

COUNCIL

19 February 2015

EXTRACT OF MINUTES OF CABINET – 11 FEBRUARY 2015

REPORT OF THE DEMOCRATIC SERVICES MANAGER

Contact Officer: David Blakemore Tel No: 01962 848217,  
dblakemore@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Appendix A to this report sets out extracts from the minutes from Cabinet held 11 February 2015 for the consideration of Council.

RECOMMENDATION:

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

**Minute Extract from Cabinet held 11 February 2015****1. BUDGET AND COUNCIL TAX 2015/16**  
(Report CAB2647 REVISED refers)

Cabinet noted that a revised version of CAB2647 had been published to take account of the result of the Judicial Review of procurement in respect of the Silver Hill scheme being announced earlier that day (the JR decision). The revised report had not been made available for publication within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration to allow Cabinet to consider the revised contents prior to their further consideration at both The Overview and Scrutiny Committee on 16 February 2015 and Council on 19 February 2015.

Councillor Godfrey clarified that the changes from the original report were all set out in bold text. The risk of the Silver Hill Judicial Review hearing finding against the Council had previously been identified, but the revised report reflected only the immediate impact of the decision on the Council's budget. The revised report assumed there would be no forthcoming receipts or payments in relation to the Silver Hill development, apart from the inclusion of an amount in the capital programme for St Clement's Surgery. The Council would be required to borrow monies to cover the £5 million purchase of King's Walk if the Council did not exercise the "put option", retaining ownership of the land itself, rather than recovering the cost from the proposed developers, Hendersons.

Councillor Godfrey continued that the immediate impact of the JR decision was unlikely to have significant effect on the Council's budget over the next two years, but after this time there would be an income shortfall of approximately £400,000 which had been assumed would be generated from the new car park provided as part of the Silver Hill scheme. The forecast after four years was for an annual £2.5 million deficit.

However, Councillor Godfrey emphasised that the revised report outlined a balanced budget for 2015/16, with no increase in Council Tax or reduction in services. A cautious approach was recommended in relation to Government receipts, in particular the New Homes Bonus and reserves would be maintained. Extra income had been forthcoming from retained Business Rates as a result of a boost in the local economy. Extra funding was proposed to address concerns in relation to the Joint Environmental Services Contract.

The Chairman thanked Councillor Godfrey, Chief Finance Officer and team for their work in producing the revised budget report within such a short time frame.

At the invitation of the Chairman, Councillor Learney highlighted that due to the timing of the JR decision, there had not been sufficient time to analyse the contents of the revised report. However, in general she believed that the

Council was fortunate in being located in an affluent part of the country but was facing a significant financial challenge which should be addressed as a matter of urgency and this need for urgency was increased by the JR decision. The Council would be required to make difficult financial decisions – for example, it was unlikely a new Leisure Centre would be affordable. In summary, she believed it was essential the Council prioritise the District's residents and seek to continue with the regeneration of the Silver Hill area which was urgently required and the Liberal Democrat Group would work with other Councillors to achieve this.

The Chairman thanked Councillor Learney for her comments and stated that the proposed prudent approach to the budget would give the Council time to carefully consider the difficult financial decisions to be taken over the next few years.

In response to questions, Councillor Godfrey stated that the revised budget proposed an additional £200,000 covering broadly £100,000 towards legal costs together with an additional £100,000 towards necessary work to move the Silver Hill scheme forward.

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

**RECOMMENDED:**

**1. THAT THE UPDATE ON THE 2014/15 BUDGET AS SET OUT IN PARAGRAPH 2 BE NOTED.**

**2. THAT MEMBERS CONSIDER THE LEVEL OF GENERAL FUND BUDGET FOR 2015/16 AND MAKE RECOMMENDATIONS FOR THE FOLLOWING:**

	<u>2015/16</u> £
<b>GENERAL FUND COST OF SERVICES</b>	<b>19,089,167</b>
<b>(SURPLUS) / DEFICIT ON TRADING ACCOUNTS</b>	<b>424,385</b>
<b>OTHER OPERATING INCOME &amp; EXPENDITURE (LOCAL PRECEPTS)</b>	<b>2,411,417</b>
<b>FINANCING &amp; INVESTMENT INCOME &amp; EXPENDITURE</b>	<b>(2,640,315)</b>
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS &amp; FUNDING BASIS UNDER REGULATIONS</b>	<b>(2,344,175)</b>
<b>APPROPRIATIONS TO / (FROM) OTHER EARMARKED RESERVES</b>	<b>1,417,117</b>
<b>COLLECTION FUND DEFICIT / (SURPLUS)</b>	<b>(933,371)</b>

