

REPORT TITLE: EXTRACT OF MINUTES – THE OVERVIEW AND SCRUTINY
COMMITTEE HELD 13 FEBRUARY 2017

23 FEBRUARY 2017

REPORT OF THE PORTFOLIO HOLDER FOR PROFESSIONAL SERVICES

Contact Officer: David Blakemore 01962 848217, dblakemore@winchester.gov.uk

WARDS: ALL

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Appendix A to this report sets out an extract from the minutes of The Overview and Scrutiny Committee held 13 February 2017 for the consideration of Council.

RECOMMENDATION:

That Council considers the matters set out in the attached minute extract.

Appendix A**EXTRACT OF MINUTES****THE OVERVIEW AND SCRUTINY COMMITTEE****13 February 2017****1. MEDIUM TERM FINANCIAL STRATEGY, BUDGET AND COUNCIL TAX 2017/18**

(Report CAB2896 refers)

Councillor Godfrey introduced the Report which outlined the General Fund Budget and Council Tax proposals for 2017/18, including movements in reserves, and the proposed Capital Programme for the period 2021/22 which had previously been considered by Cabinet at its meeting on 8 February 2017. He drew the Committee's attention to the Council's Efficiency Plan for 2016-2020 which included four key themes to form the basis of the Council's medium term financial planning, as set out in the Report.

Councillor Godfrey emphasised that Government Grants were expected to reduce by £1.4million in 2017/18. This financial gap had been absorbed by prudent financial planning, including an enhanced investment strategy. However, in order to continue the provision of the Council's services and submit a balanced budget for 2017/18, a proposed increase to Council Tax at the rate of £4.34 per annum (based on an average Band D property), was forecast for 2017/18.

Councillor Godfrey made reference to the General Fund Revenue Medium Term Forecast, as set out in Appendix B to the Report which provided a simplistic and indicative guide of the Council's financial forecast over the next four year period. It was noted that the main purpose of the Efficiency Plan was to guide the Medium Term Financial Strategy (MTFS) which would feed into the budget and steer project business cases to deliver effective planning over the longer term.

In response, Members raised a number of questions and answers were received thereon, as summarised below:

Members expressed concern regarding the planning principles used in the budget and the risks set out in the risk management plan and queried how this would be monitored to ensure that savings were delivered in the current year. In response, Councillor Godfrey outlined that this report provided a proposal for budgeting and that a number of strands of work and plans had been put in place for significant savings to be made to support budget proposals but that it was not appropriate to provide a high degree of detail within the report. An extended view of the Council's position had been increased from three to five years which provided an enhanced understanding

of the forecast and challenges over this planned period. However, it was reported that projections predicting too far in advance would prove futile.

In addition, Councillor Godfrey stated that at this time the Council would continue to assume that house building would continue at no more than planned rate and that New Homes Bonus would continue for a short while, although not necessarily beyond 2020. Provision had to be made for this funding should changes to Government legislation occur and the scenario planning, outlined on page 13 of the report, set out the assumptions based on the best and worse case scenarios.

In addition, several Members considered there to be an over-reliance on an unrealistic Capital Programme which they believed relied heavily on the development of Station Approach and placed a high degree of risk on the MTFs and thus, the Efficiency Plan. Councillor Godfrey drew Members' attention to the indicative diagram (set out in page 12 of the report) setting out the four elements of the Efficiency Plan. In addition, he referred to other areas of efficiencies such as transformation of service, improved practices and services, shared practices, opportunities of increasing interest earned from cash holdings to ensure financial and economic growth and progress with investment in the City to create employment opportunities (which in turn would generate residents to buy into the Council's services).

A Member indicated that in previous years a list of growth items had been provided of what would and would not be achievable across all sections in order to come forward with efficiency savings. The Corporate Director (Professional Services) clarified that all Managers had considered how savings and efficiencies could be made whilst delivering the same services for less money and were fully aware of the challenges to achieve this.

Concern was expressed regarding the high turnover of staff, especially within Planning where it was believed that pay grades were not consistent with those offered by neighbouring authorities. The Chief Executive stated that attracting and retaining a knowledgeable workforce was crucial to the continued success of the Council and that any adjustments required in this area would be brought forward for Members' consideration in due course.

The significant differences between Government settlements between rural Districts (e.g. Winchester) and urban authorities were highlighted. However, it was considered that Winchester had not been treated any differently by the Government in comparison with other similar authorities.

