
Overview & Scrutiny Panel (Economic Well-Being)

**Report of the meetings held on 8th January and
5th February 2015**

Matters for Information

**33. BUDGET 2015/16 MEDIUM TERM FINANCIAL STRATEGY
(2016/17 to 2019/20)**

At each of its meetings the Panel has reviewed the 2015/16 Revenue Budget and Medium Term Financial Strategy (MTFS) 2016/17 to 2019/20, which appear as a separate item elsewhere on the Agenda for the Council meeting. Members have examined in detail the budgetary information presented and have welcomed the format in which the information has been made available. They have also supported the Executive Councillor for Resources' expression of gratitude for the work of the Resources Section in preparing the Budget.

The Panel has been acquainted with the provisions made and trends in various areas and questioned Executive Councillors about the savings they have made, what their plans are for the future and what impact any changes might have on the public. Members have recognised the significant milestone that producing a Budget surplus represents. They have also noted:

- ◆ the portfolio for Customer Services has identified in the order of £500k in savings. This is in addition to £2m in savings in recent years. Further areas of potential savings are being investigated;
- ◆ the portfolio for Resources has identified approximately £450k in savings. This portfolio will make significant investments in the next few years to generate income; and
- ◆ the Executive Leader intends to pursue an overall strategy of investment in assets to produce income coupled with a more commercial approach to appropriate services. He will challenge Officers to achieve savings targets earlier than previously planned and has stressed that, where changes are to be made to services, Overview and Scrutiny will be involved in assessing their impact on residents.

The aim is for the Council to produce a surplus each year and capital investments are a key way that this will be achieved. Generally, it was expected that for every £13m invested, £1m of income will be

produced. The Council could potentially borrow £60m and it is planned to introduce a framework to enable investment decisions to be made. Members have supported this approach and asked for regular monitoring reports on progress.

The Panel has been made aware that future government grant is likely to change if there is a change in Government. There is a possibility that the eligibility criteria will change from a performance basis to a needs basis. The Panel has noted that the District would still qualify for grant if the latter was introduced. The other way that income from the Government might vary is through changes to the New Homes Bonus. However, it is likely that if it is removed, this income would be received in another form.

All areas of the Council will be defining their service standards and levels over the next year. The Panel is of the view that the impact of any changes should be assessed. A comment has been made that benchmarking should take place; in which case, some areas could potentially experience an increase in their standards.

On the question of Council Tax, the Panel has noted that increasing it over the period of the MTF5 would not achieve the order of savings the Council has to make. Members have supported the alternative approach of investing in capital assets to produce a surplus so that the Council is self-reliant.

At the meeting in February, the Panel has supported the decision to “front load” ZBB heavy savings to be achieved in the forthcoming year by making further savings amounting to £653K in 2015/16. These savings largely represent real terms reductions in spending without sacrificing services. It is acknowledged that there is still more to do but there is some confidence that, regardless of the outcome of the election, the Council will be in a strong financial position next year. Overall, approximately £2.5m has been taken out of the budget to date.

The Panel has established a working group to look into a selection of lines in the budget to examine how they are constructed and to report back. On the question of interest rate predictions, it has been confirmed that the figures are based on information received from the Council’s advisors.

In summary, the Panel has:

- ◆ supported the general intention not to use reserves. Given future uncertainty, it is recommended that the position should be reviewed next year but that reserves should not fall below £3m. Their use should be justified by the value they achieve for the Council;
- ◆ recommended that the work to be undertaken over the coming year to define service levels and standards is subject to an assessment of the impact of any changes on the public.

- ◆ expressed support for the additional savings, which are being made at the right pace and with due regard to the impact on services;
- ◆ supported the Council Tax freeze for 2015/16;
- ◆ supported to intention to freeze Council Tax for the life of the Medium Term Financial Strategy (Councillor M F Shellens did not support this recommendation);
- ◆ endorsed the Capital Programme but registered concerns about the capital project appraisal, which Members will look at in due course; and
- ◆ endorsed the Fees and Charges schedule.

At the end of their deliberations, Members have expressed their gratitude to the Cabinet and Officers for the high quality of information presented and for their cooperation with the Panel.

34. BUDGET MONITORING 2014/15 (REVENUE AND CAPITAL)

The Panel has reviewed the forecast outturn for 2014/15 for revenue and capital budgets. An assurance has been received that the Council will in future monitor capital spending more closely. With regard to the sale of the greenhouse in St Ives, it has also been reported that larger scale investments in the housing market will be one of the options considered to generate income. Having been advised that the Council takes into account the economic impact on an area of its investment decisions, the Panel has endorsed the monitoring report for submission to the Cabinet.

35. TREASURY MANAGEMENT STRATEGY 2015/16

In accordance with its responsibility for scrutinising the management of the Council's financial investments and borrowing, the Panel has advised the Cabinet to recommend to Council the approval of:

- ◆ the Treasury Management Policy;
- ◆ the Treasury Management Strategy; and
- ◆ the Annual Minimum Revenue Provision Policy 2015/16.

The report has been considered by the Cabinet and appears elsewhere on the Council Agenda.

36. CORPORATE PLAN: PERFORMANCE MONITORING

The Panel has been acquainted with progress on the key activities identified in the Corporate Plan during the period 1st October to 31st December 2014. In so doing, Members have been provided with the opportunity to ask Cabinet Members questions on activities within their specific areas of responsibility.

The Panel has drawn attention to the Corporate Performance and Contextual Indicator for staff sickness (working days lost per FTE). Having noted that HR is carrying out a detailed analysis of the data, the Panel has asked the new Executive Councillor for Organisational

Change and Development to a future meeting to discuss his plans generally for his Portfolio and, more specifically, staff sickness.

The Panel has discussed potential causes of a drop in customer satisfaction rates and, following confirmation that an assessment is being undertaken of the pool cars and whether payment of mileage to users would be more cost effective, the Panel has concluded that it is satisfied with the Council's direction of travel and with the way the performance management process is working.

Other Matters of Interest

37. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel has received current Notices of forthcoming Key Executive Decisions, which have been prepared by the Executive Leader.

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

The Panel has reviewed its programme of studies at each of its meetings. The Project Management Select Committee meeting has been scheduled for 17th February 2015 and a report on its findings will be submitted to the Cabinet and Council in due course.

39. SCRUTINY

The Panel has received the latest editions of the Decision Digest.

R Harrison
Chairman