

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the RESOURCES OVERVIEW COMMITTEE held on 26 JANUARY 2016

PRESENT: Councillor N M Rose - Chairman
" A J Garth - Vice Chairman

Councillors: A K Bacon
S P Berry
C J Ford
J L Gladwin
C M Jones
R J Jones
J E MacBean
M W Shaw
D M Varley

APOLOGIES FOR ABSENCE were received from Councillors D W Phillips and H M Wallace

ALSO IN ATTENDANCE: Councillors I A Darby and M J Stannard.

35 MINUTES

The Minutes of the Resources Overview Committee meeting held 18 November 2015, copies of which had been previously circulated, were approved and signed by Councillor N Rose, Chairman of the Committee, as a correct record.

36 DECLARATIONS OF INTEREST

There were no declarations of interest.

37 28 DAY NOTICE

The Committee received a report attaching the draft 28-Day Notice which provided a forward look at the Agenda for the next meeting of the Cabinet. The Notice was published on 12 January 2016.

The Director of Resources advised that Performance Indicators Annual Review 2016/17 report would be submitted to the Overview Committees prior to Cabinet for comment as previously agreed (Minute No 32). He added that the issue of improving the timeliness of the quarterly Performance Reports was something that would be done for 2016/17. to ensure that members were receiving the information in a timely manner.

During consideration of this item, members made the following suggestions to improve the information presented to the Overview Committee:-

- It was suggested that the key decision threshold for Chiltern District Council and South Bucks District Council should be reviewed and harmonised.

- In future the Treasury Management Quarterly Reports would be presented to the Resources Overview Committee for comment
- The Homelessness Strategy was appropriate to be presented to Services Overview Committee but any financial implications arising from the Strategy would be picked up as part of the budgeting and budget monitoring processes.
- It was noted that financial implications arising from reports presented to Joint Committees would be reported to the Council through the budget and reporting mechanism

During consideration of this item, Councillor J MacBean joined the meeting at 6.45pm

RESOLVED:

That the content of the report be noted.

38 BUDGET 2016/17

Consideration was given to the report which provided information affecting the Council's revenue budget for 2016/17 in order for the Cabinet to make recommendations to Council on 24 February regarding the Council's budget and council tax for 2016/17.

The Director of Resources advised that the continuing material reduction in funding to the Council had been anticipated, but was now confirmed to be at a more accelerated pace. Funding reductions were to continue until at least 2019/20 and Chiltern District Council will no longer receive Revenue Support Grant (RSG) after 2016/17; which was due to Chiltern District Council being seen as a low needs and high resource authority. Chiltern was forecast to be in the top ten authorities by reduction in Government Funding assessments by the end of the Spending Review period (2019/20).

For authorities who were no longer in receipt of RSG before 2020/21, they would be subject to additional tariff payments so that the overall reduction in Government funding did not fall only on authorities in receipt of RSG, this could be seen as a 'negative RSG'. Chiltern had responded to the Government on this matter to express concern and seek some means to dampen the impact or phasing in its effects on a more gradual basis. The impact of the additional tariff was outlined in the report as £150K in 2017/18; £480K in 2018/19 and £850K in 2019/20.

The Director of Resources reported that an important source of grant funding for the authority was the New Homes Grant that currently rewarded authorities for each new home by providing a grant equivalent to the national average Band D Council Tax on the property for each of the six years following completion of the property.

The Government was consulting on changing the New Homes Grant system. The consultation was looking at reducing the duration of funding to four years or less, from the current six years; and also suggesting the following:

- Linking payments to authorities having in place an approved Local Plan

- Having different payments for houses created after appeal from those approved by the authority without going to appeal
- Having a minimum baseline for housing growth numbers, above which additional funding would be received. The baseline was proposed to be that the normal growth in properties was 0.25% per annum. For Chiltern this was approximately 110 units.

These changes would impact on the funding the Council would receive from 2017/18 onwards.

Members were advised that growth in business rates above the baseline were subject to a 50% levy, with the levy being additional payments to the Government. The amount of the levy can be reduced if groups of authorities pool their business rates and payments to the Government. As Chiltern and two other Buckinghamshire Districts, South Bucks and Aylesbury Vale, expect to have business rate growth, they had formed a pool for 2016/17 in order to retain more of the growth.

