

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in Civic Suite 0.1b, Pathfinder House, St Mary's Street, Huntingdon, PE29 on Tuesday, 8th December 2015.

PRESENT: Councillor D Harty – Vice-Chairman in the Chair.

Councillors T D Alban, P L E Bucknell, Mrs A D Curtis, R S Farrer, L George, D Harty, B Hyland, J M Palmer and J E White.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors G J Bull, E R Butler and M F Shellens.

IN ATTENDANCE: Councillors J A Gray and D M Tysoe.

59. MINUTES

The Minutes of the meeting of the Panel held on 5th November 2015 were approved as a correct record and signed by the Chairman.

60. MEMBER'S INTERESTS

No declarations of interests were received.

61. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel received and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book) which had been prepared by the Executive Leader for the period 1st December 2015 to 31st March 2016. In response to a question by Councillor R S Farrer, Members were informed that responsibility for the Huntingdonshire Infrastructure Business Plan would be included in the review of the structure of the Development service.

62. ZERO BASED BUDGETING UPDATE: PREPARATION FOR THE 2016/17 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY

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

By means of a report by the Head of Resources (a copy of which is appended in the Minute Book) the Panel was updated on progress of the Zero Based Budgeting (ZBB) reviews, which had been undertaken in preparation for setting the 2016/17 Budget. Members were reminded of the reasons for introducing ZBB and the ZBB Tranche 1 achievements.

Members discussed the outcome of the ZBB work that had been completed in the current year. As last year an external specialist had

been retained to provide strategic benchmarking, forecasting and budgeting advice. A Star Chamber comprising the Executive Leader and the Executive Leader for Resources had been presented with service change options together with additional opportunities for savings. Any additional savings would form part of the overall Budget setting process for 2016/17.

With regard to the impact of ZBB and the Star Chamber processes resources, Members noted that between 2016/17 and 2019/20 forecast net saving to the Budget was 18.7%, with a total contribution to reserves of £6.7m. This represented a potential change of £13m compared with the current Medium Term Financial Strategy (MTFS) modelled total draw-down from General Reserves of £6.3m in the same period. While Members commended the achievements to-date, they also accepted that decisions during subsequent rounds of ZBB would be more challenging.

The Panel then reviewed the savings proposals contained in Appendix 1 to the report by the Head of Resources. Following a question by Councillor P L E Bucknell, the Panel was provided with the justification for predicted savings against specific budgets. Members acknowledged the improvement in the accuracy of the forecasting and profiling of savings.

In response to a question by Councillor T D Alban, the Panel was informed that planned co-location of Citizens Advice and the Department for Work and Pensions at Pathfinder House represented an appropriate match with Council services. This view was endorsed. Having been assured that the changes would make little difference to the Council's critical services, the Panel:

RESOLVED

that the Cabinet be recommended to include the savings proposals contained in Appendix 1 to the report now submitted in the forthcoming 2016/17 budget and MTFS.

(At 7.20pm Councillor R S Farrer left the meeting).

63. CUSTOMER SERVICE STRATEGY

(Councillor D M Tysoe, Executive Councillor for Customer Services, was in attendance for this item).

The Panel gave consideration to a report by the Head of Customer Services to which was attached a revised Customer Service Strategy (copies of which are appended in the Minute Book). The previous Strategy had been updated to reflect other Council strategies and policies. It also took into account customer feedback and the views of Officers. The result was a more comprehensive document with wider application. In addition, the Strategy's links to the Corporate Plan had been strengthened and it now included examples of good practice.

Councillor T D Alban commented that a facility should be introduced to the Council's website that enabled residents to identify their local Councillor. Officers agreed to follow up this suggestion. In reply to a question by Councillor J M Palmer, confirmation was received that

Progress against the Strategy would be monitored through the corporate performance reporting process. An annual review also would take place.

RESOLVED

that the Cabinet be recommended to approve the revised Customer Service Strategy.

64. CORPORATE FRAUD AND PROSECUTION POLICY

(Councillor D M Tysoe, Executive Councillor for Customer Services, was in attendance for this item).

With the aid of a report by the Head of Customer Services (a copy of which is appended in the Minute Book) the Panel gave consideration to the Fraud Workplan and a revised Prosecution Policy. The Workplan had been produced following the transfer of responsibility for Housing Benefit fraud to the Department for Work and Pensions. It incorporated analysis of the areas of work that presented the most risk to the Council and of emerging risks facing local authorities.

