

MINUTES OF A MEETING OF THE
JOINT MEETING OF SCRUTINY
COMMITTEES HELD IN THE COUNCIL
CHAMBER, WALLFIELDS, HERTFORD ON
TUESDAY 19 JANUARY 2016, AT 7.00 PM

PRESENT: Councillor Paul Phillips (Chairman).
Councillors D Abbott, A Alder, K Brush,
J Cartwright, M Casey, S Cousins, H Drake,
M Freeman, J Goodeve, R Henson,
Mrs D Hollebon, J Jones, P Moore, T Page,
M Pope, S Reed, C Snowdon, M Stevenson,
N Symonds, K Warnell and J Wyllie.

ALSO PRESENT:

Councillors D Andrews, E Buckmaster,
L Haysey, G Jones, G McAndrew, P Ruffles,
S Rutland-Barsby and G Williamson.

OFFICERS IN ATTENDANCE:

Philip Gregory	- Head of Strategic Finance
Peter Mannings	- Democratic Services Officer
Chris Roberts	- Graduate Finance Officer
Adele Taylor	- Director of Finance and Support Services
Liz Watts	- Chief Executive

512 APPOINTMENT OF CHAIRMAN

It was proposed by Councillor J Wyllie and seconded by Councillor Mrs D Hollebon that Councillor P Phillips be appointed Chairman for the joint meeting.

RESOLVED – that Councillor P Phillips be appointed Chairman for the joint meeting.

513 APOLOGIES

Apologies for absence were submitted on behalf of Councillors P Ballam, G Cutting and R Standley.

514 MINUTES – 10 FEBRUARY 2015

RESOLVED – that the Minutes of the joint meeting held on 10 February 2015 be confirmed as a correct record and signed by the Chairman.

515 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Councillor C Snowdon to her first Scrutiny meeting at East Herts.

516 BUDGET REPORT AND MTFP 2016/17 – 2019/20

The Executive Member for Finance and Support Services submitted a report which set out proposals in respect of the following:

- The 2015/16 revenue budget forecast outturn.
- The 2016/17 revenue budget.
- The 2016/17 Schedule of Charges.
- The 2015/16 (revised) to 2019/20 Capital Programme.
- The Medium Term Financial Plan 2016/17 – 2019/20.
- The Council's Reserves.

The Director of Finance and Support Services referred to funding uncertainties and highlighted a number of useful pages in the report. She summarised the background section of the report and stated that a more detailed breakdown of the financial settlement had been circulated in the Members' Information Bulletin.

The Director reminded Members of the ongoing uncertainty in respect of the Council's sources of funding. She stated that the provisional settlement included complete removal of the Revenue Support Grant from

2018/19, and that the New Homes Bonus was currently the subject of a live consultation process, although the amount for 2016/17 was not expected to change. Officers had made a number of best estimates in terms of the future position.

In response to a number of queries from Members, the Director explained that earmarked reserves were covered by a set of criteria each financial year for specific purposes. The Head of Strategic Finance confirmed that Officers had made assumptions in the Medium Term Financial Plan based on the best currently available information.

Members were also provided with a detailed explanation of the Council's reserves and where these could be used in line with best practice guidance. The Director advised that the £150k footbridge reserve had been included each year due to the potential high cost of repairs which would need to be resolved quickly. Members were also reminded that any use of reserves to fund additional work had been included in health check reports.

The Director confirmed that the forecast outturn for the Net Cost of Services would be made clearer in the Executive report. The Director also responded to queries from Members regarding the net costs of the services that were delivered by the Authority and how these differed from the net expenditure reported in the statutory statement of accounts. Members were referred to Essential Reference Papers 'F' and 'G' for the full picture regarding the growth and savings detailed in the 2016/17 revenue budget.

The Director answered queries from Members regarding changes to fees and charges that were detailed in the report. Members were reminded that some fees and charges were beyond the Council's control and others were set at a level for full cost recovery. There were also fees and charges where the Authority had a degree of control.

