



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

CORPORATE GOVERNANCE AND FINANCE COMMITTEE

Minutes of a Meeting of the Corporate Governance and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Monday 30 January 2017 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor David Ambrose-Smith
Councillor Derrick Beckett
Councillor Peter Cresswell
Councillor Lorna Dupré
Councillor Lis Every
Councillor Coralie Green
Councillor Chris Morris

APOLOGIES

Councillor Hamish Ross
Councillor Stuart Smith

In attendance

Kay McClennon - Audit Manager, External Audit, Ernst and Young

Andy Radford – Director Resources & Chief Financial Officer
Emma Grima – Director Commercial
Ian Smith – Principal Accountant
Maggie Camp – Legal Services Manager
Debbie Wildridge – CLT Advisor
Darren Hill – Business Development Manager
Simrata Dhillon – Trainee Solicitor
Lyndsay Kirby - Trainee Solicitor
Tracy Couper – Democratic Services Manager

61. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

62. **DECLARATIONS OF INTEREST**

The Chairman declared a Personal Interest in relation to the the Swaffham Bulbeck CLT grant application in Agenda Item 7, as Swaffham Bulbeck was within his County Council Division.

Councillor Cresswell stated that he had been a Trustee of VIVA Arts and Community Group until recently and was a supporter of the organisation, so he would not take part in the discussion and voting on the VIVA CLT grant application in Agenda Item 7.

63. **MINUTES**

The Committee received the Minutes of the meeting held on 1 December 2016.

It was resolved:

That the Minutes of the meeting of the Committee held on 1 December 2016 be confirmed as a correct record and signed by the Chairman.

64. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement:

Director of Resources, Mr Andy Radford

The Chairman referred to forthcoming departure from the Council of the Director Resources and Section 151 Officer, Andy Radford, thanked him on behalf of the Committee for all of his excellent work and conveyed their best wishes to him for the future. The Committee expressed their appreciation by a round of applause for Mr Radford.

65. **EXTERNAL AUDIT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16**

The Committee received the External Audit report on the certification of Claims and Returns for 2015/16. Kay McClennon, Audit Manager for the Council's External Auditors, summarised the content of the report and explained that External Audit were required to undertake additional sample testing due to the small level of error detail that the auditors were expected to examine, which often amounted to pence. The Chairman thanked External Audit for their work in this area.

Councillor Dupré queried whether a 20% error rate was usual, and Ms McClennon stated that this was not exceptional due to the level of detail that the auditors were expected to go down to. If there had been particular issues arising from the testing, these would have been highlighted.

Councillor Ambrose-Smith queried if the £20M value of the claim for certification was for all of the ARP authorities and Ms McClennon confirmed that this was just the value of the claim for East Cambridgeshire.

It was resolved:

That the External Audit Certification of Claims and Returns Annual Report 2015/16 be noted.

66. **COMMUNITY LAND TRUST (CLT) GRANT APPLICATIONS**

The Committee considered a report (reference R186, previously circulated) containing grant applications from Swaffham Bulbeck and VIVA CLTs. The Director Commercial stated that both applications had been assessed by the Council's CLT Advisor and were recommended for approval.

The Chairman referred to the list of facilities in the village detailed on the Swaffham Bulbeck CLT grant application form and stated that the retained fire station had been closed following the expansion of the Burwell fire station.

Councillor Dupré stated that she was impressed with the quality and detail of the Housing Need Survey for Swaffham Bulbeck attached to the application. The Chairman commented that Cambridgeshire ACRE produced high quality Housing Need Surveys. In response to a query from Councillor Dupré regarding the ratio of affordable to market housing for the Swaffham Bulbeck scheme, Mrs Wildridge stated that there were 15 affordable homes out of 38 houses overall. Councillor Beckett queried the role of the Parish Council with regard to the grant funding. Mrs Wildridge stated that the CLT would not have a bank account until it was formally constituted but, once it was established and could open its own bank account, it would be separate to the Parish Council and administer its own funds.

In connection with the VIVA CLT grant application, Councillor Dupré questioned the lack of financial information provided with the grant application. She referred to the fact that 5 of the 6 trustees for the CLT were also trustees of the VIVA Arts and Community Group which had significant resources of around £396K. Mrs Wildridge stated that she had carried out some research on the VIVA Arts and Community Group, which was separate to the CLT, and at present they had no premises so needed their resources to hire venues and fund performances. The intention was for the CLT to lease the proposed community facility to VIVA and other local community groups. Councillor Dupré still expressed concern that financial information had not been provided. Councillor Every commented that it was good to see a different type of CLT application from the usual housing-related schemes and hope it would be the first of others for community-related premises.

