

**EXTRAORDINARY FINANCE AND ADMINISTRATION COMMITTEE  
held at 8.00 pm at COUNCIL OFFICES LONDON ROAD SAFFRON  
WALDEN on 12 OCTOBER 2009**

Present: Councillor R P Chambers – Chairman.  
Councillors R Clover, J E N Davey, A Dean, A J Ketteridge,  
R M Lemon, H S Rolfe, G Sell, A D Walters and P A  
Wilcock.

Officers in attendance: J Mitchell (Chief Executive), S Joyce (Chief  
Finance Officer), M Cox (Democratic Services Officer) A  
Webb (Director of Central Services) and N Wittman (ICT  
Manager).

**FA22 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors K L Eden, D M  
Jones, T P Knight and R D Sherer.

**FA23 MEDIUM TERM FINANCIAL STRATEGY**

The Chief Finance Officer presented a report on the Council's Medium  
Term Financial Strategy, which had been approved in February 2009  
and had now been reviewed to reflect changing circumstances.

The key assumptions underpinning the 5 year forecast in the MTFs had  
been reviewed and the report set out the situations that had improved  
and worsened the forecasted budget requirement. The net effect was  
that this had reduced slightly but as cuts in Government funding were  
expected the overall figures appeared largely unchanged. The report had  
also reviewed assumptions about the funding available to support the  
budget. Four scenarios of possible Government funding had been  
modelled and a 10% cut had been assumed.

The Committee was reminded that a one off VAT refund in 2009/10 had  
been allocated to a Budget Equalisation Reserve to support the Council's  
financial stability. It was suggested that the use of this budget be phased  
to allow a stepped progress toward the 2013/14 savings target.

The final figures showed the annual savings targets increasing to a figure  
of £1.25m in 2013/14. The structural deficit going into 2014/15 equivalent  
to the sum of the 2013/14 savings target and the use of the Budget  
Equalisation reserve was approximately £1.4m.

The Chief Finance Officer said that since writing the report there had  
been new economic forecasts on interest rates which were more  
cautious than before which might put more pressure on this model,  
particularly nearer the end of the period.

Members appreciated that it was the nature of the MTFS to be based on scenarios and assumptions but asked a number of questions as to the basis of these.

Questions were asked about the assumption for a 10% cut in Government funding. The Chief Finance Officer explained that the forecasts for this varied widely but the Institute for Fiscal Studies had estimated a 8.6% cut for public services and there was a general consensus that Local Government would be affected to a greater extent. However a larger grant cut of about 20/30% would be too damaging for local authorities to implement, so the 10% figure seemed a reasonable assumption.

In answer to a question from Councillor A Dean it was confirmed that 2010/11 was the final year of the 3 year settlement and it was expected that the Government would maintain the 0.5% increase in grant. Councillor Dean thought that the 10% figure was probably at the top of the scale and was concerned that putting in this figure might become self fulfilling.

There was speculation as to the different levels of funding that might arise from the Government in power after the general election but the Committee considered that the figure was probably prudent in the current climate.

Councillor Sell questioned the effect the possible public sector pay freeze would have on the figures and was told that this would equate to about £80,000 per year.

A question was asked about the collection fund balance that was projected at 0 in 2012/13 and 2013/14. The Committee was told that the collectability of council tax debt would become more difficult and it would be necessary to write off more debt. Some members also questioned the figure for the council tax base of 0.5% as opposed to the previous figure of 1.0% and were informed that the tax base made assumptions about debt collection and in 2008/09 this had dropped by 0.8%. There was now evidence that collection was an issue as in the first 6 months of this year collection rates were already 0.25% behind last year. The Chief Finance Officer said it was prudent to assume this slow down in the figures. He also pointed out that the difference between 0.5% and 1.0 % only equated to £23,000 a year.

The Committee discussed the effect that the more cautious estimates on interest rates would have on investment income. Members were advised that if low interest rates continued for the duration of the plan there would be an effect on the figures but there was still uncertainty as to how long the period of low interest rates would continue before they started to rise.

