

CITY OF PLYMOUTH



Overview and Scrutiny Commission

Scrutiny of:
Revenue Budget
2005-06

FEBRUARY 2005

CONTENTS

CONTENTS	2
Membership	4
Meetings	4
1.0 SUMMARY	5
2.0 RECOMMENDATIONS	5
3.0 INTRODUCTION	7
3.1 Introduction.....	7
3.2 Terms of Reference.....	7
3.3 Declaration of Interest	7
4.0 EVIDENCE	7
5.0 FINDINGS	8
5.1 Proposed Council Tax	8
5.2 Financial Management	8
5.3 Local Public Service Agreements.....	9
5.4 Working Balance/ Reserves	9
5.5 Landfill Tax Scheme Regulations.....	9
5.6 Licensing Act 2003	9
5.7 Repayment to PCL (provision for credit liabilities).....	9
5.8 SERVICES FOR VULNERABLE CHILDREN AND ADULTS.....	10
5.8.1 Fostering	10
5.8.2 Climbie Report.....	10
5.8.3 Out of City Placements.....	10
5.8.4 Fairer Charging – non residential services.....	10
5.8.5 Cost of Inquiries	10
5.8.6 Fees to Adult Care Homes	11
5.8.7 Supporting People Programme	11

5.9	INVESTING IN SPORT AND LEISURE / HEALTHY COMMUNITIES / EXCELLENT SCHOOLS	11
5.9.1	English as an Additional Language	11
5.9.2	Schools Spending	11
5.9.3	Schools' Balances	11
5.9.4	Reduction of Absent Pupils	12
5.9.5	Special School Nurses / Special Educational Needs Co-ordinators	12
5.9.6	Free School Meals Allowance	12
5.9.7	School Catering	12
5.9.8	Youth Service	12
5.9.9	Theatre Royal Grant	13
5.10	SAFER CLEANER STREETS / IMPROVING TRANSPORT / BRINGING THE COUNCIL CLOSER TO THE PEOPLE / A VIBRANT CITY CENTRE.....	13
5.10.1	Planning Applications	13
5.10.2	Car Parking Account	13
5.10.3	Hackney Carriage Private Hire Budget	13
5.10.4	Street Trading Budget	13
5.10.5	Street Lighting	14
5.10.6	Customer Focus	14
5.10.7	Direct Services Division.....	14
5.10.8	Civic Centre	14
6.0	Recommendations	14
	Appendix 1 – Reference Materials.....	15
	Appendix 2 – Contributors	15

Membership

Revenue budget 2005-06 scrutiny

Councillor Mrs Aspinall (Chair)
Councillor Kerswell (Vice-Chair)
Councillor Fletcher
Councillor Fry
Councillor Gordon
Councillor Savery
Councillor Miss Gillard (co-opted representative)
Councillor Stark (co-opted representative)
Councillor Tom Wildy (co-opted representative)
Councillor Williams (co-opted representative)
Mr S. Medlin (co-opted representative)
Mr K. Willis (co-opted representative)

Meetings

The Overview and Scrutiny Commission met on 22 February 2005 to scrutinise the Revenue Budget for 2005-06.

1.0 SUMMARY

The purpose of this report is to submit recommendations to the City Council following a meeting of the Overview and Scrutiny Commission, with additional Members co-opted, for the purpose of reviewing and scrutinising the draft proposals for the Revenue Budget for 2005-06, which at the time was £281m as shown in the report.

2.0 RECOMMENDATIONS

- 2.1 **We recommend** that the outcome of car parking income modelling be built into the Medium Term Financial Plan for the period 2006/07 –2008/09;

For the attention of: City Council

- 2.2 **We recommend** that in the event of demand exceeding funding for the English as an Additional Language Service, that every effort be made to secure additional funding.

For the attention of: City Council

- 2.3 The Overview and Scrutiny Commission would like to see less variation in budgets over 2005/06 as budgets are more clearly defined against service delivery to enable a better comparison between budgets year on year and to enable any remaining variations to be auditable, including the former Direct Services Department budgets.

