

DRAFT CABINET MINUTES
16/02/2015 at 6.00 pm



Present: Councillor Stretton (Chair)
Councillors Akhtar, Brownridge, A Chadderton, Harrison, Hibbert
and Jabbar

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor McMahon.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

5 **DRAFT MINUTES OF THE PERFORMANCE AND VALUE
FOR MONEY SELECT COMMITTEE , CONSIDERATION OF
THE ADMINISTRATION BUDGET HELD ON 22ND
JANUARY 2015**

RESOLVED – That the deliberations and comments of the
Performance and Value for Money Committee held on the 22nd
January 2015 be approved.

6 **DRAFT MINUTE OF THE PERFORMANCE AND VALUE
FOR MONEY COMMITTEE CONSIDERATION OF
OPPOSITION BUDGET 3RD FEBRUARY 2015**

RESOLVED – That the deliberations and comments of the
Performance and Value for Money Committee held on the 3rd
February 2015 be approved.

7 **REVENUE MONITOR 2014/15; MONTH 08 (NOVEMBER
2014)**

The Cabinet gave consideration to a report of the Interim
Director of Finance which provided Members with an update on
the Council's 2014/15 revenue budget position forecast to the
year end, for the month ending 30th November 2014.

It was reported that the current position for 2014/15 was a
projected underspend of £475k following Cabinet approval of
reserve transfers as detailed at Section 6 and Appendix 2 of the
report.

The current position was in accordance with the Council's
normal practice of setting the budget and the Council would
move to a balanced position by the end of the financial year with
a slight underspend.

Options/Alternatives considered

Option 1 – Not to approve Management actions within the report

Option 2 – To approve some of the management actions as
detailed within the report

Option 3 – Approval of the management actions detailed within
the report.

RESOLVED – That:

1. The forecast position of the end of Month 8 (November 2014) being a projected underspend of £475k be approved.
2. The forecast positions for both the Housing Revenue Account and Collection Fund be approved.
3. The transfer to/from reserves as detailed at section 6.1 of the report be approved.
4. The additional unringfenced grants and amendments to the baseline budget be approved.

8

CAPITAL INVESTMENT PROGRAMME 2014/15

Consideration was given to a report of the Interim Director of Finance which sought to provide the Cabinet with details of the financial position of the Capital Programme at the end of month 8 (November 2014) 2014/2015 and the proposed changes to the programme as outlined in section 3 of the report.

It was reported that the financial monitoring element of the report outlined the most up to date capital spending proposals for 2014/2018.

The proposals included the current project manager's forecast outturn position of £87.274m expenditure.

The forecast outturn position based on statistical analysis was £83.660m

The revised capital programme at month 8, taking into account approved carry forwards, new schemes and variations had expenditure of £98.968m matched by resources of £98.968m. A detailed explanation of the changes of £921k between month 7 and month 8 was provided at appendix A to the report.

Options/Alternatives considered

Option 1 – Not to approve changes as detailed within the report

Option 2 – To approve some of the changes as detailed within the report.

Option 3 – To approve all of the changes as detailed within the report.

RESOLVED – That:

1. The projected capital outturn at the end of month 8 (November 201) be approved.
2. The variations to the 2014/15 capital programme as detailed in appendix A to the report which advised of budget movements of schemes, resulting in a net increase in expenditure and resources of £921k in 2014/15 be approved.

9

STATEMENT OF THE CHIEF FINANCIAL OFFICER ON RESERVES, ROBUSTNESS OF THE ESTIMATES AND AFFORDABILITY AND PRUDENCE OF CAPITAL INVESTMENTS

The Cabinet gave consideration to a report of the Interim Director of Finance that was required to be prepared in accordance with Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves. The report provided information to address this requirement.

It was reported that Members could be assured that the Council continued to be well placed to meet the challenging financial

future facing Local Authorities and that the Council was preparing a two year budget, a five year approved capital programme and an early closure of accounts. This would allow early focus on the coming challenges and a robust financial transformation programme.

Options/Alternatives considered

The Cabinet could comment on the recommendations of the report however Members had a statutory duty to have regard to the Chief Financial Officer's report on the robustness of the estimates and the adequacy of the proposed financial reserves when making decisions.

The robustness of the estimates and reserves were satisfactory, however this was only the case provided the necessary actions were taken to ensure the balances were set at the level recommended, that all budget options or in year alternatives were delivered as planned and monitored as noted in paragraph 5 of the report.

