



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Agenda Item 4

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 Thursday 28 January 2016 at 4.30pm.

PRESENT

Councillor David Ambrose-Smith (Vice-Chairman in the Chair)
Councillor Derrick Beckett
Councillor Peter Cresswell
Councillor Lorna Dupré
Councillor Lis Every
Councillor Chris Morris

APOLOGIES

Councillor David Brown (Chairman)
Councillor Ian Bovingdon
Councillor Coralie Green
Councillor Hamish Ross
Councillor Stuart Smith

In attendance

John Hill – Chief Executive
Richard Quayle – Director Support Services
Andy Radford – Chief Financial Officer & S151 Officer
Emma Grima – Director Commercial & Corporate Services
Ian Smith – Principal Accountant
Hetty Thornton – Performance Management Officer
Darren Hill – Business Development Manager
Sally Bonnett – Infrastructure & Strategy Manager
Tony Langle – Accountancy Assistant
Jo Riches – Press Officer
Tom Tamwell – Press Officer
Tracy Couper – Democratic Services Manager

52. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

53. **DECLARATIONS OF INTEREST**

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

54. **MINUTES**

The Committee received the Minutes of the meeting held on 3 December 2015.

It was resolved:

That the Minutes of the meeting of the Committee held on 3 December 2015 be confirmed as a correct record and signed by the Chairman.

55. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement.

Financial Services - Transfer of Committee Responsibilities

The Chairman referred to the re-structuring of the Financial Services Team concluded in November that resulted in the formal appointment of Andy Radford as Chief Financial Officer and the Financial Services Team reporting directly to the Chief Executive rather than to the Director Support Services. As a result, a realignment of Committee reporting responsibilities was required in order that the Finance Team reports to the Corporate Governance & Finance Committee, rather than the Regulatory & Support Services Committee, and that the ARP Joint Committee reporting arrangements, which are associated with the Finance function, also transfer to Corporate Governance & Finance Committee. This realignment was undertaken under the officer delegation previously given to the Monitoring Officer to make minor amendments to the Constitution.

56. **PERFORMANCE MANAGEMENT – QUARTERS 1& 2 PERFORMANCE UPDATES**

The Committee received a report (reference Q171, previously circulated) on the six month performance monitoring reports, circulated separately, relating to the following Service Delivery Plans within the remit of this Committee:

Democratic Services
Economic Development
Financial Services
Infrastructure & Strategic Housing
Strategic Planning

The Performance Management Officer highlighted the particular achievements of service areas detailed in paragraph 4.0 of the summary report. The Chairman commented on the comprehensive and impressive

nature of the individual monitoring reports which were a testament to the hard work of officers within the authority.

Individual Service Leads then summarised the content of the monitoring reports relating to their Service areas and responded to questions from Members.

The Business Development Manager, Darren Hill, referred to the presentation made to this Committee on 5 November 2015 on the activities and priorities of the Economic Development Team and the new Enterprise East Cambridgeshire Web Platform. He also highlighted the recent announcement of Enterprise Zone status for the Lancaster Way Business Park which would attract new businesses and jobs to the area and bring additional Business Rates income to the Council. The Team was on target with the majority of its indicators, with one slippage relating to the letting of the business unit at 8 St Thomas' Place. There had been some interest in the unit but, in the meantime, some income was being generated by the leasing of the parking spaces to an adjacent business. Overall, the Economic Development Team performed well and was a net contributor to the Council. Councillor Every commented that the performance report understated the work that the Economic Development Team was doing on the skills agenda as the remit had widened since the Service Delivery Plan had been drafted. Mr Hill commented that the apprenticeship scheme was part of the wider skills agenda which the Team was working on with Further Education (FE) providers and the Local Enterprise Partnership (LEP). The Team would be putting together a skills strategy for East Cambridgeshire in the future. Councillor Every stated that it was a testimony to the team that the LEP was supporting them in this approach. Councillor Cresswell commended the listing of the names of the companies that the Team was working with detailed in the performance report and, in response to a query by Councillor Cresswell, Mr Hill explained the current position on the Fordham Abbey Estate Sake Brewery.

