

Cabinet

Friday, 21st December, 2012
4.00 - 4.35 pm

Attendees	
Councillors:	Steve Jordan (Leader of the Council), John Rawson (Cabinet Member Finance), Rowena Hay (Cabinet Member Sport and Culture), Peter Jeffries (Cabinet Member Housing and Safety), Andrew McKinlay (Cabinet Member Built Environment), Jon Walklett (Cabinet Member Corporate Services) and Roger Whyborn (Cabinet Member Sustainability)

Minutes

1. APOLOGIES

There were none.

2. DECLARATIONS OF INTEREST

There were none.

3. PUBLIC QUESTIONS AND PETITIONS

None received.

4. GENERAL FUND REVENUE AND CAPITAL - REVISED BUDGET 2012/13, BUDGET MONITORING TO NOVEMBER 2012 AND INTERIM BUDGET PROPOSALS 2013/14 FOR CONSULTATION

The Cabinet Member Finance introduced the report which outlined the revised budget 2012/13 and provided a budget monitoring position to November 2012. It also set out the Cabinet's Interim Budget Proposals 2013/14 for consultation.

He explained that it had been a difficult time for all local Councils. Government funding had already been cut by 23 % and a further 7 % cut had been announced this week for the coming financial year representing a further cut of just under £400 000. The sluggish state of the national economy had affected investments and pension fund and sources of income such as car park fees and building control fees have also fallen.

The Government had also decided that councils should freeze council tax, but is offering to cover only half the cost of implementing the freeze and only for a two year period. For Cheltenham the council tax freeze equated to £75 000. Freezing council tax had not been easy to achieve for the third year running but it was the right thing to do at this time. Car parking charges would also be frozen for the third year running.

The Cabinet Member Finance announced that the budget proposed savings of £1.29 million which could be made without any major impact on frontline savings. It recognised the need to change the way the Council delivers its

services. It delivers £478 000 from organizational changes, including commissioning of leisure and culture, a further £428 000 of savings from shared services, including the GO project and Ubico.

Longer term, the financial challenge was to bridge a projected funding gap of £3.5 million. This is why a detailed, quantified five-year strategy for cutting costs and maximising income and bridging the medium term funding gap is being developed as outlined in Appendix 4 of the report.

The Cabinet Member Finance explained that the way that the New Homes Bonus (NHB) was used had been rethought and last year it was accepted that it needed to be treated as a regular source of income so part of it was taken into the revenue budget. He proposed that £200 000 of the NHB be put towards the Planned Maintenance Reserve. He explained that this was prudent since if there were fluctuations in NHB income in future years, the contribution to the reserve could be adjusted without having any immediate impact on services. He proposed to use New Home Bonus money to fund a new initiative to bring empty properties back into use, which would have the effect of increasing income from the NHB. It would also be used for funding a number of one-off costs.

The Cabinet member also proposed that the current multitude of bidding funds currently funded from the NHS should be combined into one Community Pride fund, for which the budget would be £50 000 in the coming year. This would be funded using projected underspends in the current financial year.

Finally, he informed the meeting that the projected overspend of £281 000 outlined in the last quarterly monitoring report for the current financial year had now been revised to a projected underspend of £270 000. This had been achieved as a result of the freeze on unspent supplies and services budgets, together with additional income being achieved and savings made in employee related budgets. This was confirmation of the sound financial management within Cheltenham Borough council.

The Cabinet Member Finance thanked all the officers for working so hard on the budget, in particular Mark Sheldon, Director Resources and Paul Jones, Head of Finance, and the finance team. He also paid tribute to officers across the organisation as the budget had been a real corporate effort.

He explained that the budget would be subject to extensive consultation over the coming month and the Cabinet would be obliged to take into account the response to that consultation when framing the final budget proposals at the end of January. Budget information would be posted on the council website and hard copies would be available in reception. Two consultation meetings would be held to which stakeholders in the local community including the voluntary sector would be invited. Meetings would also take place with the parish councils C5 group and the Chamber of Commerce to seek their views. The Cabinet Member had also offered to meet the Conservative and PAB groups to discuss the budget if they so wished.

