

FINANCE AND MANAGEMENT COMMITTEE

19th February 2008

PRESENT:-

Conservative Group

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

Labour Group

Councillors Mrs. Lane, Pabla, Richards, Taylor and Wilkins.

In Attendance

Councillors Atkin, Mrs. Farrington and Jones (Conservative Group), Councillors Lane and Shepherd (Labour Group) and Councillor Mrs. Brown (Independent Member).

APOLOGY

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

FM/107. **MINUTES**

The Open Minutes of the Meeting held on 29th November 2007 were taken as read, approved as a true record and signed by the Chairman.

FM/108. **DECLARATIONS OF INTEREST**

Councillors Mrs. Coyle, Ford and Harrison declared personal interests in respect of the item on the Sharpe's Pottery Centre, as they were Council appointed representatives on this body. Councillor Harrison also declared a personal interest in respect of the Long Horse Bridge Access Link, as this related to a scheme within his County Council division.

FM/109. **MEMBERS' QUESTIONS**

In accordance with Council Procedure Rule No. 10, it was reported that Councillor Mrs. Coyle had given notice of the following question:-

"Would the Chairman of Finance and Management further clarify his statement on Members' Allowances at the Full Council Meeting on 24th January 2008?"

The Chairman replied that the Leader of the Opposition had requested an apology from himself, regarding statements made on Members' Allowances. This was due to have been submitted at the next Council Meeting, which he was unable to attend and so wished to make a statement at this Meeting. He did not feel there was a need to apologise, other than for a lack of clarity when this issue was discussed previously. He then made a statement about

the decision of the Controlling Group with regard to the approval of the Scheme of Members' Allowances. Other Members' views were submitted on this matter.

MATTERS DELEGATED TO COMMITTEE

FM/110. REPORTS OF OVERVIEW AND SCRUTINY COMMITTEE – CONSULTATION ON THE COUNCIL'S BUDGET

The Chairman of the Overview and Scrutiny Committee, Councillor Atkin made a report to Members on the Budget Scrutiny process. Copies of the unconfirmed Minutes of the Meetings held on 23rd January and 13th February 2008 had been circulated as the Scrutiny Committee's response to the budget consultation. Particular issues were highlighted, including the Scrutiny Committee's recommendations to include certain items within its future Work Programme.

Another Member of the Overview and Scrutiny Committee was not aware that the Committee had completed its report, but the position was clarified that the Scrutiny Committee had submitted its response through the unconfirmed Minutes.

RESOLVED:-

That the Committee receives the report from the Overview and Scrutiny Committee.

FM/111. MORTGAGE INTEREST RATE

It was reported that under Section 438 of the Housing Act 1985, the Council was required to declare the Local Average Rate of interest on its mortgages at six monthly intervals. The Local Average Rate had been calculated at 5.13%, but borrowers were actually charged the higher of this and the Standard National Rate. The latter was currently 6.89%.

RESOLVED:-

That the Committee declares the Local Average Rate of Interest at 5.13% for the period April to September 2008 and that the Council's Mortgage Rate will remain unchanged at 6.89%.

FM/112. AUDIT SUB-COMMITTEE

The Minutes of the Audit Sub-Committee Meeting held on 12th December 2007 had been submitted. A Member of that Sub-Committee explained why he considered this to be an inaccurate account of the proceedings. Other Members of the Sub-Committee shared this view and clarification was sought on this matter. In the circumstances, it was suggested that the Minutes of this Sub-Committee Meeting be referred back for further consideration, given the concerns reported.

RESOLVED:-

That the Minutes of the Audit Sub-Committee Meeting held on 12th December 2007 be referred back to the Sub-Committee for further consideration.

Note: At 6.40 p.m., Councillors Lane and Shepherd left the Meeting.

