

COUNCIL

22 FEBRUARY 2018

EXTRACT OF MINUTES OF CABINET HELD 14 FEBRUARY 2018

REPORT OF THE DEMOCRATIC SERVICES MANAGER

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Appendix A to this report sets out draft minutes of Cabinet held 14 February 2018 for the consideration of Council.

RECOMMENDATION:

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

## **Appendix A**

### **Extract from draft minutes of Cabinet held 14 February 2018**

#### **1. MEDIUM TERM FINANCIAL STRATEGY**

(Report CAB3012 refers)

The Chairman introduced the report and emphasised the challenges facing the Council with reducing Government funding. Business rates would become an increasingly important element of the Council's funding streams and the Council remained interested in taking part in a forthcoming Government pilot scheme. The MTFs had been discussed at The Overview and Scrutiny Committee at its meeting on 26 January 2018 and the Portfolio Holder for Finance had agreed to investigate further a number of matters raised.

At the invitation of the Chairman, Councillors Porter, Bell and Thompson addressed Cabinet and their comments are summarised below.

#### **Councillor Porter:**

- Regarding the proposals to transfer HRA garages to the Council's General Fund, queries relating to the ongoing cost of maintaining garages and the importance of use for storage purposes (particularly for residents of flats where storage or larger and/or outdoor items might be limited).
- In relation to the proposals to establish a Housing Company, the possibility of purchasing ex-Council homes should be investigated. In addition, the possible implications of some areas of the District falling within the South Downs National Park and its Local Plan.

#### **Councillor Bell:**

- Recognised the benefits of previous Council garage sites being utilised for new Council homes where appropriate but also the importance of their use in providing additional storage.
- Support for the Smart City proposals and the possibility of utilising mobile apps to provide information for residents and visitors.

#### **Councillor Thompson:**

- Concern that the Strategy did not include a detailed plan going forward over the MTFs period and in particular include measures to address the predicted budget shortfall.
- Concern about the level of savings that would be generated by the digitalisation proposals.
- A request for more information on how the Strategic Asset Purchase Scheme (SAPS) monies were being used.

In response, the Chairman confirmed that a commitment had been made at The Overview and Scrutiny Committee to bring further information on future

proposals as soon as appropriate to do so. . She welcomed support for Smart City proposals and confirmed that the Council would learn from experiences of other local authorities in introducing increased digitalisation of council services.

The Chairman noted comments regarding the future use of garages and stated that a further review of garage costings and rental incomes, including stock condition, would be undertaken. She would investigate the query in relation to the Housing Company and the South Downs National Park.

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

**RESOLVED:**

1. That the medium term financial strategy be approved as set out in the report.
2. That the financial projections shown in Appendix A of the report be noted.

2. **TREASURY MANAGEMENT STRATEGY 2018/19**  
(Report CAB3013 refers)

Cabinet noted that the report had been considered by The Overview and Scrutiny Committee at its meeting on 29 January 2018 (Report OS190 refers).

The Corporate Head of Resources drew Members' attention to minor corrections to the Report's recommendations which were agreed as set out below.

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

**RECOMMENDED:**

1. **THAT THE TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS) AND ANNUAL INVESTMENT STRATEGY FOR 2018/19 (AND THE REMAINDER OF 2017/18) BE AGREED INCLUDING:**
  - **ANNUAL BORROWING STRATEGY 2018/19 (SEE PARAGRAPH 13 OF THE REPORT);**
  - **PRUDENTIAL INDICATORS 2018/19 TO 2020/21 (SEE APPENDIX C OF THE REPORT);**
  - **MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT (SEE APPENDIX D OF THE REPORT).**

2. THAT AUTHORITY BE DELEGATED TO THE SECTION 151 OFFICER, WHO IN TURN DELEGATES TO HAMPSHIRE COUNTY COUNCIL'S DIRECTOR OF CORPORATE RESOURCES, AS AGREED IN THE SERVICE LEVEL AGREEMENT, TO MANAGE ALL COUNCIL INVESTMENTS (OTHER THAN THE HIGH YIELD INVESTMENT PORTFOLIO) ACCORDING TO THE RISK ASSESSMENT PROCESS IN THE INVESTMENT STRATEGY AS APPROPRIATE.
3. THAT ON AN ANNUAL BASIS REGARDING MIFID II REGULATION, THE ELECTIVE PROFESSIONAL STATUS OF THE COUNCIL IS MAINTAINED, AND THAT, IN ELECTING FOR PROFESSIONAL CLIENT STATUS, IT ACKNOWLEDGES AND AGREES TO FORGO THE PROTECTIONS AVAILABLE TO RETAIL CLIENTS ATTACHED AT APPENDIX E TO THE REPORT.

