



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM NO 4

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Monday 28 January 2019 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor Christine Ambrose-Smith (substitute for Councillor Bradley)
Councillor David Ambrose-Smith
Councillor Ian Bovingdon
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Mark Goldsack
Councillor Chris Morris
Councillor Alan Sharp (Vice-Chairman)

APOLOGIES

Councillor Mike Bradley

In attendance

Melanie Richardson – Audit Manager, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS

John Hill – Chief Executive
Ian Smith – Finance Manager & S151 Officer
Tracy Couper – Democratic Services Manager

58. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

59. **DECLARATIONS OF INTEREST**

There were no declarations of Interests by Members of the Committee.

60. **MINUTES**

The Minutes of the meeting of the Committee held on 29 November 2018 were received.

Councillor Dupré referred to a number of items of information that were to be provided arising from these Minutes that still were to be received. The Chief Executive agreed to ensure that responses were circulated to Members of the Committee as soon as possible.

It was resolved:

That the Minutes of the meeting of the Committee held on 29 November 2018 be confirmed as a correct record and signed by the Chairman.

61. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman did not make any announcements.

62. **EXTERNAL AUDIT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18**

The Committee received the External Audit report on the certification of Claims and Returns for 2017/18. Melanie Richardson, Audit Manager for the Council's External Auditors, summarised the content of the report and explained that errors were found and extended testing carried out in 5 areas, representing a small increase on the preceding year, but these had no impact on subsidy. In response to a question by Councillor Sharp, it was confirmed that the errors were largely due to the complexity of the Housing Benefit Regulations and the level was comparable with those of other Councils locally.

Councillor Dupré commented that the errors impacted on the level of fees charged by the External Auditors and subjected claimants to repayment processes in the event of overpayment of Benefit.

It was resolved:

That the External Audit Certification of Claims and Returns Annual Report 2017/18 be noted.

63. **EXTERNAL AUDIT - AUDIT PLANNING REPORT**

The Committee received the External Audit Plan for 2019. Melanie Richardson, Audit Manager for the Council's External Auditors, Ernst and Young, explained the content of the Plan. She highlighted the reduction in the materiality threshold for this Council, from 75% to 50% as a consequence of the increased issues identified with the 2017/18 Statements, but noted that these were likely to be the consequence of new staff in the Finance Team, so it was hoped that the Council could revert to the higher threshold in future years. With reference to page 6 of the Plan, the Finance Manager highlighted that the Council now had a balanced Budget for 2020/21.

With regard to the consolidation of the Council's new Trading Company, East Cambs Street Scene (ECSS), Councillor Sharp queried whether the company accountants Price Bailey, would be able to achieve the closedown deadlines for this year. Ms Richardson stated that the External Auditors were liaising with Price Bailey on this issue and the Finance Manager reported that he had a meeting with Price Bailey in the current week and would discuss this with them at the meeting.

It was resolved:

That the External Audit Plan be noted.

65. **2019/20 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY (AIS)**

The Committee considered a report (reference T188, previously circulated) containing the 2019/20 Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS). The Finance Manager and Section 151 Officer, Ian Smith, explained the background and rationale to the strategies.

Mr Smith confirmed that external borrowing probably would be required in the current year and definitely in the forthcoming year and also highlighted receipt of an updated Brexit timetable from Link Asset Services, asking Committee's approval to include the most up to date version in the paper to go onto full Council.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve:

- **The 2019/20 Treasury Management Strategy;**
- **The Annual Investment Strategy;**
- **The Minimum Revenue Provision Policy Statement;**
- **The Prudential and Treasury Indicators;**

set out in Appendix 1 to the submitted report, as amended to include an updated Brexit Timetable and Process.

66. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2019/20**

The Committee considered a report (reference T189, previously circulated) containing the proposed Revenue and Capital Budgets and the required level of Council Tax for 2019/20, an assessment of the robustness of the Budgets, the adequacy of Reserves and an update of the Council's Medium Term Financial Strategy (MTFS). The Finance Manager and Section 151 Officer, Ian Smith, highlighted that the Council had a balanced Budget in 2019/20 and 2020/21, but the significant Budget deficit in 2021/22 would need to be addressed through income generation or savings in the delivery

of services. Mr Smith explained the key principles underlying the draft budget.

In response to questions by Councillor Bovingdon regarding the likelihood of repayment of the loan to ECTC in 2021, Mr Smith stated that whilst there may be an element of uncertainty due to the investment required for the Kennett project, he had no reason to believe at present that the loan would not be repaid by the deadline and any request for an extension would result in the charging of additional interest by the Council.

Councillor Morris entered the meeting at 4.50pm.

Councillor Goldsack raised questions on the projected increase in Land Charges income in 2019/20 shown in the draft budget at Appendix 1. Similarly Councillor Bovingdon queried the variation in the income from the Parking of Vehicles between years. It was reported that responses to these questions would be provided via E-mail in advance of the full Council meeting.

