

NORTHAMPTON BOROUGH COUNCIL

CABINET

Tuesday, 4 January 2011

PRESENT: Councillor B. Hoare (Chair); Councillor P. D. Varnserry (Deputy Chair);
Councillors Beardsworth, Church, Crake, I. Markham and Perkins

1. APOLOGIES

None.

2. MINUTES

The minutes of the meeting of Cabinet held on 15 December 2010 were agreed and signed by the Chair.

3. DEPUTATIONS/PUBLIC ADDRESSES

Mr Rumsey on behalf of the Pensioners Forum and the Northampton Borough Health Forum spoke in respect of item 6- Council Wide Draft Budget 2011/12- 2013/14 and requested that the Council retain its support for both Fora. He hoped that the Pensioners Forum could continue to work more closely with the Council. The Chair commented that there were no proposals in the draft budget documents that would affect either Forum.

Dr Ron Mendel on behalf of Northampton Trades Union Council commented in respect of item 6- Council Wide Draft Budget 2011/12- 2013/14 and the process of setting the budget. He noted that the report referred to a continued dialogue: he hoped that the Council would consult as widely as possible. He suggested that lessons should be learnt from the County Council's experience that people did not understand their proposals as they had not been clearly stated. He referred to references in the Council's draft budget to "restructurings" and "reorganisations" which he believed should be more explicit including giving an estimate of any redundancies. He believed that consultation should close the loop in the sense that any counter proposals should be responded to. He suggested that as the current economic situation was exceptional that early discussions should be held with the Trades Unions as they might have ideas that would help the Council. The Chair commented that he concurred with the comments made about consultation: corporate priorities had already been discussed with the public from September 2010 onwards and this would continue. Dr Mendel queried whether the 217 responses were representative. The Chair commented that this was relatively a good response but agreed that more responses would be preferable.

4. DECLARATIONS OF INTEREST

None.

5. MEDIUM TERM FINANCIAL STRATEGY 2011-14

Councillor Mildren observed that it was difficult to plan ahead in the current circumstances. He noted on page 13 of the Appendix the impact on car park usage and the current situation in respect of concessionary fares and the effect on the minimum revenue provision on the budget set out on page 14.

Councillor Clarke commented that some budgetary proposals did not appear to be reflected in the Medium Term Financial Strategy such as the market testing of Environmental Services, the creation of the Leisure Trust and the reduction in car park income. These should be reflected before budget setting.

Councillor Perkins, as the relevant Portfolio Holder, submitted a report that sought approval to a Medium Term Financial Strategy for 2011 to 2014. The strategy underpinned the General Fund Revenue, Capital and HRA budgets and had been set against the Government's Comprehensive Spending Review and the consequent reduction in funding to the Council over the next two years. Prior to 2007 the Council had been categorised as one of the worst performing Council's and the Administration had been determined to improve the situation for the Council Tax Payer. This strategy would ensure that resources were allocated in line with corporate priorities and that the best way of delivering services would be investigated. The Council would work with the private, public and voluntary sectors. He referred to the Council Change Programme. A three year balanced budget would be presented alongside the Medium Term Financial Strategy. The risk to the Council had been minimised and adequate reserves planned for. Growth would only be supported in priority areas that also would provide value for money. Where funds were available they would be invested in the money markets and the Council's property portfolio in line with the Asset Management Strategy. The Council's expenditure would reduce by 28% over four years; this reduction being front loaded by a reduction of 14.5% in 2011/12. In February 2010 a budget gap of £5.2m had been forecast and ways had been found to close that gap. In respect of the HRA, the issues were deep rooted which the Government had recognised; details were now awaited as to how the HRA might be bought out and the level of debt that the Council might inherit. There was also the issue of Right to Buy monies going back to Government. In respect of the Capital Strategy a three year rolling programme had been provided for with funding to come from, primarily, grants and capital receipts.

