

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, 7 February 2013.

PRESENT: Councillor T V Rogers – Chairman.

Councillors G J Bull, Mrs L A Duffy,
S Greenall, Hall, R Harrison, R B Howe,
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 Mr R Eacott.

88. MINUTES

The Minutes of the meeting held on 10th January 2013, were approved as a correct record and signed by the Chairman.

89. MEMBERS' INTERESTS

Councillor Ms L A Duffy declared a non pecuniary interest in Minute No. 92 by virtue of her membership of Ramsey Town Council.

90. NOTICE OF EXECUTIVE DECISIONS

The Panel considered and noted the current Notice of Executive Decisions (a copy of which is appended in the Minute Book). The Chairman reported that the item entitled 'Land for Sale in Earith' would be considered by the relevant Executive Councillors and would not be a matter for determination by the Cabinet. The Business Plan for the Community Infrastructure Levy in 2013/14 would be presented to the Panel's next meeting.

91. BORROWING

Councillors P G Mitchell and A H Williams indicated that they wished to withdraw this item from the Agenda. At the suggestion of the Chairman, it was agreed that the Panel's informal discussions on budgetary savings, the capital programme and the suggestions which had been presented by representatives of the Liberal Democrat and UKIP groups would be considered at the Panel Meeting in April 2013. It was further agreed that issue of borrowing would also be considered as a separate item at that time.

RESOLVED

that the report by the Borrowing Working Group be deferred.

92. BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 TO 2018

(Councillors J D Ablewhite, Executive Leader and J A Gray, Executive Councillor for Resources were in attendance for this item).

With the aid of a report by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel reviewed the Medium Term Plan (MTP) 2014 – 2018) and the Budget and level of Council Tax for 2013/14 in advance of their consideration by Cabinet and final determination by the Council. By way of introduction, Councillor Gray reminded the Panel of Executive Councillors' four financial objectives relating to achieving a balanced budget by 2016, the level of reserves, securing the Council's finances after the New Homes Bonus ceased and capital borrowing. He then thanked the Financial Services Division for producing the documents under consideration in unusually challenging and complex circumstances.

The Head of Financial Services provided Members with a detailed explanation of the contents of the report. Their attention was drawn to a revised version of Annex D, which had been amended following Government confirmation of this year's financial settlement. He also reported that after the current budget round, in response to a proposal made by the Panel's Borrowing Working Group, the implications of funding shorter life assets from revenue would be considered. The Executive Councillor also indicated that this was something in which the Cabinet had an interest. He then welcomed the Panel's suggestions for savings, which had been made at its previous meetings. He explained that the Cabinet was working to develop a clear plan to reduce the gap between income and expenditure and that the Budget represented the best compromise between achieving a balanced financial position and maintaining services. The Panel then proceeded to examine each section of the report in turn.

A Member drew attention to the fact that the overall budget was 4.8% higher than the forecast outturn for 2012/13. This was attributed to multiple factors but inflation was a major contributor. The Panel was advised of the historical reasons for the provision for performance related pay and the risk provision for future years, which would in future be influenced by the pay review.

With regard to the level of Council Tax, a Co-opted Member questioned whether the Council should introduce the maximum increase allowed and commented on the public's perception of such a decision. In response, the Panel was reminded that historically the Authority had a low Council Tax base, that significant financial pressures had been faced in recent years and that the Council continued to subsidise services from reserves. The Council's most significant cost continued to be its employees but reducing this cost was not easy because there was anecdotal evidence that the Council's rates of pay were no longer attractive in comparison with other authorities. The Executive Councillor stated that a freeze in Council Tax would affect the Council's ability to deliver services to the public and to maintain standards and in this regard it was appropriate to seek to bring the Council Tax up to a level which would appropriately support these services. Whereupon, Members agreed to recommend that Council Tax was increased by £4.67 per year,

which equated to a Band D Charge of £133.18.

