

FINANCE SUB COMMITTEE

Date: 26 October 2009

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: - **Andy Mercer (Chairman)**

David Brackenbury
Roger Glithero JP
Richard Lewis

Steven North
John Richardson MBE
Robin Underwood

PART A ITEMS

1. MINUTES

The minutes of the meeting held on 29 June 2009 were approved and signed by the Chairman.

2. DECLARATIONS OF INTEREST

Councillors Richard Lewis and Robin Underwood declared personal interests in agenda item 5 (Capital Budget Monitoring Report) because Councillor Lewis was a member of the Stanwick Lakes Management Board and Councillor Underwood was a reserve member of the Board. Both Members remained in the meeting and took part in the discussion and voting on the item.

3. CAPITAL BUDGET MONITORING REPORT

Members considered the capital budget monitoring report comparing the actual spend on capital items from 1 April to 30 September 2009 with the approved budgets and the likely outturn for the current financial year and against each scheme in total.

The Head of Resources reported that spend for the current financial year would be £741,710 more than the revised budget. The reasons for the main variances to the budget were:

- Disabled Facilities Grants – increased expenditure on these grants would result in an overall over spend of £225,000 on the grants budget. The Policy and Resources Committee had asked the Sub Committee to consider how to fund this additional amount (see paragraph 3 below).
- Stanwick Lakes – spend had been slightly higher this year than originally anticipated and any additional costs would be recovered from future year's budgets.
- Manor Park Project – the profiled estimated spend on this project for this financial year would be greater than originally anticipated. However, this was a timing issue and the overall spend would remain within budget. Spend was dependent on the decision whether to proceed with the project and on the tenders received for the construction of the facility if it did proceed.
- Raunds/Irthlingborough Improvements – over spend on the project.

- Rushden Greenway – additional external funding of £165,000 had been received and would meet the expected spend on this project.

With the exception of Disabled Facility Grants (DFGs) and the Raunds/Irthlingborough Improvements, the variances reported did not affect the overall four year capital programme because there were either timing issues (i.e. the spend was in a different year than expected) or it was covered by additional external contributions. It was expected that compensating savings on other projects/budgets would be found to offset the over spend on the Raunds/Irthlingborough Improvements and Members suggested that this should be financed from the Town Centre Regeneration budget.

In order to fund the additional spend on DFGs Members discussed a number of options and after considering the implications arising from these, it was recommended that the Support to Social Housing budget be used to fund the £225,000 over spend on DFGs. Members also considered the future costs of DFGs and requested that a report be made to consider an upper limit for these grants, with possible benchmarking of charges, in order that a recommendation could be made to the Policy and Resources Committee. The Executive Director reminded Members that there was already a requirement for Officers to report back before the next budget round.

Members discussed the proposed amounts allocated under the capital budget estimates, and it was

RESOLVED:

- (1) That the transfer of £225,000 from the Support to Social Housing budget to the Disabled Facilities Grant budget be agreed.
- (2) That the £1,502,300 allocated to Support to Social Housing under future years be reduced to £502,300.
- (3) That a report be made to the Policy and Resources Committee to consider the feasibility of limiting the DFGs budget to £300,000 annually from 2010/11.
- (4) That £25,730 be allocated from the Town Centre Regeneration budget for 2010/11 to cover the overspend on the Raunds/Irthlingborough Environmental Improvements budget in the current year.
- (5) That the Head of ICT be requested to attend the next meeting of the Sub Committee to discuss and explain the ICT capital budget.
- (6) That the Welland Procurement Unit be requested to support the Head of ICT in the procurement process and determining software licences.

3. REVENUE BUDGET MONITORING REPORT

The Sub Committee considered a report from the Head of Resources comparing the Council's actual revenue spend against budgets for the period 1 April to 30 September 2009 and the likely outturn figure for the whole financial year.

The Head of Resources reported that on 30 September 2009 the total anticipated under spend for 2009/10 was £184,811 and advised Members of the main variations which were under and over budget.

The Sub Committee noted the:

- anticipated overall under spend on salary budgets of £310,000, which was £45,780 less than budgeted for
- expenditure on salaries had fallen by £94,200 because the pay award had been less than anticipated
- items approved from the Contingency by the Chief Finance Officer or the Policy and Resources Committee.

The total budget for the year had also been increased through the approval of supplementary estimates totalling £331,000, mainly due to the extra support given to CCP. After taking this into account, it was anticipated that the amount transferred from the general fund reserves would increase from £1,421,200 to £1,567,389.

Members noted the variations reported and that no further action was required by the Sub Committee.

5. TREASURY MANAGEMENT – HALF YEAR REPORT

The Head of Resources reported that, following the near collapse of the banking sector and the subsequent loss of deposits with the Icelandic banks, a review of treasury management activities within the public sector had been undertaken by HM Treasury.

One of the recommendations of the review had been to increase the frequency of reporting treasury activity to Members and a half year report on the Council's treasury management was submitted giving Members information on the:

- economic conditions affecting the Council's investment strategy
- fixed term deposits made during the first half of the year and
- the Council's current investment portfolio.

The Head of Resources drew Members' attention to the investment returns achieved so far this year which were 2.91% above the seven day LIBOR rate. He also advised that the projections for returns in future years had been revised downwards because of economic factors, the reduced number of creditworthy counterparties and a diminishing fund to invest.

Members noted the half year Treasury Management Report for 2009/10 and current position regarding the rates of return on the Council's investments and Officers' efforts in ensuring that the Council obtained the best rates possible in the current market conditions.

Chairman