FM/113. **PERFORMANCE MANAGEMENT REPORT (APRIL-DECEMBER 2007)**

A comprehensive report was submitted detailing performance levels and achievements for the nine-month period ending 31st December 2007, on the Committee's contribution to the Council's Performance Management Framework. Appended to the report were the full details of achievements and performance levels, grouped under departmental service areas. This report also provided the opportunity to review areas where performance was either not "on track" or "at risk of failure" of achieving agreed target levels.

The report focused initially on key achievements during the last quarter, particularly for the Corporate Plan and the Improvement Plan. Information was provided on the Best Value Performance Indicators that were the responsibility of this Committee, including the priority indicators. Finally, the report looked at service level targets, which had been set to assist Heads of Service to monitor their operational performance.

A Member referred to a particular Corporate Plan target "at risk" of failure, "introducing a fair and streamlined funding regime for parish councils, which created a level playing field with non-parished areas". The Member sought a position update, which was duly provided.

RESOLVED:-

- (1) That the Committee notes the key achievements and performance for the 9-month period ending 31st December 2007 within its areas of responsibility.***
- (2) That where performance levels have failed to achieve the specified target, the Committee agrees the proposed remedial measures submitted.***

FM/114. **CORPORATE PLAN – FEEDBACK FROM CONSULTATION**

It was reported that the Corporate Plan was an integral part of the Council's performance management framework and its actions set out how the Council would deliver key priorities, together with key measures of success. These actions continued to support the Council's vision for "making South Derbyshire a healthier, more prosperous and safer place to live, by offering value for money services".

Members were reminded of the six themes in the Plan, which had been the subject of extensive consultation with local people and groups. The fundamental change for 2007/08 was the inclusion of value for money throughout the Plan. It was considered that the current themes should remain in place, to enable the Council to develop those areas that had been determined to be important by the community. A fundamental review of the Plan would be undertaken in 2010.

Consultation was undertaken with a range of stakeholders, details of which were included in the report. The complete consultation results, comments and analysis had been placed on the Council's intranet and headline figures were reported in a series of tables for each theme.

A Member was disappointed at the level of response to this consultation. Officers planned to refresh the Citizen's Panel in particular to improve responses from young people. Another Member felt this was an excellent paper and a useful working tool for the future. The Officers involved were congratulated.

RESOLVED:-

The Corporate Plan and Priorities for Action 2008/11, as outlined in Annexe SMB1 to the Signed Minute Book be recommended to Council for approval on 28th February 2008.

FM/115. **BUDGET AND FINANCIAL MONITORING 2007/08**

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 table summarised the position as at December 2007. It reported an analysis of expenditure by main service area, together with the major variances. Overall, there was a projected underspend of approximately £350,000.

The next section of the report focused on the Housing Revenue Account. A table was submitted to provide an analysis of expenditure by main service area, which showed that the net surplus on the HRA was projected to be approximately £¼million above the approved estimate. Capital expenditure and financing were reported, including a similar table to analyse spending by main service or project area. Finally, the report examined cash flow, with an analysis of short-term investments/bank deposits being provided.

In response to a question, Officers provided further information about the vacant post in the Environmental Health division. The budget variances were noted and there was delight at the report recommendation to provide additional resources for Disabled Facilities Grants and Energy Efficiency Improvements.

RESOLVED:-

- (1) That the latest budget and financial monitoring figures for 2007/08 be approved.***
- (2) That remedial action be undertaken to contain projected overspends within the base budget and that this be reported back in the next monitoring report.***
- (3) That £25,000 be carried forward to 2008/09 in the Legal and Democratic Services budget, as detailed within the report.***
- (4) That £20,920 be transferred from Recycling to Disabled Facility Grants and Energy Efficiency Improvements, as detailed in the report.***

FM/116. TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2008/09

A report was submitted to outline the Council's prudential indicators for the period 2008/09 to 2010/11. It set out the expected treasury operations for this period and fulfilled three key reports required by the Local Government Act 2003. Background was provided on the prudential system for capital finance, explaining its main aims and how it was measured through a set of prudential indicators. The relevant indicators required under regulations were summarised in a series of tables. These concerned Capital Expenditure, the Capital Financing Requirement and the Operational Boundary and Authorised Limit. Further tables reported on the incremental impact of capital investment decisions on the band D Council Tax and housing rent levels and on investments.

