



**MINUTES OF A MEETING OF THE JOINT MEETING OF THE SCRUTINY COMMITTEES  
AND COMMISSIONS - BUDGET HELD AT THE COUNCIL CHAMBER - TOWN HALL  
ON 6 JANUARY 2011**

- Present:** Councillors M Dalton (Chair), N Arculus, C Burton, M Collins, D Day, S Day, R Dobbs, D Fower, J A Fox, J R Fox, D Harrington, Y Lowndes, P Nash, J Peach, B Rush, B Saltmarsh, N Sandford, A Shaheed, G Simons, J Stokes and J Wilkinson
- Cabinet Members:** Councillors M Cereste, M Lee, S Dalton, G Elsey, P Hiller, J Holdich, D Lamb, S Scott, D Seaton, and I Walsh
- Directors:** Gillian Beasley, Chief Executive  
Helen Edwards, Solicitor to the Council  
John Harrison, Executive Director-Strategic Resources  
Mike Heath, Commercial Services Director  
Andrew Mackintosh, Director of Communications  
Paul Phillipson, Executive Director Operations  
Denise Radley, Executive Director of Adult Social Services  
John Richards, Executive Director - Children's Services  
Steven Pilsworth, Head of Strategic Finance  
Vicki Palazon, Financial Services Manager  
Louise Tyers, Scrutiny Manager
- Officers:** Steven Pilsworth, Head of Strategic Finance  
Vicki Palazon, Financial Services Manager  
Louise Tyers, Scrutiny Manager

**1. Apologies for Absence**

Apologies for absence were received from Councillors Allen, Goldspink, Lane, Over and Todd.

**2. Declarations of Interest**

No declarations of interest were made.

**3. Budget 2011/12 and Medium Term Financial Plan to 2015/16**

We welcomed the Cabinet Members and Directors to the meeting. The Chairman particularly welcomed Andrew Mackintosh, the new Director of Communications to the meeting.

The report came to the Joint Meeting as part of the Council's agreed process for budget setting and informed the Meeting of the Cabinet's revised proposals for the Medium Term Financial Plan to 2015/16 following the Cabinet's meeting on 20 December 2010. The Cabinet Member for Resources gave an update on what had happened since our meeting in November 2010.

The Cabinet had pursued the following approach in developing its budget:

- Robustly pursuing its efficiency agenda.

- Considering different methods of service delivery e.g. private and voluntary sector.
- Reducing the number of people employed by the organisation and reducing senior management costs.
- Property rationalisation.
- Reductions in services only where the above approaches did not deliver the savings required.

The local government finance settlement had now been announced and its key points were:

- Formula grant would be reduced by over 10% (£8.9m) for 2011-12 and by another 7.8% (£5.6m) in 2012-13
- Grant clawback removed £4.8m from Peterborough next year, and another £2.5m the year after that
- By 2012-13 over £1m would be top-sliced for academies
- A new formula meant we received £700k less than predicted for concessionary travel, and £900k less for adult social care
- The Medium Term Financial Plan (MTFP) impact:
  - 2011-12 - £2.6m million less
  - 2012-13 - £4.3m million less
  - Due to changes in how Government calculated funding allocation, plus higher front-loading of cuts
- A range of grants for children’s services, including sure start and connexions, had been placed into a single pot (Early Intervention Grant) and cut by 13%.
- A number of Area Based Grants totalling £1.7m, including education grants provided to the authority for use across the city, were ‘missing’
- The total impact could be around £2.3m for 2011-12
- The grant for Adult social care would be paid via health:
  - £2M in 2011-12 and 2012-13

The final summary position for the budget was therefore:

