

# Item 4b

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 1

Council Chamber,  
Council Offices,  
Spennymoor

Tuesday,  
23 January 2007

Time: 10.00 a.m.

**Present:** Councillor A. Gray (Chairman) and

Councillors Mrs. K. Conroy, Mrs. J. Croft, B. Hall, J.G. Huntington,  
J.M. Khan, B. Meek, G. Morgan, Mrs. E.M. Paylor, J.K. Piggott and  
Mrs. I. Jackson Smith

**Invited to attend:** Councillor R.S. Fleming

**In**

**Attendance:** Councillors Mrs. B.A. Clare, V. Crosby, Mrs. A.M. Fleming, R.S. Fleming,  
T.F. Forrest, Mrs. B. Graham, G.C. Gray, Mrs. J. Gray, D.M. Hancock,  
J.E. Higgin, Mrs. L. Hovvels, J.P. Moran and A. Smith

**Observer with Chairman's consent:** Councillor Mrs. B. Graham

**Apology:** Councillor G.W. Scott

**OSC(1).31/06 DECLARATIONS OF INTEREST**  
Members had no interests to declare.

**OSC(1).32/06 BUDGET FRAMEWORK 2007/08**

Consideration was given to Cabinet's initial budget proposals in respect of the Strategic Leadership portfolio. Members gave detailed consideration to a report setting out the basis of the proposals and in particular the proposed changes in service provision for the Strategic Leadership portfolio. (For copy see file of Minutes).

The Cabinet Member with responsibility for the Strategic Leadership portfolio had been invited to attend the meeting in order to respond to questions from the Committee.

The Cabinet had agreed its initial budget on 11<sup>th</sup> January, 2007 (Minute No : CAB.132/06 refers) and as part of the budget setting procedure Overview and Scrutiny Committee had been asked to consider the proposals with a view to making recommendations to Cabinet before it made its final budget proposals to Council.

The Committee noted detailed budgets had been prepared based on inflation and price increases as outlined in the report.

It was explained that the Council had been provisionally notified that it would receive £9,601,288 of external Government support for 2007/08. The grant settlement which was broadly in line with expectations showed a year-on-year increase of 5.1% or £468,000 including the base adjustments in accordance with the distribution framework.

It was pointed out that no indicative grant figures had been provided for 2008/09. During the coming Summer the Government would be announcing the results of its Comprehensive Spending Review for the three year period 2008/09 to 2010/11 which was expected to be a particularly difficult period for local government with much tougher efficiency targets being imposed.

The budget framework for 2007/08 reflected the Council's key priorities set out in the Corporate Plan and took account of financial issues and pressures including the significant increase in the pay costs to be incurred by the Council and fuel price inflation.

Its was reported that there would be little scope for further additional growth in spending in later years. Furthermore, all areas of Council spending were expected to continue to contribute to the achievement of efficiency gains. Over the next two years efficiency savings in the order of £750,000 must be achieved to maintain spending levels and keep Council Tax increase low as the use of the Budget Support Fund was withdrawn.

It was explained that careful planning of the budget meant that the commitment made in the Medium Term Financial Plan to restrict Council Tax increases to 2.9% could be delivered in 2007/08. The substantial additional investment in Council services would add £5.24 per year or 10p per week to Band D Council Tax. The cost to the Band A taxpayer would be £3.50 per year or 7p per week.

It was pointed out that in the light of the level of resources available to the Council it would be possible in 2007/08 to launch the biggest Capital Spending Programme ever proposed by the Council since its inception in 1974 amounting to a minimum of £20m which would increase further as schemes attracted external grant funding.

Members noted the overall position in relation to the Capital and Revenue proposals for the Strategic Leadership portfolio.

It was explained that although there were no significant changes to the levels of service provision, funding had been provided to address the recommendations Members' raised through the Overview and Scrutiny Review of Sickness Management. External funding through the Local Public Service Agreement was also available to strengthen Sickness Management arrangements.

It was noted that the overall levels of capital charges had been reviewed to take into account the impact of debt rescheduling, expected rate of interest and level of balances and capital receipts. Provision had also been made to meet additional revenue costs associated with new ITC systems.

Reference was made to the recommendation from the recently concluded Overview and Scrutiny Review of the Council's Community Newspaper – Inform.

Details of the Council's overall General Fund Revenue Budget were attached to the report.

Reference was made to the Strategic Leadership Capital Programme. It was explained that a total Capital Programme budget of £1.4m had been set for the Strategic Leadership portfolio. This included provision for Capital Programmes in respect of asset management plan works at Green Lane and Chilton Depot buildings and continued investment in ICT.

A summary of the Capital Programme Budget was attached to the report.

Discussion took place in relation to the Local Government Pension Scheme. In response to a Member's question it was explained that this was a statutory scheme that should be self financing. However over the years the funds had reduced and the scheme no longer had sufficient funds available. The Government had implemented a 22 year recovery plan, which was reviewed every three years, in order to address this issue.

It was noted that the Government had proposed major changes to the current pension scheme in an attempt to make it sustainable.

Members' sought clarification regarding the issue of equal pay. It was explained that although the job evaluation exercise ensured an equitable pay structure, it was anticipated that a number of equal pay claims may be made against the Council.

It was questioned whether the Council had achieved efficiency savings of 2.5%. It was explained that efficiency savings of 2.5% had been made in 2005/06 and the Council was on target to make the same efficiency savings in 2006/07.

Members expressed concern that the budgets were set before the pay settlement was agreed. It was noted that timescales were set nationally. Sedgfield Borough Council had little influence over timescales.

**RECOMMENDED :**      *That the budget proposals in relation to the Strategic Leadership portfolio for 2007/08 be approved.*

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**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Mrs. L. Walker Tel 01388 816166 Ext 4237 email [lwalker@sedgefield.gov.uk](mailto:lwalker@sedgefield.gov.uk)

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