

**FINANCIAL STRATEGY, MEDIUM TERM PLAN 2011 TO 2015 AND THE 2010/11 BUDGET****(Report by the Overview and Scrutiny Panel (Economic Well-Being))****1. INTRODUCTION**

- 1.1 At its meeting held on 4th February 2010, the Overview and Scrutiny Panel (Economic Well-Being) considered a report by the Head of Financial Services on the Council's Budget and Council Tax for 2010/11, Medium Term Plan for 2011/15 and other associated matters. This report summarises the Panel's discussions.

**2. THE PANEL'S DISCUSSIONS**

- 2.1 The Panel has been acquainted with the changes that have been made since the draft position was endorsed at a previous meeting. Most particularly, £1.2 million in savings that have been identified can now be taken into account, which have been transferred into a Special Reserve in order to facilitate the achievement of future spending adjustments. Members have supported the creation of the Special Reserve for this purpose on the terms set out in paragraph 5.3 of the report by the Head of Financial Services.
- 2.2 The report contains reference to a reduction in the Council's budget deficit, which will allow the future required spending adjustments to be phased in at a more even rate. Overall spending will be significantly lower than previously assumed owing to lower provision made for pay and price inflation, lower assumptions relating to Government Grant and a proposed reduction in the level of Council Tax increase to 2.49%. The result will be that a reduced level of spending adjustments will be needed in the Medium Term Plan period.
- 2.3 Attention is drawn to the Director of Commerce and Technology's opinion that the combination of a robust budget process and the current level of reserves should give Members no concerns over the Council's financial position for 2010/11. He is, however, of the view that a significant level of work will be required to plan for the spending adjustments that will be required in future years as reserves are depleted.
- 2.4 With regard to the uncertainties and risks associated with the financial forecast, the Panel has been reminded of the possible impact of the Guided Bus on the Council's parking income. The unknown length and depth of the recession, changes in grant funding and the forthcoming revaluation of the pension scheme also have been discussed.
- 2.5 Further discussion has been held on investment interest and borrowing costs. Lower than planned expenditure from the Council's reserves in 2008/09 has allowed investments to be made at favourable rates. In addition, income of £150,000 from the sale for development of the site of the public conveniences on South Street, St Neots has been included in the Budget for 2010/11. Furthermore, the Executive Councillor for Finance has advised the Panel that planned improvements to Huntingdon bus station are under review. Having

considered the effect of introducing alternative increases in Council Tax, Members have received assurances that the Budget will enable the Council to achieve its objectives in the forthcoming financial year.

- 2.6 At the conclusion of their discussions, the Panel has outlined their support for an annual increase of 2.49% in Band D equivalent Council Tax and for the proposed Budget and Medium Term Plan.

### **3. RECOMMENDATION**

- 3.1 The Cabinet is requested to take into consideration the views of the Overview and Scrutiny Panel (Economic Well-Being) as set out above when considering this item.

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