
EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 6 DECEMBER 2011

ROSP.85/11 BUDGET 2013/13 to 2016/17

The Assistant Director (Resources) (Mr Mason) gave a presentation to the Panel to assist Members in their consideration of the Budget 2012/13 to 2016/17.

Mr Mason outlined the Budget policy context, revenue projections, the main revenue assumptions which had been made, new spending pressures, efficiencies requested by Council, savings proposals and income projections, potential revised revenue projections, proposed capital programme, capital resource projections and key Budget dates.

RESOLVED – That the budget overview be welcomed.

ROSP.86/11 MINUTES OF THE COMMUNITY AND ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANELS

The excerpts of the minutes of the meetings of the Community and Environment and Economy Overview and Scrutiny Panels held on 24 November and 1 December 2011 respectively were submitted for consideration.

RESOLVED – That the Minutes be noted.

ROSP.87/11 2011/12 REVISED REVENUE BASE ESTIMATES AND UPDATED MEDIUM TERM FINANCIAL PLAN PROJECTIONS: 2012/13 TO 2016/17

The Assistant Director (Resources) (Mr Mason) submitted report RD.63/11 which provided a summary of the Council's revised revenue base estimates for 2011/12, together with base estimates for 2012/13 and updated reserve projections to 2016/17. The report had been prepared in accordance with the guiding principles for the formulation of the budget over the next five year planning period as set out in the Medium Term Financial Plan (MTFP) and Charging Policy; Capital Strategy; and Asset Management Plan agreed by Council on 13 September 2011. The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved. He reported in some detail on those key issues which included:

- (a) Revenue Support Grant (RSG) and National Non Domestic Rates (NNDR)
- (b) Transformation

Mr Mason informed Members that the potential impact of any new spending pressures and new savings identified were not reflected in the report, as there were a number of options for Members consideration. It was, however, clear at this early stage of the budget process that all of the pressures currently identified could not be accommodated within existing Council resources. Decisions would need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies (and probable use of reserves) to enable a balanced budget position to be recommended to Council in February 2012.

He summarised the movements in base estimates and highlighted for Members the updated MTFP projections; the projected impact on revenue reserves; challenges facing the Council; and Efficiency Agenda targets.

The Executive had on 22 November 2011 (EX.140/11) considered the report and decided:

“1. That the revised base estimates for 2011/12 and base estimates for 2012/13 be noted.

2. That the current Medium Term Financial Plan projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken, be noted.”

In considering the report, Members raised the following questions and observations:

- The budget was based on the 2.8% inflation rate, was there any indication that this would change?

Mr Mason responded that detailed core estimates were being reviewed line by line by the finance team to ensure that the inflation estimates were correct.

- Did staff receive pay increments?

Mr Mason confirmed that staff received pay increments and these were included in the pay award assumption.

- The Small Scale Community Projects was a valuable budget for local communities and it was in the report as a saving, the Panel asked that consideration be given to retaining this budget.

- What was the expenditure and income for car parking within the City?

Mr Mason responded that the income was budgeted at £1.5m but the actual income was approximately £1.2m and the expenditure was approximately £600,000 to £700,000 per year.

Dr Gooding informed the Panel that discussions were taking place with the County Council regarding the on street parking enforcement and he was confident that a

resolution could be found to the satisfaction of everyone involved. Both City and County Councillors were keen to move this on and avoid having two sets of parking enforcement.

RESOLVED – That the Executive give consideration to retaining the Small Scale Community Projects budget .

ROSP.88/11 SUMMARY OF NEW REVENUE SPENDING PRESSURES

The Assistant Director (Resources) (Mr Mason) submitted report RD.64/11 summarising the new revenue spending pressures and reduced income projections that had emerged as part of the current year budget monitoring procedures and which would need to be considered as part of the 2012/13 budget process. The issues were to be considered in the light of the Council's corporate priorities.

The Executive had on 22 November 2011 (EX.146/11) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2012/13 budget process.

Details of the specific areas where the Panel had service responsibility in addition to its overall Budget scrutiny responsibility were as detailed on the Agenda for the meeting.

Members then considered and commented upon the report as follows:

- A Member raised concerns that the forecast for the Lanes Head Rent had not taken into account the current trend in shopping and may not reflect the downward trend. He felt that the whole business model had changed and regard should be given to the whole pattern of business.

