

COUNCIL

25 February 2016

EXTRACT OF MINUTES OF CABINET HELD 18 FEBRUARY 2016

REPORT OF THE DEMOCRATIC SERVICES MANAGER

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

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Appendix A to this report sets out extracts from the minutes of Cabinet held 18 February 2016 for the consideration of Council.

RECOMMENDATION:

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

Appendix A

Cabinet Minute Extract – 18 February 2016

1. **BUDGET AND COUNCIL TAX 2016/17**

(Report CAB2763 refers)

**MINUTE EXTRACT FROM WINCHESTER TOWN FORUM HELD 20
JANUARY 2016**

(Report CAB2778 refers)

Cabinet noted that Report CAB2763 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 enable the Report to be considered prior to The Overview and Scrutiny Committee and Council.

The Chairman stated that since the budget was last considered at Cabinet, the Department for Communities and Local Government (DCLG) had announced the final finance settlement for 2016/17. The provisional settlement proposed a 42.5% reduction on the current year, but additional transitional grant and rural support grant had been made available, which resulted in a reduction of approximately 34% in 2016/17 (which equated to approximately £600,000). This change was reflected in the above Report.

The Chairman drew Members' attention to matters relating to Business Rate retention, as outlined in Paragraph 3.7 of the Report. Previous Council forecasts had been negatively affected by an increase in valuation appeals and the Council had been required to make significant provision for a likely reduction in Business Rate income of approximately £3 million. This was reflected in the Report which also took a prudent approach to estimates for future years.

As a result of changes to the Rate Support Grant, Business Rate retention and the New Homes Bonus, Cabinet were proposing an increase in Council Tax of approximately £5 per annum, as set out in the Report's recommendations. Work would continue on ways to reduce the Council's expenditure. The current numbers and skills of the Council's workforce were being examined and the possibility of employing temporary staff to support the Projects Team in delivery of schemes would be examined. The Chairman reported that currently no increase in Members' Allowances was proposed for 2016/17. However, a review would be undertaken later in 2016, following the reduction in the number of Councillors from 57 to 45 in May 2016 and any changes in roles.

The Chairman stated that it was not yet known the impact of any devolution deal on the future retention of business rates.

The Chief Finance Officer drew Members' attention an Addendum with revisions to the Report which had been circulated at the meeting. Since the Report was issued, the figures relating to the Collection Fund had been

updated to reflect the accounting timing for annual adjustments relating to the financial years 2014/15 and revised estimate 2015/16. The overall net effect for the period was £76,415 favourable which resulted in a higher Major Investment Reserve balance. The revised recommendations were circulated, together with revised pages of the Report, indicating revisions as tracked changes. The Chairman accepted the Addendum as a late item which was necessary to enable the Budget and Council Tax for 2016/17 to be considered. The Chief Finance Officer advised that consequential amendments would be required to various Appendices and revised copies of these, together with a revised report, would be submitted to The Overview and Scrutiny Committee and Council.

In response to questions, the Chief Finance Officer confirmed that payment of precepts to parishes was made in two tranches, as set out in the guidelines. Half was paid in the first week of April with the balance paid before the end of September.

With regard to Appendix A of the Report, one Member queried what measures would be undertaken to reduce the risk to the Council highlighted in Risk Number CR3 (Programme Management and Major Projects). The Chairman stated that the possibility of employing additional temporary specialist staff would be examined, together with consideration of the financial models for delivery of each project. The Chief Executive advised that the capacity of teams, together with the Council's overall capacity, was also addressed in Report CAB2779 which would be considered later in the meeting.

In response to questions, the Chief Executive advised that following the departure of the Active Welfare Officer, the Council had adopted its usual approach to vacancy management.

At the invitation of the Chairman, Councillor Thompson addressed Cabinet and, in summary, stated that the Liberal Democrat Group would have taken a different approach to the budget by being more ambitious and not allocating so much to reserves. She believed that the Council could have invested in Solar PV Panels and achieved returns on this investment. In addition, she criticised the decision to fund £150,000 of improvements to the Casson Block from the Town Access Plan funds as she believed these funds were essential to seek traffic management improvements to raise air quality in the Town area. Finally, she expressed concern that the budget did not include provision for improving scrutiny or public consultation which were both highlighted in the Independent Review report.

In response to questions, the Chief Finance Officer advised that there was not much detail available from the Government regarding the offer of a four year settlement (to 2019/20). The Chairman noted that a four year settlement might allow the Council more certainty but that it would be required to develop an 'efficiency plan' to be submitted along with the application.

