



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM NO. 4

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 30 November 2017 at 4.30pm.

PRESENT

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

APOLOGIES

Councillor Mark Goldsack

In attendance

Kay McClennon – Audit Manager, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS
Jonathan Tully – Principal Audit Manager, LGSS

John Hill – Chief Executive
Ian Smith – Finance Manager & S151 Officer
Hetty Thornton – Performance Management Officer
Nicole Pema – HR Manager
John Steel – Management Accountant
Tracy Couper – Democratic Services Manager

52. **PUBLIC QUESTION TIME**

No questions were submitted by 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 21 September 2017.

It was resolved:

That the minutes of the meeting of the Committee held on 21 September 2017 be confirmed as a correct record and signed by the Chairman.

55. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reported that the External Audit Manager, Kay McClennon, was moving on from her role with this Council after 9½ years. The Chairman stated that he had enjoyed working with Kay and expressed his thanks and best wishes to her for the future.

The Chairman reported that Jonathan Tully, Principal Audit Manager from the Internal Auditors, also was leaving his post in December. The Chairman expressed his thanks and best wishes to Jonathan in his new role.

56. **EXTERNAL AUDIT – ANNUAL AUDIT LETTER**

Kay McClennon, Audit Manager, for the Council's External Auditors, Ernst and Young, presented the Annual Audit Letter. Further to the earlier announcement by the Chairman regarding her departure, Ms McClennon reported that Melanie Richardson would be the new Audit Manager for the Council.

Ms McClennon stated that the Audit Letter was a summary of the report given at the previous meeting of the Committee. Ms McClennon highlighted the unqualified opinion on the Financial Statements and on the Value for Money Conclusion. The Certification of Grant Claims had been signed-off on Tuesday of this week and would be reported to the next meeting of the Committee.

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

It was resolved:

That the Annual Audit Letter be noted.

57. **EXTERNAL AUDIT – AUDIT PROGRESS REPORT**

The Committee received an audit progress report from the Council's External Auditors Ernst and Young. Ms McClennon highlighted the comment on the Budget Pressures facing the Council from 2019/20 onwards, which was common to authorities nationally.

She also 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.

It was resolved:

That the External Audit progress report be noted.

58. **PERFORMANCE MANAGEMENT – SIX MONTH UPDATE REPORTS**

The Committee considered a report (reference S177, previously circulated) containing the mid-year performance reports on the Service Delivery Plans for the Service areas within the remit of this Committee. The Performance Management Officer also reported that, due to a period of change within the Team, ICT Services had not yet presented their Service Delivery Plan to Committee. The Plan circulated contained performance measures for the forthcoming six months.

The Performance Management Officer highlighted that for the first time in performance monitoring reports, Service Leads had been asked to identify high level risks which could affect the Council corporately. Where applicable, these were reflected at the bottom of each report.

Comments were made and questions raised on the individual mid-year performance reports as follows:

Financial Services - The Performance Management Officer reported that the Service was on target to meet all of its Performance Indicators and with regard to the comment on the indicator relating to collecting 90% of income due on external invoices within 30 days, it was hoped that the necessary reporting information would be able to be obtained following the upgrade of the Agresso Financial Management System currently taking place. Members queried whether this could be guaranteed as part of the system upgrade and the Finance Manager and S151 Officer confirmed that it was anticipated that this would be the case. Councillor Sharp referred to the earlier accounts closedown date and implementation of the new HR and Payroll System in 2018 and asked if the Finance Team was adequately resourced to deal with these. The Finance Manager and S151 Officer reported that a new Senior Accountant was due to commence on 2 January 2018 and the consultant employed last year to assist with the closedown period also was being employed again from December 2017. Therefore, he believed that the additional resources would be sufficient.

Councillor Dupré made a general comment about the status arrow system used in the monitoring reports that they were confusing and in some cases appeared to be incorrect. She asked if the arrows could be coloured using a traffic light system to make them more clear. The Performance Management Officer stated that the new format of the monitoring reports had been agreed by Members and it had been decided not to have a red/amber/green traffic light system, as it conflicted with the other colour coding in the reports. However, the Performance Management Officer agreed to liaise with Councillor Dupré to ensure that the status arrows were correct for particular indicators. Councillor Bradley expressed the view that the status arrows were clearer in presentational terms, but that it should be checked whether they were all correct. Councillor Bradley commended the revised format of the performance reports and thanked the Performance Management Officer for her work.

Democratic Services - Councillor Dupré referred to the comment made by the Service Delivery Champion about checks by staff to help safeguard against people voting twice at Elections and the Democratic Manager agreed to advise Members of the Committee of the details.

Legal Services - Councillor Dupré queried why an indicator on recovery of court costs for parking was included, if ECDC was not able to influence the decision. The Performance Management Officer stated that this was a historic indicator requested by Members but she would check with the Legal Services Manager whether it could be deleted. In response to a question by Councillor Sharp, the Performance Management Officer agreed to confirm why the Council was no longer chasing sundry debts for markets.

