

FINANCE AND MANAGEMENT COMMITTEE

23rd October 2008

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Wheeler (Vice-Chairman) and Councillors Bladen, Mrs. Coyle, Ford, Grant, Lemmon (substitute for Mrs. Plenderleith) and Mrs. Wheeler.

Labour Group

Councillors Pabla, Richards, Southerd, Taylor and Wilkins.

In attendance

Councillors Atkin, Mrs. Farrington and Jones (Conservative Group) and Councillor Lane (Labour Group).

APOLOGY

An apology for absence from the Meeting was received from Councillor Mrs. Plenderleith (Conservative Group).

FM/42. **MINUTES**

The Open Minutes of the Meeting held on 4th September 2008 were taken as read, approved as a true record and signed by the Chairman.

FM/43. **DECLARATIONS OF INTEREST**

Councillor Harrison declared a personal interest in respect of the item on the Bill Shone Leisure Centre at Melbourne.

MATTERS DELEGATED TO COMMITTEE

FM/44. **AUDIT SUB-COMMITTEE**

RESOLVED:-

That the Minutes of the Audit Sub-Committee Meeting held on 25th September 2008 be received and noted.

FM/45. **A REVIEW OF THE COUNCIL'S FINANCIAL STRATEGY**

It was considered best practice for the Council to review its Financial Strategy on a regular basis. This Strategy set out the framework and principles on which the Council planned and managed its finances. Overall, the Strategy was designed to ensure that finance contributed to the priorities of the Council and the key areas of the Strategy were reported. It was set against the medium-term time frame, to fit in with the Council's Corporate Planning Framework. Clearly, the Strategy might develop in response to new financial opportunities or risks and policy directions. The Committee gave

consideration to the updated Financial Strategy, which was appended to the report.

RESOLVED:-

That the Council's Financial Strategy is approved as submitted.

FM/46. **A REVIEW OF THE COUNCIL'S CAPITAL INVESTMENT STRATEGY**

It was considered best practice that the Council review its Capital Investment Strategy on a regular basis. The Council aimed to do this prior to the annual budget round, which was now commencing. Capital investment was a key factor to enable the delivery of the Council's services and priorities and the report set out the key areas covered by the Capital Investment Strategy. It was a medium-term strategy as part of the Council's Corporate Planning Framework. As with the Financial Strategy, it might develop in response to new financial opportunities or risks and new policy directions. The Committee gave consideration to the Capital Investment Strategy, which was appended to the report.

RESOLVED:-

That the updated Capital Investment Strategy is approved as submitted.

FM/47. **ADOPTION OF A FEES AND CHARGES POLICY**

A report was submitted to establish a formal framework for the Council's fees and charges. The policy would provide guidance in setting appropriate charging levels, demonstrate how it was used to benefit the Council and the wider community and would form part of the annual use of resources assessment. Fees and charges were an important source of income for the Council, currently generating approximately 10%, or £4million of overall income each year.

The report provided a legal and the reasons for charging and the corporate approach. Councils were coming under increasing pressure to ensure that proper decisions were made on charging. Reference was made to Audit Commission guidance and a national report entitled "Positively Charged".

The Council last undertook a major review of fees and charges in 2000. Since that time they had generally been increased by the rate of inflation. The Council did not currently have a corporate charging framework. To improve this situation, a proposed charging policy had been drafted and was appended to the report for the Committee's consideration.

It was proposed that a more periodic and substantial review of fees and charges was undertaken and that this be carried out during the annual service planning and budget round. It was recommended that reviews and any changes were considered and approved by the appropriate policy committee, subject to the financial implications being ratified by the Finance and Management Committee. A risk assessment context was also provided.

For future years, it was requested that the Council was as sympathetic as possible in providing concessions and discounts on the fees and charges.

RESOLVED:-

- (1) That the proposed Fees and Charges Policy as detailed at Annexe SMB1 to the Signed Minute Book be adopted as part of the Council's Financial Strategy.**
- (2) That all current fees and charges are reviewed against the Council's proposed framework during 2009/10 and 2010/11.**
- (3) That the review of individual charges and any proposed changes are considered and approved by the appropriate policy committee, subject to any financial implications being ratified by this Committee.**

FM/48. BUDGET AND FINANCIAL MONITORING 2008/09

The latest budget and financial monitoring report was presented for the Committee's consideration. Initially, this focused on the General Fund Revenue Account and a summary was given from the previous monitoring report. It included a table to provide an update on the agreed actions. A subsequent table reported an analysis of expenditure by main service area and details were provided of the major variances for the following service areas:-

- Environmental Services
- Management, Finance and Property
- Legal and Democratic Services
- Leisure and Community Services
- Planning Services
- Customer Services (including Revenues and Benefits)

Overall, there was a projected overspend on the General Fund of £313,460. The reasons for this were reported, together with potential savings associated with National pay award for staff. The variance was due mainly to reductions in income from building regulations and land charges, together with the additional cost of planning inquiries. Whilst the Council's reserves could sustain this for a period, the longer-term position could come under severe pressure.

