

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

22nd May 2012

PRESENT:-

Conservative Group

Councillor Wheeler (Chairman), Councillor Mrs. Watson (Vice-Chairman) and Councillors Jones, Lemmon, Murray, Smith and Watson.

Labour Group

Councillors Dunn (substitute for Councillor Taylor), Frost, Rhind, Richards and Wilkins.

In Attendance

Councillors Harrison and Mrs. Plenderleith (Conservative Group).

FM/1. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Southerd and Taylor (Labour Group).

MATTER DELEGATED TO COMMITTEE

FM/2. **BUDGET AND FINANCIAL MONITORING: PROVISIONAL OUT-TURN 2011-12**

The Committee received the latest budget and financial monitoring report, which provided the provisional out-turn for 2011/12. This report was supplemented by a presentation.

As part of proper financial management, the Council monitored income and expenditure against budgets on a regular basis throughout the year. Details were provided of the monthly monitoring undertaken and the more regular monitoring of volatile and high risk budgets. Additionally, there was online day-to-day monitoring and more formal meetings with budget managers, together with periodic reports to the Policy Committee. This monitoring report detailed performance up to 31st March 2012 and gave the provisional out-turn position. Final figures would be reported to the Special Meeting of the Committee on 28th June 2012,.

Initially, the detail of the report looked at the General Fund Revenue Account and a table was included showing the revised position, with an estimated surplus of £3,557. Further commentary was provided on net expenditure on services and the position following the third quarter, which included a table showing major variances. The provisional out-turn for 2011/12 was reported with further tables showing performance against budget for each of the policy committees and by main service area. The table showed that there had been an overall decrease in net expenditure on services of £769,155 and the reasons for this were summarised in another table. Further commentary was

provided on each of the main variances, initially comprising the reduction in past service deficit for the pension fund, specific government grants and additional income received. The reported figures were in excess of that projected previously. Next, the report included further information on the additional income received, together with reductions in cost. The beneficial implications of this position were reported and it was considered that the under-spending should be examined further ahead of the Autumn financial settlement.

A summary was provided on the overall surplus for the General Fund 2011/12 which totalled £985,889. This included contingent sums set aside for the pay and grading review, growth, inflation and growth in waste collection not required during the year. Additionally, there were some year-end charges to be fully confirmed.

Next, the report focussed on the Housing Revenue Account. The provisional out-turn for 2011/12 was reported with details in a table. This showed that the net deficit was much lower than compared to budget with additional income, lower housing repairs, contingent sums not being required and a net reduction in other costs. Further commentary was provided on each of these areas, together with the implications under the self financing regime.

The report then considered capital expenditure and financing for 2011/12. The provisional out-turn was reported in a table which showed capital expenditure by service. An analysis of the main variances was detailed within the report. Except for one scheme associated with town centre improvements, all projects were expected to be completed within budget.

The report also covered reserves, balances and provisions. An update was given on the potential financial liability relating to benefit subsidy claims. The provisional position on the General Fund Reserve balance as at 31st March 2012 was set out in a table. There were proposed appropriations and carry forwards, which were set out within further sections of the report. After allowing for the proposed transfers to earmarked reserves this left the General Fund Reserve balance at approximately £3.8m which was £700,000 higher than estimated. Reports were also provided on the Housing Revenue Account Reserve and Capital Receipts Reserve.

An update was provided on Treasury Management, with an analysis of the Council's borrowing and short-term investments/bank deposits. This was shown in a further table giving the position as at 31st March 2012.

The Chairman commended the staff for their professionalism in achieving savings. It was questioned whether the Housing and Community Services Committee would be given the opportunity to discuss the Housing Revenue Account. It was confirmed that this would be covered as part of the Business Plan review, with an update on self-financing given to the Meeting on 14th June 2012. There was discussion about when the identified resources could be utilised and the position would be clearer once the Government's Autumn financial settlement had been received. Officers responded to questions regarding the IT reserve, how this was managed, the dependency on advice

from the Council's contractor and the procurement controls in place. The role of the IT Member Champions was also recognised as part of this discussion.

RESOLVED:-

- (1) That the provisional out-turn figures for 2011/12 are approved.***
- (2) That the following appropriations are made from the General Fund Reserve into Earmarked Reserves, as detailed in Section 6 of the report:***
 - Transfer to the IT Reserve – £60,000***
 - Transfer to the Innovation Fund - £24,525***
 - Increase in Housing Benefits Provision - £45,600***
 - Carry Forwards to supplement 2012/13 budgets - £145,000***
- (3) That the current budgets for areas of underspend and additional income identified in the report, are examined by the Senior Management Team ahead of the Annual Financial Settlement in the Autumn, to determine whether any further efficiency/budget savings can be generated.***

R. WHEELER

CHAIRMAN

The Meeting terminated at 6.30 p.m.