

MID BEDFORDSHIRE DISTRICT COUNCIL

At a meeting of the **CENTRAL BEDFORDSHIRE SHADOW SCRUTINY COMMITTEE** held in Committee Room 2, South Bedfordshire District Council Offices, Dunstable on Thursday, 19 February 2009

PRESENT

Cllr Mrs P Staples (Chairman)
Cllr A R Bastable (Vice-Chairman)

Cllrs P N Aldis
R G Baker BEM
L Birt

Cllrs J Kane
H J Lockey
G Summerfield

Apologies for Absence: Cllrs R A Baker
A Fahn
R Goodwin

Members in Attendance: Cllrs D Hogan
M R Jones - Portfolio Holder (Corporate Resources)
A A J Rogers

Officers in Attendance: Mr S Andrews – Acting Forward Plans Manager, MBDC
Mr B Carter – Overview & Scrutiny Manager
Mr C Heaphy – Director of Corporate Resources, CBC
Ms D Lester – Committee Administrator
Mr B Mew – Interim Financial Services Manager, MBDC
Mr N Murley – Assistant Director Audit, Risk, Health & Safety, CBC
Mrs J Salisbury – Chief Executive Mid Beds, Interim Chief Executive Central Beds

S/08/23 **MINUTES**

RESOLVED

that the Minutes of the meeting of the Shadow Scrutiny Committee held on 20 January 2009 be confirmed and signed by the Chairman as a correct record.

S/08/24 **CHAIRMAN'S ANNOUNCEMENTS**

None.

S/08/25 **MEMBERS' INTERESTS**

(a) **Personal Interests:-**

None.

(b) **Personal and Prejudicial Interests:-**

None.

S/08/26 **DECLARATION IN RELATION TO THE EXISTENCE OF A WHIP**

There were no declarations by Members in relation to the existence of a whip.

S/08/27 **REQUESTS FOR AGENDA ITEMS**

No requests for Agenda Items had been received under the Terms of Procedure Rule No. S10.

S/08/28 **MID BEDFORDSHIRE LOCAL DEVELOPMENT FRAMEWORK (LDF) MEMBER TASK FORCE - CONTINUATION OF BUSINESS APRIL - JUNE 2009**

The Committee considered a report of the Director of Sustainable Communities requesting the continuation of the Mid Bedfordshire Local Development Framework (LDF) Member Task Force which oversees work on the Mid Bedfordshire LDF. Continuation of the current programme of business was needed until the elections in June 2009, when consideration will need to be given to the scrutiny arrangements for LDF business going forward.

RESOLVED

- 1. that six Members be appointed to the Mid Bedfordshire Local Development Framework Member Task Force for the period 1 April to 4 June 2009 to allow continuation of the current programme of business.***
- 2. that the Terms of Reference of the Mid Bedfordshire Local Development Framework Member Task Force be amended to specifically refer to the Mid Bedfordshire area.***

S/08/29 **REVENUE BUDGET 2009/10 AND MEDIUM TERM FINANCIAL PLAN**

The Director of Corporate Resources introduced the papers setting out the draft Revenue Budget for 2009/10 and Medium Term Financial Plan that had been considered by the Shadow Executive at its meeting on 17 February 2009 and circulated to all Members of the Council.

The Treasury Management Policy and Strategy for 2009/10 was a high level document defining the policies and objectives of treasury management activities and strategy for the year. The £50m Capital Programme for 2009/10 – 2012/13 had been drawn together from the programmes of the three legacy authorities. It was not a political led programme as such priorities would not be known until the new Council came into being and as such will be subjected to detailed review in 2009/10 in full consultation with members of the new Authority.

The main report contained the proposed Revenue Budget for 2009/10. A net spend of £165.8m was being recommended. This was considered to be a prudent and realistic baseline for the new Authority to go forward with. It would be resourced by formula grant of £49.4m with the remainder being funded by the levying of Council Tax.

