

Executive

Excerpt of the minutes of the meeting held on Wednesday 30 July 2014 at the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Coker, Cross, Mrs Gallagher, Hammon, Shilton and Vincett.

Also present: Councillor Mrs Knight (Interim Chair of Finance & Audit Scrutiny Committee), Councillor Mrs Falp (Chair of Overview and Scrutiny Committee), Councillor Boad (Liberal Democrat Group Observer), Councillor MacKay (Independent Group Observer) and Councillor Wilkinson (Labour Group Observer).

Apologies for absence were received from Councillor Caborn.

24. **Declarations of interest**

Minute Number 25 – Agenda Item 3 – Budget Review to 30 June 2014

During the course of the item, Councillor Mrs Falp declared a pecuniary interest because she was a Whitnash Town Councillor and left the room whilst the item was discussed.

Part 1

(Items on which a decision by Council is required)

25. **Budget Review to 30 June 2014**

The Executive considered a report from Finance which updated Members on the Council's latest financial position. The Council's Medium Term Financial Strategy had been updated since the 2014/15 Budget was agreed in February of this year in light of later Government announcements and other known changes. Various changes to 2014/15 budgets had been identified and were presented to Members for approval.

The report explained how the budget review process provided a planning tool to ensure that resources were directed to the Council's priorities. In addition, external factors were also taken into consideration for example Central Government Financing, the Business Rates Retention Scheme, changes in legislation and the economy.

Members received quarterly budget reports and this was the first of these reports in the current financial year. The current General Fund service expenditure position was a projected £190,500 surplus compared to the original 2014/15 budget. Paragraph 8.1 of the report listed the changes identified and Member's retrospective approval was sought for these budgets which had been actioned under delegated powers. Section 8 of the report discussed the main reasons for the surplus in more depth.

As it was still relatively early in the financial year, Members were reminded that the overall position would continue to be monitored so that there could be more surety before agreeing, later in the year, how the projected surplus may be utilised.

Many factors which affected the medium term financial strategy had changed since it was last presented in February when the Council Tax was set. Full details of the changes and implications were outlined in sections 8 and 9 of the report. In addition, Members were advised of the £1.01 million projected deficit, meaning that further savings and efficiencies of this amount would need to be achieved by 2019/20, in addition to those already identified and included within the projections.

Various projects had been agreed to be worked upon and should generate savings that could help the Council's financial position. These projects were listed in section 9.16 of the report.

One alternative option was to not report to Executive on a regular basis. However, this had been discounted because in the current financial climate, it was imperative that budgets were reviewed, monitored and reported upon on a regularly.

Another alternative option was to not slip capital to the correct year in which it was intended to be spent, however, this made the monitoring of projects difficult. Not monitoring the Business Rates and Council Tax Collection Fund was also an option but it would not be good practice to wait until the end of the Financial Year to see how actual income collected compared to the forecast.

The Finance & Audit Scrutiny Committee supported the recommendations but raised a number of concerns about the level of savings still needed, a total of £1.01 million over the 5 year period, and notably a £496k in-year deficit arising in 2016/17. Due to the modest surplus in 2015/16, this resulted in an on-going deficit of £433k in 2016/17.

There was a general concern for the finances of local authorities, mainly as a result of the cuts made by central government. Members agreed that it was the scrutiny committee's role to remain cautious and vigilant and ensure that tight budgeting and robust business plans remained a priority. The Committee also urged managers to plan all projects well ahead and to avoid last minute reports requesting monies that had not been included in the original budgets.

Finance & Audit Committee Members asked for clarification on recommendation 2.8 which referred to the increase in funding for a community hub/local centre for Whitnash. Although Members were satisfied with the explanation from officers, it was agreed that the recommendation could be strengthened and it was, therefore, proposed that recommendation 2.8 be amended to read "the Executive agree up to a maximum of £10,000 Contingency Budget funding....".

The Portfolio Holder for Finance, Councillor Cross, thanked the Finance & Audit Scrutiny Committee for their comments and agreed with their proposal of additional wording to recommendation 2.8. He assured Members that officers were monitoring the issues monthly and substantial measures had been put in place to keep the Council in a strong position.

The Leader, Councillor Mobbs, highlighted that the figure quoted in paragraph 8.7 of the report should read "£6300" and not "£128,000", in relation to the savings still to be achieved in 2014/15. He also reminded Members that the delay in agreeing a new location for the District Council headquarters had increased the savings to be achieved by 2019/20. Councillor Mobbs supported the range of projects detailed in section 9.16 which would help to bring about financial savings. Finally, he reminded Members of the progress made since the initial savings were calculated at £2.7million, five years ago.

It was therefore

Recommended that

- (1) the budget position for the current year for the General Fund, currently £190,500 surplus, is acknowledged;
- (2) the Budget Changes in paragraphs 8.1 (General Fund) and 8.9 (Housing Revenue Account), the most significant of which are discussed in this report, are retrospectively approved;
- (3) the updated Financial Strategy and the forecast required recurrent savings of £1.01 million to be achieved by 2019/20, as shown in Appendix C, are noted;
- (4) work should be progressed on all the projects listed in paragraph 9.16 of the report;
- (5) the capital slippage of £433,000 discussed in paragraph 3.5 of the report is approved and the latest General Fund Capital Budget for 2014/15 of £3,597,900, is noted. Members also approve a net increase in HRA-related Housing Investment Programme Capital budgets of £54,000 as per paragraph 10.4 of the report;
- (6) the use of the Chief Executive's emergency powers using £13,000 Contingency Budget to assist funding cycle route improvement works at Radford Road, Leamington Spa, is noted;

- (7) the use of the Chief Executive's emergency powers to provide 1/3rd match funding (£15,000) towards a grant from the Department of Energy & Climate Change (DECC), is noted;
- (8) up to a maximum of £10,000 Contingency Budget funding is agreed to undertake feasibility work on a community hub/local centre for Whitnash;
- (9) the Council's membership of the Coventry and Warwickshire Pool for Business Rates is confirmed;
- (10) any variance from the assumed Business Rate Retained income in 2014/15 for the Council should be credited or debited to the Business Rate Volatility Reserve;
- (11) the use of the Local Plan Delivery Reserve is delegated to the Chief Executive, Head of Finance, Head of Development Services in consultation with the Deputy Leader (responsible for the Local Plan) and all Group Leaders; and
- (12) £200,000 is allocated from the Housing Revenue Account to the HRA Early Retirement Reserve.

(The Portfolio Holder for this item was Councillor Cross)
(Forward Plan reference number 567)