In response to a question with regard to consultation on capital projects relating to carbon reduction the Cabinet Member Finance explained that the capital programme was work in progress but the situation would become clearer once the availability of capital was known. Crucial to this was the North Place and Portland Street Development.

With regard to a question on the planned maintenance budget the Cabinet member said that in the current financial year £695 000 was put into the planned maintenance fund from the revenue budget. This had now increased to £895 000 due to the £200 000 from the New Homes Bonus and topped up by £100 000 from the accumulated balance in the planned maintenance fund. He informed that the Asset Management Working Group would be meeting on 8 January to discuss this further. There would therefore be a substantial investment in property and an increased commitment from the revenue budget.

Members congratulated the Cabinet Member Finance and the finance team for the draft budget in difficult circumstances which would maintain core services in the town. Concern was expressed with regard to the changing nature of Government funding which added an extra level of risk to the process and increased the volatility to the council's finances. The Cabinet Member Finance also commented that the decentralisation of business rates also exposed the council to fluctuations in income and therefore it was important to be prudent with regard to reserves.

The Leader of the Council thanked all those involved in the budget process. He welcomed the news of an underspend and looked forward to receiving feedback on the budget from the public.

RESOLVED THAT

1. The revised budget for 2012/13 with a projected underspend of £270.5k be noted and that the proposals for its use as detailed in Appendix 3 be approved.
2. The interim budget proposals be approved for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2013/14 (a 0% increase based on a Band D property).
3. The growth proposals, including one off initiatives at Appendix 3 be approved.
4. The proposed capital programme at Appendix 6, as outlined in Section 7 be approved.
5. The potential liability in respect of Municipal Mutual Insurance, as outlined in Section 9 be noted, and that £80k has been built into the revised budget as a provision to cover the potential exposure of this liability be noted.

6. Authority be delegated to the Director of Resources, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.
7. Consultation responses be sought by 25th January 2013.

5. HOUSING REVENUE ACCOUNT - REVISED BUDGET 2012/13 AND INTERIM BUDGET PROPOSALS 2013/14 FOR CONSULTATION

The Cabinet Member Finance introduced the report which summarised the Housing Revenue Account (HRA) revised budget for 2012/13 and the Cabinet's interim budget proposals for 2013/14 for consultation. He explained that this was work in progress and more information would be available once the final budget had been approved at the end of February.

The HRA budget proposals reflected the impact of the new self financing regime for local authority housing. In February 2012 the Council approved a new 30 year HRA business plan which anticipated significant additional resources arising from the implementation of self financing. The 2013/14 budget contained exciting proposals for new build and improvements to existing stock as well as helping tenants through welfare reform. The Cabinet Member Finance commended Cheltenham Borough Homes on its approach to addressing the impact of benefit changes and the impending universal credit system on its tenants.

The proposed rent increase of 3.43 % was a disappointment but this was due to the application of government rent restructuring guidelines. More discretion could be exercised on other service charges.

Members welcomed the approach CBH was taking with regard to investing and protecting the most vulnerable in the context of welfare reform.

The Leader explained that the Council was proposing to consult on these budget proposals during the period to 31 January which would allow CBH to respond at their Board meeting on 30 January. He said that CBH was doing a valuable job in managing the council's housing stock and providing supportive advice to tenants was welcomed.

RESOLVED THAT

1. The revised HRA budget for 2012/13 be noted.
2. The interim HRA budget proposals for 2013/14 be approved for consultation including a proposed average rent increase of 3.43% (applied in accordance with national rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5.
3. The proposed HRA capital programme for 2013/14 be approved as shown at Appendix 3.
4. Authority be delegated to the Director of Resources, in consultation with

the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.

5. Consultation responses be sought by 31st January 2013.

6. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Sustainability informed the meeting that the £36 charge for garden waste formed part of the budget consultation and this was the third year running that it was held at this level for the third year running. He reported that more than 12 500 garden waste bins had been delivered. In terms of the £2 discount on garden waste bins for those who renewed promptly and new business this had been extended to the new financial year but would then come to an end. With regard to allotments he reported that rents would increase by 2.5 % on 1 January 2014 and all allotment tenants would have new tenancy agreements from this date, the consultation for which was currently underway.

Chairman