



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Minutes of the meeting of the Finance & Assets Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on Thursday, 20th June 2019.

P R E S E N T

Councillor David Brown (Chairman)
Councillor Ian Bovingdon (Vice Chair)
Councillor Christine Ambrose Smith
Councillor Charlotte Cane
Councillor Simon Harries
Councillor Bill Hunt
Councillor Alan Sharp
Councillor John Trapp
Councillor Alison Whelan

OFFICERS

Emma Grima – Director Commercial
Nicole Pema – HR Manager
Ian Smith – Finance Manager
David Vincent – Health & Safety Officer
Janis Murfet – Democratic Services Officer

IN ATTENDANCE

Rachel Ashley-Caunt – Head of Internal Audit, LGSS
Paul Corney – Head of ARP

5. **PUBLIC QUESTION TIME**

No questions were submitted by members of the public.

6. **APOLOGIES AND SUBSTITUTIONS**

No apologies were given and no substitutions were made.

7. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

8. **MINUTES**

It was resolved:

That the Minutes of the meeting of the Committee held on 30th May 2019 be confirmed as a correct record and signed by the Chairman.

9. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement:

A consortium led by Cambridgeshire County Council and including East Cambridgeshire District Council was awarded £700,000 for Cambridgeshire and Peterborough's parks and nature reserves. The Cambridgeshire & Peterborough project was chosen from more than 80 other projects by councils and communities across the UK to receive a share of more than £6 million funding and £5 million worth of advice and support.

We are looking forward to seeing what benefits can be achieved for East Cambridgeshire and Spencer Clark is a member of the Working Party.

10. **EXTERNAL AUDIT – ANNUAL AUDIT FEE LETTER**

The Committee received the External Audit Annual Audit Fee Letter for 2019/20.

The Finance Manager offered an apology on behalf of External Audit, saying that they were not in attendance as they had just this one item for noting on today's agenda. However, Ernst Young would be on site on 1st July 2019 to start their audit of the 2018/18 Accounts and Members would be provided with an update on the progress of this at the next Committee meeting.

It was resolved:

That the External Audit Annual Audit and Certification Fees Letter for 2019/20 be noted.

11. **INTERNAL AUDIT ANNUAL REPORT AND OPINION**

The Committee received a report (reference U25, previously circulated) containing the Annual Report on the work of Internal Audit during the financial year 2018/19.

Rachel Ashley-Caunt, Head of Internal Audit, introduced herself and for the benefit of the new members of the Committee, explained the role of Internal Audit. She then highlighted the key sections of her report saying that Satisfactory Assurance could be given that there was generally a sound system of internal control, designed to meet the organisation's objectives and that controls were generally being applied consistently.

Controls relating to key financial systems for bank reconciliations, debtors, budgetary control and treasury management, which were reviewed during the year, were generally concluded to provide a level of at least Good Assurance. The audit of the creditors system highlighted a number of improvements in controls compared with 2017/18, but some areas for improvement remained subject to further development.

Table 1 summarised the overall opinions and Table 3 set out the Audit opinion on individual audits.

Table 5 provided an overview of the overdue recommendations as at 31st March 2019, and Members noted that they would receive further updates on this regularly during the year.

Referring to Table 1, Councillor Trapp noted that the shift in level of assurance category appeared to be satisfactory rather than substantial. The Head of Audit replied that the 2018/19 Audit Plan was a much more risk based audit; this had had an impact and was maybe why it had been highlighted.

It was resolved:

That the Internal Audit report and opinion for 2018/19 be approved.

12. **DRAFT ANNUAL GOVERNANCE STATEMENT**

The Committee considered a report (reference U26, previously circulated) containing the draft Annual Governance Statement (AGS) for 2018/19.

The Head of Audit informed Members that the Statement formed part of the final accounts and was divided into two sections. The first (sections 1 – 4) covered the scope of responsibility, the purpose of the Governance Framework, the Framework, and its key elements, and the second section reviewed effectiveness.

The document looked backwards to 2018/19, with the former committee structures, and it was noted that the review of the effectiveness had provided a satisfactory level of assurance with no significant issues having been highlighted.

Councillor Ambrose Smith pointed out a typographical error on page 10 of the Statement; the second bullet point under 'Resources and Finance Committee' stated that the number of elected Members had been reduced to 20. This was incorrect and should read '28'.

Referring to the activities of the Shareholder Committee, Councillor Cane expressed concern regarding the governance of the East Cambs Trading Company. She believed it would be useful for the Committee to see the Company's final accounts to 31st March 2019 and this should be effected fairly urgently. The Company's net current deficit was nearly £1 million and it had net liabilities of £750,000.