The Democratic Services Manager, Tracy Couper, highlighted the significantly better than anticipated level of Electoral Registration of 93.4% bearing in mind the change to Individual Electoral Registration (IER) and the extensive Member Training and Development Programme implemented after the District Council elections in May 2015. Councillor Dupré commended the Electoral Registration figure achieved and queried how this compared to other Councils locally and nationally. The Democratic Services Manager stated that the District achieved a high level of registration compared to other Councils nationally, although other Councils did have significant issues that affected registration such as the large student population in the Cambridge City area, etc. However, the high level of registration achieved under IER was very pleasing and had benefitted from work on target groups in the District such as Studs and Racing establishments, care homes and migrant workers at large agricultural establishments.

The Infrastructure and Strategy Manager, Sally Bonnett, stated that the CIL and S106 was being actively monitored and referred to the

recruitment of Zara Murfitt as CIL Officer. Positive work was being undertaken on supporting Community Land Trusts CLTs and progress was being made on the delivery of infrastructure relating to the North Ely development with work on the new school and completion of the S106 agreement. The Team was working with Cambridgeshire County Council on the drafting of a Transport Strategy for East Cambridgeshire and an agents' forum had been held in the preceding week. Councillor Morris asked about the three parishes applying for CLT funding and was informed that these were at Haddenham, Fordham and Kennett.

The Principal Accountant, Ian Smith, reported that all of the Financial Services performance targets were being progressed and that the current key priorities were monitoring the current Budget and building the new Budget, for which there were items on today's agenda. The Council was in a sustainable financial position for the next two years. Financial Services also had been providing important financial information and support for the LATC and proposed District Leisure Centre. Councillor Morris queried the management of taxation issues by the Council and Mr Smith explained that, as a public body, the Council had to record and submit returns on a monthly basis in order to recover the VAT.

The Director of Commercial and Corporate Services, Emma Grima, reminded Members that a significant proportion of this Service was provided via a Service level Agreement (SLA) with Peterborough City Council and the current key focus was on the review of the Local Plan, which was on target with a consultation draft being approved by full Council on 7 January 2016. The formal consultation period on the draft Local Plan would commence on 12 February 2016 and a Parish Council briefing was proposed for 18 February 2016.

Councillor Cresswell commended the usefulness of the monitoring reports in providing easily understandable information on the progress within Service areas.

It was resolved:

That the Committee note the emerging issues and challenges moving forward and progress made against the priorities of the Council, including areas where the service has been under achieving and where outstanding performance was delivered, in the following services:

- Economic Development Services
- Democratic Services
- Infrastructure and Strategic Housing Services
- Financial Services
- Strategic Planning Services

57. **BUDGET MONITORING REPORT**

The Committee received a report (reference Q172, previously circulated) containing an update on the Council's current financial position
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for 2015/16 financial year for both revenue and capital expenditure. The Principal Accountant highlighted the projected underspending of £851,566 identified across the Council's services against the original Revenue Budget. In addition, additional business rate income of £159,000 had been received in relation to renewable energy production sites that did not go through the Collection Fund, which was likely to result in a year-end surplus of just over £1M to add to the Surplus Savings Reserve. One of the main areas of underspending was due to staffing savings across the Council, particularly in the Planning, Legal, Housing Strategy and HR Service areas.

The Principal Accountant reported that, as a result of comments at the Regulatory and Support Services Committee, an additional column had been added to the table in Budget Monitoring reports.

It was resolved:

That the projected underspending of £851,566 identified across the Council's services compared to its approved budget of £8,481,178 be noted.

58. **2016/17 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY (AIS)**

The Committee considered a report (reference Q173, previously circulated) containing the 2016/17 Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS). The Chief Financial Officer and Section 151 Officer, Andy Radford, explained the background and rationale to the strategies. Mr Radford explained the proposed borrowing strategy in the event of the requirement to finance both the LATC and the Leisure Centre. The loan to the LATC could be financed internally but if approval was given in April for the Leisure Centre to proceed, a combination of internal and external funding would be required.