Having been acquainted with the methodology, which had been introduced to determine the Council's position in respect of Business Rates, the Panel suggested that the potential for local businesses to migrate to the Enterprise Zone and its impact on the Council's Business Rates income should have been taken into account. In response, the Executive Leader referred to a Memorandum of Understanding agreed with Urban and Civic, which prevented Huntingdonshire based businesses from transferring to the Enterprise Zone unless their need to expand could not be accommodated in their existing locations.

The Panel considered a suggestion by Councillor S J Criswell that the current provision within the MTP of £357k each year for Town and Parish councils tax base grant should not be provided after 2013/14. Councillor Criswell was of the view that the District Council could not afford to subsidise this expenditure on an annual basis. Although a number of members expressed support for the planned on-going provision, the treatment of the grant by some councils had led others to agree with Councillor Criswell. Should the grant cease, Members suggested that an adequate period of notice should be provided and that consideration should be given to providing a "soft landing". Having noted that the Cabinet had not yet reached a decision on the matter, that there was no legal requirement to provide the contribution and that it had been guaranteed for 2013/14 only, the Panel requested that they be consulted before a final decision was taken. On a related matter, the Executive Leader reported that the Secretary of State had indicated that he would not be introducing a capping regime at this stage for town and parish councils, though he was continuing to monitor the situation.

In considering the changes in spending assumptions that had been identified since December, the Panel expressed its appreciation of the additional provision of £100k for homelessness. An explanation of the variations in revenue inflation and the revenue impact of reduced income targets for car parking was then provided. Members recognised that the budget did not include any unidentified savings for 2013/14, which was a considerable achievement.

Councillor R B Howe suggested that, in general terms, although the Council was working at capacity, it was not necessarily the case that all areas were operating as efficiently as they might be. He referred to the fact that the service budget summary was increasing year on year and suggested that the organisational culture needed to develop so that all sections constantly strove to find efficiencies. This would be assisted if there was a change to the Budget process, so that it was influenced from the top down as well as the bottom up. In responding to these points the Executive Councillor indicated that it was not straightforward to make a comparison with the private sector. Most companies were experiencing increases in costs and falling revenues. The Cabinet would continue to work in collaboration with Heads of Service and Managers to find further efficiencies.

With regard to the potential risks outlined in Annex C to the report now submitted, Councillor P G Mitchell requested feedback on the

savings which had been identified in 2010/11. In response it was explained that this was a 'live' document and did not demonstrate the progress which had been achieved to-date. An explanation of the decision to include the sale of land at California Road in the list of potential risks was also provided.

Members' attention having been drawn to the Service budgets in Annex F, answers were received to a number of questions about items within the summary. Specifically, explanations were provided of the reductions in the 2013/14 budget provision for planning services and for community services. On the make-up of the budget of £1.5M for Parks, it was explained that the Council currently spent in excess of £800,000 per annum on grass cutting and the Executive Councillor for the Environment had been asked to develop some proposals for this service area. The Head of Financial Services undertook to circulate the reasons for the increase in the budget for Transportation Strategy from £382,000 in the current year to £788,000 in 2013/14.

Having thanked Officers and Executive Councillors for their work in preparing a sound, efficient and effective Budget in particularly difficult circumstances, it was

RESOLVED

(a) that the Panel's comments be conveyed to the Cabinet;
and

(b) that the Cabinet be informed of the Panel's support for

- ❖ the proposed MTP, Budget and Financial Plan as submitted; and
- ❖ a £4.67 per year increase in the Council Tax for 2013/14 (a Band D charge of £133.18).

93. 2013/14 - TREASURY MANAGEMENT STRATEGY

(Councillor J A Gray, Executive Councillor for Resources, was in attendance for this item).

In accordance with its responsibility for scrutinising Treasury Management and with the assistance of a report by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel reviewed the Treasury Management Policy for 2013/14 and the Treasury Management Strategy and Prudential Indicators for the same period.

