

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

17th January 2013

PRESENT:-

Conservative Group

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

Labour Group

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

In Attendance

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

FM/77. **APOLOGY**

An apology for absence from the Meeting was received from Councillor Smith (Conservative Group).

FM/78. **DECLARATION OF INTEREST**

The Chairman made a declaration of personal interest on behalf of any Member involved in a voluntary or community group.

MATTERS DELEGATED TO COMMITTEE

FM/79. **SERVICE BASE BUDGETS 2013/14**

A report was submitted to inform Members of the proposed base budget for 2013/14. It was proposed that the estimated income and expenditure be included in the consolidated budget of the Council for 2013/14, 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 nearly £93,000, with the changes being summarised in a further table and supported by detailed commentary.

Appended to the report were a summary of the Committee's budgets at cost centre level and an analysis of the changes between 2012/13 and 2013/14 for each cost centre. The detail of the report included sections on zero based

budgeting, inflation and the general basis of the 2013/14 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 2013/14, which were detailed in a further appendix. A verbal update was given on reductions in commission fees charged for credit and debit card transactions. Members gave particular consideration to the proposed fees and charges relating to parish councils under concurrent functions and to court fees.

RESOLVED:-

- (1) That the proposed revenue income and expenditure for 2013/14 for the Committee's Services be approved and included in the consolidated proposals for the General Fund.***
- (2) That the proposed fees and charges for 2013/14 are approved as submitted, subject to the reported reductions in commission fees charged for credit and debit card transactions.***
- (3) That the level of increase in contributions to parish councils in 2013/14 under Concurrent Functions is set at 2.6%.***

FM/80. **BUDGET REPORT 2013/14 INCORPORATING THE CONSOLIDATED BUDGET PROPOSALS AND MEDIUM TERM FINANCIAL PLAN TO 2018**

A report was submitted to detail the Council's overall financial position for the 2013/14 budget round. Effectively, this built on the financial plan and strategy approved in October 2012 and covered the following sections:-

- The Council's provisional financial settlement from central government for 2013/14 and 2014/15 with estimated on-going implications for 2015/16 and beyond.
- The Council's current spending and proposed base budget position for 2013/14.
- The General Fund's 5-year financial projection including proposed spending by policy committees and associated analysis to 2017/18, which formed the Medium Term Financial Plan.
- The proposed Council Tax Base for 2013/14 and Collection Fund position, 2012/13.
- Options for Council Tax levels in 2013/14 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 2018.

The report included an executive summary and overall commentary. This looked initially at the position on entering the 2013/14 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 2012/13 and projections to 2017/18. The level of projected reserves was sustainable until 2015/16, 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 2017/18 of minus £574,531. The executive summary also looked at main assumptions, net spending and Government Grant, before commenting on the spending review in 2013, 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 2013/14 and the fundamental changes being introduced to the national distribution of local authority funding. The report explained how the new system would work, the baseline position and a damping mechanism. Detail was provided about the New Homes Bonus and how this was calculated, together with the overall grant settlement for South Derbyshire. This part of the report also covered the Revenue Support Grant and Retained Business Rates together with provisional allocations under the New Homes Bonus. Medium-term projections were reported with a table showing projected reductions both in cash and percentage terms for the period to 2017/18. A comparison was also provided to previous projections with a cumulative difference of over £2m. This section of the report concluded with a table showing specific grants that had been received.

Further sections of the report considered the proposed base budget and consolidated spending for 2013/14, and the General Fund five-year financial projection to 2017/18. The key section highlighted by officers showed that the current level of general reserves was healthy and well above the minimum contingency level of £1m. However, the projected budget deficit by 2017/18 of £1.2m was unsustainable. Consequently, in order to achieve a sustainable position, annual budget savings of £300,000 from 2013/14 would be required. This would maintain balances of £1m over the five year planning period, although the budget deficit would still be significant and further savings would be required in future years. Further sections of the report then looked at Council Tax, the Tax Base and Collection Fund and an overall risk analysis was provided.

Officers were thanked for the detailed report and accompanying presentation. Several Members commented on the difficult financial position, the retention of services and about corrective action. There was also discussion about the level of Council Tax increase, the Government cap, above which a referendum would be required and the one year incentive for councils not to increase Council Tax levels. Officers responded to questions regarding the corrective action being taken. Once the consolidated budgets had been approved, further reports would be submitted to Members.

RESOLVED:

- (1) That the estimates of revenue income and expenditure for 2013/14 for the General Fund are considered and the 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 2.6%.**
- (3) That the estimated Council Tax Base for 2013/14 of 29359 is approved.**
- (4) That no surplus be declared on the Collection Fund for 2012/13.**
- (5) That consideration of a Council Tax freeze for 2013/14 in accordance with the offer of specific grant from the Government be noted.**
- (6) That the updated 5-year financial projection on the General Fund to 2018 including associated assumptions and risks as set out in the report, be approved.**
- (7) That the potential for further reductions in overall Government grant following the Comprehensive Spending Review planned for 2013 is noted.**
- (8) That on-going budget savings of £300,000 per year from 2013/14 are identified in order to meet the projected medium term budget deficit.**
- (9) That the Council continues to progress a programme of service efficiency and transformation reviews in order to help address the projected medium term budget deficit.**
- (10) That the decisions made in recommendations (1) to (9) above are 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.**

R. WHEELER

CHAIRMAN

The Meeting terminated at 7.15 p.m.