



Minutes of the Overview and Scrutiny Board

Friday, 20 January 2012

-: Present :-

Councillor Thomas (J) (Chairman)

Councillors Barnby, Bent, Darling (Vice-Chair), Kingscote, Parrott, Pentney, Pountney and Addis

Also in attendance: Councillors Tyerman, Morey and Davies

501 Apologies

An apology for absence was received from Councillor Butt.

502 Capital Investment Plan 2012/13 to 2015/16

The Executive Lead for Finance and the Executive Head for Finance gave a presentation to the board regarding substantial cuts to the Government and increased requests for capital.

In response to questioning the Board heard that setting a budget 2 to 3 years in advance is difficult and risky, given there are unknowns, however an approach which for a three year planning cycle, where the first year was fixed, the second year was tentative and the third year was flexible could be considered.

In response to questioning the Board stated that funding allocated was an indicative allocation especially with regards to Children Services and Adult Social care not receiving from 2013 onwards. This does get revised prior to budget allocation. The Board was advised that funding allocation is based on the Mayor's priorities, school places and services for the vulnerable. The Board was advised that regular monitoring of the budget takes place.

The Board heard that the Council's general reserve fund is reviewed against all reasonable risks. The Board were advised should any issues arise the Council would seek to find alternative funding.

The Board questioned the level of subsidy to the Rivera International Conference Centre. In response the Board heard £645,000 has been allocated within the base budget, including an allowance for inflation of 2%. Rate relief to the RICC is equivalent to £59,000. Pressures within The English Rivera Conference Centre indicate they need support. The English Rivera Conference Centre reserve is £400,000, any additional support is to be taken from reserves not base budget.

In response to questioning regarding the Corporate Management Plan (AMP) the Board were advised that are £330 million worth of assets some of which, potentially

have a negative value. This is reviewed annually to ensure the Council gets the best out of its assets.

In response to questioning the Board were advised that officers has sought advice throughout the budget setting process and put actions in place to mitigate against the risk of a successful legal challenge.

The Board were advised as to the procedure which is in place for energy procurement and that the Council seeks value for money. In response to questioning the board were advised that the with regards to energy use Torbay Council is in the top 15% of all organisations nationally. The board heard that money could be borrowed from the money market and could be used as a way of raising funds. This is something the Council could consider. The Board heard that a Government agency is setting up a bond agency however.

In response to questioning regarding the reduction the budget for the TDA, the Board were advised that the savings removed from TDA means their budget is at a similar level from a couple of years ago.

The Board referenced prudential borrowing and requested guiding principles and recommendations. The board were advised that where prudential borrowing was requested strong business cases will need to in place.

The board questioned the position with regards to the Community Fund and asked for clarification on this funding as it was not included within the Capital Investment Plan 2012/13 to 2015/16.

In response to questioning the board were advised that the work on the LABV continues.

Resolved:

- 1) The board encourages the Mayor to continue to dispose of appropriate assets bearing in mind those of negative value.
- 2) The agreed proposals for the community fund be implemented and outlined in the Capital Investment Plan.
- 3) The LABV is an opportunity to help the local authority in dealing with issues, need to ensure that this project continues to progress.
- 4) Were prudential borrowing is proposed the key principles of what a strong business case should look like are developed and circulated.

In response to questioning the board were advised that for 2012/13 it had been assumed that there would be no inflation increase for pay and for 2013/14, it had been assumed this would 2%, however, the government have agreed an increase of 1%.

The Board heard that the Council were going to accept the grant offered by central government. However, this decision had been taken cautiously as it has become clear that by accepting the grant for 2012/13, this could cause a problem for 2013/14 and a potential increase in council tax. The Government have not advised if there will be an allowance for 2013/14 or whether any increases would be capped. In the short term the Council will accept the grant and not increase council tax.

In response to questioning the Board heard that with regards to academy schools there may potentially be an issue with the grant going forward as schools receive services from the local authority and part of their grant was used to fund services provided to the schools. It will be a decision of the school as to whether they continue to use and buy back this service from the local authority.

In response to questioning the board heard that with regards to the £2.25million from the NHS, the whole grant is spent on Adult Social Care Services. This current year, it was agreed with the Care Trust that the grant would fund existing commitments, while it has been agreed for next year that half the funding will support existing commitments and the other half will support new initiatives.

Resolved:

- 1) The Board support the decision to accept the Government's grant for ensuring a Council Tax freeze for 2012/13.