

COUNCIL

18 February 2010

EXTRACTS FROM MINUTES OF PRINCIPAL SCRUTINY COMMITTEE – 8  
FEBRUARY 2010

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.

**Appendix A****EXTRACTS FROM MINUTES OF PRINCIPAL SCRUTINY COMMITTEE – 8  
FEBRUARY 2010****718. BUDGET AND COUNCIL TAX 2010/11**  
([Report CAB1964 refers](#))

The Committee noted that this Report had not been notified for inclusion within the statutory deadline. The Chairman agreed to accept this item onto the agenda, as an item requiring urgent consideration, in order that the matter could be discussed prior to its consideration by Council on 18 February 2010.

The Committee noted that the Report had been considered by Cabinet at its meeting held on 3 February 2010, and had been recommended for approval as set out, with the level of Council Tax for City Council services being set at £126.27 for Band D.

Councillor Allgood explained that the budget proposals had been consulted with the various bodies as set out in Paragraph 1.5 of the Report. He drew attention to those areas of the budget that had changed since the General Fund Budget consultation report. These included growth bids for fees for external advice to support the Silver Hill scheme, for grants for the Hampshire Games and also a projection of the potential compensation for loss of income from the refurbishment of River Park Leisure Centre.

Councillor Allgood also drew attention to the significant decrease in the forecast net interest receivable to the Council, when compared to recent years, to £247,000 in 2010/11. The Budget had also been achieved by keeping the increase in the recommended level of Council Tax to a minimum – an increase of 1.5%.

Councillor Beckett apologised for the late availability of the Report. He explained that this had been largely due to the necessary last minute changes to the Capital Programme from revisions to projected capital receipts from the Silver Hill Scheme, which then consequently impacted on the revenue budget. Officers had undertaken much last minute work to revise projections accordingly.

The Committee referred to each section of the Report and the appendices, and Councillors Allgood and Beckett and officers responded to a number of detailed questions.

Councillor Allgood clarified that the level of the potential Local Public Service Agreements (LPSA) performance reward grant to the Council was unknown at this time and some of it might be 'top sliced' at County level.

The Head of Finance confirmed that the Major Investment Reserve (MIR) had not been utilised to balance the revenue budget, but only applied to specific one-off expenditure items.

(i) Appendix D1 – Growth Pressures – Increased Expenditure (page 7)

The Head of Finance explained that with regard to Item 1 - NNDR Review, this was a new provision that had been required due to the five yearly review of Council owned property valuations. The Corporate Director (Governance) confirmed that the revaluations had generally been higher than had been expected and although they could be appealed, the results were likely to take a considerable time.

Councillor Beckett acknowledged the growth figure proposed at Item 2 – New Park and Ride. He reminded the Committee that the Council was responsible for the operation of and revenue collection from the new facility and that the associated costs had been estimated until further work had been done recently. It was inevitable that some costs would only be finalised towards the end of the project.

Councillor Allgood stated that Items 4 and 5 (Technical and Systems Accountants) were prudent investments and were required to further improve the Council's financial management arrangements. These improved systems were likely to, in time, generate efficiencies in working procedures.

Councillor Beckett clarified that Cabinet had recently asked that officers investigate the validity of the Citizen's Panel in measuring the impact of the Council's work on residents. However, no decision was likely to be made for the time being on any potential replacement. Therefore, the corresponding budget line (Item 7) would remain.

Councillor Allgood advised that the consideration of potential Planning Shared Services (Item 9) had not proceeded as agreement on a way forward had not been reached with other authorities.

The Chief Executive confirmed that Winchester had not recently participated in the Hampshire Games (Item 13) possibly due to conflicting priorities last year, and not necessarily due to resource pressures resulting from vacancy management.

(ii) Appendix E1 – Increased Income

Councillor Beckett confirmed that with regard to floral decorations in the City (Item 9), potential contributors would include the Business Improvement District (BID).

He also explained that the impact of the new Park and Ride site on the revenue from other City Centre car parks would be monitored (Item 13). Councillor Beckett confirmed that there were no current plans to further increase car-parking charges in 2010/11.

(iii) Appendix E2 – Expenditure Savings

Councillor Allgood explained that the Councillor Godfrey (Portfolio Holder for Performance and Organisational Development) had reported to him that efficiencies could be sustained from migrating outbound mail to TNT from the Royal Mail (Item 30).

The Corporate Director (Governance) clarified that the deletion of the posts identified (HR and legal officers) at Items 27 and 28 were currently vacant and officers would manage priorities within teams accordingly.

Councillor Allgood stated that he recognised that use of the Mayoral car (Item 33) required flexibility, especially as some Mayors lived some distance from Winchester. However, he was confident that the identified savings as could be accommodated without compromising the importance of the Mayoralty in the District.

With regard to Item 46, the Head of Finance advised that this figure for the review of Leisure Centre arrangements had previously been estimated. Although the corresponding savings were less than had previously been predicted, she was satisfied that this figure was now more accurate.

Councillor Beckett stated that in respect of Item 60, Parking Services Operational savings, further detail would be supplied to members by e-mail. He was also confident that there would be adequate provision for patrolling of controlled parking areas throughout the District.

