

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN on Thursday, 1 December 2011.

PRESENT: Councillor T V Rogers – Chairman.

Councillors G J Bull, E R Butler, S Greenall, R Harrison, R B Howe, A J Mackender-Lawrence, P G Mitchell, M F Shellens and A H Williams.

Mr R Hall.

APOLOGY: An apology for absence from the meeting was submitted on behalf of Mrs Roberts.

### **62. MINUTES**

Subject to the insertion of the letter "M" at the end of the second line of paragraph 2 in Minute No.60, the Minutes of the meeting of the Panel held on 3<sup>rd</sup> November 2011, were approved as a correct record and signed by the Chairman.

### **63. MEMBERS' INTERESTS**

Councillor R Harrison declared a personal interest in Minute No.66 as an employee of the Highways Agency.

### **64. LOCAL GOVERNMENT ACT 2000 - FORWARD PLAN**

The Panel considered and noted the current Forward Plan of Key Decisions (a copy of which is appended in the Minute Book). In so doing, the Chairman reported that he had received notice that an Executive decision would be taken on the 2012/13 Council Tax Base by the Chairman of the Corporate Governance Panel and the Council's Section 151 Officer on 5<sup>th</sup> December 2011.

With regard to the item on the 'Great Fen Supplementary Planning Document', Councillor P G Mitchell suggested that it would be useful to see the details of the Commercial Plan which was being developed for the Great Fen Project. It was agreed that the Chairman would liaise with the Chairman of the Environmental Well-Being Panel and that the report should be circulated to Members when it became available. Members were also advised that the report on the 'Location of the Call Centre had been delayed to February 2012.

### **65. WORKPLAN STUDIES**

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute

Book) containing details of studies that were being undertaken by the Overview and Scrutiny Panels for Social and Environmental Well-Being. Having noted that a report on CCTV provision was expected to be considered by the Overview and Scrutiny Panel (Social Well-Being) at its meeting in January 2012, Councillor P G Mitchell indicated that he would pursue his interest in the subject through that Panel. The Chairman then indicated that the Panel should take into consideration ongoing work on voluntary sector support during its deliberations on the Council's budget in the New Year.

## **66. OVERVIEW AND SCRUTINY (ECONOMIC WELL-BEING) - PROGRESS**

(At 19.10pm, Councillor R B Howe took his seat at the meeting).

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) reviewing progress on matters that had been previously discussed by the Panel. The Vice Chairman reported that the One Leisure Working Group would be meeting on 8<sup>th</sup> December 2011 to consider a draft report containing a series of recommendations. It was hoped the recommendations would be taken into account during the current budget setting process. There was some further work to be done on the future strategic direction of the service.

With regard to the proposed improvements to the A14 and the recent announcement by the Chancellor of the Exchequer on this subject, the Scrutiny and Review Manager explained that an update would be circulated to all Members shortly. The Chairman reminded Members that a briefing on the Community Infrastructure Levy was scheduled to take place prior to the full Council meeting on 14<sup>th</sup> December 2011.

## **67. DRAFT BUDGET 2012/13 AND MTP**

*(Councillor J A Gray, Executive Councillor for Resources, was in attendance for this item. Councillors J D Ablewhite, Mrs M Banerjee, B S Chapman, N J Guyatt and D M Tysoe were also present).*

Consideration was given to a report by the Head of Financial Services (a copy of which is appended in the Minute Book) which contained the draft Budget for 2012/13 and Medium Term Plan (MTP) prior to its submission to the Cabinet and Council. Councillor J A Gray, Executive Councillor for Resources, explained that many of the Council's decisions continued to be influenced by external events and difficult financial decisions would be required for a number of years. He then presented an outline of the Council's current financial situation, which included the progress that had been made towards achieving the current and next year's savings targets, some of the significant variations within the Financial Plan including the introduction of the New Homes Bonus and details of the savings which still needed to be achieved over the MTP period. He reiterated that although the efficiency savings that had been achieved were higher than anticipated in the current year, the Cabinet was not complacent and was mindful of the need to achieve further savings in due course.

Having received a detailed presentation by the Head of Financial

Services on the content of the report and attention having been drawn to a revision to Section 5 of the report, the Panel proceeded to examine in detail each section of the report. Councillor M Banerjee referred to the risks associated with the sums anticipated from the New Homes Bonus and the level of return which was expected from the Huntingdon multi-storey car park. In response to the first point, the Executive Councillor explained that the Council's Planning Team had already undertaken work to establish the planning projections for future years and that a number of initiatives were being introduced to encourage first time buyers. Whilst the new Homes Bonus had been clearly identified as a risk, if the funding were not forthcoming, the Formula Grant would not be top-sliced. With regard to other risks identified in the report, Members queried whether the planning fees associated with the Enterprise Zone should also be highlighted as a risk for the Council. It was suggested that the level of fees that might be received should be assessed and identified within the financial plan either as a risk or an unknown factor.

With regard to the supplementary capital estimate for Huntingdon multi-storey car park, Members queried whether a sensitivity analysis had been undertaken on the projected levels of take up. They were informed that whilst information had been previously provided, the Executive Leader would need to be convinced of the accuracy of the information before the necessary legal agreements were completed. Having requested sight of the revised financial figures, the Panel was advised that the project had already been approved and the only change was that Trinity Place Car Park would now not be sold thereby leaving a £300K deficit. In view of the urgency for the necessary legal agreements to be completed so that the project could proceed on the agreed timescale, the Panel endorsed the proposed supplementary capital estimate. However, Members requested that an updated sensitivity analysis was circulated in advance of the Cabinet meeting and it was agreed that they would notify the Chairman and the Executive Councillor for Resources if there were any matters they wished the Cabinet to take into account when the final decision was made.

