

REPORT OF POLICY AND RESOURCES COMMITTEE

(Meeting held 14 December 1999)

1. LOCAL AUTHORITY PROVISIONAL REVENUE FINANCE SETTLEMENT 2000/01 (REPORT A) (MINUTE NO. 95)

The Committee has received details of the Local Authority Provisional Revenue Finance Settlement for the tax year 2000/01, which were announced by the Government on 25 November, 1999. Final settlement details will be confirmed in February 2000.

Nationally, there is to be a 5.7% increase in total revenue spending to £53.6 billion. There will be no change in the Standard Spending Assessment methodology. Special grants of £88.5m have been earmarked to meet the revenue costs of Private Finance Initiative projects. Business rate poundage will be decreased to 41.6p in the pound, to offset the proposed revaluation of non-domestic properties from 1 April 2000. The increased national grant settlement has been accompanied by a warning against excessive Council Tax increases. The Council Tax benefit subsidy limitation will continue. A further £24m has been added to cover the cost of Best Value, audit and inspection.

So far as the financial settlement relates to this Council, Standard Spending Assessment has risen by 3.78% to a total of £14.935m, whilst the Revenue Support Grant has reduced by 10.96%. The Non-Domestic Rate redistribution accounted for an additional 10.95%, which means that the total grant has increased by 3.84% to £9.022m. The Government's assumption has been that the average increase for a Band D property's Council Tax will be 6%, to £696.75.

The Government's earlier promise to replace the existing crude capping regime with new reserve powers for the Secretary of State to prevent excessive increases in Council Tax will come into effect in the financial year 2000/01. These allow the Secretary of State to look back over two or more years to determine whether increases in budget requirements are excessive, using 1998/99 as a base year.

The Government will not be announcing excessive capping limits in advance, as local authorities will be expected to set their Council Taxes to reflect local circumstances in the light of the Government's local spending plans and the level of grants available. The guideline increase in Council Tax which will be eligible for Council Tax benefit subsidy will be the higher of:

- (a) An increase in Council Tax of 4.5%; or
- (b) An increase in the budget requirement equal to the increase in its cash Standard Spending Assessment.

The maximum Council Tax increase for this Council, avoiding penalty for 2000/01, will be 9.2%.

The Committee considers that it should be possible to set the District Council Tax within the guideline increase for 2000/01. A further report considering the budget requirements and a recommended Council Tax level for 2000/01 will be presented to Policy and Resources Committee at its meeting in February 2000.

2. TREASURY MANAGEMENT PERFORMANCE REPORT – COUNCIL'S ACTIVITIES (REPORT C) (MINUTE NO. 97)

The Committee has noted the results of the Treasury Management function for the period 1 April to 31 October 1999 and congratulated the staff involved on the excellent performance.

The interest earned for investment of temporary surplus for the five month period covered by the report exceeded the bench-mark used by the External Fund Managers by 0.15%. However, temporary investment earnings for 1999/2000 were now estimated to be £70,000 less than the previous forecast.

3. EXTERNAL FUND MANAGER'S PERFORMANCE REPORT (REPORT D) (MINUTE NO. 98)

The Committee has noted the performance of the Council's management funds for the period 1 April to 31 October 1999.

Both of the Council's External Fund Managers under-performed the bench-mark figure and the performance target for the period and the forecast return for 1999/2000 has been reduced by at least 0.625%. The capital value of gilts have been unfavourable for the period under discussion.

In the case of both Report C and Report D, the final performance of all Fund Management activities will be reported to the Committee at the end of the financial year.

4. PREMATURE REPAYMENT OF DEBT (REPORT E) (MINUTE NO. 99)

At their meeting on 13 October 1999, the Committee agreed to repay up to £10m of externally-invested fund debt prematurely. The Committee has now received a report on the outcome of the debt redemption exercise.

One loan of £4m, with an interest rate of 11.25%, has been repaid, together with six further loans totaling £5.45m with an average interest rate of 10.34%.

