



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM NO.

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Thursday 21 September 2017 at 4.30pm.

PRESENT

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

APOLOGIES

Councillor Chris Morris

In attendance

Suresh Patel - Executive Director, External Audit, Ernst and Young
Kay McClennon – Audit Manager, External Audit, Ernst and Young
Victor Matimba – Senior Auditor, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS
Jonathan Tully – Principal Audit Manager, LGSS

Ian Smith – Finance Manager & S151 Officer
Emma Grima – Director Commercial
Spencer Clark - Open Spaces & Facilities Manager
Tracy Couper – Democratic Services Manager

38. **PUBLIC QUESTION TIME**

No questions were submitted by members of the public.

39. **DECLARATIONS OF INTEREST**

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

40. **MINUTES**

The Committee received the Minutes of the meeting held on 20 July 2017.

It was resolved:

That the minutes of the meeting of the Committee held on 20 July 2017 be confirmed as a correct record and signed by the Chairman.

41. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements to report.

42. **EXTERNAL AUDIT – AUDIT RESULTS REPORT**

Suresh Patel, Executive Director, and Kay McClennon, Audit Manager, for the Council's External Auditors, Ernst and Young, presented the Audit Results Report.

Ms McClennon reported that the Audit Results Report contained within the Agenda had been produced on 11 September and she gave an update on the position since that date. The audit work was complete and External Audit would be issuing an unqualified audit opinion on the financial statements of the Council and an unqualified conclusion on Value for Money arrangements. The Council was below the threshold for full testing on its Whole of Government Accounts return. The materiality level for the Council remained at 2% of gross expenditure.

Councillor Dupré entered the meeting at 4.38pm

Two other items had been identified since the publication of the report relating to Group Accounts for the Trading Company, one regarding the treatment of the loan to the Trading Company and one regarding consolidation. The S151 Officer had agreed to make the necessary adjustment to the following year's accounts for the loan issue, while the 2016/17 Statement would be adjusted for the consolidation issue. With regard to the unadjusted audit difference in the draft Financial Statements relating to Bank Reconciliation, the difference now had been reduced to £48,000 following further work by the Finance Team since the report had been produced, and the final version of the report would be updated accordingly. A revised Letter of Representation giving the rationale as to why this would not be corrected by the Council was tabled at the meeting. The Chairman highlighted the amended recommendations tabled at the meeting for this item and the following two items on the Agenda, to reflect the unadjusted audit difference.

Mr Patel commented that this was a positive outcome for the Council and it could take assurance from the unqualified audit opinion. He referred to the earlier closure of accounts date of 31 May from 2018 onwards and stated that External Audit was working with the Council's Finance Team to meet the challenges presented by this.

The Chairman congratulated the Finance Team on receiving an unqualified audit opinion and thanked External Audit for their work.

Councillor Bradley entered the meeting at 4.45pm

It was resolved:

That the Audit Results Report for the 2016/17 financial statements be noted and the revised Letter of Representation tabled at the meeting be approved and signed by the Chief Financial Officer and Chairman.

43. **ANNUAL GOVERNANCE STATEMENT 2016/17**

The Committee received a report (reference S110, previously circulated) containing the Annual Governance Statement (AGS) for 2016/17. Jonathan Tully, Principal Audit Manager Internal Audit, summarised the progress of the AGS from the draft version presented to this Committee on 19 June 2017 to the final version submitted to this meeting with 'track changes' to show the differences. Councillor Dupré commended the use of 'track changes' to clearly show the differences between the two versions.

The Chairman highlighted the amended recommendation and wording to be included in the AGS tabled at the meeting relating to the unadjusted audit difference.

It was resolved:

That the Annual Governance Statement for the financial year 2016/17, as set out at Appendix 1 to the submitted report, be approved and signed by the Chief Executive and Leader of the Council, subject to inclusion of the reference to the unadjusted audit difference of £48,000 relating to Bank Reconciliation tabled at the meeting.