In response to questions from Councillors Beckett and Dupré on the source of external funding and the terms for this, The Chief Financial Officer stated that any external loan would be from the Public Works Loans Board (PWLB) and the period of borrowing would be dependent on the loan requirements. In the case of both the LATC and Leisure Centre, the loan must be recharged to the body/project concerned at a market rate. Councillor Beckett queried the risks to the Council from the LATC. The Chief Financial Officer stated that there would be a Revenue loss to the Council in the event that it had to write-off the loan to the LATC. This would be written-off against the Revenue Reserves figure in the table in paragraph 2.4 of the Strategy at Appendix 1.

Councillor Cresswell commented that overall this appeared to be a sound financial management strategy.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve:

- **The 2016/17 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.

59. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2016/17**

The Committee considered a report (reference Q174, previously circulated) containing the proposed Revenue and Capital Budgets and the required level of Council Tax for 2016/17, an assessment of the robustness of the Budgets, the adequacy of Reserves and an update of the Council's Medium Term Financial Strategy. The Chief Financial Officer and Section 151 Officer, Andy Radford, highlighted minor corrections required to the numbering of the appendices referred to in the second, third and fourth bullet points of recommendation 2.1 of the report, and explained the key principles underlying the draft budget. Mr Radford reported that the final settlement figures, details of the ability of Councils to accept the four year provisional settlement and for those authorities whose Council Tax levels were in the lowest quartile (which this Council currently is) to increase Council Tax by up to 2% or up to £5, whichever is greater, without the need for a referendum, were expected in February and would be reported to full Council.

Councillor Dupré raised the following questions on the Budget report, which were responded to by the Chief Financial Officer and Section 151 Officer, as detailed:

Paragraph 4.10 of the report referred to reducing future years assumptions for New Home Bonus (NHB) and ceasing the previous policy of taking one third of NHB to a Reserve. What principles had been used to reach the revised figure for NHB for future years, what had the NHB funding that was transferred to the Reserve been used for and what were the implications of ceasing this policy? In response, Mr Radford referred to various Government announcements that indicated that reducing NHB projections by over one third was a prudent approach. Mr Radford stated that the funding transferred to the Reserve had been used to fund the first phase of the Leisure Centre project and that there were no implications from ceasing the transfer policy.

Bullet point 4 in paragraph 12.3 of the report referred to no increase in waste costs when the current contract ends in 2019 – how realistic was this in terms of having a new contract that still meets the needs of local residents? In response, Mr Radford stated that a contractor looked to cover costs and make a return over the period of a

contract. The fact that the current contractor was willing to extend the contract indicated that the costs remained realistic.

Bullet point 5 in paragraph 12.3 of the report referred to a small increase in pension fund contributions from the last valuation in 2013/14 – how much was this small increase? Mr Radford stated that these were £30K, £60K and £90K respectively.

Councillor Dupré also raised the following questions on the appendices to the report, which the Chief Financial Officer and Section 151 Officer agreed to provide a written response to and circulate to Members of the Committee:

Appendix 1B

- Why Refuse Collection and Paradise Pool costs increasing?
- Why costs associated with Sanctuary Grasscutting increasing?
- Why are there reductions in respect of Jubilee Gardens and Emergency Planning?
- What is the increase for Member & Committee Support?

Appendix 4 Fees and Charges – what are the new charges for Building Control and Heritage Advice?

Councillor Beckett queried why Parks and Open Spaces still appeared in the Revenue Budget at Appendix 1B if it was being transferred to the LATC and if it would be 'stripped out' of the Budget in future years. Mr Radford stated that this Council would still be required to pay for the service.

Councillor Morris suggested that officers should be notified in advance by Members of detailed questions on the Budget. However, the Chairman stated that it was appropriate that such questions should be raised at this Committee.

Councillor Cresswell commended the comprehensive nature of the Budget report and highlighted the increase of 14.12% in Parish Precepts for 2016/17 referred to in Appendix 5 of the report.

The amended officer recommendations were moved and seconded and on a recorded vote being taken in accordance with The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, were declared to be carried with Members voting as follows:

FOR: (5) Councillors David Ambrose-Smith, Beckett, Cresswell, Every and Morris.

