



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Minutes of a remote meeting of the Finance & Assets Committee held at 4.30pm on Thursday, 26th November 2020.

PRESENT

Councillor David Brown (Chairman)
Councillor Ian Bovingdon (Vice Chairman)
Councillor David Ambrose Smith
Councillor Simon Harries
Councillor Bill Hunt
Councillor Alan Sharp
Councillor John Trapp
Councillor Alison Whelan
Councillor Gareth Wilson (substitute for Councillor Charlotte Cane)

OFFICERS

Emma Grima – Director Commercial
Ian Smith – Finance Manager
Sally Bonnett – Infrastructure & Strategy Manager
Maggie Camp – Legal Services Manager and Monitoring Officer
Spencer Clark – Facilities and Open Spaces Manager
Nicole Pema – HR Manager
Anne Wareham – Senior Accountant
Tracy Couper – Democratic Services Manager

IN ATTENDANCE

Phil Rose – Head of Development, East Cambs Trading Company
Nigel Ankers – Finance Manager, East Cambs Trading Company
Suresh Patel – Associate Partner, External Audit, Ernst & Young (EY)
Jacob McHugh – External Audit, Ernst & Young (EY)
Rachel Ashley-Caunt – Head of Internal Audit, LGSS

70. **PUBLIC QUESTION TIME**

No questions were submitted by members of the public.

71. **APOLOGIES AND SUBSTITUTIONS**

Apologies for absence had been submitted by Councillor Charlotte Cane and Councillor Gareth Wilson was substituting on her behalf.

72. **DECLARATIONS OF INTEREST**

Councillor Alison Whelan stated that she had sought advice from the Monitoring Officer regarding Agenda Item 20 – Assets Update, as she was a City of Ely Councillor, but had been advised that there was no requirement for her to leave the meeting for this item, as it was for noting only.

73. **MINUTES**

It was resolved:

That the Minutes of the meeting of the Committee held on 24th September 2020 be confirmed as a correct record and be signed by the Chairman.

74. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

'Can I remind Members that the closing date for the current round of Covid-19 discretionary business grants is 2nd December 2020. Please do all you can to encourage local businesses to consider applying before the deadline.

To aid discussions, I have invited Phil Rose, Head of Development and Nigel Ankers, Finance Manager at East Cambs Trading Company to this meeting and to contribute to relevant items.

Further to discussions at our previous meeting, I have asked Emma Grima, Director Commercial, to bring a paper to our January meeting regarding Contract Procedures, including whether the current procedures are fit for purpose.

Members can raise items for future meetings at Agenda Item 16 – Forward Agenda Plan.'

75. **EXTERNAL AUDIT – AUDIT RESULTS REPORT**

The Committee considered the Annual Results Report, previously circulated.

Members were informed that the Audit had been completed and an unqualified opinion on the authority's financial statements issued, subject to receipt of a signed copy of the Letter of Representation by the Section 151 Officer and the Chairman of this Committee. Audit adjustments had been identified in relation to the valuation of The Hive Leisure Centre (Property, Plant and Equipment); Pension Valuation; and the Going Concern Disclosure.

External Audit commented that this was a pleasing position and showed that the Finance function within the Council was operating effectively, despite the challenges of Covid-19. The statements on Pension Valuation, Property, Plant and Equipment Valuations and the Going Concern Disclosure, reflected the national situation and were likely to be in a number of authorities' accounts. With regard to the Value For Money finding, External Audit were satisfied that recommendations made during the 2019/20 year had been addressed.

The Chairman congratulated the Finance Manager and his Team for the ability to sign-off the accounts by the 30 November deadline, particularly having regard to the challenges resulting from the pandemic. He also expressed his thanks to External Audit for their work and co-operation. However, the Chairman expressed disappointment at the number of non-returned Related Party Transactions Disclosure Forms from Councillors and Officers and he stated that he would be pushing to ensure that these were returned on-time in the future.

Members concurred with the Chairman's comments and in response to a question by a Member, the Finance Manager explained the reasons for the overvaluation of The Hive Leisure Centre.

It was resolved:

That the Audit Results Report be received.

76. **STATEMENT OF ACCOUNTS 2019/20**

The Committee received a report containing the Statement of Accounts for 2019/20.

With regard to the Going Concern issue highlighted in the Note 32 of the Accounts, a Member commented that the sum in this Council's Surplus Savings Reserve put it in a stronger position compared to other Councils.

The Finance Team were commended for their work on the Accounts.

It was resolved:

That the 2019/20 Statement of Accounts, as set out in Appendix 1 to the submitted report, be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY) and the Chairman of Committee, being authorised to make any final changes, as required, prior to final sign-off by EY on/or around the 30th November 2020.

