

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

12th January 2012

PRESENT:-

Conservative Group

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

Labour Group

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

In Attendance

Councillors Atkin, Harrison, Mrs. Plenderleith and Stanton (Conservative Group) and Councillor Bell (Labour Group)

FM/76. APOLOGIES

Apologies for absence from the Meeting were received from Councillor Mrs. Watson (Vice-Chairman) and Smith (Conservative Group) and Councillor Richards (Labour Group).

FM/77. DECLARATIONS OF INTEREST

Councillor Harrison declared a prejudicial interest in Agenda Item No. 7 on the Budget Report, as Chairman of the Melbourne Sports Partnership, which was subject to an application for capital investment.

MATTERS DELEGATED TO COMMITTEE

FM/78. SERVICE BASE BUDGETS 2012/13

A report was submitted to inform Members of the proposed base budget for 2012/13. It was proposed that the estimated income and expenditure be included in the consolidated budget of the Council for 2012/13, subject to the Council's overall medium-term financial position. The report also set out proposals for the level of fees and charges under the responsibility of the Committee and the Committee's existing capital investment programme.

A summary and overview was provided, which explained the Committee's responsibility for some large spending areas. In accordance with local government accounting regulations, a substantial amount of the Committee's costs were recharged and allocated across other services. The Council's overall financial position was then considered and the report referred to the review of the Council's Medium-Term Financial Plan, ahead of the Government's detailed financial settlement for local authorities. During this

budget round, all services were asked to look closely at current spending and adopt a zero based budgeting approach.

A summary of the Committee's net revenue expenditure was reported in a table and it was estimated that this would decrease overall between 2011/12 and 2012/13 by approximately £160,000. The main reasons for this were shown in a further table with additional commentary relating to one-off expenditure and items included in the Medium Term Financial Plan.

Appended to the report was a "line by line" analysis of the Committee's budgets, together with a summary of the budgets at cost centre level and a breakdown of the changes between 2011/12 and 2012/13 for each cost centre. The detail of the report included sections on zero based budgeting, inflation and concurrent functions in relation to contributions to parish councils. Further sections looked at the general basis of the 2012/13 base budget, together with capital investment, with a table showing the schemes included in the approved capital investment programme. In addition, 14 schemes were being evaluated for new investment. Finally, the report considered proposed fees and charges for 2012/13, which were shown in detail as a further appendix.

In considering the report, a proposal was submitted that the current level of funding for concurrent functions be maintained. A presentation was given to supplement the report.

RESOLVED:-

- (1) ***That the proposed revenue income and expenditure for 2012/13 for the Committee's services are included in the consolidated proposals for the General Fund.***
- (2) ***That the proposed fees and charges for 2012/13 are recommended for approval.***
- (3) ***That with regard to contributions to parish councils under concurrent functions, these be recommended to be maintained at current levels in cash terms.***

FM/79. **BUDGET REPORT 2012/13 INCORPORATING THE CONSOLIDATED BUDGET PROPOSALS AND MEDIUM TERM FINANCIAL PLAN TO 2017**

A report was submitted to detail the Council's overall financial position for the 2012/13 budget round. Essentially, it built on the financial plan and strategy approved in October 2011 and covered the following sections:

- The Council's provisional financial settlement for 2012/13 with estimated on-going implications for 2013/14 and beyond.
- The Council's current spending and proposed base budget position for 2012/13.
- The General Fund's 5-year financial projection including proposed spending by policy committees and associated analysis to 2016/17, which forms the Medium Term Financial Plan (MTFP).

- The proposed council tax base for 2012/13 and collection fund position, 2011/12.
- Options for council tax levels 2012/13.
- A review and update of the existing capital investment programme and financing available, including proposals for the new investment.
- The Council's on-going service efficiency and transformation review.

The report included an executive summary and overall commentary. This looked initially at the position on entering the 2012/13 budget round, before reporting the updated position. A table was included showing the differences between October 2011 and January 2012 in relation to the budget deficit and balance on reserves for the period 2011/12 to 2016/17. The overall trend of the projected budget deficit continued to be downwards until 2015/16, after which time it increased and the reasons for this were reported. The level of general reserves was healthy, but was anticipated to fall over the planning period as a number of reported provisions continued to be made.

Based on current spending plans and projections, reserves could sustain the budget deficit until 2016/17. However, an over reliance on reserves each year carried quite a high risk. Further sections of the executive summary looked at main assumptions, main changes and the new homes bonus, before commenting on public sector pay restraint, cost pressures and national insurance contributions. There were also sections on government grant, council tax and a summary position together with proposals for new capital investment.

Further sections of the report then expanded on the detailed background and base budget analysis, the proposed base budget and consolidated spending for 2012/13 and the General Fund 5-year financial projection to 2016/17. Detail was also provided on the council tax, tax base and collection fund, together with capital investment and financing. The Service and Financial Planning Working Panel had evaluated 14 schemes for investment and the recommendations of that Panel had been circulated. A presentation was given to supplement the report.

Members discussed the report's recommendations, initially focussing on the principle of a council tax freeze and offer of specific grant from the Government. Conversely, the implications of setting a council tax increase above 3.5% were discussed. This would require a referendum to be held and the implications in terms of costs and timing were raised. It was noted that whilst there was a specific Government grant, there would be a cumulative impact going forward and representations had been made in this regard by the Local Government Association. It was agreed that the Leader make similar representations on behalf of this Council.

There was debate about the service efficiency and transformation programme being used to address the medium term budget deficit. Discussion also took place about the capital investment proposals. A request was made for further

information to be circulated to all Members of the Committee on the results of scoring undertaken by the Service and Financial Planning Working Panel and this would be provided. A deferral was sought on determining the capital investment proposals and this was debated and put to a vote, with the motion being defeated.

RESOLVED:-

- (1) ***That the estimates of revenue income and expenditure for 2012/13 for the General Fund are approved.***
- (2) ***That the Committee approves the recommendations submitted by the Housing and Community Services Committee on the level of grants to voluntary bodies and agrees to maintain current funding levels in cash terms to voluntary bodies and parish councils under concurrent functions.***
- (3) ***That the Council Tax Base for 2012/13 of 32,194 properties is approved.***
- (4) ***That a surplus of £172,000 (of which £20,000 is due to this Council) be declared on the Collection Fund for 2011/12.***
- (5) ***That the Committee notes the principle of a Council Tax freeze for 2012/13, in accordance with the offer of specific grant from the Government and considers this in due course.***
- (6) ***That the updated 5-year financial projection on the General Fund to 2017, including associated assumptions and risks, as set out in the report, be approved.***
- (7) ***That the potential for further reductions in central government grant from 2013/14 is noted.***
- (8) ***That the Council continues to progress its service efficiency and transformation programme supported by Northgate in order to address the medium-term budget deficit.***
- (9) ***That the updated capital investment programmes and available financing to 2017 are approved.***
- (10) ***That the recommendations of the Service and Financial Planning Working Panel on proposals to allocate funding for new capital investment are approved as submitted.***
- (11) ***That the decisions made in resolutions (1) to (10) above are used as the basis for consultation with local residents, businesses, voluntary and community groups, and are subject to review by the Overview and Scrutiny Committee.***

FM/80. 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.

PROCUREMENT OF VALUATION SERVICES (Paragraph 3)

The Committee agreed proposals for the procurement of valuation services.

A REVIEW OF LEGAL AND DEMOCRATIC SERVICES (Paragraph 1)

The Committee approved proposals for a review of this Section.

R. WHEELER

CHAIRMAN