AGAINST: (0) none

ABSTAIN: (1) Councillor Dupré

It was resolved to RECOMMEND TO COUNCIL:

That Council approve:

- 1. The 2016/17 revenue budget as set out in Appendix 1 to the submitted report, including a proposed Council Tax freeze.**
- 2. The Capital Programme and financing as set out at Appendix 2 to the submitted report.**
- 3. The Statement of Reserves as set out in Appendix 3 to the submitted report.**
- 4. The Fees and Charges for 2016/17, as set out in Appendix 4 to the submitted report.**

It was also resolved:

That, as the Council are still awaiting final Settlement figures and other grant information, 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.

60. HADDENHAM COMMUNITY LAND TRUST (CLT) GRANT APPLICATION

The Committee considered a report (reference Q175, previously circulated) containing a grant application from Haddenham CLT.

Councillor Beckett referred to page 4 of the grant application and highlighted the fact that since no local housing needs survey had been carried out, there was no evidence at present of a local need for affordable housing. The Director of Commercial and Corporate Services, Emma Grima, stated that there were people on the Housing Register expressing a need for housing in Haddenham and this need would be fully quantified as part of the CLT process. Councillor Beckett commented that whilst he was not adverse to the principle of the grant application, he was concerned that there was no assessment of need at present. Ms Grima acknowledged this point and agreed to feed it back to the CLT Adviser and Parish Council.

Councillor Dupré agreed that she did not have a problem with the principle of the application but, as the Council were being asked to provide funding, perhaps firmer evidence of local housing need should be required to ensure that the application stood up to scrutiny. However, she also was concerned not to set higher criteria in this case than had been set for previous CLT grant applications.

The Chairman acknowledged that evidence of local housing need was important and suggested that this should be requested for future

applications. The Chairman moved the officer recommendation in the report to approve the grant application and this was seconded by Councillor Cresswell.

Councillor Beckett moved an amendment that the application be deferred to request additional information on local housing need. In response to the questions above regarding previous grant applications, Ms Grima reported that she was not aware that detailed housing needs information had been provided previously at this stage, but had been part of the Planning process. Ms Grima was concerned that if the application was deferred, the momentum of the project might be lost. The amendment was not seconded and on the original motion being put to the vote was declared to be carried with one abstention.

It was resolved:

That approval be given to a grant application for £5,000 from Haddenham Community Land Trust (CLT).

61. **SOHAM RAILWAY STATION JOINT ECDC/CCC PROJECT GROUP**

The Committee considered a report (reference Q176, previously circulated) requesting the formal establishment of the Soham Railway Station Joint ECDC/CCC Project Group. The Director of Commercial and Corporate Services, Emma Grima, explained that the Project Group was intended to improve communications and ensure that there was a consistent message in relation to Soham Railway Station project.

Councillor Dupré referred to the fact that Members of the Project Group, whether appointed as District or County Council representatives, were all District Councillors. Therefore, this could cause confusion as to which 'hat' they were wearing.

The Chairman commented that, in the spirit of localism, there should be a Soham Town Council representative on the Project Group and proposed this amendment to the officer recommendations, which was seconded and carried.

It was resolved:

That approval be given to the formal establishment of the Soham Railway Station Joint ECDC/CCC Project Group in accordance with the Terms of Reference set out in Appendix 1 of the submitted report, subject to the inclusion of a representative from Soham Town Council.

62. **SECTION 106 AND CIL: INCOME AND EXPENDITURE UPDATE**

The Committee received a report (reference Q177, previously circulated) containing an update on Section 106 and CIL income and Expenditure.

Councillor Beckett queried if parishes were aware of the S106 allocations available for their Towns/villages. The Director of Commercial and Corporate Services, Emma Grima, reported that parishes were notified twice a year of the funding available.

It was resolved:

That the report be noted.

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

The Committee received the Minutes of the meetings of the ARP Joint Committee held on 5 December 2015 and 12 January 2016.

It was resolved:

That the Minutes of the meetings of the ARP Joint Committee held on 5 December 2015 and 12 January 2016 be noted.

64. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee for the current year. Members were informed of another possible item for the meeting of the Committee scheduled for 21 March 2016 in relation to Fordham CLT grant application.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5.56pm.

Chairman:.....

Date: 21 March 2016