



Leicester
City Council

Minutes of the Meeting of the
CABINET

Held: MONDAY, 21 FEBRUARY 2011 at 1:00 pm

P R E S E N T:

Councillor Patel - Chair
Councillor Dempster - Vice-Chair

Councillor Cooke
Councillor Naylor
Councillor Russell

Councillor Dawood
Councillor Osman
Councillor Wann

Councillor Westley

ALSO IN ATTENDANCE

Councillor Grant

Conservative Group Leader

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191. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Bhatti.

192. DECLARATIONS OF INTEREST

Councillors were asked to declare any interests they may have in the business on the agenda and/or declare if Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Cooke declared a personal interest in the General Fund Revenue Budget 2011/12 to 2013/14 as his wife was employed by the Leicester City Council as a Human Resources Officer.

Councillor Dawood declared a personal interest in the General Fund Revenue Budget 2011/12 to 2013/14 as he worked for Connexions and his wife worked

for the Leicester City Council school meals' service.

193. GENERAL FUND REVENUE BUDGET 2011/12 TO 2013/14

Councillor Patel submitted a report that requested Cabinet to approve a budget for 2011/12 to 2013/14 and to recommend this to Council. Councillor Patel drew Members' attention to the revised recommendations, which were circulated at the meeting. He said it gave him no pleasure to propose a budget forced on the Council by Government cuts and that the cuts were too much, too soon. Councillor Patel thanked Cabinet colleagues for their work in putting together a budget, which, he commented was one of the toughest budgets in living memory.

Councillor Dempster stated that the Council had used a significant amount of reserves in order to protect children's services and thereby had also protected vulnerable children. Councillor Dempster added that it was important to prioritise the Youth Service and the revised recommendations of the report included the deletion of growth item AIP G1 (improved services for young people) and the deletion of reduction item AIP R18 (youth services management efficiencies).

Councillor Naylor stated with regard to Community Safety, that thanks were given to his colleagues because in spite of the severe budget cuts, funding had been put back into the budget which would help to re-model and re-shape the services that were offered.

Councillor Osman commented that the reductions in the budget that the Council were faced with were unprecedented and all the Cabinet Leads had had to work very hard with officers in working out the budget. The severe winter had resulted in very considerable problems with pot-holes in the city roads and an extra £1m had been put into the infra structure around the city during 2010/11. Councillor Osman added that there had been low numbers of planning applications, low growth in the economy and little money from the Government in respect of public sector housing. There was however some growth within the budget, which the Council could be proud of. This had been provided from the Working Neighbourhood's Fund. Councillor Osman added that Leicester City Council, as with other local authorities had been forced into making the cuts and difficult times were ahead.

Councillor Westley expressed concerns over the impact the budget cuts would have on housing and the most vulnerable members of the community. He added that the welfare reforms would have a major impact on all members of society and expressed further concerns on the Government's proposals to cut benefits in general. Councillor Westley added that the Council had built the first council housing in Leicester for 30 years, but this programme had now stopped because of the budget situation.

Councillor Russell commented that the budget was a difficult budget and that cities with high levels of deprivation had been the worst hit. She added that the funding cuts would affect the most vulnerable and that it was important to

protect those people and the services that the Council provided to them. Councillor Russell stated that it was important to ensure that people remained safe in their homes, that the streets were kept clean and that there were controls on licensed premises. The Council had done what it could to save money by reducing management and making efficiency savings, but it was important to ensure that where savings were identified they were followed through. Councillor Russell expressed concern over the effect of the budget cuts on Adults and Social Care and stated that it was important that money was put in to protect the planned transformation of the Adults and Social Care Service.

Councillor Wann also commented that the budget had been extremely difficult but explained that the Council had managed to save jobs in the libraries and leisure centres. He added that it was important that the Council kept those services going. He further asked Members to note that the Council's apprenticeship scheme had also been protected.

Councillor Cooke expressed concerns that the personalisation agenda within Adults and Social Care was at a crucial stage of implementation, and had had to be accelerated because of the budget cuts. Discussion had taken place with stakeholders and the unions and following the discussions, some changes to the proposals had been made and that they would be going out for consultation.

Councillor Grant commented that national funding cuts had been proposed before the coalition Government came to power so the Council should have been better prepared to deal with the reduction in the budget. He added that the Adult Social Care Transformation Programme was behind schedule and that the spending cuts would have been easier to deal with if the programme had progressed.

Councillor Grant commented that savings of £300,000 could have been made from De Montfort Hall, which could have been used elsewhere. He expressed concerns that the budget appeared not to be balanced, which could result in the Council needing to borrow money and could lead to further cuts in future years.

Members responded that future years' budgets would need to include further spending cuts as the Government had already stated that there were more cuts to come. There were already programmes of efficiencies but the level of cuts that the Council was facing could not just be met out of efficiencies. Members also commented that the coalition Government had targeted cities like Leicester and other labour controlled Councils.

