

OVERVIEW AND SCRUTINY COMMITTEE

22nd January 2014

PRESENT:-

Conservative Group

Councillor Mrs. Plenderleith (Chairman), Councillor Atkin (Vice-Chairman), Mrs. Hood and Mrs Patten.

Labour Group

Councillors Bambrick, Dunn and Pearson.

OS/22. **APOLOGY**

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

OS/23. **BUDGET REPORT 2014/15**

A copy of the budget report for 2014/15, which had recently been considered by the Finance and Management Committee, had been circulated. This was accompanied by a presentation from the Director of Finance & Corporate Services, who initially took Members through the recommendations approved at the earlier Policy Committee. The presentation focused on a number of key areas, the first being the financial settlement from the Government for 2014/15. He described the factors which had previously been taken into account in reaching this settlement and how it was changing. The settlement was based on three areas, these being the Revenue Support Grant, Retained Business Rates and a New Homes Bonus. Details were also provided of tariff arrangements where monies collected by the Authority would be returned to the Government for redistribution, linked to a safety net system associated with the loss of business rates. Members asked whether business rates were ring fenced and it was confirmed that the Council's share forms parts of its core funding. It was also asked who sets the business rates and this comes from the Regional Valuation Office. A number of graphs were included within the presentation showing the financial projections going forward.

Next, consideration was given to the Medium Term Financial Plan with slides showing the projected reserve balance and the reasoning's behind the recommendations for savings of £300,000 per annum. It was also noted that further savings may need to be identified within the next few years. A slide showed spending changes from reduced income and cost pressures, this included the costs incurred from the recent Local Plan consultation and from a deficit in the pension fund. Members asked questions on the risks and pressures regarding the 85 year rule for pensions being scrapped and if the County Council has a separate deficit to the Local Authority. Examples were given of the increasing costs which included maintenance and Utility costs of

the Civic Offices and the Depot. It was acknowledged that the Medium Term Financial Plan was a projection, but it gave a clear guide showing the direction of travel of the Authority's finances. There was some limited time available to address the identified problems.

It was agreed that The Director of Finance and Corporate Services give a verbal update on Pensions at the next Overview and Scrutiny Committee.

The Committee then gave consideration to the level of Council Tax. It was noted that the Government would provide a specific grant where an authority froze the level of Council Tax for 2014/15, equivalent to a 1% increase, payable for two years. It was noted that the Government can step in if the local Authority go over a 2% increase in Council Tax, thereby triggering the requirement for a referendum to be held. The Director of Finance and Corporate Services responded to questions from Members.

Finally a summary of the report was given and confirmed that the starting position was good as the situation was being addressed early but the reduction in resources was not sustainable. He then responded to questions from Members. The Committee thanked the Director of Finance and Corporate Services for the report and presentation.

The Committee accepted the report.

MRS. A. PLENDERLEITH

CHAIRMAN

The Meeting terminated at 6.50 p.m.