

FINANCE AND MANAGEMENT COMMITTEE: SPECIAL - BUDGET

12th January 2017

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Mrs Plenderleith (Vice-Chairman) and Councillors Atkin, Mrs Brown (substituting for Councillor Mrs Coe), Mrs Coyle, Hewlett, Watson and Wheeler

Labour Group

Councillors Rhind, Richards, Southerd and Wilkins

FM/105 **APOLOGIES**

Apologies were received from Councillor Mrs Coe (Conservative Group).

FM/106 **DECLARATIONS OF INTEREST**

The Chairman declared a personal and prejudicial interest in relation to Item 11 on the Agenda by virtue of being Chairman of the Melbourne Sporting Partnership.

FM/107 **QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 10**

The Committee was informed that no questions from members of the public had been received.

FM/108 **QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO 11**

The Committee was informed that no questions from Members of the Council had been received.

FM/109 **REPORTS OF THE OVERVIEW AND SCRUTINY COMMITTEE**

There were no reports of the Overview & Scrutiny Committee to consider.

FM/110 **SERVICE BASE BUDGETS 2017/18**

The Director of Finance and Corporate Services presented the report to Committee, highlighting the Council's financial position, expenditure, additional costs, reductions, service provision, inflation, payments for concurrent functions to parish councils and risks. A summary of the main service areas together with the change in expenditure was highlighted in the report projecting additional expenditure of approximately £145,000 between 16/17 and the proposed figures for 17/18. It was reported that this was mainly due to incorporation of the pay award approved by the Committee for the next year 17/18 of 1% for staff, the ongoing implications of the pay and grading review approved last year, the loss of government contribution towards administration

of the Housing Benefits service and the inflation increase as per the contract with Northgate. It was noted that these factors had been included in the budget and any changes to service provision would be reported in a future Committee.

The Leader proposed that the level of increase in contributions to Parish Councils in 2017/18 for Concurrent Functions be 1% in line with that agreed for voluntary bodies by Housing and Community Services Committee and this was carried by the Committee.

RESOLVED:

1.1 That the proposed revenue income and expenditure for 2017/18 for the Committee's Services, as detailed in Appendix 1 to the Report, be considered and included in the consolidated proposals for the General Fund.

1.2 That the proposed fees and charges as detailed in Appendix 3 for 2017/18 are considered and approved.

1.3 That a 1% increase in contributions to Parish Councils in 2017/18 for Concurrent Functions be approved.

FM/111 **BUDGET REPORT 2017/18 INCORPORATING THE CONSOLIDATED BUDGET PROPOSALS AND MEDIUM TERM FINANCIAL PLAN TO 2022**

The Director of Finance and Corporate Services delivered the report to the Committee, clarifying the position entering the 2017/18 budget round, the updated General Fund position with the medium-term projections, identifying that action needs to be taken in order to alleviate the projected budget deficit of £800,000 in 2018/19. It was noted that the Council's Financial Settlement for 2017/18, along with those projected through to 2022, were less than initially anticipated, a reflection of the change in core funding, largely due to the reduction of the Revenue Support Grant and the New Homes Bonus being 'top-sliced' to fund adult social care.

It was reported that the government responded to the consultation on the New Homes Bonus by outlining their proposals to reduce legacy payments of the bonus from 6 to 4 years in 2018/19. The Director advised that there would be a transitional period for 2017/18 where this bonus would be for 5 years and then down to 4. The other main proposal confirmed by the government was to discount the first 0.4% of growth by considering it 'deadweight'. The Director clarified the principle of 'deadweight' related to the governments' view that an initial level of growth within any district would be inevitable. The original proposal was 0.25%, but citing levels of growth across the country and the requirement of funding for adult social care, the government confirmed that the first 0.4% of growth would be deemed 'deadweight' and therefore no longer qualify for the New Homes Bonus. The consultation also outlined proposals to introduce penalties for authorities where no Local Plan was in place meaning that new homes which were rejected at the application stage, but then overturned on appeal would receive no New Homes Bonus payment. In terms of total core funding, Committee were advised that the Council generated

£12.3m but is forecasted to decrease to £10.6m and reduce by 15% over the next five years.

The Director highlighted that growth within the District and subsequent cost pressures would affect income, not only council tax and new homes bonus, but also potentially impact the service base budget, for example, the provision of bins for new properties. The Director explained the recommendation to increase provision for growth and setting up a reserve, outside the general reserve, to specifically deal with the cost of growth would allow the Council to allocate and direct resources accordingly. The Director advised that the current expenditure would not be sustainable, that the cost of growth would need to be monitored and savings identified in order to address the £800,000 deficit.

The Chairman thanked officers for the comprehensive report and invited questions.

Councillor Southerd questioned whether the County Council had been approached to assist with bin provision. The Chief Executive and the Director responded that County had assisted in the past, but this was a unique circumstance relating to the closure of the Newhall and Bretby waste disposal facility.

Councillor Richards raised concerns regarding the potential loss of New Homes Bonus for planning applications rejected at Committee, but overturned on appeal.

RESOLVED:

- 1.1 That the estimates of revenue income and expenditure for 2017/18 for the General Fund as detailed in the report be approved.***
- 1.2 That a 1% increase in grants to voluntary bodies and payments to Parish Councils under concurrent functions be approved.***
- 1.3 That the Council Tax Base for 2017/18 of 31,647 (equivalent Band D) properties as detailed in Appendix 3 be approved.***
- 1.4 That a Council Tax Surplus of £500,000 is declared on the Collection Fund for 2016/17 and the Council's proportion of £55,000 be transferred to the General Fund in 2017/18.***
- 1.5 That a provisional increase of 1.95% in the rate of Council Tax for 2017/18 be noted and that the final rate be considered by the Committee at its meeting on 16th February 2017.***
- 1.6 That the updated 5-year financial projection on the General Fund to 2022, including associated assumptions and risks, as detailed in Appendix 1 to the Report, be approved.***
- 1.7 That the annual amount set-aside for Growth in the General Fund be increased from £100,000 to £200,000 per year from 2016/17.***

1.8 That a new Earmarked Reserve be established to fund service pressures relating to Growth.

1.9 That any unused sums each year set-aside in the General Fund regarding Growth and other Contingencies be transferred to the Earmarked Reserve in 1.8 above.

1.10 That a strategy and action plan be drawn up to generate budget savings of £800,000 on the General Fund ahead of 2018/19.

1.11 That the decisions made in recommendations 1.1 to 1.10 be used as the basis for consultation with local residents, businesses, voluntary and community groups, etc. and are subject to review by the Overview and Scrutiny Committee.

FM/112 **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.

TO RECEIVE QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO. 11

The Committee was informed that no questions had been received.

CORPORATE SERVICES TRANSFER – TRANSITION UPDATE (Paragraphs 2 and 3)

Members approved the recommendations in the report.

ELECTORAL SERVICES – TEMPORARY POST (Paragraph 1)

Members approved the recommendations in the report.

Councillor Harrison left the Meeting at 7.00pm

MELBOURNE SPORTING PARTNERSHIP LOAN AGREEMENT (Paragraph 3)

Members approved the recommendations in the report.

The meeting terminated at 7.05pm.

COUNCILLOR J HARRISON

CHAIRMAN