Councillor B. Markham expressed his thanks to the Portfolio Holder and the Officers in achieving the Strategy.

Councillor Perkins commented that in respect of Car Park income no increases had been built into the Strategy; that in terms of the Minimum Revenue Provision there was now a requirement to write off assets over their economic life. Provision for this was included in the General Fund budget. and in respect of works to the Grosvenor/ Greyfriars Car Park it was anticipated that usage of the other Town Centre car parks would increase and thereby offsetting any loss in income whilst it was closed.

The Chair noted that the Council's Formula Grant settlement would reduce from £18.9m in the current year to £12.2m in 2013/14. The way in which services were provided was linked to this; the Administration wanted to maintain services and improve value for money. If the Administration had not taken the action it had done since 2007 the situation the Council now faced would have been catastrophic, however, it could now be faced with a degree of confidence because of the work that had been done to make savings and to maintain services.

- RESOLVED:**
1. That the Medium Term Financial Strategy 2011-14 as set out in appendix A be approved.
 2. That the Medium Term Financial Strategy be used as a guide to financial planning for the 2011/12 and medium term budgets.

6. COUNCIL WIDE DRAFT BUDGET 2011/12 - 2013/14

Councillor Mildren observed that Council would have more information about fees and charges and savings. He referred to Annex B and made the assumption that Planning would stand alone; in respect of Annex C noted that the Sheltered Housing Review assumed savings of £180,000 before that review had started; and that in respect of Annex D1 noted that £5.5m was assumed for the buy out of Stagecoach from the Bus Station without knowing if this funding would be forthcoming (what would the affect be on the Council's budget be if it had to be found from within the Council's resources?).

Councillor Clarke commented that he was incredulous that the Council had spent the previous three years saying that the Government was underfunding it, but this year was saying that the Government was right to do so. The Council appeared to be accepting the situation in respect of the Formula Grant without fighting back. The Council could challenge it. He queried how the Council could assume savings of £1.6m from the contracting out of Environmental services before tenders had been evaluated; and similarly assuming savings before the sheltered housing review had started. He felt that the figures set out were akin to a "wish list" and that the 217 public responses were suspect. The public appeared to want less events and more street cleansing, the opposite of the Administration's policy. He felt it would be difficult for the Cabinet to put together a budget that would gain support and felt that there should be more honesty about the "ifs and buts".

Councillor Glynnane welcomed the funding for Delapre Abbey and queried why Cabinet was proposing to withdraw funding from CAN and how these services would be provided. He also asked for an explanation as to how the proposals for savings in the Stray Dogs service would work. He compared the Council's position with that of the County Council who had a £15m black hole without any idea as to how it would be dealt with. He asked if this could have an impact on the Council's budget.

Councillor Mason commented that this budget was difficult especially with the front loading and congratulated the Officers for their work and in clearly explaining how it would be implemented. She noted concerns about the Environment services market testing, Leisure Trust, sheltered housing review and other services in respect of their impact on staff, especially the need for any compulsory redundancies and any numbers that this might relate to. She asked how services would be monitored if they were outsourced and how much working would there be with the 3rd Sector? She felt that funding the removal of the Delapre bunding and funding for skateboarding at this time seemed inappropriate. She observed that the public consultation seemed limited but that it needed to be explained in simple terms. With the increases in petrol prices and rents the public deserved a simple explanation of what would affect them. In answer to a question, Councillor Mason agreed that the efforts made so far to make the budget document more simple were welcome but that a simpler version was still needed.

