

FINANCE SUB COMMITTEE

Date: 14 December 2009

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

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

Roger Glithero JP
Richard Lewis

Steven North
Robin Underwood

PART A ITEMS

1. MINUTES

The minutes of the meeting held on 26 October 2009 were approved and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

Councillors David Brackenbury and John Richardson MBE sent their apologies.

3. DECLARATIONS OF INTEREST

No interests were declared.

4. CAPITAL MONITORING REPORT

Members considered the capital budget monitoring report comparing the actual spend on capital items from 1 April to 30 November 2009, with the approved budgets for 2009/10.

The Head of Resources reported that spend on revenue budgets for the current financial year would be £39,690 less than the revised budget and the reasons for the variation were:

- Stanwick Lakes – spend was slightly higher this year than originally anticipated. However, any additional costs would be reclaimed back from future budgets
- Rushden Greenway – additional external funding of £165,000 had been received which would meet the expected spend on the project for this year
- Lease Car Scheme – spend was less than budgeted for because fewer cars had been purchased for staff
- Road Adoption, Kingsmead – these works were pending and spend on this project would be lower than budgeted for
- ICT Budgets – various projects had been delayed for a year until 2010/11.

Members also noted that the anticipated expenditure on the Manor Park project had been re-profiled and was expected to be within the approved budget.

The Chief Finance Officer asked Members to consider a subsequent request to bring forward funding to replace the microphones in the Council Chamber.

The Sub Committee discussed the report and it was

RESOLVED:

- (1) That the Head of ICT be asked to liaise with the Welland Procurement Unit to consider the budget for ICT Licences.
- (2) That the proposal to bring forward £25,000 to 2009/10 from the 2010/11 Corporate Systems budget to upgrade the microphone system in the Council Chamber, be considered in consultation with Councillor Sylvia Hughes, the Lead Member for ICT Services.
- (3) That the total amount of £2.5m estimated under the Vehicle Replacement Cost Centre for replacing refuse vehicles remain in the budget for the time being and that these amounts be reconsidered at a future meeting of this Sub Committee.

PART B ITEMS

5. REVENUE MONITORING REPORT

The Sub Committee received the revenue budget monitoring report comparing the actual spend on revenue items from 1 April to 30 November 2009, with the approved budgets for 2009/10.

The Head of Resources reported that on 30 November 2009 the total anticipated under spend for 2009/10 was £85,053 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 £387,379 would be £61,621 less than budgeted for
- lower than expected income from planning fees and charges would be £50,000 less than budgeted for
- savings of £289,330 which had been achieved on service budgets this year and the possibility of saving a further £98,050 for the rest of the year
- investment income for the year was anticipated to be £500,000, some £6,000 above budget
- items approved from Contingency by the Chief Finance Officer or the Policy and Resources Committee.

Members considered the increase in the amount transferred from general fund reserve from £1,421,200 to £1,617,147 and it was

RESOLVED TO RECOMMEND:

That the maximum amount transferred from general fund revenue reserves for 2009/10 be capped at £1,617,147 and any future funding requests, for additional revenue expenditure, be financed from savings elsewhere in the approved budget.

6. MEDIUM TERM FINANCIAL STRATEGY 2010/11 TO 2013/14

The Sub Committee considered a report outlining the options for the Council's Medium Term Financial Strategy (MTFS), identifying the Council's future spending priorities and budgets for the period from 2010/11 to 2013/14.

The Head of Resources reported on the:

- capital plans from 2009/10 to 2018/19
- assumptions made in the revenue budget
- reserves and balances strategy
- growth and savings, and
- risk assessments.

Members were informed that the Strategy had taken into account the effects of the current recession which had resulted in a significant loss of income for the Council. Members noted the attempts being made to address the problem and that the Strategy included the savings of £300,000 identified so far.

The present economic situation and high level of national debt would also affect the level of grant received from the Government. The Strategy anticipated that the Council would get an overall reduction in grant of 15% or £1m over three years from 2011/12 to 2013/14.

It had also been necessary to use approximately £1.7m of the Council's reserves to balance this year's revenue budget. This level was not sustainable and in order to preserve the Council's revenue reserves and ensure that there were sufficient reserves to meet any possible future financial crisis, a minimum level and a cap on the level of reserves was proposed. It was, therefore, recommended that the maximum use of revenue reserves over the period of the Strategy be set at £2m, and that a minimum level of reserves of £1.5m be approved. Members considered that a minimum level of £1.7m would be a more realistic amount.

It was agreed that an extra row be added on the estimated shortfall summary table (on page two of the report) to highlight the annual budget target figures from 2010 to 2014.

The Sub Committee noted the possibility that there could be a 3% cap on Council Tax increases from 2011 and subsequent years.

It was reported that a Workshop would be held for all Members on 1 February to consider the potential for further revenue savings that would be included in the 2010/11 revenue budget and contribute to savings in future years.

Members noted and discussed the issues raised in the Strategy and it was

RESOLVED TO RECOMMEND:

That the Medium Term Financial Strategy (outlined in Appendices 1, 2 and 3 attached to these minutes) be approved, subject to:

- (i) the plans to bring the Medium Term Financial Strategy back into balance be brought back to a future meeting of this Sub Committee;
- (ii) the maximum use of reserves over the period of the Medium Term Financial Strategy be set at £2m; and
- (iii) a minimum level of £1.7m for revenue reserves be approved.

