

Subject:	Response to the report of the Scrutiny Review on The Societal Impact of the In-Year Grant Reductions		
Date of Meeting:	20 January 2011		
Report of:	Director of Finance		
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Key Decision:	No		
Wards Affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report sets out the Executive response to the recommendations of the Scrutiny Panel on 'The Societal Impact of the In-Year Grant Reductions'.
- 1.2 The Secretary of State for Communities & Local Government announced details on 10 June 2010 of a number of in-year grant reductions for all local authorities. These totalled £3.55m for Brighton & Hove City Council covering both revenue and capital grants.
- 1.3 At the Overview & Scrutiny Commission meeting on the 20 July, the Commission agreed to establish a scrutiny panel to review the impact of the reductions.
- 1.4 The panel met formally on the 29 October and 23 November.
- 1.5 The purpose of this report is to provide a formal response to the findings and recommendations of the panel.

2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the evidence, findings and recommendations of the Scrutiny Panel on 'The Societal Impact of the In-Year Grant Reductions' (see Appendix 2).
- 2.2 That Cabinet agrees the actions and comments summarised in Appendix 1 to this report, in response to the Panel's recommendations.

3. BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 On the 10 June, the Minister for Communities and Local Government, Eric Pickles set out details of £1.166 billion savings in 2010/11 from local authority grants, the reductions for the City Council were approximately £3.5M. Subsequent announcements by government departments followed that clarified the position regarding certain elements of the reductions. The reductions related to grant allocations that had previously been announced and included in the

budget to be spent during the financial year. Mid year reductions of this nature were unprecedented.

- 3.2 The announcement included the following:
 - Reductions in Area Based Grant (ABG) for each local authority.
 - Reductions in other specific revenue and capital grants.
 - Details of specific grants where the ring-fence has been removed.
- 3.3 Cabinet considered a report on the grant reductions on 17 June and agreed a set of principles and timetable for dealing with the changes in funding.
- 3.4 Council considered a report on the reductions on the 15 July and agreed to the Overview & Scrutiny Commission and relevant Scrutiny Committees be requested to undertake a full scrutiny examination of the in-year reductions to fully assess their impact. At the Overview & Scrutiny Commission meeting on the 20 July, the Commission agreed to establish a scrutiny panel to review the impact of the reductions.
- 3.5 To ensure any findings could be considered as part of the 2011/12 budget process, the Panel undertook a short focused review.
- 3.6 The Panel heard evidence from the Community and Voluntary Sector Forum, Finance staff and budget holders on the grants subject to in-year reductions including:
 - Department for Education (Connexions, School Improvement, Extended Schools, Playbuilder, subsequently re-instated)
 - Road Safety
 - Local Transport Plan programme capital funding
 - Supporting People Administration
 - Home Office funding and Prevent
 - Housing & Planning Delivery
 - Free Swimming
- 3.7 The Panel found little evidence to show how the potential impact of the in-year funding reductions might have been assessed in the time available by this Council or any other.
- 3.8 Whilst service areas were affected in different ways by the in-year reductions depending on their circumstances the Panel did identify areas of good practice and also some common challenges as well as considering the particular responses made for individual funding streams.
- 3.9 The Scrutiny report (included at Appendix 2) describes the scrutiny process and summarises evidence, findings and recommendations.
- 3.10 The report was endorsed at the Overview and Scrutiny Commission meeting on the 14 December 2010 and it passes to the Executive to consider what action if any to take in response.
- 3.11 A summary of the Scrutiny Recommendations, with Executive Response appears as Appendix 1 to this report.

4. THE SCRUTINY PROCESS

- 4.1 Recommendations of Scrutiny reviews should be considered by the Executive within two months of being endorsed by the relevant Overview and Scrutiny Committee. The Executive should either agree or reject each recommendation.
- 4.2 The report of the Scrutiny review and response from the decision-makers are then reported together to full Council for information. The parent Overview and Scrutiny usually receives a report of progress against the agreed recommendations, six months after this.
- 4.3 The Overview and Scrutiny Commission will at that stage determine if any further monitoring is required; whether a progress report is required after a further six months or one year. Otherwise the Commission may resolve that no more monitoring is necessary.

5. CONSULTATION

- 5.1 The scrutiny review undertook consultation with interested parties. Details of those consulted can be found in Appendix 2.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 There are no direct financial implications arising from the recommendations made by the Scrutiny Panel.

Finance Officer Consulted: Patrick Rice

Date: 04/01/11

Legal Implications:

- 6.2 The legal framework for the process described in paragraph 4.1 above is section 21B of the Local Government Act 2000. This stipulates that that within two months of receiving the recommendations from the O & S Commission, Cabinet must consider the recommendations and respond to the Commission indicating what action (if any) Cabinet proposes to take.
- 6.3 If Cabinet agrees the officer recommendations at paragraph 2 above, it will have discharged its duty under section 21B of the 2000 Act.

Lawyer Consulted:

Oliver Dixon

Date: 10/01/11

Equalities Implications:

- 6.4 The equalities implications of the scrutiny panel findings are reported in Appendix 1.

Sustainability Implications:

- 6.5 There are no sustainability implications arising directly from this report.

Crime & Disorder Implications:

- 6.6 There are no crime and disorder implications arising directly from this report.

Risk and Opportunity Management Implications:

- 6.7 Risk & Opportunity Management is a method to assess the likelihood and impact of policies, decisions or actions on objectives. If used it helps set out the wider implications of decisions made and assists in change management. The specific implications in relation to the findings of the scrutiny review are reported in Appendix 1.

Corporate / Citywide Implications:

- 6.8 The in year grant reductions had an impact across a range of council services.

7. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 7.1 N/A.

8. REASONS FOR REPORT RECOMMENDATIONS

- 8.1 The recommendations for which approval is sought are as a result of a detailed scrutiny process. In forming their recommendations the scrutiny panel considered evidence as set out in the appendices of the panel report.

SUPPORTING DOCUMENTATION

Appendices:

1. Summary of Executive Response to Scrutiny Recommendations
2. Scrutiny Report