

EXECUTIVE

Excerpt of the minutes of the meeting held on Wednesday 11 January 2012 at the Town Hall, Royal Leamington Spa at 6.00 pm.

PRESENT: Councillor Michael Doody (Chairman), Councillors Caborn, Coker, Mrs Gallagher, Hammon, Mobbs, Shilton and Vincett.

ALSO PRESENT: Councillor Boad (Liberal Democrat Group Observer), Councillor Gifford (Chair of Overview and Scrutiny Committee) and Councillor Mrs Knight Chair of Finance and Audit Scrutiny Committee).

Apologies for absence were received from Councillor Mrs Grainger.

109. DECLARATIONS OF INTEREST

There were no declarations of interest.

PART 1

(Items which a decision by Council is required)

110. GENERAL FUND BASE ESTIMATES REVISED 2011/12 AND ORIGINAL 2012/13

The Executive considered a report from Finance which set out the latest projections for the General Fund revenue estimates in respect of 2011/12 and 2012/13, based on the current levels of service and previous decisions.

The 2011/12 revised estimates showed a surplus of £201,300. This surplus assumed that procurement savings would be achieved but £205,000 Fit For the Future savings would not be achieved before the year end.

The proposed 2012/13 Base Budget presented an increase of £127,000 in the Council's expenditure whilst continuing to provide its services and meet its commitments. However, there was still a £332,000 shortfall, including the £205,000 Fit for the future savings to be found.

In July of this year, Members were alerted to the need to find £2.7 million of on-going savings by 2016/17.

One of the key elements of Fit For the Future was ensuring that the Council achieve the required savings to enable it to set a balanced budget whilst maintaining service provision. This report updated members on the financial projections for future years, savings required to be found and some of the key issues needed to be considered in preparing the 2012/13 budget and beyond. More details on Fit for the Future would be included in the February Budget report, with a specific report on Fit For the Future being due in March.

In addition, the "target" savings from Fit For the Future for the current year were not expected to be fully achieved by £205,000. This increased the savings needed to be found in future years.

The purpose of the report was to produce estimates as determined under the requirements of the Financial Strategy. Therefore, any alternative options or strategies would be the subject of separate reports.

The Finance & Audit Scrutiny Committee discussed the Council's approach to its Fit for the Future programme and, in particular, the change programme element. Members noted work which was underway, including long term financial planning. A desire was expressed that efforts be taken to ensure that the Council's financial concerns be reflected in arrangements made with contractors. The Committee was pleased to see partial recovery of an overspend on Housing and Council Tax Benefits and thanked the officers involved. The Committee supported the recommendations in the report, in particular recommendation 2.2(a).

Councillor Mrs Knight addressed members and highlighted that one of the concerns raised at Finance and Audit Scrutiny Committee was regarding inflation costs. The committee wanted reassurance that inflation costs would be passed to contractors to shoulder, where possible.

The Overview and Scrutiny Committee was concerned about the failure of the Fit for Future programme to meet its savings targets and the effect that may have and recommended that the "Fit for the Future Scrutiny Group" meet to understand the Executive plans to ensure that the Fit for the Future programme delivered the agreed outcomes.

Councillor Gifford, Chair of the Overview and Scrutiny Committee, addressed members and requested that their 'recommendation' be treated as a comment rather than a formal recommendation. He recognised that the scrutiny group was already established and could meet whenever they felt the need to do so.

The Portfolio Holder for Finance, Councillor Mobbs, addressed the concerns raised by the scrutiny committees, and started with the issues regarding inflation costs. He explained that some contracts already had inflation costs built in and that the Chief Finance Officer, Mike Snow, had addressed this issue by removing these costs from managers budgets. This would enable a more robust management of costs by officers and coincided with measures put in place by the Fit for the Future programme.

He reminded members that without Fit for the Future, the Council would not be in such an advantageous position and would be looking at alternative options, including having to make cuts. He reiterated the continuous work being undertaken by officers to achieve the savings detailed in section 9 of the report.

Councillor Mobbs believed that the Fit for The Future Scrutiny Group had been a 'one-off' meeting and suggested that any interested members

attend the Finance and Audit Scrutiny Committee in March, when a further report would be submitted. This would give those members a chance to scrutinise the report in full and Councillor Gifford accepted the invitation.

