

Cabinet**Monday, 19 December 2005, County Hall, Worcester (2.00 p.m.)****Minutes****Present:**

Dr G H Lord (Chairman), Mr S J M Clee, Mr A E Davies, Mrs E A Eyre, Mr W P Gretton, Mr A I Hardman, Mr J H Smith

Also attended:

Mr R C Adams, Mr R W Banks, Mrs G E Blackmoor, Mr A N Blagg, Mr M H Broomfield, Mr J W Buckley, Mr B P Gandy, Mr E J Sheldon, Mr C T Smith, Mr W G Stewart, Mrs E B Tucker

Available papers:

The Members had before them:-

- A. The Agenda Papers (previously circulated);
- B. Item 4 - "Next Year's Budget and Council Tax" (previously circulated);
- C. Proposed motion in relation to Item 5 – "Overview and Scrutiny Steering Committee Report: Call-In of Highways Service Delivery Structure and Scrutiny of Bromsgrove Highways Partnership Unit" (circulated at the meeting);
- D. The Minutes of the meeting of the Cabinet held on 1 December 2005.

(A copy of the documentation referred to at A - C will be attached to the signed Minutes).

473. Chairman's Announcements

The Chairman referred to the recent announcement from the Audit Commission that the Council had achieved a 4 star rating following a Comprehensive Performance Assessment inspection. The Chairman and the Chief Executive were delighted with such a pleasing result and extended their congratulations and thanks to all officers and members for all their hard work in helping to continue to improve services for the County's residents.

The Council, in particular, had received maximum scores for its use of resources and providing value for money. It was therefore very disappointing that the latest budget settlement for the Council was so poor.

Whilst the Council was currently in a position of strength, it was still felt that the Council was subject to excessive inspection and external verification. This was particularly

**474. (Agenda item 1)
Declarations of
Interest**

significant given the Council's recent budget settlement.

There were no declarations of interest.

**475. (Agenda item 2)
Public
Participation**

There was no public participation.

**476. (Agenda item 3)
Confirmation of
Minutes**

RESOLVED: that the Minutes of the meeting held on 1 December 2005 be confirmed as a correct record and signed by the Chairman.

**477. (Agenda item 4)
Next Year's
Budget and
Council Tax**

The Cabinet considered the approach to and process for the formulation of next year's budget and council tax.

The report set out a proposed approach to and process for the formulation of the Council's budget which would form the basis of consultation during January and early February prior to the submission of the final budget proposals to the Council on 23 February 2006.

The significant risks which could have implications for the Council's financial standing were also outlined. The current year's net revenue budget was set at £482.154m. The general working balance stood at £19.692m on 31 March 2005. Specific reserves and provisions stood at over £30m with a further £14m held on behalf of schools.

The Cabinet had received regular reports on financial progress throughout the year outlining the most significant funding developments and changes to the financial strategy.

The report also:-

- provided details of the Government's provisional local government financial settlements for 2006/07 and 2007/08 and funding allocations
- outlined details of next year's funding requirement which was expected to rise by around £15.3m
- illustrated the provisional funding summary for 2006/07 which would be used as a basis to complete detailed budget proposals
- set out allocations of specific Government grants to the Council

- provided the proposed budget consultation arrangements. The opportunity to respond to the Government's proposed financial settlement objecting to the continuation of unfair funding and clawback of grant for the last year would be taken
- suggested a council tax rise of 5% recognising that there was a current funding gap of £3.5m.

In the ensuing discussion the following principal points were made:-

- (a) the Council had been awarded the minimum increase in grant allocation of 2%. This was both disappointing and frustrating;
- (b) an increase in council tax beyond 5% would risk capping;
- (c) a funding gap of around £10m needed to be bridged over a 2-3 year period. Use of carefully accumulated reserves could be made in 2006/07 together with the identification of deliverable cash efficiencies;
- (d) the Chief Executive and the Director of Financial Services had produced a discussion paper for members which examined proposals to update the medium term financial strategy;
- (e) the Council had been praised for the effective use it made of its scarce resources yet it was being asked to make further economies and at the same time continue to improve services;
- (f) the increased use of the ring-fencing of grants made the management of a 'tight' budget much more problematic;
- (g) it was hoped that all stakeholders, as in previous years, would work together to help to formulate a budget which would provide high quality services for the County's residents.

