

SEDGEFIELD BOROUGH COUNCIL

HEALTHY BOROUGH WITH STRONG COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE

Council Chamber,
Council Offices,
Spennymoor

Wednesday,
23 January 2008

Time: 10.00 a.m.

- Present:** Councillor J.E. Higgin (Chairman) and
Councillors W.M. Blenkinsopp, Mrs. D. Bowman, Mrs. P. Crathorne,
Mrs. S. Haigh, Mrs. H.J. Hutchinson, Mrs. E.M. Paylor, K. Thompson,
Mrs. M. Thompson and T. Ward
- In Attendance** Councillors G. C. Gray, B. Haigh, Mrs. S.J. Iveson and
Mrs. E. Maddison
- Invited to Attend** Councillors Mrs. B. Graham, J.M. Khan and W. Waters
- Tenant Representative** Mrs. M. Thomson
- Apologies:** Councillors J. Burton and Mrs E. M. Wood

MINUTES SILENCE

A minutes silence was held as a mark of respect for Councillor Jim Wayman J.P. who had sadly recently died.

H&S.29/07 DECLARATIONS OF INTEREST

Members had no interests to submit.

H&S.30/07 BUDGET FRAMEWORK 2008/2009

Consideration was given to Cabinet's initial budget proposals in respect of the Culture and Leisure, Community Health, Safer Communities and Housing portfolios. Members gave detailed consideration to a report setting out the basis of the proposals and in particular the proposed changes in service provision for each portfolio. (For copy see file of Minutes).

The Cabinet Members with responsibility for the portfolios under consideration had been invited to attend to respond to questions from the Committee.

Members were reminded that Cabinet had agreed its initial budget on 10th January 2008 (Minute No.CAB.131/07 refers) and as part of the budget setting procedure, Overview and Scrutiny Committee had been requested to consider the proposals with a view to making recommendations to Cabinet before it made its final budget proposals to Council.

It was explained that the Council had been provisionally notified that it would receive £9,791,348 of external Government support for 2008/09. The grant settlement, which was broadly in line with expectations, showed a year on year cash increase of 1.98% or £190,065, including the base adjustments in accordance with the distribution framework.

The budget framework for 2008/09 reflected the Council's key priorities set out in the Corporate and Transition Plans and took account of financial issues and pressures facing the Council, including pay related costs, fuel price inflation and the drawing to an end of some external funding streams.

The budget had been prepared on an outturn basis, which meant that the contingency sum had been eliminated. Any unforeseen issues during the year would be met from efficiency savings within the relevant Portfolio area to avoid the use of balances.

Members noted that the budget would be the last one to be determined by the Council before local government in County Durham was re-organised. It had been prepared on the basis of business as usual, with growth in service provision restricted to essential areas only and where they would not be to the detriment of the new council's arrangements.

It was pointed out that several requests to enhance service provision had been excluded from the budget framework as a result of shortage of funds, however, if funding did become available during the year, those items could be allowed to commence on a prioritised and considered basis and subject to Cabinet approval.

Efficiencies been identified during the preparation of 2008/07 budget framework to produce a workable yet affordable budget. Savings amounting to £169,840 had been identified within the Healthy Borough with Strong Communities portfolio budgets and had helped to offset the £927,760 unavoidable growth in services.

It was reported that careful planning of the budget meant that the commitment made in the Medium Term Financial Plan to restrict council tax increases to 3.0% could be delivered in 2008/09. The investment in Council services would only add £5.58p per year or 11p per week to the Band D Council Tax. The cost to the Band A taxpayer would be £3.72 per year or 7p per week.

Details of the Council's overall General Fund Revenue Budget and a full analysis of the budgets in respect of the services within the Healthy Borough with Strong Communities Portfolios were attached to the report.

With regard to the Capital Programme it was explained that the realisation of capital receipts was required to fund the proposed Capital Programme and those were still in the latter stages of completion.

The Medium Term Financial Plan and Transition Plan had allowed for the Capital Programme of £20m to be maintained in 2008/9 subject to resources being available. The larger elements of this were outlined in the

Transition Plan and a contingency sum of £2.5m. had provisionally been identified to meet other corporate projects such as the funding of planned maintenance of public buildings, LIP funding and the replacement of obsolete ICT equipment.

Culture and Leisure

The Director of Resources explained that in accordance with the Medium Term Financial Plan the main leisure services had been provided with an inflation only increase for 2008/9. It was pointed out that during 2007/8 significant works had been undertaken at Newton Aycliffe Leisure Centre to upgrade the Lifestyle Fitness Suite in conjunction with Competition Line. This had allowed a review of operating arrangements to be made and some efficiency savings had therefore been factored into the budgets. This redevelopment should also generate additional income to the Council. Similar developments were planned for Spennymoor Leisure Centre during 2008/9.

The Council would continue to work with and support voluntary organisations throughout the Borough whose work reflected the aims of getting more people physically active.

