

Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 8 February 2011, starting at 6.30pm
Present: Councillor E M H Ranson (Chairman)

Councillors:

R Adamson	J Rogerson
D Eccleston	R E Sherras
K Hind	D T Smith
S Hirst	J S Sutcliffe
J Holgate	R J Thompson
S Hore	N C Walsh
A Knox	

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

Also in attendance: Councillor B Jones.

665 APOLOGIES

There were no apologies for absence.

666 DECLARATIONS OF INTEREST

There were no declarations of interest.

667 PUBLIC PARTICIPATION

There were no public participation.

668 OVERALL REVISED CAPITAL PROGRAMME 2010/11

The Director of Resources submitted her report for Committee to consider the overall revised capital programme for 2010/11. She reported that the total revised programme would cost £2,151,260 and that 69% of the revised estimate had been spent so far. There was therefore some progress still to be made if the full programme was to be achieved this year.

She highlighted the revised estimate of the total resources for 2010/11 and explained that after deducting the expected cost of schemes, the Council would have estimated spare resources of £69,952 as at the 31 March 2011.

The Director of Resources highlighted the main changes in this year's programme. The Chairman questioned the progress being made with the following projects:

- Badgerwell water culvert collapse;
- Ribblesdale Pool replacement of boiler;

- Ribblesdale Pool main pool replacement and plant room maintenance.

The Director of Community Services gave progress reports on each project. In relation to the Badgerwell culvert, officers were seeking funding contributions from other agencies. In the case of the two schemes at Ribblesdale Pool, both were progressing and on target. Members also discussed the possibility of slippage of schemes.

RESOLVED: That Committee approve the overall revised capital programme for 2010/11.

669 OVERALL FIVE-YEAR CAPITAL PROGRAMME 2011/2016

The Director of Resources submitted her report for approval for a five-year capital programme for 2011/2016 for submission to full Council.

For all schemes put forward officers had completed a capital scheme pro forma and provided full details of the proposed scheme. Consideration had been 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.
- Efficiency and value for money.

The total programme as originally submitted totalled £3,843,150 and was clearly unaffordable.

The Budget Working Group had considered the draft programme and made a number of proposals/amendments to ensure the programme that was being recommended was viable.

The Budget Working Group at its meeting on the 28 January 2011, confirmed that:

- £100,000 per annum from the VAT shelter be used to finance the capital programme;
- unsupported borrowing should only be used for assets with a long predicted lives such as land and buildings;
- it was also confirmed that a further £72,000 of VAT shelter receipts be used as a top up for the disabled facilities grant; this was on the basis that in the past this was the amount by which the Council would have been required to top up these grants (on a 60/40 basis); and
- in reviewing housing capital schemes, disabled facility grants and landlord and tenants grants should be prioritised in line with recommendations made at Health and Housing Committee on 20 January 2011.

The Budget Working Group had then asked the Corporate Management Team to review the programme to produce an affordable and achievable capital programme for 2011/12 and also asked that a Capital Working Group be set up to agree the remaining four years of the five-year programme to tie in with the outcomes of the service review which were currently underway.

Corporate Management Team had reviewed the draft programme for 2011/12 and had considered the schemes which were already committed, considered which schemes attracted grant funding, considered which schemes should be knocked out or charged to revenue and also which schemes should be reduced or go forward for further consideration.

This process had resulted in a recommended capital programme for 2011/12, totalling £2,973,700 with expected resources of £2,419,602.

It was acknowledged there was still some considerable work to be done in order to agree an affordable five-year programme.

The Director of Resources informed Committee of a number of suggested amendments to the programme for 2010/11:

- It was now thought the Clitheroe Cemetery infrastructure scheme could be moved back as work on site is not anticipated to commence until April 2012.
- Given the prioritisation of both the disabled facilities grant and landlord/tenant grant schemes by Health and Housing Committee and also the Budget Working Group, the proposed budgets for next year could be reinstated from £130,000 to £180,000 and £90,000 to £100,000 accordingly.
- Given the proposed programme for 2011/12 showed a predicted amount of spare resources of below the recommended minimum level of £300,000, VAT Shelter receipts should be used to set aside a contingency to ensure this minimum level is retained.

