

**THE EXECUTIVE**

12 September 2011

6.00 - 6.25 pm

**Present:** Councillors Reid (Chair), Smart (Vice-Chair), McGovern, Swanson and Ward

**Officers Present:**

Chief Executive – Antoinette Jackson

Director of Resources – David Horspool

Director of Environment – Simon Payne

Director of Customer and Community Services – Liz Bisset

Principal Accountant (Services) – Chris Humphris

Committee Manager – Glenn Burgess

**Councillors in attendance:**

Cllrs Herbert and Pogonowski

<b>FOR THE INFORMATION OF THE COUNCIL</b>
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**11/5/EX Apologies for absence**

Apologies were received from Councillors Bick and Cantrill.

**11/6/EX Minutes of the meeting held on 20 January 2011**

The minutes of the meeting held on 20 January 2011 were approved and signed as a correct record.

**11/7/EX Public Questions**

None

**11/8/EX MEDIUM TERM FINANCIAL STRATEGY 2011**

The Director of Resources introduced the item and gave a general overview of the key elements of the Medium Term Strategy (MTS).

This year the MTS had been comprehensively redesigned in order to make it easier to read and more concise. The document had also been reduced by over 150 pages, and now included an additional section highlighting service descriptions and budget issues for each portfolio.

It was noted that, whilst external factors such as the continued economic downturn and interest rates were a key factor, the current direction of travel was consistent with that set out in the Budget Setting Report (BSR) of February 2011. This further supported the view that the BSR was both achievable and sustainable.

With regard to the General Fund it was noted that, whilst there had been a savings increase of £600,000, service reviews for 2012/13 had identified estimated savings of £1.25m.

With regard to the Housing Revenue Account (HRA) it was noted that the MTS was based on financial assumptions that existed as part of the current HRA Subsidy System. A new regime for self-financing would however be in place by April 2012, and the City Council was well advanced in their preparation for this change.

The Director of Resources confirmed that since the MTS had been produced progress had been made on a City Council supported EU project. An update on this project would be given at the Strategy and Resources Scrutiny Committee on 10 October 2011. Further updates on issues such as the Local Government Resource Review and the ongoing preparation for self-financing could be provided as and when required.

Councillor Ward thanked officers for their hard work and congratulated them on the revised format of the MTS. The additional section on individual portfolios was beneficial, but it was noted that CCTV did not sit under the Planning and Sustainable Transport Portfolio. This comment was noted.

The Executive and officers then received questions from representatives of the Labour Group and Green Group.

- i) Councillor Pogonowski asked if funding for the refurbishment of Park Street Car Park had already been budgeted for. The Director of Resources responded that, whilst the project had been on a 'hold list, funding had not previously been allocated. It was also noted that the work required to refurbish this car park was above and beyond what could be financed through the Repairs and Renewals (R&R) budget.

- ii) Councillor Pogonowski asked for justification for holding such a high level of reserves in a time when cuts were being made across the Council. He suggested that a lower level of around £3m would be more appropriate. The Director of Resources responded that in times of high risk it was essential to maintain adequate levels of reserves. It was also noted that reserves could be beneficial for use with invest to save projects. The Leader confirmed that further discussion around actual reserve levels would take place through the budget setting process.
- iii) Councillor Herbert noted the 24% Formula Grant cut over 2 years. He asked what services would be targeted in order to achieve this saving. The Leader referred to Appendix F of the 11/12 Budget Setting Report and noted that this work was ongoing and further information would be announced as the work matured.
- iv) Councillor Herbert suggested that the wording in the 'Localism Bill' section (page 24 and 25 of the MTS document) did not adequately reflect the hardships that lay ahead for local government. Whilst he welcomed some of the proposed changes, he felt that true localism would only succeed if the funds were in place to support it. The Leader responded that she felt the MTS highlighted the potential issues faced by local government.

The Leader requested a minor change to paragraph 1 on page 71 of the MTS to read (amendment underlined):

*In terms of climate change, we are currently engaging in the Carbon Trust's Carbon Management Programme, through which we will develop a 5-year Carbon Management Plan (2011/12 to 2015/16). The Plan will list specific projects that we may deliver to further reduce our energy bills and carbon emissions across a range of services.*

As there was still uncertainty around the specific projects, it was felt that this wording would be more appropriate.

## **Record of Decision**

The Executive resolved unanimously (by 5 votes to 0) to recommended to Council:

### **Revenue – General Fund**

2.1 To agree that New Homes Bonus uncommitted funding is held in an earmarked reserve (rather than added to general reserves) with a view to considering appropriate application at a later date [Section 5, pages 75 and 76 of the MTS document refer].

2.2 To agree the budget strategy, process and timetable for the 2012/13 budget cycle as outlined in Section 8 [pages 99 to 114 refer] and Appendix A of the MTS document.

2.2 To agree the revised General Fund revenue, funding and reserves projections as shown in Appendix E, and the associated decisions in section 8 [pages 99 to 114 refer], of the MTS document.

2.3 To authorise the Director of Resources to calculate and communicate final cash limits or savings targets based on the decisions taken in the officers report, based on the method shown in Appendix I of the MTS document.

### **Revenue – HRA**

2.4 To express support for the HRA budget process and strategy as outlined in Section 8 [pages 107 to 111 refers] and Appendix F of the MTS document.

### **Capital**

2.5 To agree inclusion in the Capital & Revenue Projects Plan of new items identified below, to note additional funding for revised schemes approved by Executive Councillors, and to approve the rescheduling of works based on the latest timetables, namely:

(a) SC515 Replacement CCTV Cameras - a bid of £70,000 funded from R&R

(b) PR001 Housing Capital Investment Programme - increase the funding in 2012/13 by £200,000

(c) PR020 ICT Infrastructure Programme - reschedule the programme extending the programme to 2015/16 and reduce the R&R funding by £217,000

(d) PR023 Admin Buildings Asset Replacement Programme - reschedule the programme and extend the programme to 2015/16 funded by additional £74,000 R&R

(e) PR024 Commercial Properties Asset Replacement Programme - reschedule the programme and extend the programme to 2015/16 funded by additional £240,000 R&R

(f) Community Development Grants Programme – approve a new capital programme, with the following remit, to improve a range of facilities across the East Area - £800k funded from s106

*The policy of allocating S106 contributions for the provision and improvement of community facilities has been in place for a number of years. The allocation of offsite contributions by area provides a reasonable response to the challenge of providing and enhancing facilities as close as possible to the location of the development.*

*Investing capital in existing facilities, many owned or managed by other providers, has proved to be the most effective strategy as several partners have been able to use the availability of Council funding to attract other external funding. This approach also enables the Council to provide and enhance local community facilities whilst incurring no, or minimal, on-going revenue costs.*

2.6 To agree the revised Capital & Revenue Projects Plan, the Hold list and the Funding as shown in Appendix H of the MTS document.

### **Treasury Management**

2.7 To approve the changes to the Council's Counterparty List and lending limits. [Appendix J of the MTS document refers].

2.8 To approve the changes to the Treasury Management Strategy Statement and changes to the Council's Prudential and Treasury Management indicators [Section 7, pages 94 to 95 of the MTS document refer].

The meeting ended at 6.25 pm

**CHAIR**