The next section of the report focused on the Housing Revenue Account (HRA). A table was submitted to provide an analysis of expenditure by main service area. This showed that the net surplus on the HRA was projected to be approximately £36,000 higher than estimated. Information was also provided on the stock condition survey. Next, the report looked at Value for Money efficiency savings.

Capital expenditure and financing was reported and a further table analysed spending by main service or project area. The overall programme was progressing as planned and no variances were anticipated at this stage. The report concluded with information relating to the Rosliston Forestry Centre, capital receipts from council house sales and a treasury management analysis of the Council's borrowing and short-term investments/bank deposits.

Following the recent publicity about council investment in Icelandic Banks, it was confirmed that this Council had no resources placed in any such institutions. A question was submitted relating to the projected pay increase for staff and that proposed for Chief Officers.

RESOLVED:-

- (1) That the latest budget and financial monitoring figures for 2008/09 be approved.***
- (2) That the ongoing remedial actions to contain the projected overspend within the base budget continue and that this is reported back in the next monitoring report.***

FM/49. **VALUE FOR MONEY ANNUAL REVIEW**

It was reported that the Council had a duty to secure continuous improvement in the way in which its functions were exercised, otherwise known as securing Value for Money (VFM). The Council had developed its programme of reviews and a number of things that had impacted included the Comprehensive Performance Assessment, the Gershon Efficiency Agenda, the emerging Comprehensive Area Assessment, Local Area Agreements and the consistent drive for efficiency savings.

In October 2005, the Council agreed a methodology, which assisted in embedding the principles of best value, but more specifically outlined the process required to improve VFM. These were essentially around work programmes to improve performance, procurement and consultation. The Council had achieved improved Use of Resources scores in 2006 and 2007. There had been two Audit Commission external reviews of cultural services and more recently strategic housing services and the Council had achieved some of the best scores in the Country. In view of the reduction in Government funding and the need to keep Council Tax at a reasonable level, the medium-term financial plan was extended to five years.

To date, various restructurings had taken place, to enable sustained savings to be made and to ensure that the Council was 'fit' for the future. This included reducing the Senior Management structure, a more focused policy team, a new customer services unit and creating a business improvement team. To ensure all Heads of Service undertook a review of their services in a robust manner, a service planning process had also been developed.

Praise was recorded for this excellent, easy to read document. Officers and the Council's partners were thanked for their hard work in achieving this. Training for the Overview and Scrutiny Committee was requested, to provide the constructive challenge of performance that was recognised within the report.

RESOLVED:-

That the Committee notes the report and the ongoing improvements to managing and improving Value for Money.

FM/50. **CORPORATE ANTI-FRAUD AND CORRUPTION POLICY**

It was reported that it was good practice for authorities to publicise their policies for the prevention, detection and investigation of fraud and corruption. The existing strategy had been in place since April 2003 and it was therefore appropriate to review, revise and re-issue it. The revised policy, a copy of which was appended to the report, was more comprehensive and proposed the establishment of a Corporate Anti-Fraud team, formed from the existing Benefits Investigations Unit. The staffing implications were reported and this proposal could change some of the duties of the staff involved. Job descriptions would need to be reviewed and any changes to the current jobs would be considered under the Council's Pay and Grading Review.

RESOLVED:-

That the Committee approves the Anti-Fraud and Corruption Policy, a copy of which is incorporated in the Signed Minute Book at Annexe SMB2.

FM/51. **HATE INCIDENTS REPORTING PROCEDURE**

The Committee was asked to consider a proposed procedure for reporting hate incidents. Background was provided about the Macpherson Inquiry Report in 1999, which provided a definition of a racist incident. The Home Office produced a National Code of Practice in April 2000. The purpose of the definition was explained and it was the impact on the recipient or victim, rather than the intentions of the perpetrator that were important.

In addition to the Home Office guidance, the Race Relations (Amendment) Act 2000 introduced a legal duty to promote race equality in the public sector. The Council therefore developed and adopted a racial incidents reporting procedure. The duty to promote equality was extended into disability and gender equality by subsequent legislation. In 2007, the Council's Corporate Equality Scheme extended further the commitments to ensure equality.

