

COUNCIL

19 February 2009

EXTRACTS FROM MINUTES OF PRINCIPAL SCRUTINY COMMITTEE (9 February 2009) AND SOCIAL ISSUES SCRUTINY PANEL (12 February 2009)

REPORT OF HEAD OF DEMOCRATIC SERVICES

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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 considers the matters set out in the minute extracts.

**MINUTE EXTRACT FROM PRINCIPAL SCRUTINY COMMITTEE**  
**(9 February 2009)**

**BUDGET AND COUNCIL TAX 2009/10**

(Report [CAB1786](#) refers)

The Committee noted that, at its meeting held 4 February 2009, Cabinet had recommended that Council approve the Budget and Council Tax 2009/10, as set out in the Report. Cabinet had recommended that the level of Council Tax at Band D for City Council services for 2009/10 should be £124-65, an increase of 3%.

Councillor Allgood advised that achieving a balanced budget had been a difficult process which had been exacerbated by the global economic crisis. In particular, recent changes to interest rates had meant that it was likely that the Council's return on its investments would continue to be significantly reduced during the forthcoming year.

The Committee gave detailed consideration to the budget and asked Councillor Allgood and officers a number of questions.

Councillor Allgood advised that since publication of the Report, it had been confirmed that grant payments would be made to the Winchester and Bishops Waltham Festivals and to a Debt Counselling provider. These funds would be drawn from the Grants Reserves Budget and therefore would not directly impact on the overall budget as set out.

He also confirmed that since publication of the Report, the Council had been advised of a further distribution of the Local Authority Business Growth Incentive (LABGI) funding. The Head of Finance reported that an additional £282,000 (over and above the £710,000 already received in 2008/09) would be received and a decision taken as to whether this should be transferred to the LABGI earmarked Reserve, or, for example, to the Property Reserve, at the year end.

Following discussion, the Committee agreed to recommend to Council that approximately half the fund (£500,000) should be placed in the Property Reserve, rather than be transferred to the LABGI earmarked Reserve, and that a proportion of the remaining LABGI Reserve should be allocated to the currently unfunded capital projects in Whiteley (in recognition of the contribution that this area makes to the business community of the District) and to improvements to the Winchester High Street area.

Further to questions, Councillor Allgood advised that there were no plans for the Council to borrow capital at this time and the organisation would remain debt free. However, a decision may be taken in the future as to whether it was appropriate to borrow to finance significant capital projects coming forward, such as a replacement for the City Offices.

With regard to the Council's options for the level of Council Tax Councillor Allgood advised that an average of the various inflationary indices had been referred to in considering the level of Tax increases. For the year, he advised that this average was approximately 3.5%.

The Committee referred to the Winchester Town Charge and discussed the resolution of the Winchester Town Forum (at its meeting held 26 November 2008) to support Cabinet's proposal for 50% local revenue funding of public conveniences, subject to relevant Parish Councils being required to do the same. The Corporate Director (Operations) reported that Wickham Parish Council and New Alresford Town Council had indicated that they would not support the proposals. Denmead Parish Council and Bishops Waltham Parish Council had yet to confirm their positions. Councillor Allgood confirmed that the Council had provided for 50% of the costs which would potentially fund the facilities until September.

Some Members considered that the consent of the Town Forum was subject to the unanimous support of the Parish Councils to part fund their toilets. The Corporate Director (Operations) suggested that the Town Forum, rather, was clarifying that it wished to be treated equally and would not part fund facilities fully provided for by the City Council elsewhere in the District, for example, if the Parishes had not agreed to contribute. Cabinet had recognised that the funding of public conveniences should be equitable across the District. Councillor Allgood confirmed that should the position of the Parishes be to not support part funding, the conveniences in their areas would eventually close.

During further discussion, it was suggested that the actual saving to be achieved by withdrawing 50% funding would be marginal. This was because there were a number of overheads that could not be immediately removed from the budget, including contracts with SERCO for cleansing and for rates. Councillor Allgood advised that these costs would be revisited if necessary, but that the Council's position would remain that it would provide only 50% of the funding.

The Committee also acknowledged that in comparison to the Parishes, the Winchester Town Centre had several facilities in relatively close proximity, most of which were likely to serve tourists and visitors arriving by coach and bus. The Committee was also mindful of the imminent work of Environment Scrutiny Panel's in depth scrutiny review of the Provision of Public Conveniences.

With regard to the General Fund Working Balance, the Head of Finance updated the Committee on the Council's frozen investment in Heritable Bank (in administration). She advised that, in line with Government guidance, a decision would be taken at the closure of the 2009/10 accounts as to how to treat the £1 million capital invested. Further to this, assumptions had been made within the forecasts that this capital and accrued interest would not be available for investment. A creditors meeting on 13 February 2009 may provide more information about the Council's position.

