



Lewes District Council

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MINUTE EXTRACT

Scrutiny Committee – 16 January 2014

74 2014/2015 Revenue Budgets and Capital Programme

The Committee considered Report No 15/14 which explained the context in which the 2014/15 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared, so that the Committee could provide its comments to Cabinet as part of the budget setting process.

The Head of Finance took the Committee through the Report. He explained that this was a vital part of the budget setting process. He drew the Committee's attention to Appendix A of the Report, which provided an update on the recommendations from the Scrutiny Committee in January 2013 when it last considered the budget. He added that Cabinet had taken action on all of the recommendations.

The Head of Finance explained that in December 2013, the Government had released for consultation its Provisional Local Government Finance Settlement for 2014/2015. At the same time, an illustrative settlement for 2015/2016 was also published. The Settlement confirmed that local government, although protected from further reductions in funding faced by other government departments, would continue to face significant spending reductions through to 2016.

In response to a Councillor's question, the Director of Finance advised that the Council expected the announcement in early February 2014 as to whether the capping of council tax would be extended to Town and Parish Councils.

The Head of Finance explained to the Committee that the funding for the local council tax support scheme had now been included in the core Finance Settlement and had not been separately identified at individual local authority level. He advised that the national total was £3.3 billion, which included an element to reflect reductions in the parish tax base. Cabinet had approved a schedule of payments at its meeting in November 2013 and this had been circulated to all Town and Parish Councils.

In response to a Councillor's question, the Director of Finance advised that

there was a potential for savings in the negotiations concerning Council contracts, for example the Grounds Maintenance and Insurance Contracts. He added that these potential savings were part of the savings figures that had already been identified in the Report.

In response to a Councillor's question, the Head of Finance explained that the Government's Finance Settlement reduced the Council's spending power by an average of 2.5% in 2014/2015.

The Head of Finance took the Committee through the General Fund Services Summary, as detailed in Appendix D of the Report. He advised that the presentation of the figures had been adapted in line with other local authorities. He added that this would make comparisons with neighbouring authorities more accurate in future reports. In response to a Councillor's question, the Head of Finance also advised that the figure in Row 8 on page 1 of Appendix D reflected the cost of moving offices.

The Head of Finance drew the Committee's attention to Appendix E, which detailed summary findings from a financial health check of English local authorities. He advised that the Good Practice Checklist, as set out on page 30 of Appendix E, may be a useful tool for Councils whilst examining budget setting.

The Committee asked whether it would be useful to have a dialogue with residents of the District, as part of the Democratic Conversations in Lewes District Project, to ensure the Council was aware of the community's priorities.

The Director of Finance circulated a document which detailed the distribution of retained business rates income for 2013/14 (a copy of which is contained in the Minute Book). He explained that the software for recording business rates in the Council had been procured, and would be in place for the next financial year. He took the Committee through five examples in the document which detailed how different circumstances could affect the level of business rates the Council received. A discussion followed, and Councillors questioned how New Homes Bonus Money (NHB) would be used in support of the level of the Council's share of retained business rates where a business site became a residential site. It was agreed that where a non-domestic premises was lost to a residential development, an estimate of the marginal cost to the council for servicing the new residential properties would be made. Any remaining residential rate income would be offset against the loss of the Council's share of retained business rate income, prior to using any of the NHB to replace the business rate lost.

In response to a Councillor's question, the Director of Finance explained how the cost of large scale regeneration projects, such as the University Technical College, could affect the reserve and balance figures in future budgets.

In response to a Councillor's question, the Corporate Head – Housing Services explained that it was proposed to utilise the remaining funds in the Special Projects Reserve to carry out a programme of specialist building surveys across the housing stock over the next five years, starting in 2014/2015. The total cost of the programme over this period was estimated to be £575,000. He advised that this would identify asbestos in properties, and would provide the Council with valuable data on all its housing stock.

Resolved:

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| 74.1 | That a vote of thanks be accorded to the Director of Finance and other officers in the Finance Department at the Council for their astute financial planning; | SCO |
| 74.2 | That the Director of Finance be requested to return to the meeting of the Scrutiny Committee on 22 April 2014 with a completed draft Good Practice Checklist, as set out on page 30 of Appendix E of Report No 15/14; | DF |
| 74.3 | That the Chief Executive be requested to attend a future meeting of the Scrutiny Committee to provide an update on the Democratic Conversation in Lewes District Project; and | CE |
| 74.4 | That the Corporate Head - Housing Services be requested to return to a future meeting of the Scrutiny Committee to provide an update on the programme of specialist building surveys. | CHHS |

and it was further

Recommended:

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| 74.5 | That the proposal to freeze Council Tax in 2013/14 be supported; | SCO |
| 74.6 | That the need to deliver the savings target in order to rebalance the budget, as detailed in Report No 15/14 be supported; | SCO |
| 74.7 | That Cabinet be requested to agree the level of the Council's Reserves and Balances, as detailed in Report No 15/14, subject to recommendation 74.11; | SCO |
| 74.8 | That Cabinet be requested to agree the Capital Programme Outlook; | SCO |
| 74.9 | That Cabinet be requested to agree the Housing Revenue Account draft budget; | SCO |
| 74.10 | That Cabinet be requested to ensure that any reduction in the Council's share of retained business rates from properties that are converted from non-domestic to domestic is assigned from New Homes Bonus Money from that conversion, having also taken into account the additional marginal cost of services less the benefit of an increased council tax base and any cash flow impacts; and | SCO |

74.11 That Cabinet be requested to ensure that any outstanding costs from large scale regeneration projects be reflected in the reserves and balances figures. | SCO