For the attention of: City Council

- 2.4 **We recommend** that the delivery of the Local Public Service Agreement programme be subject to a separate monitoring report (2 sides of A4 paper) to the Overview and Scrutiny Commission;

For the attention of: City Council

- 2.5 **We recommend** that, as the Commission has heard that the level of the reserves for 2005/06 although low is within an acceptable range, the level of the reserve be closely monitored by the Overview and Scrutiny Commission during the year;

For the attention of: City Council

- 2.6 **We recommend** that the Overview and Scrutiny Commission receives regular performance information and budget monitoring during 2005/06;

For the attention of: City Council

- 2.7 **We recommend** that the Commission Members and co-opted representatives involved in scrutiny of the revenue budget 2005/06 come together quarterly to monitor the budget during the year;

For the attention of: City Council

- 2.8 **We recommend** that the use of initials and acronyms within reports and without explanation be discontinued ;

For the attention of: City Council

- 2.9 **We recommend** that a breakdown of the items included in the proposed increase of income of £2m and efficiency savings of £3m be provided to the Overview and Scrutiny Commission, and where possible efficiency targets be allocated to individual Cabinet Members;

For the attention of: Director for Corporate Resources

- 2.10 **We recommend** that Members of the Overview and Scrutiny Commission be provided with details of how the free school meals entitlement is used to allocate money to schools;

For the attention of: Director for Corporate Resources

- 2.11 **We recommend** that a copy of the report on taxi balances due by the end of April 2005 be made available to the Overview and Commission when prepared;

For the attention of: Director for Corporate Resources

- 2.12 **We recommend** that Members of the Overview and Scrutiny Commission be provided with a comparison of the street trading budget for 2003/04 and 2004/05;

For the attention of: Director for Corporate Resources

- 2.13 **We recommend** that Members be provided with a breakdown of the miscellaneous expenses of £136,711 included within the car parking trading account;

For the attention of: Director for Corporate Resources

- 2.14 **We recommend** that the Commission be provided with an analysis of the variations in the school catering budget between 2004/05 and 2005/06.

For the attention of: Director for Corporate Resources

3.0 INTRODUCTION

3.1 Introduction

3.1.1 The draft Revenue Budget 2005/06 would be considered by Cabinet later in the day (22nd February 2005) and the recommendations of Cabinet together with the Scrutiny Report would be considered by the City Council on 7th March 2005.

3.1.2 The Revenue Budget 2005/06 report to Cabinet stated that the proposed budget started to consolidate the Council's recovery programme and that the Council needed to continue to balance a number of factors in setting the budget for 2005/06 –

- Maintaining service levels across the board and improving service delivery in the key areas of recovery in line with the Improvement Plan Comprehensive Performance Assessment 2004/05 and the Corporate Plan;
- Improving service performance and achieving greater efficiency in the use of resources;
- Minimising the increase of the Council tax;
- Strengthening the Council's financial standing and robustness including maintaining adequate balances.

3.1.3 Two parent/governor representatives and one church representative from the Lifelong Learning Overview and Scrutiny Panel were co-opted onto the Overview and Scrutiny Commission for consideration of this matter.

3.2 Terms of Reference

3.2.1 The purpose of the piece of scrutiny work and report was to submit recommendations to the City Council following a meeting of the Overview and Scrutiny Commission with co-opted representatives for the purpose of reviewing and scrutinising the draft proposals for the Revenue Budget for 2005-06.

3.3 Declaration of Interest

3.3.1 Councillor Tom Wildy declared a non-pecuniary interest as a Director of Millfields Community Economic and Development Trust.

4.0 EVIDENCE

4.1 The Director for Corporate Resources outlined the recommendations to Cabinet and the Overview and Scrutiny Commission spoke with and questioned the Leader, Chief Executive and Director for Corporate Resources on the draft budget proposals.

4.2 The Commission also spoke with and questioned Councillors Camp (Cabinet Member for Schools and Colleges), Dann (Cabinet Member for Transport and Customer Focus), Mrs Nelder (Cabinet Member for Planning Policy and Regeneration), Purnell (Cabinet Member for Performance, Personnel and Best Value), Smith (Cabinet Member for Sport, Leisure and Culture) and Weekes (Cabinet Member for Youth and Community Development) and the Directors for Development, Lifelong Learning and Social Services with regard to their particular areas of responsibility.

