

**Extract from Overview and Scrutiny Minutes 31 January 2013**

**5. DRAFT BUDGET 2013-2016**

The Committee considered a report on the Council Wide Draft Budget 2013-14.

The Overview and Scrutiny Reporting and Monitoring Working Group met on 9 January 2013 and identified the following budget proposals that it wished to scrutinise further.

The items were:-

- Savings Arising from Changes to Terms and Conditions (General Fund)
- Savings from moving services into LGSS Conditions (General Fund)
- Raising sponsorship to offset cost of NBC events Conditions (General Fund)
- Dealing with Welfare Reform and the Impact on Rent Income Collection Conditions (General Fund)(HRA)

**Savings Arising from Changes to Terms and Conditions (General Fund)**

Councillor Mackintosh as the Cabinet member with responsibility for changes to terms and conditions and Councillor Bottwood as Finance Cabinet Member addressed the Committee to discuss this Budget proposal. The main points of discussion were as follows:-

It was explained that this matter impacted on both the General Fund and the Housing Revenue Accounts.

Members asked if the proposals had had an effect on staff morale and what feedback had been received during the consultation process. It was felt that there had been an impact on staff morale but that it needed to be taken in the context of the current difficult economic climate. Staff realised that there were several additional pressures on the amount of money available to deliver services which also had to change rapidly to encompass major new legislation.

It was explained that the whole consultation process had started in October last year. The main focus :

- Essential Car User Allowances – Removal of the essential car user allowance and replace with a casual car user allowance.
- Professional Fees
- Charging Staff for car parking.

At the same time employees were also asked if they wished to put themselves forward for voluntary redundancy or early retirement.

There were 22 people interested in voluntary redundancy 19 of those were in services which were to be subject to reorganisation. Therefore 3 people were agreed for voluntary redundancy release. The release of those concerned had been agreed by their managers and a Panel which looked at the impact that their leaving might have on the service.

Members questioned whether these changes could be implemented if they were part of employees' contract. They were advised that changes in the contracts were introduced as part of the pay and grading exercise and introduced a condition that non contractual conditions such as essential car users allowance could be changed if three months' notice was given.

The combined savings achieved from the agreed voluntary redundancies and the removal of the essential car user allowance was sufficient to achieve the required salary savings for this year. It was therefore decided to give 12 months' notice that the other proposals i.e to remove payment of professional fees and the introduction of staff car parking charges would be introduced in 2014.

Members were advised that the Trade Unions had not agreed to the changes and had stated that they intended to hold a ballot of their members.

Members asked whether alternatives to essential car use had been considered and were advised that car-pooling had been investigated but that it was not viable for the Council to introduce. This may change in the future if a scheme was introduced as part of any future partnership agreements.

Members also queried how the staff car parking fees would be determined. Consultation had been based on a percentage of salary scheme, but feedback received from staff had been divided between preferring that or a flat rate fee scheme. Members also queried whether they would be included. They were advised that during consultation it had become obvious that there were many different elements that needed to be considered before the scheme was introduced and this was one of the reasons that it had been deferred for a year.

### **Savings from moving services into LGSS Conditions (General Fund)**

Councillor Bottwood addressed the Committee to discuss this Budget proposal. The main points of discussion were as follows:-

The principle to take part in negotiations with Northamptonshire County Council and Cambridgeshire Council was agreed by Cabinet last year. Detailed arrangements are now being considered.

There have been several project teams looking at various elements of the proposal and the current focus is maintaining levels of service when services transfer over to Local Government Shared Service (LGSS) Draft Service

Level agreements are being considered and will be reviewed by Management Team in the next week. Services were in the process of making preparations to ensure that when the changeover happened there would be no detrimental change in the service delivered to the customers.

Members queried where the setting up costs were coming from and whether the £415,000 anticipated savings in the first year took these into account. They were advised that the setting up costs were being found from an improvement reserve. It was confirmed that the £415,000 was an estimate at a point in time and would be recalculated at the negotiation phase, taking into consideration issues such as where staff were based, office accommodation etc.

Members also asked whether the project was still on course to deliver those savings. David Kennedy, Chief Executive, confirmed that a timetable was being worked to and the initial proposed start date was 1 April 2013, but it was acknowledged that there could be a delay to 1 May or 1 June 2013. If there was a delay there would obviously be a corresponding reduction in the amount of savings achieved this year. Members were advised that there would be a review of all budget options undertaken by the Director of Resources before the final budget consideration and if necessary figures would be revised at that stage.

The financing of local government is undergoing rapid change and it was increasingly important to ensure that services were being provided at the best possible cost and that involves more effective partnership working under agreements such as LGSS.

Members questioned whether the aim was to simply to provide services at the same level, but were advised that this was a starting point and that it was hoped that by working in partnership then improvements would be made and there would be an increase in the quality of service over time. There were some services that the Borough Council currently excels at and the aim is that by working together the other partners will adapt best practice and their services will improve. In a similar way other partners' areas of expertise would influence Borough Council services.

With regard to risk, there will always be an element of risk when undertaking such a high level change process; however members were assured that the various project boards were continually undertaking reviews to risk levels.

Members were reminded that there has been an LGSS Scrutiny Inquiry which has been looking at the details of the agreements as they have become clear. All Members have been invited to attend those meetings

Members were advised that the details of the LGSS Scrutiny Inquiry were available on the Intranet.

