

MAIDSTONE BOROUGH COUNCIL

**MINUTES OF THE CORPORATE SERVICES OVERVIEW AND
SCRUTINY COMMITTEE MEETING HELD ON TUESDAY 4
AUGUST 2009**

PRESENT: Councillors Butler (Chairman for the duration of the meeting), Bradshaw, Marshall, Mrs Marshall, Mrs Wilson, Mrs Gibson, Verrall and Warner.

APOLOGIES: Apologies for absence were received from Councillors Hotson, Parr and Mrs Stockell.

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

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

34. Apologies.

Apologies were received from Councillors Hotson, Parr and Mrs Stockell.

35. Notification of Substitute Members.

It was noted that Councillors Mrs Gibson, Verrall and Warner were substituting for Councillors Mrs Stockell, Hotson and Parr respectively.

36. Notification of Visiting Members.

It was noted that Councillors Ash and Mrs Parvin were visiting Members who wished to maintain a listening brief.

37. Disclosures by Members and Officers:

There were no disclosures.

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

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

39. Minutes of the Meeting Held on 7 July 2009.

Resolved: That the minutes of the meeting held on 7 July 2009 be agreed as a correct record and duly signed by the Chairman.

40. Budget Strategy 2010/11 Onwards.

The Head of Finance, Paul Riley, gave a presentation on the budget strategy 2010/11 onwards (attached at Appendix A) which highlighted a number of key issues, including:

- There had been a reduction in investment income as a result of low interest rates and fewer capital receipts;
- The budget included an assumption that there would be a 4.5% council tax increase in 2010/11;
- The budget also included an assumption that the Council would need to borrow to fund the capital programme as assets were currently harder to sell due to the recession. The Council had set a borrowing limit of £4 million;
- Some savings would come forward in 2010/11 as a result of the 1% pay award, rather than the 2.5% budgeted for, and the savings from the staff restructure;
- The Council needed to save around 6% of its available resources which was significant but similar to recent years;
- This year officers were being requested to put forward potential savings in the first instance rather than being given a savings target by Cabinet Members, as had been the case in previous years;
- A review of the Medium Term Financial Strategy had been requested by the Cabinet which would change it from a policy document to a fuller working document. This would cover the revenue budget, the capital budget, efficiency and reserves, and would link financial information directly to corporate objectives and service plans; and
- A report would go to Cabinet to consider options for consultation. The budget simulator used for the past 2 years was useful but produced the same answers both years so a new approach was needed. This could take the form of interviews with residents on specific issues such as fees and charges or discretionary services.

The Cabinet Member for Leisure and Culture, Councillor Brian Moss, emphasised the need to make substantial savings and to ensure that these were considered acceptable as they would affect services. The Council needed to find innovative ways of delivering services and the Cabinet was willing to consider any suggestions.

A Councillor asked which services were discretionary and Councillor Moss explained that there were many, with the key ones being the museum, the theatre, sports and play, parks, CCTV and Park and Ride. The Council did not have to provide these but they impacted upon the quality of life for residents. Another Member informed the Committee that a list of statutory and discretionary services was available, and highlighted that some discretionary services generated income.

In response to a question, Mr Riley stated that business rate and council tax collections had both gone down but only marginally. Some of this could be due to re-profiling, with some businesses changing to monthly payments rather than making a one-off payment at the start of the year.

A Councillor asked what would happen when the Council had sold all of its assets. Mr Riley explained that this was not expected to be the case for 2-3 years, but it had been planned for. When that time came, the Cabinet would need to make a decision on whether to continue with the capital programme.

A Member suggested that as the interest rates on borrowing offered to councils were quite high, the Council could borrow from residents. Mr Riley stated that while this was possible, it was extremely labour intensive which could offset any savings, though this would depend on the interest rate achieved.

A Councillor noted that the Government could cut back or remove Growth Point funding and asked whether this had been accounted for. Mr Riley informed the Committee that the Minister for Housing and Planning had released a consultation document regarding 20,000 social housing units that the Government had promised to deliver. One of the options was to use money allocated to Growth Points to deliver these. The capital programme contained an assumption of £2.6 million Growth Point money as this was the figure provided by Government, but it was accepted that there was a good chance that the Council would not receive this money. The release of the consultation document had given the Council enough time to plan for this. It was also noted that the Government would need someone to build those 20,000 social housing units, and Maidstone was in a good position as it already had a strong social housing programme, therefore it could be a case of simply replacing one grant with another.

