

MAIDSTONE BOROUGH COUNCIL

**MINUTES OF THE CORPORATE SERVICES OVERVIEW AND
SCRUTINY COMMITTEE MEETING HELD ON TUESDAY 5
JANUARY 2010**

PRESENT: Councillor Mrs Stockell (Chairman)
Councillors Butler, Bradshaw, Hotson, Marshall,
Mrs Marshall, Parr and Mortimer and Parr

APOLOGIES: Councillor F Wilson

77. The Committee to consider whether all items on the agenda should be web-cast.

Resolved: That all items on the agenda be web-cast.

78. Apologies.

Apologies for absence were received from Councillor Fran Wilson.

79. Notification of Substitute Members.

It was noted that Councillor Mortimer was substituting for Councillor Wilson.

80. Notification of Visiting Members.

It was noted that Councillors Ash and Chittenden were visiting Members with an interest in all items on the agenda.

81. Disclosures by Members and Officers:

There were no disclosures.

82. To consider whether any items should be taken in private because of the possible disclosure of exempt information.

Resolved: That all items on the agenda be taken in public as proposed.

83. Minutes of the Meeting Held on 1 December 2009.

Resolved: That the minutes of the meeting held on 1 December 2009 be agreed as a correct record and duly signed by the Chairman.

84. Strategic Plan 2009-12 - Update for 2010/11.

The Chairman introduced the Leader of the Council, Councillor Chris Garland, and the Policy and Performance Manager, Georgia Hawkes, to the meeting.

Councillor Garland explained that the update to the Strategic Plan 2009-12 identified how the Council was performing against the key objectives in the Strategic Plan and provided an overview of the context in which the Council was working. The strategic planning process had been integrated with the financial planning process this year, ensuring that the finances to deliver the Strategic Plan were identified through the Medium Term Financial Strategy (MTFS).

A Councillor asked how threats to the delivery of the Strategic Plan due to budget pressures had been identified and mitigated. Councillor Garland explained that the alignment of the Strategic Plan with the MTFS this year ensured that the Plan was deliverable rather than aspirational, and anticipated cuts in Government grants had been taken into account. The Council would maintain its commitment to its three flagship projects – the Museum extension, the High Street Regeneration and Mote Park improvements. Further to this, a Councillor asked what impact reviewing the document jointly with finance had had, and Councillor Garland advised that it had brought a sense of reality to what could be achieved and meant that some ambitions had needed to be curtailed.

A Councillor identified that the Sustainable Community Strategy, with which the Strategic Plan was linked, had an objective to support older people to lead more active and independent lives, however this was not referenced in the update. Councillor Garland confirmed that supporting older people was a priority within the Community Services portfolio, however this was a high level document and therefore not all policy details were contained within it. The Local Strategic Partnership (LSP) was the appropriate body to coordinate and provide services to older people. Work was being carried out through the LSP to identify where public money in Maidstone was being spent, in relation to services for older people, to avoid duplication and ensure the money was used effectively.

With regard to traffic congestion, it was asked why the original prediction of gridlock in the town centre by 2011 had changed to 2013. Councillor Garland stated that the predictions were based on various models used by Kent County Council (KCC), though he was unsure of the details behind the change to the prediction. A new traffic management system had helped to ease congestion in the town centre, however new demand management techniques would need to be investigated as traffic continued to increase. Park and Ride was an important element of this. KCC was currently consulting on its strategy, "Growth without Gridlock", and the Council had responded to this. Another Councillor suggested that Operation Stack, increased housing and the possibility of the Kent International Gateway (KIG) all pointed to increased future traffic congestion, and asked whether the outcome of the KIG inquiry was being awaited before new traffic management solutions were investigated. Councillor Garland stated that options would be considered as part of the Local Development Framework (LDF) process. However, it would not await the outcome of the KIG inquiry which had already delayed the LDF process by 2 years.

A Councillor noted that the update did not reflect the budgetary concerns over Park and Ride. Councillor Garland stated that there were budget pressures on Park and Ride due to falling usage as a result of the recession, however resources were committed to retaining it. A more sustainable way of providing Park and Ride was being sought and Councillor Garland suggested that further support from KCC would be useful as Park and Ride was key to tackling congestion.