The repayment of the loans will save the General Fund estimated interest charges of £100,000 in 1999/2000, representing a further saving on the £53,000 reported to the Committee's on 13 October 1999. This is due to the phasing of the loan repayment, current interest rates and the reduction in the penalty payable.

5. DISTRICT AUDITOR'S MANAGEMENT LETTER 1998/99 (REPORT G) (MINUTE NO. 101)

The Committee has considered the District Auditor's Management Letter.

The following points arose from consideration of the Management Letter:-

(a) The Status of the Document

It was noted that the document circulated as an appendix to Report G to the Committee was still in draft form and would be the subject of final editing by

the District Auditor. In addition, members had been circulated with an amended version of paragraph 93 of the document which now reads as follows:-

“Retirement of Chief Executive

93. In October 1999, the Council agreed the departure of the Chief Executive on terms to be decided by the Chairman and Vice-Chairman of the Policy and Resources Committee. A locum Chief Executive was subsequently appointed while a replacement was recruited. We are satisfied that the appropriate arrangements have been made to cover the statutory role of monitoring officer but as is usual in cases where departure is on non-standard terms, we will be examining the process more closely during the course of the present year of audit”.

The final version of the document, as edited, will be circulated.

(b) **Contacts with the District Auditor**

Members are free to contact the District Auditor’s office in order to discuss particular points which arose out of their reading of the Management Letter.

(c) **Best Value**

The Committee has expressed the view that the emerging details of the Best Value regime are increasingly prescriptive. Some £20m is due to be spent nationally on audit fees arising out of Best Value work and many council officers would have to bear a greater workload as a result of the demands imposed by Best Value. In addition, Best Value requires a greater degree of input from councillors than previously.

(d) **Balances**

The District Auditor has again drawn attention to the Council’s apparently high level of balances.

(e) **Staff**

Members have congratulated staff associated with the success of the Internal Audit Service and the Performance Indicator system.

6. COMMUNITY LEGAL SERVICE (REPORT H) (MINUTE NO. 102)

The Committee has considered a report on the development of a Community Legal Service (CLS) and how this might have an impact on the Council.

Proposals for the establishment of a Community Legal Service have been the subject of consultations by the Lord Chancellor’s Department following publication of a White Paper entitled ‘Modernising Justice’, which set out a comprehensive programme for improving access to the justice system.

The Community Legal Service is underpinned by the concept of partnership between providers of information and advice (such as Citizens’ Advice Bureaux, independent advice centres, law centres and private Solicitors) and the funders of such

information and advice (such as the new Legal Service Commission, local authorities and charities). Partnerships will be created to encourage the creation of local networks, with the intention of enabling greatly extended information to be made available to the public on legal rights and responsibilities and in directing people to the right place to get appropriate help.

The launch date for the Community Legal Service is 1 April 2000 and the Southern Legal Services' Committee is working hard to ensure that a partnership is established and ready to operate by that date.

Whilst it is suggested that the Council should play a role in the development of the Community Legal Service, the precise nature of that role will evolve but essentially it will be to act as a referral point in the dissemination of information. Legal advice to the public will not be provided by the Council's Legal Section but will continue to be provided by voluntary agencies and private solicitors, as now. Thus, there is no question of any conflict of interest arising for the Council's solicitors.

It is possible that the Council will be able to make use of its electronic governance initiatives as a means of conveying information on the issue to the public, as well as disseminating information in a more traditional manner, via its outlying offices and premises such as Recreation Centres. In all, the Committee considers that the Council's involvement should be viewed as a good example of partnership working between it and the wider community.

It was suggested to the Committee that the Council could assist by providing a venue for Community Legal Service meetings, which are likely to take place every six to eight weeks.

The Committee has approved the principle of the Council playing a role in the development of the Community Legal Service.

Detailed proposals for the Council's involvement in the Community Legal Services are to be presented to the Committee for approval in due course.

