



Corporate Services Scrutiny Committee

Date: 17/02/2009
Open Report

Report of: Chairman of Budget Review Panel

Review of Cabinet's Financial Strategy 2009/2012 and Alternative Budget Proposals

1. Purpose of Briefing Paper

To present the findings of the Budget Review Panel's scrutiny of the Cabinet's Financial Strategy 2009/2012 and alternative budget proposals from the Independent Community & Health Concern, Liberal/Liberal Democrat and Labour Groups.

2. Introduction/ Background Information

On 9th and 11th February 2009, the Panel scrutinised the Cabinet's proposed decision on the Financial Strategy 2009/2012, which included the Cabinet Proposals for 2009/2010 onwards, Income Service Options for 2009/2010 and alternative budget proposals from the Independent Community & Health Concern, Liberal/Liberal Democrat and Labour Groups.

3. Key Issues

A record of the Panel's budget scrutiny is attached at Appendix 1.

4. Recommendation

4.1 **The Budget Review Panel, having considered the Cabinet proposals, Income Service Options and amendments from the Independent Community & Health Concern, Labour and Liberal/Liberal Democrat Groups, refer all items to the Corporate Services Scrutiny Committee for consideration.**

5. Background Papers

Budget Review Panel Minutes of 9th and 11th February 2009.

The Cabinet's proposed decision on the Financial Strategy 2009/2012 from its 22nd January 2009 meeting and separate Budget Book.

Independent Community & Health Concern, Labour and Liberal/Liberal Democrat Group's Alternative Budget Strategies.

6. Consultee

Corporate Management Team

7. Appendices

1. Record of the Budget Review Panel's budget scrutiny.
2. Cabinet's proposed recommendations on the Financial Strategy 2009/2012 from its 22nd January 2009 meeting.
3. The Income Service Options are at Agenda Item 6 of the Corporate Services Scrutiny Committee's 17th February 2009 meeting.
4. Liberal/Liberal Democrat Group Alternative Budget proposals.
5. Independent Community & Health Concern Group Alternative Budget proposals.
6. Labour Group Alternative Budget proposals.

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RECORD OF THE BUDGET REVIEW PANEL'S SCRUTINY OF THE CABINET'S PROPOSED FINANCIAL STRATEGY 2009/2012 AND ALTERNATIVE BUDGET PROPOSALS

Financial Strategy 2009/2012

The Panel scrutinised the Cabinet's proposed Financial Strategy 2009/2012 from its meeting on 22nd January 2009, as set out in the following documents:

- i. The Cabinet's proposed decision on the Base Budget Variations.
- ii. The Cabinet proposals on the Financial Strategy 2009/2012 "Cabinet Proposals 2009/10 onwards".
- iii. The Cabinet's proposed decision on the Capital Programme 2009/2010 onwards.
- iv. The proposed decision on the Financial Strategy 2009/2012 entitled "Income Service Options 2009/2010".

The Panel scrutinised each base budget variation for all Council divisions and the following key points were clarified:

Budget Reports

Members were informed that the £64,000 saving on Electoral Administration was due to no District Council elections being held in 2009/10.

The Head of Legal and Democratic Services explained that the Terrier Post would now be absorbed across four other posts in the department but she would be the main point of contact.

Members were advised of the following:

- i. The estimated release costs for redundancies in the Council for 2008/09 were £2 million. The Council were seeking voluntary redundancies, and had identified approximately 30 posts, this included the three Heads of Service posts. The Government had given special permission for the redundancy costs to be charged to the capital account rather than the revenue account. It was noted that many other authorities had applied for government assistance but had been unsuccessful.
- ii. As the Council entered phase 2 of the proposed restructure, the Council would need to look at compulsory redundancies and it was not known the precise cost of this at present. It was believed that approximately 10-15 staff would need to be released at this stage. The Council would be able to make another application for capitalisation from the Government in December 2009.
- iii. If redundancies were not made, Council Tax would need to go up by approximately 19% to replace the £1.3 million shortfall in the budget. This would mean there would be a further £37.34 increase on a Band D property.

- iv. The Council had no long term deposits at present. One investment will mature in April 2009.
- v. The Council were having to face certain factors which were effecting the budget, i.e. drops in income from parking and land charges. It was noted that if interest rates stayed at the present level, it would have an impact on the Council's budget.

