

BUDGET SCRUTINY COMMITTEE

Minutes of a meeting of the Budget Scrutiny Committee of Bolsover District Council held in the Council Chamber, Sherwood Lodge, Bolsover, on Wednesday 16th January 2013 at 1000 hours.

PRESENT:-

Members:-

Councillor K. Reid – Chair

Councillors A. Anderson, R. J. Bowler, Mrs P. M. Bowmer, J. A. Clifton, T. J. Connerton, C. P. Cooper, M. G. Crane, M. Dooley, S. W. Fritchley, H. J. Gilmour, J. E. Hall, R. A. Heffer, C. Munks, G. J. Parkin, S. Peake, J. E. Smith, R. Turner, K. F. Walker, S. Wallis, D. S. Watson and J. Wilson.

Officers:-

B. Mason (Director of Corporate Resources) and A. Bluff (Democratic Services Officer).

782. APOLOGIES

Apologies for absence were received on behalf of Councillors J. E. Bennett, R. Brooks, T. Cook, B. W. Hendry, J. J. P. Phelan, T. Rodda and G. O. Webster.

783. URGENT ITEMS

There were no urgent items of business to consider.

784. DECLARATIONS OF INTEREST

There were no declarations of interest made.

785. MINUTES – 26TH NOVEMBER 2012

Moved by Councillor J. E. Smith, seconded by Councillor C. Munks
RESOLVED that the minutes of a Budget Scrutiny Committee held on 26th November 2012 be accepted as a correct record.

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786. SECOND QUARTERLY BUDGET MONITORING REPORT (REPORT PRESENTED TO EXECUTIVE ON 19TH NOVEMBER 2012)

The Director of Corporate Resources presented a report to update Committee on the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, Housing Revenue Account, Capital Programme and also in respect of Treasury Management activity.

It was noted that the report had been presented to Executive on 19th November 2012.

The Director of Corporate Resources advised the meeting that since the report had been presented to Executive, Council had received the outcome of the Government's Financial Settlement for 2013/14, details of which were covered in the Medium Term Financial Plan report to be discussed later on the agenda.

The Monitoring Report showed the continued progress Council had made in addressing the £975k of budget savings in the current financial year 2012/13. A key issue to note was that the report had been presented to Executive in a timely fashion and the Accountancy Team are effectively managing the budget.

A question was raised in relation to repair and maintenance budgets expenditure being incorrectly identified and why the budgets were not readjusted accordingly when the mistake was found. The Director of Corporate Resources explained that adequate provision had now been made for the expenditure in respect of the current and future financial years.

A question was raised as to why there had been delays in some key asset sales and also what these sales were. The Director of Corporate Resources replied that this was in relation to sale of land at Shirebrook and Bolsover. Capital receipts for these sales of land needed to be received by 31st March 2013 otherwise borrowing would be required to fund capital expenditure. It was likely now that the receipts would fall in the new financial year and appropriate financial measures would need to be put in place at the end of the current financial year.

A question was raised in relation to HRA net under spend. The Director of Corporate Resources replied that any under spend would be carried forward. Work was still being carried out on the HRA and the position would be reported back to Members in early February as part of the Medium Term Financial Plan.

An update was requested on the current budget in respect of CCTV cameras. The Director of Corporate Resources advised the meeting that approval had been given at Council to upgrade the CCTV scheme.

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Members raised further questions in relation to the Social Inclusion budget, Parenting Practitioner budget and Depreciation to which the Director of Corporate Resources responded.

787. REVISED BUDGET 2012/13 (REPORT PRESENTED TO COUNCIL ON 12TH DECEMBER 2012)

The Director of Corporate Resources advised Members that the revised budgets were brought forward early in the current financial year not just because of the need to make savings but also the need to provide quality services to local residents which would be assisted by timely budget management. Approximately £200k of savings had been secured by reducing departments' budgets, although where necessary to manage the Council's performance and service standards, some departments' budgets were increased.