With regard to the priority theme, "A place that is clean and green", a Councillor suggested that cutting £120,000 from the street cleaning budget did not support this. Councillor Garland stated that this related to new ways of delivering the street cleaning service in the town centre. The Council was constantly trying to find new ways to provide the same level of service or better for less money, therefore cutting budgets did not mean cutting standards.

Concern was raised that the document appeared to focus largely on the urban area of the Borough. Councillor Garland stated that he was conscious of this, particularly as the three flagship projects for the Borough were in the urban area, however he had asked officers to ensure rural areas were considered when developing plans and policies. He considered transport to be a key issue for rural areas and various ideas to mitigate transport problems were being discussed with senior management team. A Councillor stated that rural communities were feeling increasingly isolated, particularly following Southeastern's decision to cut some rail services to London, and the focus on rural transport was therefore appreciated. Members felt that this should be highlighted in the update.

A Councillor stated that it was unclear what actions were being taken to deliver the key objectives within the Strategic Plan. Miss Hawkes highlighted that Appendix B to the report was an update on the actions being taken to deliver the key objectives. New actions were currently being compiled and completion dates would be added to the actions in 2010.

With regard to Growth Point money, Councillor Garland informed the Committee that he had asked officers to assume no further Growth Point money would be received. This had been reflected in the MTFs and ensured that the Strategic Plan objectives were not reliant on this funding.

A Councillor noted that "licensing" was missing from the list of the Borough Council's responsibilities in the update and it was agreed that this should be included.

With regard to future strategic plans, Councillor Garland emphasised the need for it to be an evolving document due to the dynamic landscape of local government. The Council was successful in acting proactively, rather than reactively, and this was reflected in the periodic updates. The current Strategic Plan lasted until 2012, at which point it would be rewritten, though this depended on future administrations.

The Chairman thanked Councillor Garland and Miss Hawkes for their attendance.

Resolved: That

- a) The update include a greater emphasis on rural areas, particularly with regard to transport; and
- b) "Licensing" be added to the list of the Borough Council's responsibilities.

85. Budget Strategy 2010/11 Onwards.

The Leader of the Council, Councillor Chris Garland, stated that in preparing the Budget Strategy 2010/11 Onwards, it had been important to keep the council tax increase as low as possible, to maintain frontline services and to achieve a £1.9 million savings target. This had been achieved despite the UK experiencing the worst recession since World War 2 and had avoided the need to borrow money this year. As part of the capital programme, the Council was investing a lot of money in affordable housing. This had helped to reduce the need to provide expensive bed and breakfast accommodation, which was extremely positive. Savings had also been sought from the Council's wage bill.

The Head of Finance, Paul Riley, gave the Committee a presentation, attached at Appendix A, on the Budget Strategy. The following points were raised during the presentation:

- £200,000 additional resources had been allocated to Park and Ride to maintain the service at its current level;
- £700,000 of staff savings had been identified, though this was still being consulted on and could therefore not be made public. There would be few redundancies, with staff being redeployed to vacant posts where possible. It was confirmed that this was a net saving;
- Commercial premises income related to rental income from Council-owned units. Several of these were currently void, therefore no income was being received;
- It was expected that the Council's contribution to employee pensions would continue at its current rate; and
- A 1% increase in the council tax base was confirmed.

A Councillor requested further information on the 1% increase in pay and contractual commitments. Mr Riley explained that this related to a 1% increase in staff pay and for those contracts, for example the refuse collection contract, where the Council was contractually obliged to increase payments. No increases on income had been assumed, and expenditure on items such as stationery and travel expenses had been frozen. The Councillor then asked the Leader whether an increase in staff salaries was confirmed. Councillor Garland stated that the union had submitted a 1% pay claim and this was being considered. The pay claim would be finalised later this year, and he would not pre-empt discussions with the union. In response to a further question, Mr Riley stated that a freeze on staff pay would save £170,000, reducing the council tax increase to around 1.5%. A

Councillor asked whether there was any scope to reduce the costs of existing contracts. Mr Riley stated that contracts were constantly negotiated and the 1% increase was an average; for example, the cost of one contract was linked to the Retail Price Index and had consequently gone down recently.

