



East
Northamptonshire
Council

Finance Sub-Committee

Minutes of a meeting held on Wednesday 31 January 2013 at 7.30pm, Council Chamber, East Northamptonshire House, Thrapston

Present: Councillors: Steven North (Chairman)
Glenn Harwood MBE (Vice-Chairman)
Peter Baden
Roger Glithero JP
Glenvil Greenwood-Smith
Richard Lewis

Officers: David Oliver (Chief Executive)
Sharn Matthews (Executive Director)
Glenn Hammons (Chief Finance Officer)
Kelly Watson (Finance Manager)

1.0 APOLOGIES

1.1 Apologies for absence were received from Councillor David Brackenbury.

2.0 MINUTES

2.1 The minutes of the Finance Sub-Committee meeting held on 26 November 2012 were approved and signed by the Chairman.

3.0 DECLARATIONS OF INTEREST

3.1 The following interests were declared in the Agenda items specified below:-

	Agenda item	Nature of Interest	DPI	Other Interest
Councillor Peter Baden	Future Use of Land at Cosy Nook, Thrapston	Resident of Thrapston		Yes
Sharn Matthews (Executive Director)	Future Use of Land at Cosy Nook, Thrapston	Resident of Thrapston		Yes
Councillor Richard Lewis	Sale of Land and Buildings	Trustee of Rushden MIND		Yes

4.0 BUDGET MONITORING 2013/13 – REVENUE AND CAPITAL

4.1 The Finance Manager presented a report to the Sub-Committee detailing the Council's expenditure to the end of quarter 3 (31 December 2012) against the approved revenue and

capital budgets for 2012/13. The report highlighted any significant under or overspend greater than £10,000 and identified the impact on the end of year position.

- 4.2 Members noted that since the budget was set in February 2012, the total budget figure had been revised to £10,194,830. The estimated outturn for the year was an underspend of £453,476 (against an estimated underspend of £163,000 at the end of quarter 2). The forecast drawdown from reserves was £92,000 (against a forecast of £382,000 at the end of quarter 2).
- 4.3 The Council had decided on 29 October 2012 to terminate the Council's car lease scheme and it was reported that the scheme had been removed from the Capital Programme.
- 4.4 A group had recently been established to consider how the community project fund of £195,000 could be used and communicate the availability of the funding available for community projects.
- 4.5 The Sub-Committee noted that the expenditure on flood defence had arisen from the provision of sandbags, which the Council was not obliged to do. Accordingly, investigations would be carried out to establish whether the expenditure could be reclaimed from the Environment Agency or County Council. In future, charges for the provision of sandbags could be introduced, although this would be a matter for the Policy and Resources Committee to determine.
- 4.6 Members of the Sub-Committee expressed their thanks to staff for their hard work and efforts to identify significant savings in the Council's budgets.

After reviewing the report it was

RESOLVED:

That the current budget position be noted

5.0 MEDIUM TERM FINANCIAL STRATEGY 2013/14 – 2016/17

- 5.1 The Chief Finance Officer presented a report to update members on the position of the Medium-Term Financial Strategy (MTFS) following agreement of the MTFS 2012/16 by Council in February 2012 and to set out the position for 2013/14.
- 5.2 The Sub-Committee was provided with an outline of the Council's position as at 31 December 2012, with specific regard to Revenue Budgets, the Capital Programme 2012-22 and cash reserves. The draft budget included savings proposals which had recently been implemented or were being developed to contribute to bridging the funding gap which existed over the period of the MTFS. These proposals were expected to be sufficient to achieve the savings required in 2013/14, although some significant items within the proposals were only estimated savings at this stage.
- 5.3 it was anticipated that there would not be any significant change to interest rates over the coming 2-3 years and returns on investments would remain low. The minimum level of Reserves would now be set at £2m and the Chief Finance Officer would prepare a report on this in due course.
- 5.4 It was confirmed that projects were included in the Development Pool when approved with an initial estimate of costs and retained there whilst final costs were produced. Only once the actual costs involved had been established through procurement procedures and final approval given would the project be transferred to the Capital Programme.

