

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

7 FEBRUARY 2008

CAPITAL AND REVENUE BUDGET PROPOSALS 2008/2009 – 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 27 November 2007.

2 Recommendations

- 2.1 Members are requested to consider the comments and requests from individual Overview and Scrutiny Committees, as indicated in Section 4 and Appendix 1 of this report, and recommend those to be forwarded to Cabinet on 19 February.

3 Background

- 3.1 On 27 November, Cabinet considered the draft capital and revenue budgets for 2008/2009 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 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 19 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 28 February.

4. DRAFT CAPITAL AND REVENUE BUDGETS 2007/2008

- 4.1 Members will have received copies of the 'Capital Programme 2008/2009 and Beyond' and 'Revenue Budget 2008/2009'; these reports were considered by Cabinet on 27 November 2007.
- 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 The responses of individual Overview and Scrutiny Committees are shown in full at Appendix 1 and summarised below:

4.3.1 Business Support 3 January 2008

Discussion took place around the way forward for scrutinising the budget as it was felt that the present situation was ineffective. The Chairman and spokespersons undertook to meet in an attempt to improve the situation for future years. It was also felt it would be useful for budget scrutiny to commence in April each year by focussing on a number of larger more fundamental savings or income areas that could benefit budget setting in the following financial year. A number of potential topics were discussed including the possibility of looking at the treasury.

4.3.2 Regeneration & Development 8 January 2008

Members noted the report.

4.3.3 Children's Services 10 January 2008

Members asked a number of questions which included;

- the increase in the Youth, Health and Action budget heading,
- the costs relating to special educational needs (SEN),
- the diagnostic rate of autism (double the national average) and working to a multi-agency approach for diagnosis
- costs in relation to sending looked after children out of the Medway area,
- reducing, where safe to, the numbers of children going into care,
- funding for provision of children with English as a second language,
- contributions from health partners to out of area placements

4.3.4 *Community Services 15 January 2008*

Members raised concern over the size of the Community Services directorate, as well as the suggested merging of some posts and the deletion of the Social Regeneration Officer's post, as it was felt that deletion of this post could lead to a reduction in the number of grants and funding sources attained by the incumbent of this post. Officers stated that the Portfolio Holder held the same view and would be investigating other ways of making an equivalent saving.

With regard to the Housing Revenue Account, the Committee discussed void properties and ways of reducing the amount of time they remained empty in order to reduce the amount of rental income lost. Officers assured Members that voids were being looked at as part of the restructure within the Housing section.

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 28 February. The statutory deadline for approving the Council Tax is 11 March 2008.

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 2008/2009 report to Cabinet 27 November 2007.

Capital Programme 2008/2009 and Beyond report to Cabinet 27 November 2007.

Individual Overview and Scrutiny meetings during January 2008.

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Business Support 3 January 2008

Discussion:

In response to a query the Chief Executive undertook to look into a suggestion of deleting frozen posts, which had been frozen for some time. Members felt that the posts were either needed, in which case they should be filled, or if not then the posts should be deleted rather than remaining as vacant.

A briefing note was requested giving a breakdown of the £204,000 listed as miscellaneous/various on appendix four of the report.

Councillor Burt, with the consent of the Committee, suggested that in view of the budget position it might be appropriate for Members to forego their ward improvement budgets. The Chairman stated that this was one of a number of options being considered by the Cabinet.

Discussion took place around the way forward for scrutinising the budget as it was felt that the present situation was ineffective. The Chairman and spokespersons undertook to meet in an attempt to improve the situation for future years. It was also felt it would be useful for budget scrutiny to commence in April each year by focussing on a number of larger more fundamental savings or income areas that could benefit budget setting in the following financial year. A number of potential topics were discussed including the possibility of looking at the treasury.

Decision:

- (a) It was agreed that with effect from 2008 budget scrutiny should commence in April and that the Chairman and spokespersons should meet to discuss how to improve the process;
- (b) A briefing note on 'miscellaneous' pressures giving a breakdown of the £204,000 referred to in appendix 4 is to be sent to all members of the Committee;
- (c) Consideration is given to the impact of deleting frozen posts after a certain period rather than leaving them permanently frozen;
- (d) With regard to internal transactions caution should be exercised when estimating income from charges to other services in the council.

Regeneration & Development 8 January 2008

Discussion:

The Committee was advised that the current overall funding gap was estimated to be £8.8 million and paragraph 5.14.1 of the report highlighted the main pressures the Medium Term Financial Plan for the Regeneration and Development directorate.

Members asked various questions including:

- The breakdown of the £3.6m for the Medway Renaissance Partnership
- Gillingham Station Improvements
- Integrated bus timetable
- Concessionary bus fares
- Black and blue sacks for waste collection and recycling.

Decision:

- (1) Members noted the report.
- (2) Members requested a briefing note detailing the breakdown of the budget heading 'Miscellaneous' (costs at £65,000) shown in Appendix 4 (page 105 of the agenda.)

Children's Services 10 January 2008

Discussion:

Members were advised that there had been recent notifications that grant allocations for the Youth Capital Fund and the ICT Mobile Technology for Social Workers were to be continued for three years and one year respectively. Members' attention was also drawn to the Department for Children, Schools and Families (DCSF) indicative allocations in 2009-2010 and 2010-2011 in respect of the Primary Strategy for Change (PSfC).

