

OVERVIEW AND SCRUTINY COMMITTEE

23rd January 2008

**PRESENT:-**

**Conservative Group**

Councillor Atkin (Chairman), Councillor Jones (Vice-Chairman) and Councillors Mrs. Farrington, Mrs. Hood and Mrs. Plenderleith.

**Labour Group**

Councillor Mrs. Mead.

**In Attendance**

Councillor Harrison (Conservative Group).

**APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Bambrick and Lane (Labour Group).

OS/37. **CONSOLIDATED BUDGET PROPOSALS 2008/09 AND FINANCIAL PLAN TO 2013 – CONSULTATION ON THE COUNCIL'S BUDGET**

The Committee considered a report which had been approved by the Finance and Management Committee at its Special Meeting on 17th January 2008. This concerned the Consolidated Budget Proposals for 2008/09 and the Financial Plan to 2013. The Head of Finance and Property Services took Members through this report, providing the opportunity for Members' to input and submit questions.

The report detailed the Council's overall financial position for the 2008/09 budget round. The report covered the following areas:-

- The Council's financial settlement from the Government for the 3-years 2008/09 to 2010/11
- The General Fund's 5-year financial forecast including proposed spending by policy committees and associated analysis to 2012/13.
- The proposed council tax base and collection fund position.
- The effects of indicative Council Tax levels.
- Proposed service developments.
- A review and update of the existing capital investment programme and financing available.

The Executive Summary gave detail on the General Fund financial position and with regard to capital investment. The detail of the report considered initially the Council's financial settlement for the period 2008/09 to 2010/11. In November 2007, the Government announced the level of general

grant for local authorities and for the first time this covered three financial years. The average increases for districts across the country were reported and in comparison, South Derbyshire had fared better, with increases of 2.9%, 2.7% and 2.4% for the three years in question.

A table was provided on the Medium-Term Financial Plan (MTFP), for the period 2007/08 to 2012/13. A comparison was made between the Medium-Term Financial Plan and the actual settlement, showing a total increase of £928,760 over this period. Councillor Mrs. Plenderleith asked how the MTFP had been estimated and it was explained that a budgeted 2% increase had been included. This was based on previous advice and guidance, including the favourable treatment of authorities with significant population growth. The Council took a prudent approach and did not include anything within the budget, unless the income was certain. The Chairman questioned whether the settlements for future years were guaranteed. This was not the case, but unless there were major changes, the Council had to assume the levels reported for the period to 2012/13.

Members were reminded of the mechanism in place through the National funding formula and the consequent grant reductions for the Council over the next three years.

The next section of the report focused on other grant funding received from the following grant streams:-

- Housing/Planning Delivery Grant
- Homelessness Grant
- Waste Performance and Efficiency Grant
- Benefit Administration Grant
- The New National Concessionary Travel (Bus Pass) Scheme
- Future Grant Settlements
- Area Based Grants

Members discussed the National Concessionary Travel Scheme and the Chairman asked how the projected cost and grant figures were determined. Councillor Harrison explained how the new scheme would work, where the charge for this service would fall to the area in which the bus service was used. There would be a greater impact for tourist areas and the level of Government grant had been set accordingly. Councillor Harrison also commented on the other benefits associated with the Gold Card and the approach that Derbyshire County Council was taking on certain elements. The Director of Corporate Services added that a further report would be submitted to the Finance and Management Committee on 19th February 2008, to explain how the new Concessionary Travel Scheme would work. This funding was from a specific Government grant and only after the first year of the Scheme's operation, would the Council know if the level of grant was reasonable. She referred to the grant awarded to another Derbyshire authority with higher tourism levels. This issue was considered to be a medium risk.

The report then looked at the General Fund 5-year financial projection. This was provided in a detailed appendix and summarised in a table within the report. It showed the budget deficit and balance of reserves for the period 2008/09 to 2012/13. General reserves were projected to be above the minimum level required by the financial strategy throughout this period.

Further commentary was provided about anticipated future spending pressures, past measures, the reported level of Government grant and the assumed level of Council Tax increase for the projection.

Members' referred to the budget deficit and particularly the increased figure for 2011/12. It was noted that this amount reflected the costs for the District Council elections in that year. The Chairman questioned the minimum level of reserves. As Section 151 Officer, the Director of Corporate Services had a legal requirement to ensure the Council maintained a suitable minimum level of reserves. She confirmed that there were a number of other specific earmarked reserves and spoke about the realistic minimum and maximum levels of general reserves. £1 million was considered adequate and Officers would not recommend a lower level of reserves. She referred Members to an appendix to the report, which explained how the level of reserves was calculated. The Chairman questioned whether it was planned at some future date to return the reserve balances to the £2 million level projected for 2008/09. The Officer reiterated that the target level was £1 million, but there was a need to ensure that spending was sustainable, given the potential longer-term revenue implications. Councillor Harrison reminded that the money collected from ratepayers and through Government grants was there to provide services for South Derbyshire. There was a difficult balance to achieve and a 5-year projection, so when issues were identified, it gave time to address them.

