

# Minutes

## OF A MEETING OF THE

# Cabinet



Listening Learning Leading

**HELD ON WEDNESDAY 1 FEBRUARY 2017 AT 5.30 PM**

**MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,  
OX14 4SB**

### **Present:**

John Cotton (Chairman), Elizabeth Gillespie, Will Hall, Tony Harbour, Lynn Lloyd, Jane Murphy and Robert Simister

### **Apologies:**

Anna Badcock tendered apologies.

**Officers:** Ben Coleman, Steven Corrigan, Steve Culliford, Andrew Down, David Hill, William Jacobs, and Alice Lynch, plus Simon Hewings (Capita Accountancy)

## **75 Apologies for absence**

Cabinet members Anna Badcock and Robert Simister had both submitted their apologies for absence.

## **76 Declaration of disclosable pecuniary interest**

None

## **77 Minutes**

**RESOLVED:** to approve the minutes of the Cabinet meeting held on 1 December 2016 as a correct record and agree that the Chairman signs them as such.

## **78 Public participation**

Mr Julian Brookes made a statement in support of a request from Henley YMCA for a community loan. This was towards the purchase of a leasehold title of property to provide housing, support and development opportunities for young people.

## **79 Treasury management mid-year monitoring 2016/17**

Cabinet considered the head of finance's statutory mid-year monitoring report on the council's treasury management function. The report provided details of the treasury activities during the period 1 April to 30 September 2016, together with an

assessment of economic conditions looking forward to the remainder of the financial year.

Cabinet noted that a breach of the counterparty limits had occurred; temporary authorisation had been sought and obtained to overcome this. All other treasury management activities had operated within the agreed parameters.

The report estimated that the interest received from cash investments would be above budget forecast at the end of the financial year. This meant the council's cash balances would be higher than anticipated. In addition, the council had realised £2 million from a disposal of part of its unit trust holdings. There had been no need for the council to borrow funds during the first six months of the financial year and no borrowing was forecast for the remainder of the year also.

The Joint Audit and Governance Committee had also considered the report and was satisfied that the treasury management activities had been carried out in accordance with the treasury management strategy and policy. Cabinet concurred.

**RECOMMENDED:** to Council to approve the head of finance's treasury management mid-year monitoring report to Cabinet on 1 February 2017.

## **80 Treasury management and investment strategy 2017/18 to 2019/20**

Cabinet considered the statutory report of the head of finance, which recommended adoption of the treasury management and investment strategy 2017/18 to 2019/20. The council was required to adopt a strategy each year. The strategy set out how the treasury service operated and how it would support the council's capital investment decisions. It also set limitations on treasury management activity governed by the prudential indicators. The strategy proposed the following changes:

### **Table 2 Prudential Indicators**

- To raise the authorised limit for external debt to £30 million.
- To raise the operational boundary for external debt to £25 million from £5 million.
- To change the limits on fixed interest rate investments to 100 per cent from £100 million
- To raise the limits on variable interest rate investments to £50 million from £30 million
- To remove the detailed limits on investments to maturity where they are split into bands of one to two years of £70 million, two to five years of £50 million and more than five years of £50 million, retaining the limit on principal sums invested for longer than 364 days to £70 million.

### **Table 5 Counterparty Limits**

- To change the maximum maturity date on investments with institutions with a minimum rating F1+/A+ to 4 years from 3 year
- To change the maximum maturity date on investments with institutions with a minimum rating F1+/AA- to 3 years from 4 years

## **Annex 2 Liquidity**

- To simplify the performance measurement in terms of investment liquidity in Annex 2, paragraphs three and four to focus on maintaining minimum levels of working capital in short term vehicles

Cabinet supported the changes, believing that they would allow the council to fund future spending in the most financially advantageous way. The Joint Audit and Governance Committee had come to the same conclusion.

**RECOMMENDED:** to Council to

- (a) approve the treasury management strategy 2017/18 set out in appendix A to the head of finance's report to Cabinet on 1 February 2017;
- (b) approve the prudential indicators and limits for 2017/18 to 2019/20 as set out in table 2, appendix A to the head of finance's report; and
- (c) approve the annual investment strategy 2017/18 set out in appendix A (paragraphs 23 to 66) and the lending criteria detailed in table 5 to the head of finance's report.

## **81 Car park fees and charges**

Cabinet considered the report of the head of HR, IT and technical services. This reviewed the council's car park fees and charges for 2017/18. Following an assessment of the car park usage and the car park income and expenditure, the report presented options:

1. To increase all fees
2. Increase the price of permits
3. To maintain the current fees

Cabinet considered that as the car park account balanced over the projected five-year period, there was no need to increase fees and charges at this time.

**RESOLVED:** to maintain the current car park fees and charges, as shown in appendix 2 to the head of HR, IT and technical services' report to Cabinet on 1 February 2017.

## **82 Medium term financial strategy**

Cabinet considered the head of finance's report on the medium term financial strategy. Cabinet was asked to consider the draft strategy, which covered the period 2017/18 to 2021/22, and recommend its adoption to Council. The strategy set out the fundamental financial objectives of the council and the principles to be followed in managing the council's finances to achieve its objectives. It helped inform the treasury management strategy that governed how the council could invest money held in balances. In addition to objectives and principles, a narrative on significant current issues was included in each section. The significant current issues had been updated. No changes to the principles or objectives of the strategy were proposed.