With regard to the Leisure Centre, Mr Riley explained that the provision of the Leisure Centre formed part of a contract between the Council and Maidstone Leisure Trust (MLT). As part of the contract, the Council committed £630,000 capital expenditure each year to the Leisure Centre for substantial capital works to the building and facilities, and MLT provided an annual income of £200,000 to the Council; this was redirected to the capital programme. The contract also specified that if excessive profits were made, the Council would receive a portion of these, though if income was less than expected, the Council would still receive its full £200,000.

A Councillor highlighted that the KCC Treasury Management Committee had been informed that interest rates for its investments were likely to rise soon, however the budget strategy did not appear to include increased income from investments. Mr Riley explained that KCC had recently been more risk-averse than Maidstone Borough Council and had invested in low-risk, low-interest Government schemes, whereas the Council had continued to invest in the top 20 building societies which had substantially higher interest rates. The Council's investments were therefore unlikely to see the same big increase in interest. However, the Council's investments were constantly monitored so that if one was performing particularly well, Cabinet would receive a proposal to put more money into the budget as appropriate.

With regard to medium-term projections for savings targets, a Councillor suggested that a £733,000 target for 2012/13 seemed very low. Mr Riley stated that savings targets for future years were extremely difficult to work out, and the 2012/13 year was the year after the current Strategic Plan ended, making it difficult to identify what resources might be required. Indications from central government were that the revenue support grant would reduce by 20% over the next four years, however the strategic projection was based on there being no decrease or real-terms increase.

A Councillor asked how much of this year's £1.9 million savings had been achieved through increasing fees and charges. Mr Riley stated that all of the savings for 2010/11 were new and no increases in income had been anticipated – all savings were through service efficiencies. Councillor Garland informed the Committee that the budget consultation this year had looked at the effect of fee increases on demand so there would, in the future, be a more intelligent approach to fees and charges.

A Councillor asked whether the budget assumed the weekend freighter service had stopped, as a decision was due on this later in the year. Mr Riley stated that he would look into this.

With regard to improvements to play areas, a Councillor noted that the budget for this reduced to £50,000 by 2012/13 and asked whether this was

adequate to deal with the backlog of required improvements. Mr Riley confirmed that this was considered adequate and noted that the Mote Park project included play area improvements.

A Councillor highlighted that no money was allocated to the Green Space Strategy beyond 2010 and Mr Riley explained that this was because the strategy was delivered and no more capital costs were associated with it.

With regard to the capital programme, a Councillor asked what problems would be caused if further slippage was required. Mr Riley stated that it was expected that in 2012/13, £3.7 million would need to be borrowed to fund the capital programme. This relied on £7.2 million of assumed receipts. If these were not received, £10 million would be the maximum required borrowing. However, Mr Riley advised that the capital programme could be reduced, if necessary, as not all projects had begun therefore the money was not yet committed. This was preferable to borrowing £10 million, as this equated to a cost of £750,000 per year which would lead to a very large council tax increase. Additionally, the Council's Treasury Management Strategy currently only allowed for up to £4 million to be borrowed.

A Councillor asked why, if the Council would need to borrow money eventually, it did not do so now when it was cheaper. Mr Riley explained that the Council had other ways of funding the capital programme and the most prudent approach was considered to be not borrowing until necessary. There was no guarantee that interest rates would rise, and advice from different treasury management advisors on whether to borrow now or later had identified no clear preference for either approach.

In response to a question, Mr Riley explained that the major areas of concern within the budget were concessionary fares and the Leisure Centre. Responsibility for concessionary fares would transfer to KCC in July 2010 but it was unclear what impact this would have on the Council's grant from Government. Depending on the outcome of the General Election, a Comprehensive Spending Review outlining this, efficiency targets and future revenue support grant awards would be published in the summer which would make the future picture clearer. With regard to the Leisure Centre, there was concern, in light of reducing capital receipts, over the 15 year commitment to providing £630,000 of capital funding each year, therefore revenue resources had been put aside to ensure those funds were in place.