Dr Gooding commented that the strategic thinking of the authority and Members was about the growth of the City and the budget supported this thinking. The primary intention of the budget was to take the best risk based estimate which would protect the financial viability of the Council. He agreed that consideration should be given to the trends but if the budget was over pessimistic then services would be impacted that need not have been.

Mr Mason added that the budget put the recovery period for the Council back by two years and felt that it reflected what was happening in the economy.

RESOLVED – That report RD.64/11 be noted.

ROSP.89/11 SUMMARY OF SAVINGS DELIVERED AND NEW PROPOSALS

The Assistant Director (Resources) (Mr Mason) submitted report RD.65/11 summarising proposals for savings and additional income generation to be considered as part of the

2012/13 budget process. He reminded Members that the Savings Strategy approved by Council on 13 September 2011 and endorsed in the Medium Term Financial Plan approved by Council on 13 September 2011 had concentrated on the following areas to deliver the savings required to produce a balanced longer term budget:

- (a) Asset Review;
- (b) Service delivery models
- (c) Transformation Agenda

Mr Mason reported that, at this stage, the Executive (and Overview and Scrutiny) were being asked to give initial consideration to the new proposals for further permanent reductions in base expenditure budgets and also increases to income budgets from 2012/13 onwards. He added that the requests needed to be considered in the light of projected budget shortfall contained in report RD.63/11 and the spending pressures (report RD.64/11).

The Executive had on 22 November 2011 (EX.147/11) considered the report and decided:

“1. That the proposed reductions to the base budget from 2012/13 onwards, as set out in Report RD.65/11, be received and forwarded to the relevant Overview and Scrutiny Panels for consideration as part of the budget consultation process.

2. That it be noted that the Senior Management Team would continue to investigate efficiencies and savings in accordance with the Transformational Savings Strategy.”

The specific areas where the Panel had service responsibility in addition to its overall Budget scrutiny responsibility were as detailed on the Agenda for the meeting.

RESOLVED – That report RD.65/11 be noted.

ROSP.90/11 REVIEW OF CHARGES 2012/13

a) Local Environment

Report LE.23/11 was submitted setting out the proposed fees and charges for areas falling within the responsibility of the Local Environment Directorate. The proposed charges related to income from City Centre usage by external organisations, Car Parking, Allotments, Sports Pitches, Environment Quality, Food Safety, Waste Services and Bereavement Services.

The Executive had on 22 November 2011 (EX.141/11) received the report and resolved:

“That the Executive:

1. agreed for consultation the proposed charges, as set out in Report LE.23/11, relevant Appendices and the Addendum; and noted the impact of those charges on income

generation, as detailed within the report. (The Executive would agree an implementation date at their December 2011 meeting).

2. granted delegated responsibility to the Assistant Director (Local Environment), in consultation with the Environment and Housing Portfolio Holder, for making any changes to the charges set out for the use of parks and green spaces and to have the Scheme of Delegation amended accordingly.”

RESOLVED – That report LE.23/11 be noted.

b) Community Engagement

The Assistant Director (Resources) (Mr Mason) submitted report CD.25/11 which set out the charges for the Hostel Service annual charge reviews falling within the responsibility of the Community Engagement Directorate.

The Executive had on 22 November 2011 (EX.142/11) received the report and agreed for consultation the increase in charges with effect from 1 April 2012; and noted the impact thereof on income generation as detailed within the report.

RESOLVED – That report CD.25/11 be noted.

c) Economic Development

The Assistant Director (Resources) (Mr Mason) submitted report ED.39/11 setting out the proposed fees and charges for the services falling within the remit of the Economic Development Directorate. The proposed charges related to income from Tourism and City Centre Management, Assembly Rooms, Enterprise Centre, Planning, Development Control and Building Control.

The Executive had on 22 November 2011 (EX.143/11) received the report and agreed for consultation the proposed charges with effect from 1 April 2012; and noted the impact thereof on income generation as detailed within the report.

In response to a Member’s question the Assistant Director (Governance) (Mr Lambert) explained that some of the charge within building control and planning were discretionary but it should be noted that some charges in building control could only make charges which would allow the service to break even and not make a profit.