77. **EXTERNAL AUDIT – FINANCIAL REPORTING COUNCIL (FRC) REPORT ON INSPECTION RESULTS OF MAJOR LOCAL AUDIT**

The Committee received an EY summary of the FRC report on the Inspection Results of Major Local Audit.

Suresh Patel from External Audit stated that this was the first time that the regulator's report had been published and was pleased to report that EY had been rated very favourably compared to other providers. This gave client authorities a good level of assurance with regard to the audits undertaken by EY.

It was resolved:

That the External Audit summary be noted.

78. **EXTERNAL AUDIT – INITIAL VIEW ON REDMOND REVIEW**

The Committee received an EY initial view on Redmond Review.

It was resolved:

That the External Audit summary be noted.

79. **PSAA AUDIT FEES – CONSULTATION RESPONSE**

The Committee considered a report containing the PSAA consultation paper on the proposed new system for fee variations for local authorities for their external audit service and a proposed response from this Council.

A Member expressed concern that the proposals would not solve the problems relating to the fee system, but merely make small adjustments to the rates. It was contended that there should be a fixed fee, rather than auditors seeking additional costs, as authorities needed a stable fee mechanism in the current and future climate.

The Finance Manager and Mr Patel acknowledged the comments but referred to the need for a review of scale fees to attract new entrants to the market, to enable investment in the training of staff and to ensure good quality audit.

It was resolved:

That the Finance Manager, in consultation with the Chairman of the Committee, be authorised to reply to the consultation as detailed in the submitted report.

80. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report advising Members of the work of Internal Audit completed during the period September to October 2020 and the progress against the Internal Audit Plan.

Rachel Ashley-Caunt summarised the content of the update report highlighting that at the time of reporting, 53% of assignments within the Plan were either complete, or in progress. Internal Audit were on track for delivery of the Plan and one audit of Building Control had been finalised, receiving a good level of assurance and had not highlighted any issues or weaknesses which would impact on the overall Internal Audit position.

In response to a question by a Member, Ms Ashley Caunt confirmed that many of the larger audits had been completed, with the smaller financial systems checks remaining, comprising shorter 5-6 day audits in most cases. A Member suggested that the estimated number of days for each audit be included in future progress reports, as previously.

Ms Ashley-Caunt stated that a significant review of the Internal Audit Plan was to be undertaken and that this Committee would be consulted on areas needing assurance in the forthcoming 12 months. Suggestions could be submitted by Members of the Committee to Ms Ashley-Caunt. In that connection, the Chairman asked that Internal Audit E-mail the Members of the Committee requesting suggestions and asking them to respond direct, copying-in the Chairman of the Committee.

It was resolved:

That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings be noted.

81. **LOCAL COUNCIL TAX REDUCTION SCHEME & DISCRETIONARY BUSINESS RATE RELIEFS POLICY REVIEWS 2021/22**

The Committee received a report which reviewed the Council's Local Council Tax Reduction Support Scheme (LCTRS) and Discretionary Business Rate Reliefs Scheme.

Members concurred with the proposal that the current schemes should be retained at present to give consistency in these challenging times. In that context, Members asked if work had been carried out to try to model the impact of an increase in the number of claimants due to Covid-19 on the Council's finances. The Finance Manager confirmed that in his modelling for the 2021/22 Budget he had accounted for this and that the taxbase for the District actually had dropped as a consequence. The Finance Manager further agreed to provide information to Members of the Committee on the impact of the fluctuating earnings rule when making re-assessments due to change in circumstances.

A Member requested that references in the report to customers be amended to refer to residents.

It was resolved to RECOMMEND TO COUNCIL:

- (i) That the LCTRS 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5%, be retained for 2021/22 financial year.**
- (ii) That the Council's policies with regard to Discretionary Business Rate Reliefs remain unchanged for 2021/22.**

82. **NOMINATION OF TRUSTEE TO EAST CAMBS CLT**

The Committee considered a report requesting the nomination of a Trustee to East Cambs Community Land Trust (CLT). The Chairman proposed the nomination of Councillor Anna Bailey, which was seconded by Councillor Bovingdon.

Members raised a number of questions regarding the CLT as follows:

- How long had it been in existence?
- What was the purpose and business of the CLT?
- Could any resident of the District become a Member?
- Why had no information on the CLT been submitted to this Committee before?

Some Members also expressed the view that it would be inappropriate for the Leader of the Council to be a Trustee of the CLT, as it should be an independent, citizen-led body.

The Director Commercial stated that the CLT had been established in 2017 and its objects and current Trustee arrangements were detailed in the submitted report. She agreed that a wider Briefing Paper on the CLT could be provided to Members of the Committee.

