

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 13 February 2013.

PRESENT: Councillors Brunton (Chair), Arundale, Harvey, C Hobson, Kerr, J A Walker and Williams

OFFICERS: J Bennington, P Clark and P Slocombe.

APOLOGIES FOR ABSENCE were submitted on behalf of Councillors Cole, McIntyre, P Purvis and Sanderson.

DECLARATIONS OF INTERESTS

There were no declarations of interest at this point of the meeting.

12/103 REVENUE BUDGET 2013/2014

In view of the time constraints following the recent receipt of relevant Government information the Chair thanked the Director of Strategic Resources for his attendance at the meeting to clarify points raised by Members and present a report, a copy of which was circulated at the meeting regarding the 2013/2014 Revenue Budget which would be presented to Executive at its meeting to be held on 21 February 2013. The Board welcomed the opportunity of considering the report prior to Executive.

Information was provided of the detailed consultation in respect of the budget proposals which had involved significant engagement with stakeholders. The Council had received just under 300 queries and comments in respect of the budget reduction proposals and six petitions.

The report gave an indication of the impact of the Government's Draft Local Government Finance Report which quoted an overall national average decrease of 1.4% and Middlesbrough receiving a 0.2% reduction. It was considered that this was misleading in that the calculation included grant funding which also brought additional expenditure and replaced current specific grant funding. It was noted that any comparison was complicated by the extent of changes made to the Local Government Finance system as outlined in the report.

The analysis had been completed for 2013/2014 and the spending power for Middlesbrough had been calculated as £158.355 million which on a directly comparable basis represented a £5.886 million (3.6%) in cash terms or £10.156 million (6.2%) in real terms which was well in excess of the percentage reductions reported by the Government.

The Board was advised that the position in respect of 2014/2015 was considered to be far worse than projected in the current Medium Term Financial Plan a further report on which would be submitted to the Executive. Analysis indicated that the Council was now facing 8.8% cash reduction in funding 2014/2015. It had been estimated that Council spending would need to be reduced by £13.0 million 2013/2014, £16.5 million 2014/2015, £15.5 million 2015/2016, and £13.8 million 2016/2017.

Members sought clarification on assumptions made regarding the transfer of business rates to local government and the ring fenced public health funding. Confirmation was given of significant work which had been undertaken in this regard but was still the subject of ongoing discussion with the health authorities.

The Council's 2013/2014 draft revenue budget and medium term financial plan had been prepared in accordance with the previous year's budget strategies and statements as outlined in the report and agreed by the Executive.

The revenue budget assumptions applied for 2013/2014 included:-

(a) a 1% provision for pay awards had been provided;

- (b) an additional inflationary provision had been made for the assessed impact of increased prices for energy and fuel of £0.2 million together with specific contract inflation;
- (c) income from fees and charges had been assumed to increase on average by 1.5%;
- (d) identified potential pressures relating to supporting children and young people based on assumptions in respect of levels of demand;
- (e) a provision of £1,250,000 had been made to address ongoing unavoidable demand led spending pressures with regard to promoting adult health and well being, tackling exclusion and promoting social care;
- (f) an extra provision of £0.480 million had been made for additional waste plant gate fees due to the ending of the non-fossil fuel obligation subsidy;
- (g) an adjustment of £0.2 million had been made in respect of a structural budget issue regarding a shortfall in car parking income;
- (h) provision had been made for the impact of grant changes including New Homes Bonus and Council Tax benefit grant;
- (i) additional provision had been made in respect of the Council's capital programme which included extra provision to help advance the Council's Housing Strategy and the capitalisation of highways and repairs and maintenance expenditure;
- (j) the contingency provision provided for a 1% pay award, contract inflation not yet awarded, grant reduction pressures including Dedicated Schools Grant and Council Tax Support Grant.

The recommended budget reductions for 2013/2014 were shown in Appendix A of the report submitted summarised as Environment (£2,122,000), Regeneration (£1,097,000), Property (£873,000), Adult Social Care (£4,369,000), Children Families and Learning (£2,216,000), Assistant Chief Executive (£777,000), Legal and Democratic (£88,000), Strategic Resources (£1,115,000), a total of £12,657,000.

The Council was required to maintain an appropriate level of reserves and balances the level for which the Director of Strategic Resources had advised should be a minimum of between £4.0 million and £4.5 million over the medium term. At the end of the second Quarter the projected position was that the Council would be within budget after the use of an existing £536,000 provision to meet increased social care demand led pressures.

As required by the prevailing regulations the report included a statement from the Director of Strategic Resources confirming that in his opinion the budget calculations for 2013/2014 were robust as set out in the report submitted.

It was also confirmed that an equality impact assessment had been undertaken and an impact assessment of the overall budget was shown at Appendix C of the report. The Mayor had clearly stated that in developing the budget reduction proposals the Mayor had sought to protect frontline services and the Town's most vulnerable groups as far as possible. The proposals had also been subject to extensive consultation resulting in several changes.

The Board was advised that the budget had been prepared on the principles as outlined and provided an extra £4.3 million investment in key services including £1.820 million for care for children and young people; £1.250 million for care for older people and vulnerable adults; £0.680 million for environment services; and £0.500 million for other services. It was pointed out that whilst the 2013/2014 draft budget minimised impact on front line services efficiency savings alone could not meet the projected gap over the medium term.

The report outlined the factors taken into account in determining the level of the Council Tax increase. The budget requirement for 2013/2014 (including Parish Precepts) was set at £140,410,300 as detailed in Appendix B of the report submitted. Having taken into account the matters set out in Section 32 of the Local Government Act 1992 and the factors set out in the

report the Executive would be asked to approve the basic amount of Council Tax (Band D) for 2012/2013 of £1,331.48 being the average (Band D) Council Tax for the whole of the Borough.

In terms of making savings Members specifically referred to a recent scrutiny investigation in relation to a number of recommendations made with regard to energy reduction which included the suggestion that where appropriate, reports presented to the Executive contain a reference to energy and carbon reduction implications.

In commenting on current arrangements for Council Tax collection and the potential impact and difficulties arising from the Government's Welfare Reforms Members indicated a need for specific additional briefings to be arranged in this regard.

ORDERED as follows:-

1. That the Director of Strategic Resources be thanked for the report and attending the meeting of the Board.
2. That the report and the information provided be noted.