

FINANCE AND MANAGEMENT COMMITTEE

16th February 2010

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Wheeler (Vice-Chairman) and Councillors Bladen, Grant, Mrs. Hood (substitute for Councillor Mrs. Brown), Lemmon (substitute for Councillor Mrs. Coyle), Roberts and Mrs. Wheeler.

Labour Group

Councillors Mrs. Lane (substitute for Councillor Taylor), Rhind (substitute for Councillor Richards), Southerd and Wilkins.

Independent/Non-Grouped Member

Councillor Pabla.

In attendance

Councillors Atkin, Mrs. Farrington, Jones and Mrs. Plenderleith (Conservative Group) and Councillors Dunn, Richards and Taylor (Labour Group).

APOLOGIES

Apologies for absence from the Meeting were received from Councillors Mrs. Brown and Mrs. Coyle (Conservative Group) and Councillors Richards and Taylor (Labour Group).

FM/78. **MINUTES**

The Open Minutes of the Meeting held on 3rd December 2009 were taken as read, approved as a true record and signed by the Chairman.

FM/79. **DECLARATIONS OF INTEREST**

Councillor Pabla declared a prejudicial interest in respect of the Exempt item on funding for parish councils. Councillor Mrs. Wheeler declared prejudicial interests in respect of the Exempt reports on Land at Church Gresley, the Extra Care Housing Project and the item on funding for parish councils. Councillor Wheeler declared prejudicial interests in respect of the Exempt reports on Land at Church Gresley and the Extra Care Housing Project. Councillor Richards declared a prejudicial interest in respect of the Extra Care Housing project. All other Conservative Group Members declared prejudicial interests in respect of the items on land at Church Gresley and the Extra Care Housing project.

Reference was made to the dispensations granted by the Standards Committee to twenty Conservative Group Members at its Meeting on 12th February, allowing them to speak and not vote on the items relating to land at Church Gresley and the Extra Care Housing project, leaving the Meeting before the vote was taken. However, it was stated that all Members of the Conservative Group would leave the Meeting during these items.

FM/80. **REPORT OF OVERVIEW AND SCRUTINY COMMITTEE – BUDGET CONSULTATION**

With the Chairman's approval, the Chairman of the Overview and Scrutiny Committee made a report to Members on the budget scrutiny process. Copies of the unconfirmed Minutes of Meetings held on 20th January and 10th February 2010 had been circulated as the Overview and Scrutiny Committee's response to the budget consultation. The Chairman thanked contributors to this review and reported on two proposed future review areas, which would be considered for inclusion in the Committee's work programme.

RESOLVED:-

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

MATTERS DELEGATED TO COMMITTEE

FM/81. **AUDIT SUB-COMMITTEE**

RESOLVED:-

That the Minutes of the Audit Sub-Committee held on 16th December 2009 are received and any recommendations contained therein are approved and adopted.

FM/82. **BUDGET AND FINANCIAL MONITORING 009/10 – 3RD QUARTER TO 31ST DECEMBER 2009**

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 identified variances as at December 2009. This highlighted a projected favourable variance overall of £54,700, as compared to the projected adverse variance of £32,000 at the half-year position. The main reason for this change was a better anticipated out-turn on income and expenditure for the new Etwell Leisure Centre. The impact of increased costs for housing benefit payments and a further decline in interest received were also reported. A summary of all major variances was shown in a further table for the following service areas:-

- Environmental Services

- Management, Finance and Property
- Private Sector Housing and Public Buildings
- Organisational Development
- IT and Business Improvement
- Legal and Democratic Services
- Leisure and Community Services
- Planning Services
- Customer Services (including Revenues and Benefits)

Specific commentary was then provided on Planning Services, ICT spending and other potential reductions.

Next, the report focused on the Housing Revenue Account (HRA). A table showed net expenditure by service area for 2009/10, the approved budget and projected variances for the year. This showed a net deficit of £113,000 lower than budgeted. Commentary was also provided on housing repairs and other variances.

Capital expenditure and financing was reported and a further table showed an analysis of spending by main service or project area. The report included a summary of progress to date on spending on Council house improvements, works on Swadlincote Town Centre, together with detail on leisure and community schemes and the position on capital receipts. Finally, the report considered treasury management, with an analysis of the Council's borrowing and short-term investments/bank deposits. This section of the report also looked at overall debt liability.