A question was raised in respect of the cost of Sherwood Lodge disposal. The Director of Corporate Resources replied that there would be a net capital receipt and significant revenue saving for the Council arising from the disposal of Sherwood Lodge. It would also help the Council's National Non Domestic Rates (NNDR) base and the regeneration of the District.

788. MEDIUM TERM FINANCIAL PLAN (MTFP) UPDATE

The Director of Corporate Resources presented an update report to the meeting in respect of the Medium Term Financial Plan (MTFP). He advised Members that the MTFP would shape the Councils' financial position for the next three financial years.

In terms of the Government's financial settlement, the budget shortfall for 2013/14 will be approximately £300k, for 2014/15 approximately £1.030m and £1.137 for 2015/16.

Members were asked to note that existing budgets had all been rolled forward based on existing expenditure patterns. This carry forward included the adjustments to all non employee budgets which were now established at minimal levels. This would mean there would not be much spare money in the budget to fund unexpected costs.

It was noted that the Government intended to continue expenditure restrictions on local authorities until 2018.

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In view of the scale of the grant loss, the Council had received an Efficiency Grant of a £1m. This replaced the Transition Grant received last year. Implications are that there would be more efficiency grant in 2014/15 but a business case would need to be submitted to Government to justify receipt of the grant. The Government wanted to reward Councils who had moved to shared services, outsourcing and other efficiency measures. Bolsover had already met the vast majority of the criteria.

Budget issues for 2013/14; The Government had extended its offer of grant to those authorities who do not increase Council Tax - an extra 1% of grant would be offered next year and 1% the year after (2015). The Director of Corporate Resources advised that Members did need to consider the option of a Council Tax increase.

If Council Tax was raised by 2%, this would raise £60k for the Council over the next 2 years.

Council Tax is a secure form of income to the Council and helps the financial sustainability of the Council but if raised that would impact on local residents. The Council needs to consider these issues when deciding upon its approach to the level of Council Tax for next year.

The Director of Corporate Resources stated that the report set out two options but deliberately no recommendation as it is purely a Member decision to decide whether or not to increase Council Tax.

It was noted that the Government was pressing hard for no Council Tax increases.

Members needed to debate how to achieve the £300k savings for next year and £1m the year after. Action needed to be taken early and a planned programme in place to minimize the impact on services.

A question was raised as to how soon Members could receive up to date figures to take these decisions. The Director of Corporate Resources replied that the MTPF would give Members the up to date figures and they would receive this in a timely fashion.

He added that Local Government finance had fundamentally changed and all Councils were more dependent on raising income locally. The New Homes Bonus was an example of this. NNDR was another example with the Council able to keep 25% of additional NNDR revenue.

The HRA also changed in April 2012. The Government Rent Convergence Policy will see an average rent increase approaching 6% next year. This was to maintain houses in keeping with the Decent Homes Standard. It would not be a

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welcome increase by tenants and would take the average homes rent to £80 per week - but again this would require approval by Members.

The Director of Corporate Resources added that while the Housing Capital Programme was reasonably well funded; the General fund Capital Programme was dependent on capital receipts – the Council had sold most of its assets that were saleable and it would be harder to find further assets to fund the Capital Programme.

The MTFP would be presented to Budget Scrutiny Members in early February.

A question was raised regarding the Welfare Reform Act and how the Council was going to meet the short fall from the housing benefits support grant which the Council used to receive. The Director of Corporate Resources replied that a report covering a proposed local scheme would be presented to Council on 23rd January 2013. A reduction in discount on Council Tax for empty / holiday homes was one of the recommendations in the report.

A comment was raised that Sustainable Communities Scrutiny Committee had looked at empty homes as part of a review it carried out in 2012 and a reduction in discount on these and holiday homes had been suggested but a large proportion of the rates went to Derbyshire County Council so why would it now be beneficial to reduce the discount. The Director of Corporate Resources replied that financial pressures on this Council, the County Council and the Police have all increased. If no action had been taken Bolsover's loss would have been about £70k, with a greater loss for the other authorities.

A lengthy discussion took place.

Members accepted that they had some harsh decisions to make.

The meeting concluded at 1105 hours.