Councillor Mobbs explained that the Council's position was not only due to savings being made but also increased income, and highlighted the advances made by the Spa Centre in recent months to contribute to this. He congratulated the Portfolio Holder for Cultural Services, Councillor Mrs Gallagher and her staff, for increasing income by 48% compared to the same time last year and by 31% compared to 2009. He therefore, urged members to endorse the recommendations.

Councillor Caborn addressed members, supporting the recommendations, and reminded them that the Peer Challenge would also be a good exercise in scrutinising the work surrounding the Fit for the Future programme.

Councillor Mrs Gallagher thanked the Executive for their comments and stated that she was very proud of the improvement in the Spa Centre this winter. She felt that some of this was attributed to the improved seating and expressed her thanks to Anthony Flint and his staff for increasing footfall significantly over the holiday period.

Councillor Doody reiterated the comments made by Councillor Mobbs and stated categorically that the Council would not be looking at making cuts but were using Fit for the Future to manage things differently. He also requested that the Portfolio Holders for Cultural Services and Finance pass on the Executive's thanks to all the staff in their departments.

Having read the report, and considered the comments by the scrutiny committees, members were satisfied that the resolutions in the report be recommended to Council.

RECOMMENDED that

- (1) the level of Magistrate Court Cost Fees be charged as outlined in Appendix B to the report and paragraph 9.8 of the report be set at £85 and the assumed income from this option £73,000 is included in the 2012/13 Base Estimates;
- (2) the revised base budget revenue estimate for the General Fund services in respect of 2011/12 as outlined in Appendix D to the report, be noted; and
- (3) the base budget revenue estimate for the General Fund services in respect of 2012/13 as outlined in Appendix D to the report, be noted.

RESOLVED that the latest financial forecasts for the Medium Term as outlined in Section 8 below and the

total on-going savings of circa £2.7 million to be achieved by 2016/17, be noted.

(The Portfolio Holder for this item was Councillor Mobbs)

111. HOUSING REVENUE ACCOUNT BASE ESTIMATES REVISED 2011/12 AND ORIGINAL 2012/13

The Executive considered a report from Finance which set out the latest projections for the Housing Revenue Account, (HRA), revenue estimates in respect of 2011/12 and 2012/13, based on the current levels of service and previous decisions.

The report advised that the proposed 2011/12 Revised Budget would present a decrease in HRA balances, compared to the original estimate, of £3,545,500, reducing the balance on the HRA to £3.5m.

In addition, the proposed 2012/13 Base Budget presented a surplus of £1,606,600, which would increase the balance on the HRA to £5.1m. This was in line with the assumptions currently built into the Self financing Business Plan being prepared for implementation from April 2012.

The purpose of this report was to produce estimates as determined under the requirements of the Financial Strategy. Therefore any alternative options or strategies would be the subject of separate reports.

While some dismay was expressed by members of the Finance & Audit Scrutiny Committee at the average increase in dwelling rents, the reasons for this were understood and the Committee supported the recommendations in the report.

The Portfolio Holder for Housing and Property Services, Councillor Vincett, addressed members and signposted them to the relevant details in the report, including a slight increase in expenditure. He also advised that the details contained in paragraph 1.3 of the report, dealing with the proposed 2012/13 Base Budget surplus of just over £1.6m, could change in the future. He requested that the Executive's congratulations be passed to the Housing & Property Services and Finance departments for their hard work in managing these budgets.

Having read the report, and considered the comments by the scrutiny committees, members were satisfied that the resolutions in the report be recommended to Council.

RECOMMENDED that

- (1) the revised base budget revenue estimate for Housing Revenue Account services in respect of 2011/12 as outlined in Appendix B to the report, be approved; and

- (2) the base budget revenue estimate for Housing Revenue Account services in respect of 2012/13 as outlined in Appendix B to the report, be approved.

(The Portfolio Holder for this item was Councillor Mobbs)

112. HOUSING REVENUE ACCOUNT DRAFT BUSINESS PLAN 2012 - 2042 AND SELF FINANCING

The Executive were due to consider a report from Housing and Property Services which advised that in April 2012, the existing Housing Revenue Account (HRA) subsidy system would be replaced by a self financing model.

The Deputy Chief Executive (AJ) advised members of the Scrutiny Committees that the item had been withdrawn because amendments needed to be made to the recommendations.

It was suggested that the report would come back to Executive in February 2012.

(The Portfolio Holder for this item was Councillor Vincett)