

Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 9 February 2010 starting at 6.30pm
Present: Councillor E M H Ranson (Chairman)

Councillors:

R Croasdale	J Rogerson
D Eccleston	R E Sherras
S Hirst	D Smith
J Holgate	J S Sutcliffe
S Hore	R J Thompson
A Knox	N Walsh

In attendance: Chief Executive, Director of Resources, Director of Community Services, Director of Development Services and Financial Services Manager.

Also in attendance: Councillor B Jones.

808 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillor K Hind.

809 OVERALL REVISED CAPITAL PROGRAMME 2009/2010

The Director of Resources submitted her report for Committee to consider the overall revised capital programme for 2009/2010. She reported that 63% of the revised estimate had been spent so far. There was therefore a lot of progress to be made if the full programme was to be achieved this year.

She highlighted the revised estimate of the total resources for 2009/2010 which after deducting the expected cost of schemes would leave estimated spare resource of £642,000 as at 31 March 2010.

Members' attention was drawn to the fact that the identified capital resources included £743,888 of unsupported borrowing. There was some concern as to whether there was enough relevant expenditure that met this criteria. Work was therefore continuing on a review of the programme in order to establish the most ideal method of funding for each of the schemes.

The Director of Resources highlighted the main change to this year's programme which was the removal of the joint Roefield Extension and Changing Room Scheme following the decision made in December not to go ahead with the latest proposals. A sum of £215,000 had been added to the programme however to reflect the Council's intention to refurbish the football changing rooms at Edisford.

Members questioned the position of the Salthill play area scheme. The Director of Community Services explained the negotiations which had been undertaken with the Lancashire County Council and other funders which had culminated in

the position where the scheme may have to be abandoned. Members expressed their extreme concern at the position we were now in and urged officers to try to get the scheme back on course to meet the relevant deadline. If it was necessary to call a meeting of the Emergency Sub Committee then that would have to happen. The Chief Executive responded by saying the Corporate Management Team would give the matter their urgent attention.

RESOLVED: That

1. the Director of Community Services be urged to undertake further negotiations with Lancashire County Council and other funders in order to revive the Salthill play area scheme; and
2. Committee approve the overall revised capital programme for 2009/2010.

810

OVERALL FIVE YEAR CAPITAL PROGRAMME 2010/2015

The Director of Resources submitted her report for approval of a five year capital programme for 2010/2015 for submission to Full Council.

For the future five year capital programme – 2010/2015, it had been agreed by the Budget Working Group that all previously proposed schemes for the period 2010/2014 should now be set aside and that officers should reconsider their capital scheme requirements.

For all schemes put forward, officers had completed a capital scheme pro forma and provided full details of the proposed scheme. Consideration was given to the following:

- How the scheme linked to the Council's ambitions.
- Revenue implications and full capital costs.
- Risk management issues and performance management information.
- Consultation issues.
- Impact of the proposed scheme if it were delayed or deleted.
- Economic life.

The total programme as originally submitted totalled £5,311,400 and was clearly unaffordable.

The Budget Working Group and Corporate Management Team had met on a number of occasions to consider the draft programme and had made a number of proposals/amendments to ensure the programme that was being recommended was viable.

The Budget Working Group at its meeting on 13 January 2010 confirmed that:

- £100,000 per annum from the VAT shelter be used to finance the capital programme;
- unsupported borrowing only be used for assets with a predicted life of over 25 years.

The Budget Working Group had asked the Corporate Management Team to review the programme to produce an affordable and achievable five year capital plan.

Corporate Management Team held a special meeting on 25 January 2010 to review the revenue and capital budgets. After some consideration of the individual bid sheets, Corporate Management Team reviewed the draft programme using the following process:

- Consider which schemes were already committed to/must go ahead.
- Consider which schemes attract grant funding.
- Consider which schemes could be knocked out or charged to revenue.
- Finally, which schemes should be reduced or go forward for further consideration.

This process resulted in a recommended capital programme for 2010/15 totalling £3,579,050 with expected resources of £3,797,499.

The Director of Resources drew Committee's attention to the balance remaining at the end of the programme which was less than the minimum of £300,000 which officers would normally recommend. Also for 2010/2012 to 2013/2014 the capital programme was shown in a deficit situation.

The programme following the amendments made by Corporate Management Team, was in the Director of Resources' opinion just about affordable given there is inevitably slippage each year and only a small proportion of VAT shelter receipts have been included to finance schemes. She stressed however it was important for the Budget Working Group to keep the capital programme under review. Members then discussed this matter in some detail.

