

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CABINET held in the Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 11 February 2016.

PRESENT: Councillor J D Ablewhite – Chairman.
Councillors R B Howe, R C Carter, S Cawley,
D B Dew, R Harrison, J A Gray and
D M Tysoe.

ALSO IN ATTENDANCE: Councillors G J Bull and S Greenall.

83. MINUTES

The Minutes of the meeting held on 21st January 2016 were approved as a correct record and signed by the Chairman.

84. MEMBERS' INTERESTS

There were no declarations of disclosable pecuniary or other interests received at the meeting.

85. INTEGRATED PERFORMANCE REPORT 2015/2016 QUARTER 3

The Cabinet considered a report by the Corporate Team Manager and Head of Resources (a copy of which is appended in the Minute Book) and commented on progress against the Key Activities and Corporate Indicators listed in the Council's Corporate Plan for 2015/16 for the period 1st October to 31st December 2015 and progress on the current projects being undertaken at the Council.

The Cabinet was informed that three of the four Key Actions with a red status, meaning the action was behind schedule, would soon be assigned an amber status meaning that progress was within an acceptable variance.

The Cabinet also considered and commented on the Council's financial performance on revenue and capital spend as at the end of December 2015, and retrospectively approved the establishment of the Budget Surplus Earmarked Reserve.

In acknowledging that the Council's forecast net revenue position was £18.1m, which was £1.0m ahead of the updated budget, the Cabinet noted that the number of appeals regarding Non Domestic Rates (NDR) had reduced the NDR income. The position in respect of appeals was unpredictable and further appeals might result in a reduced forecast. The uncertainty as to when new premises would come into valuation further increased this volatility.

In addition the Cabinet noted the national issue of the NHS refuting that it should pay NDR on the basis that it was a Trust. Dependant on the outcome this might have a significant impact on the budget.

Performance management information was initially devised to monitor the performance of the Corporate Plan and the Cabinet agreed that this was now well established. The Council had undertaken various processes to identify savings and efficiencies such as 'Facing the Future', Zero Based Budgeting and Lean thinking. Going forward the Cabinet agreed that the report should capture measurement criteria for Lean activities as these should be embedded into the organisation.

The Cabinet agreed that the 'Facing the Future' document, which was the initial work completed to identify savings, remained a live and valuable document that could be used if the Council was required to promptly identify further savings.

One of the three red indications referred to developing a Market Town Centre Improvement Strategy and Action Plan for St Neots. The Cabinet was informed that prioritisation of other Planning Policy work meant that work had not commenced on this. However, now the St Neots Neighbourhood Plan Referendum had concluded the purpose of a Strategy and Plan would be reviewed.

Regarding two further red indicators being the 'Buildings at Risk' Register and the Design Guide, the Cabinet was informed that these had not been updated as other urgent matters, particularly enforcement matters, had meant resources had been deployed elsewhere. Consultation on the Design Guide document was anticipated to commence in the next reporting quarter.

Having been invited to address the Cabinet, the Chairman of the Overview and Scrutiny Panel (Finance and Performance) agreed that going forward the report should capture measurement criteria for Lean activities, that the performance management information had matured well and that the Panel had been impressed with the detail of the report. Whereupon the Cabinet,

RESOLVED

- i. to note the progress made against Key Activities and Corporate Indicators in the Corporate Plan and current projects, as summarised in Appendix A and detailed in Appendices B and C of the Officer's report;
- ii. to note the Council's financial performance to the end of December, as detailed in the Financial Performance Monitoring Suite in Appendix D of the Officer's report; and
- iii. to approve in retrospect the establishment of the Budget Surplus Earmarked Reserve.

86. FINAL 2016/17 REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

By way of a report from the Head of Resources (a copy of which is appended in the Minute Book), the Cabinet considered the final budget for 2016/17, detail of the draft service budgets and the Medium Term Financial Strategy (MTFS) for the period 2017/18 to

2020/21.

At the meeting of the Cabinet in January 2016 the Cabinet approved the draft budget and MTFS. Since then it was explained that there had been significant changes. The One Leisure draft income budgets had been re-profiled and reduced over the period of the MTFS in order to better reflect the service demands, the impact across the MTFS being a reduction in income of £0.9m. The revenue projections, the cost base and capital investment levels beyond 2016/17 were estimates pending the publication of the 2016-2021 Strategic Plan in February 2016.