## **Raising sponsorship to offset cost of NBC events Conditions (General Fund)**

Councillor Eldred, Cabinet member for Community Engagement addressed the Committee to discuss this Budget proposal.

The main points of discussion were as follows:-

The aim of this budget proposal was to obtain sponsorship from local businesses for events .This began at Christmas when a local car company sponsored a Christmas tree in the Market Square. The ultimate aim would be to create enough sponsorship to make the Events Team self-funding and generate income which could then be used to provide further events.

The budget contribution for the first year was set at £5,000 but the second year is £70,000. Members queried whether this was achievable and whether someone had been specifically employed to seek company sponsorship for events. No specific staff had been taken on, there had been a sponsorship and promotion pack created last year which would be used. It was felt that the initial £5,000 was cautious and that there would be a lot of opportunities for sponsorship associated with the Northampton Alive event at Delapre Abbey. The tickets for Northampton Alive were selling well and it was hoped that if that proved a success in its first year then it would build a reputation and it would be easier to attract sponsorship in the future. It was emphasised that it was intended to obtain sponsorship for other events and hopefully grow the whole events programme.

Members queried whether costs for cleaning up and reinstatement after events like those at Delapre Abbey had been taken into account. It was emphasised that the Delapre Abbey event was being run by professional organisation and that these issues would be dealt with.

There was some discussion around whether the proposed level of savings was achievable. It was accepted that it is a difficult economic climate and it may be harder to find companies who are willing to sponsor events if their advertising budgets have been cut. It remained to be seen if the proposals for this year were achieved which could give some indication .Projected levels for the first year were low and if necessary figures for future years would need to be reviewed in the light of the most up to date information.

The Chair suggested that it would be a useful role for the overview and Scrutiny Committee to monitor, in 12 months' time, whether the income generation of £70,000 could be achieved. The Committee agreed that this would be an important issue for it to scrutinise.

It was requested that data on the overall costs of events be forwarded to the Committee for its information.

**AGREED:** The Cabinet Member for Community Engagement be invited to the Overview and Scrutiny Committee in a years' time to discuss how successful the raising of sponsorship had been.

### **Dealing with Welfare Reform and the Impact on Rent Income Collection Conditions (General Fund)(HRA)**

Councillor Markham, Cabinet Member for Housing, addressed the Committee to discuss this Budget proposal.

The main points of discussion were as follows:-

This was another item which had an impact on both the Housing Revenue Account and the General Fund.

The Welfare Reform Act will be introduced in April 2013 and Universal Credit will be introduced in October. The proposed budget was to provide an additional 2 or 3 members of staff on 2 year fixed term contracts. They will be available to provide advice and assistance on all aspects of the welfare reform changes as they impact on Council housing tenants.

There has already been a considerable amount of work done identifying 1,200 tenants who have been identified as being affected by the Welfare Reform changes.(70- 80 families who may be affected by the Welfare Reform Cap). It was confirmed that the Overview and Scrutiny Committee could be provided with more details on this data.

It was highlighted that the Council had communicated with people that it felt would be affected and was aiming to help prevent them from getting into difficulties. Existing housing staff have been contacting tenants, initial attempts at contact have been made by phone, including calls at evenings and weekends to talk to tenants and make sure that they are aware of the changes and how they might affect them and discuss their preparedness. If tenants cannot be contacted by phone then they will be written to, inviting them to come and discuss the changes with housing officers. Some tenants are aware of changes and are trying to make provision; others are unwilling or possibly in denial about what it means to them.

It was acknowledged that it was not just Council tenants that will be affected and that there were also other factors such as changes in local Council Tax benefit which will cause problems to some people. The aim is to try and prevent as many people as possible from falling into debt. Tenants would also be signposted to other agencies for help with budget management etc. If however they do fall behind in their rent payments then action will be taken to clear arrears and ultimately eviction action would be started.

Members welcomed the efforts being made by the Housing Staff but expressed concern there would still be many people adversely affected who would still not come and discuss their problems until they found themselves in difficulties and then the additional staff provided would not prove adequate. Out of those currently contacted 221 have acknowledged the problem and were taking actions, others said they would deal with it when it happened or did not actually accept that it was happening.

Members expressed concern that the other agencies might be unable to cope with resulting demand, as they too were under financial constraints. Members were advised that the Leader of the Council, the Cabinet Member for Housing and the Chief Executive were aware of this problem and were meeting with other agencies next week.

Members also felt that there was a very real danger that some people would simply be unable to cope. There may also be issues regarding the fact that many people have had housing benefit paid directly to their landlords and never had to budget and pay rent directly. The Committee was informed that in some cases it may be possible for payments to be made directly.

It was likely that Members would also find themselves having to deal with an increased case load as people became affected by the changes and turned to Members for help. A Member briefing session on Welfare Reform changes is being held on 19 February.

Members asked what would happen to those people who were unable to meet their rent commitments. In very extreme cases then there may be some provision to help those people who are very vulnerable. In appropriate cases then action will be taken to obtain possession.

**AGREED:** The Cabinet Member for Housing be asked to the Overview and Scrutiny Committee in six months' time to give an update on the impact of the new Policies.