The Head of Property & Operational Services explained that weekly and monthly car park passes would be abolished. It would be possible to purchase an annual car park season ticket in 10 instalments rather than in one payment.

The Head of Property & Operational Services clarified the following key points:

- i. Members queried where the extra £100,000 income from Civil Enforcement had come from. The Head of Property & Operational Services explained that officers had been retrained for new legislation but from the 1st April 2009 it was intended that Civil Enforcement Officers would be back patrolling the streets. There were also vacancies which could be filled by deployment as the Council moved through the restructure.
- ii. With regard to the savings of £62,300 for the withdrawal of shift payments, at present staff received additional payments for evening and weekend shift working. There were approximately 100 members of staff who were in receipt of shift payments and their Contract of Employment may have to be changed as a result of this proposal.
- iii. The Chief Executive reminded Members that since 2000, a Senior Consultation Group had been set up which met approximately six times per year. The group consisted of the Chief Executive, three chief officers, plus representation from unions. Regular meetings were held to discuss staff terms and conditions and other matters that affected the workforce.

Cabinet Proposals

Property & Operational Services

R010/002 Waste/Recycling

Members considered the budget paper for Waste/Recycling. The Head of Property & Operational Services pointed out to Members that manpower implications had been omitted from the original paper but the figure was 15.6 which would commence in 2010/11.

The Leader of the Council reminded Members that a full scrutiny would be carried out on the waste/recycling item in due course. He also confirmed that there were no plans to market test the tendering of the process.

The Cabinet Member for Operational Services advised Members that the potential £300,000 savings included fuel costs.

R030 Street Market

Members noted that this area was very labour intensive for the Council. The Head of Property and Operational Services advised Members that the Council were one of a few authorities to offer this service.

R155 Allotments

Members noted this item.

R160 Parks and Open Spaces

Members were advised that the Council currently spent approximately £95,000 on plants. By buying plants in, savings could be made but the quality of plants would not be as good. The cost savings worked out approximately in 60% materials and 40% in manpower.

R200 Highways General Cleansing

The Head of Property & Operational Services advised Members that the Council used a mixture of cleaning methods, with the mechanical cleaning being heavily used. It was anticipated that mechanical cleansing would be used more with manual cleaning being used as backup.

Members were advised that Weavers Wharf paid for a permanent sweeper on the site.

R205 Highways – Maintenance of Verges

Members were advised that depending on weather conditions, currently it was aimed to cut the verges every 10 days, which included the cutting of ringways and dual carriageways. The proposed reduction would mean that verge cutting would be done every 15/18 days.

R225 Green Street Depot

Members were concerned that the reception at the Green Street depot would be unmanned under the proposal.

R229 Garage

The Head of Property & Operational Services informed Members that at present, servicing of vehicles was carried out for the Community Housing Group. However, as they were now purchasing newer vehicles, the need for servicing was becoming less.

In response to a Members' question, they were advised that no private repairs were carried out and although the Council did not advertise, a service was provided for taxi's, Health Service, Ministry of Defence and Age Concern.

R236 Grounds Maintenance

Members were informed that the Grounds Maintenance Department responded to calls about cleaning up litter such as beer cans. Under the Cabinet's proposal, work would be carried out at the end of the day rather than dealing with it immediately.

The Head of Property & Operational Services informed Members that this team were not the "Blitz Team". The "Blitz Team" responded to flytipping and none of the proposals involved this team.

R250 Control of Rats and Other Pests

The Head of Property & Operational Services advised Members the demand for the pest service fluctuated. There was a problem nationally with the increase in demand for this service. The proposal was to charge for this service apart from those people who were on benefits. It was noted that in the private sector people were charged approximately £195 which covered three visits. It was proposed that the Council's fee would be lower than what the private sector charged. The Leader of the Council advised Members that the cost would be in line with commercial visits, therefore the charge would be approximately £35 per visit.

Members were concerned that some people who were not on benefits would not be able to afford this service. It was pointed out that this was not a statutory service.

The Head of Legal & Democratic Services confirmed that if a property was empty and it was found that this was the cause of a pest problem, then the legal owner of the property would be traced.

R255 Control of Dogs

Members thought that the present service was excellent and there had not been so much dog excrement on the pavements recently.

R250 Control of Rats and Other Pests

The Head of Financial Services advised Members that the proposal for 2009/10 was to make a pro-rotta amount of savings because it would take some time to implement the proposals.

