

SCRUTINY BOARD (CENTRAL AND CORPORATE)

MONDAY, 11TH JANUARY, 2010

PRESENT: Councillor P Grahame in the Chair
Councillors J Bale, S Bentley, B Chastney,
M Hamilton, A Hussain, J Lewis,
A Parnham and D Schofield

Apologies Councillors P Ewens, V Kendall, A Lowe
and A McKenna

52 Chair's Welcome

The Chair welcomed everyone to the meeting and wished everyone a Happy New Year.

53 Declarations of Interest

Councillor P Grahame declared a personal interest in relation to Agenda Item 7 (Minute No. 56 refers), Budget Strategy 2010/11, in respect of the Swarcliffe PFI Fund, in her capacity as a member of the Swardale Swarcliffe Eastwood Residents' Association.

54 Apologies for Absence

Apologies for absence from the meeting were submitted on behalf of Councillors P Ewens, V Kendall, A Lowe and A McKenna.

55 Minutes - 7th December 2009

RESOLVED – That the minutes of the meeting held on 7th December 2009 be confirmed as a correct record.

56 Budget Strategy 2010/11

Further to Minute No. 48, 7th December 2009, the Director of Resources submitted a report outlining in broad terms the Council's current financial position and the major considerations to be taken into account when establishing a budget for the 2010/11 financial year. The Council would be considering the 2010/11 budget at its next meeting on 24th February.

In attendance at the meeting and responding to Members' queries and comments were:-

- Doug Meeson, Chief Officer (Financial Management).
- Helen Mylan, Head of Finance (Corporate Financial Management).

Minutes approved as a correct record
at the meeting held on Monday, 1st February, 2010

In brief summary, the main areas of discussion were:-

- Doug Meeson introduced the report and highlighted the following issues:-
 - The fact that 2010/11 was the third year of the medium term financial plan. To a large degree, due to the financial difficulties which had developed in the world economy since 2008, the plan had been overtaken by events and was in need of significant review. A fundamental review of likely income and Council priorities was now necessary against a backdrop of severe restraints on public spending levels in the foreseeable future.
 - How Leeds had fared comparatively with other types of local authorities from Local Government Finance Settlement 2008-09 – 2010-11 (paragraphs 2.3 and 2.4 of the report).
 - The principles supporting the method of allocation of resources within the current financial plan (paragraph 2.9 refers).
 - Current resource allocations by Directorate (paragraph 2.10).
 - The fact that in spite of difficulties in recent years, Leeds still had one of the lowest Council Tax charges in the country.
 - The £20m of budget savings built into the 2009/10 budget (paragraph 2.13) and the other short term funding sources used in the budget (paragraph 2.14).
 - Further to Minute No. 48, 7th December 2009, the actions taken to address the estimated £5.5m deficit (as at month 6) in respect of the 2009/10 budget (paragraph 2.15).
 - The changing financial landscape and the Council's financial planning arrangements (appendix to report).
 - The Government's financial capping powers.
 - Possible levels of reserves for 2010/11.
 - A number of key budget pressures in 2010/11 (paragraph 5.3).
 - The possible effect of the budget process on the Council's capital programme and PFI schemes.
 - The Dedicated Schools Budget (paragraph 6).
 - The Housing Revenue Account situation and guideline rent increases (paragraph 7).

