

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 28 October 2008

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	D Knowles D Elderton	J Hale R Wilkins
<u>Deputies</u>	Councillors	C Meaden (In place of J George) C Blakeley (In place of S Moseley)	

31 DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

32 PROJECTED BUDGET 2009/2011

The Director of Finance reported that at the meeting of the Cabinet held on 16 October 2008 (minute 217 refers) a number of budget savings were proposed to close the budget gap and had been referred to relevant Overview and Scrutiny Committees for urgent consideration. The Director provided details in relation to the five proposals which fell within the remit of this Committee, viz: -

- Information Technology Services – £150,000
The creation of the Corporate IT Unit which had involved employees transferring from other departments had enabled savings to be delivered in the current financial year and a further £100,000 saving in staffing costs was projected for 2009/2010. In addition, the contract for the Information Technology hardware and storage capacity was due to be re-tendered and with the refinements made as part of the IT Strategy and changes in the IT market, a £50,000 saving was anticipated.

In response to comments from members as to why the saving had not been identified at budget time, the Director, indicated that the restructure of the Corporate IT Unit had been a phased integration of employees from other departments, and savings had only been identified with each phase of the restructure. He commented also that the creation of the Corporate IT Unit should have no adverse effect on services provided to members.

In relation to staffing implications, the Director commented that the proposal had resulted in three job losses, in addition to six posts that had been lost in earlier phases of the restructure.

- Revenues, Benefits and Customer Services – £610,000

The Director reported that in terms of Housing and Council Tax Benefit there had been continuing improvements in service delivery, especially in processing claims via the customer access channels including the One Stop Shops. Allied with the work around the National Fraud Initiative, the improvements had attracted increased Government Subsidy and a saving of £600,000 was anticipated in 2009/2010.

The savings had been as a result of reduced staffing, reduced IT costs and an increase in Government subsidy of £300,000. He commented that although some 15 posts had already been lost due to natural wastage, with a further 15 anticipated in 2009/2010, the service had improved, largely as a result of the integrated IT system and recruitment was still ongoing. In response to a comment from a member that the saving could have been anticipated at budget time, the Director indicated that this was not the case. Although, £1.8m had been identified as the maximum potential saving over three years, it had not been possible to anticipate savings more than a year in advance.

He commented also that with the award of the new banking contract in 2007/2008 the opportunity had been taken to review the existing cash collection arrangements. Those changes had now been implemented and a saving of £10,000 was achieved.

- Financial Services – £500,000

The Treasury Management Annual Report presented to the Cabinet on 26 June 2008 highlighted the changes in activities which had improved the management of the Council cash flow. As a consequence there was reduced need for temporary borrowing in 2007/2008 saving £500,000. He indicated that this benefit continued to be delivered in 2008/2009 and was now offered as a permanent saving for 2009/2010.

In response to comments from members in relation to the fluidity of the financial markets, the Director highlighted the pressures that would be placed on the Council budget if the global economy continued to decline. In response to further comments in relation to investments in Icelandic banks, he indicated that all but £2m in bonds had been withdrawn and the administrators were confident that the investment was safe.

Councillors Blakeley and Elderton indicated that they did not support the total proposed budget savings of £1,260,000, respectively because of the effect on staffing and because of reservations in relation to the achievement of these aspirations due to the uncertainty of the present financial climate.

On a motion by Councillor Gilchrist and seconded by Councillor Meaden, it was –

Resolved – That the proposed budget savings of £1,260,000 from 2009/2010, be endorsed. (4:3)