Community & Partnership Services

R050 – Play Development

The Head of Community & Partnership Services advised the panel that the Fun Box was used approximately 8 times per year but the Cabinet proposal was to reduce its use to 4 times per year. It was used in “hot spot” areas which included rural areas. There was a possibility of the fun box being sold when it came to the end of its life.

R735 – Corporate Communications

Members considered the budget paper for Corporate Communications and perceived that good savings had been made. It was felt that the budget was not used to its full potential. The Head of Community & Partnership Services advised Members that better ways of communicating would be pursued on the website in the future.

The Leader of the Council stated the next phase for the website would be to bring it in line with that of the Worcestershire Hub. It was anticipated that individual departments would be able to update their relevant web pages rather than having one central point.

R740 – Grants to Voluntary Bodies

Members noted this item.

Financial Services

R310 – Revenues

Members had received an additional paper regarding proposed increases in recovery costs.

R310 - Revenues

Members noted that one post would be lost in this section. It was perceived that the possibility of Shared Services needed to be revisited in the future as some authorities who had moved to shared services had made savings in this area.

R330 – Concessionary Travel

Members were advised that the phasing out of the Travel Token Scheme would not be implemented until 2010/11.

R338 – Review Aid to Parish Councils

Members were advised that Parish Councils provided additional services to those which the Council provided.

The Leader of the Council advised the Panel that there would be a 12 month notice period before the aid to Parish Council's was phased out and although this was a difficult decision, it was one where savings could be made.

Legal & Democratic Services

R500 – Electoral Administration Act

Members were informed that although this budget was intended for use every year, it was reviewed on an annual basis.

Planning, Health & Environment

R605 & R630 – Remove Technical Support Post

The Head of Planning, Health & Environment advised Members that this was a back office post and would be accommodated within other functions. It was felt there would be no impact on the public. There was also a fixed term post which would come to an end later on in the year.

Members were concerned that services for people in the Wyre Forest area would be affected. They also felt that if the Council carried on cutting services, this would have an effect on the way the Council operated.

R620 – Conservation Service

The Head of Planning, Health & Environment advised Members that the Assistant Conservation Officer had left the Council in November 2008 and the post had not been

filled. The remaining post would concentrate on pre-application advice, development control work etc. There would be an impact due to the loss of a member of staff in that some of the work would take longer to complete. Thereby workloads would have to be prioritised.

R630 – Development Control

Members were advised that due to a drop in planning applications, it was proposed to review the development control function.

The Chairman pointed out that this would have to be reviewed if the situation changed.

The Head of Planning, Health & Environment advised Members that due to increased permitted developments, there could be a reduction in planning applications.

R630 & R711– Tourist Information Centres

Members thought that the proposed restructure could effect the current service.

The Chief Executive advised Members that the service would be made more efficient and the Council would be looking at the Friends of the Bewdley Museum to provide an improved service and to look at better ways of working. By reviewing the structure, it would save the Council approximately £61,000. It was an award winning service and one that would not cease.

The Leader of the Council reiterated that the Council would need to rely more on other organisations, i.e. Bewdley Development Trust and Friends of the Bewdley Museum for funding for this service.

R640 – Environmental Health

Members were advised that this was a discretionary service which was also provided by the private sector.

R680 – Housing Service

Members were advised by the Head of Planning, Health & Environment that the Housing function included statutory returns, administration work support etc. The loss of one post would mean that it would be supported by back office staff. If returns were submitted late, it was believed that no penalties would be imposed.

Chief Executive's Office

R731 – Corporate Costs

Members made no comments.

R750 – Equality & Diversity

Members were advised that the Equality & Diversity post was to be grant aided.

Corporate

Capital Programme

The Head of Financial Services advised Members that these savings were due to previous slippages.

Overtime Allowances

The Chief Executive reminded Members that at Council in November 2008, it had been agreed that overtime would be reduced by £100,000. The Cabinet proposal was to reduce that further by £25,000.

Restructuring

The Chief Executive advised Members that 83% of Councils were going through some form of restructure. The Improvement Partnership Fund had provided funding of £40,000 for high level consultant advice. The new Strategic Change Director would be responsible for carrying the transformational change forward.

The consultation period ended on 23rd February 2009 and he reported that some responses had been received.

