

FINANCE AND MANAGEMENT COMMITTEE

14th February 2012

PRESENT:-

Conservative Group

Councillor Wheeler (Chairman), Councillor Mrs. Watson (Vice-Chairman) and Councillors Jones, Lemmon, Murray, Smith and Watson.

Labour Group

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

In Attendance

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

APOLOGIES

Apologies for absence from the Meeting were received from Councillors Southerd and Taylor (Labour Group).

FM/85. **MINUTES**

The Open Minutes of the Meeting held on 1st December 2011 and of the Special Meeting held on 20th December 2011 were taken as read, approved as true records and signed by the Chairman.

FM/86. **DECLARATIONS OF INTEREST**

On behalf of all Members, the Chairman declared a personal interest in the item on the Final Budget Proposals, relating to the Council Tax setting and in accordance with Clause 10(2)(c)(iv) of the Members' Code of Conduct, Members could regard themselves as not having a prejudicial interest as the matter related to a function of the Authority.

FM/87. **REPORT OF OVERVIEW AND SCRUTINY COMMITTEE – BUDGET SCRUTINY FEEDBACK**

The unconfirmed Minutes of the Overview and Scrutiny Committee Meetings held on 18th January and 8th February 2012 were submitted as the Scrutiny Committee's feedback on the budget process. The Chairman of that Committee addressed Members, explaining the areas considered at each of the Meetings. She also referred to work undertaken on the Housing Revenue Account previously and highlighted the recommendations made at the 8th February Meeting.

RESOLVED:

That the report from the Overview and Scrutiny Committee be received and the recommendations made regarding the scheduling of meetings be approved, to enable Overview and Scrutiny to consider the Housing Revenue Account prior to this aspect of the budget being determined by the policy committees.

MATTERS DELEGATED TO COMMITTEEFM/88. **AUDIT SUB-COMMITTEE****RESOLVED:-**

That the Minutes of the Audit Sub-Committee held on 14th December 2011 be received and any recommendations contained therein be approved and adopted.

FM/89. **ASSET MANAGEMENT PLAN 2012 TO 2017**

It was reported that the Asset Management Plan (AMP) was a property strategy document, which sought to align the Council's non-housing asset base with corporate objectives, to ensure services were delivered efficiently. With the impact of 2010 Comprehensive Spending Review, it was important that assets were managed in a flexible, innovative manner to respond to budget pressures. The updated AMP was submitted for the Committee's consideration.

A particular issue highlighted was car parking. Reference was made to the recent conversion of the former Market Hall and a planned meeting with the local Chamber of Trade. There was praise for the energy efficiency cost savings within the AMP. In response to a question, clarity was provided regarding the unused shop units within the town centre. It was noted that there were Government grants available for town centre improvements and reference was made to the inward investment secured to date. An environmental management question was also submitted and reference was made to the annual EMAS report submitted to Members.

RESOLVED:-

- (1) That the updated Asset Management Plan for 2012 to 2017 is approved.***
- (2) That the Plan is updated as necessary and at least on a yearly basis.***

FM/90. **FINAL BUDGET PROPOSALS 2012/13 AND FINANCIAL PLAN TO 2017**

Members were reminded of the detailed report presented to the Committee on 12th January 2012 (Minute No. FM/ 77 refers). A report was submitted to detail the Council's final budget proposals and medium term financial projections on the main revenue and capital accounts. The proposals would

form the basis of setting the Council Tax for 2012/13 by the Council at its Meeting on 27th February 2012. The report confirmed the position, following a period of scrutiny and consultation. The remaining issue outstanding was the level of Council Tax for 2012/13, which was detailed within the report. The report provided an overview of the Housing Revenue Account (HRA) and the 10-year financial projection approved by the Housing and Community Services Committee on 2nd February 2012. That report brought together the strategy for servicing the debt take on (as approved by this Committee on 23rd January 2012) and the rent increase for 2012/13 under the self-financing framework.

The report included sections on the General Fund Revenue Account, Housing Revenue Account, Capital Investment, Council Tax and the report of the Chief Finance Officer under Section 25 of the Local Government Act 2003.