Human Resources - Councillor Dupré asked how many staff received the lowest rating in the appraisal scheme; whether HR support was being given on the transfer of the Waste Service to the proposed new Trading Company; and whether the comment of the Service Delivery Champion that the sickness absence record of the Council was impressive compared to other employers was correct. The HR Manager stated that benchmarking data showed that this Council's sickness absence figures were very good compared to other Councils and she agreed to provide details of the number of staff that received the lowest rating in the appraisal scheme. The Chief Executive stated that the HR support being given on the transfer of the Waste Service would be pertinent to whatever option was pursued regarding the Trading Company. In response to a question by Councillor Cheetham, the HR Manager confirmed that there was not a Performance Indicator on staff turnover.

The Performance Management, Strategic Housing, and Strategic Planning monitoring reports were received.

Customer Services – The Performance Management Officer reported that the indicator on Customer Services Advisors receiving Mental Health Training had not been met due to resource capacity issues. The Performance Management Officer also explained the current position on

the project to create a single sign-on to the self-service portal for customers. Councillor Dupré expressed disappointment at the position on Mental Health Training. In response to a question by Councillor Dupré, the Performance Management Officer gave a definition of avoidable contact.

Reprographics – Councillor Bradley commended that work of this Service and the reduction in printing costs achieved by new equipment.

The Performance Management Officer then presented the ICT Service Delivery Plan to the Committee. The Plan contained performance measures for the forthcoming six months. The Performance Management Officer reported that a full Plan would be presented to this Committee with the other Service Delivery Plans in March 2018. Councillor Bradley, as the Service Delivery Champion, stated that work was ongoing by the Director Operations to address the leadership, management and staffing issues.

It was resolved:

1. That the Service Delivery Plan for ICT (which sets out performance measures for the next six months) be approved.
2. That the progress made against the priorities of the Council in the following services, including areas where the service has been under achieving and where outstanding performance was delivered, and the comments from Service Delivery Champions be noted:
 - Finance
 - Democratic Services
 - Legal Services
 - Human Resources
 - Performance Management
 - Infrastructure and Strategic Housing
 - Strategic Planning
 - Customer Services
 - Reprographics

59. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report detailing the work of Internal Audit during the period July to 17 November 2017 and progress against the Internal Audit Plan. Jonathan Tully, Principal Audit Manager Internal Audit LGSS, also highlighted changes to the Plan to reflect emerging risks, revisions to corporate priorities, and resourcing factors which may affect the delivery. Mr Tully commented that it was pleasing that there were no outstanding essential actions or audits receiving limited or no assurance ratings.

It was resolved:

That the work undertaken by Internal Audit from July to 17 November 2017 as detailed in the submitted report be noted.

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

Further to Minute 49 of the meeting held on 21 September 2017, the Committee considered a report (reference S178, previously circulated), detailing the outcome of the consultation on proposals for the LCTRS to take effect from 1 April 2018.

The Chairman reminded Members that the proposal was to retain the current 8.5% benefit scheme, but to harmonise with the DWP welfare reforms. He stated that it was encouraging that the consultation responses supported all of the changes being proposed.

Councillor Dupré asked if the consultation responses were on the Council's website. Ian Smith, Finance Manager and S151 Officer, stated that this was not the case at present, but either could be circulated to Members of the Committee or published on the website, if required by Members. The Chairman and Councillor Dupré expressed the view that the responses should be published on the website, as this was common practice for both Local and Central Government and likely to be an accepted thing that would happen by the organisations/people responding.

It was resolved to RECOMMEND TO COUNCIL:

- 1. That the Council retain the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5%.**
- 2. To harmonise the scheme with DWP Welfare Reforms and make entitlement to LCTRS, for the most part, conditional upon Universal Credit entitlement.**

61. **FINANCE REPORT**

The Committee received a report (reference S179, previously circulated) containing an update on the Council's current financial position for 2017/18 for both revenue and capital expenditure. Ian Smith, Finance Manager and S151 Officer, highlighted the projected underspendings identified across the Council's services against the original Revenue and Capital Budgets.

Mr Smith also referred to a request to approve an additional capital budget of £25,000 in 2017-18 to provide IT infrastructure at the depot, which had arisen due to the transfer of the Waste contract from Veolia to ECTC on the 1st April 2018. If approved this expenditure would be funded from the capital receipt reserve.

In addition, the Committee was advised of a County-wide bid to Central Government to be considered for a 100% Business Rates

Retention pilot in 2018-19 submitted by the Combined Authority on behalf of all Cambridgeshire Councils.

Councillor Dupré raised questions on the report as follows:

- Why was ECTC likely to require the full £5M loan in the current financial year?
- Who would be buying the Waste vehicles required for the new contract?
- The report still refers to the Waste Service being undertaken by ECTC from 1 April 2108, although it is understood that there are proposals for a new company to be established to do this?

