

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

17th January 2008

**PRESENT:-**

**Conservative Group**

Councillor Harrison (Chairman), Councillor Wheeler (Vice-Chairman) and Councillors Bladen, Mrs. Coyle, Ford, Lemmon (substitute for Councillor Mrs. Plenderleith), Stanton (substitute for Councillor Grant) and Mrs. Wheeler.

**Labour Group**

Councillors Mrs. Lane, Pabla, Richards, Taylor and Wilkins.

**In Attendance**

Councillor Jones (Conservative Group).

**APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Grant and Mrs. Plenderleith (Conservative Group).

FM/99. **MEMBERS' QUESTIONS**

With reference to an item later in the Meeting, the Chairman sought an update about the provision of a new leisure centre at Etwall. Councillor Lemmon responded as Chairman of both the Housing and Community Services Committee and the Etwall Leisure Centre Joint Management Committee. He reminded Members of the District Council's aspirations to provide a new leisure centre for many years. He referred to the previously unsuccessful Lottery bid and the substantial funding secured from a number of bodies, which meant that this project could move forward within a very short period. This statement was accepted by Members and it was noted that a press release would be made.

FM/100. **REPORTS OF OVERVIEW AND SCRUTINY COMMITTEE**

The Chairman advised that he had been invited to contribute to the budget scrutiny discussion at the Meeting of the Overview and Scrutiny Committee on 23rd January 2008.

**MATTERS DELEGATED TO COMMITTEE**

FM/101. **CORPORATE PLAN PRIORITIES FOR ACTION 2008/11**

It was reported that the Corporate Plan was an integral part of the Council's performance management framework and its actions set out how the Council would deliver key priorities, together with key measures of success. These actions continued to support the Council's vision for "making South Derbyshire a healthier, more prosperous and safer place to live, by offering value for money services".

Members were reminded of the six themes in the Plan, which had been the subject of extensive consultation with local people and groups. The fundamental change for 2007/08 was the inclusion of value for money throughout the Plan. The priorities for action were appended to the report and represented the delivery mechanism for the Corporate Plan. They described how the Council would continue to work with partners to improve the quality of life for residents, the vitality of community groups and the success of businesses within the District. It was considered that the themes should remain in place, to enable the Council to develop those areas that had been determined to be important by the community. A fundamental review of the Plan would be undertaken in 2010. It was proposed to consult on the draft actions, together with the proposed budget for 2008/09 at the next round of area meetings, through consultation with local businesses and hard to reach groups, in addition to the Overview and Scrutiny Committee.

Officers responded to a question from Councillor Wilkins about achieving better value for money. In particular, this concerned the measurement of value for money, other than in cash savings. Councillor Taylor referred to the theme “You at the Centre” and particularly listening to and informing local people. He questioned the arrangements for communication and whether resources would be allocated to this area. Officers gave an outline of the current consultation mechanisms and other proposals, including an annual report and arrangements for “hard to reach” groups.

**RESOLVED:-**

***That the Committee approves the draft priorities for action for the 2008/11 Corporate Plan as outlined within the report, as a basis for consultation with local people and other stakeholders.***

FM/102. **SERVICE BASE BUDGETS 2008/09**

A comprehensive report was submitted to detail the Committee’s proposed base budget for 2008/09. It included an overview of the Committee’s main spending areas and some of the main cost pressures facing its services. It was proposed that the estimated income and expenditure be included within the consolidated budget of the Council for 2008/09, subject to the Council’s overall medium-term financial position. Proposals were also set out for the level of fees and charges and the Committee was asked to consider proposed service development bids.

The Committee’s net revenue expenditure was summarised in an appendix to the report. It was supplemented by a “line by line” breakdown of every cost centre. The report stated the large spending areas that the Committee was responsible for. Several of these spending areas provided the statutory, support and advisory functions of the Council and a substantial amount of the Committee’s costs were recharged to other services and accounts. A table was submitted to provide an analysis of expenditure for the period for 2006/07 to 2008/09, comparing the actual out-turn, the approved budget and proposed budget for 2008/09.

