

**EXTRAORDINARY RESOURCES COMMITTEE held at COUNCIL OFFICES
SAFFRON WALDEN at 7.30 pm on 3 FEBRUARY 2004**

Present:- Councillor M A Gayler – Chairman.
Councillors R P Chambers, R J Copping, A Dean, R T Harris,
A J Ketteridge, A R Row, S C Jones, M J Savage and
P A Wilcock.

Also present at the invitation of the Chairman:- Councillors S Flack and
A R Thawley.

Officers in attendance:- A Bovaird, M Cox, J B Dickson and I Orton.

RE88 DECLARATIONS OF INTEREST

Councillor R P Chambers declared a personal interest as Chairman of the
Police Authority.

**RE89 ITEMS REFERRED FROM OTHER COMMITTEES – ENVIRONMENT AND
TRANSPORT COMMITTEE POLICY PRIORITIES AND BUDGETS 2004/05**

The Committee was advised that a meeting of the Environment and Transport
Committee had been held earlier in the evening to consider budget saving
options to partially recover the income foregone by that Committee in deciding
to keep car parking charges at the current level during the 2004/05 financial
year. Savings of £53,450 had been agreed which would cover the
Committee's shortfall and enable it to achieve the Council's overall spending
and Council Tax level plans.

RE90 BUDGET STRATEGY – GENERAL FUND SUMMARY 2004/05

The Director of Resources presented a report which summarised the draft
General Fund Revenue Budget for 2004/05. It included all budget related
recommendations from the current cycle of meetings and reflected financial
technical adjustments and the recommended Council Tax increase of 7.5%.
The Committee noted that as the County Council and Police Authority's
meetings would be held after the District Council meeting on 10 February
2004. A Group Leaders' meeting had therefore been arranged for 17
February to confirm the overall Council Tax figures for 2004/05.

The report gave details of agreed additions to and use of reserves. It was
proposed to create two new reserves from the Council's Financial
Management Reserve (FMR). The first was the 'District Character' Reserve
which would be used for important strategic regional issues, including the
airport, in particular, but also issues such as the M11 corridor. The second
reserve was to address the potential long term deficit on the pension fund.
Annual contributions would be made to these reserves.

The Council intended to continue to improve its long term financial planning,
giving potential for less volatility in Council Tax levels. This would be helped

by the new Financial Management System which would be operational by Summer 2004.

The report also contained a summary of the responses to the budget consultation meetings held during January 2004.

It was moved by the Chairman and seconded by Councillor A Dean that the recommendations in the report be approved, including the revised figures in Appendix 1.

The revised figures showed the £50,000 towards the airport campaign, within the budget, rather than funded from reserves as had originally been agreed.

Councillor A Dean said that Members had achieved a lot during the budget process. Members and officers had worked hard on achieving savings and he was pleased that the Council Tax increase had been kept at 7.5%, but also that some growth had been achieved for the funding of the Quality of Life Plan. Next year work would continue on the long term sustainability of the budget. Although 7.5% had been projected for future years, it was hoped that this could be reduced. Councillor Copping said that the increase was still above inflation and that the Council had a duty to its residents to aim for a lower Council Tax increase in future years.

Councillor Savage referred to the decision of the Development Control Committee to retain its own budget. As Chairman of the Licensing Committee, he commented that given the likely increases in activities of that Committee, it would be useful if it could also have control of its own budget.

An amendment was then moved by Councillor Chambers and seconded by Councillor Row that "the £27,000 surplus in the budget be used to give a Council Tax increase of 6.6% for 2004/05, based on a revised district council requirement of £7,007,695".

Councillor Ketteridge was concerned at the possible future use of reserves. He agreed that it had been necessary to make provision for future pension payments, but hoped that the creation of the two new reserves might reduce the amount of funds that might ultimately be needed to fight the possible expansion of the airport.

Councillor Dean said that the figures had been adjusted to fund the £50,000 for the airport campaign from the budget and not from reserves. This had used the surplus £27,000 which would not now be available to reduce the Council Tax as per the amendment proposed by Councillor Chambers.

Councillor Flack queried the Council Tax base figure for 2005/06. The Director of Resources would review this figure before the final presentation of the budget at the Council meeting.

Councillor Ketteridge could not agree that this was a prudent budget. He said that over £300,000 had been earmarked for funding the Quality of Life Plan and some of these proposals were frivolous. For example, the £10,000 to promote annual awards for businesses, which was not necessary and duplicates similar activities elsewhere.

The amendment was then put to the vote and was lost.

It was then

RECOMMENDED that

- 1 Final approval be given to the contributions to and use of earmarked reserves in 2003/04 and 2004/05 contained in Appendix 2 and the creation of two new reserves from the Financial Management Reserve.
- 2 Final approval be given to the General Fund Revenue Revised Estimates 2003/04 and the General Fund Revenue Estimates 2004/05 as detailed in the revised Appendix 1.
- 3 Final approval be given to a Council Tax increase of 7.498% for 2004/05 based on a revised District Council requirement of £7,073,565.
- 4 Group Leaders or their nominees be authorised to confirm the overall Council Tax figures for collection purposes on 17 February 2004 following Essex County Council's decision making meeting on the same day.

Councillor Copping asked that his abstention from voting be recorded.

RE91

CAPITAL PROGRAMME

The Performance Manager presented a report outlining the Capital Programme for 2003/04 revised and for 2004/05. The figures were consistent with the Housing Revenue Account (HRA) and General Fund Revenue Estimates presented elsewhere. It was pointed out that in 2003 major legislative changes had affected Capital Finance Regulations and the new Prudential Code for Capital Finance in Local Authorities. The programme had taken advantage of some of the new opportunities to progress the Council's own priorities.

The report concluded that the Housing Revenue Account position was relatively healthy. However, for the General Fund, there had been a loss of 75% of the future flow of available capital receipts. It would no longer be easy to fund the programme year on year without eroding the Council's own pool of capital or revenue reserves. There would be revenue consequences in the form of lost interest on balances and it would be necessary to reflect this in the revenue budget forecasts for future years.

It was likely that to sustain an Annual Capital Programme at the 2004/05 level would take the first £1 of any future Council Tax increase. The full year effect of this year's proposed programme was reflected in the Revenue Budget projections by a £15,000 reduction in Interest on Balances from 2005/06 onwards.

RECOMMENDED that

- 1 The Capital Programme as presented be recommended to the Council for formal approval on 10 February 2004.
- 2 The three projects, cycletrack, linking green lanes and cinema provision at Council Offices be included on the basis that their progression was subject to a further report on feasibility to the May Resources Committee; and
- 3 The year-end DSO working balance be transferred to the vehicle depreciation reserve.

RE92

PRUDENTIAL CODE

The Committee received a report which recommended the setting of eight indicators as required by the Statutory Prudential Code. The Indicators were designed to ensure that Councils managed their finances on an affordable, prudent and sustainable basis.

RECOMMENDED that the Prudential Code Indicators as outlined in the report be approved.

The meeting ended at 8.30 pm.