



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Monday 29 January 2018 at 4.30pm.

PRESENT

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

In attendance

Suresh Patel - Executive Director & Engagement Lead,
External Audit, Ernst and Young
Melanie Richardson – Audit Manager, External Audit, Ernst
and Young
Rachel Ashley-Caunt – Head of Audit, LGSS
Magen Powell – Principal Auditor, LGSS

Emma Grima – Director Commercial
Ian Smith – Finance Manager & S151 Officer
Nicole Pema – HR Manager
Tracy Couper – Democratic Services Manager

68. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

69. **DECLARATIONS OF INTEREST**

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

70. **MINUTES**

The Minutes of the meeting of the Committee held on 30 November 2017 were received.

Councillor Dupré referred to a number of follow-up actions required from these Minutes and asked about a mechanism to ensure that this had

taken place. The Director Commercial agreed to raise the issue at Corporate Management Team.

It was resolved:

That the Minutes of the meeting of the Committee held on 30 November 2017 be confirmed as a correct record and signed by the Chairman.

71. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed the new External Audit Manager, Melanie Richardson, to her first meeting of the Committee.

72. **EXTERNAL AUDIT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016/17**

The Committee received the External Audit report on the certification of Claims and Returns for 2016/17. Melanie Richardson, 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 in particular circumstances, but in the context of the overall subsidy claim this was a positive report.

In response to a question by Councillor Sharp, it was confirmed that Ernst and Young were the External Auditors for all constituent Councils in the Anglia Revenues Partnership (ARP).

Councillor Sharp queried when the quotation for Ernst and Young to undertake claims certification work in the future would be received and Mr Patel stated that this had been discussed with the S151 Officer earlier in the day.

It was resolved:

That the External Audit Certification of Claims and Returns Annual Report 2016/17 be noted.

73. **EXTERNAL AUDIT - ANNUAL AUDIT PLAN**

The Committee received the External Audit Plan for 2018. Suresh Patel, Executive Director for the Council's External Auditors, Ernst and Young, explained the content of the Plan. He stated that there was no change in the scope of the Plan from the preceding year. Mr Patel highlighted the materiality threshold for this Council, which was at the top of the ranges set, which was positive since it demonstrated that there was a lower potential for risk of errors for this Council's accounts compared to other authorities. He also referred to the work being undertaken with Finance staff to achieve the earlier closedown deadlines commencing from this year. In that connection, Councillor Sharp queried the risks associated with the earlier closedown deadlines. Mr Patel stated that a

red/amber/green (RAG) assessment had been undertaken on Councils and this authority had been rated as a green. Across the Country, 5% of Councils had received a red rating, 25% an amber rating and 70% a green rating, so this Council could take confidence from its rating. The Finance Manager and S151 Officer stated that the same consultant employed last year to assist with closedown work had been employed this year and he was confident that the deadlines though challenging were achievable.

It was resolved:

That the External Audit Plan be noted.

74. **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 S216, previously circulated) containing the response from the Finance Manager to the key questions detailed in the Briefing. The Chairman, commended this helpful approach of producing a report responding to the key questions the Briefing.

With regard to question 1 on factoring the impact of Brexit into Councils MTFP projections, Councillor Dupré queried what response the External Auditors would expect to see to this. Mr Patel commented that some Councils were more exposed than others in this area due to holding investments that would be impacted by Brexit, so he would expect a detailed response from those Councils. But this was not the case for ECDC.

With regard to question 4 on Adult Social Care, Councillor Dupré stated that whilst this was not a District Council function, there were some areas which impacted upon District Councils such as Disabled Facilities Grants (DFGs). The Finance Manager and S151 Officer acknowledged that this was the case with DFGs, and that the level of Government funding via the Better Care Fund was increasing, as reflected in the Council's Budget.

It was resolved:

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

75. **STRATEGIC PLANNING SLA WITH PETERBOROUGH CITY COUNCIL**

The Committee considered a report (reference S217, previously circulated) detailing proposed arrangements for delivery of Strategic Planning and Strategic Housing services for 2018/19-2020/21.

The Director Commercial highlighted that the overall cost in 2018/19 was expected to be £237,800, whilst the draft Revenue Budget later on the agenda included a sum of £330,000 which also incorporated the anticipated

costs for the Local Plan Examination. Peterborough City Council only charged for actual time spent, but the final charge also would depend upon the Local Plan process proceeding in accordance with the expected timetable. If this was not the case, a further report would be brought back to Members.

It was resolved:

That the Director Commercial be authorised to enter into a Service Level Agreement with Peterborough City Council from 1 April 2018 - 31 March 2021 for delivery of Strategic Planning and Strategic Housing services, as detailed in the submitted report.

76. **2018/19 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY (AIS)**

The Committee considered a report (reference S218, previously circulated) containing the 2018/19 Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS). The Finance Manager and Section 151 Officer explained the background and rationale to the strategies. Mr Smith also explained the proposed financing strategy for both the ECTC loan and the Leisure Centre.