For the General Fund Revenue Account, the position on the Medium Term Financial Plan (MTFP) to 2016/17 remained substantially unchanged. This was detailed in an appendix to the report and summarised in a table. This section of the report provided further detail on the main assumptions taking into consideration, referred to the New Homes Bonus and public sector pay restraint. Also covered were cost pressures, national insurance contributions and the Government grant. Next, the report referred to Council Tax. It was noted that the MTFP assumed a year-on-year increase in Council Tax of 2.5%. The Government had again offered incentives for councils to freeze the level of Council Tax for the second consecutive year. However, the associated grant would only be available for one year and the implications for the MTFP were shown in a further table.

Next, the report turned to the HRA, which had been considered in detail by the Housing and Community Services Committee at its Meeting on 2nd February. It included details of the proposed rent increase for 2012/13 under the Government's National Rent Setting Policy. Particular commentary was provided on self-financing and a further appendix showed the fully costed base budget and financial projection for the first 10-years of self-financing. It had been updated to reflect the final settlement figure of £57.423m. In terms of risk, self-financing would allow greater freedom and scope, but came with a transfer of greater responsibilities and hence risk. Capital Investment was considered and the Committee was reminded of the decisions reached on 12th January 2012 for new capital investment. The programme had been updated to include these schemes, together with the detailed spending on council houses approved by the Housing and Community Services Committee on 2nd February 2012. All other schemes remained unchanged and the full programme, together with financing was set out in a further appendix. Capital receipts were also reported.

With regard to the Council Tax, further detail was provided on the assumed increase of 2.5% in the MTFP and the Government's specific grant for freezing Council Tax levels. A further table confirmed the effect on the MTFP in terms of balances by 2016/17. Finally, the Committee received the Section 25 report in accordance with Local Government Act 2003. The Council's Section 151 (Chief Finance) Officer was required to provide an overall opinion on the robustness of the estimates included in the budgets and adequacy of Council reserves. Commentary was provided on a number of sections, including the

General Fund, the HRA, Earmarked Reserves, Risks and consultation and provision of information.

The Chairman referred to the report's recommendations and it was felt that a Council Tax increase should not be imposed in the current climate. The Controlling Group was minded to make this recommendation to the Council. A question was submitted regarding the decisions reached by the Housing and Community Services Committee in terms of rent increases over the next few years. In particular, reference was made to the low rent increase in 2013/14. The Officer responded, explaining the reasons for this, which was due to 2013/14 being a 53-week rent collection year. A breakdown was given and a schedule had been prepared to show how the calculations had been arrived at for this "fiscal" year. It was agreed to circulate a copy of this schedule to Members of the Finance and Management and Housing and Community Services Committees. Further discussion took place about the rent increase levels in cash terms and confirming that the formula rent would be achieved by 2018/19. Finally, Members discussed the relatively low proportion of Council Tax that was directed to District Council services and the difficulty in informing the public of this. Officers confirmed that Council Tax for a 'Band D' property for District services equated to just £2.90 per week.

RESOLVED:-

- (1) That a freeze in the level of Council Tax for 2012/13 is recommended to Council on 27th February 2012, meaning that the Band D rate remains at £150.25.***
- (2) That estimated net General Fund Revenue Expenditure totalling £11,440,816 for 2011/12 (revised) and £11,444,330 for 2012/13 is recommended to Council on 27th February 2012.***
- (3) That the Medium-term Financial Plan to 2017 as detailed in the report be approved.***
- (4) That approval is given to the financial projection on the Housing Revenue Account to 2023 under the new self-financing framework.***
- (5) That the minimum level of General Reserve on the Housing Revenue Account is increased from £1/2m to £1m following the implementation of self-financing.***
- (6) That the 5-year capital investment and financing plan to 2017 be approved.***
- (7) That in order to achieve budget savings over the medium term, the Council continues to progress its service efficiency and transformation programme.***
- (8) That the report of the Council's Section 151 Officer under Section 25 of the Local Government Act 2003 is noted.***

FM/91. TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2012/13

A report was submitted on the Council's Prudential Indicators for its expected treasury operations for 2012/13 and beyond. This fulfilled the requirements of the Local Government Act 2003, updated for the implications arising out of the Localism Act 2011. Three main areas were covered, relating to the CIPFA Prudential Code (2011), the Treasury Strategy and the Investment Strategy.