*** RESOLVED: That Committee recommended to Full Council the five year capital programme for 2010/2015 as set out in Annex 3 subject to the Budget Working Group closely monitoring the programme during 2010/2011 and report progress to Policy and Finance Committee at regular intervals. ***

811 OVERALL REVENUE BUDGET 2010/2011

The Director of Resources submitted a report asking Committee to approve the revised revenue budget for 2009/2010 and consider the revenue budget, budget requirement and precept for 2010/2011.

The revised budget showed an increase of £166,248 in net expenditure and an increase in the amount to take from balances to £412,000. She gave her comments on the current year's revised budget and highlighted where and why variations had occurred. She explained that the revised budget would result in balances at 31 March 2010 of £1,610,000.

The Director of Resources further reported on the government's announcement on local government finance settlement for 2010/2011 which had increased by

£146,000. She stressed this was the third and final year of the three year settlement and that future funding prospects were very uncertain. She then reported on the position of the collection fund which predicted a deficit of £106,000 in 2010/2011 mainly due to the number of rebandings following appeals by homeowners.

She reminded Members of the government's capping regime which encouraged Councils to remain within a modest Council Tax increase with a likely capping limit of 3%. With regard to the 2010/2011 base budget, the Director of Resources informed Committee that each service Committee had been asked to prepare their budget on the basis of no increase in the level of spending in real terms. Committee expenditure was up by £343,350 and a detailed explanation was given of the reasons for this increase. In particular, Committee's attention was drawn to the dramatic loss of interest on balances which had cost the Council over £100,000.

The Budget Working Group had met several times in recent weeks and had set as a guideline a 0% increase in Council Tax. This meant that savings or use of balances of £523,140 needed to be identified.

Initial savings of £207,270 were identified during the preparation of the budget and further £197,770 of savings were identified by the Corporate Management Team. These were set out in the report in detail.

A table showing the necessary use of balances according to different Council Tax increases was provided for Committee's information.

The Director of Resources also updated Committee on the amended three year forecast and gave details of the Committee's general fund balances which were lower than previous years. In conclusion she commented that the base budget beyond 2010/2011 would only be affordable with significant reductions. For 2011/2012 this was £550,000 and for 2012/2013 £669,000. This assumed a 10% reduction in external government funding for 2011/12. The Budget Working Group had agreed to meet regularly in the forthcoming financial year to monitor the budget. Finally, she commented on the robustness of the estimates of balances and reserves.

The Leader thanked the Director of Resources and the Budget Working Group for their hard work over the past few months. He commented on the level of Council Tax which had been used as a guide and recognised that this Council had always set its Council Tax increase at a very low level. The Leader also expressed concern about the erosion of balances and commented that the Council had always taken a prudent approach to its finances. He compared the Council's increase in Council Tax over recent years with that of the County Council. He proposed a modest increase in Council Tax of 2.5% for the coming year. Members discussed this and asked a number of questions. The Director of Resources responded to these.

RESOLVED: That Committee

1. approve the revised budget for 2009/2010 as set out in the report; and
2. recommend to Full Council on 2 March 2010 a budget requirement of £7,648,990 and a precept of £3,518,583 (including parishes) which would result in 2.5% increase in the band D Council Tax for Ribble Valley Borough Council to £140.69.

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MEDIUM TERM FINANCIAL STRATEGY

The Director of Resources submitted a report seeking the approval of the Council's medium term financial strategy 2010/2011 to 2012/2013.

The medium term financial strategy is the Council's key financial planning document. It aimed to provide the Council with an assurance that the Council's spending plans were affordable over the medium term (3 years).

It included a three year budget forecast and provided the financial foundation for the delivery of the Council's priorities. The medium term financial strategy included the following sections:

- Policy and service context.
- Demographic context.
- Financial context.
- National context and other external factors.
- Partnership working and external funding.
- A three year projection of revenue expenditure.
- Capital programme.
- Balances and reserves.
- Risk assessment and sensitivity.
- Links to ambitions and priorities.

The Director of Resources earlier commented that the strategy would need minor amendments to reflect the decisions taken regarding the revenue budget and capital programme.

RESOLVED: That Committee approve the medium term financial strategy for 2010/2011 to 2012/2013.

The meeting closed at 7.50pm.

If you have any queries on these minutes please contact Janet Pearson (414430).