	2011/12	2012/13	2013/14	2014/15	2015/16
	£k	£k	£k	£k	£k
<b>Settlement Budget Position</b>	<b>475</b>	<b>-2,959</b>	<b>-8,560</b>	<b>-19,920</b>	<b>-25,254</b>
Minor Updates	206	116	118	124	118
Updated Carbon Tax Estimate and Energy Savings	286	287	225	237	237
Capital Savings	7	38	88	136	181
PCT Income			-300	-300	-300
Update to Grants with ring-fencing removed	-1,824	-1,209	-594	-594	-594
Additional Pressure on VAT on staff car park permit charging	-125	-141	-158	-158	-158
Voluntary Redundancy Savings	500	200	200	200	200
Pension Scheme Valuation	1,200	2,400	3,600	3,795	3,990
Debt Repayments	1,007	1,809	2,818	3,067	3,123
<b>Revised Budget Position</b>	<b>1,732</b>	<b>542</b>	<b>-2,562</b>	<b>-13,413</b>	<b>-18,456</b>

Questions and observations were made in the following areas:

- Was the proposed budget still sustainable in light of the Government’s final announcement and had enough cuts been made? *We believed that the budget was still sustainable but some of the figures from the Government had been interestingly presented. We would like to be able to save more but we were getting to the point*

- where we would need to cut services further. The challenge for scrutiny was to examine whether the proposed £27m of savings next year were right.
- Who decided on what the Council's six priorities would be? *The priorities were set following discussion at Cabinet and were largely already contained within the Sustainable Community Strategy.*
  - What was the expected overspend of £358K in the City Services budget down to? *A written response would be provided.*
  - Why were there no figures projected for Right to Buy from 2012/13 onwards? *Figures had not been projected because the share agreement with Cross Keys Homes would have ended.*
  - Who were the four unitary councils who had lower levels of council tax than Peterborough? *The other councils were, based on Band D properties:*
    - *Bracknell - £2 less*
    - *York - £5 less*
    - *Isles of Scilly - £55 less*
    - *Windsor and Maidenhead - £100 less*
  - Did the proposed budget take into account the expected outcomes from this year's Census? *This year we would be looking to deliver our best figures for Census returns. 2013/14 would be the first year when the Census returns would have an affect so nothing had yet been fed into the process. We believed that we had a greater population than was officially stated and each extra person identified at the Census would mean £600 more to the city. The Council, along with other councils, had mounted a campaign to the Department for Communities and Local Government (DCLG) to recognise our situation. Members and Officers had met with Bob Neill MP who had agreed that if we could come up with a solution the new government would look favourably at us.*
  - The funding for the Capital Programme was showing that up to £64m would need to be borrowed, what impact would increased interest rates have on the budget? *The borrowing would be through the Public Works Loan Board which was a Government agency whose rates were sharper than other institutions. We looked at economic forecasts to ensure best value and our borrowing rates were well established. We did not borrow as much as we used to and would look to pay off debt rather than borrow.*
  - What would the impact be on the Council of the removal of ring fencing of grants? *Removal of ring fencing would give the Council flexibility to make its own choices on where funding was allocated and this was welcomed at a local level.*
  - Would we be able to achieve the growth needed to enable us to receive our share of the New Homes Incentive funding as some of the proposed developments in Site Allocations document may not come to fruition in the future? *We had not been optimistic in what we would be expecting from the New Homes initiative. For 2011/12 the amount we would receive was fixed and had been based on what had been built by October 2010. It needed to be made clear that if we did not grow as a City we would lose funding to those areas which did grow.*
  - What would the impact of the growing number of academies be on the Authority, particularly in Children's Services? *Currently Peterborough had four academies, including one primary. There was also a potential of two more during the coming year. The proposed reduction by the Government of £1m over the next two years did not make sense as they had not yet said what services academies would not want from the Authority. We would still have the responsibility for school improvement.*
  - Some councils had ring fenced funding for Connexions and Sure Start, had Peterborough considered doing that? *We were not ring fencing any grants and a decision had been made to passport cuts in Children's Services onto the services. Zero based budgeting was now happening on all grants and the Council was looking very carefully at future service delivery.*
  - The budget proposals for Children's Services made reference to deleting vacant roles and rationalising the back office, what roles would be deleted? *We had taken a radical look at how we provided corporate functions within the department. During*

