

Maidstone Borough Council

Corporate Services Overview & Scrutiny Committee

Tuesday 10 January 2012

The Budget Strategy

Report of: Overview & Scrutiny Officer

1. Introduction

- 1.1 The Corporate Services Overview and Scrutiny has within its terms of reference the scrutiny of the Council's budget. Its review for 2011/12 'The Council as a Business?' is focused on the financial restraints faced by the Council and the need for efficiency savings and innovation in terms of income generation. At its meeting on 2 August 2011, the Committee resolved that a cross-party Budget Working Group should be established to enable the Committee to become involved in the medium term financial strategy (MTFS) at an early stage. It was felt that this would improve Member understanding and enable more constructive debate, seeking to help balance the council's financial pressure with public acceptability.
- 1.2 Following the Budget Working Group's last meeting on 19 December 2011 with the Head of Finance and Customer Services, the Chairman felt it appropriate for the Committee to concentrate on two main topics at its next meeting:
 - The debate on an increase in Council Tax vs. a Council Tax Freeze; and
 - The Council's Fees and Charges.
- 1.3 On 21 December 2011 Cabinet considered the Budget Strategy 2012/13 onwards (Appendix A) the Budget Strategy 2012/13 Fees and Charges (Appendix B).
- 1.4 Cabinet made the following decisions:

The Budget Strategy 2012/13 onwards

- That the revised strategic revenue projection at Appendix B to the report of the Corporate Leadership Team, which incorporates the review of strategic projection, be agreed.
- That the proposed savings for 2012/13 onwards, as detailed at Appendix C to the report of the Corporate Leadership Team be agreed, subject to an additional saving of £10,000 from adjustments to the support service budget within the Corporate Services portfolio.

- That the proposed use of the New Homes Bonus as outlined below be agreed.
- That no capital programme be set for 2015/16 at this time, awaiting a report from officers on prioritisation of options once the infrastructure delivery plan is sufficiently detailed for evaluation.
- That the issues relating to revenue resources, including the council tax levels, the tax base and the provisional revenue support grant be noted.
- That the results of the budget consultation and the issues identified for future years of the medium term financial strategy and the strategic plan be noted.
- That the utilisation of a one-off £100,000 from general balances to support the concurrent functions grant process during 2012/13 to allow for consultation to be completed and the delivery of the new parish services scheme be agreed.

Budget Strategy 2012/13 Fees and Charges

- That the increases in fees and charges as set out in detail at Appendix A to the report of the Corporate Leadership Team, with the exception of the proposed increase in the one hour parking charge and that the reduction of £10,000 in the proposed income be found from adjustments to the support service budget within the Corporate Services portfolio, be agreed.
- That the proposed changes to the budgets for fees and charges that occur as a consequence of the revision in fees and charges be agreed as £140,150 and this sum to then be a budget strategy saving for 2012/13.

2. Recommendation

- 2.1 The Committee is recommended to consider the Budget Strategy 2012/13 and the ongoing forecast for the medium term. The Committee should consider ways in which the Budget Working Group can be utilised over the coming months to assist the Committee in their exploration and understanding of the Budget Strategy in order to make recommendations to Cabinet to be fed into the final budget strategy proposal in February 2012 and the Budget Strategy 2012/13 onwards. The Committee should also consider the information contained in the Budget Strategy and consider how this could impact on its investigations as part of the 'Council as a Business?' Review.

- 2.2 Members are also recommended to interview Paul Riley, Head of Finance and Customer and ask questions with regard to the debate on a Council Tax increase vs. a Council Tax freeze and the Council's Fees and Charges as they feel appropriate.

3. Reasons for Recommendation

- 3.1 The Corporate Services Overview and Scrutiny Committee has responsibility for Budget Scrutiny as part of its remit.
- 3.2 At its meeting on 1 November 2011 the Committee considered the Budget Strategy and discussed the Government Proposal to keep council tax at 0% and replace it with a grant of 2.5%.
- 3.3 Leader of the Council, Councillor Garland, told the Committee that this would result in a loss of £375,000 year on year for the Council with a continued loss of £7m in total due to the accumulative loss of interest. Members considered whether Council tax should be frozen following the Government's lead of a 0% rise against a 2.5% year on year increase which would result in a approximately £5 a year for a band D Council Tax Payer. The Committee felt that it would be beneficial to investigate the opinions of other local authorities on the matter.
- 3.4 The Committee resolved that they 'should investigate other authorities' opinions on the Government's decision to freeze Council Tax and replace this with a grant'.
- 3.5 The Corporate Services Overview and Scrutiny Committee's review for 2011/12 is focused on the financial restraints faced by the Council. The review, 'The Council as a Business?' will 'explore the financial restraints the Council face and establish how savings and income could be generated in a more innovative manner.' It will seek to establish the following outcomes:
1. What does Maidstone Borough Council want to be and what do our residents want from us, including identifying who our customers are and what their requirements are;
 2. Establish what the Council perceives its core function to be now and in the future and what statutory services we must provide;
 3. Establish what funding opportunities are available to the Council;
 4. Identify the factors which are currently considered when savings are made and practical measures and actions for future savings and increasing revenue, income and service improvement;
 5. Establish where the Council sees itself in 4 years time;
 6. Identify how the culture of Maidstone Borough Council can more business focused; and

7. Focus on the following Council services:

- Planning
- Print Function
- Back office functions and productivity
- Recycling
- Building Surveying

3.6 The Committee may wish to consider the Budget Strategy 2012/13 report on Fees and Charges that was considered at Cabinet on 21 December 2011 in order to deliver the outcomes of its review topic.

4. Impact on Corporate Objectives

4.1 The Committee will consider reports that deliver against the following Council priorities:

- 'Corporate and Customer Excellence'.

4.2 The Strategic Plan sets the Council's key objectives for the medium term and has a range of objectives which support the delivery of the Council's priorities. The Committee's work will contribute to the delivery of these key objectives over the next year.