

FINANCE AND MANAGEMENT COMMITTEE

7th September 2006

PRESENT:-

Labour Group

Councillor Wilkins (Chair), Councillor Pabla (Vice-Chair) and Councillors Carroll, Southerd, Southern, Taylor and Whyman, M.B.E.

Conservative Group

Councillors Harrison, Lemmon, Nalty, Mrs. Renwick and Mrs. Wheeler.

In Attendance

Councillor Bell.

FM/43. **MINUTES**

The Open Minutes of the Meeting held on 27th July 2006 were taken as read, approved as a true record and signed by the Chair.

FM/44. **DECLARATIONS OF INTEREST**

Councillor Lemmon declared a personal and prejudicial interest in respect of the Exempt report relating to land at Willington (Minute No. FM/60), as one of the prospective purchasers of the land was the son of his next door neighbour.

MATTERS DELEGATED TO COMMITTEE

FM/45. **“ACHIEVING MORE” – PERFORMANCE MANAGEMENT FRAMEWORK SERVICE REPORTS - FIRST QUARTER 2006/07**

Members considered a report on the current performance levels in relation to the Committee's contribution to the Council's Corporate and Improvement Plans and the Community Strategy Action Plan as well as the Best Value Performance Indicators for which it was responsible.

The Committee was advised that the table attached to the report at Annexe 'A' provided information on actual performance at the end of the first quarter (30th June 2006). The report contained detailed information on each of the following service areas for which the Committee was responsible:-

- Finance and Property Services
- Human Resources
- Information Technology and Customer Services
- Legal and Democratic Services
- Policy and Economic Regeneration
- Revenues

The report enabled the Committee to review the performance information presented and provided an opportunity for Members to discuss service issues with the relevant Head of Service and celebrate any successes. Members were

advised that it was important that Corporate and Service Plans were incorporated into the Council's performance management arrangements with regular reports to Policy Committees. The standard corporate reporting arrangement for all Policy Committees would assist Members in undertaking their key role in managing the Council's performance. Members were advised that the corporate and service level performance information was extremely promising and indicated that previously strong improvements in performance were continuing.

RESOLVED:-

That the content of the "Achieving More" Performance Management Framework Service reports for the first quarter of 2006/07 be noted.

FM/46. **"ACHIEVING MORE" – PERFORMANCE MANAGEMENT FRAMEWORK OVERALL PERFORMANCE OF FINANCE AND MANAGEMENT COMMITTEE**

Members considered a report on the current performance levels in relation to the Committee's contribution to the Council's Corporate and Improvement Plans and the Community Strategy Action Plan, as well as the Best Value Performance Indicators for which it was responsible. The Committee noted that performance issues had previously been considered by the Improvement Panel and where appropriate, its comments and requests had been included in the report.

The report set out the current position of performance level and assessed whether the targets set would be achieved. The report summarised the position in relation to the Committee's responsibilities and provided an opportunity for Members to note performance levels and also review those areas that were not "on track" to achieve the target agreed by the end of the year. The report contained detailed information on the following matters:-

- Corporate Plan
- Improvement Plan
- Community Strategy Action Plan
- Best Value Performance Indicators

RESOLVED:-

That the Committee:-

- (1) Notes the continuously improving performance within its area of responsibility.***
- (2) Agrees the remedial measures proposed where performance is not on track.***
- (3) Reports all actions agreed back to the Improvement Panel.***

FM/47. **RISK MANAGEMENT – REVIEW AND MONITORING UPDATE**

The Committee considered a report which provided a quarterly update of risk management designed to assist the Council in its day-to-day business by identifying and minimising key risks.

The Committee was advised that risk management was a key component of the Council's corporate governance framework and the arrangements for it were subject to regular review and assessment through the Use of Resources by the Audit Commission. The Council maintained an overall risk register that detailed the main risks faced in delivering its services. Individual risks were reviewed and moderated by the Council's Risk Management Working Group, which assessed the risks in the light of the Council's overall priorities and service delivery.

The Committee was advised that in total, 48 separate risks had been identified in the risk register covering all services and those identified by the Corporate Management Team.

RESOLVED:-

That the updated risk register and associated analysis be noted.

FM/48. **BUDGET AND FINANCIAL MONITORING 2006/07**

The Committee considered a report on the first quarter's budget monitoring for the financial year 2006/07. The Council was required to monitor its income and expenditure against its base budget on a regular basis throughout the year. In accordance with the Treasury Management Strategy, it was also required to monitor its lending and borrowing on a regular basis.