RESOLVED: That Committee:

1. approve the capital programme for 2011/12 only for submission to full Council as set out in Annex 3 subject to:
 - a. Budget Working Group closely monitoring the programme during 2011/12 and progress being reported to Policy and Finance Committee;
 - b. the Clitheroe Cemetery infrastructure scheme be transferred from 2011/12 to 2012/13;
 - c. restore the disabled facilities grants scheme to £180,000 and the landlord and tenants grants scheme to £100,000 for 2011/12;

- d. use VAT Shelter receipts to ensure the minimum predicted level of spare resources at the end of 2011/12 is £300,000.
2. Approve the setting up of a Capital Working Group to agree a capital programme for the years 2012/13 to 2015/16 which is affordable and achievable and ties in with the outcomes of the service reviews which were currently underway.

670

OVERALL REVENUE BUDGET 2011/12

The Director of Resources submitted a report asking Committee to approve the revised revenue budget for 2010/11 and to consider the revenue budget, budget requirement and preset for 2011/12.

The revised budget showed a decrease of £243,000 in net expenditure and the Director of Resources gave her comments on the reasons for this. She explained that the revised budget would result in general fund balances at 31 March 2011 of £1.424m.

The Director of Resources further reported on the Government's announcement on Local Government finance settlement for 2011/12 and 2012/13 which had been tougher than expected with a reduction in formula grant funding from £4,141,518 to £3,214,403 in 2011/12 and then a further reduction to £2,825,499 for 2012/13 which gave reductions of 14.8% and 12.1% respectively. She informed Committee that the final settlement has been announced but not debated in Parliament. There had been a change in the amount of grant the Council will receive. The latest figures were £3,237,040 for 2011/12 and £2,823,026 for 2012/13. The Budget Working Group had recommended that any further changes in grant should be taken or added to general fund balances.

She also reported on the position of the collection fund, which had a predicted deficit of £140,641 which equated to an amount for Ribble Valley Borough Council of £15,000. With regard to the 2011/12 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. The Director of Resources added that the budgets submitted to Committee were their base budgets. Overall Committee expenditure was down by £380,000 and a detailed explanation was given for the reasons for this decrease.

She went through a number of amendments to the base budget including additional superannuation costs and savings arising from the restructuring of Senior Management. This produced an amended base budget of £6.88m which was still £454,000 in excess of our estimated budget requirement.

The Budget Working Group had met several times in recent weeks and recommended that the Council worked towards setting a 0% increase in Council Tax in line with the Government guidance. This would equate to a grant to this Council of £78,660 each year for four years.

The Budget Working Group recommended savings for 2011/12 of £244,000 with the remaining £210,000 coming from general balances.

The Director of Resources took Members through the suggested savings and the rationale behind using £210,000 from balances. She also referred to the budgetary position in 2012/13 and explained the strategy to find further savings to solve the likely financial shortfall in future years.

Members then asked a number of questions around external audit fees, new homes building fees, the building control account and the position of modern apprentices.

The Director of Resources commented on the robustness of the estimates and the adequacy of reserves. She explained that this was a legal requirement of the Section 151 officer. She set out the various processes the Council had in place and said she was confident that the Council would continue to manage its finances to a high standard and that the budget plans were robust.

Finally, the Director of Resources referred to the Council's budget requirement and precept and explained how the figures in her report would need amending to reflect the latest formula grant figures.

The Leader thanked the Director of Resources, the Financial Services Manager 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 very low level. He also indicated that whilst savings had been made for 2011/12 the Service Managers had been tasked with coming up with further savings for 2012/13.

RESOLVED: That Committee

1. approve the revised budget for 2010/11 as set out in the report;
2. recommend to full Council on the 8 March, a budget requirement of £6,740,746 and a precept of £3,518,706 (including Parishes) with no increase in Council Tax which would mean that the Band D Council Tax would remain at £140.69; and
3. the Director of Resources be authorised to adjust the revenue balances if there were any further changes in formula grant being made by the Government.

671 MEDIUM TERM FINANCIAL STRATEGY

The Financial Services Manager submitted a report seeking the approval of the Council's medium term financial strategy 2011/12 to 2013/14. 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 2011/12 to 2013/14.

The meeting closed at 7.47pm.

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