A Councillor asked whether cutting the CCTV maintenance budget would affect the service, and Mr Riley explained this related to changing the contract with the monitoring company, therefore the service would not be affected.

With regard to the proposal to recharge parish councils for the cost of their elections, Mr Riley stated that parish councils had not been consulted on this yet and confirmed that other councils did already charge their parish councils for elections. Councillor Garland emphasised that the landscape for local government finance was shifting and parish councils, as part of

local government, would be affected by national issues. A medium term strategic approach to dealing with parish council finance was being worked on to ensure parish councils would be well informed over future plans. A Councillor pointed out that parish precepts for 2010/11 had already been set, and Councillor Garland confirmed that there would be no change to concurrent functions for 2010/11, however those parish councils holding elections in 2010/11 would be charged for these.

The Chairman thanked Councillor Garland and Mr Riley for a detailed presentation.

Resolved: That the Budget Strategy 2010/11 Onwards be noted.

86. Future Work Programme and Forward Plan of Key Decisions.

The Senior Overview and Scrutiny Officer informed the Committee that the Cabinet Member for Corporate Services would be in attendance at the meeting on 2 February 2010 to update Members on his "enhancing local democracy" priority. The draft Overview and Scrutiny Function report would also be presented at this meeting, and it was agreed to take this item informally.

The Committee agreed that it still wished to consider the Council's approach to consultation and requested that the Head of Communications be invited to a future meeting to discuss this.


With regard to the Forward Plan of Key Decisions, it was requested that if the Treasury Management Strategy was not due to be considered by the Audit Committee, it be considered by the Committee at the 2 February 2010 meeting.

Resolved: That

- a) The draft Overview and Scrutiny Function report be considered informally by the Committee on 2 February 2010;
- b) The Head of Communications be invited to a future meeting of the Committee to discuss the Council's approach to consultation; and
- c) The Treasury Management Strategy be considered at the 2 February 2010 meeting of the Committee if it was not considered by the Audit Committee.

87. Duration of the Meeting.

6:30 p.m. to 8:25 p.m.



OVERVIEW AND SCRUTINY UPDATE

5 JANUARY 2010

BUDGET STRATEGY 2010/11 ONWARDS

RESOURCES 2010/11

RESOURCES AVAILABLE	<u>£ 000</u>
AS AT AUGUST:	
GOVERNMENT GRANT (+0.5%)	9,510
COUNCIL TAX (+ 4.5%)	13,394
	22,904
AS AT DECEMBER:	
GOVERNMENT GRANT (+0.5%)	9,510
COLLECTION FUND ADJUSTMENT	10
COUNCIL TAX (+2.5%)	13,290
(INCLUDES A 1% INCREASE IN TAX BASE)	22,811

BASE BUDGET 2010/11

	<u>£ 000</u>
AS AT AUGUST:	
BUDGET 2009/10	22,295
PAY & PRICES @ 2.5%	845
	23,140
AS AT DECEMBER:	
BUDGET 2009/10	22,295
PAY & CONTRACTUAL @ 1%	320
	22,615

GROWTH ASSUMPTIONS

	<u>£000</u>
CONCESSIONARY FARES	200
WASTE/RECYCLING	115
REDUCTION IN INVESTMENT INCOME	370
LEISURE CENTRE	275
PARK & RIDE	200
LOST INCOME	250
BENEFIT GRANT REDUCTION	80
COBTREE FINAL PAYMENT	130
OTHER	180
TOTAL	1,800

SAVINGS PROPOSED

	<u>£,000</u>
FROM STAFFING & OTHER EFFICIENCIES:	
CHIEF EXECUTIVE'S OFFICE	9
PROSPERITY & REGENERATION	110
RESOURCES & PARTNERSHIPS	246
CHANGE & ENVIRONMENTAL SERVICES	165
OTHER STAFFING EFFICIENCIES	400
OTHER SAVINGS	675
TOTAL PROPOSALS	1,605