The Committee considered information on the following:-

- General Fund Revenue Account
- Housing Revenue Account (HRA)
- Capital Expenditure and Financing
- Cash Flow

General Fund Revenue Account

The Council's General Fund Revenue Account as at June 2006 was summarised in the table set out below. The table showed expenditure by main division and included recharged central establishment costs and internal capital charges.

Analysis of Expenditure (By Main Service Area)	Approved Estimate £	Projected Outturn £	Probable Variance £
Environmental Services	7,743,650	7,747,510	+3,860
Management, Finance and Property	3,776,480	3,781,830	+5,350
Housing and Public Buildings	2,067,710	2,033,910	-33,800
Human Resources	666,430	666,100	-330
Information Technology and Customer Services	2,537,000	2,539,050	+2,050
Legal and Democratic Services	1,998,160	2,004,130	+5,970
Leisure and Community Services	4,126,170	4,138,710	+12,540
Planning Services	2,120,070	2,132,900	+12,830
Policy and Economic Regeneration	685,710	683,710	-2,000
Revenues and Benefit Services	2,755,670	2,739,720	-15,950
TOTAL EXPENDITURE	28,477,050	28,467,570	-9,480

Housing Revenue Account (HRA)

The Council's Housing Revenue Account as at June 2006 was summarised in the table set out below. The table showed that the net surplus on the Housing Revenue Account was projected to be approximately £3,000 higher than the approved estimate at the first quarter. The variance on sheltered and other services was due to lower staffing costs. This covered a relatively small reduction in projected rent income for the year.

Analysis of Expenditure (By Main Service Area)	Approved Estimate 2005/06 £	Projected Outturn 2005/06 £	Probable Variance £
Housing Repairs	2,932,730	2,933,730	+1,000
General Management	757,400	758,800	+1,400
Sheltered and Other Services	878,010	863,160	-14,850
Council Tax on Void Properties	5,110	5,110	0
Provision for Bad Debts	7,500	7,500	0
Capital Financing Charges	277,500	277,500	0
Payment to Government Pool	4,157,200	4,157,200	0
Cost of Rebates Remaining in HRA	60,000	60,000	0
Rent and Other Income	-9,398,200	-9,398,200	-9,200
Net Surplus	322,750	326,000	+3,250

Capital Expenditure and Financing

The overall position of the Council's Capital Expenditure and Financing as at June 2006 was summarised in the table set out below. The approved estimate included the updated programme as approved by the Finance and Management Committee in July 2006.

Analysis of Spending by Main Service/Project Area	Approved Estimate £	Spent at July 06 £	Projected Outturn £	Projected Variance £
Council House Improvements	2,319,400	501,500	2,319,400	0
Disabled Facility Grants	527,900	138,500	527,900	0
Other Housing Investment	1,051,500	169,000	1,071,500	+20,000
Community Projects	1,125,550	208,700	1,218,450	+92,900
Environmental Schemes	73,100	28,100	73,100	0
Property and Other Assets	618,000	10,00	618,000	0
Total Expenditure	5,715,450	1,055,800	5,828,350	+112,900

Cash Flow

A table illustrating an analysis of the Council's borrowing and short-term investments/bank deposits was summarised in the following tables:

Borrowing	01/04/06 £	31/07/06 £
• Long Term Debt Outstanding	1,000,000	1,000,000
• Temporary Borrowing	171,000	238,000
Total Debt Outstanding	1,171,000	1,238,000
• Average Interest Rate – Long Term	4.875%	4.875%

• Average Interest Rate – Temporary	3.5%	3.5%
• Base Rate	4.5%	4.5%
Investments – Short Term Deposits	£850,000	£7,170,000
Average Interest Rate Earned	4.50%	4.55%
Target – Average 7-Day Rate (for comparison)	4.44%	4.50%

	Estimate for The Year £	Actual as at July 2006 £	Project for the Year £
Short Term Deposits	140,000	61,000	155,000
Less Temporary Loans	-23,650	-2,281	-12,000
Total – Net Interest Receivable	116,350	59,319	143,000

The Council continued to benefit from a positive cash flow position and it was projected that this would generate additional monies of approximately £27,000 compared to that estimated for 2006/07.

