

CORPORATE SERVICES SCRUTINY COMMITTEE

Thursday 24 January 2019

Present:

Councillor Sheldon (Chair)
Councillors Warwick, Hannan, Holland, Lamb, Musgrave, Thompson, Vizard M and Wood

Also present:

Chief Finance Officer, City Solicitor & Head of HR and Democratic Services Officer (SLS)

In Attendance:

Councillor Peter Edwards - Leader and Portfolio Holder Growth & City Development
Councillor Ollie Pearson - Portfolio Holder Support Services

1 **MINUTES**

The minutes of the meeting held on 22 November 2018 were taken as read, approved and signed by the Chair as correct.

2 **DECLARATIONS OF INTERESTS**

No declarations of disclosable pecuniary interest were made.

3 **QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19**

In accordance with Standing Order No 19, a member of the public, submitted two questions in relation to budget and financial reports.

A copy of the questions had been previously circulated to Members, and these, together with the appropriate responses from Councillor Edwards, Leader and Portfolio Holder for Growth & City Development, the ensuing debate, and closing remarks from the member of the public are appended to the minutes.

4 **QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20**

In accordance with Standing Order No 20, a question was submitted by Councillor Mrs Thompson.

A copy of the question had been previously circulated to Members, and together with the response from Councillor Edwards, the Leader and Portfolio Holder for Growth & City Development are appended to the minutes.

ANNUAL PAY POLICY STATEMENT

The City Solicitor and Head of Human Resources presented the report on the annual Pay Policy Statement 2019/20, which outlined the annual pay policy for approval by Full Council each financial year in line with legislation. Local Authorities were required by Section 38(1) of the Localism Act 2011 to set out a written statement each financial year relating to:-

- the remuneration of chief officers;
- the remuneration of its lowest paid employees; and
- the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers

The City Solicitor and Head of HR referred Members to the appendix, attached to her report which set out the levels of remuneration for various posts from April 2019. She confirmed that the required report on gender pay gap would be presented to the next meeting of Corporate Services Scrutiny Committee in March. She also responded to a Member's enquiry regarding any union representations on pay policy to the City Council's Joint National Consultative Committee meetings, and confirmed that, whilst there had been no representations at the local level, the average pay increase negotiations and pay deal were negotiated nationally and the unions were involved in that way.

Corporate Services Scrutiny Committee noted the report and recommended Executive and Council to note, and approve:-

- (1) the adoption and publication of the circulated Policy, Report and Appendices in accordance with the legislation; and
- (2) delegated authority be given to the City Solicitor and Head of Human Resources to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.

REVENUE BUDGET PROPOSALS 2019/20

The Chief Finance Officer presented the report, which outlined the strategic framework, and the prepared estimates and highlighted issues that would affect the actual setting of the overall level of Council Tax. The report also summarised the overall budget position arising from the information presented to Members in December and the current cycle of Scrutiny Committee meetings. He emphasised the importance of the Council being in a position to set a balanced budget and determine the council tax, in line with the statutory timeframe.

The Chief Finance Officer advised that the City Council was in the final year of a four year agreed local government finance settlement, following the submission of the required efficiency plan. The provisional settlement for 2019/20 was announced in December and, although the final settlement was awaited, it was not anticipated that there would be any significant change. The continuation of the more recent budget strategy of an increase in Council Tax of up to and including £5 would be presented to Members, which along with an estimated collection fund surplus of £96,331 would mean the City Council's Council Tax base would raise an extra £208,000. The Council Tax level was subject to discussion at the Council meeting on 26 February. He also confirmed that, following the Government deferral of any changes to the New Homes Bonus in 2019/20, the provisional award of New Homes Bonus was of £2.518m. The methodology for allocating the New Homes Bonus was

included in the report. He was disappointed to announce that the City Council had been unsuccessful in applying for participation in a further round of a local business rates retention pilot scheme. He responded to a Member who sought information on future opportunities. He advised that all Devon authorities would revert to acting as a pool.

He also reminded Members that, at the forthcoming Council meeting on 26 February, the proposals in the circulated report were for a balanced budget, and should Members wish to offer a further proposal or adjustment they would have to include replacement savings of an equal value.

Corporate Services Scrutiny Committee noted the report.

7 **CAPITAL STRATEGY AND CAPITAL PROGRAMME - 2019/20 - 2021/22**

The Chief Finance Officer presented the report, which sought approval of the Capital Strategy and General Fund and Housing Revenue Account Capital Programmes for 2019/20 and the schemes identified for the following two years.