The executive summary explained the main aims of the prudential system for capital finance and treasury operations, which were measured through a set of prudential indicators. The indicators provided the limits and benchmarks to control the level of capital expenditure, borrowing and investment.

The Treasury Management Strategy aimed to provide transparency for treasury decisions, together with assessing how risk was managed on a day-to-day basis. The Strategy had been updated to reflect the implications of the HRA debt take-on under the Self-Financing framework and further detail was provided on this.

The relevant prudential indicators were summarised in a series of tables for capital expenditure, the capital financing requirement and the operational boundaries and limits. Further tables reported on the cost of debt to finance capital expenditure and the available resources for investment.

The Committee thanked the Chief Finance Officer and his staff for all the work undertaken and for his support to the Member group, which undertook the preparatory work for the self-financing process.

RESOLVED:-

- (1) That the Committee approves the Treasury Management Strategy for 2012/13.***
- (2) That the Prudential Indicators and Limits for 2011/12 to 2016/17, as set out in an Appendix to the report, be approved.***
- (3) That the Investment Strategy for 2012/13, including the associated counterparty (lending) list and policy is approved.***
- (4) That the final HRA debt settlement of £57.423m is noted and the Limit on Indebtedness for HRA purposes of £66.853m is approved.***

FM/92. CORPORATE PLAN 2009 TO 2014: PERFORMANCE MANAGEMENT REPORT (1st OCTOBER 2011 – 31st DECEMBER 2011)

A report was submitted detailing progress and achievements for the quarter ending 31st December 2011 in relation to the Council's Corporate Plan 2009 – 14. A performance report was also submitted showing progress against Corporate Plan key projects and performance measures under the remit of the Committee. The Corporate Plan Action Plan consisted of four main themes or priorities. In March 2011 the Corporate Plan was refreshed along with the

current themes. Each theme contained a number of outcomes, which in turn had associated key projects to assist monitoring. A progress report was provided to 31st December 2011 on the key projects and performance measures. Appendices to the report detailed value for money for performance measures - performance against targets and progress against projects.

RESOLVED:-

That the Committee notes the progress made in relation to the Corporate Plan 2009 – 14 for the period 1st October to 31st December 2011.

FM/93. **BUDGET AND FINANCIAL MONITORING 2011/12**

The latest budget and financial monitoring report was presented for the Committee's consideration. Initially, this focussed on the General Fund Revenue Account and a table summarised the revised position on the General Fund for 2011/12. Following the 2012/13 budget round, the anticipated deficit was revised down to a small surplus of £3,557. In line with normal monitoring arrangements, the position on the revised net expenditure on services continued to be reviewed. A full analysis of each cost centre with variances across each policy committee was detailed in appendices to the report. Further tables showed performance against budget for 2011/12 as at December 2011 for each Committee and main service area. The tables showed there would be an overall decrease in net expenditure on services of £118,000 and the main variances were summarised in a further table. Additional commentary was provided on insurance, banking services and car parks.

Next, the report focussed on the Housing Revenue Account. Performance was summarised in a table and the overall deficit for the year was slightly better than originally estimated.

Capital Expenditure and Financing was reported and a further table gave an analysis of spending by main service/project area. This section included detail on Capital Receipts. Finally, the report considered Treasury Management with an analysis of the Council's borrowing and short-term investments/bank deposits. Particular reference was made to the fall in interest rates and the reduced choices available for investments, as several major banks and financial institutions had recently had their credit ratings reduced.

A question was submitted regarding the level of spending on council house improvements, set out within the capital expenditure section of the report. Officers confirmed that the majority of the expenditure usually occurred late in each financial year and it was anticipated that expenditure on this area would be achieved.

RESOLVED:-

That the latest budget and financial monitoring figures for 2011/12 are approved.

FM/94. **WORK PROGRAMME**

The Committee was asked to review its work programme.

RESOLVED:-

That the updated work programme be received.

FM/95. **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 1st December 2011 were received.

R. WHEELER

CHAIRMAN