

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Tuesday, 8th February, 2005 at 10.00 a.m.

Present: Councillor T.M. James (Chairman)
Councillor Mrs. P.A. Andrews (Vice-Chairman)

Councillors: B.F. Ashton, W.L.S. Bowen, J.H.R. Goodwin,
Mrs. M.D. Lloyd-Hayes, J. Stone and J.P. Thomas

In attendance: Councillors D.J. Fleet and R.M. Wilson

57. APOLOGIES FOR ABSENCE

Apologies were received from Councillors A.C.R. Chappell and W.J.S. Thomas.

58. DECLARATIONS OF INTEREST

There were no declarations of interest.

59. MINUTES

RESOLVED: That the Minutes of the meetings held on 12 January and 14 January, 2005 be confirmed as a correct record and signed by the Chairman.

60. REVENUE BUDGET 2005/2006

The Committee was invited to submit its comments on the proposed Revenue Budget 2005/06 for consideration by Cabinet, prior to Cabinet recommending a budget to Council.

The report submitted to Cabinet on 27th January, 2005 was presented to the Committee. This detailed the factors influencing the budget position and reflected the recommendations of the Budget Panel. A supplementary report by the Leader of the Council which had been tabled at the Cabinet meeting, amending the target savings, was also presented.

It was noted that Cabinet had endorsed the following recommendations from the Budget Panel, as amended by the Leader's report as tabled at the Cabinet meeting:

- That the securing of targeted service savings, as set out in paragraph 40 of the Cabinet report, be endorsed, particularly having regard to the need to achieve 'Gershon' efficiency targets.
- That Cabinet note the outcome of the Public Consultation exercise.
- That work continues to secure Service Improvement Programme and Procurement Savings.
- That the Rate Support Grant Settlement be noted but with concern that on the basis of the accompanying advice from government the significant additional resources provided for 2005/06 are unlikely to be repeated in future years.

- That the potential clawback of grant, referred to in paragraph 16(h) of the Cabinet report, be noted with concern.
- That the application of reserves referred to in the report be supported.
- That, having regard to the potential capping position, Cabinet refers its budget proposals to Strategic Monitoring Committee indicating that at its final meeting on 24th February, 2005 it would intend to recommend to Council a Council Tax increase of between 4% and 4.5%.

The Chief Executive drew the Committee's attention to the conclusions set out in the Cabinet report. He highlighted in particular that whilst the local government finance settlement for 2005/2006 was better than had been predicted there was every indication the additional monies made available in support of the current year's settlement would not be repeated in 2006/2007.

In this context paragraph 40 of the Cabinet report set out the principles which it was suggested might underlie the Council's budget strategy: the retention of targeted service savings of £3 million; meeting the requirement to achieve efficiency savings as required by the Gershon review, and the allocation of resources thereby released to the priorities identified in the Council's Medium Term Financial Plan and Corporate Plan. A decision would have to be made on how far a longer term view was to be taken in terms of using those monies to even out the very significant burden that would otherwise be faced, particularly in 2006/07 but also in 2007/08.

Attention was also drawn to uncertainties which surrounded the Comprehensive Spending Review.

The current levels of reserves and proposals for the application of reserves were also described. It was suggested that reserves could prudently be applied to the Social Care budget, the Property budget, funding the change team required to introduce the Children's Services Directorate, supporting the Service Improvement Programme and the Procurement Programme and increasing support for the Human Resources Division.

The Chief Executive emphasised that caution needed to be exercised in considering the application of one-off resources to fund ongoing revenue commitments. The balance to be struck was between maintaining the Council's spending base in the current financial year, providing prudently for the major challenge which on the basis of the Government's announcements would be faced in 2006/07, making judgements about the Government's approach to council tax capping in the forthcoming year and a prudent consideration of the council tax payer. Considering the implications of all these factors and the Government's approach to Council tax capping the Cabinet had indicated its support for a Council tax of between 4-4.5%, emphasising that the Government's position and the levels being set by other Councils would need to be kept under review

In the ensuing discussions the following principal points were made:

- The importance of avoiding Council tax capping and the need to be vigilant as the situation unfolded prior to the Council meeting in March to set the budget was noted.
- That the concerns about the level of grant settlement in 2006/07 and beyond were likely to be well founded.
- The uncertainties surrounding costs of waste disposal and collection were highlighted as a cause of concern.