In response to a Member's question, the Chief Executive advised that the savings from the CMT posts would be reinvested in the new director role. The Council would now need to move forward and try and obtain partnership monies.

The Chairman advised that at the meeting on 11th February 2009, any alternative budget proposals would be presented but there would still be an opportunity to have an input into the budget at the Corporate Services Scrutiny Committee meeting on 17th February 2009.

Members asked for the total expenditure paid out on travel expenses for all Council employees. The Head of Financial Services advised that the amount paid out to staff for travel expenses per annum was £130,000. Members' travelling expenses per annum were an additional £6,000. Mileage was paid at a statutory rate. The Head of Financial Services agreed to provide further information regarding travelling expenses.

Capital Programme

The Head of Planning, Health & Environment advised Members that the budgeted sum of £116,000 for 2009/10 for the partnership scheme in Stourport on Severn Conservation Area related to the partnership with English Heritage to grant fund repairs in the town centre. English Heritage were also investing the same amount of money.

English Heritage had agreed to increase the geographical boundary for the repair work and this would enable the Council to apply for more grant funding. The Council were currently in a three-year agreement with English Heritage. It was felt that if the Council did not continue to input money into this initiative, then it would impact on future issues with English Heritage.

The Head of Financial Services advised that the amount budgeted for the ICT Strategy was as a result of a report to Council in July 2008. In response to a Member's question, he

advised that the element relating to single site amounted to approximately £800,000.

The Leader of the Council reminded Members that Council had agreed which Company would operate the new cemetery. The Council would contribute to the capital of the new cemetery and the new company would make the money from the all the additional benefits they would offer. The Council never intended to receive income from the project.

The Head of Property & Operational Services confirmed that the works to stabilise the foundations were complete on the St Mary's Churchyard Boundary Wall.

Income Service Options

The Head of Financial Services advised Members that Appendix 1 of the Financial Strategy Book 2009/2012 showed a summary for all divisions. Apart from Property and Operational Services all divisions had applied a 3.5% increase for 2009/10.

The panel considered an additional paper from Financial Services in respect of Council Tax and National Non-Domestic Rate (NNDR).

Alternative Budget Proposals to be moved as amendments to the Cabinet's Financial Strategy

Members considered three sets of proposed amendments to the Cabinet's budget strategy. These had been put forward by the Independent Community & Health Concern, Labour and Liberal/Liberal Democrats Groups. The Chairman reminded Members that the purpose of the exercise was to determine whether the proposals constituted viable and balanced budgets.

The Leaders of the three political groups each presented their alternative budget proposals and explained the rationale for their proposed amendments to the Cabinet's proposed Financial Strategy 2009/2012.

Independent Community & Health Concern Amendment

Councillor H J Martin, Leader of the Independent Community & Health Concern, presented his group's proposed amendments and explained that it was still a 'work in progress'.

R200 Highways General Cleansing

The Independent Community & Health Concern amendment would be for the reinstatement of a team for a duration of six months to deal with the influx of tourists at certain times of the year in the Wyre Forest area.

R250 Control of Rats and Other Pests

The proposal was to continue not to charge for this service.

R255 Control of Dogs

The proposal was not to market test the stray dog service.

R250 Control of Rats and Other Pests

The proposal was not to market test the pest control service in the private sector.

R720 Community Strategy

The Independent Community & Health Concern amendment would result in the Community Leadership Fund being reinstated. It was acknowledged that not all Councillors took up their money but it was important that the money was spent on local areas.

R330 Concessionary Travel

The proposal was to retain the current Travel Token Scheme. It was felt that elderly people relied on this service.

R330 Concessionary Travel

The proposal was to retain the current subsidy for the Dial-a-ride Service. It was felt that the loss of this service would have a huge impact on the elderly.

R338 Review Aid to Parish Council

The proposal was to retain the Aid to Parish Councils. This was because if the subsidy was lost it was anticipated that the precept would rise.

R630 Development Control

It was proposed to reinstate the funding for the Access Officer. It was believed that the Access Officer provided a necessary service.

R705 General Economic Development Activities

There should be provision of support for general economic activities for a further three years. It was felt that as there was a general depression in the economy, help was required and by putting proposals in after the budget had been dealt with, there were certain things that could be promoted.