It was reported that since Cabinet had reviewed the draft budget in December there had been five adjustments as follows:-

- Savings had been built in as a result of the Joint Revenues & Benefits Shared Services having been agreed £105K
- Final salary revisions £20K
- Savings arising from changes in the waste contract cost estimates £31K
- The payment to the parishes in respect to the impact of Council Tax Scheme on their tax bases for 2016/17 had been scaled back to £29K to match the reduction in RSG for Chiltern District Council
- Income figures had been updated to reflect the provisional Finance Settlement

It was drawn to members attention that the 2016/17 budget included a contribution to the Capital Projects Reserve to provide additional support to the Capital Programme over the coming years. The need for this was illustrated by the next report on the agenda.

During consideration of this item, Councillor C Ford joined the meeting at 7.00pm

In response to questions from Members, the Director of Resources advised that all Parish Councils had been advised of the reduction in payment in December, and that there would be no further support after 2016/17 as the council was no longer receiving RSG; and in terms of the criteria used for the determining the additional tariff members were advised that this was detailed on the Communities and Local Government website

During consideration of this item, Councillor D Varley joined the meeting at 7.10pm.

The Deputy Leader was in attendance at the meeting and added to the debate that it was key to not only plan for the current year in respect of the budget but

due to continuing pressures on finances the Council needed to look at long term impacts and implications to plan for this.

The Leader of the Council also contributed in response to a member's question in respect of the issues being raised nationally to highlight the concerns of councils facing the additional tariff. The Leader confirmed that Chiltern District Council were raising this, along with other authorities, at a national level.

Members felt it was important to explain to residents what the Government was doing with respect of the additional tariff on the District. It was felt that following the formal decision of Council in respect of Council Tax Setting the communications around this should include reference to the requirement on the Council to pay an additional tariff to the Government.

RECOMMENDED TO CABINET:

Revenue Budget 2016/17

- 1) That the Revenue budget for 2016/17 be approved, as summarised in the table below, and recommend this to Council.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£k	£k	£k	£k	£k
RSG	-1,055	-407			
Business Rates	-1,355	-1,666	-1,690	-1,730	-2,170
Additional Tariff			150	480	850
New Homes Grant	-734	-1,047	-667	-438	-448
CT Freeze Grant	-70				
Investment Income	-110	-140	-80	-60	-60
Collection Surplus	-100	-23	-20	-20	-20
Contribution to Parishes	80	29			
Total Income	-3,344	-3,254	-2,307	-1,768	-1,848
Service Expenditure	9,101	9,104	9,312	9,545	10,114
Notional Interest	70	54	30	10	10
Change in Reserves:					
Elections	-76	20			-80
Capital Contribution	394	394	394	394	394
LDF Fund	-306	-163			
Capital Projects	1,307	1,197			
Total Net Expenditure	10,490	10,606	9,736	9,949	10,438
Precept Required	7,146	7,352	7,429	8,181	8,590
Council Tax Base	43,143	43,560	43,660	43,910	44,060
Band D	165.62	168.77	172.13	175.56	179.05

	2015/16	2016/17	2017/18	2018/19	2019/20
	£k	£k	£k	£k	£k
Precept on Collection Fund					
Total collected	7,146	7,352	7,515	7,709	7,889
Surplus/Shortfall	0	0	-86	472	701

- 2) That in total £29,000 be provided to Chiltern District Council parishes in respect of the impact of Council Tax Scheme on their tax bases for 2016/17.
- 3) That the following use of earmarked reserves for 2016/17 be agreed:
 - Local Development Plan £163,500
- 4) That the following additions to earmarked reserves for 2016/17 be agreed:
 - Capital – Funding replacement refuse vehicles, £394k
 - Capital – Funding of future capital programme, £1,197k.
- 5) That a budget requirement of £10,495k be approved, which will result in a District council tax of £168.77 for a Band D property.
- 6) That the level of fees and charges for 2016/17 already considered by Portfolio Holders as part of the information underpinning their budgets be confirmed
- 7) That the advice of the Director of Resources be noted (Appendix A).

Setting the Council Tax

- 8) That the report be made available to all Members of the Council in advance of the Council Tax setting meeting on 24th February, and a final report is produced for the Council meeting incorporating the information from preceptors, and the final decisions of the Cabinet on the budget.

39 CAPITAL PROGRAMME AND REPAIRS & RENEWALS PROGRAMME 2016/17 TO 2019/20

Consideration was given to the report that outlined the proposed Capital Programme for 2016/17 – 2019/20; and the proposed Repairs and Renewals Programme for 2016/17 – 2019/20.

