

**STRATEGY AND RESOURCES SCRUTINY COMMITTEE**

30 September 2013

6.00pm - 7.05 pm

**Present:** Councillors Pitt (Chair), Cantrill (Vice-Chair), Ashton, Benstead, Boyce, Herbert, O'Reilly and Rosenstiel

Leader of the Council: Councillor Bick

Executive Councillor for Customer Services & Resources: Councillor Smith

**Other Councillors Present:**

Executive Councillor for Housing: Councillor Smart

Executive Councillor for Public Places: Councillor Reiner

Executive Councillor for Planning and Climate Change: Councillor Ward

Executive Councillor for Community Wellbeing: Councillor Brown

Executive Councillor for Environmental and Waste Services: Councillor Swanson

**Officers Present:**

Chief Executive: Antoinette Jackson

Director of Resources: David Horspool

Director of Environment: Simon Payne

Director of Customer and Community Services: Liz Bisset

Head of Legal: Simon Pugh

Committee Manager: Glenn Burgess

<b>FOR THE INFORMATION OF THE COUNCIL</b>
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**13/55/SR Apologies for absence**

No apologies were received.

**13/56/SR Declarations of interest**

No declarations of interest were made.

**13/57/SR Public Questions**

None were received.

**13/58/SR Mid-Year Financial Review (MFR) September 2013****Matter for Decision**

The report recommended the budget strategy for the 2014/15 budget cycle and specific implications, as outlined in the Mid-Year Financial Review (MFR) September 2013 document. The report also recommended the approval of new capital items and changes to phasing and funding proposals of the Council's Revenue and Capital Projects Plan.

**Decision of the Leader of the Council**

Resolved to recommend the Council:

General Fund Revenue

- i. To agree the budget strategy, process and timetable for the 2014/15 budget cycle as outlined in Section 7 [pages 27 to 32 refer] and Appendix A of the MFR document.
- ii. To agree the revised General Fund revenue, funding and reserves projections as shown in Appendix D, and the associated decisions in Section 7 [pages 27 to 32 refer], of the MFR document.

Capital

- iii. To agree changes to the Capital & Revenue Projects Plan as set out in Section 6 [pages 24 to 26 refer] and proposed amendments to the plan as set out in Appendix G(a).
- iv. To agree the revised Capital & Revenue Projects Hold List, Plan and Funding as shown in Appendices G(b) as amended, G(c) and G(d), respectively, of the MFR document.

Other

- v. To approve the setting up of a new earmarked reserve "Keep Cambridge Moving" as detailed in Section 5 [pages 22 to 23 refer].

**Reasons for the Decision**

As set out in the officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The committee received an introduction from the Leader of the Council.

The Leader confirmed that a budget underspend in 2012/13 would rebuild reserves, enable the setting up of an ear marked reserve for 'Keep Cambridge Moving' and also help fund the restructuring of the Resources Department. The Council faced a challenging savings target of £6.3m over a four year period, and the capacity for making simple savings by changing the way services operated was diminishing.

The committee received a report from the Director of Resources regarding the Mid-Year Financial Review (MFR). The report followed a revised format and was more focused on key items of the budget. The report also reflected the new control processes as reviewed by Internal Audit and approved by the Civic Affairs Committee on 19 September 2013.

The Director of Resources tabled an amended Appendix G(b) – Capital and Revenue Projects Hold List.

Councillor Herbert commented that, whilst the more concise format was an improvement, it was still very similar to reports made to The Executive in previous years.

In response to questions from Councillor Herbert the Leader confirmed the following:

- i. With regard to the 'Projected Net Savings Requirement' graph on page 31 of the MFR (page 42 of the agenda pack), he was confident that the Council could both meet and exceed the targets.
- ii. As opposed to 'spending down' Reserves, the Council were actually building these up. A target of £5m had been in place for a number of years and the report indicated that a figure of £4.7m was achievable.
- iii. The earmarked reserve of £300,000 for the 'Keep Cambridge Moving' Fund had been discussed at the Environment Scrutiny Committee. A report on options, including rules for the operation of the Fund and criteria for bids, would be brought back to a future meeting.

- iv. With regard to longer term savings, it was envisaged that a detailed 'road map' would need to be developed to address the issues.

The Chair agreed to take member's questions and comments on the individual sections of the MFR.

### Section 3 – The National Policy Context and External Factors

Councillor Herbert asked if the 13% stepped reduction on the Settlement Funding Assessment (SFA) in each of the four years from 2016/17 was a local-based approach. In response the Director of Resources confirmed that, whilst there were no clear indicators beyond 2015/16, he had spoken with colleagues across the country and the approach was based on projections and announcements from central government. It was reiterated that pressure on local government would continue and many efficiencies for the Council had already been exhausted.

In response to a question from Councillor Herbert regarding the New Homes Bonus (NHB) the Director of Resources confirmed that, whilst it was projected that NHB would only run up to and including 2014/15, there had been indications from government that it would continue in some form. Details in the Government's consultation package had also confirmed an intention to 'pool' funds nationally within Local Enterprise Partnership (LEP) areas to support strategic, locally-led economic growth priorities, including housing.

In response to a follow up question from Councillor Herbert regarding City Deal, the Director of Resources confirmed that the Council had argued in its consultation response that its contribution to the City Deal should be considered as its commitment to local growth and therefore be ring-fenced by the LEP. The Leader confirmed that the LEP were also unhappy with the approach proposed by central government.

