

FINANCE AND MANAGEMENT COMMITTEE: SPECIAL - BUDGET

14<sup>th</sup> January 2016

**PRESENT:-**

**Conservative Group**

Councillor Harrison (Chairman), Councillor Mrs Plenderleith (Vice-Chairman) and Councillors Mrs Coyle, Mrs Hall (substituting for Councillor Billings), Hewlett, MacPherson, Smith, Watson and Wheeler.

**Labour Group**

Councillors Rhind, Richards, Southerd and Wilkins.

**In attendance**

Councillor Taylor (Labour Group)

FM/88 **APOLOGIES**

Apologies for absence from the Meeting were received on behalf of Councillor Billings (Conservative Group).

FM/89 **DECLARATIONS OF INTEREST**

The Committee was informed that no declarations of interest had been received.

FM/90 **QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 10**

The Committee was informed that no questions from members of the public had been received.

FM/91 **QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO 11**

The Committee was informed that no questions from Members of the Council had been received.

FM/92 **REPORTS OF THE OVERVIEW AND SCRUTINY COMMITTEE**

There were no reports of the Overview & Scrutiny Committee to consider.

**MATTERS DELEGATED TO COMMITTEE**

FM/93 **AUDIT SUB-COMMITTEE**

The Minutes of the Audit Sub-Committee Meeting held on 16<sup>th</sup> December 2015 were submitted.

The Chairman referred to Resolution 1.2 under Minute No.AS/27, requesting that progress against outstanding audit recommendations also be notified to the Committee. The Chief Executive confirmed that the Audit Sub-Committee reported to the Committee, it would receive the same information.

**RESOLVED:-**

***That the Minutes of the above Audit Sub-Committee Meeting be received and any recommendations contained therein approved.***

FM/94 **SERVICE BASE BUDGETS 2016/17**

The Director of Finance and Corporate Services presented the report to Committee, highlighting the Council's financial position, expenditure, additional costs, reductions, service provision, inflation, payments for concurrent functions to parish councils, risks, the rollout of Universal Credit, proposed fees and charges.

**RESOLVED:**

***1.1 That the proposed revenue income and expenditure for 2016/17 for the Committee's Services, as detailed in Appendix 1 to the Report, be considered and included in the consolidated proposals for the General Fund.***

***1.2 That the proposed fees and charges for 2016/17, as detailed in Appendix 3 to the Report, be considered and approved.***

***1.3 That a 2% increase in contributions to Parish Councils in 2016/17 for Concurrent Functions be approved.***

FM/95 **CONSOLIDATED BUDGET REPORT 2016/17 AND MEDIUM TERM FINANCIAL PLAN TO 2021**

The Director of Finance and Corporate Services delivered the report to the Committee, clarifying the position entering the 2016/17 budget round, the updated General Fund position with the medium-term projection, identifying the need to achieve savings of up to £1.5m over the spending period. It was noted that the Council's Financial Settlement for 2016/17, along with those projected through to 2020, were less than initially anticipated, a reflection of the change in funding emphasis towards adult social care and children's services influencing greater allocation at a County level. As a result the Council ranks 45<sup>th</sup> out of 383 local authorities in terms of loss of resources.

The Chairman sought an explanation as to this Financial Settlement outcome. The Director of Finance and Corporate Services stated that as a result of the growth within the district, resulting in greater income from New Homes Bonus, retained Business Rates and Council Tax, it was assumed that the Council would become self-financing more quickly than many others. It was also noted that the Council would fall out of Revenue Support Grant sooner than anticipated.

The Director of Finance and Corporate Services added that the Business Rates retention levels were set to rise, but that details would not be available for another six to nine months. The New Homes Bonus was being 'top-sliced' to fund social care, it being proposed that its payment be reduced from six to four years and that the first 25% of growth be discounted, considered 'deadweight'. It was also being proposed that penalties be introduced for there being no Local Plan in place and no payment made in relation to new homes which were rejected but then overturned on appeal.

Reference was made to accommodating a new Apprenticeship Levy, applicable from 2017/18 and the risks relating to the concerns being expressed by the recycling contractor regarding increased costs. In relation to Council Tax, the Director stated that the Government was no longer providing support to maintain a freeze in its levels, unlike in the last five years, so a 1.95% increase was being budgeted for from 2016/17, in line with Government assumptions.

The Director of Finance and Corporate Services emphasised that the report provided a financial projection, a direction of travel, a realistic assessment, but as the current line took the Council below the £1m threshold in 2020, action was needed to save £1.5m before 2018/19.

The Chairman thanked officers for the comprehensive report and invited questions. Councillor Hewlett queried the current pensions position. The Director of Finance and Corporate Services confirmed that pension still represent a risk, the last interim report showing an overall deficit, with the next pensions review not due until 2017. There are currently no plans for an increase in employer contributions, although the last review savings had been retained, held against potential future liabilities.

The Leader commended the report and its prudent predictions, expanding that Members also need to recognise the need for prudence, recommending that the freeze on Council Tax increases be ceased and the 1.95% increase be supported. However, in relation to the voluntary bodies, the Leader felt that due to the increased pressure and reduced funding that sector is experiencing the 2% increase should be supported.

**RESOLVED:**

- 1.1 That the estimates of revenue income and expenditure for 2016/17 for the General Fund be considered and a level of income and expenditure approved.***
- 1.2 That a 2% increase in grants to voluntary bodies and payments to Parish Councils under concurrent functions be approved.***
- 1.3 That the Council Tax Base for 2016/17 of 30,990 (equivalent Band D) properties, as detailed in Appendix 6 to the Report, be approved.***
- 1.4 That a Council Tax Surplus of £175,000 and a Business Rates surplus of £1m be declared on the Collection Fund for 2015/16 and***

*the Council's proportions of £20,000 and £400,000 respectively be transferred to the General Fund in 2016/17.*

*1.5 That an increase of 1.95% in the rate of Council Tax for 2016/17 be recommended to Full Council in line with the Government's Financial Settlement.*

*1.6 That the updated 5-year financial projection on the General Fund to 2021, including associated assumptions and risks, as detailed in Appendix 1 to the Report, be noted.*

*1.7 That a strategy and action plan be drawn up to generate budget savings of £1.5m on the General Fund over the spending review period to enable a minimum level of General Reserves of £1m by 2020.*

*1.8 That the decisions made in recommendations 1.1 to 1.7 above are used as the basis for consultation with local residents, businesses, voluntary and community groups, etc. and are subject to review by the Overview and Scrutiny Committee.*

*Abstentions: Councillors Rhind, Richards, Southerd and Wilkins.*

FM/96

**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.*

**TO RECEIVE QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO. 11**

*The Committee was informed that no questions had been received.*

**CORPORATE SERVICES STRATEGIC PARTNERSHIP (Paragraph 3)**

*The Committee approved the recommendations made in the Report.*

The meeting terminated at 7.05pm.

COUNCILLOR J HARRISON

CHAIRMAN