A key target of the council was to keep its share of council tax as low as possible whilst continuing to deliver high quality services. The proposed medium term

financial strategy would help achieve this. The strategy identified the objectives the council would pursue, and the principles it would follow in managing its finances.

Cabinet supported the draft strategy, however, it believed that it should be adjusted to state that the council would not borrow to fund capital expenditure unless financially advantageous to do so.

**RECOMMENDED:** to Council to approve the Medium Term Financial Strategy for 2017/18 to 2021/22 as attached to the report of the head of finance to Cabinet on 1 February 2017, subject to amending 2.1(b) of the strategy to read: “To retain our debt-free status, i.e. we will not borrow to fund capital expenditure, unless financially advantageous to do so”.

### **83 Revenue budget 2017/18 and capital programme to 2021/22**

Cabinet considered the head of finance’s report. This brought together all relevant information to allow Cabinet to recommend to Council a revenue budget for 2017/18 and a capital programme for 2017/18 to 2021/22. The Medium Term Financial Plan was included, which provided details of the forward budget model for the next five years. The report also recommended the prudential indicators to be set by the Council in accordance with ‘the Prudential Code’, introduced as part of the Local Government Act 2003.

The Cabinet member for finance reported that there had been a number of challenges that had delayed the budget setting process, particularly around understanding the impact of changes to the calculation of new homes bonus, and around the new operating environment within the council. However, the Cabinet member thanked the officers for their work in producing the draft budget.

The report included growth proposals to deliver the corporate plan priorities. There were some savings proposals too.

The medium term financial plan included an increase in council tax of £5 in 2017/18 for Band D properties. However, due to the late confirmation of figures such as the new homes bonus and a re-assessment of the capital programme, the council’s financial position was better than expected. As a result, the Cabinet member for finance proposed that there should be no increase in council tax in 2017/18, the first year of the medium term financial plan. During Cabinet’s debate, an amendment was proposed that there should be no council tax increase shown throughout the five-year medium term financial plan period. However, this amendment found no seconder and therefore fell. Cabinet concluded that by including provisional council tax increases for years two to five of the medium term financial plan period, it retained greater flexibility for the council to manage its revenue budget and council tax during those years. This did not set any precedent; the provisional council tax increases in years two to five of the medium term financial plan could be reduced to zero in future years if the council so wished.

**RECOMMENDED:** to Council to

- (a) set the revenue budget for 2017/18, as set out in appendix A.1 to the head of finance’s report to Cabinet on 1 February 2017, subject to there being no council tax increase in 2017/18;

- (b) agree that the capital schemes listed in paragraph 33 to the head of finance's report remain in the capital programme;
- (c) approve the capital programme for 2017/18 to 2021/22, as set out in appendix D.1 to the head of finance's report, together with the capital growth bids, set out in appendix D.2 of the head of finance's report;
- (d) set the council's prudential limits, as listed in appendix E to the head of finance's report;
- (e) approve the medium term financial plan to 2021/22, as set out in appendix F to the head of finance's report, subject to there being no council tax increase in 2017/18;
- (f) allocate £1,000,000 to fund the Communities Capital and Revenue Grant Scheme.

**RESOLVED:** to

- (g) agree that the head of finance, following consultation with the cabinet member for finance:
  - (i) may amend the budget report to Council on 16 February 2017 to reflect Cabinet's recommendation that there be no council tax increase in 2017/18; and
  - (ii) may make minor adjustments to the report and the prudential indicators should they prove necessary prior to its submission to Council.

## **84 Community loan award**

Cabinet considered the head of finance's report on an application by Henley YMCA for a community loan. As the reason for confidentiality was no longer relevant, the chairman determined that this matter could be considered in public.

The council introduced its community loans scheme in January 2013 to make loans to parish councils, charities and sports organisations with community amateur sports club status that met the conditions of the scheme. The scheme created earmarked funding for this purpose.

An application had been received from Henley YMCA seeking a loan of £169,950 over 15 years to purchase the leasehold title of 31 supported housing studio and flats built on its land. In doing so Henley YMCA would transition from managing agent for YMCA England to being a registered social landlord in its own right. This would ensure that Henley YMCA could continue its role in providing housing, support and development opportunities for local young people.

Cabinet noted that Henley YMCA had met all the conditions of the loans scheme, and was not subject to state aid. Cabinet supported the loan application.

**RECOMMENDED:** to Council to:

- (a) approve the award of a community loan of £169,950 to Henley YMCA;

- (b) authorise the head of finance and the head of legal and democratic services to agree the conditions of the loan and the loan agreement; and
- (c) approve a supplementary estimate of £169,950 to be added to the approved capital programme.

## **85 Corporate services**

Cabinet noted that officers did not have the information required to make a recommendation and therefore this item was deferred to a future Cabinet meeting.

The meeting closed at 6.05pm

Chairman

Date