Following a detailed analysis of the draft Local Government Settlement issued by the Department for Communities and Local Government (DCLG) in December the Revenue Support Grant (RSG) had been increased by £0.4m over the MTFS period.

The Local Government Finance Settlement in respect of the Non-Domestic Rates (NDR) Base Line had indicated an increase of 2.1% in 2017/18 rising to 3.5% by 2019/20. As a consequence of the appeals the Council had received regarding NDR, it was explained that this growth was considered optimistic. Therefore in the final 2016/17 budget and MTFS, the NDR income remained as reported in the draft budget of a 1% growth each year, on the basis that business rates still proved to be volatile and a more prudent view of NDR income was appropriate.

Regarding the Revenue Support Grant (RSG) the Local Government Finance Settlement had confirmed the decisions made by the Council were correct when setting the 2015/16 budget and MTFS, as RSG would be removed as core funding by 2019/20. However, the profile of decline in RSG was less than the Council had modelled in the draft 2016/17 budget and MTFS. Therefore the amounts shown in the Local Government four year settlement were included in the final 2016/17 budget and MTFS.

The other significant change from the draft budget was that the Voluntary Sector Grant budget had been reduced over the four years from 2016/17 to 2019/20 by £0.2m following the decision of the Cabinet at its meeting in January 2016.

The net impact of these changes was that by 2020/21 additional contributions of £0.4m were required from the General Reserves.

The submitted report had provided the Cabinet with the risks associated with the budget. The Cabinet were referred to Table 5 within of the Officer's report which reflected the final budget and MTFS including the freezing of Council Tax.

In the 2016/17 budget there was a surplus of £2.3m. However, by 2018/19 there was a funding gap of £0.8m which increased to £3.5m by 2020/21. The Cabinet were referred to Table 6 within the Officer's report which illustrated that the funding gap for 2018/19 and 2019/20 could be met from the estimated General Fund Reserve. However, by 2020/21 the Council was forecasting a negative balance on the General Fund which showed that the current budget was unsustainable over the medium-term.

To address the funding gap the Cabinet at its meeting in January agreed that the Council would continue investment in the Commercial Investment Strategy (CIS), including the £6.8m transfer from the General Fund Reserve; continue to use the Zero Based Budgeting principles and to develop the actions and programmes as set out in the 'Plan on a Page' to identify further savings and efficiencies in order to maintain a prudent level of reserves throughout the MTFS.

When the Council set its MTFS for 2016/17 to 2019/20 it adopted a strategy referred to as the 'Plan on a Page' that reflected the various approaches being taken to identify the required savings. The aim of the 'Plan-on-a-Page' was for the Council to be financially independent by the end of 2019/20. The Cabinet were referred to Table 7 within the Officer's report which illustrated that the Council had made good progress against the 2015/16 'Plan-on-a-Page' savings target by reducing the 2019/20 budget gap by £4.7m (22%). The 'Plan on a Page' had been modified to detail the revised savings over the period of the new MTFS (2017/18 to 2020/21) of £3.5m. The Cabinet were referred to the revised budget targets listed within Table 8 of the Officer's report.

Fees and Charges were a key income stream for local government and it was only discretionary services that were subject to a Council levied fee or charge. The fees and charges, as appended to the Officer's report, had to be reviewed each year to ensure that they were at the correct level to both maximise income generation and achieve the policy objectives required.

The Council's Responsible Financial Officer (Section 151) was required to make a statutory statement in respect of the budget and reserves. The Cabinet was informed that the 2016/17 estimated reserves provision was satisfactory. However, by the end of the MTFS period reserves would reduce to a negative balance of (£0.8m), £3.5m below the minimum level of reserves. The Cabinet was informed that this differed to that contained within the Officer's report, (£1.2m) and £3.8m respectively referred, as tabled at the meeting.

Further tabled at the meeting were amendments to Section 6 – Formal 2016/17 Council Tax Resolutions. These were required to account for the additional One Leisure income of £25,000 following re-profiling of the budgets and Barham and Woolley Parish Council having notified the Council that they would be increasing their original 2016/17 precept from £600 to £800.

The Cabinet was provided at the meeting, as tabled, with the results of Business Community Consultation for the Budget 2016/17 and MTFS. By law the Council was required to consult its businesses. The Cabinet was informed that two consultations had taken place, one in the summer and one in January 2016. In total 1,300 businesses were invited to complete the recent Business Community Consultation Survey and in total fifteen responses had been received, which was an increase of four from the previous year.

