
**EXCERPT FROM THE MINUTES OF THE
CORPORATE RESOURCES
OVERVIEW AND SCRUTINY COMMITTEE
HELD ON 28 JUNE 2002**

CROS.81/02 MEDIUM TERM FINANCIAL AND
BUDGET STRATEGY 2003/04 TO 2005/06
FIRST FORECAST

A copy of the City Treasurer's Report (Financial Memo 2002/03 No 7) summarising the likely cost of supporting current service levels and potential resources available to the Council for the three year period to 2005/06 was circulated together with a copy of the Executive's response to the above Report and the excerpt from the Minutes of the meeting of the Executive held on 27 May 2002.

The City Treasurer gave a Presentation with the aid of slides on his first budget forecast for 2003/04 to 2005/06. He set out for Members the Drivers for Change both internally in the City Council's organisation and externally from Government proposals and commented on the impact on the Council's organisation of the LSVT and Leisuretime Transfers and in particular the impact arising on the Council's General Fund of those proposals. The City Treasurer also outlined the objectives of the Government's Grant Review which was aimed at producing a simpler, fairer, more understandable system and added that the Government's Spending Review covered a three year period and was likely to target the priority services of Education and Social Services. He added that approximately 90% of the Council's grant was based on the levels of population and the Council's population figures had been declining in the mid year population figures for the last two years but would be underpinned by the 2001 census figures to be announced in August. He set out for Members the main elements of the Council's Revenue Support Grant settlement and the assumptions which had been made in the three year financial forecast. He added that after having taken into account the various expenditure assumptions for the three year period to 2005/06 including wage rises, treasury rates, debt repayments, fees and charges etc, he forecast a gap between resources and expenditure:-

in 2003/04 of £560,000-£800,000;

in 2004/05, of £820,000-£1,260,000, and

in 2005/2006 of £592,000-£1,361,000

although those figures were cumulative action taken to address the gap in the first year would bear a corresponding reduction in the later years.

He also identified for Members the position with regard to the Council's balances and reserves and added that the General Fund figure of £3,675,000 would be increased by £800,000 as a result of the current outturn reports, and the Housing Revenue Accounts figure would be increased by £700,000 as a result of the above outturn reports.

The City Treasurer also set out the position with regard to the Capital Programme and available Capital Resources.

The City Treasurer reminded Members of the Executive's response to his budget forecast where it had been agreed that a number of service reviews should be commissioned to review various elements of the service and he identified the various services on which Officers had been instructed to carry out a review and he highlighted the objectives of the various reviews.

Members then questioned the City Treasurer on details of his Presentation. Members in particular commented on the value of training on Local Government Finance and budgetary issues being given to Members of the Overview and Scrutiny Committee which they felt should be repeated/extended for all Members of the City Council.

Members questioned the City Treasurer on:-

- the economic and financial assumptions used;
- the level of the Council's overhanging debt and interest payments in respect of Loans Market and Public Works Loans Board related debt and relationships with the set aside Housing Capital Receipts;
- the Council's ability to plan for a three year period when the level of RSG was uncertain;
- the proposal to plan for a pay award of 3% and the implications of a pay settlement above this figure;
- the likelihood of any additional resources being provided to carry out Comprehensive Performance Assessments;
- the Council's ability in a reducing Capital Programme to provide Disabled Adaptation funding which had been previously funded by capital receipts from Council Houses;
- the requirement for the Council to rely on the Housing Revenue Account Balance to meet the shortfall in Housing Benefit Subsidies over the first three years and the impact of that on Council tenants;
- the proposals to dispose of Council-owned assets;
- the ability to secure greater savings from corporate purchasing, and

- the possibility of using outturn savings as a less painful way of achieving savings in services.

Members also questioned the City Treasurer on the level of balances and the use of balances for strategic/financial reasons.

Members thanked the City Treasurer for his Presentation and reiterated the view that additional Local Government Finance/Budget Training should be provided for not just Members of the Corporate Resources Overview and Scrutiny Committee but all Members of the Council and particularly new Members, and added that it would be useful if a similar Presentation could be made to individual political groups or to the full Council.

Members then questioned Councillor Stevenson on various aspects of the City Treasurer's Report and the Executive's response to the City Treasurer's budget forecast. Members questioned Councillor Stevenson on:-

- the level of underspend/savings and asked whether consideration was being given to identifying an underlying trend for surpluses;
- the position with regard to the review of Tullie House and the approach which was being taken to that review;
- the position with regard to the submission of bids as part of the budget process for 2003/04, including the transparent reporting of the budget discipline in this respect;
- the Review of Fees and Charges;
- support for Community Centres;
- the Review of Advice Agencies, and
- the position with regard to Bereavement Services.

Members further commented that the Best Value Review of Bereavement Services had not taken account of the statement regarding fees and charges and that they felt that the proper course was for it to be referred back to do so.

It was AGREED that the recommendations of the Best Value Review on Bereavement Services should be considered further against the overlying requirement that that service increase its level of income.

The Committee then thanked Councillor Stevenson, Portfolio Holder for Finance and Resources, the City Treasurer and the Head of Financial Services for their Presentation/Responses to Members' questions.

It was AGREED that the information which had been passed on to the Members would be useful in the Sub-Committee's later deliberations of the Budget Proposals for 2003/04.