Cabinet noted that the recommendations of the Winchester Town Forum at its meeting on 20 January 2016 (Report CAB2778 refers) had been taken into

account in Report CAB2763. The Chairman requested that the Forum consider ways in which it could reduce expenditure in future years.

The Chief Finance Officer confirmed that due to timing, it had not been possible to consider the impact of the Report CAB2780's proposals on the proposed purchase of Milford House and Gordon Watson House (elsewhere on this agenda) on either the Council's Budget and Treasury Management Strategy. It was necessary that this be considered prior to The Overview and Scrutiny Committee and Council and an additional recommendation was agreed to this effect.

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

RECOMMENDED:

1. THAT THE REVISED ESTIMATE FOR 2015/16 BUDGET AS SET OUT IN PARAGRAPH 2 BE APPROVED.

2. THAT MEMBERS CONSIDER THE LEVEL OF GENERAL FUND BUDGET FOR 2016/17 AND MAKE RECOMMENDATIONS FOR THE FOLLOWING:

	<u>2016/17</u>
	<u>£</u>
<u>General Fund Cost of Services</u>	19,651,632
Deficit on Trading Accounts	400,598
Other Operating Income & Expenditure (Parish Council Precepts)	2,521,258
Financing & Investment Income & Expenditure	(2,361,770)
Adjustments between accounting basis & funding basis under Regulations	(2,335,000)
Appropriations to / (from) other earmarked reserves	(2,073,759)
Collection Fund Adjustment Account deficit	2,377,872
Council Tax Support Grant to Parishes	154,089

<u>Net Budget Requirement (incl. Parish Council Precepts)</u>	<u>18,335,151</u>
<u>Less:</u>	
Non-ring fenced Government Grants	(4,424,744)
Non-domestic Rates Income and Expenditure	(3,927,538)
Capital Grants and Contributions	(500,000)

<u>Council Tax Requirement (incl. Parish Council Precepts)</u>	<u>9,482,869</u>
<u>Comprising:</u>	
Aggregate of Special Expenses (Winchester Town)	842,607
Winchester City Council – General Expenses	6,119,005
<u>Council Tax Requirement for billing authority</u>	<u>6,961,611</u>
Aggregate of Parish Council precepts	2,521,258
<u>Council Tax Requirement (incl. Parish Council Precepts)</u>	<u>9,482,869</u>
<p>3. THAT THE CHANGES PROPOSED TO THE BUDGET BE APPROVED, AS SET OUT IN APPENDIX D.</p> <p>4. THAT THE CAPITAL PROGRAMME AND FINANCING FOR 2015/16 TO 2020/21 BE APPROVED, AS SET OUT IN APPENDICES E AND G.</p> <p>5. 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 £842,607 BE TREATED AS SPECIAL EXPENSES UNDER SECTION 35 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 IN RESPECT OF THE WINCHESTER TOWN AREA, APPENDIX J.</p> <p>6. THAT THE COUNCIL TAX FOR THE SPECIAL EXPENSES IN THE WINCHESTER TOWN AREA AT BAND D FOR 2016/17 BE INCREASED TO £63.31.</p> <p>7. THAT THE BALANCE ON THE COLLECTION FUND FOR DISTRIBUTION TO THIS COUNCIL, CALCULATED IN JANUARY 2016 OF £133,903 FOR COUNCIL TAX, BE APPROVED.</p> <p>8. THAT THE DEFICIT BALANCE ON THE COLLECTION FUND FOR DISTRIBUTION FROM THIS COUNCIL IN 2016/17, CALCULATED AT 15 JANUARY 2016, OF £2,511,769 FOR BUSINESS RATES BE NOTED.</p> <p>9. THAT MEMBERS RECOMMEND THE LEVEL OF COUNCIL TAX AT BAND D FOR CITY COUNCIL SERVICES FOR 2016/17 BE INCREASED TO £130.65.</p> <p>10. THAT PARISH COUNCIL TAXES BE NOTED AS IN APPENDIX K.</p> <p>11. IN RELATION TO MEMBERS' ALLOWANCES:</p>	