The Committee’s net expenditure was estimated to reduce by £421,034 and this was detailed in a table. There were some large variances, on which further information was provided. Particular reference was made to the

National bus pass scheme, asset and estate management, housing benefits, staffing and departmental budgets and the interest payable and receivable.

The detail of the report focused initially on capital charges, which consisted of depreciation and deferred charges. Reference was made to central establishment recharges and accounting for pensions, including the FRS 17 adjustment. Next, the report explained the basis of the 2008/09 base budget, which had been compiled at November 2007 prices. Allowances for inflation had been included, where this was considered unavoidable, to provide the cash limit estimate for 2008/09. Details of the assumptions and inflation measures were provided.

The report then focused on capital investment and a table detailed the schemes within the Council's approved capital investment programme. A further appendix provided a schedule of the proposed fees and charges that would operate from 1st April 2008. Generally, it was proposed that fees and charges be increased by around 2.75%. Details were provided of the proposed service developments for 2008/09, which were also shown in an appendix. The revenue bids totalled £433,500, with proposed new capital investment being £1.3 million. There were two proposals for consideration by this Committee, relating to an increase in the maintenance budget for the Civic Offices and works at the Midway fishponds.

It was questioned whether changes to housing benefit arrangements would impact on District Council budgets. This was not predicted, as primarily it concerned a change in who received the payment.

**RESOLVED:-**

- (1) That the budgeted revenue income and expenditure for 2008/09 for the Committee's services be approved and included in the Council's proposed consolidated budget.***
- (2) That the proposed fees and charges for 2008/09 be approved.***
- (3) That the Committee's service development proposals be approved and included in the Council's proposed consolidated budget.***

FM/103. **CONSOLIDATED BUDGET PROPOSALS 2008/09 AND FINANCIAL PLAN TO 2013**

A report was submitted to detail the Council's overall financial position for the 2008/09 budget round. The report covered the following areas:-

- The Council's financial settlement from the Government for the 3-years 2008/09 to 2010/11
- The General Fund's 5-year financial forecast including proposed spending by policy committees and associated analysis to 2012/13.
- The proposed council tax base and collection fund position.
- The effects of indicative Council Tax levels.
- Proposed service developments.

- A review and update of the existing capital investment programme and financing available.

The Executive Summary provided information on the General Fund financial position and with regard to capital investment. The detail of the report considered initially the Council's financial settlement for the period 2008/09 to 2010/11. In November 2007, the Government announced the level of general grant for local authorities and for the first time, this covered the next three financial years. The average increases for district councils across the country were reported and in comparison, South Derbyshire had fared better with increases of 2.9%, 2.7% and 2.4% for the three year period. In response to a question from Councillor Harrison, it was confirmed that South Derbyshire had received the highest settlement in Derbyshire. It was also noted that county councils were having much larger settlements, to provide for additional social services and to meet waste disposal needs.

The Council's Medium Term Financial Plan (MTFP) had assumed increases of 2% per year and a table reported the significant impact of the settlement, with additional resources of £928,760 over the five-year planning period. Members were reminded of the mechanism in place through the national funding formula and the consequent grant reductions for the Council over the next three years.

The next section of the report focused on other grant funding streams:-

- Housing/Planning Delivery Grant
- Homelessness Grant
- Waste Performance and Efficiency Grant
- Benefits Administration Grant
- New National Concessionary Travel (bus pass) Scheme
- Future Grant Settlements
- Area Based Grants

The report then looked at the General Fund 5-year financial projection. This was set out in a detailed appendix and summarised in a table. It showed the budget deficit and balance of reserves for the period 2008/09 to 2012/13. It showed that general reserves were projected to be above the minimum level required by the financial strategy throughout this period. Further commentary was provided about anticipated future spending pressures, past measures, the reported level of Government grant and the assumed level of Council Tax increase for the projection.