THIS INCLUDES £700,000 REDUCTION IN STAFF COSTS

ADJUSTED BUDGET 2010/11

	<u>£ 000</u>
BUDGET 2009/10	
BUDGET 2009/10	22,295
PAY & CONTRACTUAL @ 1%	320
	22,615
ADD GROWTH	
LESS SAVINGS	-1,605
TOTAL BUDGET	22,810
PROJECTED RESOURCES	22,811



BUDGET CONSULTATION

LAKE CONSULTING

- ANALYSIS BASED ON 4 LOCATIONS IN BOROUGH
- FOCUS ON EFFECT OF PRICE INCREASE ON DEMAND
- PREFERENCE FOR TAXATION FUNDING OR DIRECT PAYMENT FUNDING
- LOOK AT SERVICE REDUCTIONS OR TAX INCREASES TO FUND ESSENTIAL SERVICES
- PROVIDED DETAILED REPORT 45+ PAGES OF DATA
- 1,252 INTERVIEWS



BUDGET CONSULTATION RESULTS

COUNCIL TAX INCREASES:


- **63% - PREFER CUTS IN SERVICES**
- 74% - ACCEPT IF THE NEED IS JUSTIFIED
- ACCEPTANCE AVERAGED AT 27.5P PER WEEK

FEES & CHARGES:

- COMPLEX AND DETAILED
- SOME AREAS NOTED WHERE EXTRA PROMOTION MAY HELP

SERVICE CUTS:

- 46% NO VIEW EXPRESSED
- **27% ALL STAFFING OPTIONS COMBINED**
- 6% REDUCE / REMOVE ARTWORK
- 7% DO NOTHING



REVENUE BALANCES

£,000

BALANCES AS AT 01/04/2009	7,204
AGREED CARRY FORWARDS	-1,341
USE OF BALANCES	-1,287
BALANCE AT 31/03/2010	4,576
USE DURING 2010/11	-643
BALANCE AT 31/03/2011	3,933

GENERAL	3,108
TRADING ACCOUNTS	20
INVEST TO SAVE / ASSET REPLACEMENT	501
LDF	304
	3,933



CAPITAL PROGRAMME 2009/10 TO 2012/13

- SLIPPAGE REDUCES NEED FOR CAPITAL RECEIPTS OR BORROWING IN 2009/10.
- ASSUME ONLY CAPITAL RECEIPTS EXPECTED IN CURRENT PROGRAMME – OFFICERS DEVELOPING PROPOSALS FOR USE/SALE OF SURPLUS ASSETS.
- ADD EXTRA YEAR AT MINIMUM LEVELS OF EXPENDITURE FOR BASE SCHEMES.
- ENHANCE REVENUE FUNDING FOR LEISURE CENTRE GROWTH ITEM 2010/11 AND 2011/12.



CAPITAL PROGRAMME 2009/10 TO 2012/13

£,000

EXPENDITURE 2009/10 TO 2012/13	36,361
FINANCING 2009/10 TO 2012/13	32,646
BORROWING NEED	3,715

KNOWN RESOURCES	25,446
ASSUMED RECEIPTS	7,200



CAPITAL - BORROWING

PREDICTIONS ON PWLB RATES:

	JAN 2010	DEC 2010	JAN 2011	JAN 2012
	%	%	%	%
25 YEARS	4.75	5.20	5.40	5.80
	4.45	5.15	5.40	5.90
50 YEARS	4.55	5.30	5.50	5.90
	4.55	5.25	5.50	6.00



CABINET DECISIONS - 1

Agree a provisional spending level based upon the revised strategic projection set out in Appendix B, incorporating the revisions to growth items as identified in Appendix A and the savings as identified in Appendix C;

Request updates, as soon as available, on progress to achieving the savings targets from staffing as outlined in the report;

Agree the updated Capital Programme detailed in Appendix D along with the budget set out therein for 2012/13;




CABINET DECISIONS - 2

Note the outcome of the budget consultation exercise set out in section 1.11 and Appendix G and Cabinet expresses gratitude to all those who participated;

Agree the updated medium term financial strategy as set out in Appendix H and its stronger connection to the strategic plan;

Agree a continued Council Tax strategy which is materially within the Government's Council Tax capping strategy as outlined in the report;

Consult with Corporate Services Overview and Scrutiny committee on the budget strategy based on these decisions.