The Chief Finance Officer informed the meeting that the Police Authority and the Fire Authority had both agreed to a nil tax rise. He stated that the Secretary of State had announced the capping criteria for 11/12 at 3.5%. He noted that it now appeared that schools could be charged with part of the cost of the carbon reduction levy, but also that extra costs were expected from 2012/13 in respect of contracted out national insurance. The Local Government Employer's

Organisation had also announced that they were not intending to make a pay offer in 2011/12, but he recommended that the Council retained its current budget provision.

RESOLVED:

that Cabinet agrees to

- (a) to thank consultees for their responses, and to note changes made to the budget as a consequence, and as described in paragraph 14 of the budget report;
- (b) to approve the budget described in the report, and ask the Chief Finance Officer to prepare a formal budget and council tax resolution, and consequent prudential indicators, for Council approval subject to the following amendment:

| | <u>2011/12</u> £000s | <u>2012/13</u> £000s | <u>2013/14</u> £000s |
|--|-------------------------|-------------------------|-------------------------|
| Deletion of growth item AIP G1 (improved services for young people) | 147 | 294 | 294 |
| Deletion of reduction item AIP R18 (youth service management efficiencies) | (247) | (494) | (494) |

- (c) subject to the approval of the budget by Council on 23 February and the Council's normal procedures, to authorise strategic and divisional directors to take any action necessary to deliver budget plans for 2012/13 to 2013/14
- (d) to recommend to the Council that the approved budget shall form part of the policy and budget framework of the Council, and that future amendments shall require the approval of full Council, subject to the following:
 - the Executive function may authorise the addition, deletion or virement of sums within the budget up to a maximum amount of £2m (either one-off or per annum) for a single purpose;
 - the Executive function may determine the use of monies held for job evaluation;
 - the Executive function may determine the use of the £2m contingency in 2011/12;
 - subject to a further report to Council (as agreed by Cabinet on 7 February), the Executive function may determine the use of monies held for centrally located office accommodation;
- (e) to recommend to Council that the Chief Finance Officer be

authorised to calculate and give effect to the following budget adjustments, for which provision is presently held corporately:

- savings arising from the ODI transformation plan;
 - savings arising from the review of senior management;
 - provision for the carbon reduction levy;
- (f) to approve the creation of an earmarked reserve for potential severance costs arising from the budget amounting to £15m, and to recommend Council to authorise the Chief Finance Officer to devise a scheme to reimburse divisions with the costs of severance;
- (g) to approve and seek Council's approval to, the use of one-off monies described in sections 9 and 10 to support the budget, and approve their transfer to general reserves for this purpose;
- (h) to recommend Council to authorise the Chief Finance Officer to determine the most appropriate method of deferring part of the cost of severance, as described in section 9;
- (i) to recommend that Council approves the proposed policy on minimum revenue provision described in section 19 of this report;
- (j) to approve the commitment of £2.8m of Working Neighbourhoods Fund monies to the schemes described in Appendix Three;
- (k) to commission the Director of Assurance and Governance to prepare a review of the scheme of members' allowances with a view to achieving savings (section 6);
- (l) to note proposals to review the accounting treatment of the Housing Revenue Account and General Fund, to take place once the implications of HRA self-financing are clear (section 6);
- (m) to ask divisional directors to review support provided to the voluntary sector during 2011/12 with a view to achieving savings (section 14);
- (n) to ask the Chief Executive to review budgets for new furniture acquisition, conference attendance, IT and policy support; and to agree that any savings achieved should be used to support adult social care services (section 6);
- (o) to commission a further report from the Strategic Director of Children's Services on early intervention services, following a more detailed review, identifying how the Council can respond to reduced specific grant on a recurrent basis (section 14);

- (p) to agree that a sum of £2.4m “borrowed” from education capital resources in 2008/09 should not now be “repaid” given the substantial changes in circumstances since that time (section 14);
- (q) to recommend to Council that the executive function shall have authority to approve the final package of changes in HR policies (Appendix Two) on the basis of a report from the Director of HR;
- (r) to recommend that Council approves the controllable budget lines at Appendix Seven to this report, being sub-divisions of the budget to which the Council’s virement rules apply (ie discretion to move funds between budget lines is limited).

194. COMPREHENSIVE SPENDING REVIEW - ASSESSMENT OF EQUALITY IMPACT ON LEICESTER

Councillor Dawood submitted a report that showed an equality impact assessment of the Government’s Comprehensive Spending Review (CSR) and its impact on Leicester. He added that approximately one third of households in Leicester were reliant on benefits and that the impact of the CSR on Leicester would be negative.

Councillor Grant expressed concerns that the report was not supported by evidence and that there had been a low level of research. He stated that the report contained only six individual case studies, and questioned whether such a significant report should be based on only six responses. He added that this led him to further question the credibility of the whole report.

Members responded that the case studies were real people who had been identified with the help of the Council’s Star (Supporting Tenants and Residents) service and who lived in Leicester. The information in the report was compiled with reference to a wide range of national statistics and reports. They also added that there were people living in poverty in Leicester and a rise in council house rents would have a big impact on vulnerable people.

RESOLVED:

that the report be noted and the findings be used by Cabinet to inform its decision in deciding the budget for 2011/12.

195. CLOSE OF MEETING

The meeting closed at 1.58 pm.