- A) THAT THE GENERAL INFLATION INDEX IN THE MEMBERS' ALLOWANCES SCHEME BE NOT APPLIED FOR 2016/17.
- B) THAT THE INFLATION INDEX FOR 2016/17 FOR COUNCILLOR MILEAGE RATES BE APPLIED, SO AS TO CONTINUE THE LINK TO HMRC MILEAGE RATES, SHOULD HMRC MAKE ANY ADJUSTMENTS.
- C) THAT FURTHER CONSIDERATION BE GIVEN IN THE 2016/17 FINANCIAL YEAR, TO ASKING THE INDEPENDENT REMUNERATION PANEL TO UNDERTAKE A REVIEW OF THE COUNCIL'S MEMBERS ALLOWANCES SCHEME, TO TAKE ACCOUNT OF ANY CHANGES ARISING FROM THE COUNCIL'S GOVERNANCE ARRANGEMENTS FOLLOWING THE REDUCTION FROM 57 TO 45 MEMBERS.

12. THAT THE IMPACT OF THE REPORT CAB2780'S PROPOSALS ON THE PROPOSED PURCHASE OF MILFORD HOUSE AND GORDON WATSON HOUSE (ELSEWHERE ON THIS AGENDA) ON THE COUNCIL'S BUDGET BE REPORTED DIRECT TO THE OVERVIEW AND SCRUTINY COMMITTEE AND COUNCIL, TOGETHER WITH ANY CONSEQUENT CHANGES

RESOLVED:

That the contents of the minute extract from the Winchester Town Forum held 20 January 2016 be noted and the Winchester Town Forum be requested to consider ways by which expenditure could be reduced in future years.

2. **TREASURY MANAGEMENT STRATEGY 2016/17**
(Report CAB2766 refers)

The Chairman welcomed to the meeting Andrew Bouflower from Hampshire County Council's Investments and Borrowing team.

In response to questions, Mr Bouflower advised that since the previous Strategy, there had been further diversification of the portfolio of investments.

At the invitation of the Chairman, Councillor Power addressed Cabinet and in summary requested that the Strategy be amended to recognise that changes or slippage to the Council's Capital Programme and projects did affect investments and borrowing requirements. Finance requirements should be built into the Capital Investment Programme and be published to improve public understanding and trust. With regard to future proposals for a replacement Leisure Centre, she requested that the project plan be made available to Councillors and the public.

In response, the Chief Finance Officer advised that the Strategy reflected the cash flow predictions of the Capital Budget and Programme. However, it did not take account of delays/failure of projects impacting on the decisions as to

types of investment (for example, investing short-term rather than long-term). The Chairman noted that this related to the Council's future management of projects and did not require any change to the Treasury Management Strategy at this stage.

One Member requested that in future years, the "Risk Management Issues" section of the Report be expanded in accordance with the Council's latest approach to recording risk management issues. It was agreed that this section could include the most significant risks. The Chief Finance Officer advised that this could be done and also that the Treasury Management Practices supported the Strategy and this contained a very detailed risk assessment within TMP1.

The Chief Finance Officer confirmed that due to timing, it had not been possible to consider the impact of the Report CAB2780's proposals on the proposed purchase of Milford House and Gordon Watson House (elsewhere on this agenda) on either the Council's Budget and Treasury Management Strategy. It was necessary that this be considered prior to The Overview and Scrutiny Committee and Council and an additional recommendation was agreed to this effect.

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

RECOMMENDED:

1. THAT THE TREASURY MANAGEMENT STRATEGY (TMS) 2016/17 AS SET OUT IN REPORT CAB2766 BE APPROVED AND IMPLEMENTED FROM THE DATE OF THE COUNCIL MEETING, AND ALSO THE FOLLOWING INDIVIDUAL ITEMS AS INCLUDED IN THE TMS:

- **ANNUAL BORROWING STRATEGY 2016/17 (SEE PARAGRAPH 4);**
- **ANNUAL INVESTMENT STRATEGY 2016/17 (SEE PARAGRAPH 5);**
- **PRUDENTIAL INDICATORS 2016/17 TO 2018/19 (SEE APPENDIX C);**
- **MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT (SEE APPENDIX D).**

2. THAT THE TREASURY MANAGEMENT STRATEGY BE KEPT UNDER REGULAR REVIEW TO TAKE ACCOUNT OF ANY CHANGES IN THE CURRENT GLOBAL ECONOMIC SITUATION.

3. THAT THE IMPACT OF THE REPORT CAB2780'S PROPOSALS ON THE PROPOSED PURCHASE OF MILFORD HOUSE AND GORDON WATSON HOUSE (ELSEWHERE ON THIS

AGENDA) ON THE COUNCIL'S TREASURY MANAGEMENT STRATEGY BE REPORTED DIRECT TO THE OVERVIEW AND SCRUTINY COMMITTEE AND COUNCIL, TOGETHER WITH ANY CONSEQUENT CHANGES.

