

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

3 FEBRUARY 2009

DRAFT CAPITAL AND REVENUE BUDGET PROPOSALS 2009/2010

Report from/Author: Mick Hayward, Chief Finance Officer

Summary

This report presents for consideration, the comments and recommendations of all Overview and Scrutiny Committees on the initial budget plan for 2009/2010 proposed by Cabinet on 25 November 2008.

1. Budget and Policy Framework

- 1.1 In accordance with the constitution, Cabinet is required to develop initial budget proposals' approximately three months before finalising the budget and setting council tax levels in February 2009. These proposals should be submitted to Overview and Scrutiny Committees for their views.

2. Background

- 2.1 On 25 November, Cabinet considered the draft capital and revenue budgets for 2009/2010 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.
- 2.2 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.
- 2.3 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.

- 2.4 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 17 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 26 February.

3. Draft Capital and Revenue Budgets 2009/2010

- 3.1 Members will have received copies of the 'Capital Programme 2009/2010 and Beyond' and 'Revenue Budget 2009/2010.' These reports were considered by Cabinet on 25 November 2008.
- 3.2 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.
- 3.3 The responses of individual Overview and Scrutiny Committees are shown in full at Appendix 1 and summarised below. Responses in respect of this committee have been considered earlier in this agenda and will be reported to Cabinet on 17 February.

3.3.1 Regeneration, Community and Culture 13 January 2009

Concerns were expressed in respect of predicted increases in staffing and energy costs and recommended that Cabinet investigate rigorously the procurement of energy savings.

3.3.2 Health and Adult Social Care 14 January 2009

Members requested continuation of the Council's 40% contribution towards Disabled facilities Grant funding. Provision has been included in the draft capital programme being considered by Cabinet on 17 February.

3.3.3 Children and Adults 20 January 2009

No comments were made which affect the draft budget proposals.

4. Financial and Legal Implications

- 4.1 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.

4.2 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 26 February. The statutory deadline for approving the Council Tax is 11 March 2009

5. Recommendations

5.1 Members are requested to consider the comments and requests from individual Overview and Scrutiny Committees, as indicated in Section 3 and Appendix 1 of this report, together with those pertinent to Business Support Overview and Scrutiny Committee considered earlier in this agenda, and recommend these are forwarded to Cabinet on 17 February.

6. Background papers

Resource Strategy and Council Plan 2009/2012 report to Cabinet 23 September 2008.

Capital Programme 2009/2010 and Beyond report to Cabinet 25 November and Business Support Overview and Scrutiny 9 December 2008.

Individual Overview and Scrutiny meetings during January 2009.

Contact for further details:

Name: Peter Bown, Accounting Manager
Phone no: 01634 332311
Email: peter.bown@medway.gov.uk

Regeneration, Community and Culture 13 January 2009

Discussion:

Members asked about the Members Priorities budget shown in Table 1 on page 81 of the agenda, as it was not obvious what the money had been spent on and questioned how priority for each scheme was determined. Officers responded that a block allocation of funds was set in the budget each year and then Members put forward their proposals for consideration by the Chief Finance Officer in consultation with the Portfolio Holder. Schemes were reported in the capital budget monitoring reports submitted to Cabinet on a regular basis.

The committee questioned the first line of Appendix 3 on page 95 of the agenda asking whether the £302,000 major pressure for 'increments' was for all services or only those within the directorate. Members thought it seemed an excessive amount if workforce planning was being carried out correctly. Officers responded that this was an incremental pressure for the directorate and not the whole council. This budget was constructed by reference to individuals in their current posts and the pressure shown indicated the extra salary they would receive when rising another point within their salary scale, which happened each year until they were at the top of the pay scale for that post. Members questioned whether this was a real budget pressure, as it was known about each year but officers responded that in financial terms it was considered as an annual pressure.

Members also asked about additional energy costs predictions, as set out in paragraph 5.13 of the report and whether officers would negotiate a new energy contract later in the year. Concern was expressed that costs were predicted to increase when costs were falling. Officers responded that the costs from the previous budget had been inflated by 40% across the council to reflect the impact of new contracts (for one year) negotiated in the autumn of 2008. The energy contracts would be re-negotiated in 2009 and it was becoming increasingly likely that current prices would reduce. Members added that the council should invest in other measures for energy efficiency to reduce costs in the long term.

Decision:

The committee:

- (a) noted the initial capital and revenue budgets and requested that the comments and suggestions set out above are forwarded to Business Support Overview and Scrutiny Committee on 3 February 2009, including that Cabinet investigate rigorously the procurement of energy savings;
- (b) requested a briefing note on the Members Priorities budget, setting out the priorities and projects together with how much had been spent on each project.

Health and Adult Social Care 14 January 2009

Discussion:

Members asked the Chief Finance Officer a number of questions which included; concerns that there was no identified budget in relation to the Older Persons' Plan and Older Persons' Commissioning Strategy which was scheduled for a forthcoming meeting of the Committee, the conversion of Platters Farm to rehabilitation, the recalculation of the PCT's Section 31 contribution, the lack of funding identified against the loss of income at Greatfield Lodge, clarification on the decommissioned Community Support Service (all identified at Appendix 3 of the report) and the continuation of the Council's 40% contribution to the Disabled Facilities Grant (referred to at paragraph 3.9 of the report),.

The Chief Finance Officer, Director of Children and Adults and the Assistant Director, Social Care responded to the questions. In relation to the query regarding the Older Persons' Plan and Commissioning Strategy officers explained that schemes requiring capital funding could be sought at any point of the year, provided the necessary resources were identified. The Plan was aimed for people to be able to maintain a level of independence in their own homes and would call upon different funding schemes, ultimately monies would become integrated and therefore make better use of shared resources. In relation to the PCT's Section 31 contribution, officers explained that this funding would be transferred to the authority and in the future be submitted directly to the Council from the Department of Health. The Chief Finance Officer also stated that he was not aware of any proposal to downgrade the 40% contribution by the Council in relation to the Disabled Facilities Grant and the information regarding Greatfield lodge should be deleted.

Decision:

The Committee agreed to forward to Business Support Overview and Scrutiny Committee on 3 February 2009, the comments with regards to the preparation of the Council's capital and revenue budget for 2009/2010, as detailed above.

Children and Adults 20 January 2009

Discussion:

In response to a question relating to the figures against vacant School Adviser posts within Appendix 3, the Finance Officer explained that a complete analysis had since been undertaken of all of the advisory team's posts, including admin posts. Most of the posts are, in fact, supported from allocations, relating to former categories of standards fund grant, now contained within the new Area Based Grant (ABG), some continuing external funding (standards fund grant) and income generation. The analysis indicated that the pressure may well be less than presented to Cabinet on 25 November, but the posts would need to be funded solely from the 2009-2010 budget allocations as the capacity for rolling underspendings forward no longer applies.

Members also asked about the position regarding the Outdoor Education service and the Director of Children and Adults explained that close discussions were taking place with another provider and expected to be in a position to report progress shortly. The Finance Officer confirmed that the figures within the budget assumed that the service would be outsourced.

Members asked about the savings against the Adult Learning Service. The Director of Children and Adults explained that only one expression of interest had been received in respect of the possible outsourcing of the service, but this did not meet the service requirements. The Finance Officer explained that , in the circumstances, the service was reviewing its requirements, including courses offered, staffing structure and fee levels, with a view to being self-financing

Decision:

The Committee agreed to forward to Business Support Overview and Scrutiny Committee on 3 February 2009, the comments with regard to the preparation of the council's capital and revenue budget for 2009/2010, as detailed above.