

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

7 FEBRUARY 2007

CAPITAL AND REVENUE BUDGET PROPOSALS 2007/2008 – OVERVIEW AND SCRUTINY RESPONSE

Report from: Mick Hayward, Chief Finance Officer

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1 Purpose of item

- 1.1 To present for consideration the comments and recommendations of all Overview and Scrutiny Committees on the initial budget plan proposed by Cabinet on 28 November 2006.

2 Recommendations

- 2.1 Members are requested to consider the comments and requests from individual Overview and Scrutiny Committees, as indicated in section 4.4 and Appendix 1 of this report, and recommend those to be forwarded to Cabinet on 20 February.

3 Background

- 3.1 On 28 November, Cabinet considered the draft capital and revenue budgets for 2007/2008 and agreed to forward these drafts to all Overview and Scrutiny Committees as work in progress inviting them to offer comments on the proposals outlined.
- 3.2 Business Support (formerly Finance and Corporate Services) Overview and Scrutiny Committee has a pivotal role in the consultation process that surrounds Cabinet's construction of the budget. It is the committee that has the responsibility to scrutinise and comment on the proposals. To this end the other committees have been invited to forward their comments to inform the process of scrutiny by this committee and these are embodied in this report.
- 3.3 The constitutional position is described in detail in the financial and legal implications section of this report but in essence there is a six week period for this consultation to take place and Cabinet to be informed of the outcome.

- 3.4 That will occur as a consequence of the debate around this item and be considered by Cabinet as it forms the proposal to Council and the Cabinet meeting on 20 February. It remains the responsibility of full Council to agree the budget proposals and set the Council tax and this will occur at the Special Council Meeting on 1 March.

4. DRAFT CAPITAL AND REVENUE BUDGETS 2007/2008

- 4.1 Members will have received copies of the 'Capital Programme 2007/2008' and 'Revenue Budget 2007/2008'; these reports were considered by Cabinet on 28 November 2006.
- 4.2 The draft proposals discussed by Cabinet were disaggregated into overview and scrutiny responsibility and each committee has been asked to consider the draft proposals pertinent to their area of responsibility and comment back to this committee.
- 4.3 In addition, all Overview and Scrutiny Committees received details of proposed fees and charges for 2007/2008 requesting consideration of detailed schedules of proposed charges and any opportunities to generate additional income.
- 4.4 The responses of individual Overview and Scrutiny Committees are shown in full at Appendix 1 and summarised below:

4.4.1 Finance & Corporate Services 3 January 2007

Members expressed disappointment that the scrutiny of the budget process had not improved since concerns had been raised in previous years.

4.4.2 Regeneration & Development 4 January 2007

The Committee recommended that £100,000 is included in the capital programme for 2007/2008 as a Member Priority for the re-introduction of an on-going alleygating programme.

4.4.3 Community Services 9 January 2007

Members of this committee also expressed concerns at the level of detail provided and their ability to properly scrutinise the proposals. It was also agreed that officers should investigate the use of other potential venues for holding events such as the tea dances.

4.4.4 Childrens Services 11 January 2007

Members expressed concerns that no costings were available for some savings options and individual members raised questions over the funding levels for SIP (School Improvement Partners), the JAR (Joint Area Review) Action Plan and looked after children.

5. FINANCIAL AND LEGAL IMPLICATIONS

- 5.1 The reports as distributed to the individual Overview and Scrutiny Committees set out the financial position as proposed by Cabinet. Responses to those proposals are contained in this report.
- 5.2 The Constitution of the Council incorporated under the Local Government Act 2000 contains the budget and policy framework rules. The relevant parts of the Constitution are as follows:
- The budget and policy framework rules contained in the constitution specify that the Cabinet should produce initial proposals for the budget three months before the Council meeting that is scheduled to determine the budget and Council Tax. These initial proposals should then be submitted to the Overview and Scrutiny Committees. The Overview and Scrutiny Committees will advise the Cabinet of their views of the proposed budget, having six weeks to respond to the initial proposals of the Cabinet.
 - Under the constitution the Cabinet has complete discretion to either accept or reject the proposals emanating from the Overview and Scrutiny Committees. Ultimately it is the Cabinet's responsibility to present a budget to the Council, with a special meeting arranged for this purpose on 1 March. The statutory deadline for approving the Council Tax is 11 March 2007.

6. CONCLUSION

- 6.1 The various committees have all expressed concerns at both the level of detail and the failure to present a balanced position or options to balance the deficit. The report as presented from Cabinet clearly identified the position as 'work in progress' and identified a number of areas for further work to close the funding gap. None of the Overview and Scrutiny Committees have suggested further measures beyond the list proposed by Cabinet.

7. BACKGROUND PAPERS

Revenue Budget 2007/2008 report to Cabinet 28 November 2006.

Capital Programme 2007/2008 report to Cabinet 28 November 2006.