Some Members commented that the East Cambs CLT appeared to be different to the village/parish based CLTs such as Haddenham and that further information was required on the differences between the two types. A Member expressed an interest in becoming a Member of the CLT, but not a Trustee, and suggested that all Councillors should be given the opportunity to become Members, so that they had a say in its operation. A Member commented on the current lack of oversight of the operation and accounts of CLTs.

A discussion took place on the provision of affordable housing via the East Cambs CLT.

It was resolved:

- i That Councillor Anna Bailey be nominated as a Trustee to East Cambs Community Land Trust (CLT).
- ii That East Cambs CLT be included on the list of Outside Bodies.
- iii That a report providing information on East Cambs CLT be submitted to the next meeting of this Committee.

83. **PALACE GREEN HOMES (ECTC) – OFFICE ACCOMMODATION REVIEW (INTERIM REPORT)**

The Committee considered an interim report on the future office accommodation requirements of Palace Green Homes (ECTC).

It was reported that the current office lease at Fordham had a break option in December 2021, subject to six months notice, i.e. by June 2021. Therefore, further evaluation could be undertaken in the light of the anticipated Covid-19 recovery period. Members concurred with the reasonableness of this approach. In response to a question by a Member as to the reason for the review being submitted to this Committee, as the Trading Company was separate to the Council, it was reported that the request for the accommodation review had been made by the Council in its shareholder capacity.

It was resolved:

That the interim conclusions of the review of the future office accommodation requirements of Palace Green Homes (ECTC), as detailed in paragraphs 4.2 - 4.5 of the submitted report, be noted and a final report provided to this Committee by 31 May 2021.

84. **TREASURY OPERATIONS MID-YEAR REVIEW**

The Committee received a report which provided an update on the Council's 2020/21 Treasury Management Strategy Statement.

A Member commented that the report gave an interesting overview of the position in the wider world at present and that some of the assumptions made appeared over-optimistic and might need testing in the light of future developments.

In response to a question by a Member, the Finance Manager explained the background to the treatment of the ECTC loan as Capital Expenditure rather than an investment.

It was resolved to RECOMMEND TO COUNCIL:

That the mid-year review of the Council's Treasury Management Strategy for 2020/21, as set out in Appendix 1 to the submitted report, be noted.

The meeting was adjourned at 18.02pm for a comfort break and re-convened at 18.08pm.

86. **EAST CAMBRIDGESHIRE BUS SERVICES REVIEW**

The Committee considered a report to:

- (i) approve the Bus Services for East Cambs document for submission to CPCA;
- (ii) amend the Terms of Reference of the Working Party;
- (iii) note the Notes of the WP meetings held on 8 October and 12 November 2020.

The Infrastructure and Strategy Manager, Sally Bonnett, reported that the draft submission to the Combined Authority attached at Appendix 2 had been considered in detail and amended by the Working Party. The Chairman of the Working Party Councillor Alan Sharp, thanked Ms Bonnett for her work to produce the revised submission in a very short timescale and the Working Party Members for working effectively together to produce an excellent document, which also had input from the first Member Seminar held remotely via Zoom.

Members stated that this was a good example of collaborative working and there had been a clear consensus on what was realistically achievable for a rural District like East Cambridgeshire. This Council needed to clearly influence future public transport provision and to dovetail this with the walking and cycling strategy. Members expressed the view that bus services needed to be regular and to extend into the evening to support the more disadvantaged and vulnerable groups and encourage working people to use them. Also, consideration needed to be given to routes that served the sites people wished to travel to for employment purposes not just shopping and recreation.

It was resolved:

- i) That the Notes of the meetings of the East Cambs Bus Services Review Working Party held on 8th October 2020 and 12th November 2020, attached as Appendix 1 to the submitted report, be noted.
- ii) That approval be given to the draft New Bus Services for East Cambridgeshire, attached as Appendix 2 to the submitted report, for submission to the Cambridgeshire and Peterborough Combined Authority (CPCA) (with any minor editorial or presentation improvements delegated to officers, in consultation with the Chairman of Finance & Assets Committee, prior to submission).

- iii) That the amendment to the Terms of Reference for the East Cambs Bus Services Review Working Party, attached as Appendix 3 to the submitted report be approved.

87. **CIL ALLOCATION**

The Committee considered a report requesting the allocation of Community Infrastructure Levy (CIL) for the expansion of St Mary's Medical Practice, Ely. The Director Commercial reported that Planning consent for the development had been granted on the preceding day.

Members expressed their support for the project referring to the benefits in terms of improved health provision for Ely and the surrounding area, particularly in the light of the North Ely development, and stating that it was a genuine infrastructure scheme on which the funding could be appropriately used.

It was resolved:

That approval be given to the allocation of £750,000 for the expansion of St Mary's Medical Practice, Ely, as set out in paragraph 4.2 of the submitted report.