Although there was a slight increase in the number of responses to the survey the Cabinet were disappointed with the response rate and

agreed that further work was required to engage with the business community.

The Cabinet agreed that a robust budget had been developed that was a credit to the authority and to the officers that had worked to develop a sound budget in times when local government funding was volatile.

The Cabinet was informed that the Council had received confirmation from the Better Care Fund that the amount of Disabled Facility Grant (DFG) it would receive was double than expected. Having referred to Table G in the budget the Cabinet agreed that the gross amount in the budget regarding DFG was to remain the same and the 'Grants and Contributions' and 'Internal Borrowing' be amended. It was noted to the Cabinet that this would also have a minor impact on the Treasury Management Strategy.

The Cabinet were sceptical that a better response rate to the Business Community Consultation would provide a different outcome as businesses were being asked about Council Tax which was not applicable to them. The Cabinet accepted that it was a statutory responsibility for the Council to consult its businesses, but in doing so it also needed to consider value for money.

Having been invited to address the Cabinet, the Chairman of the Overview and Scrutiny Panel (Finance and Performance) stated that the Panel were impressed with the robust processes that had been undertaken to achieve the savings whilst developing the budget. It was noted that the Panel had received a budget amendment proposal at its meeting in order to assist Cambridgeshire County Council to address the issues regarding the adult, children and families budget.

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) the Cabinet agreed that it was imperative for Cambridgeshire County Council to review its budgets and managerial structures before the District Council considered subsidising any County Council services and in conclusion the Cabinet,

RECOMMENDED

that the Council approve:

- i. the budget for 2016/17 and MTFS 2017/18 to 2020/21 (this includes Revenue at Section 2 and the Capital Programme at Section 3 of Appendix 1 of the submitted report) subject to the following amendments;**

- a. Section 3 – Capital - Table G**

Regarding the Disabled Facility Grant that the gross amount in the budget remains the same and the 'Grants and Contributions' and 'Internal Borrowing' amended to reflect the additional £0.5m in Disabled Facility Grant that has been awarded to the Council for 2016/17.

- b. Section 6 - Formal 2016/17 Council Tax Resolution**

(as tabled at the meeting)

6.1 .b (i)	£82,326,188
6.1.b (ii)	£68,949,819
6.1.b (iii)	£13,376,369
6.1.b (v)	£5,471,086

ii. fees and charges for 2016/17 (Appendix 1, Section 7 and Annex A of the submitted report);

iii. freezing of the Council Tax for 2016/17 at £133.18 at Band D; and

iv. new 'Plan-on-a-Page' financial savings targets.

87. TREASURY MANAGEMENT STRATEGY 2016/17

By way of a report from the Head of Resources (a copy of which is appended in the Minute Book) the Cabinet was presented with the Treasury Management Strategy (TMS).

The Council was required by law to approve, on an annual basis a Treasury Management Strategy. This requirement was enshrined within relevant Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and other guidance issued by central government.

The aim of the TMS was to manage the Council's investments, cash flows, banking, money market and capital market transactions, loans and borrowings within the requirements of an effective control environment but linking this with the pursuit of optimum performance and yield, and at the same time managing the portfolio's risk profile.

The Treasury Management Strategy also took into account the Commercial Investment Strategy (CIS) Business Plan that had been approved by Cabinet at its meeting in December 2015. The Cabinet was informed of progress regarding investments as part of the CIS.

The Cabinet were reminded that following confirmation of the Disabled Facility Grant the Council would receive from the Better Care Fund, the Treasury Management Strategy would require slight amendment.

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) the Cabinet concurred that it did not support the suggestion by the Panel of suspending CIS investment to address the £3.5m funding gap. The Cabinet agreed that investments via the CIS would generate income to assist with achieving the funding gap in the budget. Whereupon the Cabinet,

RECOMMENDED

that the Council approve:

i. the Treasury Management Policy, Appendix 2 of the submitted report;

- ii. the Treasury Management Strategy, Appendix 3 of the submitted report (subject to the amendments required to reflect the additional Disabled Facility Grant that has been awarded to the Council);**
- iii. the Prudential, Treasury Management and CIS Indicators, Appendix 4 of the submitted report; and**
- iv. the Annual Minimum Revenue Provision Policy 2016/17, Appendix 5 of the submitted report.**

Chairman