

CABINET

14TH FEBRUARY 2013

**BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 TO 2018
(Report by the Overview and Scrutiny Panel (Economic Well-Being))**

1. INTRODUCTION

- 1.1 At its meeting held on 7 February 2013, the Overview and Scrutiny Panel (Economic Well-Being) considered the proposed 2013/14 Budget, the Medium Term Plan 2014 to 2018 and the Financial Plan. The following paragraphs contain a summary of the Panel's discussions on the report.

2. THE PANEL'S DISCUSSIONS

- 2.1 The Panel has been reminded of Executive Councillors' four financial objectives relating to achieving a balanced budget, the level of reserves, securing the Council's finances after the New Homes Bonus ceases and capital borrowing. Members have then considered each aspect of the Budget and MTP and future Council Tax levels.
- 2.2 The Panel has drawn attention to the fact that the overall budget is 4.8% higher than the forecast outturn for 2012/13. The increase is a result of multiple factors but inflation is a major contributor. The pay review will have a significant effect on overall budget requirements in future years. The introduction of more efficient working practices will also be beneficial. Whilst it is recognised that the Council is working at capacity, it is not necessarily the case that all areas are operating as efficiently as they might be. Some services have introduced efficiencies and it is suggested that the organisational culture needs to develop so that all sections constantly strive to find efficiencies. This will be assisted if there is a change to the Budget process, so that it is influenced from the bottom up and the top down. The Panel will examine the Budget process once the current budget process has been completed.
- 2.3 With regard to the level of Council Tax, the suggested approach that the Council should introduce the maximum increase allowed has been questioned. The view has been expressed that a lower level of increase should be considered. However, having been reminded of the historical context and the fact that the Council continues to subsidise services from reserves, the Panel has recommended that Council Tax is increased by £4.67 per year, which equates to a Band D charge of £133.18.
- 2.4 Having been acquainted with the methodology, which has been introduced to determine the Council's position in respect of Business Rates, the Panel has received assurances that a Memorandum of Understanding with Urban and Civic will ensure that Huntingdonshire based businesses will not be allowed to transfer to the Enterprise Zone unless their need to expand cannot be accommodated in their existing locations. This will minimise the effect of the Enterprise Zone on the Council's Business Rates income.
- 2.5 The Panel has considered a suggestion by Councillor S J Criswell that the Town and Parish councils' tax base grant should not be provided after 2013/14. The MTP currently contains provision of £357k each year until

2017/18 for this purpose. Although there is some support for the current approach, abuse of the grant by some councils has led others to the view that it should not continue after 2013/14. If this is the case, it is suggested that an adequate period of notice is allowed and that consideration is given to providing a “soft landing”. The Panel has asked to be consulted before a final decision is taken.

- 2.6 The Panel has expressed its appreciation of the additional provision of £100k, which has been included for homelessness. This is the result of a recommendation by the Panel. Members have also recognised the fact that the budget does not contain any unidentified savings for 2013/14, which is a considerable achievement.
- 2.7 Having thanked Officers and Executive Councillors for their work in preparing a sound, efficient and effective Budget in particularly difficult circumstances, the Panel has indicated that the Cabinet should recommend the Council to approve the proposed MTP, Budget and Financial Plan and increase the Council Tax for 2013/14 by £4.67 per year; that is, a Band D charge of £133.18.

3. CONCLUSION

- 3.1 The Cabinet is invited to consider the discussions of the Overview and Scrutiny Panel (Economic Well-Being) as part of their deliberations on this item.

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Background Documents

Report and Minutes of the meeting of the Overview and Scrutiny Panel (Economic Well-Being) held on 7 February 2013.

CABINET

14TH FEBRUARY 2013

2013/14 TREASURY MANAGEMENT STRATEGY (Report by the Overview & Scrutiny (Economic Well-Being))

1. INTRODUCTION

- 1.1 At its meeting held on 7th February 2012 and, in accordance with its responsibility for scrutinising Treasury Management, the Overview and Scrutiny Panel (Economic Well-Being) has considered the 2013/14 Treasury Management Policy, the Treasury Management Strategy and Prudential Indicators for the year. This report summarises the Panel's discussions.

2. THE PANEL'S DELIBERATIONS


- 2.1 The Panel has noted that this year's Strategy is based upon the revised version of CIPFAs Code of Practice and Government Guidance, which expects priority to be given to the security and liquidity of investments rather than simply maximising the interest earned.
- 2.2 Having been assured that the Treasury Management Advisory Group provides oversight of the Strategy and the actions taken under it, the Panel has been advised of the terms of the contract for the receipt of advice from an independent firm of Treasury Management Advisors. Members have also been acquainted with the legal rules relating to the receipt of Council Tax, the onward payment of it to other precepting bodies and the use of the cash flow benefit that is created. It is not envisaged that these arrangements will change.
- 2.3 Members have noted that a new element of this year's Policy and Strategy is the potential for the Council to provide loan finance to local organisations that can support Council services. This will enable the Council to make a margin on the loan subject to adequate safeguards. Other local authorities make loans to organisations and the Panel supports the suggestion that the District Council should investigate whether this might provide a contribution towards the savings the Council needs to find. The inclusion of these terms in the Strategy will allow the investigations to take place. Members have stressed that loans should only be made for the purposes stated above.

3. RECOMMENDATION

- 3.1 The Cabinet is recommended to endorse the Treasury Management Policy, the Treasury Management Strategy and Prudential Indicators for 2013/14 for submission to the Council.

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