

FINANCE AND MANAGEMENT COMMITTEE

15th February 2011

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Murray (Vice-Chairman) and Councillors Bale (substitute for Councillor Grant), Bladen, Lemmon, Stanton and Wheeler.

Labour Group

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

APOLOGIES

Apologies for absence from the Meeting were received from Councillors Mrs. Coyle and Grant (Conservative Group) and Councillor Southerd (Labour Group).

FM/71. **MINUTES**

The Open Minutes of the Meeting held on 2nd December and of the Special Meeting held on 15th December 2010 were taken as read, approved as true records and signed by the Chairman.

FM/72. **DECLARATIONS OF INTEREST**

Councillors Wilkins and Taylor declared a prejudicial interest in respect of the Exempt item on land at Newhall. Councillor Richards declared a prejudicial interest in respect of the Exempt item on the Supported Housing Service Restructure.

FM/73. **REPORT OF OVERVIEW AND SCRUTINY COMMITTEE – BUDGET CONSULTATION**

With the Chairman's approval, the Chairman of the Overview and Scrutiny Committee made a report to Members on the budget scrutiny process. Copies of the unconfirmed Minutes of the Meetings held on 19th January and 9th February 2011 had been circulated as the Overview and Scrutiny Committee's response to the budget consultation. Two proposed future review areas were suggested for inclusion in the Committee's work programme.

RESOLVED:-

That the Committee receives the Budget Scrutiny report from the Overview and Scrutiny Committee and approves the two suggested review areas for inclusion in its work programme for 2011/12.

MATTERS DELEGATED TO COMMITTEEFM/74. **AUDIT SUB-COMMITTEE****RESOLVED:-**

That the Minutes of the Audit Sub-Committee Meeting held on 15th December 2010 are received and any recommendations contained therein are approved and adopted.

FM/75. **ASSET MANAGEMENT PLAN 2010 TO 2015**

It was reported that the Asset Management Plan (AMP) was a property strategy document, which sought to align the Council's non-housing asset base with corporate objectives, to ensure services were delivered efficiently. With the impact of the 2010 Comprehensive Spending Review, it was important that assets were managed in a flexible, innovative manner to respond to budget pressures. A revised AMP was submitted for the Committee's consideration.

RESOLVED:-

- (1) That the Council's updated Asset Management Plan for 2010 to 2015 is approved.***
- (2) That the Plan is reviewed and updated as necessary, and at least on a yearly basis.***

FM/76. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2011/12 TO 2013/14**

A report was submitted on the Council's Prudential Indicators and the expected treasury operations for the period 2011/12 to 2013/14. This fulfilled key reports required by the Local Government Act 2003. The Executive Summary provided background on the prudential system for capital finance, explaining its main aims and how it was measured through a set of prudential indicators. The indicators provided the limits and benchmarks to control the level of capital expenditure, borrowing and investment. The relevant indicators required under regulations were summarised in a series of tables. These concerned capital expenditure, the capital financing requirement and the operational boundary and authorised limit. Further tables reported on the incremental impact of capital investment decisions and the estimated investment position at the year-end.

The detail of the report expanded on each of these areas.

RESOLVED:-

- (1) That the Prudential Indicators and limits for 2011/12 to 2013/14 contained within the report are approved.***
- (2) That the Treasury Management Strategy for 2011/12 is approved.***

- (3) That the Investment Strategy for 2011/12, including the associated lending list and policy is approved.**

FM/77. **FINAL BUDGET PROPOSALS 2011/12 AND FINANCIAL PLAN TO 2016**

Members were reminded of the detailed report presented to the Committee on 13th January 2011 (Minute No. FM/64 refers). A report was submitted to detail the Council's final budget proposals and medium-term financial projections on the main revenue and capital accounts. The proposals would form the basis of setting the Council Tax for 2011/12 by Council at its Meeting on 28th February 2011. The report confirmed the position, following a period of scrutiny and consultation. It reflected in particular the financial implications of service reviews approved by the Committee, together with the results of the 2010 Actuarial Valuation of the County Council Pension Fund. Furthermore, changes to the financial settlement approved by Central Government were also detailed. The report provided an overview of the Housing Revenue Account (HRA) and the ten-year financial projection, considered by the Housing and Community Services Committee at its Meeting on 3rd February 2011.