The key table in the report highlighted the current funding position of the programme to 2019/20

The Director of Resources advised that the impact of funding the programme on available capital resources outlined in the table meant that the currently available capital resources were likely to be exhausted by the end of 2018/19.

Capital Resources	Latest Budget 15/16 £	Original Budget 16/17 £	Original Budget 17/18 £	Original Budget 18/19 £	Original Budget 19/20 £
Opening Capital Resources	2,680,222	2,459,218	1,266,154	376,257	31,767
New Capital Receipts					
New General Capital Contributions	1,307,486				
Use of Capital Receipts/Contributions	-1,528,490	-1,193,064	-889,897	-344,490	-344,490
Closing Capital Resources	2,459,218	1,266,154	376,257	31,767	-312,723

Members raised questions in relation to the following which were responded to by the Director of Resources:-

- Community Capital Sums programme
- Paper Sort Reinstatement
- The Council's contribution to the Lords Mill Weir works
- Leisure Centres funding
- ICT Strategy

During consideration of this item, Councillor J Wertheim left the meeting at 7.30pm.

RECOMMENDED TO CABINET:

That Cabinet recommend to Council:

- i) That the Capital Programme for 2016/17 – 2019/20 as set out in Appendix A be approved;**
- ii) That the Repairs and Renewals Programme for 2016/17 – 2019/20 as set out in Appendix B be approved; and**
- iii) That the implication for the Financial Strategy of the proposed programme be noted.**

40 TREASURY MANAGEMENT STRATEGY 2016/17

Consideration was given to the Treasury Management Strategy and related policies that should be adopted by the Council for 2016/17.

The Director of Resources advised that the Council was required to formally review its treasury management policies each year as part of determining what level of returns will be achieved from investments. The format of the treasury management policies was defined by the Code of Practice adopted by the Council, and was required to be approved by the Council on recommendation from the Cabinet. The Treasury Management policies underpin the strategy for the year in question, which seek to achieve a level of investment return.

The Treasury Management Strategy 2016/17 was attached to the report as Appendix 1. The proposed strategy was as follows, and made appropriate

recognition of the Government's advice to prioritise security and liquidity over returns.

- Basic cashflow requirement of up to £6m which will not be invested for more than one year, expected return averaging 0.5%
- Core investment cash of £15m, of which £9m can be invested for durations longer than two years.
- The long term investments can include property and bond funds and could be expected to deliver returns of at least 3%.

The expected return for 2016/17 from the proposed strategy was £140,000.

The Director of Resources advised that the Council's treasury consultants, Capita Asset Services were appointed under a joint contract with South Bucks District Council and provided advice in terms of credit rating and provided access to member training events and technical expertise which provided good value for money. The contract with Capital was due for renewal during 2016. Even though the contract was low value and delivering good value for money members felt it was important to undertake the joint re-tendering.

During consideration of this item, Councillors M Shaw and R Jones left the meeting at 7.43pm.

The Director of Resources confirmed that a report would be presented to a future meeting of Support Services PAG to outline long term investment options. In response to a Member's question, it was noted that the criteria for the short term borrowing limit was based on judgement rather than a fixed calculation to allow for flexibility depending on the circumstances that might give rise to the need for short term borrowing..

RECOMMENDED TO CABINET:

That the Annual Treasury Management Strategy for 2016/17 be recommended to Council, including approving the following appendices to the Annual Investment Strategy (Appendix 1):

- **Appendix 1A – Annual Investment Strategy Policies**
- **Appendix 1B – Prudential Indicators including the borrowing limits**
- **Appendix 1C – the Minimum Revenue Provision method to be used in 2016/17**

41 SERVICE PLAN SUMMARIES

The Committee considered the report which provided a summary of each of the service plans produced by service areas within the Council.

The Service Plans provided a summary of achievements from the current year and an overview of what each service aims to deliver for 2016-17; and looked at the aims and achievements, covering the following range of areas:

- Shared Services Programme
- Know your customer and equalities
- Performance Indicators and risks
- Costs and cost comparison information

The following points were raised for possible inclusion in the Services Plans:

- Further reference to the provision and monitoring of litter bins
- Progress of ICT Shared Service Review
- KPIs outcomes on enforcement

It was agreed that Performance Indicators targets for 16/17 were to be presented to the Overview Committees for comment prior to submission to Cabinet and that the streamlining of quarterly reporting with the decision making process would be improved so members received information in a more timely manner.

RECOMMENDED TO CABINET:

That the content of the Service Plans be noted.

The meeting ended at 7.56pm