A comparison was provided to the previous projection and forecast level of reserve balances at March 2012. The main reasons for the increase to £1,006,336 were summarised in an appendix. The report highlighted particular gains and losses. Information was provided on the assumptions used in compiling the budget projection, which were again detailed in an appendix to the report. Particular reference was made to financial risks associated with the minimum level of general reserves and to other provisions. The risks and cost pressures considered by other policy committees were also reported for the following areas:-

- Recycling and composting
- Income from Land Charges
- Income from Planning Fees
- Transfer of Parking Enforcement
- Funding Community Support and Crime Prevention Services
- Extending the Contract for the Green Bank Leisure Centre
- Provision of new leisure facilities – Etwall
- Swadlincote Woodlands
- National Bus Pass Scheme
- Maintenance for the Civic Offices

The level of available revenue resources and the Council's efficiency programme were also touched upon.

The Chairman referred to the partnership working arrangements and associated funding. He was concerned about the staffing implications associated with certain partnership arrangements and considered this might be an area for inclusion in the Committee's future work programme, leading to a report for next year's budget scrutiny process. The Director of Corporate Services referred Members to an appendix on the Consolidated Budget, which provided further information on the funding for staff in relation to

partnership arrangements. There were a number of such posts that were important to the Council and the budget process looked to fund these positions for the next two years. This issue might be worth looking at in detail as a project for the Scrutiny Committee's work programme.

**It was agreed to include in the Budget Scrutiny response a recommendation to the Finance and Management Committee that Overview and Scrutiny includes in its future work programme, a project based on the budget requirements associated with staffing for partnership arrangements.**

The Committee then gave consideration to the Council Tax aspects of the report, which included information on the Council Tax base and the Collection Fund surplus/deficit. A further appendix showed the estimated surplus on the collection fund of approximately £12,000. Given the amounts involved, it was not considered necessary to report a surplus or deficit for the current year. Finally, this section of the report looked at Council Tax levels, explaining the projection used in compiling the consolidated budget and the impact of a 1% increase or decrease in the level of Council Tax.

The proposed service developments were shown in a further appendix to the report. These revenue bids totalled £433,500 and had been built into the overall budget for 2008/09. Where applicable, the ongoing impact had been shown in the Medium Term Financial Plan and this would reduce projected reserve balances to £883,320. This was below the target minimum of £1million, but was not considered critical at this stage, given efficiency savings and other measures that should ensure the minimum level was achieved over the medium-term.

Capital investment and financing was reported, with sections on general capital receipts, other capital receipts, the current investment programme and private sector housing investment. Information was provided on disabled facility grants, generating resources and the business improvement grant. There were pressures to increase capital investment, which were set out in an appendix to the report. The use of capital receipts and other possible sources of finance were also reported.

A question was submitted about pooling arrangements and the payment of a proportion of capital receipts. Officers planned to report to the next Finance and Management Committee on the use of a particular receipt. Each case would have to be judged on its own merits, but dependent upon the use of the resources received, it might be possible to retain 100% of such receipts. It was noted that previously, certain receipts were directed to the Housing Revenue Account, but now, as part of the Single Capital Pot, all resources were directed to the General Fund.

The Vice-Chairman sought an update with regard to Disabled Facilities Grants. Councillor Harrison reported that, together with the Member of Parliament, representations had been made to Central Government. A meeting had been held with Baroness Andrews, the Under Secretary for Communities and Local Government. Representations had been made that the demand for such grants was higher than the forecast level and this might be due to the area's industrial heritage and related health issues. Furthermore, representations were made about the way that the level of grants was assessed. At this stage, the Council did not know the level of

funding that would be provided for Disabled Facilities Grants. The Committee was reminded that the District Council had to fund 40% of such grants to match in part the Government's 60% contribution.

Councillor Mrs. Plenderleith asked whether the Overview and Scrutiny Committee could look at the planning process, particularly about addressing such issues at the design stage. Councillor Harrison was aware that planning mechanisms were being considered, either through guidance or regulation, for example to ensure that downstairs toilet facilities were provided. Councillor Mrs. Farrington commented that "Homes for Life" could be achieved at a relatively low additional cost, if adaptations were made during construction.

The Chairman sought further information about the funding arrangements for the Rosliston Forestry Centre. He considered that the Overview and Scrutiny Committee could look at this area as another project for its future work programme. The Director of Corporate Services confirmed that South Derbyshire District Council was one of several funding partners for the Forestry Centre.

**It was agreed that a further recommendation be made to the Finance and Management Committee, that the Overview and Scrutiny Committee adds to its work programme a project to look at the funding arrangements for the Rosliston Forestry Centre. This project would be undertaken over the next twelve-month period, with a view to submitting the Committee's findings, as part of the Budget Scrutiny process next year.**

The Chairman suggested a similar approach for consideration of the Housing Revenue Account. The Head of Finance and Property Services explained that certain information was still awaited on the Housing Revenue Account, but it might be possible to consider this at the Overview and Scrutiny Committee Meeting on 13th February 2008. Councillor Harrison stated that the new administration was fully supportive of the Rosliston Forestry Centre, but he agreed that this was a potential review area for the Overview and Scrutiny Committee.

**It was agreed that the issues identified above be submitted to the Finance and Management Committee, in response to the consultation on the budget process.**

OS/38. **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985**

**RESOLVED:-**

***That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.***

**MEMBERS' QUESTIONS (Paragraph 3)**

***The Chairman requested an update on the Job Evaluation process and the potential budget implications.***

N. ATKIN

CHAIRMAN