- 5.5 Members expressed the view that additional funds should be set aside in future years for the provision of additional capital expenditure for Stanwick Lakes over and above the £31,000 provided in 2012/13. This would need to be included in the Development Pool and the estimated costs would be reported to the next meeting of the Sub-Committee.
- 5.6 Whilst the levels of some fees and charges made by the Council were set by Central Government, where the Council had discretion to set the level of fees and charges itself, these had been raised in line with the Consumer Prices Index (CPI). There had been a full review of fees and charges last year, although Members asked whether there was an opportunity to increase some fees and charges by more than the CPI rate. A report would be submitted to a future meeting following a review of the cost of providing services and the income generated by fees and charges relating to individual services.
- 5.7 The agreement with other Local Authorities in Northamptonshire to pool Business Rates provided for any increase in income to be distributed in accordance with the ratio of the contribution made by each Local Authority to the increased income.
- 5.8 The Sub-Committee noted that under the adopted Council Tax Support Scheme, the liability for Council Tax would be a minimum of 8.5%. It has been assumed that the Government grant to enable the charge to be limited to this percentage, rather than a higher sum, would not be received in future years and the scheme would need to be reviewed before the end of 2013.
- 5.9 The report had been prepared based on principles and assumptions previously made regarding the level of Council Tax to be levied by this Council. However, Members reiterated that no decision had yet been made regarding this and the Council Tax for 2013/14 would not be set until the Council meeting on 27 February 2013. The wording of the report would therefore need to be amended for submission to the Policy and Resources Committee.

RESOLVED: That

- i) subject to the approval of the level of Council Tax by the Council, the contents of the report be proposed to the Policy & Resources Committee on 11 February 2013 and the Policy & Resources Committee be advised to recommend the contents of the report to Council as part of the budget setting process.
- ii) Council be recommended to approve and agree the following:
 - Medium Term Financial Strategy
 - Revenue Budget 2013/14
 - Capital Programme for 2013/14-2021/22 (subject to the ongoing review of schemes within that programme)
 - Treasury Management Strategy
 - Fees and Charges

(Reason: To ensure that the Sub-Committee is aware of the forecast financial position so that in due course the Council complies with its constitution in setting its Budget)

6.0 SMALL ASSETS DISPOSAL POLICY

- 6.1 The Finance Manager reported that a policy had been prepared regarding the disposal of small assets which were surplus to the Council's requirements and how such transactions would be recorded.

- 6.2 Members considered that assets likely to exceed £5,000 in value on disposal should be declared surplus to requirements by the Finance Sub-Committee rather than by the Policy and Resources Committee as proposed in the draft policy given the strategic nature of the Committee.

RESOLVED TO RECOMMEND:

That the Policy and Resources Committee recommend the Small Assets Disposal Policy, attached at Appendix A and with paragraph 5.7.2 amended as set out above, to Council for adoption.

7.0 EXCLUSION OF THE PUBLIC

RESOLVED:

That the public and press be excluded from the meeting during consideration of the following item of business because exempt information, as defined under paragraphs 3 and 5 of Part 1 of Schedule 12a of the Local Government Act 1972, may be disclosed.

8.0 SALE OF LAND AND BUILDINGS

- 8.1 The Chief Executive presented the report of the Head of Resources and Organisational Development, which provided an update on the progress of the sale of Council owned land and buildings.
- 8.2 With reference to Herne Park, Oundle, it was noted that the sale of the site would be delayed due to the Community Right to Bid application and an extended lease on the bungalow occupied by Oundle MIND was proposed.

RESOLVED: That

- i. The report be noted
- ii. A further six month lease of the property at Herne Park, Oundle to MIND as set out in paragraph 7.3 of the report be agreed.

9.0 UPDATE ON LAND CHARGES SEARCH REFUNDS

- 9.1 The Executive Director presented a report outlining the potential liabilities for refunds for Land Charges Searches following the abolition of personal search fees in 2010 as a result of the introduction of the EU Environmental Information Regulations in 2004.
- 9.2 It was noted that joint negotiations on the issue on behalf of Local Authorities affected were taking place and this was likely to mitigate the potential legal claims.