44. **ANNUAL FINANCIAL REPORT 2016/17**

The Committee considered a report (reference S111, previously circulated), regarding the Statement of Accounts for 2016/17, which had been circulated as a separate document.

Councillor Sharp entered the meeting at 4.50pm

The Finance Manager and S151 Officer gave a detailed explanation for the unadjusted audit difference in the draft Financial Statements relating to Bank Reconciliation, which had arisen due to a change in staff and poor practice notes on handover. Work was continuing to identify the reasons for the difference which was in the Council's favour, but the Finance Manager emphasised that it was an accounting issue which did not affect individual accounts and that revised procedures were being introduced. In response to a question by Councillor Cheetham, the Finance Manager confirmed that revised documentation had been produced to prevent a similar situation arising in the future. Councillor Sharp queried if the issue might have occurred in the preceding year as well and the Finance Manager stated that this may have been the case, but the issue now had been addressed.

Councillor Dupré stated that she had a number of queries on the detail of the Statement of Accounts, which she would follow-up with the relevant officers. In response to a question from Councillor Dupré regarding the bullet point on page 10 of the Statement of Accounts relating to the assumption on Business Rates Growth, the Finance Manager explained the current position.

The Chairman congratulated the Finance Manager and his Team on producing and presenting a good set of accounts.

It was resolved:

That the 2016/17 Annual Financial Report, as set out at Appendix 1 to the submitted report, be approved subject to the Section 151 Officer, in conjunction with EY, being authorised to make any final presentational changes, as required, prior to final sign-off by EY.

45. **EXTERNAL AUDIT LOCAL GOVERNMENT SECTOR BRIEFING**

The Committee received the Local Government Sector Briefing from the Council's External Auditors Ernst and Young and a report (reference S112, previously circulated) containing the response from the Finance Manager to the key questions detailed in the Briefing. The Chairman, Councillor Dupré and Mr Patel commended the helpful approach of producing a report responding to the key questions the Briefing.

It was resolved:

That the External Audit Briefing and the response from the Finance Manager to the key questions contained therein be noted.

46. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference S113, previously circulated), detailing the work of Internal Audit during the period April to August 2017 and progress against the Internal Audit Plan. Jonathan Tully,

Principal Audit Manager Internal Audit LGSS, highlighted the key areas of progress since the last report to this Committee in July 2017.

It was resolved:

That the work undertaken by Internal Audit be noted.

47. **REVISED HEALTH AND SAFETY POLICY**

The Committee considered a report (reference S114, previously circulated), containing the proposed revised Health and Safety Policy for the Council. Spencer Clark, Open Spaces & Facilities Manager, explained the legal requirement for the Council to adopt and maintain a policy to ensure the health, safety and welfare of its employees and that the policy last had been reviewed in 2014. The new version was a slimmed-down and more user-friendly overarching document, defining clear responsibilities and arrangements for managing health and safety within the Council.

Councillor Dupré acknowledged that the significant changes to the style of the document meant that ‘track changes’ had not been possible, but she asked for an explanation of the overall nature of the changes between the old and new versions of the Policy. Councillor Dupré also referred to section 3 of the covering report which stated that ‘the Act also places a duty on the Council to “conduct their undertakings in such a way as to ensure, so far as is reasonably practicable, that persons not in their employment who may be affected thereby are not exposed to risks to their health or safety”’, and asked if consideration had been given to the risks for elected Councillors, who were technically not employees of the Council. Mr Clark stated that the Policy had been reduced from 23 pages to a more concise document of 6 pages, which clearly defined the roles and responsibilities of particular groups and individuals within the Council in respect of health and safety. It also listed the relevant Codes of Practice underpinning these requirements. With regard to elected Councillors, the Chairman stated that he recalled that Health and Safety guidance had been provided to new/re-elected Councillors in the handbook provided to them on election. However, it was suggested that further to consideration could be given to this area.