During discussion a question was raised regarding the contribution from Competition Line to Newton Aycliffe Leisure Centre facilities. In response it was explained that a report would be submitted to Cabinet on 31st January, 2008 in relation to Competition Line partnership which would deal with that question.

A query was raised regarding free access to "Locomotion" and its continuation. It was explained that the Department of Culture, Media and Sport provided £150,000 to allow free access to the Museum as part of Government Policy on access to National Museums. There was no indication that Government policy on free access to National Museums would change. The balance of operational costs was split 50/50 between the Council and the National Rail Museum.

In relation to the mobile skate park, reference was made to problems which had existed in relation to transportation and it was queried whether this issue had been resolved. In response the Committee was informed that the original mobile skate park had been very difficult to transport. However, the new mobile skate park was easily transportable.

A question was asked in relation to the specific element of the budget relating to "specific projects". Clarification was sought on what work was classified as "specific projects". In response Members were informed that the sum identified for "specific projects" was to help voluntary sports groups to attract more people into sport and encourage people to be more physically active. Voluntary sports groups could receive funding to reduce fees, and encourage more coaching qualifications and reduce other areas of the clubs expenditure.

Community Health

The Director of Resources pointed out that although the budget was relatively small it contributed to a number of other bodies specifically the Pioneer Care Partnership and Care Link Club both of which provided a range of services to some of the most vulnerable people in the Borough.

The budget also provided for the SHARP project, providing a first point of contact for vulnerable households requiring crisis intervention.

During discussion reference was made to the allocation for contribution to the Pioneering Care Partnership Centre and whether any other organisation made a contribution to the Centre. In response it was explained that there were other organisations who contributed to the Centre. That information was readily available. This contribution was part of the Community Health element and a Service Level Agreement existed with the Pioneering Care Partnership.

Safer Communities

The Committee was informed that during 2007 the service had been subject to a major review and the 2008/9 budget would enable the Council to sustain current service levels and to make improvements based on the outcome of the review.

The 2008/9 budget assumed that Neighbourhood Renewal funding finished and grants through the Local Area Agreement for Safer Stronger Communities funds were maintained at existing levels. The LAA Board had not yet determined grant allocations for 2008/9 and service provision would need to be reviewed if lower than expected allocations were announced.

During discussion of this item, reference was made to Neighbourhood Wardens element of the budget. Concerns were raised that the element relating to Neighbourhood Wardens could be more effectively used by some being transferred to the CCTV element which seemed to operate more successfully. In response to a suggestion that the Neighbourhood Warden Service did not provide value for money, the Head of Community Services referred to service re-engineering which had been undertaken with a focus on the service better supporting delivery of corporate objectives. The operation of the Neighbourhood Wardens were continually being assessed and the way in which the service was provided continued to be examined. It was difficult to make direct comparisons with CCTV provision. Given that community services were partnership based, intelligence driven and interdependent. In any event CCTV service had recently been reviewed. The conclusion of that review was that CCTV was a valuable asset as part of a range of responses including Neighbourhood Wardens.

Reference was made to the lack of information on CCTV performance and in particular feedback on the number of incidents which had been reported to the Police and the outcome of those incidents. In response it was explained that quarterly reports were produced and available on the Intranet. Quarterly reports were also issued to Town and Parish Councils

on the number of incidents which had been dealt with. With regard to feedback on successful prosecution, response from the Police was improving however, efforts were being made via the Crime and Disorder Reduction Partnership to consolidate arrangements.

The Committee's disappointment at the lack of feedback from the Police was expressed and it was considered that the Head of Community Services should convey this dissatisfaction to the Community Inspector.

It was pointed out that a presentation on the CCTV had been given to the Committee in October. That presentation had contained detailed information. Furthermore, the level of feedback was improving and had improved considerably over the last year.

It was noted that a further update on the CCTV service would be presented to the Committee at its April meeting.

Housing

The Committee was informed that with regard to private sector housing the renaissance of the priority areas of Dean Bank, Ferryhill Station and Chilton West were subject to a Master Plan which had been approved by Cabinet in July, 2006. Substantial provision had been made within the 2008/9 Capital Programme to reflect this.

It was explained that the Housing Revenue Account was very much driven by Government. The Housing Subsidy system provided resources for funding of Council housing via an annual settlement. The Government had issued subsidy determinations later than normal and the final announcement had not been made until 14th January 2008. It was noted that the Rent Constraint Allowance introduced in 2006/7 and 2007/8 which compensated Councils with a 5% cap on rent increases was to be discontinued.

The 2008/9 Housing Subsidy Settlement had left the Council's HRA relatively unchanged.

The Director of Resources pointed out that as part of the management allowance £4 per property had been provided to cover Energy Performance Certificate production amounting to £34,588.

The Council's Major Repairs Allowance which was used to finance the Council Housing Capital Programme had been increased by 11.45% giving a grand figure of £5.541m for 2008/9.

