



Finance Working Party

**Minutes of a meeting held on Thursday 2nd February 2012 at 7.30 pm,
Members' Room, East Northamptonshire House, Thrapston**

Present:

Councillors: Steven North (Chairman)
Roger Glithero JP
Richard Lewis
Glenvil Greenwood-Smith

Officers: David Oliver (DO)
Glenn Hammons - (GH) CFO
David Pope (DP) minutes

Action

1.0 MINUTES

1.1 The minutes of the meeting held on 11 January 2012 were received and approved.

2.0 APOLOGIES

2.1 Councillor Philip Hardcastle and Councillor David Brackenbury sent their apologies.

3.0 DECLARATIONS OF INTEREST

3.1 There were no declarations.

4.0 REVENUE BUDGET MONITORING

GH

4.1 The Working Party received the revenue budget monitoring report comparing the actual spend on revenue items against the budget for the quarter ended 31 December 2011.

4.2 The Interim Chief Finance Officer reported that the estimated outturn for the year was an under-spend of £187,000 against a revised budget of £10.75m, and advised Members of the main variations which had led to the under-spend as well as providing a detailed breakdown of service areas which were under and over budget.

4.3 Members noted a reduction in the call on reserves to a figure of £883,000, a move that was welcomed by the Working Party.

5.0 CAPITAL BUDGET MONITORING

GH

5.1 The Working Party received the capital budget monitoring report detailing capital expenditure against the approved budget for the quarter ended 31 December 2011, with updates presented to reflect recent policy decisions.

5.2 Members noted the revised capital budget figure of £3.8m as a result of the addition of finance relating to public conveniences. Savings and rescheduling of expenditure to future financial years had led to an anticipated outturn of £2.7m.

5.3 The impact on capital reserves was noted, with a forecasted figure of £1.35m to be carried forward to the new financial year. These reserves are scheduled to be used in 2012/13.

6.0 MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2012/13

GH

6.1 Members received a report from the Interim Chief Finance Officer setting out the Council's Medium Term Financial Strategy (MTFS) for 2012-16. The draft Revenue Budget for 2012/13, Capital Programme 2012-22 and Annual Treasury Management Strategy 2012/13 were also provided to members.

6.2 An overview of issues faced by the Council was provided to the Working Party, along with a summary of the key elements of the strategy. It was noted that the two major challenges faced were how to finance the capital programme over the medium term and how to ensure revenue spending was financed by sustainable income sources.

6.3 The key headlines of the MTFS were presented to the members:

- Capital Programme - the Council will invest £12m over the next 10 years, the programme is fully funded.
- Revenue Budget - the Council aims to spend £10m annually, with new income streams and savings totalling £2.3m required (£1.7m of these have already been identified).
- Community Projects - An increasing pot of money over the medium term, 20% of the New Homes Bonus to be set aside in the first year, with 50% by end of year four, totalling £2m.
- Reserves - A minimum level of £2m to be established to mitigate any potential risks arising from Government policy changes, reducing to £1m as current uncertainties are resolved.

6.4 Members were advised of a potential Council Tax increase of 3.5% for 2012/13 and annually thereafter for the duration of the MTFS. The increase was due in part to comparatively low Council Tax levels for the district as noted by members at the budget workshop held on 19 January 2012. The chosen percentage increase equated to the maximum amount permitted by the government without requiring a referendum.

6.5 GH advised members that the Draft Capital Programme 2012/13 to 2020/21 was the biggest challenge facing the council across the medium term. The previous programme agreed in February 2011 was no longer affordable and that had led to a major review of capital investment plans.

The new programme is designed to focus on affordability while maintaining business continuity and investment in Council priorities. It was noted that the programme will be funded by remaining capital reserves in 2012/13, plus proceeds from the sale of council assets and government grants. It was further noted that temporary borrowing would be required to finance the programme for the next 5 years until all asset sale receipts are realised. A permanent call on borrowing would be required during years 6-10 of the programme.

6.6 Members were then informed of changes made to the Draft Annual Treasury Management Strategy:

- A borrowing strategy to finance the capital programme
- Recommendation of Affordable Borrowing Limits
- Strengthening of the investment strategy to reflect risks and the wider economic situation with a dispensation to reflect the possibility of a reduction in UK sovereign ratings.

RESOLVED TO RECOMMEND:

That, subject to the addition of agreement of minimum level of reserves at £2m, the contents of the report be recommended to Policy & Resources Committee on 13 February 2012 for approval.

7.0 FEES AND CHARGES 2012/13

SM

7.1 Members received and considered a report which provided the proposed fees and charges for 2012/13 including the applicable percentage change from 2011/12.

RESOLVED TO RECOMMEND:

That the Fees and Charges for 2012/13 (outlined in Appendix A), be recommended to Policy & Resources Committee on 13 February 2012 for approval, subject to clarification that *it is the first course of treatment for rat infestations that is free.*

8.0 ASSET MANAGEMENT UPDATE

KE

8.1 The Working Party received a report containing details of Council-owned assets that had been identified as saleable at a recent finance workshop. The sites and buildings concerned were:

- Rushden depot, waste recycling centre and car park
- Two fields, Barrington Road/Newton Road, Rushden
- 57 Newton Road, Rushden
- Smithfield Place, Raunds
- Grazing land at Fineshade, Kings Cliffe
- Herne Park, Oundle.

RESOLVED TO RECOMMEND:

That the release for sale of all identified sites be recommended to Policy and Resources Committee on 13 February 2012 for approval.