With regard to budget monitoring, Mr Riley explained that there were a number of ways in which this was done. The revenue budget was monitored by 80 budget managers monitoring over 200 areas; these were supported by 9 finance officers who kept an overarching view of those budgets. Separate monitoring of the capital programme was undertaken by the appropriate budget managers. All budget managers received monthly reports. Additionally, each major Council project, for example the museum and the CCTV move, had a project board and these boards received financial information related to those projects. All information was provided to Corporate Management Team and Cabinet on a quarterly basis. The Constitution also required that any significant variances in budgets be reported immediately to the relevant Cabinet Member. There were currently significant issues in 5 areas, though no urgent action was currently required in any of these.

The Chairman thanked Councillor Moss and Mr Riley for an informative presentation and discussion, and requested that they report back to the Committee if any major issues arose. Members also requested further information on the new methods of consultation.

Resolved: That

- a) A list of statutory and discretionary services be provided to the Committee;

- b) The Committee receive further budget updates if major issues arise; and
- c) Further information on proposed consultation be provided.

41. Summary Quarterly Performance Monitoring Report.

The Acting Overview and Scrutiny Manager, Louise Smith, explained that following concerns at the previous meeting with regard to the amount of performance information provided to the Committee, the Chairman had agreed that a shorter report should be produced for the quarterly performance monitoring report. The report gave a summary of performance against Key Performance Indicators (KPIs) and Local Performance Indicators (LPIs); a summary of performance under the Council's corporate priorities; areas of exceptional performance; and areas where performance was not meeting target. It was highlighted that information on KPIs related to crime had not been available when the report was produced, however these were all on target.

A Councillor expressed concern over the rise in anti-social behaviour incidents and the Committee agreed to send a reference to the Cabinet and the External Overview and Scrutiny Committee emphasising the need to look into this. Councillors also requested that a reference be sent to the Environment and Leisure Overview and Scrutiny Committee highlighting the declining footfall at the Leisure Centre and noting their concern about this.

The Committee discussed the format of future performance reports and agreed that while the shorter report was useful and made performance monitoring much simpler, full reports should still be received to ensure that no anomalies were missed. However, Members agreed that performance officers did not need to attend the meetings to present these reports, as the Committee could discuss the reports and request clarification or information from the appropriate officers as necessary.

Resolved: That

- a) A reference be sent to the Cabinet and the External Overview and Scrutiny Committee highlighting the increase in anti-social behaviour incidents being reported to the Council emphasising the need to look into this;
- b) A reference be sent to the Environment and Leisure Overview and Scrutiny Committee highlighting the decline in footfall at the Leisure Centre and noting the Committee's concern about this; and
- c) Full performance reports be provided in the future, however officers did not need to attend Committee meetings to present these.

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

The Acting Overview and Scrutiny Manager informed Members that the Head of Revenues and Benefits and Community Safety, Steve McGinnes,

would be in attendance at the September meeting to provide an update on benefit uptake. The Overview, Scrutiny and Localism Manager from Kent County Council would attend the October meeting as part of the Overview and Scrutiny Function Review.

Resolved: That the Future Work Programme be noted.

43. Duration of the Meeting.

6:30 p.m. to 7:50 p.m.


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OVERVIEW AND SCRUTINY BRIEFING

3 AUGUST 2009

BUDGET STRATEGY 2010/11 ONWARDS



RESOURCES 2010/11

RESOURCES AVAILABLE	£ 000
GOVERNMENT GRANT (+0.5%)	9,510
COUNCIL TAX (+ 4.5%)	13,394
TOTAL	22,904
BASE BUDGET PROJECTION	£,000
BUDGET REQUIREMENT 2009/10	22,464
PLUS INFLATION (2.5%) (& OTHER ADJUSTMENTS)	676
TOTAL	23,140

A 1% INCREASE IN COUNCIL TAX PROVIDES £138,000



STRATEGIC PROJECTION

CORPORATE IMPROVEMENT PLAN REQUIRES MODELLING

SCENARIOS:

- BEST CASE, = LOWEST SAVING
- WORST CASE AND = HIGHEST SAVING
- MOST LIKELY = LIKELY SAVING

THE FOLLOWING PAGES ARE BASED ON CABINET'S APPROVED MOST LIKELY SCENARIO.