Councillor Bradley referred to the lighting levels in the Council Chamber being below health and safety standards and asked how issues such as these were checked and prioritised. Mr Clark stated that this was carried out via the Health and Safety Working Group, comprising Officer and Member representation. A recent example of the operation of this process was the re-marking of the staff car park. Councillor Bovingdon queried how quickly matters were dealt with once identified and Mr Clark stated that this depended on the level of prioritisation due to risk. With regard to the issue of the Council Chamber lighting, a report was to be submitted to the 9 October meeting of the Asset Development Committee setting out the proposed options.

It was resolved:

That the revised Health and Safety Policy be approved for implementation within the Council and that further consideration be given to the provision of Health and Safety guidance/advice for elected Members.

48. **AMENDMENTS TO CONSTITUTION – CONTRACT PROCEDURE RULES**

The Committee considered a report (reference S115, previously circulated) containing proposed revised Contract Procedures Rules reflecting changes in legislation, referred to this Committee for further consideration by full Council on 13 July 2017.

Councillor Dupré commended the further changes made to the draft version submitted to full Council on 13 July, to reflect Local Government Transparency Code requirements and clarifying the reasons for the exceptions to the rules in paragraphs 3.1.2 and 3.1.9. Councillor Dupré commented that this demonstrated the benefit of allowing consideration of drafts of these sorts of documents by Committee before submission to full Council.

It was resolved to RECOMMEND TO COUNCIL:

To approve the revised Contract Procedure Rules, as attached as Appendix 1 to the submitted report, and for these to be incorporated into the Council’s Constitution.

49. **LOCAL COUNCIL TAX REDUCTION SCHEME (LCTRS) REVIEW**

The Committee considered a report (reference S116, previously circulated), detailing the findings of the 2017 annual review and the resultant proposals for the LCTRS scheme to take effect from 1 April 2018.

Ian Smith, Finance Manager and S151 Officer, reported that the proposal was to retain the current 8.5% benefit scheme, but to harmonise with the DWP welfare reforms. The Chairman explained that the latter harmonisation was the reason for the requirement for the Council to undertake consultation, as this was a change to the current arrangements.

Councillor Dupré raised the following questions, which the Finance Manager agreed to provide a written response to for Members of the Committee:

- What does the statutory consultation process entail and would this include proactive consultation with groups such as the local CAB, food banks and welfare organisations?
- Not capping Council Tax assessments to Band D would cost this Council £1,312 but would cost the County Council £10,498 – is this decision in-line with what other Councils are

doing and has the County Council commented on the implications to them of such an approach?

It was resolved:

That the Council undertakes the statutory consultation on the LCTRS for 2018/19 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%.
- To harmonise the scheme with DWP Welfare Reforms and make entitlement to LCTRS, to the most part, conditional upon Universal Credit entitlement.

50. **COMMUNITY INFRASTRUCTURE LEVY (CIL): LITTLEPORT STATION CAR PARK EXTENSION**

The Committee considered a report (reference S117, previously circulated) requesting the allocation of up to £400,000 to Littleport Station Car Park extension from Community Infrastructure Levy (CIL) receipts.

Councillor Dupré referred to the fact that £500,000 had been allocated to Angel Drove, Ely Commuter Car Park extension and up to £400,000 now was proposed to be allocated to Littleport Station Car Park and queried what the remaining over £100,000 from the current CIL receipts for major projects was likely to be allocated to. The Director Commercial stated that two further projects of Soham Medical Centre and Wicken Cycle Path were on the S123 List, but that the S123 List currently was being reviewed and, as part of this process, the Council was actively inviting proposals for the inclusion of new projects on the List to use future receipts from Developers.

It was resolved:

That approval be given to the allocation of up to £400,000 to Littleport Station Car Park extension from Community Infrastructure Levy (CIL) receipts.

51. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5.30pm.

Chairman:.....

Date: 30 November 2017