OPEN

CORPORATE SCRUTINY COMMITTEE

11th February 2002

PRESENT:-

Labour Group
Councillor Bell (Chair), Councillor Harrington (Vice-Chair) and Councillors Mrs. Rose and Stone.

Conservative Group
Councillors Bladen and Douglas.

Contributors
Councillor Wilkins (Labour Group) and Councillor Lemmon (Conservative Group)

APOLOGY

An apology for absence from the Meeting was received from Councillor Mrs. Mead (Labour Group).

COS/33. **MEMBERS' QUESTIONS AND REPORTS**

An observation was made about the circulation of the agenda item at the Meeting. It was noted that the purpose of this Meeting was to consider feedback on the budget consultation and the final consultation meeting had only taken place on the previous Thursday evening.

COS/34. **SPENDING PLANS 2002/03 – SCRUTINY ARRANGEMENTS**

The Chief Finance Officer presented a report to provide feedback from the consultation on the Council's budget proposals. As part of the Scrutiny Committee on 28th January 2002, the views of the business, community and voluntary sectors had been sought. Since that time, further consultation had taken place using the six Area Meetings, the Joint Consultative Committee and two staff meetings.

In general, the public feedback had been positive and the presentations well received, stimulating questions. Appended to the report was a summary of the main issues raised at each of the Area Meetings and an extract of the Minutes from the Corporate Scrutiny Committee held on 28th January 2002.

The Chair spoke about the budget consultation arrangements and the proposals to develop this further, commencing the consultation at an earlier stage in the next financial year.

With regard to the pension fund, he sought the views of Councillor Wilkins who had attended a Pensions' Seminar at Derbyshire County Council. Councillor Wilkins advised that overall, there was a deficit of some £5.6million on the pension fund and it was proposed to make a lump sum contribution of £1million in the next financial year to offset part of this deficit. The remaining deficit would be reduced over the coming years and

the pension fund re-evaluated every three years. It was questioned whether the current staff contribution of 6% was sufficient. Members discussed the implications of granting early retirements and enhanced pension payments through 'added years'. The Chief Finance Officer gave a general overview of the pension scheme and explained that district councils now had to meet any shortfalls from such pension enhancements.

Councillor Harrington sought information about the proportions of Capital Receipts which could be used and those which had to be held in reserve. The Chief Finance Officer explained that for land sales, 50% of all receipts were aside for debt repayment and the remaining 50% could be used on new capital schemes. For council house sales, the position was slightly different with only 25% of receipts being available for use. Mr. Neaves explained the prioritisation of capital schemes which had taken place during the recent budget considerations.

Following a question by the Chair, Mr. Neaves explained that the Council's overall debt was some £9.3million and he explained the repayment arrangements for this borrowing. For the Council to become debt free it would require significant capital receipts and one possible scenario discussed was the disposal of the Council's housing stock to generate such a capital receipt. The Chair sought information on the level of reserves earmarked to repay debt and questions were submitted about the Housing Revenue Account.

Consideration was given to the capital resources available and levels of receipts, it being questioned why some revenue contributions were made to the Capital Programme. The Chief Finance Officer explained the complex finance schemes entered into a number of years ago to fund the Town Centre redevelopment, construction of the Green Bank Leisure Centre and council properties. Significant repayments were required from the Housing Revenue Account and the General Fund. The revenue contributions offset part of these repayment requirements. There was a discussion on the covenant schemes generally, it being noted that the principal repayments would increase over time.

Councillors Lemmon and Wilkins were asked to contribute with their views on the budget process. Councillor Lemmon sought further detail about the covenant schemes and understood that the repayments now included a capital element as well as the interest payments. He sought information on the projected levels of repayment and the Chief Finance Officer agreed to provide further details to him. Councillor Wilkins felt that the budget consultation presentations had been well received by those attending the Area Meetings. The Meeting with non-domestic ratepayers had been positive and he felt the consultation arrangements would improve further in future years. A view was expressed that a budget item could be included on future Area Meeting agendas and it was felt that Derbyshire County Council and the Police Authority should be encouraged to explain their budget proposals to a future Area Meeting. There was some speculation on the likely increases in Council Tax resulting from these authorities' spending proposals.

The Chair explained that the Scrutiny Committee's report on the budget consultation process would be submitted to the Finance and Management Committee on 19th February 2002. He outlined his thoughts on this report, felt that it should be relatively brief but positive and note the proposed developments to the process for future years.

R. BELL

CHAIR

The Meeting terminated at 5.30 p.m.