5.0 FINDINGS

5.1 Proposed Council Tax

5.1.1 The proposed Council Tax would be announced by the Leader at the City Council meeting on 7th March 2005 following the results of the consultation exercise.

5.2 Financial Management

5.2.1 Significant improvements had been made in financial management, linking areas of expenditure with performance and efficiency.

5.2.2 The Cabinet Member for Performance, Personnel and Best Value had focussed on efficiency savings particularly invest to save and procurement, the results of which would start to come to fruition in 2005/06.

5.2.3 The savings included within the budget, resulting from improvements to procurement and contracting processes and procedures, were considered to be realistic in the light of savings already achieved on energy and stationery.

5.2.4 For 2005/06 procurement of the following would improved in a number of areas including -

- Taxis
- Security services
- Photocopiers
- Telephones
- Furniture

which would generate savings in 2005/06.

5.2.5 Intangible savings were also identified for example the progress on the education Private Finance Initiative. The Procurement Strategy was providing a structured format including a project management approach making the Council more accountable.

5.2.6 The Medium Term Financial Plan enabled the Council to be more focussed on important priorities. The aim was to move to the longer term and consider issues such as waste management into the longer term to enable better planning which would lead to better medium term financial management.

5.3 Local Public Service Agreements

5.3.1 The efficiency savings from local agreements were on target and the programme was being driven by the adoption of most of the targets by the Local Strategic Partnership. An example given was crime reduction, where the target on car crime was easily achieved and the target was renegotiated to provide a more challenging one.

5.4 Working Balance/ Reserves

5.4.1 The prudence of transferring £0.6m from the Commuted Maintenance Reserve to the Working Balance was questioned and members were advised that only £0.1m had been drawn from the reserve during the year.

5.4.2 It was noted that the Working Balance at 31st March 2004 was circa £7m and for 2004/05 is estimated to be £3.2m. The Director of Corporate Resources acknowledged that the proposed working balance was a low balance although there were likely to be local authorities of a similar size to Plymouth with both lower and higher balances. The key was to build on the balances year on year.

5.5 Landfill Tax Scheme Regulations

5.5.1 In order to reduce or negate the potential penalties regarding landfill, Cabinet had already considered proposals on recycling, including the introduction of garden waste collection, to meet the Government's target of 24% and avoid the penalty charges.

5.6 Licensing Act 2003

5.6.1 Following the implementation of the new Licensing Act 2003, local authorities were in discussion on proposals to raise income to support the licensing structure through the fee structure. There were no proposals to provide budget support and it was felt that there was a need to keep the Council's structure under review to ensure maximum efficiency.

5.7 Repayment to PCL (provision for credit liabilities)

5.7.1 The accounting issues relating to the repayment arrangement to the PCL account had now been resolved with new arrangements in place from 2004/05. The resolution of the issues had contributed to the Council's accounts being unqualified by the auditor

5.8 SERVICES FOR VULNERABLE CHILDREN AND ADULTS

5.8.1 Fostering

The Fostering Network had recommended that rates of Foster Care Allowances rise by 3.3% overall. The rates for level 1 met or were above National Guidance rates and the Council would be paying market rates based on what other local authorities were providing. It had been established that the main focus of recruitment needed to be for level 1 carers.

Emphasis was being placed on a family based service which was more cost effective than residential based and would enable the investment of £2.2m to be reinvested into different types of recruitment

The proposed increase of 1% for children over 16 years of age was low as the focus was being directed towards care leaving services and ensuring that adequate accommodation was available rather than towards direct payments.

5.8.2 Climbie Report

Significant investment had taken place following the publication of the recommendations from the Climbie Report and as a result of the implementation of the Child Concern Model. The Model was now fully implemented and some 300 officers from various agencies had received multi agency training. As part of the child protection services, an information exchange system had been established with the Primary Care Trust

5.8.3 Out of City Placements

The impact of out of city placements on the budget had been recognised and the Director for Social Services advised that the service would be looking to significantly reduce the number of placements next year with the priority being given to keeping children near their families.