He provided an overview of the recommendations which required the Council to prepare a three year capital expenditure plan and consider the affordability of its capital investment during all of the year, in which, it would have a financial impact on the authority. The Council should ensure that any borrowing decisions remained affordable, prudent and sustainable and he referred to the adoption of a number of prudential indicators to ensure that remained the case. He referred to the appendices circulated with the report which provided an overview of the General Fund available resources, HRA available resources, the General Fund Capital Programme, the Housing Capital Programme and the Capital Strategy. Members were informed of the new capital bids of £3,284,920m and pre-approved schemes of £36,413,870m for 2019/20, the bulk of which was allocated to the Leisure Complex build project. He also referred to a request being made through Place Scrutiny Committee for two additional bids, the final detail of which would be included in the report to the Executive.

Members were also updated on the Housing Revenue Account (HRA) for 2019/20. The HRA medium term financial plan provided for a Capital Programme of £20.591m, which would be comprised of £11.389m for improvements to the Council's existing housing stock, and £9.202m towards the provision of new homes. The proposed Capital Strategy was included as an appendix to the report and this set out in detail the Council's purpose, aims and the approach to capital investment.

Corporate Services Scrutiny Committee noted the Capital Programme 2019/20 – 2021/22 report and requested Executive and Council to note, and approve:-

- (1) the General Fund Capital Programme for 2019/20 as set out in Appendix 3;
- (2) the HRA Capital Programme for 2019/20 as set out in Appendix 4; and
- (3) the Capital Strategy as set out in Appendix 5.

8 **TREASURY MANAGEMENT STRATEGY REPORT 2019/20**

The Chief Finance Officer presented the report which sought Council approval of the Treasury Management Strategy Report, which also incorporated the Annual

Investment Strategy 2019/20, as required by the Local Government Act 2003. Although there had been no substantial change, the Council was required to approve the Treasury Management Strategy and Investment Strategy before the start of each financial year, to decrease the risk of exposure to financial loss of invested funds and the revenue effect of changing interest rates. He set out the key issues, listed in Section 8 of the circulated report for Members to consider.

Corporate Services Scrutiny Committee noted the Treasury Management report for 2019/20 financial year and recommended approval by Executive and Council.

9

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES/ INCORPORATING ANNUAL STATEMENT OF MINIMUM REVENUE POSITION

The Chief Finance Officer presented the report on the Prudential Code for Capital Finance in Local Authorities (incorporating the Annual Statement of Minimum Revenue Provision) which advised Members of the proposed 2019/20 Prudential Indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP). The objectives of the code were to ensure within the framework that the capital investment plans of local authorities were affordable, prudent and sustainable. The changes to the Prudential Indicators and MRP report would be incorporated within the Budget Book for approval at Full Council on 26 February 2019.

He highlighted the Capital financing required, the operational boundary and the authorised limit. He also referred to the minimum revenue provision, which is the amount set aside from revenue to meet the repayment of debt principal. He set out the detail of the five options which the Secretary of State considered to be prudent:-

- Regulatory Method
- Capital Financing Requirement Method
- Asset Life (Equal Instalment) Method
- Asset Life (Annuity) Method, and
- Depreciation Method

In response to a Member's question, the Chief Finance Officer explained that the costs associated with the capital programme were built into the medium term financial plan, which overall required savings of £2.4m to be balanced over the medium term. Subject to delivery of these savings, the Chief Finance Officer believed the rising costs were affordable. However, he noted that Members would face difficult decisions in terms of balancing the Medium Term Financial Plan over the next year.

Corporate Services Scrutiny Committee noted the report and requested Executive and Council to approve the adoption of:-

- (1) The Prudential Indicators set out in Appendix A-C; and
- (2) the Annual Statement of Minimum Revenue Provision for the Council.

10

ESTIMATES, FEES & CHARGES 2019/20

The Chief Finance Officer presented the report on the proposed Revenue and Capital Estimates and Fees and charges for 2019/20 in respect of Corporate

Services, which would form a proposed annual budget which would be monitored throughout the year, in line with statutory legislation.

Corporate Scrutiny Committee supported the draft Revenue Estimates for 2019/20, the proposed Capital Programme and Fees and Charges for further consideration by Executive on 12 February and Council on 26 February 2019.

(The meeting commenced at 5.30 pm and closed at 6.10 pm)

Chair

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