Councillor Perkins, as the appropriate Portfolio Holder, submitted a report that sought approval for consultative purposes Cabinet's draft budget proposals for 2011/12 and the forecast budgets for 2012/13 and 2013/14 for the General Fund, HRA (excluding rents, charges and subsidy), draft capital programme and funding proposals and to approve for consultation the draft Capital Strategy for 2011/12 to 2013/14. He commented that the draft Formula Grant settlement indicated a reduction in funding of 14.5% which equated to £4m. He believed that it was a tribute to the Administration and to the Officers that this situation could be coped with because of the restructuring that had already taken place. Concerns about the Grant would be expressed in a written response to the Government. The draft budget was aligned to the Corporate Plan and the Medium Term Financial Strategy. Consultation would last a month and Cabinet would make a final recommendation to Council in February. Councillor Perkins observed that the consultation the Council had already undertaken and would do so over the next month was in advance of those Councils that he was aware of; background papers were available on the internet; and unfortunately in the current climate it was difficult to get the public to respond to consultations. He believed that the draft budget progressed the Council's improvement journey; £1.5m had been made available for further improvement and this was set out in Appendix A. There was currently greater demand for Council services, in particular, for the homeless. The Government in setting out a two year settlement had indicated that Local Government finance would be reviewed, the Carbon Reduction Programme would be challenging, the HRA was to be reformed, a New Homes Bonus scheme to be introduced and the Welfare System was to be reformed. He referred page 5 of the report and the chart that showed the downward trend in

Formula Grant per head of population from 2008/09 to 2012/13. The draft General Fund budget was set out at Annex A with further details at Annex B; £4.7m of savings would be achieved whilst providing £743,000 of growth; Annex A showed earmarked reserves to fund reorganisations; and the General Fund Reserve would be increased to £3m over a period of time. Subject to public consultation there would be no increase in car park charges and grants to the voluntary sector would be maintained. Councillor Perkins stated that the Council had changed its business model by using the private and charitable sectors, and partnership working with other organisations. Where it was considered advantageous the Council would also bring back services under its control. In respect of CAN services had been brought back in-house as it was believed that they could be better provided by the Gateway Service. CAN were already aware of this. The reduction in Government funding had indicated that there would be a shift towards greater funding from the local taxpayer. In 2010/11 the Council Tax payer had contributed 42% of the funding but in 2011/12 this would increase to 49%. He referred to Annex C which set out the HRA and noted that the Government dictated rent levels and that 75% of the money from Right to Buy sales reverted to them. Nonetheless the HRA budget showed savings of £817,000 and growth of £323,000. Councillor Perkins then referred to Annex D1 and D2 that set out the Capital Programme and noted the allocation of £5.5m for the buy out of Stagecoaches Lease of the Bus Station for which external funding would be needed. He considered that it would be unlikely that funding would not be available for this; otherwise it would impact on the Capital Programme. He noted that there were no plans to spend money on the Delapre Bund. In respect of Disabled Facilities Grants, £1.7m had been set aside for 2011/12 and £250,000 for 2012/13 and in respect of Decent Homes, the budgeted spend of £37.5m over the next three years largely depended upon the Government allocating funding for this but £22m had already been committed in 2010/11. The Capital Strategy had been updated so as to be in line with corporate priorities and the Corporate Plan questionnaire to the public had posed difficult choices; Cabinet had already engaged with the public at various public meetings. A substantial amount of information had been made available to the public; people needed to show, if they wanted to make changes, where the money would come from for any additional expenditure or reductions in budget savings. Councillor Perkins commented that there were risks with any budget and that the strength of the Directors was indicated by their ability to find alternative ways of meeting budget objectives when planned savings proved unachievable; that kind of flexibility was important in the current situation. Contributions from the public were welcome but they could not be forced to respond. Meetings had already taken place with the Trades Unions. The Administration wanted to avoid redundancies but it had to be recognised that some might become necessary. In respect of the Stray Dogs Service, this was not being ended, hours were just being reduced. Creation of the Leisure Trust would bring benefits in the treatment of VAT and non domestic business rates. In respect of Environmental services it was reasonable for the Council to have some idea of the savings that it wanted to achieve.