*the recent voluntary redundancy programme those back office staff who had submitted an application had been recommended to go. We were now starting to look at the department as a business, including what levels of staffing were needed. The review of back office roles had also enabled improvements in some service areas for example social work teams now had dedicated admin support. Other departments within the Council had already transformed their back office functions.*

- *What was the latest position with concessionary fares? Nothing had happened to the scheme except the Government had now removed responsibility for administration of the scheme from second tier councils. Due to changes in the formula we would now be getting reduced funding however with one of the options we could have lost over £1m.*
- *The proposed increases in fees and charges for adult social care were still showing as to be confirmed, how could scrutiny effectively scrutinise the proposals if all the details were not available? A separate document was being developed on the proposed charges. We had to change our Charging Policy due to revised Government guidance and the principle would be to no longer subsidise any of the charges.*
- *Why were some of the increases in funding for areas such learning disabilities and older people so big year on year? They had been modelled on experiences of each of the service groups. These were groups that were growing quickly and we had to plan increases on numbers and in changing needs. The increases were because more people would become eligible and some of the more complex needs were costly to meet. The figures put forward were 50% of our estimates.*
- *What were the proposals for the Your Peterborough magazine? It was proposed to remove the dedicated funding for Your Peterborough. The new Director of Communications would be challenged to look at providing a mechanism at cost as we could no longer continue to subsidise it. The magazine had been well received in the community.*
- *We needed to maintain Your Peterborough in some form as a way for the community to access information. This was a difficult judgment call to make. The delivery of Your Peterborough cost a great deal of money and it was difficult to continue with it when cuts to services had to be made. We would look at different ways of providing information to the community.*
- *Your Peterborough was essential as not everyone would want to read an online version. Future options could include selling additional advertising and having pick up points at various locations in the city. It was clear that Your Peterborough had caused a lot of discussion and in view of this meeting we would be happy for a report to be produced on how information could be delivered in the future and would ask the Director of Communications to undertake a quick review.*
- *Could ward councillors help to deliver Your Peterborough when they delivered their ward newsletters? Regulations were in place around publicity but the offer was appreciated.*
- *When Your Peterborough was initially introduced it was agreed that it would be used to advertise some of our public notices, therefore saving costs. Could the magazine be used to publicise the information we were required to publish as well as possibly using an agency to sell advertising space? These were areas that would be picked up during the review.*
- *It was now being proposed that the post of Deputy Chief Executive would be deleted; however a number of years ago we were told that the post was vital. What had now changed? During the previous Senior Management Review there had been a move from an Assistant Chief Executive to a Deputy Chief Executive to improve the officer structure of the Council and to provide support to the Chief Executive. Ben Ticehurst had undertaken the Deputy role and had delivered a number of pieces of work around HR and the growth agenda. At the end of his post a view was taken that we would not recruit for six months to see if the work could be absorbed by other officers. Since then the work has been taken on by the Chief Executive and Executive Director of Strategic Resources.*

