

THE EXECUTIVE

24 January 2013

6.00 - 7.52 pm

Present: Councillors Bick (Chair), Smart (Vice-Chair), Cantrill, Swanson, Ward, Pitt and Smith

Officers Present:

Chief Executive – Antoinette Jackson
Director of Resources – David Horspool
Director of Environment – Simon Payne
Head of Corporate Strategy – Andrew Llmb
Committee Manager – Glenn Burgess

Other Councillors in attendance:

Councillor Herbert
Councillor Hipkin

FOR THE INFORMATION OF THE COUNCIL**13/1/EX Apologies**

None

13/2/EX Declarations of Interest

Councillor	Item	Interest
Smith	13/4/EX	Personal: Trustee of Cambridge Arts Theatre

13/3/EX Minutes

The minutes of the meeting held on 17 September 2012 were approved and signed as a correct record.

13/4/EX Revenue and Capital Budgets - 2012/13 (Revised), 2013/14 (Proposed) and 2014/15 (Forecast)

The Chief Executive tabled a letter received from Ernst and Young on 24 January 2013 setting out the findings from the Phase 1 review of the Council's financial re-forecast (see attached at appendix 1).

It was noted that the findings of the full review, when complete, would be reported back to a special meeting of the Civic Affairs Committee. At the request of the Executive it was also agreed that Ernst and Young would be invited to attend this meeting.

In response to member's questions the Chief Executive and the Director of Resources confirmed the following:

- i. Apologised that the letter had only been tabled at the start of the meeting, but reiterated that it had only been received that day. Whilst members had not had an opportunity to fully digest the information, it was felt important that it be shared as soon as possible.
- ii. Ernst and Young had confirmed the variance of £2.26m was a reasonable basis to set the Council's budget.
- iii. The review had been undertaken on version 6 of the financial model, and as with any dynamic financial process, the Council had progressed with the BSR and was now on version 15.
- iv. Acknowledged members concerns about the underlying issues regarding financial processes, but confirmed that additional checks and balances involving senior officers had been undertaken to ensure the accuracy of the amended BSR. Confirmed that more detailed work had also been undertaken with Heads of Services and Executive Councillors.

Councillor Herbert highlighted the importance of all 42 Councillors having a firm understanding of the financial position prior to being asked to set the Council's budget on 21 February 2013.

At the request of the Executive the Chief Executive agreed to arrange an all member briefing prior to the Council meeting on 21 February 2013.

The Executive received a tabled report from the Director of Resources regarding the Executive amendment to the Budget Setting Report (BSR) February 2013.

The Director of Resources outlined the role of the meeting within the wider budget-setting context and summarised the content of the report.

It was noted that the amendment consolidated changes that were presented to individual Scrutiny Committees in the January 2013 cycle, other material changes relating to the BSR and recommendations made in the report to the Strategy and Resources Scrutiny Committee on 21 January 2013.

The Director of Resources confirmed that all of the changes would be consolidated into a final version of the BSR and this would be taken to Council on the 21 February 2013 for approval.

In response to questions from the Executive the Director of Resources confirmed the following:

- i. Whilst the Section 25 Report is a report of the Chief Financial Officer, it is his view that it should be shared at the earliest opportunity with the Executive. The Executive are not required to approve the content of the report, but simply agree that it be included as part of the BSR.
- ii. The Section 25 report will be approved at the Strategy and Resources Scrutiny Committee on 15 February 2013. Agenda paperwork would be sent out 5 clear working days before the meeting.
- iii. Acknowledged that a variety of independent amendments can be confusing, but confirmed that the final version of the BSR would be brought to Council for approval on the 21 February 2013.

The Executive and officers received questions from the representative of the Independent and Conservative Group.

- i. Councillor Hipkin asked for confirmation that the projections for car park fees were realistic. The Executive Councillor for Planning and Climate Change responded that, whilst the shortfall of 3% of turnover was disappointing, it was better than the majority of private companies. It was noted that external consultants had worked up the future projections and the Executive were confident that they were achievable.
- ii. Councillor Hipkin noted that the planning fee income was less than anticipated and asked for clarification of the reasons for this. The Executive Councillor for Planning and Climate Change responded that the City Council could only base their assumptions on projected timescales supplied by developers. It was therefore unfortunate when the developer's timescales slipped.

- iii. Councillor Hipkin asked if the Executive had fully taken into account the current high-risk environment when formulating the BSR. The Director of Resources responded that the minimum level of reserves had been specifically looked at this year in response to the changing level of risk.
- iv. Councillor Hipkin enquired into the likelihood that Council Tax Support would require more money than anticipated. The Director of Resources responded that this had been looked at in detail at the special meeting of the Strategy and Resources Scrutiny Committee on 20 December 2012. Any in year changes could put pressure on the scheme, due to government funding being fixed for a year, but allowance for this had been built into the modeling.
- v. Councillor Hipkin noted that claw back in relation to the Municipal Mutual Insurance (MMI) was worrying and asked for further information. The Director of Resources responded that the City Council were working on professional advice, but would continue to monitor the situation.
- vi. Councillor Hipkin commented that the downgrading of Northstowe, and the resulting affect on S106 contributions, was worrying. The Director of Environment responded that the data on S106 projections had never been better and it was important that the City Council remain proactive in the way that it managed this risk.