RESOLVED – That:

1. The General Balances currently calculated for 2015-16 at £17,704k financed by an element of the underspend reported for the financial year 2013/14 be approved
2. The initial estimate of General Balances to support the 2016-17 and 2017-18 budgets are amounts of £18,075k and £18,458k reflecting the budgetary challenges for these financial years be noted.
3. Submission of the intended report to the Audit Committee at the financial year-end, to ensure the Council reserves were subject to appropriate scrutiny, be noted.
4. The actions necessary to secure a properly balanced budget as noted in paragraph 4.5 be approved.
5. The actions necessary to ensure the prudence of the capital investments as noted in paragraph 5.4 be approved.

RECOMMENDATION – That the report be commended to Council for approval.

10

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2015/20

The Cabinet gave consideration to a report of the Interim Director of Finance which set out the capital strategy including capital investment priorities, together with the indicative capital programme for 2016/20 having regard to the resources available.

It was reported that the Council's Capital Strategy and Programme had for the first time been set over a five year timeframe and the strategy contained the key principles under which the capital programme operated.

It was reported that the Council was aiming to take a strategic view in relation to capital investment so that it could make a real impact on the economy of Oldham by regenerating the Borough, building on the investment programme and using the regeneration investment to drive up Gross Added (GVA) and increase the yield of business rates.

Options/Alternatives considered



Members had the option to revise the proposed Capital Strategy and Capital Programme and suggest an alternative approach to capital investment including the revision of capital priority areas.

RESOLVED – That:

1. The Capital Strategy for 2015/20 at Appendix 1 of the report and summarised in Section 2.1 of the report be approved.
2. The Capital Programme for 2015/16 and indicative programmes for 2016/17 to 2019/20 as set out in Section 2.2 and Annex C of Appendix 1 to the report be approved.

RECOMMENDATION – That the report be commended to Council for approval.

11

TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16 INCLUDING MINIMUM REVENUE PROVISION POLICY STATEMENT, ANNUAL INVESTMENT STRATEGY AND PRUDENTIAL INDICATORS

Consideration was given to a report of the Interim Director of Finance that outlined the Treasury Management Strategy 2015/16 including Prudential Indicators, the annual Investment Strategy and the Minimum Revenue Provision policy.

It was reported that the strategy for 2015/16 covered two main areas, capital issues and treasury management issues and the report therefore outlined the implications and key factors in relation to each of the two main areas.

Options/Alternatives considered

The Council was required to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management the Council and has no option other than to consider and approve the contents of the report.

Therefore no options/alternatives have been considered.

RESOLVED – That:

1. The Capital Financing Requirement (CFR) Projections as per paragraph 2.2.3 of the report be approved.
2. The Minimum Revenue Provision policy and method of calculation as per section 2.3 of the report be approved.
3. The projected treasury position as at 31/03/2015 as per paragraph 2.5.3. of the report be approved.
4. The Treasury Limits for 2015/16 to 2017/18 as detailed in sections 2.6.2 and 2.6.3;
5. Borrowing Strategy for 2015/16 as per section 2.9 of the report be approved.
6. Limits to interest rate exposures as set out in section 2.10.2 of the report be approved.
7. The upper and lower limits on fixed rate debt maturity structure as set out in Section 2.10.3 of the report be approved.
8. The Annual Investment Strategy as per section 2.14 including the investment credit rating criteria and the level of investment in non-specified investments be approved.

RECOMMENDATION – That the report be commended to Council for approval.

12

HOUSING REVENUE ACCOUNT ESTIMATES FOR 2014/15 TO 2018/19

The Cabinet gave consideration to a report of the Interim Director of Finance which set out the latest Housing Revenue Account (HRA) outturn estimate for 2014/15, the detailed budget for 2015/16 and strategic estimates for the three years 2016/17 through to 2018/19.

It was reported that after taking all relevant issues into account, the projected financial position for 2014/15 was estimated to be a £409k adverse variance when compared to the original forecast made in March 2014.

The report outlined the financial position for 2015/16 showing an estimated HRA closing balance of £17,492k and this was considered to be sufficient to meet the future operational commitments and potential financial pressures identified in the risk assessment.

Options/Alternatives considered

In order that the Council complied with legislative requirements, it was required to consider and approve an HRA budget for 2015/16.

The Self-Financing Housing Revenue Account was underpinned by a 30 year business plan which used the guideline rent calculation as the basis of the income stream. The rental assumption reflected the current guidance which prescribed that all calculations were based on CPI plus 1% as the annual inflator.

Should the Council wish to move away from the established practice of following Government guidelines, then two potential scenarios had been assessed by way of example, the:

1. proposed rent increase of £1.63 per week was reduced to £0.80
2. proposed rent increase was removed altogether.

