

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

16th January 2014

**PRESENT:-**

**Conservative Group**

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

**Labour Group**

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

**In Attendance**

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

FM/75. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Smith and Watson (Conservative Group).

FM/76. **DECLARATION OF INTEREST**

Councillors Bell, Murray, Richards and Taylor declared a personal interest in Minute Numbers FM/77 & FM/78, as they are involved in a voluntary or community group.

**MATTERS DELEGATED TO COMMITTEE**

FM/77. **SERVICE BASE BUDGETS 2014/15**

The Director of Finance and Corporate services gave a presentation on the report that was submitted to inform Members of the proposed base budget for 2014/15. It was proposed that the estimated income and expenditure be included in the consolidated budget of the Council for 2014/15, 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. This explained the Committee's responsibility for some large spending areas, the functions delivered and those in partnership with Northgate Public Services. The Council's overall financial position was then reported and a summary of expenditure given in a table within the report. This showed that net expenditure was estimated to reduce by £54,373, with the changes being summarised in a further table.

Appended to the report were a summary of the Committee's budgets at cost centre level and an analysis of the changes between 2013/14 and 2014/15 for each cost centre. The detail of the report included sections on zero based budgeting, inflation and the general basis of the 2014/15 base budget. Also reported were concurrent functions with contributions to parish councils and the position of the capital investment programme. Finally, the report looked at the proposed fees and charges for 2014/15, which were detailed in a further appendix.

Members commented on the report and asked questions of the Director of Finance & Corporate Services.

**RESOLVED:-**

- (1) That the proposed revenue income and expenditure for 2014 / 2015 as detailed in an appendix to the report for the Committee's Services be approved and included in the consolidated proposals for the General Fund.***
- (2) That the proposed fees and charges as detailed in an appendix to the report are approved.***
- (3) That the level of increase in contributions to Parish Councils in 2014/ 2015 under Concurrent Functions is set at 2%.***

FM/78. **BUDGET REPORT 2014/15 INCORPORATING THE CONSOLIDATED BUDGET PROPOSALS AND MEDIUM TERM FINANCIAL PLAN TO 2019**

A report was submitted to detail the Council's overall financial position for the 2014/15 budget round. Effectively, this built on the financial plan and strategy approved in October 2013 and covered the following sections:-

- The Council's provisional financial settlement from central government for 2014/15 and 2015/16 with estimated on-going implications for 2016/17 and beyond.
- The Council's current spending and proposed base budget position for 2014/15.
- The General Fund's 5-year financial projection including proposed spending by policy committees and associated analysis to 2018/19, which formed the Medium Term Financial Plan.
- The proposed Council Tax Base for 2014/15 and Collection Fund position, 2013/14.
- Options for Council Tax levels in 2014/15 and future assumptions.

- An overview of the Council's projected medium-term budget position with associated assumptions and risks, which formulated a target level of budget savings now required over the planning period to 2019.

The report included an executive summary and overall commentary. This looked initially at the position on entering the 2014/15 budget round, before reporting the updated general fund position. A table was included which showed the budget deficit and balance of reserves from the base budget in 2013/14 and projections to 2018/19. The level of projected reserves was sustainable until 2016/17, although an increasing budget deficit reduced reserves significantly without any corrective action being taken. A further table showed how the overall position had changed giving the estimated reserve balance position at 2018/19 of minus £191,733. The executive summary also looked at main assumptions, net spending and Government Grant, before commenting on the spending review in 2014, Council Tax and the summary position.

The next section of the report covered the detail, background and base budget analysis. It expanded on the Council's financial settlement for 2014/15 and provided details on the Councils Core Funding from Central Government comprising 3 funding streams, these being The Revenue Support Grant, Retained Business Rates and The New Homes Bonus. A table was provided detailing the estimated amounts based on the Comprehensive Spending Review. It was noted that the figure for Revenue Support Grant included £64,000 for homelessness provisions. The next part of the report covered the Councils Settlement Funding Assessment for 2014/15 and illustrative figures for 2015/16 based on the spending review 2013 and subject to consultation and parliamentary scrutiny, this is expected to be approved by the end of January. A table was included showing a breakdown of settlement figures.

Further sections of the report considered the proposed base budget and consolidated spending for 2014/15, and the General Fund five-year financial projection to 2018/19. Overall, up to 2016/17, the deficit position was better although by 2017/18 is still significant. Balances continue to remain healthy until 2016/17, but are then projected to reduce rapidly by 2018/19 into a potential negative position. A table was included summarising the reasons for the change. Further sections of the report then looked at Council Tax, the Tax Base and Collection Fund and an overall risk analysis was provided.

Members commented on the difficult financial position. The Director of Finance and Corporate Services responded to questions from Members.

**RESOLVED:**

- (1) That the estimates of revenue income and expenditure for 2014 / 15 for the General Fund are considered and the recommended level of income and expenditure is approved.***
- (2) That the level of increase in grants to voluntary bodies and payments to Parish Councils under concurrent functions is set at 2%.***

- (3) That the Council Tax Base for 2014 / 15 of 29,723 (equivalent Band D) properties as detailed in an appendix to the report is approved.**
- (4) That a Surplus of £173,000 is declared on the Collection Fund for 2013 / 14 and the Council's proportion of £20,000 is transferred to the General Fund in 2014 / 15.**
- (5) That consideration given to the principle of a Council Tax freeze for 2014 / 15 in accordance with the offer of specific grant from the Government be postponed to a future meeting.**
- (6) That the updated 5-year financial projection on the General Fund to 2019 as detailed in an appendix to the report, including associated assumptions and risks as set out in the report be approved.**
- (7) That on-going budget savings of £300,000 are identified and taken out of the current Base Budget ahead of the 2015 / 16 Budget Round.**
- (8) That the decision made in the above recommendations be 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.**

FM/79. **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.***

**INCREASE IN SCOPE OF THE CONTRACT FOR ARCHITECTURAL SERVICES – PARAGRAPH 3**

***The Committee approved the report.***

R. WHEELER

CHAIRMAN