The report included sections on the General Fund Revenue Account, Housing Revenue, Capital Investment, Council Tax and the report of the Chief Finance Officer under Section 25 of the Local Government Act 2003. For the General Fund Revenue Account, tables were included showing the projected budget deficit or surplus and level of General Fund reserves over the life of the Medium-Term Financial Plan (MTFP) to 2015/16. A section was included on budget savings and other changes since the last report in January, including tables with the updated base budget figures over 5 years. Next, the report looked at the 2010 Actuarial Valuation of the pension fund, including the effect on the MTFP and other changes. The report updated on the Government's financial settlement and tables showed the revised position on the projected budget deficit and on General Fund reserves for the period to 2015/2016. The updated projection was shown in more detail in an appendix to the report. Further sections reported on the capital commitments, the ongoing budget deficit, the indicative target for future budget savings and provisions and risks. The report then looked at proposed actions to generate additional resources and the need for further review.

Next, the report turned to the HRA, which had been considered in detail by the Housing and Community Services Committee at its Meeting on 3rd February. A further appendix to the report provided the updated 10-year financial projection following the decisions made at that Committee Meeting. A section was provided on rents and housing subsidy and the worsening position was due mainly to the proposed average rent increase of 5.4%, being less than the Government guideline. Further sections were provided on the HRA Business Plan and reform to the national system. Next, capital investment was considered and the approved capital programme was shown as a further appendix to the report. With regard to Council Tax, the MTFP assumed a Council Tax increase of 2.5% each year. The report reminded of the incentive from Communities and Local Government to provide a specific grant for authorities that froze the Council Tax level for 2011/12. Finally, the Committee

received the Section 25 report, in accordance with the Local Government Act 2003. The Council's Section 151 (Chief Finance) Officer was required to provide an overall opinion on the robustness of the estimates included in the budgets and adequacy of Council reserves. Commentary was provided on a number of sections, including the General Fund, the HRA, risks and consultation and provision of information.

There was discussion about the report recommendation on the need to identify further, on-going savings of £280,000 per year. It was requested that the report recommendations be put to the vote individually.

RESOLVED:-

- (1) That estimated net General Fund Revenue Expenditure totalling £12,370,916 for 2010/11 and £11,878,784 for 2011/12 is recommended to Council on 28th February 2011.***
- (2) That a Council Tax Band D equivalent rate of £150.25 for 2011/12 is recommended to Council on 28th February 2011.***
- (3) That the Medium-term Financial Plan to 2016 on the Council's General Fund Revenue Account is approved.***
- (4) That the financial projection on the Housing Revenue Account to 2021 is approved.***
- (5) That the 5-year capital investment and financing plan to 2016 is approved.***
- (6) That on-going cashable efficiency/budget savings (in addition to those identified in this report) of £280,000 per year are identified by March 2012, with progress being reported to the Committee on a regular basis during the coming year.***
- (7) That the Council continues to roll out its procurement and transformation programme in order to generate resources beyond 2012/13.***
- (8) That the outcomes of the current review of the HRA Business Plan and Self-Financing proposals are reported to the Committee in June 2011.***
- (9) That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 is noted.***

FM/78. **BUDGET AND FINANCIAL MONITORING 2010/11**

The latest budget and financial monitoring report was presented for the Committee's consideration. Initially, this focused on the General Fund Revenue Account and a table summarised the revised budget deficit for 2010/11. In line with normal monitoring arrangements, the position on the revised net expenditure on services continued to be reviewed. A full analysis

of each cost centre with variances across each policy committee was detailed in appendices to the report. Further tables showed performance against the revised budget for 2010/11 as at December 2010 for each committee and by main service area. The tables showed that there would be an overall decrease in net expenditure on services of approximately £77,000 and the main variances were summarised in a further table. Additional commentary was provided on specific provisions shown within the tables.