RESOLVED

that the Cabinet be recommended to:

- approve the Fraud Workplan;
- approve the revised Prosecution Policy, and
- authorise the Executive Councillor for Customer Services to monitor the delivery of the Workplan alongside annual reports to the Corporate Governance Panel.

65. PROCUREMENT POLICY

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

Consideration was given to a report by the Head of Resources (a copy of which is appended in the Minute Book) which sought approval for a Procurement Policy. The Panel has endorsed the contents of a Procurement Policy. The Policy outlined how procurement supported the Corporate Plan and the Council's objectives. It went into detail on how procurement risk would be managed, on helping local businesses compete for public spend and on the performance and governance of procurement.

Members were informed that the Policy supported the achievement of savings, cost avoidance and additional income. It was underpinned by the Code of Procurement and guidance for staff. In response to a question by Councillor Mrs A D Curtis, it was confirmed that, in addition to financial considerations, the Policy took into account other criteria such as security. Whereupon, it was

RESOLVED

that the Cabinet be recommended to approve the

66. RESERVES REVIEW

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

The Panel received a report by the Head of Resources (a copy of which is appended in the Minute Book) on the outcome of a review of the way the Council managed its reserves. Councillor J A Gray reminded Members of the financial challenges facing the authority and that the Council was about to embark on an ambitious Commercial Investment Strategy. In that context, the review had established a need for a Strategy that clearly defined the operation of any reserves and for associated governance arrangements that would enable the Council to manage its reserves in a more commercial environment.

Members expressed support for proposed terms for the management of each type of reserve, and agreed to a change to the way the minimum level of reserves was defined. In the past it had been set at a fixed figure, whereas it was now recommended that the minimum level of reserves should equate to a percentage of any year's Net Expenditure.

The Panel concurred with the view expressed by the Executive Councillor for Resources that when managing the Council's reserves, Members should be led by professional Officers. The Panel, therefore:

RESOLVED

that the Cabinet be recommended to:

- approve the Reserves Strategy;
- endorse the minimum level of reserves at 15% of the Council's Net Expenditure, and
- endorse the arrangements pertaining to each reserve, specifically the ringfencing of capital receipts that are generated from either "general service activity" or from the "Commercial Investment Strategy".

67. COMMERCIAL INVESTMENT STRATEGY BUSINESS PLAN

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

The Panel gave consideration to a report by the Head of Resources seeking approval of a Commercial Investment Strategy Business Plan. Copies of the report and Business Plan are appended in the Minute Book. Councillor J A Gray informed Members that it was not efficient for the Council to hold significant sums of money in low interest accounts. Furthermore, as increasing Council Tax would not secure the Council's financial position, it was proposed to undertake investments linked to the health of the economy. Specific recommendations would be brought forward in the next few months.

Prompted by a question from Councillor T D Alban, Members discussed the principle on which the Plan was based; that is, that local authorities should own commercial property. They accepted that in order to achieve the clear aim of providing a revenue stream for the Council, the approach should be to invest in commercial property rather than the residential housing market. This would enable the Council to benefit from trends in the national economy and to promote the local economy.

Members drew attention to the need to have the necessary Officer resources in place to monitor the local market, identify investment opportunities and manage the commercial estate. They then stressed the need for close monitoring of the performance of investments. Whereupon, it was:

RESOLVED

that the Cabinet be recommended to approve the:

- CIS Business Plan (Appendix 2);
- transfer of £6.8m from the Councils General Fund balance to the Capital Investment Earmarked Reserve;
- potential to borrow up to £35.0m from 2016/17 onwards to support the CIS. However, there will still be “head-room” to borrow a further £25.0m if commercial opportunities arise.
- MRP policy below and recommend the Council to approve it:

“For each capital investment undertaken under the requirements of the Councils Commercial Strategy, Minimum Revenue Provision will be made that is equal to the principal repayment for any loan finance supporting the investment.”

68. WORKPLAN STUDIES

The Panel received and noted a report (a copy of which is appended in the Minute Book) which contained details of studies being undertaken by the Overview and Scrutiny Panels for Social Well-Being and Environmental Well-Being.

69. OVERVIEW AND SCRUTINY PROGRESS

The Panel received and noted a report on progress of its activities since the last meeting. A copy of the report is appended in the Minute Book.

Chairman