

# **Resources and Governance Overview and Scrutiny Committee**

## **Minutes of the meeting held on 26 February 2008**

### **Present:**

Councillor Watson - In the Chair

Councillors Andrews, Bhatti, Clayton, Isherwood, Judge, Morrison, Smith, Sandiford and Trotman

### **Also Present:**

Councillor Leese, Leader of the Council

Councillor Priest, Executive Member for Finance and Human Resources

Councillor E. Newman, Executive Member for Housing

Councillor Ramsbottom, Opposition Finance spokesperson

Councillor Ashley, Leader of the Opposition

Councillor Swannick - Executive Member for Environment

Councillor Curley – Executive Member for Adult Services

Councillor O'Callaghan

## **RG/08/12 Overview of the Council's Revenue Budget 2008/2009**

A report of the City Treasurer and Chief Executive was submitted presenting proposals endorsed by the Executive on 13 February for the revenue budget for 2008/9, the medium term financial plan covering 2008/9 - 2010/11, the Capital Programme 2008/9 – 2010/11, the Treasury Management Strategy and the Housing Revenue Account 2008/9 – 2010/11 and proposals in relation to treasury management, prudential indicators, affordable housing limits, annual investment strategy, minimum revenue provision strategy and the capital programme.

The Committee also considered a report on issues considered by overview and scrutiny committees during their consideration of business plans. In connection with this Councillor Andrews requested that the Children and Young Peoples' Overview and Scrutiny Committee should monitor the use of the Home/School Transport budget through the year 2008/09.

The Executive Member for Finance and Human Resources presented the Executive's budget to the Committee and highlighted the principal issues that had informed the formulation of the budget proposals for 2008/2009 and how the available resources had been channeled to address the key challenges facing the city. The budget contained significant elements of growth and reflected the Council's budget strategy to maintain and improve service efficiency whilst being both prudent and limiting Council Tax increases to 2.5%, which was in line with the prevailing level of inflation. He also indicated that work was taking place on ensuring that Ward Councillors would be in a position to prioritise and influence the spending of mainstream budgets within their wards. A majority of Members accepted that the budget as proposed delivered these objectives.

In terms of the Housing Revenue Account, the Committee noted that progress towards the rent restructuring targets by 2012 continued, the Government had introduced changes which required that the target rent should be based on the Registered Social Landlord formula as opposed to the previous local authority formula and, as a consequence, a city wide average planned increase of just under 5% was necessary to achieve a straight-line convergence by 2012. No amendment was proposed in relation to the housing Revenue Account calculations.

Members also noted the issues that had been raised by organisations and individuals during the public consultation on the proposed budget. The Leader of the Council accepted Members' concerns that the limited number of responses had not added significantly to the budget process or to the process of scrutiny, but he indicated that other engagement strategies throughout the year, including through the ward coordination process and the Best Value Survey continued to provide useful responses from the city's residents that found expression in budgetary and policy formulation.

The Committee then considered the proposed amendment to the Executive's budget recommendations and alternative budget proposals, presented by Councillor Ramsbottom, which were to be submitted by the Opposition Group at Budget Council on 5th March. The alternative proposals contained additional expenditure proposals totaling £7,700,500M to deliver their key priorities, together with equivalent identified savings of £1,789,000M and additional use of reserves amounting to £9.161,500M. The Committee noted that the financial information in the amendment may need to be revised in accordance with the figures in the report of the City Treasurer and Chief Executive to be submitted to the Council on 5th March 2008.

Councillor Ramsbottom then responded to questions posed by members of the Committee in relation to the budget proposals that he had put forward in relation to (a) the impact of the proposals to use balances of £5.411,500M from the Unused Dividend Reserve on the wider funding of the Capital Fund (b) the extent to which the £1,700,000M for additional police officers could only be a short term expedient given that there was no guarantee that equivalent funding would be made available in subsequent years, and that the agreement reached by AGMA Leaders to increase the Greater Manchester Police precept in 2008/9 represented the only effective means of increasing police numbers in the city, and (c) how it was proposed that the £1M to support school attendance initiatives would be allocated to schools and why these proposals had not emerged as part of the joint scrutiny of the Manchester Education Partnership service re-design

The Committee noted the amendment, the concerns that had been raised regarding the sustainability of individual proposals, and the accumulated impact of the proposals on the Council's reserves.

The budget amendment being put, there voted

For the amended budget	3
Against	5
Abstaining	1

The Executive's recommendations to the Council then being put, there voted

For the budget recommendations	5
Against	3
Abstaining	1

**Decision** (Councillors Clayton, Sandiford and Isherwood dissenting)

1. To support the Revenue Budget and Capital Budget proposals recommended to Council by the Executive, and to highlight concerns raised in relation to the sustainability of the budget amendments proposed in terms of (a) the wisdom of the extent to which it is proposed that balances are used (b) the short term nature of the proposed funding to provide additional police officers, and (c) the absence of even outline criteria upon which to base the allocation to schools of the proposed £1M to fund attendance initiatives.
2. To schedule detailed consideration of the 'ward-based prioritising of certain mainstream budgets scheme' outlined by Councillor Priest to a future meeting of this Overview and Scrutiny Committee.
3. To refer the monitoring of the Home/School budget to the Children and Young Peoples Overview and Scrutiny Committee for 2008/09.
4. To thank all the individuals and organisations who have contributed to the budget consultation process.