Councillor J Cartwright referred to the £450k shortfall in the forecast outturn position for 2015/16 in respect of the Council's interest income budget. Members were reminded that the full year effect of the purchase of Old River Lane in terms of interest would not be evident at this time. Members were reassured that the pension deficit was regularly reviewed, with a triennial valuation taking place in 2016, and details were provided of contributions to reserves made in 2014/15.

Councillor M Freeman commented on whether a modest increase in Council Tax might be acceptable to the population of East Herts in return for improvements to services. Members had a brief debate regarding the merits and impacts of any increase in Council Tax. The Director and the Head of Strategic Finance responded to Members' queries and the Executive Member for Finance and Support Services stated that Officers had presented a balanced budget that did not require a Council Tax increase.

The Director assured Councillor M Pope that Officers offered advice to those that were eligible for grants that were available as detailed on pages 29 and 30 of the report. Councillor N Symonds was advised that the £50k for Hertford Theatre was for the replacement of well-used chairs and tables in the café/bar area.

The Director of Finance and Support Services highlighted section 15 of the report regarding the advice from the Section 151 Officer. Members were advised that the budget modelling and subsequent proposals were prudent, sensible and robust.

Members received the report and supported the recommendations now detailed.

RESOLVED – that (A) the report be received; and

(B) the Executive be advised that the joint

meeting of Scrutiny Committees has no comments to make in respect of the following:

1. the 2015/16 Forecast Outturn set out in Section 4, including the proposed contributions to and from Reserves as detailed in paragraph 4.11 of the report submitted;
2. the forecast 2015/16 revenue underspend transfer to the Transformation Reserve, as detailed in paragraph 4.11 of the report submitted;
3. the 2016/17 Revenue Budget, including:
 - Budget Growth as set out in Section 6, paragraph 6.2 of the report submitted;
 - Budget Savings as set out in Section 6, paragraph 6.3 of the report submitted;
 - Contingency budget as set out in Section 8, paragraph 8.3 of the report submitted;
 - use of Earmarked Reserves, as detailed in section 9 of the report submitted;
 - the advice from the Director of Finance and Support Services (Section 151 Officer) on the levels of reserves and robustness of the forecasts in setting the budget as required by Section 25 of the Local Government Act 2003 (section 15);
4. the proposed 2016/17 Schedule of Charges, as set out in section 7 of the report submitted;
5. the East Herts Council element of the Council Tax Demand, as set out in paragraph 11.3 of the report submitted;
6. the Capital Programme for the period 2015/16 (Revised) to 2019/20, the funding of the programme and the consequential revenue budget implications as set out in section 12 of

the report submitted;

7. the Medium Term Financial Plan covering 2015/16 (Revised) to 2019/20 as set out in section 13 of the report submitted; and
8. the Reserves Policy as set out in Section 14 of the report submitted.

517 TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY 2016/17

The Executive Member for Finance and Support Services submitted a report on the Treasury Management Strategy and Annual Investment Strategy for 2016-17 including the 2016-17 Prudential Indicators.

Members were advised of the purpose of the report with particular reference to the key features of the Council's treasury management and annual investment strategies as well as a need to ensure security and liquidity of funds before seeking the best possible returns. Members were referred to Essential Reference Paper 'B' for the full Treasury Management Strategy statement.

In reply to a query, Members were reminded that the Authority was not permitted to borrow to invest. The Council could, however, borrow to fund a specific project. The Director of Finance and Support Services confirmed that the Authority could not plug funding gaps with cash from its investment portfolio, because this strategy would only work once. The solution was to ensure that the Council's assets were working hard to cover shortfalls.

The Executive Member for Finance and Support Services stated that the Authority was working hard to get the best possible return from the resources that were available to it.

Members expressed their gratitude to Officers for their expert advice. Members received the report and

supported the recommendations now detailed.

RESOLVED – that (A) the report be received; and

(B) the Executive be advised that the joint meeting of Scrutiny Committees has no comments to make in respect of the following:

1. the Treasury Management Strategy and Annual Investment Strategy, as detailed in paragraphs 2.1 – 2.2 of the report submitted;
2. the Prudential Indicators, as set out at paragraph 2.3 of the report submitted; and
3. the counterparty and approved countries listing in paragraph 2.4 of the report submitted.

The meeting closed at 8.44 pm

Chairman
Date