- What were the plans to replace the former Principal Democratic Services Officer? *It was proposed not to replace this post. A restructure was about to take place and it would be proposed that Democratic Services would merge with the Compliance and Ethical Standards Team, however this was subject to consultation.*
- What assurances were there that the support to scrutiny would not be cut as the level of support was already low? *The proposed restructure of Democratic Services would provide the same level of support to scrutiny.*
- Excellent support had been given by Democratic Services at Neighbourhood Councils.
- During the last elections some agents felt that they knew the Electoral Commission's guidance better than the staff working in electoral services. It was important to ensure that this area was staffed by people that knew the legislation. *We were very aware that at the last elections a new team was in place. An intensive training programme had been put in place and we were looking to 'grow our own' as it was an area where it was very difficult to recruit to. We had every confidence in the ability of the team and we had also received a good assessment from the Electoral Commission.*
- With an expected increase in the number of abandoned calls to the Council, how long would callers have to wait to be dealt with? *We were looking at ways to mitigate the delays and were also looking at the training of staff in the Call Centre. We had already introduced a ring direct system.*
- Food waste collection had been agreed as part of the Waste 2020 strategy, what guarantees were there that it would ever happen and what would the impact be on our recycling targets? *We believe that this was an area where we could do it cheaper and more efficiently.*
- The increase in fees would only raise a small amount of money. The Administration tried to bring in the charges a couple of years ago so why was it being brought back now? *This year we had to find huge savings so we could not afford not to bring in the charge. This was a proposal which had been discussed long and hard before being included.*
- If people were required to pay for a replacement bin they would simply put their green waste into their black bins which would then have an impact on landfill. *Refurbished bins would be available for £18 but people needed to be aware that the bins were expensive items. We would continue with our enforcement activities to ensure that people used the bins correctly.*
- How many refurbished bins were in stock? *There was currently a large stockpile at the depot as people were currently resistant to using refurbished bins.*
- Would people have to pay for a replacement bin if for example it was lost in the cart? *If a bin was lost in the cart or damaged when being collected then it would be replaced free of charge.*
- Would people have to pay for the first replacement or only if it was replaced a second time? *The charges applied to all bins and there were no plans for exceptions but this would be kept under review.*
- Would the same charge apply for smaller bins as well as the larger bins? *There would be no difference in charges to ensure that the scheme was as simple as possible.*
- Would all new houses be required to pay for three bins? *The budget book contained an error in that for new homes we would continue to provide the initial bins free of charge but this may be reconsidered in the future.*
- What was the justification for the increase in fees for bereavement charges? *A great deal of work was being done with the service. It was also a large user of energy. Compared to other authorities we were in the middle of charges but provided one of the best services in the country.*
- What was the justification for the allotment fee increase? *We had consulted with service users about the charges. It was a very good service and worked out at £1 a week.*

- Why was the percentage rise for private citizenships ceremonies low compared to the other services provided by the Register Office? *All of the proposed increases had been challenged and we would provide an answer in writing.*
- How significant was the proposed reduction of hours at some of the libraries? *We would provide a response in writing. However some of the libraries would see an increase in their opening hours.*
- What was Vivacity's view to increasing sports charges? *It was not expected that charges would be significantly raised as they had to compete with a wider market place. There was now a very different charging structure being introduced for example around gym memberships. When the charges were available we would make them available.*
- What did the reduction in redundancies linked to T&C savings mean? *This related to proposed changes to staff terms and conditions around removal of the essential car user allowance and introducing parking charges. If all were agreed this would reduce the number of compulsory redundancies which would need to be made.*
- When would charges for staff car parking be implemented? *Further discussions would be held with the Trades Unions on 19 January 2011.*
- Car parking charges should also be referred to the Independent Members Allowances Panel for them to consider in relation to councillors parking. *The Independent Panel report referred to all remuneration for councillors. There would be a full debate about their recommendations at Council.*
- Were the proposed savings on pension contributions due to future lower contributions? *It was due to contribution rates being left at current levels until the next valuation of the Scheme.*
- The proposed alterations to the method of funding the Minimum Revenue Provision appeared to provide a saving to the Council, however would this method of funding be more expensive over the course of the loan? *The annuity method enabled the Council to pay less to borrow funds at the beginning of the term, however because there would be asset disposals after a certain number of years the cost to the Council of the loan would be balanced and would not be more expensive over the course of the loan.*
- Would the cost of capital be higher under the annuity method than the equal instalments method? *Asset disposals of £10.4m in the eighth year of borrowing would reduce the amount to be repaid and therefore the cost of capital would be no higher under the annuity method than the equal instalment method. The total cost of capital would not be higher as a lump sum would have been paid off and it would therefore be cheaper in the earlier years. The cost would be more if we delayed paying the lump sum.*
- How could a method with a higher Net Present Value (NPV) not be more expensive than one with a lower cost of capital? *The NPV of the annuity method was higher but the overall cost of the annuity method would be lower because an asset disposal was being made.*

We thanked the Finance Team for producing an easy to read document and also thanked the Cabinet Members and Directors for attending the meeting to answer our questions.

#### **ACTION AGREED**

All of the comments made at this meeting to be forwarded to the Cabinet for consideration at their meeting on 7 February 2011.

CHAIRMAN  
7.00 - 9.02 pm