

FINANCE AND MANAGEMENT COMMITTEE

21st February 2013

PRESENT:-

Conservative Group

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

Labour Group

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

In Attendance

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

FM/82. **MINUTES**

The Open Minutes of the Meetings held on 18th October and 6th December 2012 and of the Special Meetings held on 27th September and 20th December 2012, were taken as read, approved as true records and signed by the Chairman.

FM/83. **DECLARATIONS OF INTEREST**

On behalf of all Members, the Chairman declared a pecuniary interest in the item on the Final Budget Proposals, relating to the Council Tax setting and in accordance with Clause 14(4)(vi) of the Members' Code of Conduct, Members were able to vote on this matter relating to a function of the Authority.

FM/84. **REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE – BUDGET SCRUTINY FEEDBACK**

The unconfirmed Minutes of the Overview and Scrutiny Committee Meetings held on 23rd January and 13th February 2013 were submitted as the Scrutiny Committee's feedback on the budget process. The Chairman of that Committee addressed Members and responded to questions.

RESOLVED:-

That the report from the Overview and Scrutiny Committee be received.

MATTERS DELEGATED TO COMMITTEE

FM/85. **AUDIT SUB-COMMITTEE**

The Minutes of the Audit Sub-Committee Meeting held on 19th December 2012 were submitted. The Chairman of the Sub-Committee responded to a question about missing internal audit working papers.

RESOLVED:-

That the Minutes of the Audit Sub-Committee Meeting held on 19th December 2012 are received and any recommendations contained therein are approved and adopted.

FM/86. FINAL BUDGET PROPOSALS 2013/14 AND FINANCIAL PLAN TO 2018

A report was submitted to detail the Council's final budget proposals for 2013/14 and medium term financial projections on the main revenue and capital accounts. The proposals would form the basis of setting the Council Tax for 2013/14 by the Council at its Meeting on 4th March 2013. The report confirmed the position, following a period of scrutiny and consultation. It included sections on the General Fund Revenue Account, Housing Revenue Account (HRA), 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, an updated medium term projection was appended to the report and summarised within a table, showing an increasing budget deficit and projected level of reserves at 2017/18 of £-574,531. The level of projected reserves showed a sustainable position until 2015/16. A further table showed how the overall position had changed between the base position in October 2012 and that following the base budget review and financial settlement.

The report included specific commentary on the main assumptions, net spending and Government Grant. Reference was made to retained business rates which would provide a greater proportion of the Council's funding from 2013/14. The Council had been required to submit estimated figures to the Government through an annual return, which was appended to the report. Reference was also made to the 2013 spending review and to other changes such as the Dry Recyclable Collection Service, court costs, the Local Plan and additional New Homes Bonus. Further sections covered grants for Discretionary Housing payments, the Community Right to Challenge and Community Right to Bid and the Council Tax Support Scheme.

Next, the report turned to the HRA, which had been considered in detail by the Housing and Community Services Committee at its Meeting on 7th February. It included details of the proposed rent increase for 2013/14 under the Government's National Rent Setting Policy. This was the first year under the self-financing framework. The HRA's base budget and 10- year financial projection was detailed in an appendix to the report. In summary, the longer term projection showed that the HRA was sustainable and could deliver the required capital investment in the stock and make the necessary surpluses in future years to repay debt. The HRA General Reserve was reported and would increase to approximately £3m by 2016/17. A table was included showing risks and the use of additional resources.

Capital investment was considered and a further appendix detailed the full programme together with financing. Commentary was provided on capital receipts, land sales and General Fund receipts.

With regard to the Council Tax, the Medium Term Financial Plan (MTFP) assumed an increase of 2.5% each year. The Government had provided an incentive as part of its financial settlement for local authorities to again freeze their Council Tax for 2013/14. The Government would effectively reimburse the resources lost to the equivalent of a 1% increase, payable for 2 years. This had been reflected in the latest MTFP, but was subject to a recommendation from the Committee to Council. The report explained the impact of this incentive on the MTFP and reference was also made to the Government cap set at 2%, above which a referendum would be required.

Finally, the Committee received the Section 25 report in accordance with the 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 budgets and the adequacy of Council reserves. Commentary was provided in a number of sections, including the General Fund, the HRA, Earmarked Reserves, a risk analysis and consultation and provision of information.

A proposal was submitted and seconded that there be no increase in the level of Council Tax for 2013/14 and this was debated, with several Members contributing. The debate concerned the recommendations from the Overview and Scrutiny Committee, a comparison between the proposals submitted for Council Tax and the decision taken regarding rent increases, together with reasons for this. Comment was made about the cumulative impact of not increasing Council Tax levels, the need to achieve savings and the options available.

RESOLVED:-

- (1) That no increase in Council Tax levels for 2013/14 is recommended to Council on 4th March 2013, meaning that the Band D rate remains at £150.25.***
- (2) That estimated net General Fund Revenue Expenditure totalling £11,339,301 for 2012/13 (revised) and £11,392,184 for 2013/14 is recommended to Council on 4th March 2013.***
- (3) That the Medium-term Financial Plan to 2018 on the Council's General Fund Revenue Account as detailed in Appendix 1 to the report is approved.***
- (4) That the financial projection on the Housing Revenue Account to 2024 as detailed in Appendix 2 to the report is approved.***
- (5) That the 5-year capital investment and financing plan to 2018 as detailed in Appendix 3 to the report is approved.***

- (6) That the Council's estimated National Non-Domestic Rate Return (NDR 1) for 2013/14 as set out in Appendix 4 to the report is noted.**
- (7) That reports on options for delivering efficiency savings of £300,000 per year are reported to the Committee in March and April 2013.**
- (8) That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 is noted.**

Note: Members of the Labour Group wished it to be recorded that they had voted against this decision.