A number of comments were made that the format of the report could be clearer and should provide more detail on variations in revenue spending as the year progressed. It was suggested that it would be useful to receive management accounting information on a regular basis. With this in mind, it was agreed that a group of Members would meet with the Head of Financial Services to discuss these points and report back to the Panel.

Members discussed the growth in the Council's cost base over the course of the previous 10 years and the difficulties they had in establishing whether the measures, which had been taken to reduce it had been successful. In response, the Executive Councillor for Resources explained that the growth in the cost base had arisen to some degree as a consequence of the imposition on the Council of new responsibilities. The Managing Director (Resources) explained that the biggest change had been brought about by the depletion of the Council's capital reserves, which meant that the income from interest on investments was no longer being received.

Councillor S Greenall outlined his concerns at the Operations

Division's expenditure on hired staff and at the cost of housing homeless people in bed and breakfast accommodation in Woodwalton. Having noted that the Cabinet welcomed positive suggestions that would reduce expenditure, Councillor N J Guyatt undertook to provide a detailed written answer on the use of bed and breakfast accommodation. With regard to other revenue costs, it was also suggested that, given the rental costs associated with the Shopmobility Portakabin in Princes Street Car Park, it might be cheaper to purchase a similar facility. Members were reassured that by Executive Councillor that he was satisfied with the direction of the capital programme which had reduced significantly in recent years.

Given the identified risks and the unknown factors the Panel questioned whether the proposal to increase the Council's minimum level of general reserves from £3M to £4M was adequate. Reference was made to the fact that the New Homes Bonus represented 25% of the Council's predicted income in 2015/16 and this could pose a significant risk. Having noted that the Auditor had previously suggested the Council should reduce its reserves, Members were generally of the opinion that it would be desirable for the Council in the current economic climate to hold greater reserves. Whilst this would place a burden on the savings programme in the short term, the Panel agreed that the a minimum level of reserves should be set at £4M and that this should be reviewed in two years and, if it was reasonable, should be increased to £5M. It was also agreed that this should be tested and considered in the forecast report each year and built into the draft budget if necessary.

With regard to the proposed spending variations as outlined in Annexes A1 to A2 to the report, Members congratulated the Cabinet and Officers on the significant progress that had been made in identifying efficiencies and savings to date and for the next two financial years. They also drew attention to the savings which had been identified in the Council's salary bill in comparison to the cost of the voluntary redundancy scheme. The former were being accrued at the rate of £200K per month while the latter had required a one off cost of £1.6M. Other questions were asked about proposals to reduce the refuse collection service by one round in 2012/13 and whether there was sufficient need for a monitoring officer for planning enforcement. In recognition of the position of the economy and the extent of the unknown factors, the Panel were of the opinion that further investigations should be undertaken to determine the feasibility of achieving some savings earlier than planned.

On the Council's income, it was reported that a significant number of other local authorities were unlikely to accept the Freeze Grant and that acceptance of the second tranche of funding would require the Council to find further savings in excess of £200K by 2015/16, Members were, therefore, of the opinion that the Council should not accept the proposed Council Tax Freeze Grant. The Panel also was informed that the Government was shortly expected to announce the Council's grant for 2012/13 and the level of Council Tax increase that would trigger a referendum. This would put the Council in a more informed position on which to make a decision on next year's Council Tax than has been the case in previous years. In the circumstances the Cabinet was invited to identify those services that might be retained for a range of increases in Council Tax within the referendum

limit.

Attention having been drawn to the assumptions within the draft Budget and Financial Plan, Members queried whether Annex C to the report should include pay award assumptions as this created expectations amongst employees and the public. In response, the Executive Councillor explained that he would consider the necessity to include this type of information within future reports. It was then noted that because of the significant costs involved the Council used an advisor to assist in the renegotiation of their energy contracts. An update on the current situation regarding pension costs was also provided.

In considering the 'Risks and Unknowns' section of the report, Members reiterated the need to assess the implications of planning fees from the Enterprise Zone. They questioned the projected levels of homelessness and of demand for Disabled Facilities Grants. With this in mind, Members stated that the Cabinet should verify that the figures on which the respective budgets have been prepared were reliable. Following an observation about the absence of any provision for demographic growth within the forecasts, Members were advised that whilst this information had previously been included in budget reports this was no longer done because there was a risk that it would require the Council to secure additional funding. With regards to developments concerning shared services, Members were informed that investigations were continuing in this respect and that any such initiatives would incur initial set-up costs.

Finally, consideration was given to Managers' Controllable Budgets. In so doing, a number of questions were raised regarding the installation of photovoltaic panels at Eastfield House and the figures which were included for Community Facilities Grants. Whereupon, it was

#### RESOLVED

- a) that the conclusions and recommendations with the report be endorsed; and
- b) that the Cabinet be recommended to –
  - a) undertake further investigations to determine the feasibility of achieving some savings earlier than planned;
  - b) not accept the proposed Council Tax Freeze Grant;
  - c) identify those services that might be retained for a range of increases in Council Tax within the referendum limit before the Council Tax is set for 2012/13;
  - d) review the level of reserves in two years and increase this to £5M if it is reasonable to do so;
  - e) assess the implications of planning fees from the Enterprise Zone and either include it in the financial plan or identify it as a risk / unknown, and

- f) verify the figures on which the respective budgets for homelessness and Disabled Facilities Grants have been prepared are reliable.

**68. SCRUTINY**

The Panel considered and noted the latest edition of the Council's Decision Digest (a copy of which is appended in the Minute Book).

Chairman