In response to a question from Councillor Wilkins, it was confirmed that there were still a number of earmarked reserves in addition to the unallocated General Reserve.

A comparison was provided to the previous projection and forecast level of reserve balances at March 2012. The main reasons for the increase to £1,006,336 were summarised in an appendix. The report highlighted particular gains and losses. Information was then provided on the assumptions used in compiling the budget projection, which were again detailed in an appendix to the report. Particular reference was made to the financial risks associated with the minimum level of general reserves and

those relating to other provisions. The risk and cost pressures considered by other policy committees were reported for the following areas:-

- Recycling and composting
- Income from Land Charges
- Income from Planning Fees
- Transfer of parking enforcement
- Funding community support and crime prevention services
- Extending the contract for the Green Bank Leisure Centre
- Provision of new leisure facilities – Etwall
- Swadlincote Woodlands
- National Bus Pass Scheme
- Maintenance to the Civic Offices

It was questioned whether the reference to composting meant that this service would be out-sourced and there was a discussion about providing a quality service at the lowest cost. The level of available revenue resources and the Council's efficiency programme were also reported on.

The Committee gave consideration to the Council Tax aspects of the report. Information was submitted on the Council Tax base and the Collection Fund surplus/deficit. A further appendix showed an estimated surplus on the Collection Fund of approximately £12,000 and how this could be disaggregated. Given the amounts involved, it was not considered necessary to report a surplus or deficit for the current year. Finally, this section of the report looked at Council Tax levels. A 2.5% projection had been used in compiling the consolidated budget and the impact of a 1% increase or decrease in the level of Council Tax was shown.

The proposed service developments were considered and shown in a further appendix to the report. The revenue bids totalled £433,500 and had been built into the overall budget for 2008/09. Where applicable, the ongoing effects had been shown in the MTFP and this would reduce projected reserve balances to £883,320. This was below the target minimum of £1million, but was not considered critical at this stage, given efficiency and other measures that should ensure the minimum level was achieved over the medium-term.

Capital investment and financing was reported on, with sections on general capital receipts, other capital receipts, the current investment programme and private sector housing investment. Information was provided on Disabled Facility Grants, generating resources and the Business Improvement Grant. There were pressures to increase capital investment, which were set out in an appendix to the report. The use of capital receipts and other possible sources of finance were also reported.

A Member referred to the report recommendation on proposals for capital investment and the availability of resources. It was questioned whether this enabled the Authority to bypass the pooling arrangements for the return of a proportion of capital receipts. A report would be submitted to the next Finance and Management Committee on the use of a particular receipt. Whilst each case would have to be judged on its own merits, dependent upon the use of the resources received, it might be possible to retain 100% of those receipts.

**RESOLVED:-**

- (1) That the estimates of revenue income and expenditure for 2008/09 for the General Fund be approved, together with the levels of income and expenditure.***
- (2) That the Council Tax base for 2008/09 be approved as 30,367.5.***
- (3) That no surplus or deficit on the Collection Fund for 2007/08 be included in the calculation of the Council Tax for 2008/09.***
- (4) That the updated five-year financial projection on the General Fund to 2013, including associated assumptions and risks be approved.***
- (5) That the proposals for revenue service developments be approved as submitted.***
- (6) That the updated Capital Investment Programme and available financing to 2013 be approved.***
- (7) That the proposals for new capital investment be approved as a priority list alongside proposals for delivering low cost affordable housing, pending the availability of future resources.***
- (8) That the decisions made in recommendations (1) to (7) above be used as the basis for consultation with local residents, businesses, voluntary and community groups.***

FM/104. **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985**

**RESOLVED:-**

***That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.***

**PROVISION OF A NEW LEISURE CENTRE WITHIN FIVE MILES OF HILTON**  
**(Paragraph 3)**

***The Committee agreed to underwrite capital monies to enable proposals for a new leisure centre to commence.***

J. HARRISON

CHAIRMAN