Councillor Beckett commended the good work undertaken by VIVA but was concerned that this seemed to be an application for premises predominantly to be used by that Group, that there was mention of the possibility of issuing share capital in the application, and that the CLT did not seem to have the support of the Parish Council or other local

organisations. Mrs Wildridge explained that a CLT might wish to raise a capital sum for a particular project, so could have a share issue, but this would be on a very limited basis and in some cases there would not be any expectation of the sum being re-paid. The VIVA CLT was intending to provide a community asset wider than the Arts Group and wanted to recruit people from the local community to be part of the CLT. The Chairman commented that the local community extended beyond Soham, with the Group and CLT attracting members from other villages.

It was resolved:

1. That approval be given to a grant application for £5,000 from Swaffham Bulbeck Community Land Trust (CLT).
2. That approval be given to a grant application for £5,000 from VIVA Community Land Trust (CLT).

67. CODE OF CONDUCT COMPLAINTS PROCEDURE REVIEW

Further to Minute 43(a) of the meeting held on 29th September 2016, the Committee considered a report (reference R187, previously circulated) reviewing the East Cambridgeshire District, Town & Parish Councillor Code of Conduct Complaints Handling Procedure. The Legal Services Manager and Monitoring Officer reported that following consultation with District Council Members, Parish Councils and the Independent Persons, 5 responses had been received from District Councillors and 1 response from Burwell PC stating that it had no comments to make regarding the review. In the light of the District Councillor comments, the Legal Services Manager and Monitoring Officer had suggested that either the 'political motivated' reference in the procedure could be deleted or, if it was retained, the Monitoring Officer be obliged to consult the Independent Person prior to making a decision at stage 2 on a complaint.

Councillor Dupré stated that the level of responses showed that there was no appetite to change the current arrangements from Parish Councils, and that the only impetus for a change was coming from a few individual District Councillors. The winding-up of the Standards Board and the previous Standards regime had been driven by the desire to reduce the large number of trivial and politically motivated complaints being generated. In addition, if complainants were allowed to progress a politically motivated complaint, this could be counter-productive, as it would encourage people to get a politically motivated complaint in early to avoid the possibility of it being dismissed on the grounds of tit-for-tat.

The Chairman commented that it was unfair to put the Legal Services Manager and Monitoring Officer, as an officer, in the position of deciding on the issue of political motivation and queried if consultation with the Independent Person might assist in this. The Legal Services Manager and Monitoring Officer stated that when investigating complaints she had been consulting with the Independent Person in such situations without expressing her view, to ensure that she was not influencing the

Independent Person's response in any way. This arrangement could be formalised in the Code of Conduct Complaints Handling Procedure by making consultation on this basis obligatory.

Councillor Beckett stated that it was his belief that it would be clear if a Councillor had breached the Code of Conduct irrespective of trying to examine the complainant's motivation, so he proposed that the reference to 'political motivated' be deleted and this was seconded by Councillor Ambrose-Smith.

It was resolved:

That the East Cambridgeshire Member Code of Conduct Complaints Handling Procedure be amended to delete reference to "political motivation".

68. **2017/18 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY (AIS)**

The Committee considered a report (reference R188, previously circulated) containing the 2017/18 Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS). The Director Resources and Section 151 Officer, Andy Radford, explained the background and rationale to the strategies. Mr Radford also explained the proposed financing strategy for both the LATC loan and the Leisure Centre. Mr Radford also highlighted a typographical error in the fourth paragraph of section 5.1.2 of the Strategy at Appendix 1.

In response to questions from Councillor Beckett on the Leisure Centre funding, Mr Radford confirmed that this included the additional costs required for foundations and that external borrowing via the PWLB still could be sourced, if necessary. In response to a question by Councillor Dupré, Mr Radford explained the £5M external debt referred to in section 3.2 of the Strategy related to temporary cash-flow borrowing, not ongoing borrowing.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve:

- **The 2017/18 Treasury Management Strategy;**
- **The Annual Investment Strategy;**
- **The Minimum Revenue Provision Policy Statement;**
- **The Prudential and Treasury Indicators;**

as set out in Appendix 1 to the submitted report.

69. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2017/18**

The Committee considered a report (reference R189, previously circulated) containing the proposed Revenue and Capital Budgets and the required level of Council Tax for 2017/18, an assessment of the robustness of the Budgets, the adequacy of Reserves and an update of the Council's Medium Term Financial Strategy. The Director Resources and Section 151 Officer, Andy Radford, circulated a revised Appendix 1 to the report, which contained updated figures to reflect the changes in projected Business Rates following the completion of the analysis for the NNDR1 return. He also advised the Committee that the Budget did not currently include any revised figures relating to the Waste Services contract, as this matter was to be considered at a Regulatory and Support Services Committee meeting on 6 February 2017. Mr Radford highlighted a correction to recommendation 2.2 in the report to read 'as detailed in paragraph 6.6'.

