

FINANCE AND MANAGEMENT COMMITTEE

21st February 2006

PRESENT:-

Labour Group

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

Conservative Group

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

APOLOGY

An apology for absence from the Meeting was submitted on behalf of Councillor Southerd (Labour Group).

FM/104. **MINUTES**

The Open Minutes of the Meeting held on 24th November 2005, were taken as read, approved as true record and signed by the Chair.

FM/105. **DECLARATIONS OF INTEREST**

Councillor Harrison declared a personal non-prejudicial interest in respect of the item relating to the lease of land at Melbourne, as he was a Member of Derbyshire County Council.

MATTERS DELEGATED TO COMMITTEE

FM/106. **MORTGAGE INTEREST RATE**

The Committee considered a report on the Council's mortgage interest rate. Members were advised that under Section 438 of the Housing Act 1985, a Council was required 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 month period from April to September 2006 and that the rate for this period had been calculated to be 5.13%.

The Committee was informed that borrowers were charged the higher of the standard national rate declared by the Secretary of State and the local average rate, the standard national rate was based on rates charged by banks and building societies and was currently 6.28%.

RESOLVED:-

That the Committee declare the Local Average Rate of interest at 5.13% for the period April 2006 to September 2006 and that the Council's mortgage rate remain unchanged at 6.28%.

FM/107. **IMPROVEMENT PANEL – MINUTES OF MEETINGS HELD ON 15TH JUNE AND 27TH OCTOBER 2005**

The Open Minutes of the Improvement Panel Meetings held on 15th June and 27th October 2005 were considered by the Committee.

RESOLVED:-

That the Open Minutes of the Improvement Panel Meetings held on 15th June and 27th October 2005 be received.

FM/108. **PLANNING GAIN SUPPLEMENT IN PLACE OF PART OF SECTION 106 AGREEMENTS, CONSULTATION BY HM TREASURY, HM REVENUES AND CUSTOMS AND OFFICE OF THE DEPUTY PRIME MINISTER**

The Committee considered a report which sought Members agreement to a response to a consultation document from the Office of the Deputy Prime Minister regarding the introduction of a Planning Gain Supplement.

RESOLVED:-

That the Leader of the Council, Chair of Environmental and Development Services Committee, Councillor Bell and a nominee from the Conservative Group meet with Planning Officers on Thursday, 23rd February 2006 at 4.00 p.m. to discuss and agree the content of a letter which would enable officers to respond on behalf of the Council to the Consultation Document on Planning Gain Supplement.

FM/109. **CONSULTATION ON NEW PLANNING POLICY STATEMENT 3 (PPS3) HOUSING**

The Committee considered a report which provided Members with information and sought their response to, a consultation documents which provided guidance on the formulation of future Local Development Framework policies relating to residential development.

RESOLVED:-

(1) That the Office of the Deputy Prime Minister be informed that the Council considers that the draft Policy Statement 3 (PPS3) Housing:

- ***Contains ambiguities which if not resolved will lead to considerable public expense defending interpretation at future inquiries.***
- ***Does not set out a clear and logical search sequence for the identification of housing sites.***
- ***Does not provide clear guidance to enable decisions to be made on planning applications for residential development in the period prior to the adoption of Local Development Framework documents.***
- ***Should place far greater weight on the need to protect the character of an area rather than establishing higher densities for new residential development. This is particularly important in rural districts such as South Derbyshire. A one size fits all***

policy requiring a minimum density of 30 dwellings per hectare is not appropriate.

- ***Fails to provide a definition of ‘sustainable’.***
- ***Is unclear as to the weight that should be placed on bringing previously developed land back into beneficial use for residential purposes.***
- ***Should not be issued in final form until all associated documents have been made available for comment.***
- ***Should clarify the position with regard to green field land and agricultural buildings located within villages and urban areas. Consideration should be given to the exclusion of private gardens from the definition of “brownfield land”. The Guidance could also usefully acknowledge the exceptional appropriateness of new dwellings in the countryside of outstanding quality and design.***
- ***Should be published in a revised draft form for further consultation before being issued in its final form.***
- ***Should permit Local Planning Authorities to include a modest windfall allowance as such sites exist and therefore should not be ignored.***
- ***Runs the risk of undermining the process of planning for housing through its reference to the need to re-open the consideration of the level of housing provision in Local Development Frameworks. Such an unqualified policy would inevitably reduce certainty and lead to increased costs and delays in preparing local development documents as developers see an opportunity to re-open the debate that should have been concluded at the Regional Spatial Strategy stage.***
- ***Appropriately continues to allow for the exceptional release of land for affordable housing, this is to be welcomed.***

(2) That a copy of the Deputy Chief Executive’s report on the consultation paper accompany the Council’s letter of response and that a copy of both these documents be forwarded to the Local Government Association.