The Cabinet, whilst disappointed with the budget settlement proposed, was committed to continuing to use the resources made available to it prudently to improve Council services.

RESOLVED: that

- (a) **the Deputy Prime Minister be informed of the Council's disappointment and frustration that the Government's proposals to distribute Formula Grant will continue to discriminate against**

**478. (Agenda item 5)
Overview and
Scrutiny
Steering
Committee
Report - Call-In
of Highways
Service Delivery
Structure and
Scrutiny of
Bromsgrove
Highways
Partnership Unit**

Worcestershire;

- (b) the Deputy Prime Minister be warned that the resource base being set by the Government for Worcestershire will mean that its service delivery aspirations are not going to be met;**
- (c) the Cabinet disagrees with the Government's proposals to use retrospective legislation to clawback grant of £1.2m for previous years already used by the Council in good faith; and**
- (d) the provisional funding summary set out in Appendix 1 to these Minutes be endorsed and used as a basis to complete detailed budget proposals for next year.**

- (a) Call-In – Highways Service Delivery Structure

The Cabinet considered the Overview and Scrutiny Steering Committee's (OSSC) report on the call-in relating to the Highways Service Delivery Structure presented by Mr J W Buckley, Chairman of the Committee.

The report indicated that the Cabinet, on 12 September 2005, had approved proposals in relation to the Highways Maintenance Policy, Highways Management Plan and Highways Service Delivery Structure. The decision relating to the latter was subsequently called-in. On 22 September 2005, Council supported a motion to establish a scrutiny exercise to investigate whether residents of Bromsgrove were receiving value for money in regard to the performance of Bromsgrove Highways Partnership Unit (HPU). Since the two issues were closely related and information for both investigations likely to come from the same source the two issues were considered by the OSSC in tandem and outcomes dealt with in a single scrutiny report.

The scrutiny report set out the background to the scrutiny exercise, together with the methodology and supporting evidence. The OSSC considered that the consultation that took place before the proposals were submitted to the Cabinet was not sufficient and accordingly the Cabinet did not follow the principles of decision making as set out in Article 7.2 of the Council's Constitution in this instance. The OSSC's full recommendations were detailed in the Executive Summary of the scrutiny report. The Cabinet Member with Responsibility for Environmental Services had provided a response to the report. The Cabinet was now asked to consider the report of the OSSC and the response produced by the Cabinet Member with Responsibility.

The following options were now available to the Cabinet:-

- confirm the original decision without modification; or
- confirm the original decision with modification; or
- rescind the original decision and (if considered appropriate) take a new one.

The following main points were made in the ensuing discussion:-

- (a) the Cabinet Member with Responsibility for the Environment acknowledged that, in hindsight, consultation on the proposals had not been sufficient;
- (b) the Cabinet's decision on the future of the Highways Service Delivery Structure had been designed to improve service delivery rather than a desire to reduce costs. However, given the Council's budget settlement the costs of any future proposals were now more relevant;
- (c) the OSSC had felt that sufficient arrangements were in place to integrate the HPU enquiry system with the Hub. The Cabinet was reassured that the Malvern pilot would continue as planned and, if successful, would be rolled out to other areas. In the meantime, the OSSC's comments would be taken to the Worcestershire Hub Steering Group;
- (d) the process of appointing inspectors was ongoing. Some concern was expressed however, that funding for them would not be available if the changes originally proposed were not implemented;
- (e) there may be a small additional on-cost resulting from delay in implementing any proposals.

The Cabinet was minded to modify its original decision in the light of the OSSC report and looked forward to receiving a report back on HPU structures, whilst it was anticipated that such a report would be brought forward in March 2006 the importance of undertaking a thorough re-examination was recognised.

