



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely, on Thursday, 26th July 2018 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor Christine Ambrose Smith (as a Substitute)
Councillor David Ambrose Smith
Councillor Ian Bovingdon
Councillor Mike Bradley
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Mark Goldsack
Councillor Alan Sharp
Councillor Jo Webber (as a Substitute)

In attendance

John Hill – Chief Executive
Ian Smith – Finance Manager & S151 Officer
Adrian Scaites-Stokes – Democratic Services Officer
Melanie Richardson – Audit Manager, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS

24. PUBLIC QUESTION TIME

No questions were submitted by the members of the public.

25. APOLOGIES AND SUBSTITUTIONS

Apologies for absence were received from Councillor Morris.

It was noted that Councillor Webber would substitute for Councillor Morris for the duration of the meeting.

26. DECLARATIONS OF INTEREST

There were no declarations of Personal or Prejudicial Interests by Members of the Committee.

27. **MINUTES**

Councillor Lorna Dupré thought there was a failure in procedures, as there was no agenda item to follow up actions agreed by the Committee. A case in point related to the Valuation Office and the Swinford Paddocks Hotel. This matter was open for the Council to pursue if it considered anything untoward had occurred. Had the Council done that and had it taken all reasonable steps to contact the Valuation Office to make it aware of the facts?

The Finance Manager reminded Members that the Valuation Office had been tardy over the Hotel, though it had not upheld the complaint whilst acknowledging a failure of its processes. He was not aware that the Anglia Revenues Partnership had done anything to facilitate the situation.

It was resolved:

That the Minutes of the meeting of the Committee held on 18th June 2018 be confirmed as a correct record and be signed by the Chairman.

28. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed Members that the Conservative Group had discussed the appointment of a Member to the CIL Joint Strategy Group, that appointment being himself.

29. **EXTERNAL AUDIT – LOCAL GOVERNMENT SECTOR UPDATE**

The Committee received a report (reference T59, previously circulated) providing an update on the Council's position regarding the local government sector.

The Chairman offered thanks to the Finance Manager for providing answers to the questions previously posed by Members.

It was resolved:

That the report be noted.

30. **EXTERNAL AUDIT – AUDIT RESULTS REPORT**

The Committee received the Audit Results Report from Ernst & Young detailing the progress of the independent audit carried out.

The Audit Manager advised the Committee that the report set out the current state of the Audit, with the exception of the Officers' Remuneration which had now been completed. The Committee was reminded that 18 months ago it was stated that the audit would be difficult to complete within the new contracted timetable. This meant that there was a strong possibility that it would not be completed by the 31st July deadline. Additional resources had been provided to assist this endeavour. If the Audit was not completed by the end of July, then the Council had to publish a notice on its website stating this.

There would be no penalty if the deadline was missed nor any effect on future funding.

Councillor Bradley acknowledged that this was the first year this had been done to the new timetable and hoped that next year the Audit would be completed on time. The Audit Manager stated that a lot had been learnt this year, so improvements could be made to help next year.

31. **ANNUAL GOVERNANCE STATEMENT 2017/18**

The Committee considered a report (reference T61, previously circulated) giving the final version of the Annual Governance Statement for 2017/18.

The Head of Audit reminded the Committee that it had considered this issue a few weeks ago. Changes following that meeting had been highlighted in the report and it also reflected some updates. Everything else was as before.

Councillor Bradley noted that the reference to the Shareholder Committee only related to the Trading Company, when in fact there were two, so the reference should be to 'companies'. Officers agreed to amend the wording to suit.

It was resolved:

That the Annual Governance Statement for 2017-18 be approved.

32. **2017/18 ANNUAL FINANCIAL REPORT/STATEMENT OF ACCOUNTS**

The Committee considered a report (reference T62, previously circulated) which presented the 2017/18 Statement of Accounts for approval.

The Finance Manager advised the Committee that it had been difficult to produce the report due to the condensed timetable. The Finance department had been dealing with queries raised by the Audit and aimed to complete it by 31st July. Thanks were given to the Audit team for their help over the last few weeks to help, hopefully, achieve publication before the deadline.

There were two issues that needed highlighting. The first related to a missed accrual for last year. This was for the sum of £294K for a Section 31 grant related to business rates, which should have been included in last year's figures. This meant that last year's underspend was greater than reported.

The second related to the Pensions Valuation by the Actuaries. This had affected all councils in Cambridgeshire. This would require a new valuation, which would be subject to future work. As a result the recommendation in the report needed re-wording to include "in consultation with the Committee Chairman" as part of the authorisation process.

