

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 7 February 2008.

PRESENT: Councillor Carr (Chair), Councillors Hobson, Mawston, G Rogers and Williams.

OFFICIALS: B Baldam, J Bennington, P Clark, P Slocombe and E Williamson.

**** PRESENT BY INVITATION:** Councillor N J Walker, Executive Member for Resources.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Biswas, Dryden, Ismail, Rooney and Sanderson.

**** DECLARATIONS OF INTEREST**

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

MEDIUM TERM FINANCIAL PLAN 2008/2009 TO 2010/2011 – REVENUE BUDGET 2008/2009

The Director of Resources submitted a report which outlined the updated medium term financial position for 2008/2009 to 2010/2011 and set out proposals to address the funding gap identified within the report considered by the Executive at its meeting held on 20 December 2007.

The report submitted had been considered by the Executive at a special meeting held on 30 January 2008 when approval had been given to the following: -

1. the amendments to the Medium Term Financial Plan as outlined in paragraphs 5 to 8 of the report submitted;
2. the efficiency savings as set out in Appendix A;
3. the list of services proposed to be reviewed as set out in Appendix B;
4. to support a Council Tax increase of 4.9%;
5. that an amendment be made to Appendix A to include a review of the Members' Hospitality budget with the identification of efficiency savings of £5,000.

A full review of the Medium Term Financial Plan had been undertaken and all directorates had examined opportunities for efficiency savings across their services.

The amendments to the Medium Term Financial Plan included the following: -

- i) Confirmation had been received from the Teesside Pension Fund actuary that the Council's required contribution to the Pension Fund had reduced from 19.5% to 17.4% which was a reflection of the improved performance across the Teesside Pension Fund. The net reduction in the required contribution from the Council was approximately £0.9 million per year for the three-year period to 31 March 2011.
- ii) The Medium Term Financial Plan had previously assumed a 3% pay award. Given the strong guidance from Central Government in respect of pay increases it was proposed to provide it at a reduced level of 2.5% (£324,000) in 2008/2009.
- iii) A review of increases in fuel prices had identified additional pressures of £0.368 million in 2008/2009, which had been offset by a review of other inflation of £0.100 million.
- iv) As a result of a review of growth items the following reductions had been proposed:-
 - a) the requirement to address the structural budget shortfall in Landscape and Countryside income had reduced by £0.073 million on an ongoing basis as a result

of natural staff turnover and measures taken by Environment and Neighbourhood Services to reduce costs;

- b) although under the joint agreement to provide funding towards the development of Middlehaven, the Council had agreed to provide a revenue contribution of £200,000 per annum towards the overall development for a period of 10 years it was estimated that the likely level of contribution required for 2008/2009 would only be £100,000 reflecting a rephrasing of the Council's contribution and did not reduce the Council's overall financial commitment to the development;
- c) it was proposed to fund the revenue impact of maintaining Gym equipment within the Council's Leisure and Sports facilities from available capital resources in 2008/2009 and on an ongoing basis.

As a result of the above proposals the revised gap in funding over the next three years was identified as £1.661million in 2008/2009, £3.344 million in 2009/2010, and £4.207 million in 2010/2011.

Services had been requested to identify efficiency savings that equated to 3% of net expenditure which was consistent with the assumptions made by central government within the Comprehensive Spending Review. All proposals had been initially appraised on the basis of efficiency criteria rather than being a reduction in levels of service being provided by the Council.

Services had also been asked to accommodate additional service pressures within the proposals for efficiency savings details of which were outlined at Appendix A.

The impact of the review of efficiency saving proposals, the agreed budget strategy and a 4.9% Council Tax increase there was a potential surplus of resources of £337,000 shown for 2008/2009.

In terms of remaining deficits projected for 2009/2010 and 2010/2011 Services had been requested to identify service areas for future review as outlined in Appendix B. Future reviews would consider the extent to which efficiency savings could be made; investment requirements for the modernisation of service delivery; options for service improvements; and alternative methods of service delivery.

Members sought clarification on a number of areas including: -

- a) in terms of the 4.9% Council Tax increase it was confirmed that only a small percentage of overall population would be affected by Band D;
- b) in view of changed circumstances and regulations the Director of Resources explained there was now a need to set aside a potential surplus of resources, currently £337,000 to allow some flexibility and modest growth in priority areas which would be subject to the overall budget monitoring and reporting arrangements;
- c) although the financial implications with particular regard to the TUPE arrangements in relation to the loss of the grounds maintenance contract for Erimus Housing were unknown further details would be provided to Members and as part of the overall budget monitoring procedures;
- d) whilst it was acknowledged that many of the changes were based on increased charges it was indicated that following the budget monitoring process they were not considered to be unrealistic or would have significant impact on the take up of those services;
- e) further details on a more efficient use of grants as identified under Children Families and Learning 1 and 2 would be forthcoming as part of the budget monitoring procedures;

- f) further consideration would be given to the potential use of the existing premises currently used by the Countryside Team in Lingfield Countryside Centre;
- g) no targets or specific assumptions had been made as to the extent of potential future efficiency savings from the proposed reviews identified in Appendix B.

AGREED that the Director of Resources be thanked for the information provided which was noted.

REVENUE BUDGET 2008/2009

The Director of Resources submitted a report which provided an update in respect of the 2008/2009 Local Government Finance Settlement confirmed at £79.452 million and set out the Draft Revenue Budget for 2008/2009 which was to be considered by the Executive at its meeting to be held on 12 February 2008.

Approval was to be sought on the following: -

- i) That the budget requirement for 2008/2009 (including Parish Precepts) be set at £126.348 million as detailed in Appendix A.
- ii) That having taken into account the matters set out in Section 32 of the Local Government Act 1992 and the items set out within the report the basic amount of Council Tax (Band D) for 2008/2009 be £1,177.7909 being the average (Band D) Council Tax for the whole of the Borough.

The draft Revenue Budget had been prepared in accordance with the Budget Strategy as agreed by the Executive on 8 December 2007 and the budget consultation would be completed with appropriate stakeholders.

In accordance with the prevailing regulations the Director of Resources was of the opinion that the budget calculations for 2008/2009 were robust as outlined.

AGREED that the Director of Resources be thanked for the information provided which was noted.