7. LOCAL GOVERNMENT IMPROVEMENT PROGRAMME (REPORT I) (MINUTE NO. 104)

The Committee has previously agreed to fund a review of this Council's activities under the Local Government Improvement Programme (LGIP).

The review will take place during the week commencing 12 June 2000, under the auspices of the new Improvement and Development Agency (IDeA). The Council will be reviewed to:

- Assess its current achievements and to show up its existing strengths and weaknesses;
- Determine the gap between where the authority is currently and where it needs to be in order to be fully effective;
- Give help in formulating an Improvement Plan in order to address areas of concern to bridge that gap;
- Allow practical support and advice to be given on carrying through improvements identified.

A review team is typically made of a serving local authority Chief Executive; one or two senior members of a local authority; a local authority officer at chief or assistant chief officer level; an external person representing the private or voluntary sector; an academic specialising in local government or a government official; and a review manager from the Improvement Programme team.

An initial assessment of this Council's performance against the external criteria has been undertaken and will be developed further in order to inform members of the strengths and weaknesses of the organisation.

The programme for the review week will consist of a variety of meetings between the Review Team and a broad spectrum of Council officers, members of the Council and staff from all levels of the authority, together with trade union representatives, the District Auditor, the Council's partners, the Director of the Government Office of the South East, the editor of a local newspaper and the Chief Executive of a neighbouring local authority.

The cost of the review will be £15,000. Budget provision for this amount has been carried forward from 1999/2000 to 2000/2001.

The Local Government Improvement Programme is seen as an integral part of the Modernising Local Government Agenda and provides a useful opportunity to benchmark this Council against the criteria for an 'ideal local authority'. It will also formulate the Improvement Plan which members will need to consider to help inform the future strategic development of the Council.

A members' seminar is to be held early in the New Year, to inform them fully of the implications of Local Government Improvement Programme.

8. LOCAL BUSINESS PARTNERSHIP (LBP) (REPORT J) (MINUTE NO. 106)

The Committee has approved the establishment of a Local Business Partnership in New Forest District. The first LBP was established in 1993 and LBP's are now widespread across the country, having been set up in around 200 local authority areas. Hampshire County Council, Basingstoke and Deane and Rushmoor Borough Councils have each established LBP's. A recently-published Audit Commission report on local authority economic development drew attention to the need to maximise the impact of local authority core services on the local economy. A strong relationship between the local authority and the Local Business Partnership is seen as being a key tool in achieving this aim.

The definition of a local business partnership is that it is a non-prescriptive forum between business and regulators which aims to respond to needs expressed by the business community on important issues; to formulate jointly the agenda and objectives of the partnership to cut out unnecessary red tape; to have business standards and responsibilities under regulations; to simplify the enforcement of regulations by local authorities; to help local authorities target enforcement effort towards those flouting the law; and, finally, to help businesses compete with each other on level terms.

LBP's bring together all those representatives from services which have a regulatory role in respect of businesses including trading standards, planning, environmental health, health and safety, food safety, environmental protection, residential care, building control and fire safety.

Earlier attempts to fulfil the Council's statutory obligations to consult with the business community have met with a poor response. It is considered that the benefits of establishing an LDP include strengthening existing relations within the business community, bringing improvements to the regulatory process, as well as developing corporate economic development measures.

Work will now begin to establish partners among the business community and other relevant organisations and, in agreement with them, the structure and aims and objectives of the New Forest District Local Business Partnership.

9. INVESTORS IN PEOPLE (IIP) (MINUTE NO. 108)

The Committee was extremely pleased to note that the Council recently achieved re-accreditation of the Investors in People standards. The Council was first accredited with the Investors in People Award in February 1997 and a re-assessment in early December 1999 by two external assessors had resulted in the re-accreditation.

There are some action points arising from the assessment process and an Action Plan to deal with these is being prepared for submission to Central Services Committee.

The Committee has thanked Departmental Training Co-ordinators for their hard work which had led to the achievement of the re-accreditation.

(Ctteemtg/Cttee/PR141299/Report 2)