

**OVERVIEW AND SCRUTINY BOARD**

**A meeting of the Overview and Scrutiny Board was held on 3 August 2004.**

**PRESENT:** Councillor Carr (Chair), Councillors Rogers and Rooney.

**OFFICIALS:** B Baldam, J Bennington, C Burnham, C Davies, J Ord and P Slocombe.

**\*\*APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Booth, Cole, Dryden, Mawston, Ward and Wilson.

**\*\* PRESENT BY INVITATION:** Councillor N J Walker (Executive Member Resources).

**\*\* WELCOME - SCRUTINY SUPPORT OFFICER**

The Chair welcomed Jon Ord who was attending his first meeting of the Board following his recent appointment as Scrutiny Support Officer.

**\*\* DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

**\*\* MINUTES**

The minutes of the meeting of the Overview and Scrutiny Board held on 13 July 2004 were submitted and approved.

NOTED

**MEDIUM TERM FINANCIAL PLAN 2005/06 TO 2007/08 - REVENUE BUDGET 2005/06**

In accordance with the Board's monitoring and audit role, Members considered a report of the Director of Resources which outlined the Council's medium term financial position for 2005/06 to 2007/08 and set out the estimated revenue budget for 2005/06, based upon current information and Central Government's Spending Review 2004.

It was acknowledged that the report had been prepared earlier than in previous years taking into account the overall consultation procedures in particular the scrutiny process. The report had been compiled based on the financial analysis to date but prior to any Revenue Support Grant Settlement and the outcome of the first quarterly budget clinics.

The key areas upon which the Board focussed were referred to under the main headings outlined below.

2003/2004 Final Outturn

Since the completion of the third quarter budget monitoring 2003/04 when a potential net overspend of approximately £600k had been identified it was noted that the 2003/04 Final Outturn position had significantly improved following the implementation of a range of corporate measures as previously identified to reduce spending pressures in 2003/04. Such action together with a significantly improved Social Services Outturn position had resulted in an estimated net underspend within Services of £260k (subject to the auditing of accounts).

Whilst Members' acknowledged the enhanced position in respect of the Social Services Outturn the importance of ensuring that improvements continued to be made in this regard was emphasised.

In response to Members' questions, the Board was advised of measures that had been implemented in order to reduce the impact on any service. In overall terms, it was felt that the position had been consolidated and that the information arising from the first quarterly budget clinics was encouraging.

### Current Year's Revenue Budget

In setting the 2004/05 Revenue Budget of £164.4m it was noted that approximately £1.5m of efficiency savings had been identified and no cuts made in services. An extra £0.6m had been provided for Education to enable such spending to be maintained at the level of the Formula Spending Share (FSS).

### Central Government Spending Review 2004

The Director of Resources gave an outline of planned Central Government spending for the next 3 years as announced on 13 July 2004 which provided a settlement for Local Government of increases in FSS (5.8% 2005/06), Central Government Support (5.4%, 2005/06) and estimated increase in Council Tax (6.7% 2005/06) for local authorities.

Although further clarification was awaited, the Spending Review outlined a key requirement to make 2% efficiency savings to invest in front line services.

### Reserves

The Authority's expected reserves position was reported as £4.43m as at 1 April 2004, which was in line with the requirements of the external Auditors and that of the Corporate Performance Assessment.

Reference was made to a potential source of reserves in 2004/05 of in excess of £3m from the Housing Revenue Account following the Housing Stock Transfer, which would revert to the Authority's reserves.

As a result of the Council's endeavours regarding increased population assumptions (resulting in additional 5,800 individuals) made by the Office of National Statistics it had been estimated that the Council was likely to attract two-years backdated revenue support grant of at least £1.7m per annum additional support. It was noted that although such funding would not be used to support ongoing revenue costs there was scope for it to be used for one-off projects. The Board sought assurance that there would be the opportunity for Members including by way of the scrutiny process to be consulted on the proposed use of such funding.

### Projected Revenue Budget

The Board considered the 2005/06 projected draft revenue budget of £171.08m as outlined in Appendix A of the report and noted the main variances from the current year's budget, which included: -

- pay award assumptions based on the Local Government Employers settlement;
- assumed increase in relation to the Aggregate Schools budget;
- additional provisions to meet the potential impact of job evaluation/single status;
- previous Council decisions in respect of the additional revenue costs associated with the new Art Gallery (£100K);
- Education estimated spending had been assumed to be in line with the FSS;
- provision had been made for grant fallout during 2005/06 of £451k since the warden service was currently dependent upon significant external funding including Government, NRF and WMNT;
- an additional provision within Environment to accommodate costs associated with the agreed policy in respect of Travellers Sites (£15k);
- full year impact of the Housing Stock transfer;
- measures had been taken to restructure the Council's debt portfolio which combined with the impact of the Housing Stock Transfer was estimated to generate £1m savings per annum;
- other costs were in respect of the fallout of external funding (NRF) for the Book fund (£100k), Communications Budget (£10k), increased pension fund contributions (£550k), grant fall-out in respect of the GIS system support (£35k) and a provision to support the Council's People Strategy (£50k).

### Medium Term Financial Plan

Appendix B of the report set out the expected Medium Term Financial Plan 2005/06 to 2007/08 which outlined projected levels of resources and commitments across a three-year period to support strategic policy and service planning across the Council.

It was noted that although discussions were ongoing as to assumptions in respect of migration assumptions and unattributable population changes there was likely to be a further £1m per annum generated which had not been included in current projections.

#### Budget Strategy

The Director of Resources confirmed that the 2005/06 projected revenue budget and medium term plan had been compiled in accordance with the principles adopted for previous year's budget strategies and in line with Executive directives as outlined.

It was noted that in line with the current budget strategy both the Education Service and Social Services were to be instructed to maintain their budgets, Education within FSS and Social Services within current year's allocation adjusted for pay awards and inflation.

In commenting on the Social Services budget, Members sought confirmation that the assessment included adjustments for any financial implications as a result of new statutory requirements. It was suggested that the principles of the budget strategy should more clearly reflect that technical adjustments would be made to take into account such circumstances.

Appendix C of the report outlined the potential gap/surplus at different Council tax increase levels.

#### Consultation

Details were provided of a range of groups including area cluster groups to be consulted throughout the budget setting process and an informal presentation to be given to Members on the MTFP in September.

**AGREED** as follows: -

1. That the information provided be noted.
2. That given the time constraints a response based on the report and comments outlined be compiled in consultation with the Chair of Overview and Scrutiny Board a copy of which to be circulated to the other Members of the Board for comment/approval prior to submission to the meeting of the Executive to be held on 17 August 2004.