
Overview and Scrutiny Panel (Corporate and Strategic Framework)

Report of the meeting held on 27th January 2009

Matters for Information

7. FINANCIAL STRATEGY, MEDIUM TERM PLAN 2010 TO 2014 AND THE 2009/10 BUDGET

The Panel has reviewed the Financial Strategy, Medium Term Plan 2010 - 2014 and the Budget and level of Council Tax for 2009/10, which is included as a separate item elsewhere on the Agenda for the Council meeting.

The Panel has been acquainted with details of Executive Councillors' involvement in identifying potential areas for spending adjustments. In so doing, the Executive Councillor for Finance and Environment has made known his view that budgets associated with housing services and Information Technology should be recast as single budget areas. In the course of the Panel's discussions on this subject, a further suggestion emerged that investigations might be carried out into the potential benefits of creating single budgets for each Executive Councillor's area of responsibility.

The Panel has examined proposed increases in expenditure on Information Technology and, as a result, has suggested that those matters identified in the report as requiring approval by the Chief Officers Management Team should instead be submitted to the Cabinet before proceeding.

With regard to the level of unidentified spending adjustments required in the period to 2013/14 and, following a suggestion by the Executive Councillor for Finance and Environment, the Panel has established a Working Group to review the budget for future years and to express a view on the priority that should be accorded to items contained within it. A particular aim of the Working Group will be to identify which items within the budget are a statutory requirement and which are permissive. In addition, Councillor P J Downes has made a suggestion that in order to achieve spending adjustments, the Council might revisit some of his party's previous suggestions for savings, for example, charging non-residents of Huntingdonshire for using District Council leisure facilities.

Members have discussed the overall approach that the Council should adopt in the present economic conditions and has identified two possible strategic courses, namely exercising restraint in its spending and implementing measures support and promote the local economy.

The Panel has requested the Cabinet to take into account these options and the other comments outlined above when formulating its recommendations on the overall strategic approach and on the Council's Financial Strategy, Medium Term Plan and Budget. (Item No. 58 of their report refers).

8. 2009/10 TREASURY MANAGEMENT STRATEGY

The Panel has been acquainted with proposed changes to the Council's Treasury Management Strategy for 2009/10, following completion of the annual review of the Strategy. The Panel had requested sight of the Strategy because of recent events concerning local authorities' investments. Particular attention has been paid to a proposal for Corporate Bonds to be included under non-specified investments within the Strategy as one of the types of investment available to the Council. The risks associated with such investments have been discussed and the Panel has received assurances that they will only be used when other forms of investment are unable to demonstrate a better rate of return and after it has been subject to a risk assessment and consultation with the appropriate Members on the proposed limits, procedures and credit rating. With these safeguards in place, the Panel has not expressed any objection to Corporate Bonds being adopted as one of the Council's forms of investment.

Consideration has also been given to the Council's approach to long term borrowing. Having noted the terms of borrowing undertaken to fund the Capital Programme for 2009/10, Members have been informed that the external auditor has approved the practice of borrowing to fund future budget commitments when rates are favourable. The Panel has expressed the view that should similar circumstances reoccur, the same practice should be employed to borrow up to the amount required to fund the Capital Programme.

The Panel's views have been conveyed to the Cabinet to assist them in formulating their recommendations to Council on this matter (Item No. 59 of their Report refers.)

9. NEW ACCOMMODATION – BUILDING A – OPTIONS REVIEW

(The following item was considered as a confidential item under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

The Panel has considered the approach to be adopted to the site of Building A of the New Office Accommodation Project. Having reviewed the options presented, the Panel has expressed a preference for Option E, namely the disposal of the site by leasehold to Luminus for the construction of social rented housing. In coming to this view the Panel took into account the facts that this Option is likely to attract grant aid from the Homes and Communities Agency and construction on the whole site can be completed by March 2010.

Given the current economic climate, the Panel has concluded that, of those available, Option E represents the most effective use of the site and will provide the best rate of return for the Council. Additionally,

Members have expressed their view that Option will enable the Council to obtain a long term source of income. In this respect the Cabinet has been recommended to seek terms such that the level of ground rent paid to the Council is linked to an appropriate index in order that there is tangible benefit over the full 125 years term of the proposed lease.

S J Criswell/J A Gray
Chairmen