FM/110. **PERFORMANCE MANAGEMENT REPORT – QUARTER ENDING 31ST DECEMBER 2005**

The Committee considered a report on the third quarter’s progress in respect of the performance of those services that come within the purview of this Committee, namely; Corporate Services (Finance and Property, IT and Customer Services, Revenues and Human Resources) and Legal and Democratic Services for the third quarter ending 31st December 2005.

Members were advised that this was the third performance monitoring report which identified and brought together performance data with an expected forecast for the current year. The Committee was informed that the report would continue to be developed within the corporate framework for performance monitoring, the intention being to provide a balanced set of indicators for monitoring performance in all areas which would ensure that there was a robust methodology for managing and improving performance in the future.

Members were advised that a full range of indicators were supplied in the appendix including Best Value Performance Indicators (BV’s) and local target

which included Corporate Plan Milestones (CPM), relevant action points from the Corporate Governments (CG) review and Service Plan Targets (SP). The Committee was informed that explanations and/or remedial actions for those targets which were likely to be missed were provided in the documents attached to the report.

The Committee was advised that in Corporate Services there were a total of 70 indicators and at by the end of the second quarter it was forecast that 55 (79%) would meet their targets by the end of the year. Members noted that of the total of 24 indicators within Legal and Democratic Services that at the end of the second quarter it was forecast that 21 (88%) would hit their targets by March 2006.

RESOLVED:-

That having scrutinised the performance of the services that come within the purview of the Committee, Corporate Services (Finance and Property, IT and Customer Services, Revenues and Human Resources) and Legal and Democratic Services for the third quarter ending 31st December 2005, the report be noted.

FM/111. **BUDGET MONITORING 2005/06**

The Committee considered a report which detailed the latest budget monitoring figures for 2005/06 as at 31st December 2005 and which provided an overview of the Council's Use of Resources Assessment for 2005/06. The General Fund monitoring figures as at December 2005 were provided, the detail of which was summarised in the table set out below:

Analysis of Expenditure (By Main Service Area)	Approved Estimate £	Projected Out-turn £	Projected Variance £
Environmental Services	7,856,070	7,855,950	-120
Financial and Property Services	3,475,850	3,485,180	+9,330
Housing and Public Buildings	1,976,060	1,976,060	0
Human Resources	614,150	614,250	+100
IT and Customer Services	2,084,090	2,072,710	-11,380
Legal and Democratic Services	1,800,210	1,800,210	0
Leisure and Community Services	4,237,710	4,239,500	+1,790
Planning Services	2,022,640	2,024,040	+1,400
Policy and Economic Regeneration	670,340	667,520	-2,820
Revenues and Benefit Services	2,571,810	2,554,340	-17,470
TOTAL EXPENDITURE	27,308,930	27,289,760	-19,170

The Committee also considered the General Fund projected variances 2005, the details of which were summarised as follows:

General Fund – Projected Variances 2005/06	£
Reduced Expenditure/Additional Income	
• Additional income on Housing Benefits (Fraud)	-17,000
• Funding secured for temporary post in I.T. (was in mainstream budget)	-10,000
Offset by:	
• Recruitment costs associated with appointment of the new Procurement Officer	6,000

The Committee considered the latest monitoring figures in respect of the Housing Revenue Account, and were advised that the detail was summarised in the table set out below:

Summary Position as at December 2005	Approved Estimate 2005/06 £	Projected Out-turn 2005/06 £	Variance £
Housing Repairs	2,890,730	2,890,730	0
General Management	752,670	755,990	+3,320
Sheltered and Other Services	810,200	813,150	+2,950
Council Tax on Void Properties	-21,350	-26,400	-5,050
Provision for Bad Debts	7,500	7,500	0
Capital Financing Charges	332,630	332,630	0
Payment to Government Pool	3,832,100	3,832,100	0
Cost of Rebates Remaining in HRA	104,570	104,570	0
Rent and Other Income	-8,762,030	-8,766,950	-4,920
Net Surplus	-52,980	56,680	-3,700

Members considered the Council's approved capital spending and financing and were advised that the overall position was summarised in the table set out below.