The principles behind the racial incidents reporting procedure had been adapted to ensure a consistent approach to dealing with hate incidents perpetrated on the basis of age, disability, gender, religion and belief and sexual orientation, in addition to race. A hate incident was therefore any incident committed against a person where the victim or any other person believed it was motivated by the offender's hate against people, because of who they were. The Committee gave consideration to the draft procedure, which was appended to the report.

Reference was made to forthcoming legislation, which would strengthen further the issues raised by the Hate Incidents Procedure. A Member commented on the physical and mental scars caused by racial hate incidents. Details were also provided of the planned publicity campaign that would be launched, once the procedure had been approved.

RESOLVED:-

That the Hate Incidents Reporting Procedure, a copy of which is incorporated in the Signed Minute Book at Annexe SMB3 is adopted and published.

FM/52. IMPROVING LOCAL ACCOUNTABILITY – CONSULTATION ON THE WHITE PAPER: COMMUNITIES IN CONTROL

It was reported that the Government had issued the first in a series of consultation documents, flowing from the Communities in Control White Paper and the 2007 Local Government and Public Involvement in Health Act. This consultation sought views on how to develop overview and scrutiny powers, to hold local officers to account and how to facilitate the work of Councillors. Background was provided on the consultation and the main proposals of the White Paper.

The focus of this Consultation Paper was to enable local people to participate in decisions that affected their day-to-day lives and to hold to account those who exercised power in their locality. The report set out those specific issues that the Government was seeking views on. Appended to the report was the list of consultation questions, together with suggested responses.

The proposed changes to the powers of Overview and Scrutiny were welcomed and it was felt demonstrated a training need for Members. There was discussion about the number of Overview and Scrutiny reports submitted to the policy committees and about the external focus of this Council's Overview and Scrutiny Committee. Some Members felt that the opportunity should not be missed for internal scrutiny.

RESOLVED:-

- (1) That the briefing be noted.***
- (2) That the Council responds to the 13 consultation questions and in doing so, submits this matter for consideration by the Overview and Scrutiny Committee.***
- (3) That the Director of Corporate Services, in consultation with the Leader, Chairman of the Finance and Management Committee, the Opposition Group Leader and the Chairman of the Overview and Scrutiny Committee be authorised to finalise the consultation response.***

FM/53. COMPLAINTS AND FREEDOM OF INFORMATION REQUESTS - 1ST APRIL TO 30TH SEPTEMBER 2008

An informative report was submitted on the comments, compliments and complaints received during this period. These comprised 4 comments, 22 compliments and 18 complaints. Tables were included in the detail of the report showing the divisions to which each of these related. Statistics were then provided on the Freedom of Information Requests received for the same period.

A Member asked whether Freedom of Information requests could be submitted about 'Exempt' items. Reference was then made to a recent job advertisement placed by the Council and a comparison was drawn to a report later on the agenda. It was confirmed that this matter was confidential. General guidance was provided on how the Council responded to requests for such information.

RESOLVED:-

That the report be noted.

FM/54. **STOCK OPTION APPRAISAL**

Under Minute No. HCS/34 of the Housing and Community Services Committee held on 16th October 2008, a report was submitted to establish the rationale for revisiting the 2004 Stock Option Appraisal (SOA), to confirm the method and timetable for the SOA and provide it with the necessary resources and authorities to complete its work.

The Finance and Management Committee was asked to authorise the required funding for the appraisal process and the consultancy costs. The Controlling Group confirmed its nominations for Members to serve on the proposed Review Group. A comment was made that a number of proposals were being submitted to utilise Housing Revenue Account (HRA) reserves. There was a need to ensure the HRA was protected, in case tenants did not agree to proceed with a stock transfer and this comment was noted.

RESOLVED:-

- (1) That the Committee agrees to revisit the 2004 Stock Option Appraisal (SOA) process leading to a report to Members in March 2009.***
- (2) That the Head of Housing Services be authorised to establish a Review Group and finalise Terms of Reference and recruitment to places not held by Members as shown at Appendix 1 to the report.***
- (3) That Councillors Grant and Hewlett be appointed to serve on this Review Group and that the Labour Group confirms its nomination in due course.***
- (4) That the Committee confirms the indicative event timetable for the SOA Review Group as attached at Appendix 2 to the report.***
- (5) That the Committee authorises the suspension of Contract Procedure Rules (Tendering Provision) and delegates to the Head of Housing, subject to the approval of the Director of Corporate Services, to appoint a lead consultant for the period of the Appraisal and with timeliness, to enable them to be in place to support the SOA Group. The cost of this lead consultancy not to exceed £15,000.***

- (6) ***That authority be delegated to the SOA Review Group, subject to the approval of the Director of Corporate Services, the authority to appoint, within Financial Regulations, an Independent Tenant Adviser for the period of the Appraisal.***
- (7) ***That a working budget of £50,000 for the Appraisal process be approved.***
- (8) ***That the Head of Housing be authorised to hold exploratory discussions with CLG and the Government Office for the East Midlands on process and timetable, to ensure the Appraisal meets all party's requirements.***
- (9) ***That as the report has service delivery implications, it is noted that this matter was also considered by the Housing and Community Services Committee at its Meeting on 16th October 2008.***

Note: Members of the Labour Group wished it to be recorded that they had voted against this decision.