The loss to the HRA in terms of rental income would be:

Average increase in rent	£0.80 £k	£0.00 £k
Impact in 2015/16	81	159
Impact over life of Business Plan	2,341	4,557

Clearly, whilst the impact in 2015/16 was not huge, the cumulative impact of sustained income losses of income would have had a lasting impact on the long term financial strength of the HRA and potentially the ability to meet its current and future financial commitments.

RESOLVED – That:

1. The forecast HRA out-turn for 2014/15 be approved
2. The proposed HRA budget for 2015/16 be approved.
3. The strategic estimates for 2016/17 to 2018/19 be approved.
4. The proposed increases in dwelling rents, non-dwelling rents, service charges and leaseholder service charges be approved.

RECOMMENDATION – That the report be commended to Council for approval.

BUDGET REPORT 2015/16

The Cabinet gave consideration to a report of the Interim Director of Finance which presented to the Cabinet the Labour administration's budget report and budget proposals for 2015/16

having regard to the impact of the final Local Government finance settlement and other issues.

The report provided details of the current position for 2015/16 and the indicative position of the budget for 2016/17.

It was reported that the savings proposals to address the calculated budget gap for 2015/16 of £35.229m were identified during 2014/15 and had been scrutinised by the Performance and Value for Money Select Committee.

The Cabinet on the 8th December 2014 and Council on the 17th December 2014 had approved budget proposals for 2015/16 totalling £27.471m and had noted three savings proposals with a total of £7.758m for which consultation was still in progress. The three savings proposals plus another proposal, DO64C - the use of additional resources to support the budget process were considered by Performance and Value for Money Select Committee on the 22nd January 2015.

It was reported that the Local Government Final Settlement was announced on the 3rd February 2015 and this confirmed the grant funding allocations announced in December, however Revenue Support Grant increased by £478k with a minor grant reduction of £3k. The revised net revenue budget for 2015/16 was proposed to be set at £195.792 (subject to no further change in levy notifications).

It was further reported that the Council Tax policy for 2015/16 was to accept the Council Tax Freeze Grant for 2015/16 and therefore leave Council Tax unchanged for the residents of the Borough.

The report also contained the Fees and Charges schedule for 2015/16 and the Council's Pay Policy Statement.

Options/Alternatives Considered

Option 1 – To request amendments to the budget proposals within the report and commend to Council.

Option 2 – To agree the budget proposals and commend to Council.

The Cabinet noted the lack of requirement to hold a referendum on the change in the Relevant Basic Amount of Council Tax and that the savings target for 2016/17 may need to change as a result of developments during 2015/16.

RESOLVED – That:

1. The Net revenue budget for 2015/16 for the Council be set at £195.792m (subject to there being no further changes in Levy notifications) be agreed and commended to Council for approval.
2. The acceptance of the Council Tax Freeze Grant be agreed and commended to Council for approval.
3. The savings proposals to balance the 2015/16 budget of £7.758m as set out in Appendix D in summary and Appendix E of the report in detail be agreed and commended to Council for approval
4. The Council Tax for 2015/16 as set out in Appendix H of the report (subject to confirmation from preceptors) be agreed and commended to Council for approval
5. The total draw on the Collection Fund of £85.549m for Borough Wide services with £74.384m for Council services (subject to confirmation from preceptors) be agreed and commended to Council for approval

6. The Fees & Charges schedule at Appendix F of the report be agreed and commended to Council for approval
7. The increase in the required savings for 2016/17 by £4.393m to £29.489m be agreed and commended to Council for approval
8. The Councils Pay Policy Statement as set out in Appendix I of the report be agreed and commended to Council for approval
9. The approval of £27.471m of savings as set out in Appendices B and C of the report be confirmed.

14

MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2019/20

The Cabinet gave consideration to a report of the Interim Director of Finance which presented the Medium Term Financial Strategy (MTFS) financial years 2015/16 to 2019/20 having regard for the uncertainties around a number of issues including the level of reduction in future funding from Central Government and the consequential changes required from the Council. It was reported that based on current information, trends and demand, the Council would continue to be required to make considerable revenue budget changes over the MTFS period 2015/16 to 2019/20.

The MTFS was one of the key strategic plans of the Council setting out the proposed revenue spending plans over the next 5 years together with the key factors which influenced the strategy including local factors which influence policy within the Council, key Council policy areas and the influence of central Government policy and strategy and key issues affecting the revenue budget.

Options/Alternatives considered

Option 1 – Adopt the Medium Term Financial Strategy 2015/15 to 2019/20.

Option 2 – Allow the existing Medium Term Financial Strategy to remain unchanged.

RESOLVED – That the Medium Term Financial Strategy 2015/16 to 2019/20 be approved.

RECOMMENDATION – That the report be commended to Council for approval.

The meeting started at 6.00pm and finished 6.24pm