With regard to rent restructuring it was explained that the major changes in the methodology relating to rent restructuring implemented in 2006/7 would continue to have a significant impact on the Council's tenants in achieving full convergence with Housing Association rents by 2012.

An option to calculate rents in 2008/9 based on a rent convergence target date of 2017 had been made available. This was a limited option with little clarity about the impact on tenants after 2008/09. Therefore this meant in

practice individual rents would rise by on average 5.6% increasing the average rents from £56.25 to £59.40 per week.

Reference was made to Housing Partnering. The Committee was informed that the Council had recently taken a decision to appoint a Strategic Partner to undertake maintenance and construction works from February 2008 to January 2013. The value of the contract was estimated to be in the region of £85m and forecasted efficiency savings of around 3% were anticipated which would allow approximately £2.5m over the period of the contract.

In respect of HRA balances it was explained that current estimates showed that it could be possible to transfer in the region of £1.28m to a HRA working balance. This was considered a prudent approach bearing in mind significant outstanding issues such as LSVT Partnering and the conclusion and discussions around equal pay.

The Director of Resources also made reference to the Large Scale Voluntary Transfer of housing stock and explained that Council in October 2007 had determined that its preferred option for the future ownership and management of the Council's housing stock was to seek Large Scale Voluntary Transfer to a standalone registered social landlord. The delivery of a successful LSVT required a significant financial commitment and £411,000 had been allocated to cover the costs of the pre-ballot process. In the event of a successful Transfer the costs and any other further post-ballot costs would be recovered as set up costs from the capital receipts. However, if the ballot was unsuccessful then the Housing Revenue Account would only meet those costs associated with consultation that were estimated at £247,000 with the General Fund having to meet the balance.

During discussion of the Partnering Agreement reference was made to efficiency savings and clarification was sought on the amount of savings to be recouped from the Master Plan area and those to be achieved from the Housing Revenue Account. It was explained that various elements of the Housing Repair Service Contract etc., were still being firmed up. The cost in relation to the Master Plan area still had a number of areas of spending to be clarified. However, the Director of Resources was confident that the efficiency savings could be achieved and those identified related to the HRA element of the contract.

Concerns were raised regarding the 5.6% rent increase. It was explained that the Government had been working to a date of rent convergence by 2012. However, they had now indicated that the Council could work on a 2017 framework for one year only. However, if the Council now worked to that 2017 framework this could cause problems for future years rent increases and make the Business Plan process associated with LSVT difficult. So it had been considered prudent to continue to work to the 2012 date.

During discussion reference was also made to the building of social housing. It was explained that the Housing Associations were the vehicle

for building affordable social housing. Should the Large Scale Voluntary Transfer to a standalone registered social landlord be successful that registered social landlord would be able to access money to provide a small increase in social rented housing.

A query was raised regarding Decent Homes Standards in relation to Council-owned properties and the investment required to meet that standard by 2010. It was explained that the investment required was mainly in respect of roofing, rewiring and central heating. Whilst Decent Homes Standards would be met through the investment tenants aspirations would be unable to be met.

Members of the Committee raised a query regarding the determination of the Housing Subsidy. It was explained that this was done on a national basis and related to housing stock. An allowance was given based on the number of Council-owned properties. It was pointed out that if the Housing Revenue Account was in 'notional' surplus this had to be refunded to the Government.

Clarification was sought regarding the Housing Maintenance element of the budget and how much related to sub-contracting out. In response it was explained that this information would need to be researched and a further report was requested.

Following specific issues being considered the Cabinet Members then left the meeting to allow the Committee to deliberate and consider its recommendations.

A general query was raised regarding the percentage paid to the employees pension fund. Concerns were expressed at the high level of contribution to the fund i.e. 24%. It was considered that this was an unnecessary burden and if the percentage was reduced additional staff would be able to be employed.

In response it was explained that the Local Government Pension Fund had been affected by a number of external influences; the statutory level of funding, changes to taxation rules, investment returns, increased mortality rates, changes to pension scheme benefits. All of these needed to be accounted for and as it was a national scheme the Council had no influence on the level of funding required to balance the fund over time. Government did, however, include elements in the revenue support grant relating to the pension costs.

The Committee considered that due to the concerns which had been expressed relating to the percentage rent increase, the contribution to the pension scheme and issues relating to Community Safety in particular Neighbourhood Wardens and CCTV the budget could not be supported.

RECOMMENDED: *That the Committee does not support the initial budget proposals and asks Cabinet for further consideration to be given to the following issues :-*

- *The pension contribution*
- *Percentage of rent increase*
- *Community Safety – CCTV and Neighbourhood Warden elements.*

NB : **In accordance with the Council's Procedure Rule 13.4 Councillors W.M. Blekinsopp, Mrs. S. Haigh, Mrs. H.J. Hutchinson, Mrs. E.M. Paylor and K. Thompson requested that their names be recorded as having voted for the above recommendation.**

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Liz North, Tel 01388 816166 Ext 4240, enorth@sedgefield.gov.uk