Councillor Bradley questioned the big difference in value of assets and liabilities and wanted to know why this had occurred. Would there be any future risk over pensions' liability? The Finance Manager replied that difference was mostly due to the new leisure centre. The Council relied on the Actuaries to advise on potential liabilities but predicting the future was difficult.

In response to Councillor Bovingdon's query about the Building Control figures, which showed a profit, the Finance Manager explained that the figures were correct but were affected by indirect costs. If the total costs for overheads was taken into account the figures would be lower.

Councillor Sharp noted that Note 12, relating to property, plant and equipment, was missing and asked that it be sent round.

Councillor Dupré noticed that £50K had been allocated for an options appraisal for Council offices and asked if that had been done. There was also a commitment to investigate modular housing provision but had that been reported to Council anywhere? The Chief Executive stated that the timetable for The Grange was being reviewed, as the Cambridgeshire and Peterborough Combined Authority was providing resources for Market Towns studies. With regards modular housing, it was likely that opportunities to provide it would go through the East Cambs Trading Company. At the moment there had been no reports received by the Board of any opportunities that Palace Green Homes wished to pursue. The East Cambs Trading Company would continue to explore any opportunities identified, which would go to the Trading Company Board and then the Shareholder Committee.

Councillor Bovingdon informed the Committee that there had been sites that modular house companies had purchased but Palace Green Homes had not been interested. The Trading Operations from the past two years showed an overall increase in turnover in the second year but a reduction in surplus, so had something failed? The Chief Executive could give no comment about the modular housing issue without knowing the sites involved. The Finance Manager would have to revisit the figures for the Trading Operations to find an answer.

It was resolved:

That the 2017/18 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY by 31st July 2018.

33. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference T63, previously circulated) which advised Members of the work of Internal Audit completed during the period April to June 2018, and the progress against the Internal Audit Plan.

The Head of Audit pointed out the new format of the report, which aimed to provide key information in an easier format. A new template had also been included which was intended to give full details of the implementation of audit recommendations, so the Committee could challenge where necessary. These new formats would be first included for the September meeting. Any issues in the 'high' or 'medium' priority categories would be brought to the attention of the Committee.

Taxi licensing had been audited and a good level of assurance had been found, was a minor risk and safeguarding was a positive outcome. Additional work on Bank Reconciliations had been carried out and it was categorised as having a minor organisational impact.

It was resolved:

That the Internal Audit progress report be noted.

34. **CORPORATE RISK MANAGEMENT**

The Committee considered a report (reference T64, previously circulated) updating Members on the key risks facing the Council and the associated mitigating actions.

The Head of Audit advised the Committee that the report was positive and had incorporated a number of changes since last being reviewed. This demonstrated some engagement in the process with new risks being recognised and actions identified to mitigate those risks. Pages 4 and 5 of the report set out the identified risks, with an additional (C6) relating to governance. This had been discussed with the Risk Management Group, so it was happy with what was being done. Staff recruitment and retention was another highlighted issue.

Councillor Dupré was not convinced that the cause listed for the housing strategy (Risk number A3) was correct and asked why this had been stated rather than other factors. With regard to the partnership with Peterborough City Council, did this relate to planning staffing issues or would it be taking on homes? The shortage of a 5-year supply of houses was not shown in this Council's or Peterborough's figures.

The Chief Executive confirmed that this was one way the 5-year supply could be addressed. The Council had a robust plan by agreement with Peterborough. The Finance Manager explained that the Council had been given extra responsibility to tackle homelessness following the Homelessness Reduction Act and had to provide homes at an increased rate. The Chief Executive agreed to look at the effects and controls relating to affordable homes and there was an opportunity to revise A3.

It was resolved:

That the proposed amendments to the Corporate Risk Register be endorsed and the Chief Executive be authorised to revise (Risk number) A3.

35. **APPOINTMENTS TO INTERNAL DRAINAGE BOARDS**

The Committee considered a report (reference T65, previously circulated) regarding representation on Internal Drainage Boards.

Councillor Brown offered thanks to the parish councils which had found volunteers to fill the vacancies.

Councillor Dupré questioned the number of nominations, as they appeared to have been made by the parish councils, although this Committee was supposed to make the decision to appoint. It was a surprise that the nominees for Padnal and Waterden was equally split between Ely and Littleport and it should be asked how that decision was made. It was also not clear how Mr Moss-Eccardt had been nominated, as his application was not received in time, or who authorised it. This raised questions about the practice of asking parish councils to fill vacancies. Assurance was needed that all the nominations received were reported to this Committee, as it should determine the representation.