RESOLVED:-

- (1) That the Prudential Indicators and Limits for 2008/09 to 2010/11, contained within the report be recommended for approval by the Council at its Meeting on 3rd March 2008.***
- (2) That the Treasury Management Strategy for 2008/09 be approved.***
- (3) That the Investment Strategy for 2008/09, including the associated lending list and policy be approved.***

FM/117. FINAL BUDGET PROPOSALS 2008/09 AND MEDIUM TERM FINANCIAL PLAN TO 2013

Members were reminded of the report to the Committee on 17th January 2008 on the Council's medium-term financial position. A report was submitted to look at the proposals following a period of scrutiny and consultation.

Initially, the report addressed the General Fund budget and financial projection. Based on spending plans and after allowing for certain cost pressures in the future, the medium-term financial projection showed a reserve balance of approximately £882,000 by March 2013. Although this was below the recommended minimum level of £1million, it was not considered critical at this stage, as it was possible to achieve the minimum level of reserves over the medium term. Members were also reminded of the approved service developments and the Council Tax projection and tax base assumed.

Next, the report focused on the Housing Revenue Account (HRA). This had been considered by the Housing and Community Services Committee at its Meeting on 7th February 2008. The account was summarised in an Appendix to the report and the overall financial forecast for the HRA was now much tighter than previously projected. The current level of reserves helped to sustain the HRA in the medium-term. However, from 2010/11, spending would exceed income and therefore in the longer-term, the financial position was not sustainable, based on the latest projections.

The next section of the report looked at capital investment and financing. There was a projected shortfall in resources to meet the current planned programme to 2013. Future investment above that fully committed, in particular for non-housing schemes, was now dependant on generating resources through the Council's Disposal Policy.

Overall analysis and risk was considered. Finally, the Committee received the Section 25 report in accordance with the Local Government Act 2003. The Council's Section 151 (Chief Finance) Officer was required to provide an overall opinion on the robustness of the estimates included in budgets and the adequacy of Council reserves.

Several Members spoke to this item. Further information was sought about potential future land disposals, which could not be provided at this time, due to contractual confidentiality. However, an outline was provided on how such land sales were reported to Members.

Other Members spoke to this item, with regard to the longer-term position on the HRA. There was a need for this Committee and the Overview and Scrutiny Committee to keep this issue under constant review.

The support from Officers on the budget process was recognised together with the need for prudence. Of utmost importance was the effect on South Derbyshire residents and their ability to pay for the Council's proposals. A 2.5% Council Tax increase was proposed, which was below inflation and the RPI. The percentage precepts from the Police and the County Council were reported. Details of the precept from the Fire Authority was awaited.

RESOLVED:-

- (1) That budgeted net General Fund Revenue Expenditure totalling £12,897,815 for 2007/08 and £12,115,502 for 2008/09 be recommended for approval by the Council at its Meeting on 3rd March 2008.***
- (2) That a Council Tax increase of 2.5% and a Band D rate of £144.42 for 2008/09 be recommended for approval by the Council at its Meeting on 3rd March 2008.***
- (3) That the projected level of General Fund Revenue Reserves totalling £882,798 as at 31st March 2013 is approved.***
- (4) That the latest 10-year financial projection on the Housing Revenue Account to 2018 be approved.***
- (5) That a continuing programme of efficiency reviews be continued across all services in order to generate cash releasing, value for money gains over the life of the current Medium-Term Financial Plan.***
- (6) That the updated 5-year Capital Investment and Financing Plan to 2013 be approved.***

- (8) That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 be noted.**

FM/118. **NATIONAL CONCESSIONARY BUS TRAVEL SCHEME**

A report was submitted on the new concessionary bus travel scheme. It covered eligibility, those categories of person who would no longer qualify under the national scheme and it was noted that certain concessions would no longer be available under the scheme. However, the majority of persons affected by the changes were likely to be entitled to a new national pass.