In response to a question from Councillor Cheetham on the £850K for works to the Depot, Mr Smith confirmed that this was for building cost requirements to meet health and safety standards, etc. In response to a question by Councillor Dupré, Mr Smith explained that the Council would be purchasing the Waste vehicles and then leasing them to the Company.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve:

- **The 2018/19 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.

77. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2018/19**

The Committee considered a report (reference S219, previously circulated) containing the proposed Revenue and Capital Budgets and the required level of Council Tax for 2018/19, an assessment of the robustness of the Budgets, the adequacy of Reserves and an update of the Council's Medium Term Financial Strategy. The Finance Manager and Section 151 Officer, Ian Smith, highlighted that the Council had a balanced Budget in

2018/19 and 2019/20, but the significant Budget deficit in 2020/21 would need to be addressed through initiatives such as income generation from the Council's commercialisation agenda and channel shift in the delivery of services.

Mr Smith explained the key principles underlying the draft budget. With regard to the Schedule of Fees and Charges at Appendix 3, Mr Smith reported that the significant rise in some Licensing fees had been debated and approved by that Committee.

Councillor Dupré stated that the risk in relation to ECTC was referred to in paragraph 11.6 of the report but that no assessment of the risks regarding the new trading company was referred to. Mr Smith stated that no loan funding was to be provided to the new trading company. Councillor Dupré commented that there were other risks relating to the new company, e.g. on recyclable materials in the light of the recent announcement by China on the import of such materials. Mr Smith acknowledged that there may be a risk with regard to recyclable materials, but the level of this year's payments already had been factored into the Budget and the assessment of risk would be similar for both the existing contractor and the new trading company.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve (as amended for Council):

- 1. The 2018/19 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 2018/19, 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:

That, as the Council are still awaiting final Settlement figures and completion of the NNDR1 Return, should the numbers change between Resources 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.

78. **FINANCE REPORT**

The Committee received a report (reference S220, previously circulated) containing an update on the Council's current financial position for 2017/18 financial year for both revenue and capital expenditure. The Finance Manager and Section 151 Officer also highlighted a Housing Benefit overpayment exceeding £10,000 requiring Committee approval.

It was resolved:

1. That the projected year end underspend of £140,000 compared to its approved revenue budget of £5,550,676 for this Committee be noted.
2. That the overall projected year end underspend of £589,000 compared to its approved revenue budget of £12,828,958 for the Council be noted.
3. That it be noted that, this Committee two specific capital schemes linked to it; the Internet, HR and Payroll System and IT at the Depot, both of which are forecast to come in on Budget.
4. That the overall position for the Council on Capital of a projected capital outturn of £17,809,066, be noted.
5. That the write-off of a Housing Benefit overpayment in the sum of £15,697.70 be approved.

79. **CORPORATE RISK MANAGEMENT**

The Committee considered a report (reference S221, previously circulated) containing an update on the key risks facing the council, and the associated mitigating actions.

Rachel Ashley-Caunt, Head of Audit, Internal Audit, LGSS, highlighted two new risks added to the Plan on General Data Protection Regulations (GDPR) and new Payroll and HR System implementation, and three updated risks to reflect emerging factors, revisions to corporate priorities, and resourcing factors which may affect delivery.

Ms Ashley-Caunt reported that a workshop session had been held with Service Leads in the preceding week to embed the Risk Management Framework within the Council by establishing the 'golden thread' through Service Leads identifying and managing risks in their service areas and to inform their Service Delivery Plans.

It was resolved:

That the proposed amendments to the Corporate Risk Register set out in Appendix 2 to the submitted report be endorsed.

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

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 5 December 2017.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 5 December 2017 be noted.

81. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee for the current year.

Councillor Morris pointed out that the next meeting of the Committee on 29 March 2018 was the Thursday before Good Friday. The Democratic Services Manager explained the requirement for dates of meetings for all Policy Committees to be timetabled in March for approval of the new Service Delivery Plans.

It was resolved:

That the Forward Agenda Plan be noted.

82. **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 and 2 Part I Schedule 12A to the Local Government Act 1972 (as amended).

83. **APPOINTMENTS, TRANSFERS AND RESIGNATIONS**

The Committee received a report detailing:

- (i) staff appointments, transfers and resignations for the period 1st November to 31st December 2017; and
- (ii) a summary of the main responses given by staff for leaving the Council's employment and feedback received during Exit Interviews.

Councillor Morris highlighted recurring comments in the current and previous exit interview questionnaires relating to poor relationships with colleagues and support/training of staff. The HR Manager, Nicole Pema, commented that the number of leavers and level of dissatisfaction expressed in exit interview questionnaires for particular Service areas probably reflected the management changes and re-structuring within those areas. With regard to the particular comments on training in a recent exit interview questionnaire, these had been acknowledged and addressed in the recruitment process for the vacancy.

However, Councillor Bradley highlighted that all 6 people completing exit interview questionnaires had responded positively on the question of whether they would recommend the Council as an employer.

It was resolved:

That the content of the information report be noted.

The meeting closed at 5.15pm.

Chairman:.....

Date: 29 March 2017