

CABINET

2 OCTOBER 2012

MEDIUM TERM FINANCIAL PLAN 2013 - 2016

ADDENDUM REPORT

Portfolio Holder: Councillor Alan Jarrett, Portfolio Holder for Finance

Report from: Mick Hayward, Chief Finance Officer

Author: Caroline Salisbury, Democratic Services Officer

Summary

To report on the discussion at the Business Support Overview and Scrutiny Committee held on 25 September 2012 on the Medium Term Financial Plan 2013 - 2016

1. Background

- 1.1 Business Support Overview and Scrutiny Committee met on 25 September 2012 to consider the Medium Term Financial Plan report, which is submitted for consideration on an annual basis.
- 1.2 The Chief Finance Officer introduced the report that reviewed the outlook for the major financial issues for the council over the next three years. He advised that the plan also provided a framework for the preparation of the draft revenue budget for 2013/14.
- 1.3 The Chief Finance Officer advised the committee on each of the tables set out in the report, which concluded (at Table 6 on page 108 of the agenda) with a deficit in resources of £5.9 million in 2013/14 and a further £3.3 million in 2014/15 (meaning £5.3m + £3.3m, equating to £9.2 million on 2013/14) after significant savings and council tax increases had been allowed for. Members were advised that if the council could reduce some of the pressures set out in section 5 of the report, this would reduce the deficit.
- 1.4 Members commented that there was no reference to the 'Stop the Estuary Airport' campaign which was on-going and likely to be for the next few years and would inevitably require the appropriate finance to support the council's cross-party position. It was also suggested that the cost of the project manager (a consultant) used for regeneration projects could be charged to capital, rather than the revenue account and asked that this was raised with the Portfolio Holder for Finance during the preparation of the draft budget for 2013/2014.

- 1.5 The committee also commented on the Better for Less savings (paragraph 6.2 of the report), which consistently reported the delivery of £5 - £10 million savings. Members asked for further information, as the £5 million variation could mean the difference between the council having a budget deficit, or not. Officers advised that the Better for Less programme had been running for some time but the Category Management aspect of the project had only recently begun. The council was due to see the completion of the first element of the Category Management programme by February 2013 when a more realistic figure could be reported.
- 1.6 Members also asked if the Medium Term Financial Plan had built in costs for a possible future request for a Council Tax Referendum, should the council set a council tax rate higher than was acceptable to the Secretary of State. Officers responded that the Secretary of State would declare what he considered to be excessive before the council set its budget'. Last year this was 3.5%. This year it might not be that figure. However, the council did not anticipate that it would set a council tax outside of the acceptable limit but for Members' information 1% of the council tax rate was approximately equivalent to £1 million revenue for the council.

2. Recommendation:

- 2.1 The committee agreed to:
- (a) recommend that the Cabinet endorses the underlying aims of the Medium Term Financial Plan;
 - (b) recommend that the Cabinet endorses the forecast level of overall funding outlined in Section 4 of the report;
 - (c) recommend that the Cabinet instructs Portfolio Holders and Directors to identify savings and efficiencies to achieve a balanced budget for 2013/2014;
 - (d) request that the Cabinet considers including provision for the on-going 'Stop the Estuary Airport' campaign in to the Medium Term Financial Plan 2013-2016.

3. Chief Finance Officer's comments

- 3.1 Timescales have not ordinarily permitted pre-Cabinet scrutiny of the MTFP and it is helpful that Overview and Scrutiny Committee understood and endorsed the aims and forecasts contained therein. In terms of the 'Stop the estuary Airport' campaign there was a £50,000 non-recurrent allocation in 2012/13 and the MTFP does not make provision for this becoming recurrent. However in the context of the major financial issue facing the Council this is a relatively minor sum and it's inclusion does not represent a significant variation from the overall position.

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Background papers

See main report.