

SCRUTINY BOARD (CENTRAL AND CORPORATE)

MONDAY, 2ND FEBRUARY, 2009

PRESENT: Councillor M Dobson in the Chair

Councillors B Atha, J Bale, S Bentley,
B Chastney, P Davey, P Ewens,
M Hamilton, V Kendall, B Selby and
P Wadsworth

71 **Declarations of Interest**

No declarations of interest were made.

72 **Apologies for Absence**

An apology for absence from the meeting was submitted on behalf of Councillor Jane Dowson.

73 **Minutes - 5th and 6th January 2009**

RESOLVED – That the minutes of the meetings held on 5th and 6th January 2009 be confirmed as a correct record

74 **Budget Strategy 2009/10**

The Director of Resources submitted a report updating the Board regarding the Council's Financial Plan 2008-2011, and outlining budget pressures and considerations in preparing the Council's 2009/2010 budget, due to be considered by the Executive Board on 13th February and the full Council meeting on 25th February 2009.

Alay Gay, Director of Resources, and Doug Meeson, Chief Officer (Financial Management) attended the meeting and responded to Members' queries and comments. In brief summary, the main points of discussion were:-

- The efforts being made to increasingly link the budget to the Council's three year Business Plan and the Leeds Strategic Plan so that the Council's budget reflected the spending priorities identified in those Plans;
- The fact that the Government's local government financial settlement was also now a three year settlement, covering 2008-2011. This was helpful in providing a degree of certainty to local authorities in terms of the central monies which they would receive. Reference was made to the tables contained in Paragraphs 2.3 and 2.4 of the report, which showed the percentage and monetary increases in Leeds revenue support grant, and also Leeds percentage increase compared to average increases across the local authority sector.

Assurances had been received from the Government that these percentage increases would be honoured, in spite of declining inflation rates.

Reference was also made to Paragraph 3.3 of the report, which outlined the principles being applied in terms of allocation of the Council's resources.

- The Director of Resources explained the national formula via which the Government allocated resource to local authorities, based largely on adjusted population figures and indices of deprivation and special need.

Comparison between authorities were always relative, and a statement was made that, in respect of Core Cities, Leeds most realistic comparator, like for like, was Birmingham, rather than Manchester.

- It was confirmed that as Leeds does not qualify for the Working Neighbourhoods Fund (NRF), transitional arrangements over the next two years would see a reduction in funding of £5.37m in 2009/10 and £3.59m in 2010/2011. If the effect of the current recession on Leeds was to bring certain neighbourhoods back within the qualifying parameters of this scheme, it was highly unlikely that Leeds would receive any backdated payments from the Government in this respect.
- By the same token, if Leeds' businesses were to suffer disproportionately during the recession, this would not have a direct adverse effect on the amount of Business Rates the Council received from the Government, as this grant too was formula-based, rather than specifically linked to the number of businesses or the amount of rates generated in a particular area. The adverse effects of the recession were referred to in Paragraph 5.2 of the report.
- Reference was made to the efforts being made to realign the Children's Services budget over the next 5 years, so that it represented no more than 20% of the Council's overall budget. The aim was to achieve this without any detrimental effect on front line services, in order to realign the budget and provide resources for the Council's other identified priorities, such as adult social care and waste management.

Such considerations always involved trying to achieve the necessary balance between frontline services and back office support in order to provide a cost efficient, value for money service, how overheads could possibly be cut, and comparisons with other local authority expenditure.

The Director of Resources undertook to supply Members with figures showing the actual and proposed percentage resource allocations across the various Directorates for the period 2007/08 to 2012/13 and also with Audit Commission information showing comparative information across different local authorities;

- The issue of levels of reserves, and their use to offset certain expenditure, was also discussed;
- Reference was also made to ongoing discussions between the Council and the trade unions on a raft of initiatives which might save costs or increase productivity.

RESOLVED –

- (a) That subject to the requests for further information outlined above, the report be received and noted.
- (b) That Alan Gay and Doug Meeson be thanked for their attendance and the manner in which they have responded to Members' queries and comments.
- (c) That the Director of Resources be requested to convey to his staff the Board's thanks and appreciation for all their dedicated hard work, especially at budget time, and their excellent fiscal management.

(NB: Councillor Bentley left the meeting at 10.45 during consideration of this item)

75 Scrutiny Inquiry - Procurement, Outsourcing and Commissioning Services - Session 3

Further to Minute No 34, 6th October 2008, and Minute No 53, 1st December 2008, the Council's Chief Procurement Officer and the Strategic Quality Manager submitted a joint report outlining progress in developing the Council's 'One Council' approach to purchasing goods and commissioning services, the ethical values behind the Council's Socially Responsible Procurement (SNP) initiative and how equality and diversity was embedded into the procurement process.

Wayne Baxter, Chief Procurement Officer, and Anne McMaster, Strategic Equality Manager, attended the meeting and responded to Members' queries and comments. In brief summary, the main points of discussion were:-

- The One Council commissioning framework was due to be considered by the Council Leadership Team in February or March, with a view to being rolled out in the new municipal year;
- Work was also progressing in terms of a pilot Quality Assurance project which would enable the Council to ensure that equality was embedded at every stage of the procurement process. This would cover contractors employment practices as well as their service delivery. Officers were conscious of the need for any scheme to be non-bureaucratic;
- Reference was made to European competition legislation, which made it very difficult to take factors other than price/cost and value for money into account when awarding contracts. Local authorities had very limited or no scope to take into account factors such as using local contractors or

suppliers or successful contractors employing local people – an issue which was currently topical nationally. The Council could build certain aspects into the contract specification – if they were justified – such as the need for a local operating base, or rotating work on a price and quality basis, but local authorities were always open to legal challenge on their practices.

The Council did carry out financial health checks when employing companies. Current European contract legislation did not allow negotiations with firms prior to contract award, but there was limited scope to explore such issues once a contract had been awarded. So-called ‘penalty clauses’ were also outlawed although the Council could withhold payment for non provision of services, and also had the ability to build contract extensions into a contract, which could be related to satisfactory performance.

- In terms of using its purchasing power to achieve savings or obtain better value for money in a time of economic recession, the Council currently lacked the in-depth commercial knowledge of markets or industries which might make this possible. There was also the ethical aspect to take into account when trying to balance the uses and abuses of purchasing power.

A reluctance was expressed regarding the use of consultants to assist the Council in this area, unless there was a skills transference clause involved. One suggestion might be a ‘workshop approach’ - trying to get certain sectors of industry to participate in workshops with, say, a group of local authorities, which could have mutually beneficial outcomes in terms of levels of understanding.

The Chair indicated that the Board’s work to date on this Inquiry had thrown up some interesting ideas and suggestions. The Head of Scrutiny and Member Development, in consultation with the Chair, would now prepare a draft final report for consultation with Members prior to its proposed submission to the April Board meeting.

RESOLVED - That the report be received and noted, and Wayne Baxter and Anne McMaster be thanked for their attendance and the manner in which they have responded to Members’ queries and comments.

(NB: Councillor Atha left the meeting at 11.20 am during the consideration of this item)

76 Work Programme

The Head of Scrutiny and Member Development submitted a copy of the Board’s work programme, updated to reflect decisions taken at previous meetings, together with a relevant extract of the Council’s Forward Plan of Key Decisions for the period 1st February to 31st May 2009 and the minutes of the meeting of the Executive Board held on 14th January 2009.

RESOLVED – That the report and the updated work programme be received and noted.

77 Dates and Times of Future Meetings

Monday 2nd March 2009

Monday 6th April 2009

Both at 10.00 am (Pre-meetings at 9.30 am)