FM/55. **EXTRA CARE HOUSING PROJECT: SITE OF WILLOUGHBY HOUSE/GRANVILLE COURT**

Under Minute No. HCS/33 of the Housing and Community Services Committee held on 16th October 2008, a report was submitted to progress options for the redevelopment of the Willoughby House and Granville Court sheltered housing properties, into a new Extra Care Housing project.

The Finance and Management Committee was also asked to consider this matter and a like report was submitted. A view was expressed on the potential revenue that these units of accommodation could generate and the disposal of this asset at nil cost. Other options could be considered and there might be the potential for a capital receipt, given the value of the land. A contrary opinion was expressed about how the land was being provided to lever in external funding to secure up to 85 units of accommodation. There was some debate about the amount of potential revenue and the difficulty in letting these units of accommodation.

RESOLVED:-

- (1) ***That Officers continue to progress options for the redevelopment of the Willoughby House and Granville Court sheltered housing properties into a new Extra Care Housing project.***
- (2) ***That it be confirmed that the project fits within the Investment and Resource Strategy for Affordable Housing, as approved at the February 2008 cycle of Committee Meetings and amended by this report i.e. Sheltered Housing Vision and Standards, to include the replacement of elderly persons' accommodation with that of a higher standard.***
- (3) ***That the buildings and associated land at Granville Court and Willoughby House be contributed at nil cost to the overall development project. Before this transaction is enacted, the***

approval of the Council's auditors is required to ensure that it is exempt from government 'pooling' rules, as they relate to the disposal of housing assets.

- (4) That as the report has service delivery implications, it is noted that this matter was considered by the Housing and Community Services Committee at its Meeting on 16th October 2008.***

Note: Members of the Labour Group wished it to be recorded that they had voted against this decision.

FM/56. **VALIDATION OF STOCK CONDITION INFORMATION RELATING TO HOUSING STOCK**

Under Minute No. HCS/29 of the Housing and Community Services Committee held on 16th October 2008, a report was submitted, informing that the current stock condition detail required full proportional validation. This was to ensure that the Council's records were as current as possible. It was probable that following the proposed validation surveys that existing improvement programmes might need slight adjustment, to re-target the decent homes standards and ensure compliance by 2010. It was considered that undertaking the survey now would allow sufficient time to adjust programmes as necessary. The Finance and Management Committee was also asked to consider the financial aspects of this matter and a like report was submitted.

RESOLVED:-

- (1) That the Committee approves the full proportional validation of the Housing Services stock condition, by employing an external specialist to undertake external and sample internal surveys of the stock, to ensure compliance with the Decent Homes Standard by 2010 and to ensure data is robust enough to complement the HRA business plan.***
- (2) That an advert is placed for companies interested in providing the stock condition expertise required and then a tender exercise is undertaken amongst those interested companies. The appointment process will include the Chairman of Housing and Community Services Committee.***
- (3) That a budget of £85,000 be approved to cover both the stock condition survey and the production of information to enable Energy Performance Certificates to be readily produced.***
- (4) That as the report has service delivery implications, it is noted that this matter was considered by the Housing and Community Services Committee at its Meeting on 16th October 2008.***

FM/57. **WORK PROGRAMME**

Further to Minute No. FM/34 of 4th September 2008, the Committee received an update on its work programme for the remainder of the municipal year.

RESOLVED:-

That the Committee approves the updated work programme.

FM/58. **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 4th September 2008 were received.

BILL SHONE LEISURE CENTRE, MELBOURNE (Paragraph 3)

The Committee approved recommendations for the lease of these Council-owned premises.

CARELINE DEVELOPMENT (Paragraph 1)

The Committee approved in principle an amended staffing structure for this section, subject to appropriate consultation.

CORPORATE SERVICES PARTNERING PROJECT (Paragraph 3)

The Committee approved a business case and the establishment of a Task and Finish Working Group, to oversee a partnering project for Corporate Services.

SENIOR MANAGEMENT REVIEW (Paragraph 1)

The Committee agreed proposals for a senior management review.

J. HARRISON

CHAIRMAN