Members asked a number of questions which included;

- the increase in the Youth, Health and Action budget heading,
- the costs relating to special educational needs (SEN),
- the diagnostic rate of autism (double the national average) and working to a multi-agency approach for diagnosis
- costs in relation to sending looked after children out of the Medway area,
- reducing, where safe to, the numbers of children going into care,
- funding for provision of children with English as a second language,
- contributions from health partners to out of area placements.

Decision:

- 1) That Business Support Overview and Scrutiny Committee is informed that:
 - (i) The Committee supported the £208,000 savings identified in the report;
 - (ii) The Committee had concern about the costs of children with special educational needs (SEN) being placed outside of Medway and recommended to the relevant Portfolio Holder that work was carried out to reduce this;
 - (iii) The Committee recommended the relevant Portfolio Holder to arrange an investigation into the reasons why the diagnostic rate of autism in Medway is double the national average.
- 2) That the Corporate Parenting Group is requested to investigate the possibilities of reducing the number of looked after children being

placed outside of the Medway area and with independent fostering agencies and report back their findings to this Committee.

- 3) That the following briefing notes are prepared and circulated to the Committee:
 - (i) Allocations made from the Youth Capital Fund and Youth Opportunity Fund
 - (ii) Costs related to looked after children
 - (iii) Legislation about children's entitlement to SEN transport

- 4) That the Youth, Health and Action Manager is asked to explore if the youth worker from St Margaret's Church could be used at the Rainham Youth Centre at a lower cost than the budget pressure currently identified.

Community Services 15 January 2008

Discussion:

The Committee discussed the costs associated with funding care for adults with a learning disability. Members were reminded that due to the Fair Access to Care policy there would be a reduction of 22% of clients that would be eligible for care under this policy and all clients were to be reassessed. A grant of £750,000 had been invested in the voluntary sector so those clients that no longer met the criteria for receiving care from Social Services would be able to access services provided by this sector. Some Members however felt that the prediction of a 22% reduction of service users should be reduced. The Committee discussed further ways of reducing the cost of providing care for adults with a disability including repatriating people that receive expensive care out of the area.

Members raised concern over the size of the Community Services directorate, as well as the suggested merging of some posts and the deletion of the Social Regeneration Officer's post, as it was felt that deletion of this post could lead to a reduction in the number of grants and funding sources attained by the incumbent of this post. Officers stated that the Portfolio Holder held the same view and would be investigating other ways of making an equivalent saving.

Officers anticipated that with the investment in Cozenton Nursery by Hadlow College, a surplus would be made from this facility.

Decision:

The Committee agreed that:

- (i) The deletion of the Social Regeneration Officer post should be reconsidered.

- (ii) The prediction of a 22% reduction of service users due to the 'Fair Access to Care' policy should be viewed with caution.

Housing Revenue Account (Community Services 15 January 2008)

Discussion:

Members were advised of updated figures from those shown in the original report, putting the Housing Revenue Account (HRA) in a more favourable light, to the sum of an additional £400,000.

The following key issues were considered when drafting the budget:

- Rent Restructuring
- Decent Home Standard
- Performance Management
- Business Planning
- Potential Tenant Management Organisation

Officers stated that a briefing note would be provided to Members giving details of the current and future projected position of the Housing Revenue Account and full details of works required to meet Decent Homes components by 2010, including details on how the works would be funded.

The Health and Safety Executive (HSE) stated that the Fitzthorold House site was unsuitable to build a replacement residential unit for the elderly due to its close proximity to a high pressure gas facility and an alternative site was now being sought. Members suggested that if delays continued at the site the building should be brought back into use and Councillor Harriott requested further information on the HSE's report.

The Committee discussed void properties and ways of reducing the amount of time they remained empty in order to reduce the amount of rental income lost. Officers assured Members that voids were being looked at as part of the restructure within the Housing section.

Councillor Avey requested information on Medway's performance against other local authorities on rent collection.

The Committee agreed that an article should be placed in Housing Matters and if possible in Medway Matters explaining the HRA and how rents pay for repairs to Council properties.

Decision:

The Committee recommends to Cabinet that:

- (i) The proposed Revenue and Capital Budgets for 2008/2009, inclusive of an average rent increase of £3.26 per week (based upon 50 collection weeks and equating to an increase of 5.08%);
- (ii) service charges for 2008/2009 reflect the costs incurred in providing that service, and that where controllable, the average cost increases by no more than inflation (3.9%, that being the Retail Price Index [all items] for September 2007) plus 0.5% over that charged in 2007/2008; and

- (iii) the proposed increase in garage rent charges of 3.9%, that being the Retail Price Index (all items) for September 2007;

The Committee recommends to officers that:

- (iv) A briefing note is provided to Members giving details of the current and future projected position of the Housing Revenue Account and full details of works required to meet Decent Homes components by 2010, including details on how the works will be funded;
- (v) Innovative ways of shortening the amount of time a property remains a void should be investigated;
- (vi) Fitzthorold House should be brought back into use if a delay in the development of the site ensues; and
- (vii) Information should be placed in Housing Matters and if possible Medway Matters explaining the HRA.