

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 22 February 2010.

PRESENT: Councillor Brunton (Chair), Councillors Dryden, J Hobson, Ismail, Kerr, Khan, Purvis and Sanderson.

OFFICERS: J Bennington, C Breheny, P Clark and P Slocombe.

****PRESENT BY INVITATION:** Councillor N J Walker.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors C Hobson and Mawston.

**** DECLARATIONS OF INTERESTS**

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

REVENUE BUDGET 2010/2011

The Director of Resources presented a report on the recommended 2010/2011 Revenue Budget.

It was confirmed that the budget consultation had been completed with the appropriate stakeholders the feedback from which had been very positive, as demonstrated in Appendix A of the report submitted.

The Council's Revenue Budget had been prepared in accordance with the Budget Strategy as outlined in the report and agreed by the Executive at its meeting held on 15 September 2009.

Reference was made to the meeting of the Executive held on 8 December 2009 when an overall gap in resources (at a 2.5% Council Tax increase) of £6.8 million had been projected for 2010/2011. The three key areas identified for consideration to address such a gap were Partnership Savings, Budget reductions and Human Resource Initiative savings as outlined.

Services had been required to consider how the Council could make the 'best use' of Resources and how unit costs could be improved by productivity gains, procurement led reduced costs, increased performance and performance driven investment.

A series of consultation exercises had been undertaken during December 2009 to February 2010 following which a number of changes had been made including: -

- a) a proposal to reduce the number of call handling staff had been removed (£13,909);
- b) additional target saving of £30,000 in respect of Members' Services including savings on production and supply of documents, hospitality and reduced transport expenses in line with HM Revenue and Customs rates;
- c) increased energy efficiency target of £50,000 including automatic PC switch off and savings on lighting in administration buildings;
- d) review of production of Council documents target saving of £25,000;
- e) given the current economic climate the removal of School Clothing allowances had been deferred £23,000;
- f) asset management/facilities management savings deferred pending review of accommodation and asset strategy (£14,000);
- g) no increase in short term car parking charges were proposed for 2010/2011 as it was expected that the impact could be accommodated within existing budgets.

Details of each proposed efficiency saving and service reduction for 2010/2011 were outlined in Appendix B of the report submitted and summarised as Regeneration £555,500; Social Care £645,000; Children, Families and Learning £1,975,000; Environment £1,571,000; and Central Services £583,743. Reference was also made to Partnership savings of £631,873 resulting in an overall saving of £5,962,116.

In addition to the savings outlined above it was proposed that, following the consultation exercise a series of further reviews be undertaken in 2010/2011. Such reviews included the opportunities for joint working with partners; winter maintenance arrangements which was the subject of a scrutiny review; levels of administration; accommodation requirements; and levels and tiers of management across the Council.

Reference was made to the current consultation with Trade Unions in order to achieve savings of £1 million from reducing the premium rates currently paid for overtime and weekend working alongside reducing Car Allowance lump sum payments and rounding down car mileage payments to the level currently paid for cars with the smallest engine capacity.

Efficiency savings and budget reductions including the impact of previous years' decisions incorporated into the 2010/2011 draft revenue budget totalled £9.4 million or 7.2% of overall net expenditure. At the start of the current budget process additional expenditure demands (including inflation) of £12.4 million had been identified, 76% of which had been met from budget reductions and efficiency savings.

The Board was advised of a number of additional key spending pressures which had been identified since the review of the medium term financial position. The following items had been included in the 2010/2011 draft budget for consideration: -

- i. Following a review of the operating costs and business plan of Ayresome Industries a projected subsidy of £158,000 was required to maintain the service in 2010/2011.
- ii. Children, Families and Learning had identified a requirement for an additional six social workers (£211,000 in 2010/2011) to deal with the increased service pressures resulting in a consequential reduction on the use of external agency staff at a higher cost.
- iii. During 2009/2010 the Council had incurred additional costs in respect of occupation health initiatives aimed at reducing levels of sickness together with costs associated with CRB checks at an estimated additional costs of £70,000.
- iv. The completion of the job evaluation exercise including the consideration of the appeals process had increased the cost to the Council by £217,000.
- v. It was proposed to set aside £1.0 million of available General Balances to meet future claims on the Change Programme.

It was confirmed that the Council was required to maintain an appropriate level of reserves and balances. It was considered appropriate to maintain a minimum of between £4.0 million and £4.5 million over the medium term based on the level at which budget monitoring processes were working effectively; an assessment of financial risks; and the extent to which specific provisions were made to meet known and expected liabilities.

At the end of the second quarters' budget clinic a projected net spending pressure of £989,000 had been predicted. Work undertaken since then had addressed the spending pressures within existing budgets. Based on the third quarters' budget clinics the Council was now expected to be within overall budget for 2009/2010.

An equality impact assessment had been undertaken in terms of the overall budget as outlined in Appendix D of the report submitted.

The Board was advised that the budget had been prepared on the principles outlined which provided an extra £7.2 million investment in key services including; £3.1 million for Children,

Families and Learning; £3.7 million for Social Care for older people and disadvantaged groups; and £0.4 million for Environment, Highways and Transport.

The views on potential levels of Council Tax had been considered alongside the needs and requirements of residents for key services. Feedback during the consultation process in respect of a potential 2.5 % increase had been that the Council should maximise efficiency savings and keep any Council Tax increase to a minimum. The Council budget for 2010/2011 formed part of the determination of the Council Tax to be levied in 2010/2011.

The draft budget requirement for 2010/2011 had been estimated to be £133,575 million as detailed in Appendix C of the report submitted.

The report outlined how the basic (Band D) Council Tax for Middlesbrough as a whole was calculated. The level of Council Tax associated with the budget requirement represented a 2.5% increase on the current year's level for Middlesbrough Council's element of the Council Tax excluding the Cleveland Police Authority and Cleveland Fire Authority precepts.

Members sought clarification on a number of areas and discussed the possible impact of the proposals in the immediate and in the long term.

Given the likely increased pressures on the public sector taking into account the overall economic position it was considered that making decisions such as those currently the subject of consultation with the Trade Unions would hopefully make it easier to deal with future pressures and help to maintain staffing levels. It was noted that the proposals were less severe than other local authorities experiencing more difficult circumstances than Middlesbrough.

In commenting on the proposed examination of the levels and tiers of management across the Council it was acknowledged that such reviews were required periodically to ensure that the structure continued to be fit for purpose.

It was acknowledged that whilst it was considered that the vast majority of the efficiency savings and assumptions would be achieved the increased pressures on Children, Families and Learning in relation to safeguarding issues remained a concern.

Members specifically referred to and supported the work undertaken as part of the overall budget consultation exercise and thanked the Executive Member for Resources and the Director of Resources for their efforts in this regard.

ORDERED that the report and information provided be noted.