88. **GENDER PAY REPORTING**

The Committee received a report containing measurable data on Gender Pay for the Council. Members commended the HR Manager for the production of the report, since the Council was not legally required to do so as a body with under 250 employees.

A Member expressed concern at the worsening position on Gender Pay within the Council and asked if there were reasons for this. The HR Manager stated that the Council already was following the recommended good practices in Government guidance. A Member suggested that due to the smaller size of this Council compared to other authorities, a small change in numbers had a higher percentage impact on the overall figures. However, it was suggested that the Council may need to re-visit the effectiveness of its HR practices, to ensure that everything possible was being done to reduce the gap.

It was resolved:

That the content of the submitted report be noted.

89. **FINANCE REPORT**

The Committee received a report which provided budget monitoring information for services under the Finance & Assets Committee and the Council as a whole as part of the Committee's overall responsibility for finance.

The Finance Manager highlighted revised appendices circulated to Members of the Committee.

He also referred to the Government Spending Review which had announced a public sector pay pause, additional Covid-19 funding and Homelessness funding,

and a 2% Council Tax limit. The Local Government Financial Settlement was expected in week commencing 14 December and the above would be built into the MTFs to be submitted to this Committee in January.

Some Members commended the sound financial position of the Council despite the current uncertainties, but other Members warned against complacency due to those uncertainties. In that connection, a Member expressed concern at the length of time it had taken to notice the despatch of the incorrect appendices and the limited time that this had given to Members of the Committee to examine these.

It was resolved:

- (i) That the Committee's projected year end underspend of £102,000 when compared to its approved revenue budget of £5,021,167 be noted.
- (ii) That the Council's projected year end underspend of £281,500 when compared to its approved revenue budget of £13,644,206 be noted.
- (iii) That the expected underspend for this Committee of £100,000 compared to its approved Capital Budget of £8,048,680, be noted.
- (iv) That the overall position for the Council on Capital of a projected outturn of £9,033,166, which is an underspend of £2,755,950 when compared to its revised budget of £11,789,116, be noted.

90. **ASSETS UPDATE**

The Committee received a report which provided an update on Council-owned assets.

The Facilities and Open Spaces Manager updated the Committee on the current position regarding the condition survey for the Maltings Cottage, Ely and the Ely Museum project. The condition survey now had been completed and recommendations would be submitted to the next meeting of this Committee. The building work to Ely Museum was almost complete and the hoardings in the rear car park of The Grange should be removed in the forthcoming week. Therefore, it was anticipated that this car park would be available for usage again in mid-December. In response to a request by Members, the Facilities and Open Spaces Manager agreed to provide details on the actual works undertaken at the Museum to a future meeting of the Committee.

With regard to questions by Members on the re-opening of public conveniences and playgrounds, the Facilities and Open Spaces Manager explained the measures undertaken to ensure that they were Covid-19 safe and the high usage of play areas being experienced due to them being a valuable source of external recreation for families in the current climate.

It was resolved:

That the update on Council owned assets be noted.

91. **COVID-19 WORKING PARTY**

It was resolved:

That the Notes of the meeting of the Covid-19 Working Party held on 30 September 2020 be noted.

92. **ANGLIA REVENUES PARTNERSHIP JOINT COMMITTEE MINUTES**

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 15th September 2020. The Chairman congratulated Councillor David Ambrose-Smith on his appointment as Vice-Chairman of the Joint Committee.

Councillor Ambrose-Smith commended ARP on the large amount of work it had undertaken during the period of the Covid-19 outbreak. However, Members highlighted the ongoing issues likely to arise as a result of the pandemic and commented that matters such as bad debt write-offs and increases in benefits payments and arrears needed rigorous oversight.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 15th September 2020 be noted.

93. **FORWARD AGENDA PLAN**

The Committee received its Forward Agenda Plan. The Chairman highlighted the addition of an information report on East Cambs CLT referred to in Minute 82 above.

It was resolved:

That the Forward Agenda Plan be noted.

94. **EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS**

It was resolved:

That the press and public be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories 1 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

95. **ECTC MANAGEMENT ACCOUNTS**

The Committee received an exempt report containing a summary view of the ECTC management accounts for the period to October 2020.

It was resolved:

That the contents of the report be noted.

96. **ASSET MANAGEMENT MATTER, ELY**

The Committee considered an exempt report concerning an asset of the Council in Ely.

It was resolved:

That the recommendations in the submitted report be approved.

97. **EXEMPT MINUTES**

It was resolved:

That the Exempt Minutes of the meeting of the Committee held on 24th September 2020 be confirmed as a correct record and be signed by the Chairman.

The meeting closed at 19.31pm.