Councillor Crane expressed her thanks to Councillor Perkins, the Director of Finance and Support and the staff in Environment Services for all their work in monitoring services and making savings. She was proud of what they had achieved. If the market testing exercise had not been undertaken staffing would have had to have been reduced by 80%.

Councillor Beardsworth stated that this was a good report. Out of a sheltered housing budget of £2m savings of £180,000 had been achieved. She hoped that redundancies would not be necessary. Disabled Facilities Grants were vital and she was pleased that funding for these had been maintained.

Councillor B. Markham noted that some public consultation had already taken place but that the consultation proper on the budget proposals would begin the following day. All the background papers were available on the internet at www.northampton.gov.uk/difficultchoices A questionnaire was available, public meetings would be held and some joint meetings of

Forums would take place. He agreed that it was difficult to get a wide public response. Most of that so far had come online. Savings had been identified through the closing and sale of Cliftonville House, the creation of a leisure trust and the market testing of Environmental services. Where else could these £2.7m savings come from?

Councillor P.D. Varnsverry commented that Leisure Services were a discretionary Council service but excellent; hence the proposal to create a Trust. He was proud that no cuts had been made to Voluntary Sector Grants. He noted that some other partners had felt that they had to reduce funding to the Voluntary Sector.

The Chair commented that the Council had stepped in to maintain partnership services. There were concerns that partners were looking to reduce partnership working at a time when this should be increasing. He hoped that focus would be on benefits to the public. He stated that Councillor Clarke had implied that the Budget was unsafe. The Budget was challenging and it was inappropriate to blame the Chief Executive and Section 151 Officer. Appendix A identified £5m of savings that had to be delivered to achieve a balanced budget over three years. This was the true reflection of the work of the Administration and Officers to deal with the Council's finances.

- RESOLVED:**
1. That the General fund draft budget proposals for 2010/11 and indicative budgets for 2011/12, and 2012/13 as summarised in Annex A and B be approved for public consultation.
 2. That the proposed Council Tax freeze for 2011/12 be approved for public consultation.
 3. That the draft capital programme and financing as detailed in annexes F1, F2, and G, be approved for public consultation
 4. That the draft Housing Revenue Account (HRA) budget excluding charges, subsidy and rents be approved for public consultation.
 5. That the draft Capital Strategy at appendix H be approved for consultation.
 6. That the consultation leaflet be delegated to the Assistant Chief Executive in consultation with the Leader of the Council and Portfolio Holder for Finance for approval.
 7. That the Chief Executive and Management Board, in consultation with the relevant Portfolio Holders, undertake the preparatory work in relation to the savings and efficiencies built into the draft budget proposals, subject to any actions being rescinded should any budget options not be approved by the Cabinet meeting on 23 February 2011.
 8. That the Council's response to the Formula Grant Settlement be prepared by the Director of Finance and Support in consultation with the Chief Executive, the Portfolio Holder for Finance and The Leader of the Council.

7. COUNCIL TAX BASE SETTING 2011/12

Councillor Perkins, as the relevant Portfolio Holder, submitted a report that set out the calculation of the Council's Tax Base for the year 2011/12 under the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003. He noted that there was little change in the Tax Base from 2010/11 and that it was proposed that the non collection rate remain at 2.5%.

The Chair commented that the action taken by the Council in respect of the Single Person Discount had had a significant impact on the Collection Fund.

RESOLVED: That tax base be approved for 2011/12 at 66,899 Band D equivalent properties and associated parish tax bases within this.

	2011/12	2010/11
Billing	2,712	2,716
Collingtree	521	517
Duston	5,322	5,255
Great Houghton	289	288
Hardingstone	762	755
Upton	1,453	1,469
Wootton & East Hunsbury	6,358	6,340
Northampton (Unparished)	49,482	49,556
Total tax base	66,899	66,896

The Chair thanked the Officers for the extraordinary amount of work that had gone into this year's draft budget and the briefings held for Group Leaders.

The meeting concluded at 19.31 hours