

Executive

Excerpt of the Minutes of the meeting held on Wednesday 29 July 2015 at the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Cross, Coker, Gallagher, Grainger, Phillips, Shilton and Whiting.

Also present: Councillors Ashford and Mann (observing).

Apologies for absence were received from Councillor Barrott, Chair of Finance & Audit Scrutiny Committee, Councillor Boad, Chair of Overview & Scrutiny Committee and Councillor Mrs Falp, Whitnash Resident's Association (Independent) Observer.

Prior to the commencement of the meeting, the Leader acknowledged the apologies from the Scrutiny Chairs and reminded those present that the scrutiny comments provided would be given due weight.

20. **Declarations of interest**

There were no declarations of interest relevant to this excerpt.

Part 1

(Items on which a decision by Council is required)

22. **Budget Review to 30 June 2015**

The Executive considered a report from Finance which updated Members on the latest financial position. The Council's Medium Term Financial Strategy had been updated since the 2015/16 Budget was agreed in February of this year in light of later Government announcements and other known changes. Various changes to 2015/16 budgets had been identified and were now presented to Members for approval.

The Council needed to find financial savings of £1.1m over the next five years for the General Fund as detailed elsewhere in the report. Officers reviewed current year budgets on a monthly basis at the same time as considering implications for the medium term. As a consequence, Members were updated on a quarterly basis.

The report outlined the latest variances to the General Fund 2015/16 that had been identified by managers. Where the variance was not self-explanatory, further detail was provided and included information on salaries and the New Homes Bonus returned monies.

The report went on to explain the details of the current year Contingency Budgets and the balance remaining and were shown in Appendix A to the report.

Information relating to the salary vacancy factor, Revenue Slippage-Earmarked Reserves, the Housing Revenue Account and Capital budget was provided in section 3 of the report.

The Medium Term Financial Strategy (MTFS) was addressed in section 3.7 of the report and encompassed Business Rated Retention, New Homes Bonus Returned, Revenue Support Grant (RSG) and other funding liabilities.

Monitoring expenditure and income and maintaining financial projections was good financial management and part of good governance. Therefore, no alternative options had been considered.

Rather than fund most of the projected revenue shortfall for the current year now, using the £250,800 appropriated as part of the Final Accounts, it was possible to continue to leave this shortfall unfunded. However, given the size of the shortfall and the main driver (NHB Returned), this position was not likely to change and to leave it may be regarded as imprudent.

The Council could choose to leave the Coventry and Warwickshire Business Rates Pool. This would stop the Council from benefiting from any future benefit from the additional retained levy, and the Council would need to repay the Safety Net payment.

The Council could choose to leave the Council's credit ratings criteria un-amended. This would limit the Council's future investment opportunities and potentially reduce the investment returns.

The Finance & Audit Scrutiny Committee noted the report.

The Portfolio Holder for Finance, Councillor Whiting, addressed Members, highlighted a number of sections of the report and advised that performance was broadly in line with expectations.

He reminded Portfolio Holders of the significance of recommendations 2.5 and 2.6, advising that finances were set to deteriorate significantly. As a consequence, he reminded them to work with their relevant Heads of Service to plan accounts and remain vigilant with their budgets, encouraging a focus on 'buildings, equipment and ICT'.

Councillor Whiting also stated the importance of remaining in the Coventry and Warwickshire Business Rates Pool for 2016/17, which allowed the Council to pay back a lower proportion of business rates as a result. Councillor Whiting proposed the recommendations as laid out.

This was duly seconded and the Executive therefore

Recommended to Council that

- (1) the latest projected variance for the General Fund for 2015/16 of £270,600 adverse, is noted and the budget changes detailed in

paragraph 3.1 of the report, in respect of the General Fund totalling £270,600, funding of £250,800 from the General Fund Balance, are agreed and that £19,800 will currently be unfunded;

- (2) the changes to the HRA budget, outlined in paragraph 3.5 of the report, are agreed, and the contribution to the Housing Revenue Account Capital Investment Reserve is reduced;
- (3) the slippage in the Other Services Capital Programme as outlined in paragraph 3.6.2 of the report, is agreed;
- (4) the changes to the Housing Investment Programme outlined in paragraph 3.6.3/3.6.4 of the report, financed from the Major Repairs Reserve, are agreed;
- (5) the updated Medium Term Financial Strategy and the forecast required recurrent savings of £1.1m for the General Fund which will be addressed in a further report to Executive in September, are noted;
- (6) Portfolio Holders and Heads of Service review all planned and potential demands for future revenue or capital funding so that the Council's financial projections are as inclusive and accurate as possible;
- (7) the Council should remain in the Coventry and Warwickshire Business Rates Pool for 2016/17 and that the Head of Finance, in consultation with the Finance Portfolio Holder, agrees any change to the Memorandum of Understanding; and
- (8) the Council's use of Support and Viability ratings in determining suitable credit rating criteria for its investment counterparties is discontinued with immediate effect and that the current Treasury Management Practices are suitably amended. All other credit rating criteria to remain as approved in the 2015/16 Treasury Management and Annual Investment Strategies.

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference 694)

(The meeting ended at 6.56 pm)