She continued, quoting the following passage from the East Cambs Trading Company Limited Directors' Report and Financial Statements for the Year Ended 31 March 2018 (page 9, paragraph 1.4, Going Concern):

'The company is reliant on the continued financial support of its shareholder and ultimate parent, East Cambridgeshire District Council, which is expected

to continue for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the ongoing concern basis.'

On 21st May 2019, the Trading Company had signed up to a charge on assets with the Cambridgeshire & Peterborough Combined Authority regarding Hardwicke Fields, Haddenham. She was not aware of Members having been informed of this and it could put the Council at a significant risk.

Councillor Sharp replied that the Haddenham loan had come to Full Council, and one of the conditions was that the loan was secured on the land. The Director Commercial interjected to add that the Company had to seek agreement from the shareholder, so Council was aware of the charge. Councillor Cane responded, saying there needed to be formal notice of charges being taken as the Council was trying carefully not to take on liabilities.

Councillor Sharp said he did not disagree with some of Councillor Cane's points. The Shareholder Committee had wanted more regular accounts last year and Councillor Dupré had sorted it out. The Going Concern statement was when the Company was technically insolvent and the inventories were valued lower. He hoped that some profit would come through as of March 2019 and agreed that the Committee needed to see the accounts to 31st March 2019 very soon.

Councillor Harries supported Councillor Sharp's remarks, saying it demonstrated bipartisan agreement; Members should see the accounts ahead of the meeting to enable them to digest the information and there should be no committee meeting until they were ready. The Chairman said the Director Commercial would check, but he could not promise that the accounts would come to the meeting of Committee in July.

The Finance Manager reiterated that the Statement of Accounts had to be signed off in July, to which Councillor Cane commented that if ECTC accounts were consolidated into the group accounts, Members would need to see the Trading Company accounts. The Finance Manager confirmed that ECTC accounts do form part of the Council's group accounts.

It was resolved:

That the Draft Annual Governance Statement for the financial year 2018/19, as detailed in Appendix 1 to the report, be noted.

13. **FINANCE REPORT**

The Committee considered a report (reference U27, previously circulated) which provided details of the financial outturn position for services under the former Resources & Finance Committee, and then as part of this Committee's corporate remit, for the Council as a whole. While the Committee structure of the Council had now changed, as this report related to the 2018/19 financial year, the previous committee structure was reflected.

The table in paragraph 3.5 of the report set out explanations for the yearend variances and paragraphs 3.9 – 3.14 detailed capital spend.

Councillor Bovingdon noted the overspend on the Leisure Centre (paragraph 3.12 refers) and enquired what measures were being taken to recover it. The Director Commercial replied that the equipment fit out overspend would be recovered via the management contract and the Council was actively pursuing UK Power Networks, via Mace, for recovery of overspends believed to be as a result of their actions, but it was proving to be a slow process.

Councillor Cane said she was not happy with the recommendation regarding the roll forward of slippage on the capital programme, as she would like to see a timeline from officers. She felt that officers should stand back and ensure that they set a capital budget that was deliverable. The Finance Manager responded, saying that it was Members' discretion as to whether the slippage should be rolled forward.

Councillor Harries supported having a timeline and asked if the figure stated in paragraph 3.13 of the report had been factored in above the management fee; the Director Commercial confirmed that it would come in above. Councillor Harries next asked how officers would demonstrate proof that the Leisure centre overspend would be recovered and he requested clarification regarding the use of CIL. The Director Commercial explained that CIL could not be used for affordable housing, but it could be used for other things. She was unable to guarantee that all the funds relating to the Leisure Centre utilities could be recovered, but officers were doing their best. Councillor Harries replied by saying that contracts should be drafted so as to be clear from the start and he did not find the situation acceptable.

In connection with the slippage being rolled forward, Councillor Cane said she would leave it to the Finance Manager's judgement, but she wished to have something at the next meeting from officers to say what the money was being spent on. The Director Commercial suggested that if Members were so minded, she could issue them with a briefing note. Whereupon,

It was resolved:

- 1) That the following be noted:
 - The final revenue position for the Council was an underspend of £987,740, this compared to its approved budget of £13,099,777;
 - That the Council's overall position on Capital was an outturn spend of £3,479,256, an underspend of £7,951,689 when compared to its revised capital budget;
 - The Council had revenue reserves of £11,048,964 at March 2019.
- 2) That approval be given to the roll forward of slippage on the capital programme (as detailed in Appendix 4 of the report) to allow 2018/19 schemes to be completed during 2019/20 and future years.

14. **2018/19 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW**

The Committee considered a report (reference U28, previously circulated) which summarised the Council's Treasury operations during 2018/19.

The Finance Manager reported that the Council was externally debt-free in 2018/19. Cash investments totalled £6,191 million as at 31st March 2019, an increase of £1.34 million on the previous year.

