FINANCE SUB COMMITTEE

Date: 15 February 2010
Venue: East Northamptonshire House, Cedar Drive, Thrapston
Time: 7.30pm
Present: Councillors: - Andy Mercer (Chairman)

David Brackenbury
Roger Glithero JP
Steven North

John Richardson MBE
Robin Underwood

PART A ITEMS

1. MINUTES

The minutes of the meeting held on 4 January 2010 were approved and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

Councillor Richard Lewis sent his apologies.

3. DECLARATIONS OF INTEREST

No interests were declared.

4. REVENUE BUDGET MONITORING REPORT

The Sub Committee received the revenue budget monitoring report comparing the actual spend on revenue items from 1 April to 31 December 2009, with the approved budgets for 2009/10.

The Head of Resources reported that on 31 December 2009, the total anticipated under spend for 2009/10 was £319,971 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 £399,338 would be £50,662 less than budgeted for
- savings totalling £342,920 that had already been made and removed from service budgets and possible further savings of £56,420 for the remainder of the year
- investment income for the year was anticipated to be £480,000, some £14,000 below budget
- target for total savings of £300,000 during 2009/10 had been met
items approved from Contingency by the Chief Finance Officer, or the Policy and Resources Committee
increase in the amount transferred from the General Fund Reserve from £1,421,200 to £1,432,229.

The Sub Committee noted that the Audit Commission’s fee for undertaking the audit of grant claims had increased to £24,000 for this year, from £8,500 last year. It was agreed that Councillor Andy Mercer be informed of the reasons for this increase.

Officers were thanked for their work in identifying savings under the revenue budget for 2009/10.

Members asked whether the Council would be receiving money back for reaching its LLA targets during 2009/10. It was agreed that Members of the Sub Committee be informed of the likely amount to be received by the Council next year, which was understood to be from £30,000 to £40,000.

Members noted the variations reported and that no further action was required at this stage of the financial year.

5. CAPITAL BUDGET MONITORING REPORT

Members considered the capital budget monitoring report comparing the actual spend on capital items from 1 April to 31 December 2009, with the revised budgets for 2009/10.

The capital budget for 2009/10 had been reviewed at the Sub Committee meeting on 4 January when it had been reduced by £311,450, from £3,498,601 to £3,187,151.

The Head of Resources reported that spend for 2009/10 would be £85,941 less than the revised budget. Members noted the variations between the projected outturn and the revised budget and that the reasons for the variances were:

- Stanwick Lakes – spend was slightly higher this year than originally anticipated. Any additional costs would be reclaimed back from future budgets
- Environmental Improvement Schemes – there would be slippage on these schemes into the 2010/11 financial year
- Car Scheme – spend had been less than budgeted for because drivers had extended their car leases for another year instead of acquiring a new car
- Road Adoption, Kingsmead – these works had been put on hold and therefore spend would be lower than budgeted for
- IT Budgets – various schemes had been deferred for a year until 2010/11.

The East Northamptonshire Greenway Project had been updated to reflect an additional £20,000 of external funding received in 2009/10 and the funding of £750,000 under the ‘Links to Schools’. However, agreement on the terms of this funding had not been finalised.

The Sub Committee discussed the capital budget and it was noted that:

- The budget for the provision of recycling boxes was dependent on the outcome of the tender for the new waste management contract
- The Welland Procurement Unit would be contacted to see if savings could be found on the cost of Licences
• Efforts were being made to reduce ICT spending by extending the replacement period for equipment, which was welcomed by Members. It was also noted that future replacements would be based on the need to replace rather than automatically replace equipment under a set schedule.

Members noted the projected outturn in 2009/10 and that there would be no requirement to take any further action.

PART B ITEMS

6. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY

The Council's Treasury Management Strategy Statement (TMSS) and Investment Strategy from 2010/11 to 2012/13 was submitted for approval, which included the following issues:

• Institutions the Council would invest money with
• Types of investment instruments that would be used
• Limits placed on either the institution or the instrument used
• Underlying economic environment that would affect the types of investment the Council would use and the duration of these investments.

Members considered the Council’s position on the following matters under the TMSS:

• estimated treasury position
• borrowing requirements and strategy
• Annual Minimum Revenue Provision Statement
• investment policy and strategy
• balanced budget requirement
• reporting on the treasury outturn
• Prudential Indicators.

The outlook for the UK economy and interest rates provided by the Council’s treasury advisor was also considered.

The Sub Committee discussed the options for the Council's investment strategy taking account of the projected level of interest rates and the expected returns on Government Gilts. The potential financial risk to the Council if the UK lost its AAA credit rating was also discussed. The Chief Finance Officer reassured Members that any agreed borrowing would have to be approved by the Policy and Resources Committee as previously agreed.

RESOLVED TO RECOMMEND:

(1) That the Treasury Management Strategy Statement and Investment Strategy from 2010/11 to 2012/13 be approved and the:

   (i) Council’s annual Minimum Revenue Provision Statement in Section 5 of the Treasury Management Strategy Statement be agreed;

   (ii) types of investment the Council can use be agreed; and
(iii) criteria for assessing the suitability of investment counterparties be agreed.

(2) That any requirement to borrow be submitted to the Policy and Resources Committee for approval.

(3) That the Prudential Indicators in the Treasury Management Strategy Statement be recommended to full Council for approval.

7. FEES AND CHARGES 2010/11

The Sub Committee received the Council’s proposed fees and charges for consideration. No major changes to fees and charges were proposed for 2010/11. However, during the year the recently approved Charging Policy Framework would be implemented. It was expected that changes arising from this would apply from 2011/12 onwards.

RESOLVED TO RECOMMEND:

That the Fees and Charges for 2010/11 (outlined in Appendix 1 attached to these minutes), be approved.

Chairman