General Policy

The Committee was advised that most of the Council's non-specified investments were placed on a "call" basis which meant that the Council could recall those deposits immediately. However, due to the increasing and more regular amounts available on deposit, the Council had started to place funds with building societies on a fixed term basis (two to three months) when there was a risk of breaching the limit on specified investments. The amounts of £1 million and £½ million on F1/AA and F1/A rated bodies was now considered too low and it was proposed to increase the figures to £2 million and £1 million respectively.

RESOLVED:-

- (1) That the latest budget monitoring figures and associated information be noted.***
- (2) That the limits for non-specified investments for F1/AA and F1/A rated institutions be increased to £2 million and £1 million respectively.***

FM/49. **THE EFFICIENCY AGENDA**

The Committee noted that this matter was now dealt with at agenda item 15, Capacity Building.

FM/50. **PARTNERSHIP FUNDING WORKING PANEL**

A report was submitted on the recommendations of the Partnership Funding Working Panel from its Meeting held on 4th August 2006. The Panel had considered applications from the following organisations:-

- South Derbyshire Organ Trust – organ renovation and re-siting.
- Castle Gresley Parish Council – Mount Pleasant pitch improvements.
- Christ Church Linton with Castle Gresley – Open Doors Project.
- Gresley Rovers Football Club – purchase of title to the Moat Ground and subsequent sale to facilitate relocation.

RESOLVED:-

That consideration of the recommendations of the Partnership Funding Working Panel be deferred to enable discussions to take place between Members of the Controlling Political Group and the Corporate Management Team.

FM/51. **MORTGAGE INTEREST RATE**

The Committee considered a report advising that the Council was required, under Section 438 of the Housing Act 1985, to declare the local average rate of interest on its mortgages at six-monthly intervals. The Committee was requested to declare the local average rate for the six months from October 2006 to March 2007 at 5.13%. It was confirmed that borrowers would be charged the higher of the Standard National Rate and the Local Average Rate declared by the Secretary of State. The Standard National Rate was based on the rates charged by banks and building societies and was currently 6.28%. It was confirmed that borrowers would pay 6.28%, which was the same as the rate charged currently.

RESOLVED:-

That the Committee declares the Local Average Rate of Interest at 5.13% for the period October 2006 to March 2007 and the Council's mortgage rate remains unchanged at 6.28%.

FM/52. **SERVICE PLANS 2006/09**

The Committee considered a report on a revised Service Plan format which followed a review undertaken by Heads of Service.

Earlier in the Meeting, the Committee had considered reports on "Achieving More", the Council's framework for managing performance and improving services. As part of this process, the working group of Heads of Service had reviewed and revised the current Service Plan format in relation to current demands on the Council and best practice provided by the Improvement and Development Agency. It was confirmed that if the revised format for Service Plans was approved by the Committee, it would serve as a basis for Service Plans to be presented by all services to Policy Committees in October 2006.

The Committee was advised that Service Plans were used to describe how an individual service would contribute towards the Council's corporate goals. This would include a description of the service, its purpose, together with the opportunities and challenges it faced. A table of key tasks including details of actions, outcomes, performance measures and timescale would also be included, together with sections on workforce planning and risk management. The plan would also include a list of all the best value performance indicators related to the service together with a table of local performance indicators and a list of useful contacts.

RESOLVED:-

That the proposed Service Plan format be approved.

FM/53. **CAPACITY BUILDING**

A report was submitted on capacity building which set out further proposals to improve efficiency by building capacity and improving the development of staff at the Council in order to enhance further the services provided.

RESOLVED:-

That consideration of the report be deferred to enable discussions to take place between Members of the Controlling Political Group, the Chief Executive and the Director of Corporate Services.

FM/54. **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985**

RESOLVED:-

That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.

MINUTES

The Exempt Minutes of the Meeting held on 27th July 2006 were received.

REVIEW OF PROPERTY SERVICES (Paragraphs 3 and 4)

The Committee approved proposals in respect of a review of the Council's Property Services function.

CORPORATE HEALTH AND SAFETY (Paragraph 4)

The Committee approved proposals in respect of the Council's Health and Safety arrangements.

RENEWAL OF BOILERS AT CIVIC OFFICES (Paragraph 3)

The Committee approved proposals to suspend the Council's Contract Procedure Rules relating to the invitation of formal tenders in respect of works at the Council's Civic Offices.

LAND AT MIDWAY (Paragraph 3)

The Committee approved the disposal of an area of Council-owned land at Midway.

LAND AT WILLINGTON (Paragraph 3)

The Committee approved the disposal of an area of Council-owned land at Willington.

P.J. WILKINS

CHAIR