The proposed average Council Tax increase across Central Bedfordshire was 3.27% for 2009/10. The impact of equalising council tax across Mid and South Bedfordshire was too much in one go, therefore the proposal was to harmonise rates over four years. The Committee noted that there would have been more opportunity to reduce Council Tax if £5m had not been lost from investment income as a result of the current economic climate.

For the Housing Revenue Account (HRA) rent increases were in line with the Government's recommended guideline rent to achieve convergence by 2021. Members were advised that the HRA was a strong account and predicted to have at least £1m balance until 2022.

Where able to do so fees and charges had been harmonised between the two districts. The Fees and Charges schedule highlighted in green those areas where the process of harmonising the charges had some measure of disadvantage in at least one affected district. Where harmonisation could not take place a 3% increase was generally being recommended.

The Portfolio Holder for Resources then tabled the Shadow Executive's decisions on the draft budget from its meeting on 17 February 2009. Some Members' were concerned that the budget proposals were too high. Equalisation of Council Tax between the two districts was also an issue, and the Shadow Executive had expressed a desire to harmonise by the end of year 2. In light of this the Shadow Executive had requested officers to formulate two options for reducing the rate of the proposed Band D Council Tax increase to 1% and 2.5% respectively and to report on the implications of these to the Shadow Council on 26 February. It was stressed that the S151 officer must be satisfied that an alternative budget was sustainable and capable of delivering services to the residents of Central Bedfordshire.

The Committee was then invited to consider the budget reports and the Shadow Executive's recommendations to the Shadow Council.

In response to comments about the HRA and concern about the proposed rent increases the Director of Corporate Resources, CBC gave an explanation about the Government's objective to achieve rent convergence by 2021 whereby the rents charged for Council homes and Housing Association properties in the same locality are determined using the same formula so that all rents are harmonised for similar affordable homes. Government subsidy for Council housing rents was also being gradually withdrawn. Members were advised that whilst an option could be to look at funding either part or wholly the rent increase from HRA reserves, it could result in higher increases in the longer term. The Authority also needed to be careful of not diverting from Government policy. It was noted that there was a complex formula for applying rent increases which is applied on a sliding scale and which prevents huge increases being applied in one year. Members asked that this be publicised at the appropriate time.

The Director of Corporate Resources explained that in putting together the proposed Council Tax increase of 3.27% officers had vigorously challenged what resources were needed to deliver the new Authority's services and build upon the £4.7m of agreed reserves.

A Member questioned what level of reserves could be realised from reducing the budget increase to 1%. The Director explained that a 1% increase would give zero reserves and the first year of the Authority would be dependent on using earmarked reserves and therefore lack financial stability. It was noted that it was critical that reserves for the new Authority were correct in going forward. A thorough review had been undertaken which was being tracked on a weekly basis to ensure reserves were not being depleted.

The Chief Executive stated that whilst the proposed budget was challenging in the professional opinion of officers it was deliverable. Nevertheless it was recognised that budget pressures from, for example, two children being brought into care or increased expenditure from the implications of severe weather would have a profound impact on the budget. However, the reserve level was considered sufficient to deal with the impact of most unexpected events.

A Member questioned how long it will take to achieve £20m savings from the creation of the new Authority. It was expected that by year 3 the bid documents' assumed savings of £11.5m will be achieved. The aim was to achieve £3- £4m efficiency savings per year from year 2 onwards which would generate £20m savings by year 5.

The Chief Executive advised that the breakdown of the Shadow Executive's recommendations were currently being worked upon and would be distributed to all Members' at the same time. The changes needed to achieve a 1% and 2.5% Council Tax rise would be stated to enable comparisons to be made. Recognising the enormity of producing the information in a short timescale Members' asked that the papers be distributed electronically as soon as they were available. It was envisaged that the papers would be available by Tuesday 24 February, two days before the Shadow Council meeting.

RESOLVED

that the proposed Revenue Budget 2009/10 and Medium Term Financial Plan considered by the Shadow Executive on 17 February and its recommendations to Shadow Council on 26 February 2009 be noted.

(Note: The meeting commenced at 6.30 p.m. and concluded at 8.30 p.m.)