

**MINUTES OF THE MEETING OF SCRUTINY
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 2 JULY 2009**

MEMBERS

* Cllr C M Pannell - Chairman

* Cllr K J Baldry - Vice-Chairman

∅ Cllr J H Baverstock

∅ Cllr R D Gilbert

* Cllr P H Cook

* Cllr J W Squire

* Cllr G J Fielden

* Cllr J A Westacott MBE

* Denotes attendance

∅ Denotes apology for absence

Also in attendance and participating:

Cllrs H D Bastone, M J Hicks, M J Howarth and M F Saltern.

Officers in attendance:

For all items: Strategic Director (Resources) Member Support Services Manager and Member Support Officer;

Item 7: (Minute SC.03/09 below refers), Head of Financial Services; and

Item 8: (Minute SC.04 /09 below refers) Head of Human Resources.

SC.01/09 MINUTES

The minutes of the meeting of Scrutiny held on 23 April 2009 were confirmed as a correct record and signed by the Chairman.

SC.02/09 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

SC.03/09 UPDATE ON TREASURY MANAGEMENT

Members considered the Annual Treasury Report that informed of the results of the Treasury Management activity undertaken in 2008/09 and which also set out the updated strategy for 2009/10. The Annual Treasury Report set out:

- The Council's current treasury position;
- Assessment of 2008/09 performance;
- Compliance with treasury limits and prudential indicators; and
- Treasury Management Strategy 2009/10

With regard to the £1.25 million currently frozen in deposits with the Heritable Bank (subsidiary of the Icelandic Bank 'Landsbanki'), the report stated that administrators had indicated that at least 70 to 80% of liabilities would be paid out to investors with the first instalment to South Hams District Council, of £200,000 due to be paid in August 2009.

Interest earned on invested funds for 2008/09 amounted to £1,299,000 which exceeded the budgeted target of £1,150,000 by £149,000. This had enabled the Council to off-set some of the other budget issues that had arisen during the year. The interest earned was less than previous years. However, since the banking crisis in October 2008, the Council had adopted an ultra cautious investment strategy placing funds chiefly in the Government Debt Management Office (DMO). This had attracted very low interest rates e.g. 0.3 - 0.4% but gave greater security during turbulent times. Members felt that the reduced income from interest would have a material impact on the next Council budget. Nonetheless, the Group wished to congratulate officers for having to date achieved above the current LIBID benchmark.

As a result of the credit crunch and the collapse of the Icelandic Banks, a number of bodies had revised their advice. CIPFA had issued a Treasury Management Bulletin with interim advice to local authorities on treasury management practices and intended to revise the Treasury Management Code and Guidance Notes. The Audit Commission had also published a report entitled 'Risks and Return'. The Council had, where possible, followed the revised advice given.

To help improve interest returns, Sector, (the Council's treasury advisors) had introduced a scheme that used matrices (as detailed in the appendices to the presented report) based on credit ratings, to provide a method to decide what levels of credit quality would be considered appropriate to determine policy on deposit taking institutions.

Officers informed that the overall strategy to be followed in the short term was to limit any investment to £2.5 million, with the exception of investments into the DMO account. In addition only UK registered banks would be invested in and for a maximum one year period. In terms of credit ratings, officers had made the decision to take a slightly more cautious approach to Sector's standard advice which would limit the number of counterparties that they could deal with. In terms of money market funds, officers recommended that they also be added to their investment options, as the level of risk was assessed as very low.

During the discussion, the following points were made:-

- a) Whilst it was accepted that future interest income would be severely reduced, officers were congratulated for having to date achieved above the current LIBID benchmark.
- b) A Member challenged whether restricting investment to one year would be denying the Council the opportunity to invest at higher returns. In response, the officer advised that it was a matter of risk. The money markets were still in turmoil and the future was still uncertain, hence why officers were adopting a cautious strategy. Also rates were at a historically low level, which was another reason why it would be inadvisable to fix for a longer term.

An Executive Member also advised the Group that even before the economic crisis, officers had to adhere to investment rules and that five years was the maximum term they could invest. He supported the cautious strategy adopted, adding that the Council was fortunate that it would see the return of most of the investment made with the Heritable Bank.