(iv) Appendix E3 – Supplementary Approvals

With regard to the approved savings from Car Parking, Councillor Beckett stated that officers had tested the associated estimated projections. He stated that although there may be some consequential loss to car park income over time from the new Park and Ride, there was also likely to be associated benefits from improved access to Winchester's businesses.

(v) Appendix J - Collection Fund (Provisional)

The Head of Finance confirmed that there was a 'positive cashflow' from the Council's collection of precepts, from which it earned some interest income. There was a statutory period whereby the Council had to transfer the funds to the associated bodies.

At conclusion of debate, some Members had reservations as to whether all the identified savings in the budget could be achieved, but it was noted there was a contingency of £128,000. The impact of borrowing for the Capital Programme would have an impact on the Minimum Revenue Provision (MRP) in the Revenue Budget in the future. There was also some concern that the potential of loss of income from town centre car parks due to use of the new Park and Ride facility may have not been fully evaluated. It was also noted that there continued to be a number of objectives for the Council to achieve, but with less officer resources.

**RECOMMENDED:**

**THAT, SUBJECT TO THE OBSERVATIONS OF THE COMMITTEE AS DETAILED ABOVE, THE REPORT BE NOTED.**

719. **CAPITAL PROGRAMME 2009/10 TO 2013/14**  
([Report CAB1963 refers](#))

The Committee noted that the Report had been considered by Cabinet at its meeting held on 3 February 2010 and had been recommended for approval as set out. Cabinet had agreed to consider prioritisation of the deferred list in a future report.

With regard to the proposal for a Property Acquisition & Development Budget, Councillor Beckett he explained that that the assets to be considered for acquisition via the Budget were those which would assist the Council in achieving its corporate priorities., The financial viability of each potential scheme would need to be demonstrated and schemes would only go ahead if they were also likely to generate revenue to the Council. The yield would be considered. By way of an example, he drew attention to the securing of the head lease of the West Wing for the Council's office use, which had offered significant savings over time.

Councillor Allgood acknowledged that capital works at Abbey Mill were costly but were associated with urgent maintenance required to secure the historic building.

During discussion, the Corporate Director (Governance) clarified that proposals within the Capital Programme for the refurbishments of Abbey Mill and Hyde Historic Resources Centre were not considered as investments under definitions in the Investment Strategy in CAB1960. They were, rather, necessary works to the asset or to meet the requirements of a prospective tenant. They were justified under the Council's powers relating to maintenance of listed buildings, economic development or improvement of its area, for example. The Property

Acquisition & Development Budget would be subject to the same approach. He also pointed out that such schemes may require timely action by officers (and decisions by Cabinet) and, therefore, the ability to draw upon the budget without awaiting Council authorisation for supplementary estimates was likely to place the Council in a favourable position in its negotiations.

Councillor Beckett advised that the £150,000 originally specified for the Winchester High Street improvements (which had previously been listed as of urgent priority), was now no longer required at this time, as work on The Square (for which the money had been targeted for) was dependant on progress by the County Council. The programme of works for this project had been subsequently revised.

With regard to the deferred capital projects as listed at Appendix C of the Report, the Chief Executive advised that some projects would have to be re prioritised by officers accordingly. During debate, it was suggested that these projects should therefore be listed in order of priority.

During discussion, the Committee referred to Capital Financing Requirement (CFR) for items in the Capital Programme and their associated potential impact on the Revenue Budget. It was noted that the treatment of specific CFR items in the Capital Programme should be supported by demonstrable value for money in the financial appraisal.

At conclusion of debate, the Committee discussed the proposals with regard to the proposed Property Acquisition & Development Budget. Whilst generally in support of the principle of borrowing to finance the Council's priorities where the scheme would also generate a return, it was agreed to recommend to Council that a report should be brought to Principal Scrutiny Committee (in addition to Cabinet), for its consideration, before the capital expenditure was approved for those potential schemes of more than £1million.

**RECOMMENDED:**

- 1. THAT, SUBJECT TO THE OBSERVATIONS OF THE COMMITTEE AS DETAILED ABOVE, THE REPORT BE NOTED.**
- 2. THAT THE PROPOSAL TO ESTABLISH A PROPERTY ACQUISITION & DEVELOPMENT BUDGET BE APPROVED, SUBJECT TO A REQUIREMENT FOR CABINET TO CONSULT PRINCIPAL SCRUTINY COMMITTEE , BEFORE APPROVAL OF CAPITAL EXPENDITURE FOR POTENTIAL SCHEMES OF MORE THAN £1 MILLION.**

720. **TREASURY MANAGEMENT STRATEGY**  
([Report CAB1960 refers](#))

The Committee noted that this Report was not notified for inclusion within the statutory deadline. The Chairman agreed to accept this item onto the agenda, as an item requiring urgent consideration, in order that the matter could be discussed prior to its consideration by Council on 18 February 2010.

The Committee noted that the Report had been considered by Cabinet at its meeting held on 3 February 2010 and had been recommended for approval as set out.

During discussion, it was suggested the Committee was likely to benefit from more guidance in due course on its expanded role in the scrutiny of the Council's Treasury Management functions. Some training had already been provided and the Head of Finance agreed to consider whether additional wording could be added to the Treasury Management Practices.

**RECOMMENDED:**

**THAT, SUBJECT TO THE OBSERVATIONS OF THE  
COMMITTEE AS DETAILED ABOVE, THE REPORT BE NOTED.**

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