

FINANCE AND MANAGEMENT COMMITTEE: SPECIAL - BUDGET

16<sup>th</sup> February 2017

**PRESENT:-**

**Conservative Group**

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

**Labour Group**

Councillors Richards, Southerd, Taylor (substituting for Councillor Rhind) and Wilkins

**In Attendance**

Councillor Swann (Conservative Group)

FM/117 **APOLOGIES**

Apologies were received from Councillor Smith (Conservative Group) and Councillor Rhind (Labour Group).

FM/118 **MINUTES**

The Open Minutes of the Meeting held on 1<sup>st</sup> December 2016 and of the Audit Sub-Committee Meeting held on 14<sup>th</sup> December 2016 were taken as read, approved as a true record and signed by the Chairman.

FM/119 **DECLARATIONS OF INTEREST**

The Chairman declared a personal and prejudicial interest in relation to Item 13 on the Agenda by virtue of being Chairman of the Melbourne Sporting Partnership.

FM/120 **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/121 **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/122 **REPORTS OF THE OVERVIEW AND SCRUTINY COMMITTEE**

Councillor Swann, as Vice-Chairman of the Overview & Scrutiny Committee delivered a verbal update to the Committee, noting its review of the budgetary matters presented comprehensively by the Director of Finance and Corporate

Services. He reported that the Committee had carefully considered the budget reports and acknowledged the potential financial challenges facing the Council, but no matters of significance from an overview and scrutiny perspective were cited for further investigation.

Councillor Swann left the Meeting at 6.05pm

FM/123 **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2017/18**

The Director of Finance and Corporate Services presented the report to the Committee highlighting the Council's lending policy and counterparty list. It was reported that the lending list highlighted that most investment had been made with other local authorities and the Bank of England. Members were advised that the 'lending list' had changed over past twelve months where investments split between 'specified' (guaranteed financial return to the authority) and non-specified' (more risky but allowed), were explained. It was noted that due to credit ratings, that HSBC was the only named institution on the specified list. The Director advised Members that the 'lending list' is based on security and liquidity as a priority and then the best interest rate.

**RESOLVED:**

***1.1 That the Treasury Management Strategy for 2017/18 be approved.***

***1.2 That the Prudential Indicators and Limits for 2017/18 to 2021/22 as set out in Appendix 1 be approved.***

***1.3 That the Investment Policy for 2017/18 including the associated counterparty (lending) list be approved.***

FM/124 **FINAL BUDGET PROPOSALS 2017/2018 and FINANCIAL PLAN to 2022**

The Director of Finance and Corporate Services presented the report updating Members on the position of the Council's final budget proposals for 2017/18 and medium term financial projections on its main revenue and capital accounts, these proposals will form the basis of setting the Council Tax for 2017/18 by Full Council on 1<sup>st</sup> March 2017. The Director updated Members that there was very little change to the proposed budgets and financial plan since that reported in January. The main potential change was that the valuation of the Derbyshire Pension fund had resulted in an increase of 1% in the council's contribution in order to address the underlying deficit. Members were advised that this extra cost would be offset by the earmarked reserve set aside to guard against this expected increase. It was noted that consultations through Area Forums had not raised any substantive issues relating to the final proposals or financial plan.

In relation to the Housing Revenue Fund, details and implications of the proposed reduction in rent level for 2017/18 were also outlined and Members were updated that Housing and Community Services Committee had approved the 1% reduction. The Director explained the main risks associated with the proposed financial plan for the HRA and in particular national rent policy after 2020. Otherwise, he confirmed that the 10-year plan was sustainable if the approved expenditure budgets were met.

The Director added that the provisional Financial Settlement had not been ratified by central government at this time, but advised that revisions would be unlikely.

The Chairman requested clarification on the impact of business rates and the New Homes Bonus. The Director explained that there is an element of risk related to the retention of business rates because the rate accounted is dependent on growth and sustainability/longevity of businesses. It was noted that the New Homes Bonus proposals had been ratified as per the previous Finance and Management Committee.

**RESOLVED:**

- 1.1 That a Council Tax increase of 1.95% for 2017/18 be recommended to Full Council on 1st March 2017.***
- 1.2 That estimated net General Fund Revenue Expenditure totalling £11,147,622 for 2016/17 (revised) and £11,456,426 for 2017/18 be recommended to Full Council on 1st March 2017.***
- 1.3 That the Medium-term Financial Plan to 2022 on the Council's General Fund Revenue Account as detailed in Appendix 1 be approved.***
- 1.4 That a strategy and action plan be drawn up to generate budget savings of £850,000 on the General Fund ahead of 2018/19.***
- 1.5 That the Financial Plan for the Housing Revenue Account (HRA) to 2027 as detailed in Appendix 2 be approved.***
- 1.6 That the 5-year capital investment and financing plan to 2022 as detailed in Appendix 3 be approved.***
- 1.7 That the Council's National Non-Domestic Rate Return (NNDR 1) for 2017/18, showing retained business rates (before the Tariff) of £9,413,649 for 2016/17 and £9,727,674 for 2017/18 be noted.***
- 1.10 That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 be noted.***

FM/125 **COMMITTEE WORK PROGRAMME**

**RESOLVED:-**

***Members considered and approved the updated work programme.***

FM/126 **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.*

**STAFFING AMENDMENTS – COMMUNITY AND PLANNING  
DIRECTORATE (Paragraph 1)**

*Members approved the recommendations in the report.*

Councillor Harrison left the Meeting at 6.25pm

**MELBOURNE SPORTING PARTNERSHIP LOAN AGREEMENT  
(Paragraph 3)**

*Members approved the recommendations in the report.*

The meeting terminated at 6.30pm.

COUNCILLOR J HARRISON

CHAIRMAN