- A suggestion was made that whilst noting the proposed retention of the concessionary parking scheme for those over 65 there might be scope to increase the charge levied. In reply it was stated that no action was planned in relation to car parking charges until the car parking review had been considered.
- That whilst there might be a temptation to consider simply ceasing provision of non-statutory services, consideration should be given to whether there were alternative ways of continuing their provision. The scope for reducing the cost of Tourist Information Centres and offering Town and Parish Councils the opportunity to maintain public toilets were given as options which merited exploration.
- An assurance was sought that in the context of budget reductions community transport would not be seen as a soft target. In response the Leader of the Council acknowledged the difficulties surrounding provision and advised that there no proposals to make reductions
- That it was important that all Members were provided with more detail of the proposed budget reductions summarised in appendix 1 to the Cabinet report. The information in the appendix was too general and it was important that Members had a clear understanding of the impact the reductions would have, prior to considering the budget at the Council meeting in March. The Chief Executive advised that the information would be provided but emphasised that it was important that the Committee, Cabinet and Council primarily focused on the budget in strategic terms. Both he and the County Treasurer would, as in previous years, be available to attend Political Group meetings to provide clarification on the budget proposals as required.
- Concern was expressed about the quality of ICT provision. In response the Leader advised that there was evidence of considerable improvement and suggested that, rather than a seminar, the Committee take the lead in scrutinising the matter at a future meeting, encouraging other Members of the Council to attend.
- That it would be helpful if information on the budget in the form of frequently asked questions and answers could be produced and circulated to Parish and Town Councils.
- It was suggested that the assumptions made about the savings which it was expected could be achieved by efficiencies and other means needed to be viewed with caution.

In relation to questions the Chief Executive commented as follows:

- Regarding efficiency savings he explained that the expectation was that these would be generated by fundamentally redesigning areas of service delivery to the benefit of the customer and the Council, with the savings generated being reapplied to the Council's priorities.
- That although a reduction was proposed in the revenue budget for highway maintenance the total sums spent on highways maintenance from capital and revenue would increase in real terms in 2005/06. He acknowledged that there was more security in having the funding in the base budget rather than relying on capital allocation, the level of which was uncertain in future years, but drew attention to the national planning presumption for revenue support for highway

maintenance over the next two financial years which was set as standstill with no allowance for inflation.

- In relation to property maintenance and usage he advised that expenditure and usage needed to be viewed in connection with the ongoing work arising from the recent property review.
- That regarding staffing costs both the Environment and Policy and Community Directorates had undertaken reviews and made significant changes. A business case had to be made to the Cabinet Member (Human Resources and Corporate Support Services) prior to any vacancy being filled and the approach generally to filling vacancies was under review.
- Regarding the proposal that reserves be applied to allow the Property Services budget to start the year without a deficit he emphasised that this would have to be tied to new approaches to budgetary control. He explained some of the contributory factors to the deficit. Issues which needed to be taken into account in relation to the management of Rotherwas Industrial Estate were also discussed.
- The advice received by the Council was that the Research for Today survey of 504 households was statistically robust and representative. Whilst the responses to the various other public consultation exercises had been low the findings from each method had been broadly consistent. Whilst responses always had to be considered with care as people were often disinclined to support services from which they did not personally benefit, consultation was an integral part of the budget process which all Councils were required to conduct. The exercise did incur costs but Herefordshire Council's expenditure was modest compared with most other authorities. He acknowledged the difficulty of consulting with young people but noted that the "Youth Times" response had identified different priorities.
- That the costs incurred as a result of audit and inspection were expected to reduce.

RESOLVED:

That (a) the approach to preparing the 2005/06 revenue budget, as reflected in the recommendations of the Budget Panel as endorsed by Cabinet, be supported in principle, subject to the caveat that the assumptions made about the savings which it was expected could be achieved by efficiencies and other means needed to be viewed with caution;

and

(b) whilst recognising that Cabinet and Council needed to consider the budget in strategic terms it was important that all Members were provided with the detail of the proposed budget reductions summarised in appendix 1 to the Cabinet report.