Interest received during the financial year was £304,946, which was £64,946 above the budget of £240,000. This figure was made up of £59,093 from investment in money markets and £245,853 from the loan to ECTC.

Councillor Sharp congratulated Officers on the good performance and Councillor Whelan commented that the investment strategy was obviously working; she asked that her compliments be passed on to the Finance Team.

It was resolved to RECOMMEND TO COUNCIL:

That the report on the Council's Treasury operations during 2018/19 including the actual Prudential and Treasury Indicators, as set out at Appendix 1 to the report, be approved.

15. **LOCAL COUNCIL TAX REDUCTION SCHEME 2019/20 REVIEW**

The Committee considered a report (reference U29 previously circulated) containing the conclusion of the 2019 annual review undertaken by Anglia Revenues Partnership (ARP), and the resultant proposals for consultation for changes to the LCTRS to take effect from April 2020.

For the benefit of the new members of the Committee, Paul Corney, Head of ARP, gave a brief overview of the work of the ARP and the background to the Local Council Tax Reduction Scheme. It was noted that there was a statutory requirement to review the scheme each year.

The impact of Universal Credit (UC) upon some customers had become increasingly apparent since the Council entered the UC full service during the summer of 2018. The existing Council Tax Support Scheme rules required the Council to revise awards when a customer's UC changed, leading to reassessment of Council Tax Support. In some cases this was happening on a monthly basis and customers were receiving letters that could be difficult to understand. The uncertainty caused to the customer also had an impact on the collection of Council Tax, as well as increased administration costs associated with producing additional notification letters.

It was therefore recommended that the Council introduce a weekly tolerance rule of £15 to ease the burden on the customer and the Council. This would have the effect of freezing a customer's assessment when a revised notification would otherwise trigger an assessment. Any changes notified above

the tolerance level would be processed as usual, whereas those within the tolerance level would not be updated, no correspondence would be issued to the customer and there would be no amendment to Council Tax repayments.

Mr Corney said that by building discretion into the LCTRS, it could try and build some certainty for customers. He was seeking Member agreement to undertake a formal public consultation to amend the scheme for 2020/21 over the coming months and the consultation responses would come back to Committee.

Councillor Whelan thought the introduction of a tolerance rule would be an incredibly admirable thing to do because for most people £15 was not much but for others it was a lot of money. She asked if there was going to be greater assurance in the consultation about how to handle people in difficult situations. Mr Corney replied that it could be built in and such cases would be reassessed.

Councillor Hunt asked if future reports could include a few bullet points giving key facts, people's benefits and payments outstanding etc., as he believed the figures would be helpful.

Referring to paragraph 3.2 of the report, Councillor Trapp asked where the savings were coming from. Mr Corney said the Government had reduced funding and it was for councils to decide how much was to be passed on to people. The Department for Work & Pensions (DWP) had released money to help, but it was significantly less than had previously been received.

Councillor Cane wished to know if customers phoning in with queries were put straight through to someone or placed on hold. Mr Corney advised that over 90% of the calls were dealt with quickly. People could now be put straight through to someone who was able to deal with the easier to answer questions and transactions could also be carried out online.

The Chairman suggested that consideration be given to arranging a Member seminar on the ARP and the Director Commercial said she would look into it.

Councillor Harries considered the proposal to be a very enlightened approach and said he was happy that the ARP had its heart in the right place with helping vulnerable people. Mitigating the fluctuations was good, but he asked if the right balance had been achieved and whether Members could be told how the figures had been calculated. Mr Corney replied that he would deal with this in a detailed seminar, as there were many aspects built into the Scheme.

It was resolved:

That the Council undertakes the statutory consultation on the LCTRS for 2020/21 based on the following principles and reports back to this Committee at the end of the consultation period:

- The Council retains the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5% and introducing a tolerance rule for the treatment of Universal Credit awards.

16. **REVISED HEALTH & SAFETY POLICY**

The Committee considered a report (reference U30, previously circulated), containing the proposed revised Health & Safety Policy for the Council.

David Vincent, Health & Safety Officer, explained the legal requirement for the Council to adopt and maintain a policy to ensure the health and safety of its employees.

It was noted that that East Cambs Street Scene was not included in the Policy Statement on page 1 of the document, as the company had a separate policy.

The draft Policy was divided into three sections: Health & Safety Policy Statement; Organisation of People and Responsibilities, and Arrangements and Documentation of Policy and Practice. The latter section also gave details of consultation on health and safety matters and policy, including monitoring and reviewing health and safety performance. The procedures were co-ordinated by the Health & Safety Working Group.

The supporting Council Health & Safety Codes of Conduct were listed on page 6 and included some new policies. The information was also available on the Intranet under the Health & Safety section.