- Projected future budget pressures and their estimated effect on the Council's finances (paragraph 8.2).
- The Council had been successful in delivering efficiency savings in recent years to help to balance the budget, and the possible benefits of the DECATS (Delivering Effective Corporate and Transactional Services) exercise, referred to at the last meeting, were as yet unknown. If the Council was faced with a more radical need to save a further, say, £10m per annum as a result of Government diktat, then it would be possible, but it would invoke a more fundamental review of priorities for spending. A review of the Council's Strategic Plan was already underway.
- Members made reference to local governments' large wage bill and the likely need for either staff reductions or quantum increases in productivity (or both) if cuts in essential services were to be avoided.
- The funding pressures within Children's Services were discussed, and it was noted that it was likely that additional funding would have to be found over and above that provided in the Financial Plan. The possibility of ring-fencing of expenditure on Children's Services would place enormous pressure on other Directorates to find savings. It was accepted that safeguarding children was an essential priority, but that should not prevent a fundamental look at the structure of the Directorate.
- An audit was now being undertaken to ascertain the likely effect of the actions listed in paragraph 2.15 of the report in terms of savings in order to meet the 2009/10 budget.
- Reference was made to the worsening situation in respect of the Adult Services budget, the reasons behind this, and the possible longer term effect on the Council's ability to fulfil its objective of supporting a greater number of older people to remain in their own homes for longer.
- Reference was also made to the improved overall staff sickness absence record and the need for continuing improvements in this area.
- The local government final salary pension scheme, and recent changes, was also referred to in terms of whether it was sustainable in the current economic climate.
- Whether some capital schemes, although desirable, might have to be deferred for the immediate future. Members requested a written response regarding details of the proposed funding arrangements in respect of the A65 Quality Bus Initiative (Executive Board, 9th December 2009, Minute No. 141 refers).

- In respect of PFI sinking funds, although the Council had made use of some PFI funds, e.g. the Street Lighting Fund, the Swarcliffe PFI Fund remained intact and available to meet immediate and anticipated future commitments.
- If an increase in charges, e.g. Leisure Centres, was envisaged, then any proposals would be subject to a cost benefit analysis and Members would be consulted before decisions were made.
- The Board requested Mr Meeson to give further consideration to any possible areas of review which the Scrutiny Board might possibly assist with.

The Chair thanked Mr Meeson for the excellent report and the manner in which he had responded to Members' queries and comments.

RESOLVED – That, subject to the above comments and requests for further information, the report be received and noted.

(NB: 1 Councillor Hamilton left the meeting at 15:10, during the consideration of this item, and rejoined the meeting at 15:33, during the next item.

2 Councillor Hussain left the meeting at 15:16 and re-joined the meeting at 15:21, during the consideration of this item.)

57 Scrutiny Inquiry - Consultant Engagement - Session Three

Further to Minute No. 27, 7th September 2009 and Minute No. 49, 7th December 2009, the Board received evidence from Doug Meeson, Chief Officer (Financial Management) and Neil Hunter (Head of Internal Audit) as part of its ongoing inquiry into the use and costs of external consultants.

In addition to the report circulated with the agenda, Neil Hunter distributed a draft best practice guide, based on Internal Audit's limited involvement and knowledge to date on this subject, which might assist the Board in drawing up its final recommendations.

The Head of Scrutiny and Member Development suggested that the document circulated, added to similar work carried out by the Yorkshire and Humberside Regional Improvement and Efficiency Partnership (RIEP) (Minute No. 49, 7th December 2009 refers) and, allied to the proposed report back to the February Board meeting regarding four particular contracts (2 high value and 2 low value), would probably be sufficient evidence for the Board to draw up its final Inquiry report.

RESOLVED – That, subject to the above comments, the report be received and noted.

(NB: 1 Councillor Parnham left the meeting at 15:30 and rejoined the meeting at 15:34, during the consideration of this item.

2 Councillor J Lewis left the meeting at 15:35 at the conclusion of this item.

58 Work Programme, Executive Board Minutes and Forward Plan of Key Decisions

The Head of Scrutiny and Member Development submitted the Board's Work Programme, updated to reflect decisions taken at previous meetings, together with a relevant extract from the Council's Forward Plan of Key Decisions for the period 1st January - 30th April 2010 and the minutes of the Executive Board meeting held on 9th December 2009.

RESOLVED – That, subject to any changes necessary as a result of today's meeting, and the request for further information in respect of Executive Board Minute No. 141 (see earlier Minute No. 56), the Board's Work Programme be approved.

59 Dates and Times of Future Meetings

Monday, 1st February 2010.
Monday, 1st March 2010.
Monday, 29th March 2010.

All at 10.00 am (pre-meetings at 9.30 am).