The Executive and officers received questions from the representative of the Labour Group:

- i. Councillor Herbert asked if the reduced level of reserves was adequate, particularly given risk factors such as the 2015 elections and changes to government funding. The Leader responded that the target level for reserves had not changed and remained at £5m. The minimum level of reserves had been moved in a more cautious direction and been increased.
- ii. Councillor Herbert asked for more clarity on the policy for using the New Homes Bonus, and asked if it was simply a draw down fund for new initiatives. The Leader responded that the City Council's approach was clearly set out on page 35 of the BSR.
- iii. Councillor Herbert asked for further detail on the reduction in the Project Facilitation Fund (PFF). The Leader responded that the PFF is subject to affordability and therefore flexes accordingly. It was noted that it would be reduced to £300k for the foreseeable future.

- iv. Councillor Herbert asked for further detail on confirmed service reviews. The Leader responded that long-term service reviews were being undertaken in the following areas; income maximisation, shared services and the Councils use of its property portfolio. It was noted that savings this round had been identified as a result of the resource optimisation service review.
- v. Councillor Herbert asked for further detail on identified savings targets. The Leader responded that instead of looking at departmental saving targets and making cuts across the board, it was important to specifically identify areas where it was thought savings could be delivered.
- vi. Councillor Herbert reiterated the importance of an all member briefing on the updated financial position prior to Councillors being asked to agree a budget on 21 February 2013. The Leader responded that the Chief Executive had already committed to an all member briefing, and that he would be working with her to help facilitate this.
- vii. Councillor Herbert highlighted the importance of opposition group Councillors having an input into any review of the financial situation. The Leader responded that a report would be brought to the Civic Affair Committee and agreed that opposition group Councillors would have an input into that process.

In response to further questions from members the Chief Executive confirmed the following:

- i. A report would be brought to the Civic Affairs Committee to highlight the full findings of Ernst and Young regarding the financial re-forecasting review.
- ii. Because input was needed from Ernst and Young it was not possible at this stage to confirm a date for the Civic Affairs Committee. However a commitment was made to ensure that all Councillors would be briefed prior to being asked to set the Council's budget on 21 February 2013.
- iii. Phase 1 of the work undertaken by Ernst and Young suggested that if a proper reconciliation taken place in June 2012 the error may have been avoided. But at this stage it had not been determined exactly how the error occurred.

The Executive resolved unanimously (7 votes to 0) to recommend Council:

Budget Setting Report February 2013

In respect of the recommendation of the Executive on 24 January 2013, to include the final Appendix T – Section 25 Report (2013/14 Budget Process) – Robustness of Estimates and Adequacy of Reserves, within the body of Budget Setting Report February 2013, for approval by Council on 24 February 2013.

Capital & Revenue Projects Plan: [section 5, page 50 of BSR]

To amend original recommendation i) “to approve project appraisals that have been referred by Executive Councillors and to agree inclusion in the Capital & Revenue Projects Plan of any new items and to note any additional funding for revised schemes approved by Executive Councillors” to include the following specific items for approval:

(i) Project appraisals that have been referred by Executive Councillors:

i. Arts Sport & Public Places

1. Corn Exchange Improvements – Exterior & Entrance Lobby (as separate agenda item 13)
2. Corn Exchange - Improvements to heating management system as separate agenda item 14)

ii. Environmental & Waste Services

1. Bins for New Developments
2. In Cab Technology – Full Roll Out
3. Vehicle Replacement Programme 2013/14

(ii) The removal from the Revenue & Projects Capital Plan of the following capital schemes or programmes:

i. Arts, Sport & Public Places

1. SC499 – Outdoor Fitness Equipment
2. SC514 – Petersfield Play Area Equipment

ii. Planning & Climate Change

1. PR019 – Car Parks Infrastructure & Equipment Replacement Programme

(iii) To set up eight new capital programmes and associated remits within the following portfolios:

i. Arts, Sport & Public Places

1. Replacement of Parks & Open Space Litter & Waste Bins
2. City-wide Developer Contribution Funds
3. Area Committee (East) Developer Contribution Funds
4. Area Committee (North) Developer Contribution Funds
5. Area Committee (South) Developer Contribution
6. Area Committee (West/Central) Developer Contribution Funds

ii. Environmental & Waste Services

1. Purchase of Bins for New Developments
2. Litter Bin Replacement Programme

(iv) To delete the following schemes from the Hold List within the Arts Sport & Public Places portfolio, being items that are now subsumed within the new Area Committee Programmes above:

- i. Logan's Meadow Local Nature Reserve extension
- ii. Paradise Local Nature Reserve improvements

(v) To amend the budgets in respect of the following projects within the Capital & Revenue Projects Plan:

i. Community Development & Health portfolio

1. Capital bid C3176 - Clay Farm Community Centre - Phase 2 (Construction) from £6,750,000 to £7,711,000 to reflect the full estimated costs, the increase to be funded from external sources

ii. Planning & Climate Change portfolio

1. existing scheme SC557 – Grand Arcade Annex Car Park – Drainage Gullies from £26,000 to £52,000 to reflect a known increase of costs, the increase to be funded from Repairs & Renewals funds

Appendix Updates

To replace the existing table for Council Tax Earmarked for Growth in Appendix B (page 83 of the BSR) with the following version:

Council Tax Earmarked for Growth

Council Tax Earmarked for Growth

(Surplus) / Deficit Balance b/f	(319.9)	(398.1)	(260.0)	(308.6)	(540.0)
Contributions	(78.2)	(25.9)	(171.5)	(355.1)	(355.1)
Sub-Total	(398.1)	(424.0)	(431.4)	(663.8)	(895.1)
Expenditure Bids	0.0	164.0	122.8	123.8	148.8
(Surplus) / Deficit Balance c/f	(398.1)	(260.0)	(308.6)	(540.0)	(746.3)

And resolved unanimously (7 votes to 0) to recommend the Budget Setting Report, as amended, to Council on 21 February 2013