The Committee referred to the levels of Business Rate appeals which remained pending and noted that work was on-going at the Valuation Office. Members noted that a provision of 6.8% of Business Rate income had been set aside for all possible appeals but expressed concern that detailed information on the number and likely value of appeals remained unavailable. The Corporate Director (Professional Services) advised he would contact the Valuation Office on this matter and feedback any update to Members accordingly.

Prior to the consideration of the report recommendation, the meeting was adjourned to determine Councillor Gottlieb's voting rights as a Deputy Member. It was agreed that he was acting as a Deputy Member and could therefore vote.

Following debate, the revised recommendation, as set out below, was agreed to be put to Council.

RECOMMENDED:

THAT THE FOLLOWING BE DRAWN TO THE ATTENTION OF COUNCIL:

THAT, THE OVERVIEW AND SCRUTINY COMMITTEE DOES NOT SUPPORT THE MEDIUM TERM FINANCIAL STRATEGY IN ITS CURRENT FORM AND REQUESTS THAT CABINET COME BACK WITH A REVISED PLAN OUTLINING CLEAR PROPOSALS FOR SAVINGS, EFFICIENCIES AND INCOME INCREASES THAT DELIVER A BREAK-EVEN BUDGET OVER THE NEXT THREE YEARS, WITHOUT RELYING ON SPECULATIVE INVESTMENT AND UNREALISTIC INCOME ASSUMPTIONS FROM THE CAPITAL PROGRAMME.

2. TREASURY MANAGEMENT STRATEGY 2017/18

(Report CAB2898 refers)

The Chairman welcomed to the meeting Andrew Bouflower from Hampshire County Council's Investment and Borrowing team. Mr Bouflower introduced the Report which set out the framework to manage the Strategy, including the proposed Treasury Management Strategy, the Annual Investment Strategy, the Prudential Indicators and the Minimum Revenue Provision Policy Statement for the Council for 2017/18, previously considered by Cabinet at its meeting on 8 February 2017 and he answered Members' questions thereon.

Councillor Godfrey highlighted the importance of the Strategy which had been revised following consideration by the Audit Committee.

RECOMMENDED:

THAT, WITH NO SPECIFIC MATTERS TO DRAW TO THE ATTENTION OF COUNCIL, THE TREASURY MANAGEMENT STRATEGY 2017/18 BE NOTED.

3. **HOUSING REVENUE ACCOUNT BUDGET 2017/18 AND BUSINESS PLAN 2017/2047**
(Report CAB2893(HSG) refers)

Councillor Horrill introduced the Report previously reviewed by Cabinet (Housing) Committee at its meeting on 1 February 2017, with input by TACT representation, setting out the proposed HRA Budget for 2017/18. During Autumn 2016, a number of Member briefings had taken place which had highlighted various HRA topics and had helped to influence the budget. She emphasised that the Housing Team had participated fully in the process which had helped to provide an understanding of what changes were appropriate to deliver a clear direction of expectations of the Housing Team in this budget. The Assistant Director (Chief Housing Officer) advised that the shortfalls previously recognised had now been addressed and as a result the Report contained a sustainable long term Business Plan. He referred Members to the detailed appendices set out in the Report and answered questions thereon.

In response to Members' questions regarding Higher Value Net Sales, Councillor Horrill confirmed that further guidance was expected on what constituted "Higher Value". However, it was expected that this would reflect each Local Authority's different circumstances.

The Assistant Director (Chief Housing Officer) outlined that the Council would fully deliver its kitchen modernisation programme by March 2017 to meet the Decent Homes Standard. It was noted that bathroom modernisations were not given the same priority, and that in any event some general works would be undertaken as responsive repairs during the lifetime of the bathroom facility. Therefore, no weight had been given to invest in bathroom modernisations within the programme. In addition, the Assistant Director (Chief Housing Officer) reported that 'Pay to Stay' was discretionary for authorities and that officers would investigate the implications of opting to implement 'Pay to Stay' and submit its findings to Cabinet (Housing) Committee in due course.

Whilst the Committee supported the planned increase to garage rents and agreed that costs needed to reflect those levied by neighbouring authorities, it considered that further measures could be taken to reassess the subsidised garage rents for private users, to enable the Council to reinvest in other activities within the HRA.

The Committee noted that, despite the 1% rent reduction programme affecting all the housing stock, the Council was still able continue its building programme and had managed to deliver a positive outcome in Winchester.

RECOMMENDED:

THAT, WITH NO SPECIFIC MATTERS TO DRAW TO THE ATTENTION OF COUNCIL, THE HOUSING REVENUE ACCOUNT BUDGET FOR 2017/18 AND THE BUSINESS PLAN 2017/2047 BE NOTED.