



Finance Sub-Committee

**Minutes of a meeting held on Wednesday 12 September 2012 at 7.30pm,
Council Chamber, East Northamptonshire House, Thrapston**

Present:

Councillors: Glenn Harwood MBE (Vice-Chairman)
Richard Gell
Roger Glithero JP
Glenvil Greenwood-Smith
Richard Lewis

Officers: David Oliver (DO)
Glenn Hammons (GH)
Kelly Watson (KW)
David Pope (DP)

Action

1.0 APOLOGIES

1.1 Councillors David Brackenbury and Steven North sent their apologies. Katy Everitt also sent apologies.

2.0 MINUTES

2.1 The minutes of the Finance Sub-Committee meeting held on 25 June 2012 were received and approved.

3.0 DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4.0 REVENUE BUDGET MONITORING REPORT - QUARTER 1 2012/13

4.1 GH presented a paper to the sub-committee detailing the Council's expenditure against the approved revenue budget for 2012/13 to the end of quarter 1, 30 June 2012. The report highlighted any significant under or overspend greater than £10k and identified the impact on the end of year position.

4.2 Members noted that since the budget was set in February 2012, the total budget figure had been revised to £10,174,830. Supplementary estimates totalling £200,690 were the reason for the revision. £134,180 had been carried forward from the 2011/12 budget, while the Higham Ferrers and Thrapston Masterplans had contributed the remaining £66,510.

- 4.3 Members heard that the estimated outturn for the year was an underspend of £147k, with a review currently underway to establish how much of the underspend was for one off items, and how much would feed in the draft budget for 2013/14 and the Medium-Term Financial Strategy (MTFS).
- 4.4 Members were provided with tables detailing:
- Actual expenditure to date against budget and the estimated outturn for the year including variance against budget identified
 - Summary of savings and overspends over £10k
 - Forecast drawdown from reserves for 2012/13 given the forecast underspend of £147k.
 - Impact on revenue reserves
- 4.5 Members were advised that £181k had been set aside from the New Homes Bonus when the 2012/13 budget was approved in February 2012. These funds would be used to fund Community Projects, targeted at areas of the district where development had occurred and to promote economic growth within the district. Members were provided with a table indicating the current position in relation to the drawdown of monies from the Community Projects Fund (CPF) which gave a current balance of £194,701. Members heard that a report on the approach to releasing funds from the CPF was discussed at the meeting of Policy and Resources Committee on 10 September 2012.
- 4.6 It was

RESOLVED:

That the report be noted

GH/DP

5.0 CAPITAL BUDGET MONITORING REPORT

- 5.1 GH presented a paper to the sub-committee detailing the capital expenditure against the approved budget for 2012/13 to the end of quarter 1, 30 June 2012, highlighting any significant under or overspend and identified its impact on the end of year position. The report sought to bring to members' attention the explanations for any high level variations of a material nature above the value of £10k.
- 5.2 Members noted that, at its approval on 29 February 2012, the Capital Programme budget was £12.5m, and a summary of the programme approved was supplied to the meeting. It was further noted that, since the budget was approved, the 2012/13 budget had increased from £4.2m to £5.3m due to rescheduling of expenditure from 2011/12, new schemes and enhancements to existing schemes. Members were advised that three schemes incorporated into the medium term capital programme were subject to review and the latest position on these was discussed.

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- 5.3 Details of Capital Funding for 2012/13 were provided to members, outlining the funding sources for capital spending. Members noted that overall funding required for 2012/13 had increased to £5.3m, with this increase being met by external contributions from new schemes approved since the budget was set. Members were advised that an increase in capital reserves at the end of 2011/12 had lessened the requirement to borrow to finance capital investment in 2012/13.
- 5.4 Members were provided with a table which detailed the impact on capital reserves which are anticipated to be exhausted by 31 March 2013.

5.5 RESOLVED:**GH/DP**

That the report be noted.

