

OVERVIEW AND SCRUTINY COMMITTEE

23rd January 2013

PRESENT:-

Conservative Group

Councillor Mrs. Plenderleith (Chairman) and Councillor Atkin (Vice-Chairman).

Labour Group

Councillors Bambrick, Bell and Pearson.

OS/22. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Mrs. Hood and Mrs. Patten (Conservative Group) and Councillor Mrs. Mead (Labour Group).

OS/23. **MINUTES**

The Open Minutes of the Meeting held on 24th October 2012 were taken as read, approved as a true record and signed by the Chairman.

OS/24. **BUDGET REPORT 2013/14**

A copy of the budget report for 2013/14, which had recently been considered by the Finance and Management Committee, had been circulated. This was accompanied by a presentation from the Head of Corporate Services, who initially took Members through the recommendations approved at the earlier Policy Committee. The presentation focused on a number of key areas, the first being the financial settlement from the Government for 2013/14. He described the factors which had previously been taken into account in reaching this settlement and how it was changing. The settlement was now based on three areas, being a reduced Revenue Support Grant, Retained Business Rates and a New Homes Bonus. Details were also provided of tariff arrangements where monies collected by the Authority would be returned to the Government for redistribution, linked to a safety net system associated with the loss of business rates. A Member questioned how data sources were obtained for both Business Rates and Council Tax and this came from the Regional Valuation Office. A number of graphs were included within the presentation showing the financial projections going forward and Members recognised the reliance on the New Homes Bonus and Business Rates.

Next, consideration was given to the Medium Term Financial Plan with slides showing the projected reserve balance and the reasoning's behind the recommendations for savings of £300,000 per annum. It was also noted that further savings may need to be identified within the next few years. A slide

showed spending changes from reduced income and cost pressures. Members were also referred to the relevant sections of the report which added further detail on this. Examples were given of the increasing costs for maintenance of aging assets such as the Green Bank Leisure Centre and the increase in certain insurance premiums. Against this, budget savings were discussed and in particular savings from National Insurance contributions were highlighted. It was acknowledged that the Medium Term Financial Plan was a projection, but it gave a clear guide showing the direction of travel of the Authority's finances. There was some limited time available to address the identified problems.

It was questioned how the Comprehensive Spending Review later in 2013 had been accounted for. The Government's indication was to assume the same trajectory as previously, so this level of savings had been incorporated into the future budget projections.

Next, consideration was given to the Collection Fund and Tax Base. There was a proposal to declare no surplus on the Collection Fund this year. Linked to this, an explanation was given of why the Tax Base was reducing and Members spoke about the Council Tax Support Scheme, the impact on some individuals, the need for education and potential enforcement difficulties. It was noted that the Council Tax Support Scheme would be considered at the Council Meeting the following evening. The Finance and Management Committee would have a monitoring role on the implementation of the new scheme and it was felt that Overview and Scrutiny could add some value to this area.

It was agreed, as part of the budget scrutiny response to the Finance and Management Committee, to offer to undertake additional monitoring on the implementation of the Council Tax Support Scheme.

Finally, the Committee gave consideration to the level of Council Tax. It was noted that the Government would provide a specific grant where an authority froze the level of Council Tax for 2013/14, equivalent to a 1% increase, payable for two years. The Committee discussed the overall financial effect projected over 5 years, of imposing a 1.99% increase. The potential for this to be rounded up, thereby triggering the requirement for a referendum to be held was noted. A proposal was submitted that the Overview and Scrutiny Committee recommend a 1.9% increase in Council Tax for 2013/14. The Committee thanked the Head of Corporate Services for the report and presentation.

The Committee agreed to recommend to Finance and Management Committee that a Council Tax increase of 1.9% be set for 2013/14.

MRS. A. PLENDERLEITH

CHAIRMAN

The Meeting terminated at 7.15 p.m.