Chairman



***East Northamptonshire Council
Medium Term Financial Strategy
2010/11 to 2013/14***

	2009/10 Base Budget	Estimated Financial Position Year Ending 31st March			
		2011	2012	2013	2014
Corporate & Democratic Core	499,320	459,750	590,030	480,580	491,360
Central Services to the Public	526,330	584,170	559,530	587,960	612,410
Cultural Environmental & Planning	5,052,500	4,733,110	4,846,390	4,719,830	4,843,980
Highways Roads & Transport	485,960	353,090	354,430	355,440	356,050
General Fund Housing	306,970	309,580	342,950	381,980	389,050
Central Departmental & Support Services	5,813,350	5,577,040	5,738,520	5,925,890	6,179,220
Unapportionable Central Overheads	49,700	51,690	54,010	56,710	59,550
Total Service Expenditure	12,734,130	12,068,430	12,485,860	12,508,390	12,931,620
Other Expenditure/Adjustments					
Capitalisation of Salaries	(125,000)	(75,000)	(75,000)	(75,000)	(75,000)
Transitional Vacancy Savings	(450,000)	(250,000)	(261,000)	(274,000)	(288,000)
Contingency Reserve	100,000	100,000	100,000	100,000	100,000
Interest on balances	(494,000)	(186,670)	(258,510)	(399,290)	(546,860)
Total Other Adjustments	(969,000)	(411,670)	(494,510)	(648,290)	(809,860)
Total Base Budget	11,765,130	11,656,760	11,991,350	11,860,100	12,121,760
Sources of Funding					
Revenue Support Grant/NNDR	(6,482,080)	(6,660,730)	(6,327,400)	(5,994,070)	(5,660,730)
Transfer From Collection Fund	29,200	23,000	0	0	0
Use of Earmarked Reserves	(566,820)	(74,000)	(120,000)	0	0
Total Funding	(7,019,700)	(6,711,730)	(6,447,400)	(5,994,070)	(5,660,730)
Amount to be met from Reserves/Savings	1,154,380	1,251,934	1,644,151	1,734,637	2,084,711
Amount to be met from Council Tax	3,591,050	3,693,096	3,899,799	4,131,393	4,376,319
Council Tax Base	30,000	30,100	30,300	30,600	30,900
Equivalent Band D Tax	119.70	122.69	128.71	135.01	141.63
Year on Year Percentage Increase		2.50%	4.90%	4.90%	4.90%



East Northamptonshire Council
10 Year Capital Strategy
2009/10 to 2018 onwards

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Future Years
Capital Spend	3,458,010	10,722,496	5,929,172	3,024,460	620,000	620,000	636,600	653,200	620,000	640,000
Housing Projects	943,470	300,000	1,300,000	802,300	300,000	300,000	300,000	300,000	300,000	300,000
Leisure & Tourism Projects	520,000	111,000	205,000	190,300	0	0	0	0	0	0
Environment Projects	1,301,000	9,625,400	2,785,000	83,700	0	0	0	0	0	0
Central Services Projects	20,000	36,000	20,000	47,000	20,000	20,000	20,000	20,000	20,000	40,000
Corporate Systems	423,710	435,000	381,500	294,000	200,000	200,000	200,000	200,000	200,000	200,000
Youth Projects	66,000	45,000	0	0	0	0	0	0	0	0
Industrial Units Projects	56,000	0	0	5,000	0	0	0	0	0	0
Vehicle Replacements	127,830	170,096	1,237,672	1,602,160	100,000	100,000	116,600	133,200	100,000	100,000
Capital Financing										
Capital Reserves	3,458,010	6,065,990	915,900	6,024,460	620,000	620,000	636,600	93,200	0	0
Revenue Reserves		0								
Direct Revenue Funding										
Borrowing		4,656,506	5,013,272	(3,000,000)				560,000	620,000	640,000
Total Capital Financing	3,458,010	10,722,496	5,929,172	3,024,460	620,000	620,000	636,600	653,200	620,000	640,000
Capital Financing										
Opening Capital Reserves	3,970,000	2,873,990	0	0	1,975,540	1,355,540	735,540	98,940	5,740	5,740
add capital receipts and grants	2,362,000	3,192,000	915,900	8,000,000	0	0	0	0	0	0
less use of Reserves	3,458,010	6,065,990	915,900	6,024,460	620,000	620,000	636,600	93,200	0	0
Closing Capital reserves	2,873,990	0	0	1,975,540	1,355,540	735,540	98,940	5,740	5,740	5,740

Reserves and Balances Statement

	Opening Balance	2009/10	2010/11	2011/12	2012/13	2013/14	Allocated for Capital	Closing Balance
	£	£	£	£	£	£		
Earmarked Reserves								
Community Safety	56,493	(56,493)						0
PDG Reserve	35,370	(35,370)	0	0	0			0
Reorganisation Reserve	0							0
Youth Reserve	24,987	(24,987)						0
Computerisation of Planning Rec Reserve	0							0
Regeneration Reserve	519,154	(50,000)	(50,000)				0	419,154
Contingency Reserve	100,000							100,000
Elections Reserve	120,000			(120,000)				0
Insurance Reserve	100,000							100,000
Asset Management R & R	3,575,676	(345,789)					0	3,229,887
Concessionary Fares Reserve	100,000							100,000
A4E/Service Development Reserve	54,181	(54,181)						0
	<u>4,685,861</u>	<u>(566,820)</u>	<u>(50,000)</u>	<u>(120,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,949,041</u>
General Fund Balance								
Contingency		(100,000)						
08/09 growth: Conservation review programme		(24,000)	(24,000)					
08/09 growth: Local development framework		(133,650)						
(Use of)/Contribution to Reserves		<u>(742,919)</u>						
General Fund Balance total	<u>2,931,277</u>	<u>(1,000,569)</u>	<u>(24,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,906,708</u>
Total Use of Reserves	<u>7,617,138</u>	<u>(1,567,389)</u>	<u>(74,000)</u>	<u>(120,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,855,749</u>