There was discussion about a recent announcement on the "cost of living" rise and the potential impact for the Council.

RESOLVED:-

That the latest budget and financial monitoring figures for 2009/10, as at December 2009 are approved.

FM/83. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2010/11 TO 2012/13**

A report was submitted on the Council's Prudential Indicators and the expected treasury operations for the period 2010/11 to 2012/13. This fulfilled key reports required by the Local Government Act 2003. The Executive Summary provided background on the prudential system for capital finance, explaining its main aims and how it was measured through a set of prudential indicators. The indicators provided the limits and benchmarks to control the level of capital expenditure, borrowing and investment. 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 and the estimated investment position at the year-end.

The detail of the report expanded on each of these areas. For capital expenditure, further commentary was provided and a breakdown given of how capital expenditure would be financed. Next, the Council's borrowing need (the capital financing requirement) was considered. Appended to the report was a detailed analysis, from which the figures were drawn, breaking down the General Fund and HRA split. The related table showed movements in the capital financing requirement. Details were also provided for the use of the Council's resources and investment provision, the limits to borrowing activity, the authorised limit and operational boundary for external debt. Prudential indicators relating to affordability were provided, including the actual and estimated ratios of financing cost to net revenue stream and estimates of the incremental impact of capital investment decisions on both the Council Tax and housing rent levels.

RESOLVED:-

- (1) That the Prudential Indicators and Limits for 2010/11 to 2012/13 contained within the report be recommended for approval by the Council at its Meeting on 1st March 2010.***
- (2) That the Treasury Management Strategy for 2010/11 is approved.***
- (3) That the Investment Strategy for 2010/11, including the associated lending list and policy is approved.***

FM/84. **FINAL BUDGET PROPOSALS 2010/11 AND FINANCIAL PLAN TO 2015**

Members were reminded of the detailed report submitted to the Committee on 14th January 2010 (Minute No. FM/74 refers). A report was submitted to detail the Council's final budget proposals and medium-term financial projections on the main revenue and capital accounts. The proposals would form the basis of setting the Council Tax for 2010/11 by Council at its Meeting on 1st March 2010. The report confirmed the position, following a period of scrutiny and consultation. Projections now reflected the contingency measures to fund capital commitments together with a further reduction in the concessionary travel grant. The report also provided an overview of the Housing Revenue Account (HRA) and the ten-year financial projection, considered by the Housing and Community Services Committee at its Meeting on 4th February 2010.

The report addressed the General Fund budget and financial projection. This was detailed in an Appendix to the report and summarised in a table. Based on spending plans and after allowing for certain cost pressures in the future, the medium-term financial projection showed a continuing budget deficit to 2014/15, which could not be sustained beyond 2011/12. This was the critical year that reserves fell below the safe and approved minimum level. To correct this position, the Council would need to identify cashable savings of approximately

£375,000 per year, in order to meet the longer-term budget deficit and to protect the minimum level of general reserves. These savings would need to be in place by October 2010.

In addition, there was a need to generate capital resources of £1.95m to meet outstanding commitments for covenant repayments and vehicle replacements over the next five years. Contingency measures totalling £700,000 had been approved, but a further £½million was required by March 2012 and £¼million per year thereafter to fund vehicle replacements. A provision of £1.25m remained in general reserves to meet the remaining commitments, as a revenue contribution. If the use of General Reserves was required, this would leave them substantially below the approved minimum level by 2012/13 but if savings of £375,000 were achieved, this would delay the situation to 2013/14.

A number of actions were already in place to generate resources, to help remedy the situation and maintain Council finances on a sound and stable footing. The issue was that resources were by no means guaranteed at this stage, being subject to ongoing project work or negotiations. The areas involved were:-

- Restructure of Community Services
- Corporate Services Partnering Project, including the development of a Business Centre
- On-going efficiency programme through procurement and business improvement
- Heads of Service reviews
- Etwall Leisure Centre – additional partner contributions
- Disposal of Surplus Assets

Next, the report focused on the Housing Revenue Account (HRA). The updated ten-year projection continued to show that eventually, the HRA would become unsustainable. A detailed review of expenditure was required. The low cost base of this service and proposals for a review of the current HRA Business Plan were also covered. Whether the Council would be able to become self-financing under Government proposals would be key to future projections.

