

Item 3b

SEDGEFIELD BOROUGH COUNCIL STRATEGIC LEADERSHIP OVERVIEW AND SCRUTINY COMMITTEE

Council Chamber,
Council Offices,
Spennymoor

Tuesday,
22 January 2008

Time: 10.00 a.m.

Present: Councillor A. Gray (Chairman) and
Councillors D.R. Brown, D. Farry, T.F. Forrest, Mrs. J. Gray, B. Haigh,
T. Hogan, Ms. I. Jackson and B.M. Ord

Invited to attend: Councillor Mrs. A.M. Armstrong

In Attendance: Councillors Mrs. S. Haigh, D.M. Hancock, J.E. Higgin,
Mrs. H.J. Hutchinson, B. Lamb, Mrs. E. Maddison, Mrs. E.M. Paylor
and A. Smith

Observer with Chairman's Consent Councillor Mrs. B. Graham

Apologies: Councillors B.F. Avery J.P and V. Chapman

SL.26/07 COUNCILLOR J. WAYMAN J.P.
Members observed a minute's silence as a mark of respect to Councillor J. Wayman J.P. who sadly died on Saturday 19th January 2008.

SL.27/07 DECLARATIONS OF INTEREST
Members had no interests to declare.

SL.28/07 BUDGET FRAMEWORK 2008/2009
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 was in attendance to respond to questions from the Committee.

Members were reminded that 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.

It was reported 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 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.

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 Strategic Leadership Portfolio Budgets were attached to the report.

It was pointed out that the Medium Term Financial Plan had allowed for a Capital Programme of £20m in 2008/09, subject to resources being available. The larger elements of the programme were outlined in the Council's Transition Plan and were detailed in the table set out in paragraph 4.3

Members' attention was drawn to the contingency sum of £2.5m which had been provisionally identified to meet other corporate projects such as the funding of planned maintenance of public buildings in accordance with the Asset Management Plan, Local Improvement Programme funding and the replacement of obsolete ICT equipment. The schemes would be assessed and prioritised when funding became available and Cabinet approval would be sought at a future meeting, subject to the availability of resources.

Concern was expressed regarding the significant increase in the budget for Inform when compared with the budget allocation for 2006/07.

Officers reported that Inform had been originally been an eight page publication and was now 16 pages. It was also pointed out that Inform had been the subject of a comprehensive scrutiny review, which concluded that Inform provided value for money and should continue to be 16 pages long. The recommendations of the Review Group had been agreed by both Strategic Leadership Overview and Scrutiny Committee and Cabinet.

A question was raised regarding the creation of the new unitary authority and the amount of funding/debt that would be transferred from Sedgefield Borough Council.

It was pointed out that all remaining balances and debt at end of March 2009 would transfer to the new authority. Members' attention was drawn to the fact that the Council's ability to make financial commitments had been limited by the Local Government (Public Involvement in Health) Act 2007. Certain projects would require consent from the Department of Communities and Local Government and Durham County Council in its role as transition authority. It was reported that the Council would continue to run its services with integrity for the last 15 months of its existence and try to deliver the projects set out in the Transition Plan that were important to the residents of Sedgefield Borough.

Officers were asked if the Council's reserves could be used to substantially reduce Sedgefield Borough Council's element of council tax. It was reported that the Council's proposed 3% increase in council tax had been achieved despite a poor Government grant settlement, by continuing the Council's policy of supporting the budget from earlier years efficiency savings. Any remaining reserves at the end of March 2009 would be passed to the new unitary council to meet future spending commitments, policies and priorities in 2009/10 and beyond. It was pointed out that the bid did propose the equalisation of District Council Tax levels during 2009/10 and the residents of Sedgefield should benefit as a result of the exercise.

Specific reference was made to pay related costs and the revaluation of the Pension Fund referred to in paragraph 3.6 of the report.

A question was asked about the 2.5% increase included for pay increases. It was pointed out that whilst the settlement had not been agreed, recent years increases were on a similar level. It was also pointed out that whilst the Government had set a 2% cap on public sector pay increases, recent awards to teachers and the police had been higher.

It was pointed out that a comprehensive review of the Local Government Pension Scheme had been undertaken resulting in changes to the rates of employees' contributions from 1st April 2008. It was noted that the results of an Actuarial revaluation of the Pension Fund which had recently completed, were still awaited, however, the Council, based on advice from the County Treasurer, had allowed for a 1% increase in the cost of employer's contributions in its budget.

A question was raised regarding additional council tax to be generated from the new homes that had been built in the Borough during the past year. It was reported that the Council would be receiving additional council tax, which was equivalent to about 250 Band D houses.

The Cabinet Member left the meeting to allow the Committee to deliberate and consider its recommendations.

RECOMMENDED: That the budget proposals in relation to the Strategic Leadership portfolio for 2008/09 be supported.

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Mrs. G. Garrigan Tel 01388 816166 ext 4237 email ggarrigan@sedgefield.gov.uk