Views were expressed that this was primarily a technical report that did not contain options for resolving the deficit. It was explained that there would be a report to Full Council in October on possible strategic solutions to meet the forecasted savings target.

The Chairman said that this was a prudent strategy and moved the recommendations in the report.

RESOLVED that the Committee notes and approves the revised financial forecasts as set out in the report.

FA24

## **2010/11 BUDGET STRATEGY**

The Committee received a report which summarised the financial outlook for 2010/11 and was asked to approve a strategy for drawing up the 2010/11 budget. The proposed strategy consisted of key actions, assumptions and inflation assumptions and these were detailed in the report. Based on this strategy a proposed budget would be drawn up for discussion by the relevant committees in the January cycle before full determination of the Council budget in February.

The Chief Finance Officer updated the report that in the key actions, the new policies relating to pricing and concessions and debt recovery would not now be implemented during 2010/11.

Cllr A Dean said that this was a technical report that did not make reference to the Council's objectives. He hoped that the results of the recent public consultation would be taken into account when formulating the budget. He questioned how much had actually been done to address last year's top three priorities. Councillor Sell referred to a recent survey undertaken by Stansted Parish Council where early indications had shown a dissatisfaction towards street cleaning. He would share the full results with officers when they were available.

The Leader confirmed that the issues coming out of the consultation would be taken forward and shape the final outcome of the budget but also within the financial constraints. The Chief Executive said that the consultation also informed the corporate planning process and this and the budget were intrinsically linked.

In answer to a query, Members heard that the payment to BAA for the G1 Inquiry had been settled at £100k. This had been paid in the last financial year and Hertfordshire County Council had made a contribution of £11,000.

A Councillor mentioned the 1% increase for members' allowances that might be contrary to the recommendations of the Independent Remuneration Panel. The Chairman said that this issue would be

debated by the Council when the recommendations from the Panel were known.

RESOLVED that the Committee approve the 2010/11 Budget Strategy as set out in the report.

## FA25 **ICT SYSTEMS BACK UPS**

The Director of Central Services presented a report on the Council's back up arrangements. He explained that the current system had been installed 5 years ago and was due for review in 2011/12, but the technology that it was based on was no longer available and a number of problems had developed. It was now only possible to keep backups for 3 weeks where the accepted norm was 3 months. Also, the current solution was tape based and was kept in the lodge that was too near to the main council building. Recent attempts to restore the data had taken an unacceptably long time.

The new solution would provide a back up facility at Walden Place, Saffron Walden and as it would be disk based it would be quicker to back up and restore.

The upgrade to the new solution would cost in the region of £150,000 and in order to fund this officers had reviewed the capital programme and identified items that could be postponed or removed. This would require a total increase in the Capital Programme of £30,000.

Officers said that this was an unacceptable situation which had to be addressed as soon as possible. As it was hoped that the new system would be in place by the end of the year, there would be insufficient time to engage in a competitive tendering process and this would require an exception to the Council's Standing orders. Officers would however be talking to a number of providers to ensure value for money.

A question was asked about sharing back up services with other local authorities and members were informed that officers were currently in talks with Chelmsford Borough Council about a joint solution for the blade servers. However this would not be feasible for the large corporate systems that ran an oracle based system. Use of internet based back ups were being looked at for some data but for many systems this approach was hampered by the COCO regulations. Officers would continue to look at a variety of different options in order to spread the risk.

The Committee was advised of the detail of the back up system proposed at Walden Place and that the Council's emphasis in relation to system back ups had shifted from back up to recovery.

Cllr Wilcock asked if this scenario had been identified on the Council's risk register as he was concerned that the replacement system had now become an urgent item. He was informed that data recovery was part of a service risk and had been programmed for review in 2011/12. The problem had come to a head with the failure of the equipment and the technology no longer being available.

During discussion of this item Councillors asked if Member IT resources could be reviewed before the next election and were informed that this was in hand.

RESOLVED that

- 1 the adjustments to the Capital Programme, including a supplementary estimate of £30,000 as set out in paragraph 11 of the report be approved.
- 2 An exception to the Contract Standing orders be agreed as set out in paragraph 13 of the report.

The meeting ended at 8.45pm.