Analysis of Spending by Main Service/Project Area	Approved Estimate £'000	Spent as at Dec 05 £'000	Projected Out-turn £'000	Projected Variance £
Council House Improvements	1,761	1,352	1,761	0
Disabled Facility Grants	270	201	270	0
Other Housing Investment	889	300	689	-200
Community Projects	2,239	1,017	1,404	-835
Environmental Schemes	884	558	845	-39
I.T., Property and Other Assets	876	671	705	-171
Total Expenditure	6,919	4,099	5,674	-1,245

The Committee considered information on the Council's borrowing and short-term investment which was summarised as follows:-

Borrowing	01/04/05 £'000	31/12/05 £'000
<ul style="list-style-type: none"> • Long Term Debt Outstanding • Temporary Borrowings 	1,000 2,051	1,000 171
Total Debt Outstanding	3,051	1,171
<ul style="list-style-type: none"> • Average Interest Rate – Long Term • Average Interest Rate – Temporary • Base Rate 	4.88% 4.73% 4.75%	4.88% 3.50% 4.50%

Investments - Short Term Deposits	01/04/05 £'000	31/12/05 £'000
Total	0	5,260
Average Interest Rate Earned	4.63%	4.48%
Target – Average 7-Day Rate (for comparison)	4.47%	4.41%

Analysis of Interest Paid/Received	Estimate for the Year £	Actual as at Dec 2005 £	Projected for the Year £
Temporary Borrowings	12,000	9,220	10,500
Short Term Deposits	140,000	123,030	-142,000
Total – Net Interest Receivable	128,000	113,810	131,500

Council's Use Of Resource Assessment For 2005/06

Members were advised that as reported previously the use of resource submission was undertaken by the Audit Commission to ascertain how a Council used its resources, it effectively tested an Authority's financial management arrangements, its financial standing and reporting together with its internal control arrangements. Further assessment was also made on how far a Council achieved value for money. Each of the areas was scored on a scale from 1-4 where 1 equalled weak performance and 4 equalled excellent. The Committee was advised that the Council submitted its self-assessment to the Audit Commission in November 2005 based on the criteria and evidence submitted, the Council scores were as follows:-

Area Assessed	Score
Financial Reporting (including accounts closure)	3
Financial Management (see note below)	3
Asset Management (see note below)	1
Financial Standing	2
Internal Control (including corporate governance)	3
Value For Money (not solely finance orientated)	2

Note: Financial and asset management were combined, giving an average score of 2.

Committee were informed that the Council's overall self rating had been assessed as at 2 i.e. performing well and meeting minimum requirements. Members were advised to maintain a level 3 score and improve performance in current level 3 areas a number of proposals had been considered together with the best practice advice by the Audit Commission which highlighted a number of areas for improvement.

- Producing a summary set of annual accounts in more simple form and consulting a range of stakeholders to establish their requirements in respect of that publication.
- Modelling balance sheets and cash flows in medium-term budget strategies.
- Bringing forward and streamlining current monthly monitoring arrangements.
- Setting and monitoring targets for sundry debt collection.
- More regular (higher level) risk management monitoring and review
- Establishing an audit panel/sub-committee with clear terms of reference and work programme.

Members were advised that it was planned to address these issues during 2006.

RESOLVED:-

That the latest budget monitoring figures and associated information having been considered be noted.

FM/112. **SERVICE DEVELOPMENT PROPOSALS RESULTS FROM SCORING PANEL**

The Committee considered a report which advised that as part of the Council's agreed budget process the Scoring Panel had met and assessed this year's Service Development Proposals against the Council's agreed framework. The report detailed the results of the scoring panel process and sought the Committee's views about the indicative relative priorities proposed within the responsibility of the Committee.

A schedule of the scores resulting from the Meeting of the scoring panel held on 20th January 2006 was appended to the report together with Service Development Proposals and terms of reference for the Committee was shown on a separate schedule and a further schedule was provided which detailed Revenue and Capital Service Development Proposals.

The Committee noted that a further Meeting of the Service and Financial Planning Working Panel would be held on 22nd February 2006 and that its recommendations would be reported to the Special Meeting of this Committee on 23rd February 2006.

RESOLVED:-

That Committee note the content of the report and that it will receive further detailed information on Service Development Proposals in due course.

FM/113. **IEG5 STATEMENT**

The Committee considered a report on the IEG5 Statement for the Council. Members were advised that in 2001 the Government had asked all Councils to prepare an Implementing Electronic Government Statement setting out their plans for delivering 100% of their services electronically by December 2005 where it was possible to do so. The Council had previously submitted four satisfactory IEG statements in July 2001, October 2001, November 2003, December 2004 and an additional mid term update was submitted in July 2005.

