

OVERVIEW AND SCRUTINY COMMITTEE

19th January 2011

PRESENT:-

Conservative Group

Councillor Mrs. Farrington (Vice-Chairman in the Chair) and Councillors Atkin, Mrs. Hood and Mrs. Plenderleith.

Labour Group

Councillors Bambrick and Mrs. Mead.

OS/27. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillor Jones (Chairman) (Conservative Group) and Councillor Lane (Labour Group).

OS/28. **CONSULTATION ON THE COUNCIL'S BUDGET**

It was reported that the Finance and Management Committee had considered the consolidated budget report at its Meeting on 13th January 2011, at which Scrutiny Members had been invited to be present. A copy of the comprehensive report considered by the Policy Committee had been circulated and a presentation was provided on the key aspects of the report. The Chairman of the Finance and Management Committee, Councillor Harrison had been invited to contribute to the budget scrutiny work.

The report detailed the Council's overall financial position for the 2011/12 budget round. Essentially it built on the financial plan and strategy approved in October 2010 and covered the following points:

- The Council's provisional financial settlement for 2011/12 and 2012/13 with estimated on-going implications for 2013/14 and beyond.
- The Council's current spending and proposed base budget position for 2011/12.
- The General Fund's 5-year financial projection including proposed spending by policy committees and associated analysis to 2015/16, which formed the Medium Term Financial Plan (MTFP).
- The proposed council tax base for 2011/12 and collection fund position for 2010/11.
- A review and update of the existing capital investment programme and financing available.

- Outline proposals for meeting the shortfall in overall government grant from 2011/12 and the projected budget deficit.

The key area was the Government's policy to reduce financial support in overall terms to local government. The presentation highlighted the reduction in mainstream Formula Grant over the period to 2014/15. A proportion of this reduction would be offset by a New Homes Bonus, which sought to encourage authorities to build new homes, bring empty properties back into use and provide affordable homes. The presentation showed the impact on the MTFP and the budget deficit being faced for General Fund Services from 2011/12. It was imperative that budget savings were made. An outline was given of the proposals in place and those planned to commence from April 2011. The presentation also covered capital commitments and the assumptions and risks taken into account within the Council's budget and forward projections.

In response to Member questions, further information was provided about the New Homes Bonus, particularly around the likely proportion of receipts, which would be received by the District and County Councils and the definition of what constituted an empty property. It was felt that the Overview and Scrutiny Committee could undertake a review of how the Council identified and checked empty properties across the District.

A question was submitted about how inflation was treated within the accounts. This varied and examples were given on the treatment of the pay award and increasing fuel costs. It was questioned what the budget impact would be of not having any Capital expenditure. Officers explained that the only capital costs were those relating to vehicle purchases. On revenue, there were certain statutory services and the challenge for officers was to cut costs rather than service levels. A question was submitted about the Localism Bill and how this might impact. An explanation was given of some of the key areas within the Localism Bill.

The Chairman of the Finance and Management Committee provided an overview on the budget position. He spoke about the previous budget deficit, the efforts made to address it and to achieve a balanced budget. He referred to the national debt, its current interest costs and the further round of savings required over the next four-year period. The Member also referred to the shift to localism and the difference in population growth between South Derbyshire and the rest of the County.

In responding to the budget consultation, it was agreed to recommend to the Finance and Management Committee that Overview and Scrutiny undertakes a review area on empty homes within the District, that might be brought back into use.

G. FARRINGTON

CHAIRMAN

The Meeting terminated at 6.45 p.m.