In considering the contents of the Policy and Strategy and in response to questions raised by the Panel, Members were advised of the terms of the contract for the receipt of advice from an independent firm of Treasury Management Advisors and assured that the Treasury Management Advisory Group provided oversight of the Strategy and the actions taken under it. An explanation of 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 was created was also provided.

Having noted that a new element of the 2013/14 Policy and Strategy was the potential for the Council to provide loan finance to local organisations, Members were informed that this would enable the Council to make a margin on the loan, subject to adequate safeguards being in place. Although the Panel indicated their support for the suggestion that the District Council should investigate whether this might provide a contribution towards the savings that the Authority needed to find, Members were of the opinion that loans should only be made for the purpose of supporting Council services or creating benefit for the residents of Huntingdonshire. Whereupon, it was

RESOLVED

that the Cabinet be recommended to endorse the Treasury Management Policy and the Treasury Management Strategy and Prudential Indicators for 2012/13 for submission to the Council.

94. DOCUMENT CENTRE REVIEW

(Councillors J D Ablewhite, Executive Leader, and J A Gray, Executive Councillor for Resources, were in attendance for this item).

With the assistance of a report by the Support Services Working Group (a copy of which is appended in the Minute Book) the Panel considered the findings following completion of the study, which had been undertaken to review the costs of the District Council's Document Centre and to form a view on its efficiency and cost effectiveness. Members were reminded that the study had been selected to establish a trial methodology for use in future investigations and that the approach adopted had been largely successful. However, in future, the findings of any reviews by Internal Audit on a service area would be taken into account and consideration would be given to involving senior management in finalising any recommendations.

Having noted that the Working Group had been impressed with the way the Document Centre was run, Members were informed that there was scope to improve its financial performance. However, to do this, the Council would need to determine whether it had the appetite to undertake significant levels of investment to develop the service. It was explained that there was an opportunity to expand the printing operation to provide services to other organisations but this would require the production of detailed business and marketing plans for the service. In terms of the day to day operation, the Chairman drew attention to a number of specific recommendations relating to internal printing, design, post, mail handling and scanning services, which were designed to achieve further efficiencies and cost savings for the Centre.

In considering the contents of the report, Executive Members recognised that there was clearly scope to improve the way the

District Council handled its documentation internally. However a number of issues were raised in relation to the recommendations. These included the appropriateness of utilising taxpayers' money to support competitive endeavours, the need to clarify the market in which the Council would seek to compete, how the challenges associated with competing with the private sector could be met particularly relating to public sector employment conditions and what weight should be given to the financial impact of the proposals in comparison with other priorities. The Executive Leader also suggested that when considering the recommendations the full range of options would be taken into account including technological advances and whether the Council should become a paperless authority. In this respect, it was reiterated that the Document Centre was not merely a printing facility and had a number of other functions.

In response to a suggestion regarding the electronic distribution of Council Tax bills, the Head of Financial Services explained that a contract was already in place for printing the booklet that accompanied the bills for the current year; however, this could be considered for 2014/15.

Having requested a report back on the Cabinet's response to the Panel's recommendations, it was

RESOLVED

that the report on the Document Centre be endorsed for submission to the Cabinet.

95. 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. In response to comments by a Member regarding the recent discussions at Cabinet on the One Leisure Business Plan, the Executive Leader assured the Panel that the Cabinet always took into consideration the comments of the Overview and Scrutiny Panels during its deliberations.

It was agreed that the Panel would not pursue its study into the One Leisure business model.

96. OVERVIEW & SCRUTINY PANEL (ECONOMIC WELL-BEING) - PROGRESS

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 previously been discussed. The Chairman reported that Councillor R B Howe and Mr R Eacott had volunteered to form a working group to assist with the development of a new Customer Services Strategy and would be meeting on 13th February 2013 at 5pm. In the absence of any further

volunteers, it was agreed that the Chairman should also join the group.

In terms of the item on the Community Infrastructure Levy, Members were informed that the Business Plan for 2013/14 would be submitted to their next meeting, which might address some of the issues which had been previously raised by Councillor M F Shellens.

97. 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