Mr Radford explained the key principles underlying the draft budget. Mr Radford reported that the provisional settlement figures honoured the grant settlement figures published the previous year, but the Government had announced changes to New Homes Bonus resulting in a loss for this Council of over £1M over the next 3 years. Central Government had been written to, protesting about the impact of the changes to New Homes Bonus on smaller Councils. The Business Rates Retention pilot scheme was currently projected to end in the 2017/18 financial year. It was proposed to use the MTFS Reserve and income from Business Rates pilot scheme for 2015/16, to fund the loss of New Homes Bonus and any revised costs resulting from the setting-up of the new Waste contract. Furthermore, discussions were to take place with the Business Development Manager on the possibility of identifying additional resource for increased growth and therefore income generation in Business Rates. It was reported that no provision had been made in the Budget at this stage for potential dividends from the East Cambs Trading Company (ECTC). Mr Radford also highlighted a correction to the Projected Funding 2016/17 figure relating to Capital Reserves for the Leisure Centre in the Sources of Funding table on page 2 of Appendix 4 on the Capital Programme to read '361,996'. In concluding, Mr Radford reported on the adequacy of Reserves and key funding risks for the Council. He stated that the overall level of Reserves was adequate and the key risk related to the loan funding to ECTC, which was why the liability was limited to £5M.

Councillor Every referred to paragraph 9.3 of the report which stated that the Company Board had not yet finalised its business plan for 2017/18 and that the Business Plan would be brought to Council in April 2017. She expressed concern at the fact that no Business Plan for ECTC was yet available and queried why one had not been produced to be synchronised with the Budget-setting process. Mr Radford stated that a draft business plan had been produced and the financial projections reflected in the Budget reports. However, the Business Plan had yet to be considered by the Board. Councillor Every expressed the view that in future the Business Plan should be submitted to Council at the same time as the Budget.

In response to a query by Councillor Cresswell, Mr Radford confirmed that a revised version of the Budget would be enclosed with the Council Agenda to reflect changes resulting from the Waste contract (subject to approval at Regulatory and Support Services Committee) and Ely Country Park.

Councillor Dupré referred to additional CIL receipts being diverted to meet the Budget shortfall on the Leisure Centre and to significant rises in some fees and charges relating to animal establishments and bulky waste, the latter of which might be counter-productive if it resulted in more fly-tipping. Mr Radford stated that the use of CIL receipts was in accordance with a previous Committee decision and he had assumed that CIL receipts up to March 2017 would be available; and that fees and charges had been reviewed to ensure recovery of the actual time and costs involved in the administration of the relevant applications/licenses/services. In that connection, the Chairman clarified that the fee for an Annual Garden Waste Wheeled Bin Licence on page 15 of Appendix 3 was for an additional green bin and he asked if the new charge for food hygiene advice referred to in paragraph 8.3 of the report of £50 per hour included travelling time. The Principal Accountant confirmed that if a visit was made to a business, travelling time would be charged.

Councillor Beckett raised a number of questions on the future structure of ECTC, whether the Council still provided pest control services, and the figures relating to Travellers sites, which were responded to by Mr Radford and Mr Smith. Councillor Beckett also queried possible discrepancies in the level of fees for Planning Pre-Application advice for large and small scale major developments referred to in page 4 of the Fees and Charges schedule at Appendix 3. Mr Radford and Mr Smith agreed to provide a written answer to Members of the Committee.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve (as amended for Council):

- 1. The 2017/18 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 2017/18, 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.**

It was also resolved:

1. That the Business Rates discount to local newspapers as detailed in Paragraph 6.6 of the submitted report be approved.
2. That, as the Council are still awaiting final Settlement figures, should the numbers change between Corporate Governance and Finance Committee and full Council, officers be authorised to adjust the use of the surplus savings reserve (as necessary) so that the net budget and Council Tax remains unchanged.
3. That subject to the Regulatory and Support Services Committee decision on the Waste Service on 6th February, the budget be amended (as necessary) to reflect the need to undertake work and potentially make capital purchases in the FY 2017-18.

70. **BUDGET MONITORING REPORT**

The Committee received a report (reference R190, previously circulated) containing an update on the Council's current financial position for 2016/17 financial year for both revenue and capital expenditure. The Principal Accountant highlighted the projected underspending of £437,500 identified across the Council's services against the original Revenue Budget.

It was resolved:

1. That the projected year end underspend of £93,000 compared to its approved revenue budget of £3,660,876 for this Committee be noted.
2. That the overall projected year end underspend of £437,500 compared to its approved revenue budget of £10,436,843 for the Council be noted.
3. That it be noted that, whilst this Committee has no specific capital schemes linked to it; the overall position for the Council on Capital is a projected capital outturn underspend of £2,945,705.

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

The Committee received the Minutes of the meetings of the ARP Joint Committee held on 6 December 2016 and 10 January 2017.

It was resolved:

That the Minutes of the meetings of the ARP Joint Committee held on 6 December 2016 and 10 January 2017 be noted.

72. **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 5.40pm.

Chairman:.....

Date: 3 April 2017