6.0 TREASURY MANAGEMENT UPDATE - AS AT 30 JUNE 2012

- 6.1 GH presented a report to the sub-committee which provided an update on the activity of the Treasury Management function for the second half of 2011/12 up to 30 June 2012. The report also provided the likely performance for the remainder of the financial year.
- 6.2 Members noted that the 2012/13 Treasury Management Strategy (TMS) was approved on 29 February 2012 and was underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice. The code recommended that members be informed of treasury management activities at least twice a year; hence the production of the report.
- 6.3 The report went into detail on the impact market conditions had had on determining the 2011/12 TMS in February 2011. Tables were provided to members which gave information latest forecast for the Bank of England base rate and the Forecast Investment Returns. The indication was that, due to the expected continuation of base rates at 0.5% until at least 2015, Council investment returns were expected to remain at current levels of 0.75% for longer than previously anticipated.
- 6.4 Two further tables were provided in the report which gave members an indication of the positions of ENC's investments at both 31 March and 30 June 2012.
- 6.5 Members were advised that, due to uncertainty within the market and ongoing weakness in the banking sector, the council has followed its strategy of keeping liquid money in AAA rated money market funds and instant access bank accounts.
- 6.6 On the subject of borrowing, members were advised that the Council had currently not had to undertake any temporary borrowing to finance its capital programme as this would be funded by capital reserves. Members noted that the Council would need to use temporary borrowing in 2012/13, based on the current spending forecast, borrowing in the first instance from its surplus cash resources, a process known as "internal borrowing". The level of temporary borrowing was dependent on the Council realising monies by selling assets, currently budgeted at £860k.

6.7 RESOLVED:

That the report be noted.

GH/DP

7.0 EXCLUSION OF THE PUBLIC

7.1 RESOLVED:

That the public and press be excluded from the meeting during consideration of the following items of business because exempt information, as defined under paragraphs 1 and 2 of Part 1 of Schedule 12a of the Local Government Act 1972, may be disclosed.

8.0 SALE OF LAND AND BUILDINGS

8.1 DO presented a report to the sub-committee on behalf of KE, which provided an update on the progress of the sale of phase one Council-owned land and buildings that had been recommended for release at the Policy and Resources Committee on 13 February 2012.

8.2 Members noted that agents had been appointed to sell each of the buildings and land and an update was provided for each site detailing the current status of the sale process.

8.3 The sub-committee were advised that a sale had been completed on one of the sites concerned.

8.4 RESOLVED:

That the report be noted.

KE/GH/DP

9.0 MEDIUM-TERM FINANCIAL STRATEGY UPDATE

9.1 GH gave a presentation to update members on the position of the Medium-Term Financial Strategy (MTFS) following agreement of the MTFS 2012/16 by Council in February 2012 and to set out the way forward for the 2013 planning round.

9.2 Members were provided with an outline of the Council's position as at February 2012, with specific regard to Revenue Budgets, the Capital Programme 2012-22 and cash reserves.

9.3 GH outlined potential local and central government issues that would affect the MTFS between 2012/13 and 2015/16. Major issues facing ENC were considered to be Welfare Reform, the localisation of Council Tax Support and the use of the New Homes Bonus.

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- 9.4 The latest Local Government Control Totals were highlighted to members who noted the assumption of a 5% per annum reduction made in the MTFS and the current expectation that the reduction was likely to be far higher at 12.3% for 2012/13 and 8.7% for 2014/15. A similar rate of reduction was anticipated for the next spending review.
- 9.5 The new funding system for Local Government was explained as being a formula derived grant incorporating grants previously paid separately, such as the Homelessness Grant, Council Tax Support and Community Safety.
- 9.6 Members were given details of an opportunity to potentially increase business rates by pooling with other local authorities across Northamptonshire. It was estimated that an additional £3-8million could be raised, depending on the rate of growth in business rates. Authorities had to confirm their intention to proceed with pooling on business rates by 19 October 2012 at the latest.
- 9.7 The impact of introducing Council Tax Discount and Support Schemes was outlined alongside potential income figures that could be raised as a result of the changes. Census details were provided to give an indication of population change within the district and the changing ages of the demographic.
- 9.8 Members were also provided with a MTFS and Budget Timetable covering September 2012 - February 2013.

9.9 **RESOLVED:**

GH/DP

That the presentation be noted.

Chairman