It was then

RESOLVED

That the report be noted and the updated Annual Strategy for 2009/10 be endorsed.

SC.04/09 **PERSONNEL AND PAYROLL – SERVICE REVIEW**

The Head of Human Resources presented a report to Members that provided an overview of the key service functions and service budget. The Key functions were:

- Employee Relations;
- Employee Training and Development;
- Employee Resourcing; and
- Employee Reward – Payroll

The department also managed four budget areas, the service budget and three corporate budgets which included Medical Fees, Expenses of New Appointments and Corporate Training.

Following the discussion, the following points were raised:

- a) A Member queried how the service raised income. In reply, the officer informed that income was generated by providing payroll services for other outside organisations and they would continue to investigate other such opportunities but they were hampered by the delayed decision on Local Government Review;
- b) A Member sought clarification with regard to how funds were spent within the corporate budgets. The Group was informed that medical fees covered such items as occupational health and the counselling service. New appointment expenses included advertising, interview expenses and relocation costs. Corporate training costs equated to £100 per employee;
- c) Noting the Medical Fees budget for 2009/10, a Member sought assurance that the service would not look to make savings from this budget, as this could be counter productive. The officer advised that in 2008/09, a number of long standing health problems were addressed and that this was why the figure was higher than for the following year;

- d) A Member asked how the new appointments expenses budgets compared with other Councils. Whilst it was accepted that staff turnover would make comparisons in some areas difficult. The officer agreed to provide comparative information to Members;
- e) Clarification was given regarding the percentage for staff sickness. The target was 8 days per employee which it was acknowledged was a strict target and currently the council was performing at averaging 9.3 days per employee;
- f) It was acknowledged that a certain level of staff turnover was healthy for an organisation, presenting the opportunity to bring new and diverse experience to the council. Currently, the council was performing at 8.2 which was considered acceptable;
- g) With regards to training, it was explained that the ECDL qualification was a government funded initiative that provided participants with a suite of computer software qualifications. Currently, it cost the council between £20 and £40 per person due to funding opportunities through the Train to Gain Government Scheme. The Managing People Modular Programme currently being run was well attended.

It was then

RESOLVED

- 1) That the Group has noted the report and commented on the service recorded above; and
- 2) That the Head of Human Resources provide Members with comparative information in relation to the expenses of new appointments.

SC.05/09 CALL-IN PROCEDURE

At the request of the Scrutiny Group meeting of 23 April 2009 (minute SC.67/08 refers), a report was presented that gave an overview of the current Call-in procedure. The Constitution stated that the Call-In procedure 'should only be used in exceptional circumstances' as overly frequent use would erode its effectiveness and potentially undermine the integrity of the Scrutiny function as an objective body. No Call-In's had been invoked during the 2008/09 municipal year. However, it was considered appropriate for a review to be undertaken into the procedure as one had not been undertaken since December 2005 (minute 67/05 refers). Moreover, a Call-In had not been invoked since the Castle Cove, Dartmouth item in March 2008.

Following the discussion, the following points were raised:

- (a) It was remarked that since the adoption of the Executive arrangements, Members had felt more excluded from the decision making process and that the Call-In was a token procedure, which was too restrictive. In response, an Executive Member advised the Group that every Member had an opportunity to put forward items at their respective Policy Development Groups (PDGs) to be considered for inclusion on their agendas by the Programming Panel. In addition, it was believed that the Call-In Procedure was intended to be a check and balance mechanism;

In agreement, another Member commented that the Call-In provision was there to act as a safeguard and that therefore, the rules regarding its use was by nature restrictive. However, it was acknowledged that the rules governing such an important and powerful provision would need to be the subject of review from time to time. Therefore an amendment to the Constitution which enabled the Call-In to be monitored regularly was **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED**;

- b) It was felt by some that there were more Call-In's involved in previous years. The lack of Call-In's recently could be attributed to an effectively operating Executive, to which an Executive Member replied that they did indeed go to great lengths to give all Members the opportunity to air their views;
- c) An Executive Member questioned whether Members were utilising the facility open to them, to submit future agenda items for their PDGs or the Scrutiny Group, via a pro-forma to the Programming Panel. He also asked if Members familiarised themselves with the Executive Forward Plan to appreciate forthcoming items due for consideration;
- d) It was also **PROPOSED** that the Political Structure Working Group be convened to review the role of the PDGs. This was **SECONDED** and when put to the vote, declared **CARRIED**;
- e) It was also noted that most Scrutiny Group Members attended the Executive meetings and had good shadowing relationships. This suggested therefore that the monitoring functions were working effectively.