3. **WINCHESTER CITY COUNCIL – PAY POLICY STATEMENT 2016-2017**
(Report CAB2762 refers)

Cabinet noted the importance of the proposal to further develop a Pay and Reward Policy to enable the Council to attract and retain the appropriate quality of staff.

The Head of Organisational Development confirmed that further to Paragraph 3.3 of the Report, it had been circulated to Personnel Committee Members who had not made any comments on its contents.

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

RECOMMENDED:

THAT THE PAY POLICY STATEMENT BE APPROVED, AS CONTAINED AS APPENDIX 1 TO CAB2762.

RESOLVED:

That a Winchester City Council Pay and Reward Policy be further developed.

4. **PROPOSED PURCHASE OF MILFORD HOUSE AND GORDON WATSON HOUSE, CHRISTCHURCH ROAD, WINCHESTER (LESS EXEMPT APPENDIX)**

(Report CAB2780 refers)

Cabinet noted that the Report 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 enable it to be considered prior to The Overview and Scrutiny Committee on 18 February and Council on 25 February 2016.

Councillor Horrill introduced the Report and confirmed that she was supportive of the proposals as set out and the Shadow Portfolio Holders with responsibility for Housing had also indicated their support. The proposed purchase price could be funded from within the Housing Revenue Account (HRA).

In response to questions, the Head of Estates confirmed that there was potential for expansion on the site. Milford House was an attractive and well-

maintained property which had not experienced any management issues under its current operation by First Wessex. It had not been possible to access the entire interior of Gordon Watson House and the Council's offer would therefore be subject to survey. £250,000 had been included within the Council's appraisal for expenditure if required.

At the invitation of the Chairman, David Chafe stated that the timing of the report had prevented him from seeking comments from other TACT members. However, on initial consideration of the Report, he was personally content with the proposals.

The Assistant Director (Chief Housing Officer) confirmed that the financial appraisals had been undertaken on the "worst case scenario" in relation to likely changes to housing benefit rules which were expected to take effect from April 2018. Based on this and the current level of units, the appraisal remained very positive.

At the invitation of the Chairman, Councillors Tait and Izard addressed Cabinet and their comments are summarised below.

As a local Ward Member, Councillor Tait confirmed that he was not aware of any issues or problems with the properties current management. As an Observer on the Winchester Housing Trust Board he advised that he had spoken with the Trust Chief Executive who had indicated that they might be interested in acquiring the properties. He highlighted potential issues regarding getting best use from the Section 106 housing monies. However, in general he endorsed the Council's aspiration to retain the properties as they provided an excellent facility.

Councillor Izard confirmed the Liberal Democrat Group's support for the proposals as set out in the Report.

In response to questions, the Chief Finance Officer confirmed that due to timing, it had not been possible to consider the impact of the Report's proposals on either the Council's Budget and Treasury Management Strategy. It was necessary that this be considered prior to The Overview and Scrutiny Committee and Council and an additional recommendation was agreed to this effect.

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

RECOMMENDED:

THAT THE REVISIONS TO THE NEW BUILD CAPITAL PROGRAMME SET OUT IN SECTION 5 OF REPORT CAB2780 BE APPROVED.

RESOLVED:

1. That subject to a) the approval of full Council to the revisions to the New Build Capital programme set out in Section 5 of the Report b) the delegated authority to the Head of Estates in Recommendation 2 below, the proposed purchase of the freehold of Milford House and Gordon Watson House be agreed on the terms (and subject to the conditions) detailed in the Report and Exempt Appendix B.
2. That the sources of funding as outlined in the Report and set out in detail in Exempt Appendix B be approved.
3. That the Head of Estates be given delegated authority, in consultation with the Portfolio Holder for Housing and the Assistant Director (Chief Housing Officer), to negotiate a lower purchase price if the Structural or M&E surveys indicate defects that have not already been taken account of in the valuation.
4. That a further report be submitted to the Cabinet (Housing) Committee in March 2016 to approve the management arrangements for the property.
5. That these changes be reflected in the final Budget and Treasury Management Strategy submitted for approval at Council.
6. That approval be given under Financial Procedure Rule 6.4 to the capital expenditure for the project, as set out in Exempt Appendix B.