Single Site

The proposal was to earmark reserves to support the General Fund budget. Council tax would be set at 3.99%, which would represent 5p per week per property. Over a three-year period this would give the Council £600,000. The Group had come up with a slightly improved revenue reserve situation in 2011/12. The amount spent on Habberley playing fields project could be capitalised and over the next few days the Group would be carrying out more work to utilise this amount.

Members of the Independent Community & Health Concern pointed out that a lot of services in their amendments were services which had an impact on the community. They also pointed out that the Council had a "No Barriers" scheme and by cutting out some of these services, the Council would be going against that scheme.

In response to concerns, Councillor Martin confirmed the following:

- a. The proposals would save 3.5 posts.
- b. The Capital amount would stay in the budget for single site. His Group felt it was not the time to progress with this project in the economic situation the Council found themselves in.

Labour Party

Councillor M Kelly, Leader of the Labour Party, presented his group's proposed amendments. He pointed out that this year's budget had been particularly hard to present due to the present situation.

The Group supported the Divisional Management restructure but reported that they would like the situation reassessed in 12 months time.

The Group also supported the amount budgeted for the new cemetery.

R160 Parks and Open Spaces

The proposal was to retain the nursery but the plants that were produced should be available for sale.

R200 Highways General Cleansing

The proposal was to retain the Streetscene function and no jobs to be lost.

R229 Garage

The Labour Group's proposed amendment was to increase the garage servicing income by possibly testing all the taxi's in the area.

R236 Grounds Maintenance

The proposal was to retain the grounds maintenance operation.

R250 Control of Rats and Other Pests

It was proposed not to charge for this service.

R255 Control of Dogs

It was proposed to retain the stray dog service.

R250 Control of Rats and Other Pests

The proposal was to retain the Pest Control Service.

R050 Play Development

It was proposed to retain the post for this section.

R330 Concessionary Travel

Councillor Kelly accepted reluctantly that the dial-a-ride and taxi token service would disappear but proposed that the bus pass system was retained. This was because members of the public had to get to appointments before the proposed start time and equally may not have finished at the proposed end of day cut off.

R338 Review Aid to Parish Councils

The proposal was to retain the Aid to Parish Councils. It was felt that they did an excellent job.

R515 Legal & Democratic Administration

Councillor M B Kelly pointed out that he had spoken to the relevant people before going through this exercise. It was acknowledged that the post would disappear but there may be some cases from time to time that litigation would need to be bought in.

Single Site

The Group's proposal was the same as that proposed by the Independent Community & Health Concern Group.

Habberley Changing Rooms

The proposal was to fund the changing rooms from capital instead of revenue.

Members Allowances

It was proposed to freeze Members' allowances.

Divisional Restructuring

Councillor Kelly felt that redundancies could be achieved through voluntary and natural wastage rather than through compulsory redundancy.

The Leader of the Council asked for clarification on some points and Councillor Kelly responded as follows:

- a. There were no monies in the budget for a replacement boiler.
- b. The divisional restructure should take place over a period of 12 months with full consultation with the trade unions, staff and any other interested parties. The Council could reapply for capitalisation. Councillor Kelly would speak to the Head of Financial Services for further clarification on this.
- c. The contribution from reserves could alter in 2/3 years time.

The Leader of the Independent Community & Health Concern Group urged that caution should be taken if the option of freezing Members' allowances was to proceed.

The Leader of the Liberal Party stated that Members' allowances were generous and thought they should be frozen bearing in mind that some staff were to lose their jobs.

Liberal/Liberal Democrat Party

Councillor P B Harrison, Leader of the Liberal Group, presented his and the Liberal Democrat's Group's proposals.

He explained that as the Council's interest on investments had significantly decreased, then as it was low risk, the Council should consider the re-introduction of Local Authority mortgages. Registered Social Landlord's (RSL's) would pick up the capital expenditure. It would also help with the Council's commitment to affordable housing.

It was not known at this stage as to what degree the RSL's would agree to this scheme.

The Leader of the Council thought this was an interesting proposal and asked to be given more information.

The Head of Financial Services confirmed that the interest rate that would be applied for mortgages would be variable. The proposal would be to use unallocated capital receipts which would then be reimbursed over a duration of time to be fixed. The amount for capital receipts was in the region of £7.3 million.

The Leader of the Liberal Party informed Members that the Scheme would be the subject of a scrutiny exercise and would only be open to residents of the Wyre Forest area.