

COUNCIL

21 February 2008

EXTRACTS FROM MINUTES OF CABINET (13 February 2008)

REPORT OF HEAD OF DEMOCRATIC SERVICES

Contact Officer: Chris Ashcroft Tel No: 01962 848 284 cashcroft@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Appendix A to this report sets out minute extracts relating to issues for the consideration of Council.

RECOMMENDATION:

That Council determines the matters set out in the minute extracts.

Appendix A**MINUTE EXTRACTS FROM CABINET (21 February 2008)****5. CORPORATE STRATEGY 2008-2013**

(Report CAB1616 refers)

Cabinet noted that the Strategy had previously been considered by Principal Scrutiny Committee and the four Scrutiny Panels, and almost all the proposed amendments from these meetings had been included in the revised document (as attached as Appendix 2 to the Report).

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

THAT THE CORPORATE STRATEGY FOR 2008-2013 BE APPROVED, AS ATTACHED AS APPENDIX 2 TO THE REPORT.

8. BUDGET AND COUNCIL TAX 2008/09

(Report CAB1629 refers)

Cabinet noted that this Report was not notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item, onto the agenda as a matter requiring urgent consideration, in order that Cabinet's recommendations could be submitted to Council at its meeting on 21 February 2008.

Cabinet noted that this Report would also be considered by Principal Scrutiny Committee at its meeting on 18 February 2008.

The Chairman advised that a breakdown of the items included within the £50,000 listed in Appendix E of the Report as "Miscellaneous Income and Savings" could be provided, if required. However, in summary these related to various small items of income and savings which had arisen from recent service reviews.

Councillor Coates expressed concern that recent reorganisations in the Council had not always resulted in adequate resources being reallocated to meet new requirements. In particular, he highlighted the funding required for Parish Plans and various consultations to be undertaken in response to, for example, the Children's Act and the Older Person's Strategy.

In response, the Chief Executive advised that in practice the Council sought to fund any such shortfalls by means of virements from other budget heads throughout the year. In the current budget climate, this was considered to be a more appropriate response than putting forward formal budget growth items. In addition, Cabinet noted that there was already a £15,000 budget within the Performance Division specifically allocated for the purpose of carrying out consultations.

The Chairman agreed to consider further the particular issue of funding for Parish Plans and report accordingly directly to the Council meeting on 21 February 2008.

Cabinet agreed to an additional Recommendation 11 as outlined below in order to allocate LABGI funds.

At the invitation of the Chairman, Councillors Busher and Hiscock spoke on this item, and their comments are summarised below.

Councillor Busher expressed concern that Paragraph 14.4 of the Report appeared to imply both staff redundancies and reduced levels of services. She requested clarification of the timescale for these proposals. On a separate matter, Councillor Busher queried why the risk to the Council of the Government rejecting its Local Development Framework (LDF) Plan was not included in Appendix A.

In response, the Chairman advised that Paragraph 14.4 referred to savings already substantially achieved or planned, and listed in Appendix E of the Report, as a result of fundamental service reviews already undertaken. He confirmed that the Council's efficiency programme was ongoing, with more service reviews planned for the forthcoming year. In addition, the Council would look at opportunities of joint working with other local authorities. The Chief Executive emphasised that any staff affected by current savings proposals had already been informed.

With regard to the question about the LDF process, Councillor Wood and the Corporate Director (Policy) highlighted that the risk of the Development Plan being rejected as a whole were considered to be slight and not appropriate for inclusion in this Report. Recent Government changes had resulted in more opportunity for the Council to discuss the Strategy with the Inspectorate before submission. In addition, the Council had paid particular attention to the requirements of the 'tests of soundness'.

On behalf of the Liberal Democrat Group, Councillor Hiscock expressed concern about the late availability of the Report which had meant the Group had not had adequate time to prepare its response. He queried whether the Head of Finance had adequate resources within her Division to meet the Council's requirements.

In response, the Head of Finance advised that recent changes in the Accountancy Team had created resource pressures and caused delays in preparing the Report. However, new staff would shortly be appointed which should ease these difficulties.

The Chief Executive added that he believed the resources within the Accountancy Division were now sufficient, but the situation would be kept under review. He thanked the Head of Finance and her Division for their work in producing this Report and apologised for its late availability.

The Chairman highlighted that the vast majority of the information in the Budget Report had been published in November 2007 and had been submitted for consultation to Principal Scrutiny Committee and the four Scrutiny Panels. In addition, he emphasised that the Report would be debated at the Council meeting on 21 February 2008.