It was then:-

RESOLVED

1. That Scrutiny note the report and find the current procedure to be fit for purpose;
2. That Members wish for a meeting of the Political Structure Working Group to be reconvened to consider the role of the PDGs; and

RECOMMENDED

3. That Council be **RECOMMENDED** to amend the Scrutiny Procedure Rule 18 Part (a) 'Call-In' to replace the words 'monitored annually' with the words 'monitored regularly'.

SC.06/09

CRIME AND DISORDER (OVERVIEW AND SCRUTINY) REGULATIONS 2009

A report was considered that informed Members of the new Regulations under the Police and Justice Act 2006 which required the Council to have in place provision to review or scrutinise the performance of the Crime and Disorder Reduction Partnerships (CDRPs).

To meet the statutory requirements, it was necessary to amend the Constitution to allow a Committee of the Council to discharge the newly required function. Following a debate at the Programming Panel, it was felt that this would sit best with the Scrutiny Group.

Until such time as the currently ambiguous guidance to authorities was clarified, it was proposed that the Constitution be amended and a further updated report be presented to Scrutiny when more details on the way forward were available.

It was then

RESOLVED

1. That the additional requirement to scrutinise the South Devon and Dartmoor Crime and Disorder Reduction Partnership be noted; and
2. That Scrutiny note the contents of the report and request an updated report, outlining how the function of Crime and Disorder (Overview and Scrutiny) Regulations would be discharged, to a future meeting;

RECOMMENDED

3. That Council be **RECOMMENDED** to amend the Terms of Reference in the Constitution (Part 2, Article 6 refers) to enable the Scrutiny Group to discharge the functions of a Crime and Disorder Overview and Scrutiny Committee.

SC.07/09 **SCRUTINY SHADOWING ROLES**

With the exception of the one Member who was not wholly satisfied with his relationship with his Executive Counterpart, the remaining Members informed that they were kept fully briefed by their Executive colleagues, and continued to meet frequently.

SC.08/08 **AGENDA ITEMS FOR FUTURE MEETINGS OF SCRUTINY**

OFWAT

The Group requested that representatives from OFWAT be invited to a future Group meeting to explain its role and involvement in the scrutinising of South West Water.

Joint Scrutiny Group meeting with West Devon Borough Council

It was intended that representatives would be contacted in an attempt to convene a joint meeting during September.

ICT Budget Review

Following the concerns raised at the last Scrutiny Group meeting, the lead Executive Member for ICT invited Members to attend an afternoon session with the ICT service, to gain a better understanding of its worth. It was intended that officers liaise and offer a suitable date to Members at 23 July Scrutiny Group meeting.

Scrutiny Group Meeting – 23 July 2009

Some Members expressed their disappointment that this meeting was now on the same day as the full Council meeting. As a consequence, Members wished to reduce the number of agenda items proposed for this meeting and therefore deferred the Quarter 4 PIs and the ICT Strategy and Security Review to the meeting on 24 September 2009.

Telecommunications in the District

A Member requested that the possibility of investigating the telecommunications strategy for the South Hams be investigated.

Effectiveness of the South Hams Strategic Partnership

It was agreed that this item be considered at 22 October 2009 Scrutiny Group meeting.

Tor Homes – Culverdale Development Meeting

A Member advised that she had recently attended a meeting on the proposed Culverdale Development where an issue had arisen in relation to the adequacy of drainage. It was agreed that officers would raise this issue with their colleagues who had attended this meeting.

(Meeting commenced at 10.00 am and concluded at 12.05 pm).

Chairman