The Committee was asked to consider the charge for replacement of lost passes. Information was provided on the current charge levied and the cost of re-issuing the new 'smart card' was £5. There was no wish to penalise service users who had lost their card as a result of theft. It was noted that the reverse of the new national pass would be labelled as a "Gold Card" and the existing concessions that were available, would be retained for residents of Derbyshire.

The financial implications were reported. With the new arrangements, district and city councils would now be totally responsible for the cost of the scheme and would receive all the specific RSG relating to this responsibility. The County Council would continue to co-ordinate the scheme and meet 50% of any additional reimbursements to operators, resulting from outstanding appeals.

RESOLVED:-

- (1) That the Committee notes the updated information provided.**
- (2) That the Council approves amendments to the existing Derbyshire Concessionary Travel Scheme for elderly and disabled people from 1st April 2008, in order that the scheme meets the statutory minimum concessionary travel requirements set out by the Government and that all local concessions are discontinued from that date.**
- (3) That the cost of replacing a pass under the national scheme from 1st April 2008 be increased from £1 to £5 per pass, to reflect the increased cost of the "smart card" now specified by the Government and that this fee be waived if a theft and a crime number associated with that theft is produced.**

FM/119. **INVESTMENT AND RESOURCE STRATEGY FOR AFFORDABLE HOUSING**

Further to Minute No. HCS/63 of 7th February 2008, the Finance and Management Committee received a detailed report on this issue. The Committee was reminded of Audit Commission guidance, previous Committee deliberations and the position on land holdings. The report distinguished between the Housing Revenue Account (HRA) and General Fund assets, particularly in terms of the proportion of receipts that could be re-used. Members noted that an Audit Commission inspection of the strategic housing function was scheduled for the next financial year and were reminded of housing strategy key objectives to ensure an adequate supply of

homes to meet needs. In order to maximise the income potential from the sale of housing assets, the Council would need to commit those resources to affordable housing.

The remainder of the report focused on affordable housing investment priorities. These concerned the sheltered housing vision, rural affordable housing and investment in private sector housing, in order to generate properties to meet housing need, at affordable levels.

In response to a question, Officers provided further information on the appended summary of housing development need in rural communities. In particular, reference was made to the population threshold, which was why neither Hilton nor Melbourne had been included on this schedule.

RESOLVED:-

- (1) That the Committee approves the strategy outlined in the report as recommended by the Housing and Community Services Committee, at it's Meeting on 7th February 2008.***
- (2) That the Committee reaffirms the Sheltered Housing Vision and Standards as an affordable housing and regeneration investment priority, along with the facilitation and provision of new rural affordable housing and a leasing scheme designed to bring empty private sector properties back into use for people in need at affordable rents.***
- (3) That the Committee agrees that where individual specific projects are identified for funding under the investment priorities listed at resolution (2) above, they be approved by the Council's external auditor, to ensure compliance with the Government's criteria relating to affordable housing and regeneration reinvestment.***

FM/120. **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 29th November 2007 were received.

WRITE-OFF OF THE NATIONAL NON-DOMESTIC RATE (Paragraph 1)

The Committee agreed that sums due to the Council should be written-off under the provisions of Financial Regulation D2.4(b).

LONG HORSE BRIDGE ACCESS LINK (Paragraph 3)

The Committee approved terms for the sale of an area of land forming part of the public car park at Wilne Lane, Shardlow.

PLANNING SERVICES RE-ENGINEERING - SERVICE STRUCTURE REVIEW (Paragraph 1)

The Committee approved a revised organisational structure for the Planning Division.

SHARPE'S POTTERY CENTRE – MANAGEMENT SUPPORT (Paragraph 3)

The Committee authorised a supplementary budget, to support an Officer secondment.

J. HARRISON

CHAIRMAN