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

1. THAT THE LEVEL OF GENERAL FUND BUDGET FOR 2008/09 BE AS FOLLOWS:

	<u>2008/09</u>
	£
<u>GROSS BUDGET FOR GENERAL FUND SERVICES</u>	<u>20,471,320</u>
<i>LESS</i>	
CAPITAL FINANCING	(6,644,220)
TRANSFERS TO/(FROM) RESERVES	(452,000)
CONTRIBUTIONS TO/(FROM) WINCHESTER TOWN	27,420

<u>TOTAL</u>	13,402,520
<i>LESS CHARGES ON WINCHESTER TOWN ACCOUNT</i>	<i>770,700)</i>

<u>TOTAL CITY NET EXPENDITURE</u>	<u>12,631,820</u>

2. THAT THE GROWTH, SAVINGS AND INCREASED INCOME, AS SET OUT IN APPENDICES D AND E, BE APPROVED.

3. THAT THE CAPITAL PROGRAMME SET OUT IN APPENDIX G OF THE REPORT BE AGREED.

4. THAT THE POLICY AS PREVIOUSLY AGREED BY THE COUNCIL ON 14TH JULY, 1999 (MIN 186 REFERS) BE CONFIRMED TO TREAT ALL EXPENSES OF THE COUNCIL AS GENERAL EXPENSES OTHER THAN THOSE SPECIFICALLY IDENTIFIED AND ITEMISED IN THE WINCHESTER TOWN ACCOUNT. IN CONSEQUENCE OF WHICH THE SUM OF £743,280 BE TREATED AS SPECIAL EXPENSES UNDER SECTION 35 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 IN RESPECT OF THE WINCHESTER TOWN AREA, APPENDIX K.

5. THAT THE COUNCIL TAX FOR THE SPECIAL EXPENSES IN THE WINCHESTER TOWN AREA AT BAND D BE SET AT £55.04 FOR 2008/09.

6. THAT THE BALANCES ON THE COLLECTION FUND CALCULATED AT 15 JANUARY 2008, OF £53,239 DEFICIT FOR COUNCIL TAX FOR THIS COUNCIL, BE APPROVED.

7. THAT THE COUNCIL TAX AT BAND D FOR CITY COUNCIL SERVICES FOR 2008/09 BE £121.05.

8. THAT PARISH COUNCIL TAXES BE NOTED AS IN APPENDIX L.

9. THAT THE INFLATION INDEX IN THE MEMBERS' ALLOWANCES SCHEME BE APPLIED FOR 2008/09.

10. THAT THE CONCESSIONARY TRAVEL SCHEME CONTINUES TO OPERATE FROM 9AM WHEN THE NATIONAL SCHEME IS INTRODUCED ON 1 APRIL 2008.

11. THAT A PROJECTS FUND FOR 'WINCHESTER HERITAGE, LOCAL ECONOMY AND FUTURES', TOTALLING £50,000 BE ADDED TO THE GROWTH LIST FOR INCLUSION IN THE BUDGET, TO BE FUNDED FROM THE LABGI RESERVE.

14. TREASURY MANAGEMENT

(Report CAB1599 refers)

Cabinet noted that this Report was not notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item, onto the agenda as a matter requiring urgent consideration, in order that Cabinet's recommendations could be submitted to Council at its meeting on 21 February 2008.

The Head of Finance responded to detailed questions about the Council's policies on investments as summarised below.

Whilst confirming that the level of investment in banks and building societies, at which the Council's assets were completely guaranteed by the Government was approximately £30,000, the Head of Finance stated that the Council's investment limits were higher than this as it would be difficult to find a sufficient number of investments at such a low level.

The Head of Finance confirmed that the Council would consider using different means of investing, such as money markets. However, an ongoing difficulty faced by the Council was finding products prepared to accept the relatively low sums invested by the Council for short term periods. Longer term investments were generally not possible because of the uncertainty about the Council's capital programme.

Members asked whether the contract for external advice to the Council on investments provided value and Cabinet requested that this matter be considered further at a future date.

Following discussion, Cabinet agreed that the Treasury Management Strategy, as set out in the Report be recommended to Council for approval.

Cabinet then discussed Recommendations 2 and 3 of the Report.

At the invitation of the Chairman, Councillor Verney addressed the meeting and expressed concern about the proposal to dispose of the Council's investment in the Local Authorities Mutual Investment Trust (LAMIT). He considered that the property market had levelled out and was likely to remain

flat for the year, therefore it was preferable for the Council to retain its investment at this time.

The Chairman queried whether if a decision was made to dispose of this investment, at what level would the receipt be made (i.e. at the current level, or at a future level at the end of the six month's redemption period). The Head of Finance advised that it was not known whether it would be at the future, unknown, level but it would be possible for the Council to set a minimum level, below which the transaction would not take place. However, Cabinet considered that there was not sufficient information for a decision whether to dispose of the LAMIT to be made at the current time.