RESOLVED: that the decision taken by the Cabinet on 12 September 2005 (and subsequently called-in) be modified so that it will reconsider its decision on HPU structures in the light of a report to a future meeting, the Overview and Scrutiny Steering Committee report, the response of the Cabinet Member with Responsibility and further consultation to be

undertaken.

(b) Notice of Motion - Bromsgrove Highways Partnership Unit

The Cabinet considered the Overview and Scrutiny Steering Committee's (OSSC) report on the Notice of Motion relating to the Bromsgrove Highways Partnership Unit presented by Mr J W Buckley, Chairman of the Committee.

The report indicated that on 22 September 2005, Council supported a Notice of Motion which required the OSSC to establish and agree terms of reference for a Scrutiny Task Group to investigate whether the residents of Bromsgrove were receiving value for money in regard to the performance of the Bromsgrove Highways Partnership Unit (HPU), in its proposed expenditure of £2,472,000. The OSSC had agreed to undertake this scrutiny itself alongside its discussions about the call-in. The outcomes of these were contained in the scrutiny report dealing with the Highway Service Delivery call-in.

In presenting its report the Chairman of the OSSC outlined the Committee's findings that there was little evidence to suggest that the Bromsgrove HPU was providing poor value for money compared with other HPUs in Worcestershire.

The Committee's investigations had, however, suggested that members may benefit from greater clarification of the role of HPUs.

RESOLVED: that the Overview and Scrutiny Steering Committee findings that there is little evidence to suggest that the Bromsgrove Highways Partnership Unit is providing poor value for money compared with other Highways Partnership Units in Worcestershire be accepted.

**479. (Agenda item 6)
Local
Management of
Schools 2006/07
and 2007/08**

The Cabinet considered changes to the schools funding formula and scheme for 2006/07 and 2007/08.

The report indicated that each year the Council was required to consult on changes to the Local Management of Schools (LMS) formula and funding scheme. The Government was, from April 2006, introducing multi-year funding for schools initially for the 2 year budget period 2006/07 and 2007/08 pending introduction from 2008/09 of a multi-year cycle to coincide with the national spending review timetable. This necessitated consultation to take place on the budget periods for 2006/07 and 2007/08.

During October and November the Schools Forum and a

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working group of headteachers and officers considered the draft consultation paper prior to its wider circulation. Headteacher/governor consultation meetings were also held in November at which proposed changes were discussed. Officers were also requested to attend meetings of headteachers in primary partnerships, middle and high school groups to discuss detailed consultation issues particularly relating to Special Educational Needs. The consultation paper provided information on changes that the DfES were introducing at a national level to the formula and scheme and in particular asked for responses to 9 specific questions within the Council's funding formula.

The Schools Forum on 6 December 2005 confirmed that it supported the recommendations for changes to the schools funding formula and scheme for 2006/07 and 2008/08. However, it did request, in respect of the new SEN formula factor to be introduced from 2006/07, that it be subject to further review in time for the 2007/08 budget period. It was proposed in the consultation paper, and overwhelmingly supported, that the Schools Forum act as the main source of additional consultation with schools during the year. The responses from schools showed that, as in previous years, there was no strong desire for further delegation. They also showed majority support for the proposed changes to the LMS formula and scheme both in total and in the majority of phases for 2006/07 and 2007/08.

The following main points were made in the ensuing discussion:-

- (a) the low response rate to the consultation, particularly from Nursery/First/Primary schools, was disappointing. More work was needed to encourage responses in the future;
- (b) there had been an increase in the number of children with statements being supported within mainstream education. This provided schools with particular challenges. Early intervention was key in addition to providing schools with access to improved support mechanisms;
- (c) members were reassured that statements were processed within the prescribed timescales.

The Cabinet welcomed the results of the consultation on the LMS formula and funding scheme for 2006/07 and 2007/08.

RESOLVED: that as a result of the consultation undertaken in October and November 2005 the changes to the schools funding formula and scheme for 2006/07 and 2007/08 outlined in Appendices 1 and 2 of the report be approved.

The meeting ended at 3.00 pm

Chairman