The Chair asked if the interest rate estimates listed on page 18 of the MFR (page 29 of the agenda pack) were overly optimistic. In response the Director of Resources confirmed that he was comfortable with the estimates but noted that the biggest pressure would be in 2013 and 2014. The Director of Resources confirmed that a further report to address these issues would be brought to the Strategy and Resources Scrutiny Committee on 14 October 2013.

#### Section 4 – Mid-Year Budget Issues

Councillor Cantrill confirmed that he had spoken with the Director of Resources and was confident that a robust process had been undertaken this year. The current financial projections, taking account of revised assumptions and incorporating the changes as highlighted in the table on page 30 of the MFR (page 41 of the agenda pack) were highlighted as an indication of this.

#### Section 7 – Summary and Conclusions

Councillor Herbert reiterated the challenge of meeting the £6.3m savings target and requested that budget reports in January present this clearly. It was also suggested that the savings should be front-loaded. The Director of Resources responded that whilst savings had been identified for certain years, an over achievement would result in less pressure in other years.

#### Appendix A – Financial Planning Timetable

Councillor Herbert acknowledged that budget papers would not be available until January 2014 but requested on-going support from officers and a 'sharing of the challenges' between members.

The Executive Councillor for Housing confirmed that the Housing Revenue Account (HRA) papers would be available before Christmas and would be discussed fully with opposition Councillors. Full scrutiny of the HRA by all members would also be welcomed.

In response to a question from Councillor Herbert regarding scrutiny of the HRA by the Strategy and Resources Scrutiny Committee, the Executive Councillor for Housing confirmed that, as the HRA was a legally ringfenced fund, there would be no scope for the sharing of budgets. It was noted that, with the need for match funding with 'Right to Buy', the HRA budget would also be under pressure.

In response to a question from Councillor Pitt the Director of Resources confirmed that there was no certainty as to when the Provisional Government Settlement would be announced.

#### Appendix D(c) – General Fund – Reserves Projection 2013/14 to 2017/18

Councillor Herbert highlighted the table on page 41 of the MFR (page 52 of the agenda pack) as evidence that the Council were 'spending down' the reserves.

### Appendix G(b) – Capital and Revenue Projects Hold List

In response to a question from Councillor Ashton the Director of Resources confirmed that £228,000 had not been allocated for Nightingale Rec Pavilion. The project had simply been included on a Hold List for when money became available.

Councillor Rosenstiel commented that, as the flow of money from central government was hard to predict, it was good financial planning to have a Hold List.

### Appendix G(d) – Funding of the Capital and Revenue Projects Plan

Councillor Herbert noted that the inclusion of both HRA and other Capital Plans made this section harder to scrutinise. The Director of Resources responded that, whilst there was a requirement to show all elements of revenue and capital, he would endeavour to make the divisions clearer.

### Further general debate

Councillor Herbert expressed concern that, in a time of financial pressure, £300,000 was being committed to the 'Keep Cambridge Moving' Fund without any member scrutiny and with uncertainty on the detailed proposals it will be allocated to. In response the Leader reiterated that the issue had been discussed at the Environment Scrutiny Committee. He also stated that the Fund was a more effective way of addressing issues around the A14 improvements, whilst retaining the City Councils control over its own contribution.

In response to a question from Councillor Herbert regarding the 20mph Project, the Executive Councillor for Planning and Climate Change confirmed that the projected £400,000 had been based on best estimates. As the schemes progressed a clearer picture of the funds required would develop.

The Committee agreed to vote separately on each of the recommendations.

The Committee resolved by 4 votes to 0 to endorse the following recommendations:

To recommend the Council:

### General Fund Revenue

- i. To agree the budget strategy, process and timetable for the 2014/15 budget cycle as outlined in Section 7 [pages 27 to 32 refer] and Appendix A of the MFR document.
- ii. To agree the revised General Fund revenue, funding and reserves projections as shown in Appendix D, and the associated decisions in Section 7 [pages 27 to 32 refer], of the MFR document.

The Committee resolved by 4 votes to 0 to endorse the following recommendations:

To recommend the Council:

### Capital

- iii. To agree changes to the Capital & Revenue Projects Plan as set out in Section 6 [pages 24 to 26 refer] and proposed amendments to the plan as set out in Appendix G(a).
- iv. To agree the revised Capital & Revenue Projects Hold List, Plan and Funding as shown in Appendices G(b) as amended, G(c) and G(d), respectively, of the MFR document.

The Committee resolved by 4 votes to 4 (passed on the Chairs casting vote) to endorse the following recommendation:

To recommend the Council:

### Other

- v. To approve the setting up of a new earmarked reserve “Keep Cambridge Moving” as detailed in Section 5 [pages 22 to 23 refer].

The Leader approved the recommendations.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

Not applicable.

**13/59/SR Record of Urgent Decisions taken by the Leader of the Council**

Special Urgency Decision: Claims in the administration of LBI

The committee deferred this item to the meeting being held on 14 October 2013.

**13/60/SR Update on claims in the administration of LBI**

The committee deferred this item to the meeting being held on 14 October 2013.

The meeting ended at 7.05 pm

**CHAIR**