Councillor Allgood provided an update on the Council's position with regard to the Hampshire Pension Fund. He advised that the Fund had adequate funds to pay out until approximately 2043 and it was hoped that there would be improvement in the stock market investments before that time. There may be a further small increase to the Council's contributions of approximately 0.2% over the short term – but a decision had yet to be made.

The Committee referred to the Appendices to the Report and asked a number of further detailed questions.

#### Appendix A – Risk Assessments

- (i) With regard to potential sharing of resources to mitigate some risks, the Chief Executive reminded Members that the Council already 'shared' the Head of Revenues with Test Valley Borough Council as well as having Internal Audit partnership arrangements with Havant Borough Council. Other lower level joint initiatives also brought about various service and financial benefits.

Further to this, he confirmed that the Hampshire Improvement Board regularly investigated other opportunities. For example, it had achieved savings for the Council via the Hampshire Recruitment Portal and also from an agency staff procurement arrangement. Further work was being undertaken to investigate a shared refuse contract and joint procurement of planning support. A recent report of the Hampshire Senate set out a comprehensive list of Hampshire Authority shared initiatives and the Chief

Executive suggested that he would see whether this could be made available for Members for their reference.

- (ii) With regard to addressing historic management recharges for engineering services, the Corporate Director (Operations) clarified that a robust and transparent process was currently being worked upon. He advised that this was unlikely to identify savings, as overhead costs would probably be required to be reallocated more appropriately.

#### Appendix B – General Fund Service Summary

- (i) The Head of Finance clarified that it was a coincidence that the financing transactions estimate for 2009/10 (£6.2 million) were virtually the same as the actual figure for 2008/09. She drew attention to Appendix F to the Report that showed that this figure was made up very differently to the previous year. For example, a decrease in net interest had been offset by capital financing changes with regard to the organisation's fixed assets. Balances had also been higher than expected. She agreed to provide details of the original estimate for 2008/09 outside of the meeting. During further discussion, she advised that her team was currently in the process of refining its financial forecasting procedures which was expected to reduce the extent of variations to Original Estimates in the future. However, despite these improvements, it would have been difficult to have accurately predicted the recent changes to interest rates.

#### Appendix C – General Fund Revenue Projections 2008/09 to 2013/13

- (i) The Head of Finance advised that 'Contractual Commitments' and 'Employee Costs' related to likely increases to the Council's contract costs and assumed a 1.5% pay award and 0.5% increase to pension contributions.

#### Appendix D1 – Growth Pressures – Increased Expenditure

- (i) It was confirmed that 'Empty Property Business Rates' referred to the Council's surplus accommodation at Avalon House and at Hyde Historic Resources Centre. The Chief Executive updated the Committee about their disposal.
- (ii) The Corporate Director (Policy) advised that, at this time, the £30,000 allocated in 2010/11 for 'Additional support for contract re-tendering' (in particular for the re-letting of the depot services contract) was adequate. Officers would continue to investigate

whether any additional resource may be required, so that this could be budgeted for as soon as possible. The Chief Executive also advised of external funding via the Hampshire Improvement Board to investigate the potential of joint refuse services procurement.

- (iii) With regard to the 'increased management charge to reflect rise in fuel charges' at River Park Leisure Centre, the Head of Finance advised that this figure would be revisited, as it was an estimate at the time the budget was compiled.

#### Appendix D2 – Revenue – Growth Pressures – Reduced Income

- (i) The Corporate Director (Governance) advised that a reduction in income from the Guildhall had mainly related to the Catering Contract.
- (ii) Councillor Allgood reported that ABC Recycling Income was likely to continue to be volatile, with certain recyclables in demand at different times.

#### Appendix E1 – Savings Proposals – Reduced Income

- (i) The Corporate Director (Policy) clarified that with regard to 'funding for the Rural Housing Enabler' (page 3 of the Appendix refers) it was not intended for the work of the Council's officers to be reduced, as this area remained a priority for the Council, but it was not clear how this might impact on partner working.
- (ii) The Corporate Director (Operations) responded to questions with regard to proposals for the Planning Management Division establishment (page 4 of the Appendix refers). He reminded Members that although planning applications were likely to increase in the near future, a correlation could not necessarily be made between their volume and with fees payable to the Council. Further efficiencies in that service area could be identified and that, after a period of review, the vacant Principal Planning Officer post could eventually be deleted from the establishment.

#### Appendix E2 – Revenue – Increased Income

- (i) The Corporate Director (Governance) advised that the figures for inflationary increases for property rental income had been based upon timing of rent reviews. Following the relocation of its staff, income from renting the parking office was likely to be from short term temporary lets.

- (ii) It was clarified that the proposed phased introduction of rental charges for the Farmers' Market had been in recognition of the Market's continuing success and that there had been no rental charge previously, beyond a small maintenance fee.
- (iii) The Corporate Director (Governance) also clarified that the increased volumes and fees for Hackney Carriages (page 2 of the Appendix refers) also included those for private hire vehicles.