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

THAT THE TREASURY MANAGEMENT STRATEGY 2008/09, AS SET OUT IN REPORT CAB1599 BE APPROVED, INCLUDING:

- **THE ADOPTION OF THE PRUDENTIAL INDICATORS AND LIMITS FOR 2008/09 TO 2010/11;**
- **THE MINIMUM REVENUE PROVISION (MRP) STATEMENT WHICH SETS OUT THE COUNCIL'S POLICY ON MRP;**
- **THE TREASURY PRUDENTIAL INDICATORS, AND**
- **THE INVESTMENT STRATEGY 2008/09 CONTAINED IN THE TREASURY MANAGEMENT STRATEGY, AND THE DETAILED CRITERIA INCLUDED IN APPENDIX B.**

RESOLVED:

1. That the decision be deferred as to whether to dispose of the Council's investment in the Local Authorities Mutual Investment Trust (LAMIT) until a future date when more information is available.

2. That it be noted that the Head of Finance, under delegated powers, would redeem the £50,000 Association of District Councils (ADC) debenture holding, when considered appropriate.

6. **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2008/09**
(Report CAB1610 refers)

In response to questions, the Head of Landlord Services confirmed that the level and uncertainty of Government subsidy caused significant difficulties to the Council, particularly regarding the housing maintenance programme. Although it was possible to balance the budget in the short term, this would become increasingly difficult in the long term. He continued that the HRA Business Plan which would be produced in March 2008, would include details of the Stock Condition survey which revealed that the Council was significantly under-investing in its stock. It would be possible to achieve the Decent Homes standard by 2010, but maintaining this level would become increasingly hard to achieve.

The Head of Landlord Services advised that the Business Plan would propose an interim position for the Council with regard to these pressures. A more detailed consideration of options available would be presented once the Housing Options project had been completed.

At the invitation of the Chairman, Mr A Rickman spoke on behalf of TACT. He reported on the recent presentation to Government by TACT, the Portfolio Holder for Housing and Communities and the Head of Landlord Services, in which concerns relating to rent restructuring and negative subsidy were put forward. He stressed that TACT believed that Government's position was unjust as it resulted in rising rents with more money being paid back to the Government. In conclusion, Mr Rickman advised that TACT would continue their campaign for the Government to alter its position.

The Chairman thanked Mr Rickman for his comments.

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

1. THAT HOUSING RENTS FOR 2008/09 INCREASE IN LINE WITH THE GOVERNMENT GUIDELINE, WHICH ASSUMES A BASIC INCREASE IN CURRENT ACTUAL RENTS OF 4.4%, PLUS ONE QUARTER OF THE DIFFERENCE BETWEEN CURRENT AND FORMULA RENTS UNDER RENT RESTRUCTURING.

2. THAT THE HOUSING REVENUE ACCOUNT REVISED BUDGET PROPOSALS FOR 2007/08 AND BUDGET FOR 2008/09, AS DETAILED IN APPENDIX 1 OF THE REPORT BE APPROVED.

3. THAT WEEKLY GARAGE RENTS FOR TENANTS WHO ALREADY RENTED GARAGES PRIOR TO APRIL 2007 BE INCREASED TO £7.50 (BEFORE APPLYING THE ANNUAL RENT INCREASE TO ALL GARAGES SET OUT IN RECOMMENDATION 4 BELOW) AND THAT ALL GARAGE RENTS BE CHARGED OVER A 52 WEEK PERIOD.

4. THAT ALL GARAGE RENTS BE INCREASED BY 5% FOR INFLATION.

5. THAT ALL SERVICE CHARGES CONTINUE TO BE BASED ON ACTUAL COSTS INCURRED, BUT THAT ANY INDIVIDUAL INCREASES BE SUBJECT TO THE SAME CAPPING RULES AS FOR DWELLING RENTS (4.4% + £2).

20. **ARMY CADET FORCE OF HAMPSHIRE AND THE ISLE OF WIGHT – PROPOSED BOND OF FRIENDSHIP**
(Report CAB1618 refers)

Cabinet agreed to the following for the reasons outlined in the Report.

RECOMMENDED:

THAT A BOND OF FRIENDSHIP BE AWARDED TO THE ARMY CADET FORCE FOR HAMPSHIRE AND THE ISLE OF WIGHT, IN RECOGNITION OF ITS VERY IMPORTANT ROLE IN THE COMMUNITY AND THAT, TO COMMEMORATE THE EVENT, A PARADE BE HELD ON SATURDAY 5 APRIL 2008.
