

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

26th June 2008

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Wheeler (Vice-Chairman) and Councillors Bladen, Ford, Grant, Lemmon (substitute for Councillor Mrs. Coyle), Mrs. Plenderleith and Mrs. Wheeler.

Labour Group

Councillors Pabla, Mrs. Gillespie (substitute for Councillor Richards), Southerd and Wilkins.

In attendance

Councillors Atkin and Jones (Conservative Group).

APOLOGIES

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

MATTERS DELEGATED TO COMMITTEE

FM/21. **ANNUAL EFFICIENCY STATEMENT 2007/08**

The Committee received a report on efficiency savings made to date that would form the basis of the Council's Annual Efficiency Statement. It was proposed to submit this to the Government under the "Gershon" agenda in July 2008. In addition, the report set out an overall analysis against the Council's efficiency target to 2008 and updated progress and proposals to carry the efficiency agenda forward to meet the new national framework for value for money.

Under the Government's efficiency (Gershon) agenda, which arose out of the Comprehensive Spending Review in 2004, all Councils were set a yearly efficiency target of 2.5%. This was a year on year target for the three years from 2005/06 to 2007/08. For South Derbyshire, this amounted to approximately £230,000 per year and £710,000 cumulatively by the end of 2007/08, of which at least 50% was to be cashable. The bottom line efficiencies totalled in excess of £1.8million at the end of 2007/08, approximately £1.1million above the target. Approximately 75% of this was cashable.

RESOLVED:-

- (1) That the savings made in 2007/08 be incorporated into the Council's Annual Efficiency Statement and submitted to the Department for Communities and Local Government.***

- (2) That the progress and current plans for future efficiency savings be noted.**

FM/22. **TREASURY MANAGEMENT ANNUAL REPORT 2007/08**

The Committee received a report which detailed the Council's actual borrowing and lending performance for 2007/08 compared to the approved strategy, including performance against its Prudential Indicators. This was in accordance with the Local Government Act 2003 and associated regulations.

The Council's borrowing strategy for the year required that its cash flow requirements were managed through short-term borrowings and bank deposits. Overall, the Council's cash flow remained more favourable during the year compared to that projected. This had generated additional interest of approximately £247,000 in 2007/08 compared to that estimated. This had been forecast throughout the year and reported in financial monitoring reports, with the last report in March 2008 projecting additional interest of £202,500.

In undertaking its treasury management functions during the year, the Council had managed its activities within its prudential indicators and lending policy. In addition, the average interest rate earned on deposits was 5.81% compared to the average market rate of 5.61%. This was despite a much tighter lending policy being in place due to market conditions bought about by the so-called "credit crunch".

The detailed report dealt with borrowing during 2007/08, the Council's cash flow during 2007/08, interest rates, budgetary implications, other interest paid and received, money market debt, investments 2007/08, general policy, performance indicators, prudential indicators, the Minimum Revenue Provision, calculations and the effect on South Derbyshire. This indicated that the Council was operating under a simplified method for debt repayment that reflected supported debt based on an authority's capital financing requirement (option 2). Technically, the Council had been debt free under the regulations since 2004 and in addition, it had not entered into any new borrowing in recent years to finance its capital expenditure.

RESOLVED:-

- (1) That the Treasury Management Annual Report for 2007/08 be approved.**
- (2) That the Statement on the Minimum Revenue Provision for 2007/08 and 2008/09 as set out in the report (option 2), be recommended to the Council for approval.**

FM/23. **BUDGET OUT-TURN 2007/08**

The Committee received a report detailing the final out-turn position for 2007/08 on the Council's main revenue and capital accounts. The report detailed the performance against the Council's approved budgets on the General Fund, Housing Revenue and Capital Accounts. This was intended to provide the key information about the closedown position and its impact on overall finances. It also helped the Council to consider at an early stage the

financial implications for the Council's Medium Term Financial Plan (MTFP) and for setting the budget for 2009/10. As part of the Council's financial planning process, the MTFP (2008 to 2013) was currently subject to its usual periodic review including the impact of this out-turn. The updated position would be reported to the Committee in September ahead of the budget cycle for 2009/10.

On the General Fund Revenue Account, the overall reduction in net revenue expenditure 2007/08 was £994,000 representing 8% of the budget. The latest projected balance to 2013 following the out-turn was approximately £1,245,000, approximately £245,000 above the minimum level of £1million required by the Council's Financial Strategy.

The final accounts for the Housing Revenue Account for 2007/08 also indicated an improved position to that estimated, with reserve balances in excess of £2.7million as at 31st March 2008, which was approximately £397,000 more than estimated. Overall, the position on the Housing Revenue Account would help to bring the projected balance back towards the level required by the Financial Strategy over the 10-year business planning period. The balance was currently projected to be in deficit by £1.1million by 2007/18 and the additional surplus of £397,000 reduced this projected deficit to approximately £700,000.

Total capital spending for 2007/08 was approximately £6.7million, which was approximately £539,000 higher than the overall programme. However, this was all financed externally, with the Council securing funding later in the year for Rosliston Forestry Centre, together with new play equipment and safety surfacing schemes.

The Council was required to maintain a separate income and expenditure account, indicating the transactions relating to the collection of business rates and council tax. This account also illustrated how this money had been distributed to preceptors and into the Council's General Fund. The Council's account for 2007/08 indicated that the deficit on the fund for the year of £131,000 was virtually in accord with that budgeted when setting the Council Tax for 2008/09.

RESOLVED:-

- (1) That the out-turn positions for 2007/08 relating to the General Fund Revenue Account, the Housing Revenue Account, Capital Expenditure and Financing and the Collection Fund, as detailed in Appendices 1 to 5 of the report, be approved.***
- (2) That requests to supplement budgets in 2008/09 from underspends and additional resources held over from 2007/08, as detailed in Appendix 6 of the report, be approved.***
- (3) That capital investment and resources be carried forward to 2008/09, as detailed in Appendix 7 of the report.***

FM/24. **ANNUAL STATEMENT OF ACCOUNTS 2007/08**

The Committee considered the Council's draft annual accounts and financial statements (subject to audit) for 2007/08, in accordance with the provisions

of the Accounts and Audit Regulations 2003, which required that draft accounts be considered by an appropriate Committee by 30th June each year. It was within the remit of the Auditor to indicate that the accounts showed a “true and fair view”. However, the accounts and financial statements presented were considered to be fully compliant with all necessary accounting regulations and codes of practice.

Members commended all those staff who had been involved in the lengthy, complex process.

RESOLVED:-

- (1) That the Council’s Draft Statement of Accounts, including the Annual Governance Statement for the year ended 31st March 2008 be approved for audit.***
- (2) That the Chairman of the Committee be authorised to sign the accounts in accordance with the Accounts and Audit Regulations 2003.***
- (3) That the Leader of the Council and the Chief Executive be authorised to sign the Annual Governance Statement.***

J.P. HARRISON

CHAIRMAN

The Meeting terminated at 6.40 p.m.