FM/87. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2013/14**

A report was submitted on Council's Prudential Indicators for its expected treasury operations for 2013/14 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 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 with how risk was managed on a day to day basis. The Strategy included the implications of the HRA debt take on under the Self Financing Framework.

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

RESOLVED:-

- (1) That the Treasury Management Strategy for 2013/14 is approved.**
- (2) That the Prudential Indicators and Limits for 2012/13 to 2017/18 are approved as submitted.**
- (3) That the Investment Strategy for 2013/14 including the associated counterparty (lending) list and policy is approved.**

FM/88. CORPORATE PLAN 2009 TO 2014: PERFORMANCE MANAGEMENT REPORT (1st OCTOBER TO 31st DECEMBER 2012)

A report was submitted detailing progress and achievements for the quarter ending 31st December 2012 in relation to the Council's Corporate Plan 2009 – 2014. Details were provided of progress against Corporate Plan key projects and performance measures under the remit of the Committee. Also provided was an overview of the number of accidents which had occurred within the Council during the current quarter, as compared with the previous year.

The Corporate Plan Action Plan consisted of four main themes or priorities. In March 2012, 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 2012 on the key projects, performance measures and managing risks. Appendices to the report detailed value for money on projects and against performance measures.

RESOLVED:-

- (1) That the Committee notes the progress and achievements during the period 1st October to 31st December 2012, in relation to the Council's Corporate Plan 2009/14.***
- (2) That where progress has failed to achieve the specified target, the Committee accepts the adequacy of the remedial action taken.***
- (3) That the Committee receives the quarterly overview of the number of accidents as part of the Council's Health & Safety performance management framework.***

FM/89. BUDGET AND FINANCIAL MONITORING 2012/13

The latest budget and financial monitoring report was presented for the Committee's consideration. Initially, this focussed on the General Fund Revenue Account and tables showed the revised deficit of £24,974. In accordance with budget monitoring arrangements, the position on net expenditure on services continued to be reviewed. The latest monitoring figures were provided in a series of tables showing performance against budget as at December 2012 by Committee and main service area. These showed an overall decrease in net expenditure on services of £214,879, as compared to the original budget. The main variances were summarised in a table with additional commentary provided.

Next, the report focussed on the Housing Revenue Account (HRA). Performance on the HRA was detailed in an appendix to the report and showed that it was estimated to achieve a surplus in the year of £383,298. The main variances were reported.

Capital expenditure and financing was reported and a table showed capital spending compared to the budget at December 2012. This was supplemented by commentary on each of the project areas. The report also covered capital

receipts and the Government Guarantee Scheme, an agreement to enable the retention of receipts. This section of the report also covered council house sales to date, land sales and General Fund receipts.

Next, the report focussed on Treasury Management, with a table and commentary explaining the HRA debt outstanding and the amounts on deposit through short-term investments. Finally, other financial indicators were reported.

Members discussed in particular the collection of Council Tax arrears, the difficulties in collecting historic arrears, the amounts involved and provisions for bad debt. Comment was also made about under spending on budgets.

RESOLVED:-

That the latest budget and financial monitoring figures for 2012/13 are approved.

FM/90. **EUREKA PARK HERITAGE LOTTERY FUNDING**

A report was submitted which advised Members of a grant offer from the Heritage Lottery Fund for the refurbishment of Eureka Park. The detail of this matter had been considered by the Housing and Community Services Committee at its Meeting on 7th February 2013 (Minute No HCS/52 refers). The Finance and Management Committee had been asked to approve acceptance of the grant and appointment of a Community Engagement Officer on a fixed term contract, funded by that grant. In receiving the report, it was questioned whether the appointment could be delayed to provide a possible redeployment opportunity. It was noted that this was a specialist role and the offer was made to report back to Members on this aspect.

RESOLVED:-

- (1) That the Committee approves the establishment of a Community Engagement Officer on a 5-year fixed term contract as detailed in the report, fully funded by the grant, to manage and deliver the project.***
- (2) That the grade of the post be established in line with the Council's Temporary Regarding Procedure.***

FM/91. **WORK PROGRAMME**

The Committee was asked to review its work programme.

RESOLVED:-

That the updated work programme be received.

FM/92. **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 Meetings held on 18th October and 6th December 2012 and of the Special Committee Meeting held on 20th December 2012 were received.

WRITE OFF: COUNCIL TAX, SUNDRY DEBTORS & BUSINESS RATES (Paragraph 1)

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

THE LIVING WAGE (Paragraph 2)

The Committee considered becoming a living wage employer.

HOUSING SERVICES – STAFFING RESTRUCTURE (Paragraphs 1, 2 & 4)

The Committee approved proposals for a staffing restructure of the Housing Services Division.

R. WHEELER

CHAIRMAN