The next section of the report concerned capital investment and financing. Despite the lack of its own resources, the Council had a fairly substantial capital programme over the next two years, due to successful external funding applications and partnership working. Overall analysis and risk was then reported.

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 the budgets and the adequacy of Council reserves. Commentary was provided on a number of sections, specifically the General Fund, the HRA, risk and consultation and provision of information.

The Leader reported that a Council Tax increase of 1.5% would be proposed to the Council at its Meeting on 1st March 2010. There was recognition of the work of the Revenues and Benefits staff, in terms of collection rates and reference was also made to the low rent level increase approved recently. It was questioned how this proposed increase would impact on the Council's reserves. Reference was also made to the surplus on the Collection Fund.

RESOLVED:-

- (1) That estimated net General Fund Revenue Expenditure totalling £12,411,451 for 2009/10 and £12,651,307 for 2010/11 is recommended to Council on 1st March 2010.***
- (2) That it be recommended to Council at its meeting on 1st March 2010 that a Council Tax increase of 1.5% be set.***
- (3) That the Medium-term Financial Plan to 2015 on the Council's General Fund Revenue Account is approved.***
- (4) That the financial projection on the Housing Revenue Account to 2020 is approved.***
- (5) That the 5-year capital investment and financing plan to 2015 is approved.***
- (6) That on-going cashable efficiency savings of £375,000 are identified and in place by October 2010, with progress being reported to the Committee on a regular basis during the coming year.***
- (7) That a full Contingency Plan is drawn up should insufficient capital or other resources be generated to meet all outstanding capital commitments and that this is reported to the Committee by October 2010.***
- (8) That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 is noted.***

Note: Councillors Mrs. Lane, Rhind and Wilkins wished it to be recorded that they had abstained from voting on this item.

FM/85. **USE OF RESOURCES 2008/09 AND 2009/10**

A report was submitted to inform of Grant Thornton's Use of Resources (UOR) assessment for the Council in 2008/09. The Council had been assessed as Level 3 "An organisation that exceeds minimum requirements, performs well". The report also highlighted key messages from the UOR and proposed an action plan in order to continue to improve the way that the Council managed its resources.

Since 2005, the UOR had become an annual assessment, undertaken by the external auditor. It had been used to evaluate how well the Council managed and used its financial resources and how well it planned and managed its business. Background was provided about this assessment, the five themes contained within it and a table showed the scores for each theme for the period 2005 to 2008. In 2008/9, the new requirements for UOR came into place and formed part of this Council's element of the Comprehensive Area Assessment (CAA). There were three scored themes on managing finances, governing the business and managing resources. A summary was provided on each of the key lines of enquiry under these headings.

The CAA assessed and reported on how well public money was spent and would ensure all public bodies were accountable for their quality and impact. It also looked at how all services were working together to improve the quality of life for local people and would combine various inspections to give a County-wide joint assessment of outcomes and sustainable improvements.

A table showed the overall score for South Derbyshire on managing performance and Use of Resources, together with those under each of the three scored themes. Further commentary was provided on each of the assessments. Information was then provided on the CAA judgement, which was split into two assessments, the organisational assessment and area assessment. The report concluded by looking at "what next" in terms of the use of resources.

There was recognition of the hard work of staff in achieving this remarkable result on the Use of Resources assessment.

RESOLVED:-

- (1) That Grant Thornton's Use of Resources report and recommendations for the Council for 2008/2009 is accepted.***
- (2) That the action plan addressing the recommendations is also approved.***

FM/86. **OVERVIEW OF PLACE SURVEY RESULTS AND DRAFT ACTION PLAN**

It was reported that the Place Survey was carried out between September and December 2008. A total of 4,000 surveys were issued and 1,616 returned, representing a response rate of 40%. The survey would run every two years and was the principal means of collecting information on 18 of the District's 198 National Indicators, as required by the National Performance Framework. The reported presented key topline National Indicator results, along with other key weighted results relating to the Council and an action plan. The action plan addressed areas of concern where improvements could be delivered on local priorities. To place the findings in context, national comparators were used, together with a consortium average of five Derbyshire authorities surveyed.