3. **CAPITAL STRATEGY**  
(Report CAB3014 refers)

Cabinet noted that the Strategy had been considered by The Overview and Scrutiny Committee at its meeting on 29 January 2018 (Report OS191 refers). The Chairman emphasised that the programme included a significant amount of investment which would be funded from different sources, including borrowing.

At the invitation of the Chairman, Councillors Porter and Prince addressed Cabinet as summarised below.

Councillor Porter:

- The Opportunities column of the Risk Management table of the report could be further explored and its contents expanded. For example, the "Reputation" section should include some mention of the potential impact to the Council of various proposed capital schemes.
- The Capital Programme was heavily weighted towards 2018/19 of the 10 year period;
- Proposals for future costs of the existing Leisure Centre should be included;
- The detailed recommendation 2 of the report should have been included in a separate Cabinet report as it was not part of a Strategy document.

Councillor Prince:

- Concern that focus on expenditure on projects in 2018/19 (for example the new Leisure Centre) could compromise other projects (such as Station Approach and Central Winchester Regeneration) which were not specifically included in the Strategy.

The Chairman stated that she would ask Councillor Ashton to respond to Councillor Prince's point directly. Suggestions for improvements to the risk section of the report would be considered further. It was highlighted that it was not appropriate for the Strategy to include speculative expenditure for projects that had not yet been approved.

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

**RECOMMENDED:**

- 1. THE CAPITAL PROGRAMME AND CAPITAL PROGRAMME FINANCING (APPENDICES A AND B TO THE REPORT) BE APPROVED.**
- 2. THAT, IN RESPECT OF THE WINCHESTER SPORTS & LEISURE PARK AND AS DETAILED IN SECTION 11, THE FOLLOWING BE APPROVED:**
  - a) TO TRANSFER UP TO £750,000 REVENUE EXPENDITURE TO CAPITAL AND TO REPROFILE £750,000 OF THE CAPITAL BUDGET ORIGINALLY PROFILED TO 2018/19 TO 2017/18 UNDER FINANCIAL PROCEDURE RULE 7.10; AND**
  - B) EXPENDITURE OF THIS BUDGET BE APPROVED UNDER FINANCIAL PROCEDURE RULE 6.4.**

**RESOLVED:**

- 3. That under Financial Procedure Rule 6.4 expenditure for the following budget items be approved:**
  - a) The Asset Management Plan (£200,000 annually) as detailed in paragraph 10.6.3 of the Report; and**
  - b) The IMT equipment and software expenditure (£195,000 in 2018/19) as detailed in paragraph 10.7.6 of the Report.**

4. **GENERAL FUND BUDGET 2018/19**

(Report CAB3011 refers)

Cabinet noted that the Report included the Winchester Town Forum budget which had been considered at the Forum meeting on 24 January 2018. In addition, the matter had been considered at The Overview and Scrutiny Committee at its meeting on 26 January 2018 (Report OS188 refers).

The Chairman highlighted key elements of the proposed budget, including the proposed below inflation increase in Council Tax of 2.9%  
Cabinet agreed to the following recommendation to Council for the reasons set out above and outlined in the Report.

**RECOMMENDED:**

1. **THAT THE LEVEL OF GENERAL FUND BUDGET FOR 2018/19 BE AGREED AND THE SUMMARY AS SHOWN IN APPENDIX A BE RECOMMENDED.**
2. **THAT THE POLICY AS PREVIOUSLY AGREED BY THE COUNCIL ON 14 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 £927,735 BE TREATED AS SPECIAL EXPENSES UNDER SECTION 35 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 IN RESPECT OF THE WINCHESTER TOWN AREA (APPENDIX D REFERS).**
3. **THAT THE COUNCIL TAX FOR THE SPECIAL EXPENSES IN THE WINCHESTER TOWN AREA AT BAND D FOR 2018/19 BE INCREASED TO £67.17.**
4. **THAT THE BALANCE ON THE COLLECTION FUND FOR DISTRIBUTION TO THIS COUNCIL, CALCULATED IN JANUARY 2018 OF £67,332 FOR COUNCIL TAX, BE APPROVED.**
5. **THAT THE LEVEL OF COUNCIL TAX AT BAND D FOR CITY COUNCIL SERVICES FOR 2018/19 BE INCREASED TO £138.92.**
6. **THAT THE COUNCIL TAX REQUIREMENTS PER PARISH AREA, LISTED IN APPENDIX E OF THE REPORT BE NOTED.**
7. **THAT ADDITIONAL ONE-OFF PROJECT BUDGETS OF**