5.8.4 Fairer Charging – non residential services

The introduction of a charge for children's services had been prompted by a comparison of charges with those levied by other local authorities. Where other authorities have been making charges, similar charges have been introduced for next year.

5.8.5 Cost of Inquiries

In the event of inquiries, costs would be met from the reserves of £3m. The reserve was considered to be sufficient having regard to the ability of local authorities to apply to Government for funding for emergency situations.

5.8.6 Fees to Adult Care Homes

It was acknowledged that the fees paid to Adult Care Homes were below market rate. The level related to the overheads for the Council and it was the view of the Director for Social Services that these were reasonable rates based on good value for money principles.

5.8.7 Supporting People Programme

The grant from government for the Supporting People Programme nationally had been reduced for the coming year. The allocation of monies was currently being reconsidered and the Commission for Supporting People were working through the change management process. There would be no reduction in services to recipients.

5.9 INVESTING IN SPORT AND LEISURE / HEALTHY COMMUNITIES / EXCELLENT SCHOOLS

5.9.1 English as an Additional Language

It was noted that the budget for the English as an Additional Language service had increased by 16%. The increase had been recommended following a best analysis of need based on trends of children and families coming into the City. The distribution of the money was not to schools directly as the overall number of children requiring the funding was small in comparison with the population. The money was held centrally and supported the service team that provided support to mainstream teaching staff.

5.9.2 Schools Spending

The allocation of funding to schools was £1.7m in addition to the schools block funding as it was recognized that there was a need to ensure that the money reached the front line. In order to maintain the central local education services, the service would need to be more efficient.

The additional allocation was in line with requirements, as in previous years, from the Department for Education and Skills.

5.9.3 Schools' Balances

School balances were currently £7.6m which was within national guidelines. The Director for Lifelong Learning challenges schools on their levels of balances. The authority's Local Management Scheme could set a limit for an individual school's reserves where if the level was exceeded, an amount could be clawed back to the centre for the community of schools to determine its use. This is currently under discussion with the School's Forum. It is however absolutely accepted that the accumulation of funds for a particular project in an individual school is totally acceptable.

5.9.4 Reduction of Absent Pupils

A sum of £0.35m for 2005/06 had been invested to provide a Educational Welfare Officer Team. One of the duties undertaken was to improve attendance at schools. The Authority had also received a grant as part of the Behaviour Improvement Programme. The target of 10% within the Corporate Plan was part of a stretched target within a Public Service Agreement to be met by 2007. Other initiatives included excellence clusters, 'Miss Education Miss Out' and first day call in.

The target was being monitored as part of the Corporate Plan monitoring by the Lifelong Learning Overview and Scrutiny Panel.

5.9.5 Special School Nurses / Special Educational Needs Co-ordinators

The Local Education Authority had previously employed nurses at 3 special schools to ensure a high level of medical attention resulting in fewer children on out of City placements. The Authority had been meeting the full cost of the nurses and partnership arrangements were currently being sought with the Primary Care Trust to meet the cost of provision.

The cost of the Special Educational Needs Co-ordinators had been transferred into the Advisory Teachers Budget.

5.9.6 Free School Meals Entitlement

The Commission sought an explanation of how the free school meals entitlement was calculated and whether it was fair on all schools. The Director for Lifelong Learning indicated that the distribution was agreed with the Schools Forum that comprised of Head teachers representing particular sectors of schools.

5.9.7 School Catering

The reduction in the anticipated income from school catering from £4.3m to £3.3m was as a result of a review of the school catering service and the current figure was a realistic expectation of resources.

5.9.8 Youth Service

The proposed budget would provide an additional £0.7m for the youth and community service which would enable the same level of service to be maintained with some increase in service around youth work and basic skills.

The Youth Forward Plan would be considered once the recommendations from a review by the National Youth Service had been assessed and consultation had been undertaken with stakeholders.

5.9.9 Theatre Royal Grant

There was no intention to reduce funding to the Theatre Royal for the coming year. The grant was currently provided from revenue, but could in 2005/06 be funded from capital. The final decision on this will be taken at Council.

