

FINANCE AND MANAGEMENT COMMITTEE

20th February 2014

PRESENT:-

Conservative Group

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

Labour Group

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

In Attendance

Councillors Atkin, and Mrs. Plenderleith (Conservative Group) and Councillor Dunn (Labour Group).

FM/83. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillor Lemmon (Conservative Group) and Councillors Richards (Labour Group).

FM/84. **MINUTES**

The Open Minutes of the Meetings held on 17th October and 5th December 2013, were taken as read, approved as true records and signed by the Chairman.

FM/85. **DECLARATIONS OF INTEREST**

On behalf of all Members, the Chairman declared a pecuniary interest in the item on the Final Budget Proposals, relating to the Council Tax setting and in accordance with Clause 14(4)(vi) of the Members' Code of Conduct, Members were able to vote on this matter relating to a function of the Authority.

FM/86. **REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE – BUDGET SCRUTINY FEEDBACK**

The unconfirmed Minutes of the Overview and Scrutiny Committee Meetings held on 22nd January and 12th February 2014 were submitted as the Scrutiny Committee's feedback on the budget process. The Chairman of that Committee addressed Members.

RESOLVED:-

That the report from the Overview and Scrutiny Committee be received.

MATTERS DELEGATED TO COMMITTEE**FM/87. FINAL BUDGET PROPOSALS 2014/15 AND FINANCIAL PLAN TO 2019**

A report was submitted to detail the Council's final budget proposals for 2014/15 and medium term financial projections on the main revenue and capital accounts. The proposals would form the basis of setting the Council Tax for 2014/15 by the Council at its Meeting on 3rd March 2014. The report confirmed the position, following a period of scrutiny and consultation. It included sections on the General Fund Revenue Account, Housing Revenue Account (HRA), 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, an updated medium term projection was appended to the report and summarised within a table, showing an increasing budget deficit, although the projected level of reserves at 2018/19 showed a sustainable position a further table showed how the overall position had changed between the base position in October 2013 and that following the base budget review and financial settlement.

The report included specific commentary on the main assumptions, net spending and Government Grant. Reference was made to retained business rates which would provide a greater proportion of the Council's funding from 2014/15. The figures for the Government Grant reported in January have been confirmed and received parliamentary approval, these were shown in an appendix to the report. Council Tax Freeze Grant for 2014/15 and 2015/16 (subject to a nil Council Tax increase being approved) together with additional grant to compensate business rate income, had also been confirmed.

Next, the report turned to the HRA, which had been considered in detail by the Housing and Community Services Committee at its Meeting on 6th February 2014. It included details of the proposed rent increase for 2014/15 under the Government's National Rent Setting Policy for rent convergence. The HRA's base budget and 10- year financial projection was detailed in an appendix to the report. In summary, the longer term projection showed that the HRA was sustainable and could deliver the required capital investment in the stock and make the necessary surpluses in future years to repay debt. The HRA General Reserve was reported and would increase to approximately £3.1m by 2017/18.

With regard to the Council Tax the government had provided an incentive as part of its financial settlement for local authorities to again freeze their Council Tax for 2014/15. The Government would effectively reimburse the resources lost to the equivalent of a 1% increase, payable for 2 years. This had been reflected in the latest MTFP, but was subject to a recommendation from the Committee to Council. The report explained the impact of this incentive on the MTFP and reference was also made to the Government cap set at 2%, above which a referendum would be required.

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 budgets and the adequacy of Council reserves. Commentary was provided in a number of sections, including the General Fund, the HRA, Earmarked Reserves, a risk analysis and consultation and provision of information.

A proposal was submitted and seconded that there be no increase in the level of Council Tax for 2014/15 and this was debated, with several Members contributing. The debate concerned the comparison between the proposals submitted for Council Tax and the decision taken regarding rent increases, together with reasons for this.

RESOLVED:-

- 1. That no increase in Council Tax levels for 2014/15 and band D equivalent rate of £150.25 for 2014/15 is recommended to Council on 3rd March 2014.**
- 2. That estimated net General Fund Revenue Expenditure totalling £11,022,455 for 2013/14 (revised) and £10,917,371 for 2014/15 is recommended to Council on 3rd March 2014.**
- 3. That the Medium-term Financial Plan to 2019 on the Council's General Fund Revenue Account as detailed in Appendix 1 to the report is approved.**
- 4. That the financial projection on the Housing Revenue Account (HRA) to 2024 as detailed in Appendix 2 is approved.**
- 5. That a Pensions Reserve be set-aside and funds transferred from the General Fund and Housing Revenue Accounts in 2014/15, in accordance with the reduction in pension contributions as detailed in the Report.**
- 6. That the 5-year capital investment and financing plan to 2019 as detailed in Appendix 3 of the report is approved.**
- 7. That the Council's estimated National Non-Domestic Rate Return (NNDR 1) for 2014/15 showing retained business rates (before the tariff) of £8.43m is noted.**
- 8. That on-going budget savings of £175,000 are identified and taken out of the current Base Budget ahead of the 2015/16 Budget Round.**
- 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/88. TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2014/15

A report was submitted on Council's Prudential Indicators for its expected treasury operations for 2014/15 and beyond. This fulfilled the requirements of the Local Government Act 2003, updated for the implications arising out of the Localism Act 2011. Three main areas were covered, relating to the CIPFA Prudential Code (2011), the Treasury Strategy and Investment Strategy.

The executive summary explained the main aims of the prudential system for capital finance and treasury operations, which were 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 Treasury Management Strategy aimed to provide transparency for treasury decisions, together with assessing with how risk was managed on a day to day basis. The Strategy included the implications of the HRA debt take on under the Self Financing Framework.

The relevant prudential indicators were summarised in a series of tables for estimated capital expenditure the capital financing requirement and the operational boundaries and limits. Further tables reported the cost of debt to finance capital expenditure and the available resources for investment.

RESOLVED:-

- 1. That the Treasury Management Strategy for 2014/15 is approved.**
- 2. That the Prudential Indicators and Limits for 2014/15 to 2018/19 are approved.**
- 3. That the Investment Strategy for 2014/15 including the associated counterparty (lending) list and policy is approved.**

FM/89. AUDIT SUB-COMMITTEE

The Minutes of the Audit Sub-Committee Meeting held on the 25th September 2013 and 19th December 2013 were submitted.

RESOLVED:-

That the Minutes of the Audit Sub-Committee Meeting held on 25th September 2013 and 18th December 2013 are received and any recommendations contained therein are approved and adopted.

FM/90. **UPDATED WORK PROGRAMME**

The Committee was asked to review its work programme.

RESOLVED:-

That the updated work programme be received.

FM/91. **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 Meetings held on 5th December 2013 were received.

REVIEW OF LAND CHARGES FUNCTION - CONSULTATION FEEDBACK (Paragraph 1)

The Committee approved the Review of the Land Charges Function.

PREMISES AT WALTON (Paragraph 1)

- 1. The Committee approved the lease.*
- 2. The Committee agreed that the Council pay for agreed works on completion of the lease.*

LAND AT LINTON (Paragraph 1)

- 1. The committee granted approval to terminate the lease.*
- 2. The Committee approved to the principal an appropriation of land from the General Fund to the Housing Revenue Account.*

SINGLE STATUS/JOB EVALUATION UPDATE(Paragraph 1)

The Committee approved recommendations set out in the report.

RESTRUCTURE OF LEGAL AND DEMOCRATIC SERVICES (Paragraph 1)

The Committee approved proposals for a restructure of Legal and Democratic Services.

R. WHEELER

CHAIRMAN