Furthermore, the results had been analysed by demographic factors across the 6 community area forums.

The report then looked at the key findings, giving statistical data on the results from this exercise for the following National Indicators:-

- NI 1 – Percentage of people who believe people from different backgrounds get on well together in their local area
- NI 2 - Percentage of people who feel that they belong to their neighbourhood
- NI 3 - Civic participation in the local area
- NI 4 - Percentage of people who feel they can influence decisions in their locality
- NI 5 - Overall/ general satisfaction with the local area
- NI 6 - Participation in regular volunteering
- NI 17 - Perceptions of anti-social behaviour
- NI 21 - Dealing with local concerns about anti-social behaviour and crime issues by the local council and police
- NI 22 - Perceptions of parents not taking responsibility for the behaviour of their children in the area
- NI 23 - Perceptions that people in the area treat one another with respect and consideration
- NI 27 - Understanding of local concerns about anti-social behaviour and crime issues by the local council and police
- NI 41 - Perceptions of drunk or rowdy behaviour
- NI 42 - Perceptions of drug use or drug dealing as a problem
- NI119 - Self-reported measure of people's overall health and wellbeing
- NI140 – Treated with respect and consideration by local public services

Similarly, information was provided on key results relating to the Council under each of the following areas:-

- Priorities for the local area
- Anti-social behaviour
- Satisfaction with the Council
- Satisfaction with Council services
- Feeling informed

A draft high-level action plan had been developed and was appended to the report. This outlined proposed priorities for action and how these should be addressed. It would be updated and developed as further discussions took place with residents and with the South Derbyshire Partnership. The action plan linked the Council's Corporate Plan and South Derbyshire Partnership. Whilst a lot of the actions centred around communications and consultation, it would need the positive engagement of all Council services to progress the action plan. The report concluded with a list of the key actions.

It was asked whether there was any scope for the Council to customise the Place Survey questionnaire. To a degree this was possible and it was suggested that for future questionnaires, details be sought of how long people had lived in South Derbyshire, given the rapid growth of the area.

RESOLVED:-

- (1) That the Committee receives the report and notes the Place Survey results for 2008/09.***
- (2) That the Committee approves the action plan as submitted, to support the continued improvement of the Council's performance in subsequent Place Surveys.***

FM/87. **PERFORMANCE MANAGEMENT REPORT (1ST OCTOBER – 31ST DECEMBER 2009)**

A report was submitted detailing achievements for the second quarter ending 31st December 2009, in relation to the Council's Corporate Plan 2009-14. The Corporate Plan Action Plan consisted of four main themes, of which this Committee was responsible for actions within the "Value for Money" theme. Details were provided in the report and related appendices on the Corporate Plan actions, performance indicators and financial performance.

RESOLVED:-

- (1) That the Council's key achievements and performance for the second quarter ending 31st December 2009 are noted.***
- (2) That where performance has failed to achieve the specified target, the Committee accepts the adequacy of the responses submitted.***
- (3) That the financial performance information is noted.***

Note: At 6.30 p.m. Councillor Taylor left the Meeting.

FM/88. **WORK PROGRAMME**

The Committee was asked to consider its Work Programme.

RESOLVED:-

That the Committee receives the updated Work Programme.

FM/89. **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 3rd December 2009 were received.

LAND AT CHURCH GRESLEY (Paragraph 3)

The Committee agreed the way forward on proposals for the disposal of land at Church Gresley.

EXTRA CARE HOUSING PROJECT (Paragraph 3)

The Committee approved the disposal of property and associated land, as part of the development of an extra and residential care housing project.

S136 FUNDING FOR PARISH COUNCILS (Paragraph 3)

The Committee approved proposals to review the distribution of funding to parish councils.

SPORTS PAVILION, BLOOMFIELD CLOSE RECREATION GROUND, HILTON (Paragraph 3)

The Committee approved termination of a licence agreement.

PAY AND GRADING REVIEW (Paragraph 4)

The Committee gave consideration to a report on the Pay and Grading Review and agreed the way forward.

J. HARRISON

CHAIRMAN