RESOLVED – That report ED.39/11 be noted.

d) Governance

Report GD.62/11 was submitted setting out the proposed fees and charges for areas falling within the remit of the Governance Directorate.

The proposed charges in respect of Electoral Registers; Room Lettings, Minute Books and Local Land Searches, the acceptance of which would result in an anticipated level of income of £154,400 in 2012/13.

The Executive had on 22 November 2011 (EX.144/11) received the report agreed for consultation the proposed charges with effect from 1 April 2012 and noted the impact thereof on income generation.

RESOLVED – That report GD.62/11 be noted.

e) Licensing

Report GD.58/11 was submitted for information setting out the fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. The Regulatory Panel had on 19 October 2011 approved the fees.

The Executive had on 22 November 2011 (EX.145/11) noted that the Licensing Charges had been approved by the Regulatory Panel on 19 October 2011.

RESOLVED – That report GD.58/11 be noted.

ROSP.91/11 REVISED CAPITAL PROGRAMME 2011/12 AND PROVISIONAL CAPITAL PROGRAMME 2012/13 to 2016/17

The Assistant Director (Resources) (Mr Mason) submitted report RD.66/11 detailing the revised Capital Programme for 2011/12, together with the proposed method of financing. The report summarised the proposed programme for 2012/13 to 2016/17 in the light of the new capital pressures identified, and summarised the estimated and much reduced capital resources available to fund the programme.

Mr Mason then outlined the current and future commitments, together with four new spending proposals. Details of the current commitments and new capital spending proposals were provided.

The Executive had on 22 November 2011 (EX.148/11) considered the report and decided:

“That the Executive :

1. Noted the revised capital programme and relevant financing for 2011/12 as set out in Appendices A and B of Report RD.66/11;
2. Recommended that the City Council approve slippage of £4,257,000 from 2011/12 into 2012/13;
3. Had given initial consideration to the capital spending requests for 2012/13 to 2016/17 contained in Report RD.66/11 in the light of the estimated available resources; and

4. Noted that any capital scheme for which funding had been approved by the Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

In response to questions Mr Mason provided an update on the following:

Old Town Hall - the funding would only be available for a set period of time and work was being carried out to determine the options available.

Vehicles and Plant – There had been a carry forward of £200,000 for the vehicles and plant and the tender process had begun to replace the equipment in 2012/13, some vehicles would not be replaced next year and the budget had been re-profiled to reflect this.

Roman Frontier – This had now been completed.

Investment Strategy – The strategy was moving into phase 2 sales. The Environment and Economy Overview and Scrutiny Panel had requested an update report on the strategy but it was felt that it was still too early in the process to report back.

Dr Gooding reminded the Panel that the initial strategy had been to use any income from sales to invest in other assets. It was now felt that it was an inappropriate time to invest in property but the Council would still need vision and have some projects ready to move forward when opportunities arose. He added that there would be an update in the new year on the options available for the Morton site.

He explained that the Asset Management Plan and the Medium Term Financial Plan set out how the income would be used initially for the Council’s capital receipts; once the target had been met additional income could be used for other projects.

RESOLVED – That Report RD.66/11 be noted.

ROSP.92/11 TREASURY MANAGEMENT JULY – SEPTEMBER 2011 AND FORECASTS FOR 2012/13 to 2016/17

The Assistant Director (Resources) (Mr Mason) submitted report RD.67/11 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management forecasts for 2012/13 with projections 2016/17, and information regarding the requirements of the Prudential Code on local authority capital finance.

The Executive had on 22 November 2011 (EX.149/11) received the report and noted the projections for 2012/13 to 2016/17.

Mr Mason reported on the investment rates and the reasons for short investment periods.

RESOLVED – That report RD.67/11 be noted.

ROSP.93/11 BACKGROUND FINANCIAL REPORTS

The following reports had been circulated to the Committee by way of background information:

- RD.62/11 – Revenue Budget Overview and Monitoring Report: April to September 2011;

In response to a question Dr Gooding explained that the tipping charges as set out in the report were a consequence of the sale of trade waste business, he agreed to circulate a full response to all Members.

- RD.61/11 – Capital Budget Overview and Monitoring Report: April to September 2011.

In response to a question Mr Mason agreed to circulate a written update on the Decent Homes Strategy and the Empty Homes Strategy.

RESOLVED – That reports RD.62/11 and RD.61/11 be received.