Next, the report focused on the Housing Revenue Account (HRA). Performance on the HRA was shown in a further appendix and a table within the report summarised performance against the revised budget for 2010/11, as at December 2010.

Capital expenditure and financing was reported and a further table gave an analysis of capital expenditure as at December 2010. This section included detail on capital receipts. Finally, the report considered treasury management, with an analysis of the Council's borrowing and short-term investments/bank deposits.

RESOLVED:-

That the latest budget and financial monitoring figures for 2010/11 are approved.

FM/79. **USE OF PROCEEDS FROM SALE OF FORMER BAND ROOM SITE, COTON**

A report was submitted to consider the use of capital receipts generated in the last financial quarter. Members were reminded of the statutory background governing the use of capital receipts from the sale of housing buildings and land. A proportion of sale proceeds had to be returned to a national pooling arrangement, but this could be avoided if the resources were used to provide low cost affordable housing or the regeneration of unused, contaminated or derelict land. It was necessary for a defined scheme or project to be approved by the Council and agreed by the External Auditor and the Council had a scheme relating to the Council's Sheltered Housing Vision.

The Council's Capital Investment Strategy included a policy whereby a decision on the utilisation of capital receipts was made as receipts were generated. Details were given of receipts in the last financial quarter, in the sum of £152,000 from the sale of the former band room site and adjacent land in Coton-in-the-Elms. The site was part general fund and part housing on a 60/40 basis respectively. The report explained the amounts subject to the pooling arrangements and that which could be used at the discretion of the Council. A number of options were presented for the Committee's consideration on the use of the resources. The report concluded with information on capital commitments and the potential shortfall in financing. There was a consensus that the housing element should be used towards the Sheltered Housing Vision.

RESOLVED:-

That the Committee approves the reinvestment of £60,800 towards the Sheltered Housing Vision and that the General Fund element of £91,200 is put into the Capital Reserve.

FM/80. CORPORATE PLAN 2009-14: PERFORMANCE MANAGEMENT REPORT (1ST OCTOBER – 31ST DECEMBER 2010)

A report was submitted detailing performance for the quarter ending 31st December 2010, in relation to the Council's Corporate Plan 2009-14. The Corporate Plan Action Plan consisted of four main themes, of which this Committee was responsible for actions and relevant performance indicators within the "Value for Money" theme. Full details of key achievements were provided under the initiatives: meeting community needs, increasing efficiency, development of staff and Members, high performing services and high standards of corporate governance. Summary details of actual performance were also provided, including tables showing performance against actions and targets and those at risk of failure. An appendix to the report detailed performance indicators for value for money. Staff were praised for their achievements over the year, particularly due to changes from the new partnering arrangement.

RESOLVED:-

- (1) That the Council's key achievements and performance for the quarter ending 31st December 2010 are noted.***
- (2) That where performance has failed to achieve the specified target, the Committee accepts the adequacy of the responses submitted.***

FM/81. WORK PROGRAMME

The Committee was asked to review its work programme.

RESOLVED:-

That the Committee receives the updated Work Programme.

FM/82. 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.

MINUTES

The Exempt Minutes of the Meeting held on 2nd December and of the Special Meeting held on 15th December 2010 were received.

LAND AT NEWHALL (Paragraph 3)

The Committee agreed the completion of new leases for two premises in Newhall on terms detailed within the report.

FORMER TENANT ARREARS WRITE-OFF (Paragraphs 1 and 5)

The Committee authorised the write-off of sums due to the Council in accordance with Financial Procedure Rule D2.4(b).

SUPPORTED HOUSING SERVICE RESTRUCTURE (Paragraph 2)

The Committee approved proposals, subject to a period of consultation, for a restructure of this service area.

PROPOSAL AND BUSINESS CASE FOR A CENTRAL MIDLANDS AUDIT PARTNERSHIP (Paragraph 3)

The Committee gave approval in principle to proposals for an audit partnership.

J. HARRISON

CHAIRMAN