

FINANCE AND MANAGEMENT COMMITTEE

17th October 2013

PRESENT:-

Conservative Group

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

Labour Group

Councillors Bell, Rhind, Richards, Southerd, Taylor and Wilkins.

FM/44. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Lemmon, Mrs Watson and Councillor Peter Watson (Conservative Group).

FM/45. **MINUTES**

The Open Minutes of the Meetings held on 27th June and 5th September 2013, were taken as read, approved as true records and signed by the Chairman.

MATTERS DELEGATED TO COMMITTEE

FM/46. **A REVIEW OF THE COUNCIL'S FINANCIAL STRATEGY**

The Committee received a report which detailed the Financial Strategy. This set out the framework on which the Council plans and manages its financial resources. The report covered the key areas on which the Council's financial plans and monitoring arrangements were based.

RESOLVED:-

That the Council's Financial Strategy be approved.

FM/47. **A REVIEW OF THE COUNCIL'S MEDIUM TERM FINANCIAL PLAN 2013 TO 2018**

The Committee received a report from the Director of Finance and Corporate Services, who provided a presentation regarding the Council's future financial plans. The plans set out a financial strategy for the Council for the next five years, but with an initial focus on the first three years. It was an attempt to estimate future spending and income for the Council over that period of time and was based on a realistic but cautious assumption of the known facts.

The Council had started 2013/14 with a deficit but planned budget savings of £300,000 during the year were now projected to produce a small surplus. The MTFP had been updated following the Government's Spending Review which

reported in the summer, together with the final out-turn position for 2012/13. This showed that although current general reserves were healthy, the need to draw on them to finance projected budget deficits, meant that the overall financial position was not considered sustainable without remedial action.

Based on the updated projection, a negative reserve balance of minus £975,629 was forecast by 2018/19, with an increasing budget deficit in the interim term. It was reported that the main reason for the weakening financial position was the likely reduction in core funding announced by the Government.

In particular, it was reported that a proposal to top slice the Council's New Homes Bonus allocation from 2015/16 by up to 20%, would reduce resources in the current MTFP by approximately £1.5m between 2015/16 and 2018/19.

Based on these latest projections, in order for a sustainable position to be maintained over the medium term, the Director of Finance recommended that additional budget savings of £1/2m will now need to be made before 2015/16.

The Director reported on the risks relating to the plan and confirmed that contingencies for inflation and other potential costs were being maintained. However, increased pension contributions and the impact of auto enrolment still presented a risk for the financial plan.

With regard to the Housing Revenue Account (HRA) it was reported that the long term financial position was still considered much more sustainable with a healthy reserve balance still being maintained over the 10-year plan.

With regard to future rents, the Director of Finance gave details of the proposed changes to national rent policy from 2015/16 with the ending of rent convergence. It was reported that this could have an overall positive impact on the HRA and this had been reflected in the revised HRA projection.

Members asked a number of questions regarding the risks, the use of balances and expressed concern regarding the impact on the New Homes Bonus.

Following the debate it was:

RESOLVED:-

- (1) That the updated financial projection on the General Fund, to 2019, be approved.***
- (2) That the updated financial projection on the Housing Revenue Account to 2024, be approved.***
- (3) That the financial projections provide the basis for planning purposes.***

- (4) *That an action plan to achieve the necessary budget savings on the General Fund be formulated and progress reported to the Committee on a quarterly basis.*
- (5) *That all budgets be challenged and fully scrutinised during the forthcoming budget round 2014 / 15.*

FM/48. **LOCAL COUNCIL SUPPORT SCHEME 2014/15**

The Committee received a report from the Director of Finance and Corporate Services seeking the Members views on the current scheme and proposals for any changes for the following financial year.

The Director reported that the Council was six months into the new scheme and pointed out that a number of options for review were set out in the report. Following a discussion it was agreed that the current system should be left unchanged.

RESOLVED:-

That the current Local Council Tax Support Scheme be reviewed and any changes that are proposed for 2014/15, be subject to external consultation as appropriate.

FM/49. **AUDIT SUB COMMITTEE**

The Committee received the Minutes of the Audit Sub-Committee Meetings held on 3rd April and 19th June 2013.

Councillor Harrison, the Chairman of the Audit Sub-Committee spoke to the items contained within the Minutes and emphasised that the external audit opinion was that the Council's finances were in a sound condition and that there were no critical risks identified.

RESOLVED:-

That the Minutes of the Audit Sub-Committee Meetings held on 3rd April and 19th June 2013 be received and any recommendation contained therein be approved and adopted.

FM/50. **WORK PROGRAMME**

The Committee was asked to review its work programme.

RESOLVED:-

That the updated work programme is noted.

FM/51. **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 5th September 2013 were received.

PREMISES AT MELBOURNE (Paragraph 1)

Approval was granted for the disposal of premises at Melbourne, as detailed in the report.

LAND AT MELBOURNE (Paragraph 1)

The Committee approved the lease of land as detailed in the report.

LAND AT SWADLINCOTE (Paragraph 1)

To approve the grant of vehicular right of way and easement as detailed in the report

DISCRETIONARY, MANDATORY AND HARDSHIP RELIEF (Paragraph 1)

The Committee agreed the details as provided within the report.

WRITE OFF REPORT (Paragraph 1)

The Committee approved the write-off of sums due to the Council in accordance with Financial Regulations.

RESTRUCTURE REPORT (Paragraph 1)

The Committee approved proposals for the restructure of Community and Planning Services

R. WHEELER

CHAIRMAN