The Chairman commented that the proposal for additional Capital Provision for the purchase of land to increase the capacity of the Commuter Car Parks at Angel Drove, Ely, referred to in paragraph 10.7 of the report, appeared justified from his experience in the previous week, where all the spaces were fully utilised by 10am.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve (as amended for Council):

- 1. The 2019/20 revenue budget as set out in the revised Appendix 1 to the submitted report, including a proposed Council Tax freeze.**
- 2. The Statement of Reserves as set out in Appendix 2 to the submitted report.**
- 3. The Fees and Charges for 2019/20, as set out in Appendix 3 to the submitted report.**
- 4. The Capital Programme and financing as set out at Appendix 4 to the submitted report.**
- 5. The awarding of discretionary Business Rate relief to certain retail business premises with a rateable value below £51,000 as set out in paragraphs 5.2 to 5.4 of the submitted report.**

It was also resolved:

That, as the Council are still awaiting final Settlement figures and completion of the NNDR1 Return, should the numbers change between Resources and Finance Committee and full Council, the

Finance Manager be authorised to adjust the use of the Surplus Savings Reserve in 2019/20 (as necessary) so that the net budget and Council Tax for that year remain unchanged.

67. **FINANCIAL REGULATIONS AND FINANCIAL PROCEDURE RULES**

The Committee considered a report (reference T190, previously circulated) containing draft Financial Regulations and Financial Procedure Rules for inclusion in the Council's Constitution. The Finance Manager and Section 151 Officer reported that there was reference in the Constitution to detailed Financial Procedures being produced and these documents were to meet that requirement and codified current corporate practice. The draft Financial Regulations and Financial Procedure Rules had been endorsed by Corporate Management Team and Internal Audit.

In response to a question by Councillor Dupré, the Finance Manager confirmed that there were no other outstanding documents for inclusion in the Constitution.

The Chairman suggested that the Financial Regulations and Financial Procedure Rules should refer to the 'relevant Committee', in view of the number of changes to the name of this Committee in recent years.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve the adoption of the new Financial Regulations and Financial Procedure Rules attached to the submitted report for inclusion within the Constitution, subject to amendment throughout of reference to 'the relevant Committee' to avoid the requirement to change the Constitution each time the name of that Committee changes.

68. **CORPORATE RISK MANAGEMENT**

The Committee considered a report (reference T191, previously circulated) containing an update on the key risks facing the Council, and the associated mitigating actions.

Rachel Ashley-Caunt, Head of Audit, Internal Audit, LGSS, highlighted the inclusion of Homelessness as a separate risk from the Housing Strategy risk to reflect comments when the Register was reviewed at the meeting of this Committee in July 2018. A risk relating to the impact of Brexit also had been included in the Register. The Workforce Development risk had been removed from the register and included in the general Recruitment/Retention risk, to reflect the large amount of work done by the Council in this area, meaning it now could be regarded as 'business as usual'.

Councillor Dupré referred to the variable nature of the descriptions of risk for individual items in the Register. Some were a useful summary of the risk but others were merely a title rather than a description of the risk.

Councillor Dupré also queried the risk scoring, what action the Council was taking to prepare for the impact of Brexit and whether there was a designated officer responsible for this area, as the description of the risk indicated a reactive rather than a proactive approach. The Chief Executive acknowledged that consistency was required in the descriptions of risk in the Register and agreed that these should be reviewed. He also agreed to review the scoring and to consider the actions to be taken by the Council in relation to the Brexit risk.

Councillor Goldsack queried the impact of the roll-out of Universal Credit in East Cambridgeshire on Homelessness, as referred to in that risk. The Chief Executive stated that a report on this recently had been submitted to the Regulatory Services Committee and Members of this Committee could be provided with an update.

It was resolved:

That the proposed amendments to the Corporate Risk Register set out in Appendix 2 to the submitted report be endorsed.

69. **FINANCE REPORT**

The Committee received a report (reference T192, previously circulated) containing an update on the Council's current financial position for 2017/18 financial year for both revenue and capital expenditure. The Finance Manager and Section 151 Officer highlighted the correct Appendix 4 to the report tabled at the meeting.

In response to questions by Councillor Sharp, the Finance Manager explained the figures relating to Homelessness.

It was resolved:

1. That the projected year end underspend of £280,000 compared to the approved revenue budget of £5,334,176 for this Committee be noted.
2. That the overall projected year end underspend of £443,500 compared to the approved revenue budget of £13,099,778 for the Council be noted.
3. That the projected year end Capital spend of £302,444 compared to the revised budget of £6,632,444 for this Committee be noted.
4. That the overall position for the Council on Capital of a projected capital outturn of £4,324,570, which is an underspend of £7,038,982, be noted.

70. **ANGLIA REVENUES AND BENEFITS PARTNERSHIP (ARP) JOINT COMMITTEE MINUTES**

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 4 December 2018.

Councillor Dupré asked if there was an update on the issue regarding Welfare Reform in Minute 46/18, whereby representations were being made on the transfer of funding for support and assistance to claimants for Universal Credit claims to Citizen Advice Bureaux (CAB) rather than local authorities from April 2019. Councillor David Ambrose-Smith, as the Council's representative on ARP, stated that a response from the Work and Pensions Minister, Amber Rudd MP, was awaited.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 4 December 2018 be noted.

71. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee for the current year.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5.15pm.

Chairman:.....

Date: 28 March 2019