<b>COUNCIL TAX SUPPORT GRANT TO PARISHES</b>	<b>155,712</b>
<b>NET BUDGET REQUIREMENT (INCL. LOCAL PRECEPTS)</b>	<b>17,579,937</b>
<b><u>LESS</u> NON-RING FENCED GOVERNMENT GRANTS</b>	<b>(8,494,217)</b>
<b>COUNCIL TAX REQUIREMENT (INCL. LOCAL PRECEPTS)</b>	<b>9,085,720</b>
<b>COMPRISING:</b>	
<b>AGGREGATE OF SPECIAL EXPENSES (WINCHESTER TOWN)</b>	<b>809,014</b>
<b>WINCHESTER CITY COUNCIL – GENERAL EXPENSES</b>	<b>5,865,289</b>
<b>COUNCIL TAX REQUIREMENT FOR BILLING AUTHORITY</b>	<b>6,674,303</b>
<b>AGGREGATE OF LOCAL PRECEPTS</b>	<b>2,411,417</b>
<b>COUNCIL TAX REQUIREMENT (INCL. LOCAL PRECEPTS)</b>	<b>9,085,720</b>

**3. THAT THE CHANGES PROPOSED TO THE BUDGET BE APPROVED, AS SET OUT IN APPENDIX D.**

**4. THAT THE CAPITAL PROGRAMME AND FINANCING FOR 2014/15 TO 2019/20 BE APPROVED, AS SET OUT IN APPENDICES E AND G.**

**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 £809,014 BE TREATED AS SPECIAL EXPENSES UNDER SECTION 35 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 IN RESPECT OF THE WINCHESTER TOWN AREA, APPENDIX J.**

**6. THAT THE COUNCIL TAX FOR THE SPECIAL EXPENSES IN THE WINCHESTER TOWN AREA AT BAND D FOR 2015/16 BE FROZEN AT 2010/11 LEVELS; £61.32.**

**7. THAT THE BALANCE ON THE COLLECTION FUND FOR DISTRIBUTION TO THIS COUNCIL, CALCULATED AT 15 JANUARY 2015 OF £120,249 FOR COUNCIL TAX, BE APPROVED.**

**8. THAT THE BALANCE ON THE COLLECTION FUND FOR DISTRIBUTION TO THIS COUNCIL IN 2015/16, CALCULATED AT 31 JANUARY 2015, OF £813K FOR BUSINESS RATES BE NOTED.**

**9. THAT MEMBERS RECOMMEND THE LEVEL OF COUNCIL TAX AT BAND D FOR CITY COUNCIL SERVICES FOR 2015/16 TO BE FROZEN AT 2010/11 LEVELS; £126.27.**

**10. THAT PARISH COUNCIL TAXES BE NOTED AS IN APPENDIX K.**

**2. HOUSING REVENUE ACCOUNT 2015/16 BUDGET AND BUSINESS PLAN 2015/16 TO 2044/45**

(Report CAB2652(HSG) refers)

**MINUTE EXTRACT FROM CABINET (HOUSING) COMMITTEE HELD 4 FEBRUARY 2015**

(Report CAB2662 refers)

Cabinet noted that CAB2662 had not been published for inclusion of the agenda within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration to enable its contents to be considered alongside CAB2652(HSG).

Councillor Tait highlighted that Report CAB2652(HSG) had been discussed in detail at the Cabinet (Housing) Committee on 4 February 2015, as outlined in the minute extract.