It was resolved:

That the draft policy be approved, for implementation within the Council.

17. **ANNUAL REPORTS OF REPRESENTATIVES ON OUTSIDE BODIES**

The Committee considered a report (reference U31, previously circulated), from which Members were asked to confirm the appointment of the proposed nominated representatives to the outside bodies as set out in Appendix 1, and to receive the Annual Reports from appointed Council representatives on the activities and manner in which funding is spent by the outside bodies within the responsibility of this Committee.

The Democratic Services Officer explained that appointments were made for a period of up to 4 years. An annual report was brought to Committee so that as well as receiving the annual reports from representatives, Members could review representation and make changes where necessary.

Councillor Whelan noted that the list of proposed nominees for the Internal Drainage Boards included a number of Parish Councillors and she asked about the procedure for selecting representatives. The Director Commercial informed her that there was no clearly defined procedure; District Council members would always have priority and then any unfilled places would be offered to the relevant Parish Councils.

Councillor Trapp thought Members would find it helpful to have a paper for the procedure and the Democratic Services Officer said she would feed this back to her manager.

Councillor Hunt remarked that there had been a dramatic change in representation in Ely following the recent elections. The Cawdle Fen IDB now only had one District Council representative and there were six remaining vacancies; he thought that Liberal Democrat Members would have put themselves forward to fill them. Councillor Cane responded, saying that Parish Councillors were very keen to fill the places.

Councillor Harries said it all went back to the issue of process and he asked how representation was decided. The Democratic Services Officer replied that the Group Leaders were each provided with a list of the outside bodies and discussed it between them.

Councillor Harries continued, saying that the quality of the reports submitted was variable. He asked if any thought had been given to providing representatives with a template and the Chairman informed him that there was a template, which the Democratic Services Officer sent out to representatives each year. The Democratic Services Officer said that the current report template had been in use for a number of years and she would be happy for Members to review it and make suggestions as to how it might be revised so as to try and improve the quality of the annual reports.

It was resolved:

- That the appointment of the proposed nominated representatives to those outside bodies which fall within the remit of the Finance & Assets Committee, as set out in Appendix 1 of the report, be confirmed;
- That the Annual Reports from appointed Council representatives on the activities and manner in which funding is spent by the outside bodies within the responsibility of the Finance & Assets Committee, be noted.

18. **ANGLIA REVENUES AND BENEFITS PARTNERSHIP JOINT COMMITTEE MINUTES**

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 26th March 2019.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 26 March 2019 be noted.

19. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee.

Councillor Cane stated that she would like to see the Trading Company's management accounts at every meeting.

It was resolved:

That the Forward Agenda Plan, and the comments made thereon, be noted.

20. **EXCLUSION OF THE PRESS AND PUBLIC**

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 & 2 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

21. **APPOINTMENTS, TRANSFERS, RESIGNATIONS**

The Committee received a report detailing:

- (i) details of staff appointments, transfers and resignations for the period 1st March to 30th June 2019; and
- (ii) a summary of the main responses given by staff for leaving the Council's employment and feedback received during Exit Interviews.

It was noted that of the two members of staff who left the Council's employment, one resigned voluntarily and the other left through a settlement agreement to mutually terminate their employment. This equated to 1.03% of the total workforce. Turnover for the same period in the previous year was 7.54% (14 members of staff).

Neither leaver completed an exit interview questionnaire.

Councillor Cane enquired whether the settlement included non-disclosure and the HR Manager replied it had included a confidentiality clause. Councillor Cane then asked what Members could be told so they could satisfy themselves about what had happened in this case; some organisations did not deal with problems and used non-disclosure agreements to conceal them. The HR Manager said that in certain circumstances HR could see that an employee was not happy and that their team was not happy with them, but fortunately this did not happen very often. The Director Commercial interjected to say that there was nothing untoward in this case; it was more a parting of the ways.

Councillor Cane then asked if there was any Member involvement in the process and was advised that there was not. The Chairman remarked that Members should not be micro-managing staff.

Councillor Hunt commented that the staff were happy and surely this was supported by the figures for staff turnover given in paragraph 3.3 of the report.

Councillor Harries agreed that the statistics were positive, but thought the figures were meaningless. He questioned whether the Council did something that led to fewer people leaving and wondered whether non-disclosure agreements were ever being used in the wrong way. The HR Manager assured him that they were never used to settle HR or management issues. In this particular instance the member of staff had been on long term sick leave and was not performing on their return to work. Councillor Harries thanked the HR Manager for her lucid reply.

Councillor Ambrose Smith said that there were one or two departments that always struggled to appoint and during her time as the HR Member Champion she had never been aware of the Council being a poor employer.

It was resolved:

That the content of the information report be noted.

The meeting concluded at 5.59pm.