologised for joining the meeting late)

- Concern was expressed that the details which related to the Library Needs Assessment Programme were incorrect and it was asked that the wording be slightly amended;
- It was confirmed that staff and public were updated on a regular basis regarding the Library Needs Assessment Programme;
- Concern was expressed regarding the ongoing overspend for works carried out on the A1073 and it was noted that details of the final outturn would be available

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to the Committee after the conclusion of the ongoing legal proceedings. The Committee felt that a breakdown would be required which explained why and how the overspend had occurred;

- It was confirmed that the A1073 scheme had been discussed at this Committee twice previously;
- It was noted that there was an underspend of £4m in the Energy for Waste capital budget;
- Concern was expressed at the reduction of the Mental Health Service budget over forthcoming years as without knowing the number of patients who needed to access the service, it would be impossible to know if the budget set was adequate to meet the needs.

(Councillor Mrs J Brockway declared an interest as her daughter accessed Mental Health Services)

- Confirmation was given that the redundancy figures were inevitably only an estimate at this time; and
- It was noted that the work of the Scrutiny Team would be realigned in accordance with the Commissioning strategies.

RESOLVED

1. That the report be noted;
2. Page 42 – Library Needs Assessment Programme – be amended and the word "negotiations" be changed to "discussions"; and
3. That report writers must ensure that all future reports presented to the Committee contained historical financial information for the benefit of the Committee and consideration be given to embedded links in the reports in order that further information may be obtained if necessary.

29 TREASURY MANAGEMENT UPDATE 2014/15 - QUARTER 2 UPDATE
REPORT TO 30 SEPTEMBER 2014

The Committee received a report which was presented by Karen Tonge, Treasury Manager. The report had been prepared in accordance with the reporting recommendations of the CIPFA Code of Practice 2011 and detailed the Council's treasury management activities for the first half of 2014/15 to 30 September 2014, and compared this activity to the Treasury Management Strategy for 2014/15, approved by the Executive Councillor for Finance on 25 March 2014.

It was noted that in the short term interest rates had remained flat over the period but long term rates had fallen by around 0.40%, and were very volatile, due to a combination of worldwide concerns which had affected the markets. Forecasts for the future direction of rates were hard to predict due to external factors but Capita believed that downside risks were weighted more at present of rates falling. The Council's investment return was outperforming the market benchmark still by 0.25%. The Committee was informed that the cost of the Council's borrowing was still 4.134%. It was also noted that a sum of £20m was to be borrowed prior to the end of the year at 4%.

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The Committee was informed at the time of setting the Strategy in February 2014, the markets had forecasted the short-term Bank Rate to remain at 0.50% throughout 2014/15, and an increased rate was not expected until June 2016, later brought forward to March 2015. Long term rates had been forecasted to rise gradually in 2014/15 by only 0.10% or so, remaining at relatively low levels, but they still remained volatile.

During discussion, the following points were noted:-

- It was felt that the layout of Appendices A and B were difficult for the Committee to follow when accessed in electronic format;
- Inflation was currently weak which had been an influence on why interest rates had not been increased;
- It was noted that a bank's balance sheet would be a key indicator for influencing their credit rating score ; and
- It was confirmed that Lincolnshire County Council did not invest Council cash resources in companies whatever their credit rating.

RESOLVED

That the report be noted.

30 REVIEW OF FINANCIAL RISK ASSESSMENT

The Committee received a report which was presented by David Forbes, County Finance Officer, which considered the outcomes from the financial risk assessment for 2013/14 and updated the risk assessment to help determine an appropriate target level for the Council's general reserves for 2015/16.

During discussion, the following points were noted:-

- It was confirmed that general reserves were at an adequate level;
- It was noted that Lincolnshire County Council Officers suggested the score for the likely residual risk;
- It was important that officers were aware and tracked their budget spends in a timely manner;
- Thanks were given to David Forbes, County Finance Officer, for presenting a clear detailed report;
- It was advisable, and more prudent, to use cash reserves rather than to borrow money; and
- It was confirmed again that the redundancy budget set was currently adequate.

RESOLVED

1. That the report be noted; and

2. Page 95 of the report entitled "Price Increases" be increased from a 3 to a 4 in the column entitled "Likelihood" which reflected an absence of a price inflation in the budget.

31 LOCAL PENSION BOARDS

(Councillor P Wood declared that he received a Pension from the Local Government Pension Scheme)

The Committee received a report which was introduced by Jo Ray, Pensions and Treasury Manager, which outlined a number of key changes which would impact on the governance of public service pension schemes. It was noted that one of the key changes was the requirement for each Administering Authority in the Local Government Pension Scheme to create a Local Pension Board from 1 April 2015.

Lincolnshire County Council had previously delegated responsibility for the management of pension issues to the Pensions Committee, with day-to-day operational matters delegated to the Executive Director of Finance and Public Protection. The Committee observed that the Local Pension Board would be a separate entity to the Pensions Committee and it was advised that it was to be established independently by the Scheme Manager i.e. Lincolnshire County Council.

During discussion, the following points were noted:-

- The Local Pension Board would not be a political Board;
- The Lincolnshire County Council Pensions Scheme was administered well;
- There would be an independent Chair of the Local Pension Board;
- The requirements of the Board Members could be very onerous;
- Concern was expressed that the Local Pension Board would be a separate entity from the Pensions Committee;
- It was confirmed that concern had already been voiced to the Department for Communities and Local Government that the Local Pension Board could cause duplication and be expensive to administer;
- It was confirmed that there would be a separate Pension Board for the Firefighters; and
- Concern was expressed that members of the Pension Committee had been excluded from holding a seat on the Board.

RESOLVED

That the report be noted.

32 VALUE FOR MONEY SCRUTINY COMMITTEE WORK PROGRAMME
2015

The Committee gave consideration to the Work Programme for 2014/15, a copy of which was detailed at Appendix A.

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No additional items were added to the Work Programme for future consideration.

Members of the Committee were informed that they would shortly be receiving an updated calendar appointment date as it was necessary to reschedule the date for the March meeting as the Executive would be holding their meeting on 3 March 2014.

RESOLVED

That the Work Programme for 2014/15 be noted and a revised date circulated electronically as a replacement for the March meeting.

33 EXCLUSION OF THE PUBLIC AND PRESS

That under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 of the Act.

34 SLEAFORD EASTGATE REDEVELOPMENT

Consideration was given to an exempt report which gave the Committee the opportunity to determine whether the Committee supported the recommendations which were set out in the report. The Committee supported the recommendations and agreed additional comments which would be passed to the Executive on the 2 December.

RESOLVED

That the report be noted and additional comments as discussed be forwarded to the Executive.

The meeting closed at 12.40 pm