

BUDGET 2012/13 AND MEDIUM TERM PLAN 2013 TO 2017
(Report by the Overview and Scrutiny Panel (Economic Well-Being))

1. INTRODUCTION

- 1.1 At its meeting held on 2 February 2012, the Overview and Scrutiny Panel (Economic Well-Being) considered the report by the Head of Financial Services on the Budget 2012/13 and the Medium Term Plan 2013 to 2017. The following paragraphs contain a summary of the Panel's discussions on the report.

2. THE PANEL'S DISCUSSIONS

- 2.1 The Panel has thanked the Cabinet for its positive response to its previous recommendations on the draft Budget and MTP. **Members of the Panel unanimously support the recommendation in the report by the Head of Financial Services relating to Council Tax levels.** The recommendation that Council Tax is increased by £4.34 for a band D property is in line with the Panel's previously expressed views. It is noted that the majority of Council Tax payers will experience an increase which is lower than this figure.
- 2.2 The Panel previously recommended that the Council should identify what services might be retained for any additional income that is achieved through an increase in Council Tax. The proposed increase will generate approximately £100k more than the freeze grant. It is suggested that this might, for example, contribute towards the indicative budget for the voluntary sector, which was approved at the Cabinet's last meeting, instead of finding alternative savings.
- 2.3 **On the subject of funding for the voluntary sector, the Panel has asked that Overview and Scrutiny is informed of the next steps that will be taken to finalise future arrangements between the sector and the Council.** The Social Well-Being Panel is asked to examine in detail the policies and mechanisms that are proposed for this purpose.
- 2.4 The Panel has discussed at length the Council's future levels of reserves. **There is a strong view amongst Members that the Council should seek to increase its reserves. They have restated their position that if it is reasonable reserves should be increased to £5M.** In doing this it is acknowledged the sums put into reserves will not be used to provide services. This position is partly informed by the fact that it is only possible to use reserves for one-off projects. It is stressed that the Council will have significantly more than £4.5m in reserves next year. **It is recommended that the Council's level of reserves and its position in terms of reserves compared with overall spending relative to other district council's should be regularly reviewed.**
- 2.5 The report by the Head of Financial Services indicates that the 2012/13 Budget contains no unidentified savings. **The Panel has restated its view that the feasibility of achieving some future years' savings in 2012/13 should be investigated.**

- 2.6 The Panel has discussed whether it is necessary for the Council to consider its strategic approach if its financial position and the economy generally are better than is represented in the report by the Head of Financial Services. While there may be a danger of creating expectations that cannot be met if such plans are developed, it is argued that there is value in preparing for the full range of future changes. The Panel will revisit this matter in September when the forecast is produced.
- 2.7 It has been discovered during a study on a particular support service that a saving had not having been included in a section's budget. **The Panel, therefore, recommend that previously identified savings are rigorously applied to ensure each section's budget is accurate at the start of the year.**
- 2.8 As the Council's reserves reduce and its borrowings increase, it will be more important to identify clearly interest costs. **It is recommended that interest figures and other such "corporate" items should be included separately in the summary budget (Annex G to the report by the Head of Financial Services).**
- 2.9 The Panel has commended employees for their contribution to improving the Council's financial position. In particular, Members have expressed their appreciation of:
- the high rates of Council Tax collection that have been achieved;
 - the decision by employees to accept no pay increase again in April 2012;
 - the continuation of the trend for the budget to be underspent rather than for any spare sums to be used on low priority items, and
 - the work undertaken by the Financial Services section to prepare the MTP, budget and Financial Plan.

3. CONCLUSION

- 3.1 **At the conclusion of its discussion on this item, the Panel has requested the Cabinet to recommend the Council to:**
- **approve of the proposed MTP, budget and Financial Plan, and**
 - **increase the Council Tax for 2012/13 by £4.34 per year i.e. a Band D charge of £128.51.**
- 3.2 The Cabinet is invited to consider the discussions of the Overview and Scrutiny Panel (Economic Well-Being) as part of their deliberations on this item.

Contact Officer: A Roberts - Scrutiny and Review Manager – 01480 388015

Background Documents

Report and Minutes of the meeting of the Overview and Scrutiny Panel (Economic Well-Being) held on 2nd February 2012.