

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday, 15th December, 2008

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: Gary Woodhall (The Office of the Chief Executive)
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9.a FINANCE & PERFORMANCE MANAGEMENT CABINET COMMITTEE - 8 DECEMBER 2008 (Pages 3 - 6)

(Finance & Performance Management Portfolio Holder) To consider the minutes of the recent meeting of the Finance & Performance Management Cabinet Committee held on 8 December 2008 and any recommendations contained therein (C-082-2008/09).

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EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 8 December 2008

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.35 - 7.05 pm

Members Present: C Whitbread (Chairman), M Cohen, Mrs D Collins, Mrs A Grigg, Mrs M Sartin and D Stallan

Other Councillors: D Jacobs

Apologies: None

Officers Present: P Haywood (Chief Executive), D Macnab (Deputy Chief Executive), R Palmer (Director of Finance and ICT), P Maddock (Assistant Director Accountancy), J Boreham (Assistant Public Relations and Information Officer), G J Woodhall (Democratic Services Officer), S Mitchell (PR Website Editor) and D Clifton (Principal Housing Officer [IT])

36. WEBCASTING INTRODUCTION

The Chairman made a short address to remind all present that the meeting would be broadcast on the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

37. MINUTES

RESOLVED:

That the minutes of the meeting held on 17 November 2008 be taken as read and signed by the Chairman as a correct record.

38. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

39. ANY OTHER BUSINESS

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

40. DRAFT GENERAL FUND BUDGET SUMMARY

The Director of Finance & ICT presented a report concerning the Draft General Fund Budget summary for 2009/10, incorporating the Continuing Service Budget (CSB) and District Development Fund (DDF) lists.

The Cabinet Committee were reminded of the process for determining next year's budget, which would culminate in its final approval by Council on 17 February 2009, and that the Council's Formula Grant would only increase by 0.5% to £9.368million in

2009/10; this being the second year of the Government's three-year settlement with the Council. The revised estimates for 2008/09 were currently indicating an underspend, largely due to salary savings, with the balance on the General Fund Reserve anticipated to exceed £8million. Consequently, the contribution of £636,000 from the General Fund Reserve included in the budget for 2009/10 would still leave a higher balance in the Reserve at 31 March 2010 than had been the case two years previously.

The Director of Finance & ICT informed the Cabinet Committee that the projected CSB growth for 2009/10 had increased to £647,000 to give a total of £17.9million. The major items in this increase were: £150,000 for additional Waste Management costs; £110,000 for increased costs in Leisure; and £110,000 for Safer, Cleaner, Greener items brought forward. In addition, it was anticipated that Investment Income would reduce by £45,000. It was highlighted that the two key areas of higher expenditure were Leisure and Waste Management. There were opportunities to achieve considerable savings in both areas as indicated by recent reports to the Cabinet, but if these opportunities were not pursued then it would be necessary to identify similar savings elsewhere. Although the proposed increase in CSB had been greater than anticipated, the balance on the General Fund Reserve would also be higher than previously forecast and this gave the Council an opportunity to assist in the stimulation of the local economy.

In relation to DDF expenditure, the Director of Finance & ICT reported that the list of items for inclusion in the 2009/10 budget had increased by £411,000 to £681,000 and a ceiling of £700,000 was being recommended for approval. The DDF programme for 2008/09 had been examined and a number of items had been rescheduled, along with the addition of a number of income items, which had accounted for the increase. One of the DDF income items was the transfer of £480,000 from the Insurance Reserve, as recommended by the external Auditors, to leave a balance on the reserve of £500,000. Additional Investment Income of £313,000 had also been forecast, however this might be reconsidered in the light of the interest rate cut by the Bank of England last week.

The Director of Finance & ICT concluded by stating that the Council was well placed to meet the key areas of financial risk it faced, although if the highlighted savings opportunities were not realised then alternative substantial savings would need to be identified in the medium term. It was emphasised that if the Council added further funds to reserves without allowing additional expenditure in the future then criticism could accrue for accumulating excessive balances.

In response to questions from the Cabinet Committee, the Director of Finance & ICT stated that the current policy of the Council was for its reserves to fall no lower than 25% of the net budget requirement. The Council's current level of reserves was almost double that required by the policy and hence deficit budgets should be considered for the next few years to reduce the reserves accordingly. It was acknowledged that there was the possibility of 0% increases in the Formula Grant from the Government in future years, and that the identified savings for Leisure and Waste Management were liable to be in the medium term. It was confirmed that the salary underspend had reduced slightly from the previous year; the posts currently vacant were being analysed but further salary underspends had not been budgeted for.

The Finance and Performance Management Portfolio Holder felt that 2.5% would be a suitable target for the increase in District Council Tax, as the Retail Price Index had recently dropped 0.8% to 4.2%, and would clearly state the Council's financial ambitions to residents. The Cabinet Committee agreed and the amended budget

guidelines, along with the growth lists and reduction in the Insurance Reserve, were recommended to the Cabinet for approval.

RECOMMENDED:

- (1) That the budget guidelines previously set down be amended as follows:
 - (a) the guideline for CSB net expenditure for 2009/10 be increased from £17.6M to £17.9M;
 - (b) the guideline for DDF net expenditure for 2009/10 be increased from £270,000 to £700,000;
 - (c) that balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement; and
 - (d) that the District Council Tax be increased by no more than 2.5%;
- (2) That the items shown in Appendix 2 and Appendix 3 of the report be included in the revenue budgets for 2009/10, subject to any additional late growth bids or additional savings being necessary; and
- (3) That the level of the Insurance Reserve be reduced to £500,000.

CHAIRMAN

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