Individual Overview and Scrutiny meetings during January 2007.

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Finance & Corporate Services 3 January 2007

Discussion:

Some Members expressed disappointment that, in spite of requests the previous year, the Cabinet had still not been able to present the Committee with proposals for a balanced budget and that the absence of business plans made it difficult to draw judgements on the budget proposals. It was also felt that there was insufficient detail or information for the Committee to scrutinise.

Decision:

That the views of all Overview and Scrutiny Committees be forwarded for consideration at the next meeting.

Regeneration & Development 4 January 2007

Discussion:

The Committee considered the appendices to the report, specifically the suggested service savings listed in appendix 5. Officers responded with full details of the proposals and agreed to send written responses to two matters that were unable to be answered at the meeting. These were on the figures used for vehicle crossings and why the total figure for Development and Building Control did not show as a minus figure because the fees are to be reduced.

Decision:

The Committee agreed to recommend to the Cabinet, via the Finance and Corporate Services Overview and Scrutiny Committee meeting on 7 February 2007, that £100,000 is included in the capital programme for 2007/2008 as a Member Priority for the re-introduction of an on-going alleygating programme.

Community Services 9 January 2007

Discussion:

A number of capital schemes relating to the Committee's remit were identified that required identification of funding sources. Members were informed of the options for funding that included the use of prudential borrowing but this had to be demonstrated as affordable to the Council. Other sources could be reserves or capital receipts.

Members discussed various aspects of the budget including budget pressures and the services and facilities that generate income for the Council such as Deangate Ridge golf facility. Additionally the Corn Exchange was to be utilised to generate further income for the Council, although Members raised concerns that smaller groups that currently use the Corn Exchange such as the tea dances would now be unable to afford to use the facility. Officers undertook to investigate the possibility of holding these events at different venues such as community centre or at a University site.

Some Members stated that the information received on the budget proposals was insufficient for them to carry out effective scrutiny of the proposals. Councillor Murray requested for it to be noted whether Members of the Committee supported the budget proposals. On being put to the vote six

Members supported the proposed budget and five Members abstained from voting.

Decision:

The Committee agreed to recommend to the Finance and Corporate Services Overview and Scrutiny Committee to support the draft capital and revenue budget proposals for 2007/2008;

That officers should investigate the use of other potential venues for holding events such as the tea dances.

Childrens Services 11 January 2007

Discussion:

Members considered the draft capital and revenue budget proposals for 2007/08 and raised a number of comments and questions, which included but was not limited to the following:

- Concern was raised that the possible savings available in paragraph 5.22 of the report had no costings against them. The Assistant Director, Central Finance explained that although individual costings were not put to each bullet point, the list was expected to bridge the £7.8m gap.
- A Member asked about the budget pressures of the school improvement partners (SIP) scheme. The Assistant Director, Learning and Achievement explained that SIPs were being introduced as a requirement of Central Government. SIPs have been operating in Medway secondary schools since September 2006 and will be introduced for Medway primary schools in September 2007. Every school would receive a minimum of five days allocation and an extra 15 SIP qualified staff would be required to achieve this. The cost of the additional SIP staff should be covered by a specific Government grant. However, the Council would need to implement management arrangements and funding for these was expected to be approximately £50,000 and would need to come from the Council's budget.
- A Member asked about the rates detailed within appendix 6 and the Finance Manager explained that the rates had to be set but were seldom required and income from them was negligible.
- Concern was raised that the £300,000 assigned to delivering the Joint Area Review (JAR) Action Plan in Appendix 4 would be insufficient. The Director of Children's Services explained that the action plan was on track and that realistically the pressure was on the entire Children's Service but there were additional resources which also provided support to deliver the action plan, such as secondments and DfES support. Officers undertook to provide further information to Members by way of a briefing note.
- In reference to table 4 of the report a Member raised concern with regard to the additional requirement of 23% above last year's budget. The Assistant Director, Central Finance explained that the non dedicated schools grant (DSG) component was relatively small compared with other authorities and therefore increases on a smaller budget were magnified compared with those on a much large sum of money.
- A Member raised concerns regarding the huge costs incurred by services to looked after children (LAC) and vulnerable children and

young people and commented that there should be greater partnership working to keep LACs within Medway. The Director of Children's Services supported the comments and explained that the Council was working towards that, where appropriate. She also stated that officers were working with a charity that would bring in significant money, to support the reintegration of young people back into mainstream schools, over the next three years and she would provide further details to Members via a briefing note.

Decision:

That the draft capital and revenue budgets for 2007/08, the proposed schedule of fees and charges as detailed in appendix 6 to the report and the opportunities and implications of other efficiencies or revenue generating measures as detailed in the report be supported and forwarded to the Finance and Corporate Services Overview and Scrutiny Committee meeting of 7 February 2007 for their consideration.