Councillor Webber explained that when the question had been raised at a Littleport Parish Council meeting only two volunteers came forward.

The Chief Executive informed that Committee that there had been no intention to split representation on the Padnal and Waterden IDB evenly and the Committee had received all the nominations that had come forward.

It was resolved:

To make the following appointments to the Internal Drainage Boards as nominated:

Cawdle Fen: Councillor Ian Lindsay (City of Ely Council)
Councillor Alison Arnold (City of Ely Council)
Jeremy Friend-Smith (City of Ely Council)
Rupert Moss-Eccardt (City of Ely Council)

Padnal and Waterden: Councillor Clive Webber (Littleport Parish Council)
Councillor Sue Kerridge (Littleport Parish Council)
Councillor Michael Rouse (City of Ely Council)
Councillor Richard Hobbs (City of Ely Council)

36. **FINANCE REPORT**

The Committee received a report (reference T66, previously circulated) that provided budget monitoring information for services under the

Committee's remit and the Council as a whole. This included an additional recommendation subsequently circulated prior to the meeting.

The Finance Manager advised the Committee that the current forecast for 2018/19 was for an underspend of £42K on the revenue budget, but with a capital overspend of £402K, for the Council overall. An additional recommendation was tabled which proposed increasing Building Control fees by 13% to cover additional responsibilities following the Grenfell Tower disaster. These fees had not increased since 2012.

Councillor Dupré asked whether the capital overspend was due to the new leisure centre and how it was being funded by CIL contributions. General development contributions went into this and could it have been free for use on other purposes if not used for the centre? This funding could have been used on other community projects. If recovery of the centre's costs was not successful the proportion of CIL funding would increase. This would mean no additional pressure on the Council's budget. How was the recovery process going and who received updates about this?

The Finance Manager revealed that this CIL money had not initially been allocated to the centre but was allocated later. A claim against a third party had been made to recover the money. As work proceeded on this matter this Committee would be updated, due to the financial issues involved.

Councillor Bovingdon questioned the figures in bullet points one and two under paragraph 2.1. It was explained that the first figures related to the Committee's remit, whilst the second related to the Council as a whole.

Councillor Goldsack asked for clarification about the additional 13% fee increase and how the mathematics worked out, as it was a high increase. Building Control created a profit so could increase that by a further £7K. The Finance Manager confirmed that the increase was to only to cover additional costs, such as that for new training, and not to generate additional income.

It was resolved:

- (i) To note that the projected yearend overspend of £18,000 compared to its approved revenue budget of £5,344,17;
- (ii) To note that overall the Council has a projected yearend underspend of £42,000 compared to its approved revenue budget of £13,099,778;
- (iii) To note that this Committee currently had three capital projects linked to it, each of which was forecast to come in on budget at this time;
- (iv) To note that the overall position for the Council on Capital is projected outturn of £11,983,305, which was an overspend of £402,595;

- (v) That an increase in Building Control Fees of 13% be approved with immediate effect.

37. **OUTSTANDING ANNUAL REPORTS OF REPRESENTATIVES ON OUTSIDE BODIES**

The Committee considered a report (reference T67, previously circulated) which included the outstanding Annual Reports from appointed Council representatives on Outside Bodies.

Councillor Dupré was disappointed that the reports did not cover the key issues addressed by the Outside Bodies during the year, nor what they did. The Local Government Association (LGA) report amounted to its terms of reference only. Councillor Brown thought the Committee had to accept the reports as they were, unless it wished to dictate what Members included in their reports. The Chief Executive advised the Committee that the LGA was going through a review and the outcome would be reported.

It was resolved:

That the outstanding Annual Reports from appointed Council representatives on the activities and manner in which funding was spent by the outside bodies within the responsibility of the Resources & Finance Committee be noted.

38. **ANGLIA REVENUES AND BENEFITS PARTNERSHIPS JOINT COMMITTEE MINUTES**

The Committee received a copy of the Anglia and Revenues Benefits Partnership Joint Committee minutes from the meeting held on 26 June 2018.

Councillor Brown hoped that future minutes would give details of which authorities the various Councillors were representing.

Councillor Ambrose Smith disclosed that different local authorities would be amalgamating and information would be brought to the Committee.

39. **FORWARD AGENDA PLAN**

The Committee received its Forward Agenda Plan.

The meeting closed at 5:27pm.