

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

27 JANUARY 2011

DRAFT CAPITAL AND REVENUE BUDGET PROPOSALS 2010/2011 (Report back from other Overview and Scrutiny Committees)

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Summary

This report presents for consideration, the comments and recommendations of all Overview and Scrutiny Committees on the initial budget plan for 2011/2012 proposed by Cabinet on 30 November 2010.

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 2011. These proposals should be submitted to Overview and Scrutiny Committees for their views.

2. Background

- 2.1 On 30 November, Cabinet considered the draft capital and revenue budgets for 2010/2011 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 15 February. It remains the responsibility of full Council to agree the budget proposals and set the Council tax and this will occur at the Council Meeting on 24 February.

3. Draft Capital and Revenue Budgets 2011/2012

- 3.1 Members will have received copies of the 'Capital and Revenue Budget 2011/2012.' This report was considered by Cabinet on 30 November 2010.
- 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 proposals considered by Children and Young People and Health and Adult Social Care Overview and Scrutiny Committees were updated to incorporate details of the Government's Provisional Local Government Finance Settlement reported to Cabinet on 21 December 2010. The overall effect of the provisional settlement was to increase the funding gap by £4 million to almost £23.5million.
- 3.4 At the time of publication of this report only Regeneration, Community and Culture Overview and Scrutiny Committee had considered the draft budget proposals and the response of this committees is shown in full at Appendix 1 and summarised as follows:
 - 3.4.1 *Regeneration, Community and Culture 21 December 2010*

Concerns were expressed over the timing of the budget meetings as the provisional financial settlement had not been published and, in view of the significant financial pressures facing the Council and the current funding gap, Members did not have sufficient understanding of the proposals they should be considering.
- 3.5 Responses in respect to Children and Young People (20 January 2011) and Health and Adult Social Care (25 January 2011) Overview and Scrutiny Committees will be circulated prior to this meeting.
- 3.6 Responses of this committee have been considered earlier in this agenda and the co-ordinated responses of all committees will be reported to Cabinet on 15 February 2011.

4. Risk Management

- 4.1 The risks exposed by a failure to effectively manage the resource planning and allocation process to achieve priorities and maintain effective service delivery are great. The provisional settlement highlighted a loss of Formula Grant of 11.9% amounting to some £11.6 million. This, together with other pressures facing the Council indicates a funding gap of almost £23.5 million in 2011/2012. There will be further grant funding reductions of £8 million in 2012/2013.
- 4.2 The impact of the recession is still having a significant effect upon Council resources and fees and charges will be further affected by the recent increase in VAT to 20%. The movement of a significant element of Government funding from specific to general grant will pose a further challenge to the Council in allocating scarce resources and determining savings proposals.
- 4.3 Although funding for the capital programme has been severely reduced for 2011/2012 and beyond, there is still a possibility that schemes may not be delivered on time thus not fulfilling the Council's strategic priorities and also schemes may not be delivered within approved external funding approvals thus straining the Council's limited capital resources. The Council has a good track record of managing capital schemes and identifying alternative sources of funding where schemes are subject to unforeseen and unavoidable additional costs.

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 24 February. The statutory deadline for approving the Council Tax is 11 March 2011.

6. Recommendations

- 6.1 Members are requested to consider the comments and requests from individual Overview and Scrutiny Committees, as indicated in Section 3, Appendix 1 and the addendum to this report, together with those pertinent to Business Support Overview and Scrutiny Committee considered earlier in this agenda, and determine which of these are forwarded to Cabinet on 15 February 2011.

7. Background papers

Medium Term Financial Plan 2011/2014 report to Cabinet 28 September 2010
Capital and Revenue Budgets 2011/2012 report to Cabinet 30 November and
Business Support Overview and Scrutiny Committee 15 December 2010
Provisional Local Government Finance Settlement 2011/2013 report to
Cabinet 21 December 2010
Individual Overview and Scrutiny meetings during December 2010 and
January 2011

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Discussion:

The Corporate Accountant introduced the report asking the committee to consider the initial capital and revenue budgets and to identify any further opportunities for savings.

Members commented that in light of the current national financial debate, the timing of the budget meetings should be re-visited for the future. The report in the agenda was now irrelevant for consideration, as the government's financial settlement had not been published until after the agenda was published. There were real challenges to be faced by the council with a significant number of staff feeling under threat of redundancy and it was important to have a better understanding of what Members should be considering.

Members also queried the total 2011/2012 budget requirement for the Regeneration, Community and Culture directorate and was advised that this was £48,704 million and the total figure in Appendix 2 of the report was incorrect.

Decision:

The committee:

- (a) noted the initial capital and revenue budgets proposed by Cabinet on 30 November 2010 insofar as they affected this committee;
- (b) requested that the committee's comments on the timing of the budget meetings were forwarded to the Business Support Overview and Scrutiny Committee on 27 January 2011.