**£0.915M OVER 2018/19 AND 2019/20, AND A SUPPLEMENTARY BUDGET ESTIMATE OF £0.035M IN 2017/18 BE APPROVED, TO BE FUNDED BY THE FORECAST 2017/18 GENERAL FUND REVENUE UNDERSPEND OF £1M.**

- 8. THAT A PROJECT BUDGET OF £0.25M TOWARDS MOVEMENT STRATEGY OUTCOMES BE APPROVED, TO BE FUNDED FROM THE COMMUNITY INFRASTRUCTURE LEVY EARMARKED RESERVE.**
- 9. THAT IT BE NOTED THAT FEES AND CHARGES HAVE BEEN REVIEWED TAKING INTO CONSIDERATION BENCHMARKING, RUNNING COSTS AND INFLATION.**

**5. HOUSING REVENUE ACCOUNT (HRA) 2018/19 BUDGET AND BUSINESS PLAN**

(Report CAB3016(HSG) refers)

Cabinet noted that the Report had been considered by Cabinet (Housing) Committee on 31 January 2018 where the recommendations had been supported and the minutes of which were included elsewhere on the agenda (Report CAB3026 refers). The matter had also been discussed at The Overview and Scrutiny Committee at its meeting on 26 January 2018 (Report OS192 refers).

The Chairman thanked members of TACT for their support.

One Member emphasised that the proposals included a reduction in Council house rents whilst ensuring existing housing stock was maintained to a decent standard.

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

**RECOMMENDED:**

- 1. THAT THE 2018/19 HOUSING REVENUE ACCOUNT BUDGET AND THE FINAL FORECASTS FOR 2017/18 AS DETAILED IN APPENDICES 1 AND 2 TO THE REPORT BE APPROVED.**
- 2. THAT THE HRA CAPITAL PROGRAMME FOR 2017/18 TO 2027/28 AS SET OUT IN APPENDICES 3 AND 4 TO THIS**

**REPORT BE APPROVED.**

- 3. THAT THE PROPOSED FUNDING FOR THE HRA CAPITAL PROGRAMME AS DETAILED IN APPENDIX 5, INCLUDING THE BORROWING REQUIRED FOR 2017/18, BE APPROVED. ALSO, THAT MEMBERS APPROVE THE USE OF FUNDING PREVIOUSLY SET ASIDE FOR THE GOVERNMENT RIGHT TO BUY LEVY TOWARDS THE NEW BUILD PROGRAMME UNTIL SUCH TIME AS ANY NEW POLICY ANNOUNCEMENTS ARE MADE.**
- 4. THAT THE COUNCIL COMMENCES A PROGRAMME OF TRANSFERRING GARAGES FROM THE HRA TO THE GENERAL FUND FROM APRIL 2018 OVER A PERIOD OF FOUR YEARS, THE CONSIDERATION FOR EACH GARAGE SITE TO BE DETERMINED BY INDEPENDENT VALUERS.**
- 5. THAT AUTHORITY BE GIVEN TO INCUR CAPITAL EXPENDITURE OF £7.401M FOR THE MAINTENANCE, IMPROVEMENT AND RENEWAL PROGRAMME AS DETAILED IN THE REPORT AND APPENDIX 3 TO THE REPORT, IN ACCORDANCE WITH FINANCIAL PROCEDURE RULE 6.4 (NOTING THAT WITHIN THIS, FOR ANY SCHEMES IN EXCESS OF £100,000 A FINANCIAL APPRAISAL WILL BE APPROVED IN ACCORDANCE WITH THE SCHEME OF DELEGATIONS).**
- 6. THAT THE HRA BUSINESS PLAN OPERATING ACCOUNT EXTRACT AS DETAILED IN APPENDIX 6 IS NOTED AND THAT FORECAST WORKING BALANCES ARE APPROVED.**

**RESOLVED:**

7. That garage rents are increased to £10.32 per week for council house tenants, £13.50 for private garage tenants and leaseholders and £15.60 for City Centre garages with effect from 2 April 2018, the increases broadly in line with RPI of 3.9% as at September 2017.

8. That the Corporate Head of Housing, in consultation with the Strategic Director (Resources), Leader and Portfolio Holder for Housing Services, be given delegated authority to make adjustments within the overall Maintenance, Improvement and Renewal programme as set out in Appendix 3 to the report, including the flexibility to substitute projects and re-balance expenditure within and between the different elements/schemes in order to meet operational needs, changing priorities and commitment targets, with any changes being reported to Committee at the earliest opportunity.