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

**RECOMMENDED:**

**1. THAT THE HRA REVISED BUDGET FOR 2014/15 AND THE BUDGET FOR 2015/16 AS SET OUT IN THE APPENDICES 1 AND 2 TO THE REPORT BE APPROVED.**

**2. THAT THE HRA BUSINESS PLAN AS SET OUT IN APPENDICES 3 AND 4 TO THE REPORT BE APPROVED.**

**3. THAT THE HOUSING CAPITAL PROGRAMME AS SET OUT IN APPENDIX 5 TO THE REPORT BE APPROVED.**

**4. THAT THE 2015/16 MAINTENANCE PROGRAMME AS SET OUT IN APPENDICES 5 AND 8 TO THE REPORT BE APPROVED.**

**5. THAT AUTHORITY BE GIVEN TO INCUR CAPITAL EXPENDITURE OF £7.930M FOR THE MAINTENANCE, IMPROVEMENT AND RENEWAL PROGRAMME AS OUTLINED IN THIS REPORT AND IN APPENDIX 8 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 ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER), FOLLOWING CONSULTATION WITH THE CHIEF FINANCE OFFICER, BE GIVEN DELEGATED AUTHORITY TO MAKE ADJUSTMENTS WITHIN THE OVERALL MAINTENANCE, IMPROVEMENT AND RENEWAL PROGRAMME AS SET OUT IN APPENDICES 5 AND 8 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.**

**7. THAT THE BUSINESS PLAN PRIORITIES AS SET OUT IN PARAGRAPH 4 BE NOTED AND THE KEY SERVICE PRIORITIES AS DETAILED IN APPENDIX 6 OF THIS REPORT BE APPROVED.**

3. **TREASURY MANAGEMENT STRATEGY 2015/16**  
(Report CAB2648 REVISED refers)

Cabinet noted that the revised Report had not been made available for publication with the statutory deadline as it had been amended to take account of the Silver Hill Judicial Review decision (the JR decision). The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration to enable its contents to be considered by Cabinet prior to consideration at both The Overview and Scrutiny Committee on 16 February 2015 and Council on 19 February 2015.

Councillor Godfrey explained that the changes from the original report were set out in the bold text. The report had been revised to reflect the revised budget, reflecting the immediate impact of the JR decision.

Councillor Godfrey emphasised that the Investment Strategy proposed was substantially different to that for 2014/15 as it sought to achieve greater diversification of investments. The Council's Treasury Management Service was now operated jointly with the County Council and Cabinet welcomed Andrew Boutflower from the County Council's Treasury Management Team to answer further questions, alongside the Chief Finance Officer.

In response to questions, the Chief Finance Officer advised that the Council had recovered the vast majority of the £1 million it had invested in the former Heritable Bank. The final distribution of the remaining monies was still awaited.

In response to questions, Mr Boutflower advised that investments with other local authorities were amongst the better type of investments available to the Council and the limits of each type were detailed in Table 3 at Paragraph 5.6 of the Revised Report. He confirmed that he envisaged significant changes to the list of current investors detailed in Appendix B of the Report, including investing in corporate bonds.

The Chief Finance Officer emphasised that the Council would continue to consider security of investment first and before consideration of yield.

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

**RECOMMENDED:**

**1. THAT THE TREASURY MANAGEMENT STRATEGY (TMS) 2015/16 AS SET OUT IN THE REPORT BE APPROVED AND IMPLEMENTED FROM THE DATE OF THE COUNCIL MEETING, AND ALSO THE FOLLOWING INDIVIDUAL ITEMS AS INCLUDED IN THE TMS:**

- (I) ANNUAL BORROWING STRATEGY 2015/16 (SEE PARAGRAPH 4 OF THE REPORT);**
- (II) ANNUAL INVESTMENT STRATEGY 2015/16 (SEE PARAGRAPH 5 OF THE REPORT);**
- (III) PRUDENTIAL INDICATORS 2015/16 TO 2017/18 (SEE APPENDIX C OF THE REPORT);**
- (IV) MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT (SEE APPENDIX D OF THE REPORT).**

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