5.10 SAFER CLEANER STREETS / IMPROVING TRANSPORT / BRINGING THE COUNCIL CLOSER TO THE PEOPLE / A VIBRANT CITY CENTRE

5.10.1 Planning Applications

With the current planning and development pressures in the City, the Cabinet Member for Planning Policy and Regeneration indicated that she was constantly monitoring the position and that at present there were no resourcing issues but that the matter would be kept under review.

It was noted that the Council was not meeting targets for the determination of major planning applications. In order to address this, developers were being engaged prior to the submission of applications to ensure that all documents were with the applications when submitted.

5.10.2 Car Parking Account

The reserves within the car parking account had been depleted by £1.535m due to improvements to car parks. The reduction had not resulted from customer resistance to increased parking charges.

No decisions had been taken with regard to the level of parking charges pending approval of the Parking Strategy. Anticipated increased income of £0.95m represented a part year (9 month) effect of any change to charges overall and was the best estimate available having regard to various matters including the impact of provision at Drake's Circus and within the Mackay Vision.

Concern was expressed at the figure of £136,000 included within the account for miscellaneous expenses.

5.10.3 Hackney Carriage Private Hire Budget

The net deficit of the budget in the sum of £41,000 was noted which was due to exceptionally high legal expenses accrued during the current year.

5.10.4 Street Trading Budget

Concern was expressed at the apparent decrease in both the income expected and expenditure on the street trading budget compared with the previous year.

5.10.5 Street Lighting

Provision of £154,000 had been made within the budget to address the most urgent problems within the street lamp replacement programme. A Private Finance Initiative has been considered in the past to fund street lighting across the City. Discussions are being held with the Devonport Regeneration Company to potentially contribute towards street lighting in Devonport. In order to progress the matter, a scrutiny proposal had been submitted to enable the options to be considered and the process to be commenced.

5.10.6 Customer Focus

Action taken to improve customer focus included the Ballard House one stop facility, the introduction of the People First Strategy and a new compliments, comments and complaints procedure. Provision for Ballard House and information technology hardware was included within the capital programme.

5.10.7 Direct Services Division

Arising from the re-configuration of sections of the former Direct Services Department within service departments, savings of £0.6m had accrued in the current year and savings for 2005/06 were estimated at £0.9m from on-going reviews.

The accounts were being maintained under the heading 'Direct Services' at present in order to evaluate the impact of the changes. During 2005/06 the relevant budgets would be shown within service departments.

5.10.8 Civic Centre

The Council as an employer had to have regard to the health and safety of its employees. Reports had been submitted both to Cabinet and the Commission on the current position. An Office Accommodation Working Group has been meeting to consider the options, a review of the Council's assets has been undertaken and Cabinet have called for a Business Case to be put together for the option of relocating from the Civic Centre. Current works were being undertaken to comply with the Disability Discrimination Act, having regard to safety and security issues and to make the Council more welcoming to customers.

6.0 Recommendations

The recommendations of the Overview and Scrutiny Commission are set out in Section 2 of this report.

Appendix 1 – Reference Materials

Report to Cabinet on 22nd February 2005
Corporate Plan 2004 – 2007
Scrutiny Report on the Revenue Budget 2004/05

Appendix 2 – Contributors

The Overview and Scrutiny Commission would like to express their sincere thanks to all those who provided information and advice:

Councillor Evans, Leader

Councillor Camp, Cabinet Member for Schools and Colleges

Councillor Dann, Cabinet Member for Transport and Customer Focus

Councillor Mrs Nelder, Cabinet Member for Planning Policy and Regeneration

Councillor Purnell, Cabinet Member for Performance, Personnel and Best Value

Councillor Smith, Cabinet Member for Sport, Leisure and Culture

Councillor Weekes, Cabinet Member for Youth and Community Development

John Baker, Director for Social Services

Adam Broome, Director for Corporate Resources

Kay Fice, Finance Manager, Lifelong Learning Department

Bronwen Lacey, Director for Lifelong Learning

Nigel Pitt, Director for Development

Mike Robinson, Chief Executive

Apologies were received from the following individuals who were unable to attend the meeting –

Councillor Pattison, Cabinet Member for Social Services and Health

Councillor Wheeler, Cabinet Member for Environment and Street Services

Richard Willoughby, Director for Strategic Projects and Service Change