#### Appendix G2 – Capital Growth and Savings

- (i) Councillor Allgood advised that the growth and savings set out on page 2 of the Appendix had been deferred, as it was likely that there would be further items coming forward later in the year. Therefore, by July 2009, there would be a more complete picture of the likely pressures on the Capital Programme.

With regard to a Whiteley community facility, he explained that the Parish Council had been requested to provide a Business Plan for the facility to demonstrate an evaluation of how deliverable the project was before further funds were allocated. The Corporate Director (Operations) also explained that the proposals were related to possible changes to the existing retail village and Section 106 agreement funds.

- (ii) Councillor Allgood confirmed that works were likely to commence on improvements to Winchester High Street in September 2009.
- (iii) In response to a question the Head of Finance confirmed that it would be appropriate to consider the proposed upgrade of the Council's cash receipting system against an alternative system as part of the Core Financial System project, which was due to be undertaken in 2009/10.
- (iv) The Corporate Director (Operations) advised that the capital growth item associated with Brambridge House, Colden Common related to a previous commitment by Cabinet to provide grants for urgent repairs to this listed building. Provision had not been made within the budget, and the legal obligation to make the payments had yet to be ascertained.

Appendix G3 – Financing of Capital Programme

- (i) With regard to the Bapsy Bequest, the Corporate Director (Governance) advised that following the completion of forthcoming office moves, officers would continue preliminary work to utilise the Bequest for improvements to the King Alfred Hall in the Guildhall. He advised that only a small amount of the Bequest had been spent to date on architectural advice.

**RECOMMENDED:**

**THAT £500,000 OF THE LOCAL AUTHORITY BUSINESS GROWTH INCENTIVE (LABGI) RECEIPTS IN 2008/09 BE TRANSFERRED TO THE EARMARKED PROPERTY RESERVE AT THE YEAR END, AND THAT THE LABGI RESERVE BE USED TO FUND THE DEFERRED CAPITAL GROWTH ITEMS FOR WHITELEY OF £50,000 IN 2010/11 (IN RECOGNITION OF THE CONTRIBUTION THAT THIS AREA MAKES TO THE BUSINESS COMMUNITY OF THE DISTRICT) AND FOR £50,000 IN 2009/10 AND £50,000 IN 2010/11 FOR IMPROVEMENTS TO THE WINCHESTER HIGH STREET AREA.**

RESOLVED:

That the Report be noted.

**TREASURY MANAGEMENT STRATEGY**

(Report [CAB1785](#) refers)

The above item had not been 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 to allow the Committee to make a recommendation to Council on 19 February 2009.

The Committee noted that Cabinet had considered the Report at its meeting held on 4 February 2009. Cabinet had agreed that due to its late availability, the content of the Report should be noted and the Portfolio Holder for Finance and Efficiency requested to consider its content further and submit comments directly to Council on 19 February 2009.

In introducing the Report and supporting its recommendations, Councillor Allgood drew the Committee's attention to the Council's continued cautious Investment Strategy and in particular to Appendix A of the



Report, to the changes to the Tier 4 Classification Institutions and Requirements. The Report also contained technical details relating to the requirements of the Prudential Code.

The Head of Finance confirmed that the current 5.8% yield from the Local Authorities' Mutual Investment Trust (LAMIT) as shown at paragraph 12.1.3 of the Report, related to the annual dividend receivable. She advised that she would provide information on previous year's dividends outside of the meeting.

**RECOMMENDED:**

**THAT THE REPORT BE NOTED.**

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**MINUTE EXTRACT FROM SOCIAL ISSUES SCRUTINY PANEL**  
**(12 February 2009)**

**HOUSING REVENUE ACCOUNT BUDGET 2009/10**

(Report CAB1797 refers)

The Panel noted that, at its meeting on 4 February 2009, Cabinet had recommended the Housing Revenue Account (HRA) Budget 2009/10 be approved by Council, subject to the comments of the Panel.

The Head of Landlord Services reminded the Panel that it had considered the principles of the budget at its previous meeting held on 10 November 2008. He drew attention to the revisions to the projected rental income to the HRA and also changes to service budgets.

Mr Rickman referred to TACT's comments at paragraph 9 and reiterated tenants' discontent at the high levels of negative subsidy faced by the Council and the likely impact that this would have on service levels. TACT appreciated that this was no fault of the Council, but for this reason, TACT was unable to endorse the Report.

The Panel supported TACT's concerns and their continued lobbying to seek improvement to the situation.

**RECOMMENDED:**

**THAT THE HOUSING REVENUE ACCOUNT REVISED BUDGET PROPOSALS FOR 2008/09 AND BUDGET FOR 2009/10, AS DETAILED IN APPENDIX 1 OF THE REPORT, BE ENDORSED.**