Ian Smith, Finance Manager and S151 Officer, and the Chief Executive responded to these questions as follows:

- Originally it was anticipated that the Barton Road houses would be sold in the current financial year. Now it was anticipated that this would take place in April/May 2018, which was why the full £5M loan was likely to be required.
- The Council would be purchasing the Waste vehicles and leasing them to the company to be responsible for delivering the Service.
- The report to this Committee had been drafted prior to the formal publication of proposals for a new company to be established. The decisions of the relevant bodies (Shareholder Committee and full Council) should not be pre-empted and once these decisions have been made the references could be amended, as appropriate.

With regard to the additional capital budget of £25,000 in 2017-18 to provide IT infrastructure at the depot, Councillor Bradley, as IT Service Delivery Champion, emphasised the importance of this.

It was resolved:

1. That the Committee notes:

- The projected year end underspend of £135,000 compared to its approved revenue budget of £5,550,676 for this Committee.
- The overall projected year end underspend of £445,000 compared to its approved revenue budget of £12,828,958 for the Council.
- That this Committee has one capital scheme linked to it, the Internet, HR and Payroll system, and this is forecast to come in on budget.

- The overall position for the Council on Capital is a projected outturn of £17,882,602.
2. That an additional capital budget of £25,000 for IT equipment for the depot be approved.
 3. That approval be given to East Cambridgeshire's continued involvement in Cambridgeshire and Peterborough's bid to be part of a 100% Business Rate Retention pilot in 2018-19, this while the modelling for such a pilot is further refined.

62. **TREASURY OPERATIONS MID YEAR REVIEW**

The Committee received a report (reference S180, previously circulated) containing an update on the Council's current 2017/18 Treasury position. The Chairman highlighted that this item would be a recommendation to full Council.

The Finance Manager and S151 Officer reported that the Council was very likely to require to borrow externally before the end of the year, as a result of the additional funding required by East Cambs Trading Company and the need to buy Waste Service fleet in advance of 1st April 2018. It was therefore considered appropriate to increase the authorised limit for external debt from the £5,000,000 in the original Treasury Management Strategy to £10,000,000 to ensure that flexibility was maintained in order to implement the Corporate Plan. As with the current plan, this external borrowing figure provided a maximum limit of borrowing and it remained the case that no external borrowing would be undertaken unless it provided the Council with the best possible value for money.

Councillor Dupré queried if the effective doubling of the authorised limit for external debt was entirely due to the requirement to purchase the Waste vehicles and the additional requirement from ECTC. Mr Smith reported that just over £1M was attributable to the requirement to purchase the Waste Service fleet, a further £1M related to ECTC and that the remainder was a contingency facility that only would be used, if necessary and appropriate. Councillor Bradley commented that the Council needed the flexibility to be prepared for any eventualities or opportunities that may arise.

It was resolved to RECOMMEND TO COUNCIL:

1. **That the mid-year review of the Council's Treasury Management for 2017/18 to 30 September 2017, as set out at Appendix 1 of the submitted report, be noted.**
2. **That an increase in the authorised limit for external debt to £10,000,000 be approved.**

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

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 26 September 2017. Councillor David Ambrose-Smith, as the Council's representative on the Joint Committee, highlighted an amendment to the comment made by him in Minute 26/17(a) whereby he had asked for details of the number rather than the value of empty homes for each authority, with a view to looking at measures to encourage occupancy in light of the housing situation both locally and nationally.

Councillor Dupré queried whether any problems had been experienced with the roll-out schedule for Universal Credit referred to in Minute 30/17. Councillor David Ambrose-Smith stated that an update had been provided to all Councillors on the issues experienced to date and ARP was working with the DWP to overcome these. Further questions on this would be raised at the ARP Joint Committee meeting to be held in the following week.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 26 September 2017 be noted.

64. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee.

Councillor Dupré asked if anything on the formation of the new Company, or the CIL Section 123 List would be coming to this Committee. The Chief Executive confirmed that these matters were submitted to full Council for decision.

It was resolved:

That the Forward Agenda Plan be noted.

65. **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 and 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended).

66. **NNDR WRITE-OFF**

The Committee received a report detailing the circumstances relating to the request from ARP that the Council write off the amount outstanding on four NNDR accounts where the company had either been dissolved or declared bankrupt and there was therefore no prospect of the debt being recovered by the Council.

Councillor Morris expressed concern at the sum being written-off in relation to one debt and the Finance Manager and S151 Officer confirmed that this went back to 2013/14. The Chairman suggested that questions be raised with ARP regarding recovery arrangements in situations like this.

It was resolved:

1. That the write-off of £23,251.77 in relation to the debt referred to in the submitted report be approved.
2. That the write-off of three further amounts to a combined value of £43,136.83 under delegated powers be noted.

67. **APPOINTMENTS, TRANSFERS AND RESIGNATIONS**

The Committee received a report detailing:

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

In response to questions from Members, the HR Manager, Nicole Pema, commented that the number of leavers and level of dissatisfaction expressed during Exit Interviews in two particular Service areas probably reflected the management changes and re-structuring within those areas.

It was resolved:

That the content of the information report be noted.

The meeting closed at 5.40pm.

Chairman:.....

Date: 29 January 2018