Members were informed that as part of the IEG process the Office of the Deputy Prime Minister had requested all councils to report on progress and review their strategies against the “Baseline of priority service and national strategy transformation outcomes for local e-government in December 2005”. This review was designed to plan out how councils would achieve the target for delivering 100% of services electronically by December 2005.

Committee were advised that part of the IEG5 Statement the outcomes listed below had been met.

- One stop direct online access and deep linking to joined up A-Z information.
- Public access to online reports, minutes and agendas.
- The option for every Councillor to have a web page.
- Access to home/remote working facilities.
- Implementation of a Content Management System for our website.
- On-line receipt and processing of planning and building applications.
- Public access to corporate Geographic Information systems.
- Online facilities to allow payments to the Council.
- Geographic Information Systems information on road works in the local area.
- Home/remote working policies in place.

The Committee was informed that because of the satisfactory IEG returns to date the Council had received the following funding from Government:-

Year	Government Funding
2002/03	£200K
2003/04	£200K
2004/05	£350K
2005/06	£150K

In addition to the above a further grant to assist the Council in reaching its IEG objectives of £267,750 was successfully applied for in January 2005.

RESOLVED:-

That the Committee approve the Council's Implementing Electronic Government (IEG) 5 Statement as set out in the appendix to the report.

FM/114. **REVISED ANNUAL INTERNAL AUDIT PLAN 2005/06**

The Committee considered a report which sought approval for revisions to the Internal Audit work plan necessitated by the Audit Commission's request to complete the managed audit process earlier than planned.

The Committee was advised that there was a new requirement for the Statement of Internal Control to be evidenced by supporting documents and reported independently. Members were informed that assurance statements were key documents for this purpose, one of which was produced by the Audit Manager. It was confirmed that this Statement of Internal Control and the supporting statements for the 2005/06 accounts would be reported separately to Committee in June 2006 but as an interim arrangement a copy of the assurance statement for the account year 2004/05 was provided for Members information.

RESOLVED:-

That the Committee:-

(1) Approve the revised Audit Plan for 2005/06.

(2) Note the Assurance Statement for the 2004/05 account year.

FM/115. **ASSET DISPOSALS POLICY**

The Committee considered a report which set out a draft asset disposals policy as required under the best practice guidance governing asset management.

The Committee was advised that the draft policy proposed for adoption would form part of the Council's overall Property Strategy and feed into the Council's Financial Strategy, to identify surplus assets and generate resources for capital investment. The policy set out a framework identifying assets "surplus to requirements", the criteria for considering alternative uses for those assets (largely disposal) and the most suitable method of sale.

Committee noted that the way councils managed all of their assets was now tested annually by the Use of Resource Assessment.

The report advised that local authorities were subject to constraints relating to how they disposed of their property and that the policy document provided a framework for best practice when dealing with disposals. Members were advised that the policy would be subject to regular review, to take account of changes in legislation, other Council policies and the ongoing review of the council's property records. Committee noted that the policy had the following sections:-

- What is a disposal?
- Challenging why the Council owns land and property.
- A Local Authority's powers to dispose of land and property.

- Identifying surplus and underused assets.
- Public open space.
- Consultation.
- Methods of disposal.
- Other considerations.

RESOLVED:-

That the draft Asset Disposals Policy be approved and adopted by the Council.

FM/116. **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.

LAND AT HILTON (Paragraph 9)

The Committee approved the transfer of land in respect of a site at Hilton to Derbyshire County Council.

LEASE OF LAND – MELBOURNE (Paragraph 9)

Following negotiations a lease in respect of a piece of land at Melbourne was extended.

LAND AT NEWTON SOLNEY (Paragraph 9)

The Committee approved in principle the disposal of a piece of Council owned land at Newton Solney.

RE-GRADING - APPLICATION (Paragraph 1)

The Committee approved proposals for the re-grading of a Council Officer from PO4 to PO5.

REGRADING APPLICATION – FINANCIAL YEAR 2005/06 (Paragraph 1)

The Committee approved a proposal for the transfer and regrading of various Council officer posts.

FINANCIAL REGULATIONS D2.4(B) – WRITE-OFFS (Paragraph 7)

The Committee approved proposals to write-off of sums of £34,413.04 as detailed in Annexe 'A' and £5,120.90 as detailed in Annexe 'B' to the report in accordance with the provisions of Financial Regulation D2.4(b).

P.J. WILKINS

CHAIR