GROWTH ASSUMPTIONS

MOST LIKELY SCENARIO:	<u>£000</u>
BASE BUDGET REQUIREMENT	236
CONCESSIONARY FARES	200
WASTE/RECYCLING	214
REDUCTION IN INVESTMENT INCOME	370
OTHER COMMITMENTS	365
ASSUMED NEW GROWTH	150
LOST INCOME	200
COST OF BORROWING	150
TOTAL	1,885



POTENTIAL SAVINGS

	<u>£000</u>
2009/10 PAY RISE	240
PHASE II REVIEW OF STRUCTURE	120
2010/11 INFLATION ASSUMPTION (-1%)	160
TOTAL	520



SAVINGS TARGET

	<u>£,000</u>
CURRENT GROWTH ASSUMPTIONS	1,885
POTENTIAL SAVINGS	520
SAVING REQUIREMENT	1,365
SAVING AS A PERCENTAGE OF RESOURCES AVAILABLE OF £22.904M	5.96%



CABINET DECISION

- SAVINGS TARGET SET AT £1.4M – APPENDIX F(ii)
- NO CHANGES TO CAPITAL PROGRAMME AT THIS TIME
- AGREED THE TIMETABLE FOR BUDGET STRATEGY
- REVIEW OF MEDIUM TERM FINANCIAL STRATEGY
- REPORT BACK ON CONSULTATION



CABINET DECISION

SAVINGS TARGET SET AT £1.4M

- OFFICERS TASKED WITH DEVELOPING INITIAL PROPOSALS
- PRESENTATION TO HEADS OF SERVICE / DIRECTORS SET REQUIREMENT :
 - ASSISTANCE FROM:
 - Finance
 - HR
 - Procurement
 - IT
 - Business Transformation
 - INITIAL AREAS:
 - Discretionary Services
 - Invest to Save
 - Shared Services
 - New Fees & Charges Policy
- PROPOSALS IN DRAFT BY SEPTEMBER



CABINET DECISION

REVIEW OF MEDIUM TERM FINANCIAL STRATEGY


- IMMEDIATE:
 - BEST PRACTICE – I.E. ST HELENS.
 - WORLD CLASS FINANCIAL MANAGEMENT – AUDIT COMMISSION *IT GOVERNANCE STRATEGY FOR NEW FINANCIAL*
 - LINK TO BUDGET STRATEGY THROUGH TABLES AND WORDS
 - LINK TO STRATEGIC / SERVICE PLANS
- FUTURE:
 - THREE YEAR EFFICIENCY AND SAVINGS PLANNING
 - COORDINATE UPDATE OF MTFS & STRATEGIC PLAN
- MTFS WILL BECOME A LIVE DOCUMENT
- REPORT FOR AUGUST CABINET.



CABINET DECISION

BUDGET CONSULTATION

- REPORT BACK TO AUGUST
- CONSIDERATION OF LINK TO MTFS
 - SHOULD CONSULTATION BE A THREE YEAR ROLLING PROCESS?
 - FOCUS ON DIFFERENT OBJECTIVES EACH YEAR
 - ALIGNED WITH FULL DEVELOPMENT OF NEW MTFS / STRATEGIC PLAN
- BUDGET SIMULATOR FOR 2 YEARS – SAME RESULTS
- INCOME GENERATION IS CURRENT PROBLEM
- USE FOCUSED SURVEY?



CAPITAL PROGRAMME 2009/10 TO 2011/12

- REVISED PROGRAMME AGREED MAY 2009
- EXPENDITURE

	<u>£,000</u>
• 2009/10	15,691
• 2010/11	10,212
• 2011/12	8,382
- FINANCING

	<u>£,000</u>
• 2009/10	15,691
• 2010/11	10,212
• 2011/12	7,580
- BORROWING NEED

	<u>£,000</u>
• 2011/12	802



BORROWING

<u>PWLB RATES</u>	<u>JUN-09</u>	<u>MAR-10</u>	<u>DEC-10</u>	<u>SEP-11</u>
• 25 YEAR	4.15%	4.30%	4.60%	4.05%

MOST LIKELY SCENARIO ASSUMES THE NEED TO FINANCE BORROWING £2M IN 2010/11.

CAPITAL RECEIPTS EXPECTED IN YEAR £1.25M.

PROGRAMME TO QUARTER 1 NOT OVERSPENDING.

WILL CONTINUE WITH WATCHING BRIEF.