RESOLVED: That

- i) the current position in relation to funds be noted.
- ii) the payment of any settlement in relation to the Tinklers claim be authorised provided it is under £34,000 (i.e. covered by the New Burdens Grant).
- iii) the provision of an additional £112,000 ear-marked reserve to cover any future settlement of Land Charge refunds from the forecast underspend for 2012/13 be agreed.

10. FUTURE USE OF COSY NOOK, THRAPSTON

- 10.1 The Sub-Committee received a presentation from the Executive Director outlining the options for the future use of the above site. The Sub-Committee had determined in June 2012 that the site should be included in the Phase 2 Asset Disposal Programme and considered whether that decision should be adhered to or whether any other potential uses should be pursued. It was noted that there had not previously been a community use of the site.

RESOLVED:

That the previous decision made under Minute 72(b) be adhered to and the site be made available for sale under the Phase 2 Asset Disposal Programme.

Chairman



East
Northamptonshire
Council

Small Assets Disposal Policy



v1 January 2013

If you would like to receive this publication in an alternative format (large print, tape format or other languages) please contact us on 01832 742000.

Document Version Control

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Change History

Issue	Date	Comments
v1	28 January 2013	To be considered at Finance Sub-Committee 31 January 2013

NB: Draft versions 0.1 - final published versions 1.0

Consultees

Internal	External
e.g. Individual(s) / Group / Section	e.g. Stakeholders / Partners /Organisation(s)

Distribution List

Internal	External
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Links to other documents

Document	Link

Additional Comments to note

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1.0 Statement of Policy Intent

1.1 The intent of this policy is to formally document how the Council aims to openly, and transparently, dispose of its assets as they become surplus to the Council's needs.

2.0 Definitions

2.1 In this policy:

Asset(s)	<p>Applies to the terms 'asset(s)', 'item(s)', 'stock(s)', 'equipment', 'furnishings' and 'goods' as used throughout this policy and refers to items recorded in the Councils' Asset Register that are not anticipated to generate sale proceeds in excess of £10,000.</p> <p>It does not include vehicles or real property, i.e. land and buildings, but may include fittings attached to that property.</p>
Beyond economical repair	<p>A classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.</p>

3.0 Scope

3.1 This policy covers the disposal of all assets, on the behalf of the Council, and applies to all officers involved in the disposal procedure.

4.0 Strategic Outcomes

4.1	Policy Outcomes	Links to Corporate Outcomes
	<ul style="list-style-type: none">• Provide a transparent and accountable method for the disposal of surplus assets that complies with relevant legislation and Council regulations• Ensure that surplus assets are disposed of in the most efficient, effective and economic manner to achieve the best value for money• Promote fair and effective competition to the greatest possible extent	<ul style="list-style-type: none">• Effective management• Council services which provide good value for money• High quality service delivery

5.0 Policy

5.1 *Disposal Outline*

5.1.1 A “good” is of value to the Council only in so much as it continues to, cost effectively; support the delivery of the Council’s services. Goods that no longer satisfy this requirement should be disposed of promptly.

5.1.2 The” disposal” must achieve best value for money, such that the Council obtains the best possible return for the good(s) it sells.

5.1.3 The disposal method that is chosen must promote fair and effective competition to the greatest extent possible, and disposals should be conducted in an ethical manner. The disposal process should be as follows:

- Decision to dispose
- Estimate the value
- Factors to consider in disposal
- Select the appropriate disposal method
- Obtain approval for disposal process
- Effect disposal
- Evaluate the disposal process

5.2 *Factors to be considered prior to disposal*

- 5.2.1
- **Conflict of Interest:** Council officers should check and declare that there is no actual, or perceived, conflict of interest on their behalf prior to the commencement of each disposal activity. If there is a conflict of interest the staff member should seek advice from their line manager. The Council has established standards for the conduct of members and officers (parts 5.1 and 5.2 respectively of its constitution). Those involved with the disposal process will act in accordance with those standards; with honesty, integrity, impartiality and objectivity.
 - **Other Uses:** Ensure no other Council Department has a need for the asset
 - **Identifying marks:** As much as is practical, any Council identifying mark should be removed or obliterated
 - **Spare Parts:** Any spare parts held for a particular item should be disposed of in one parcel with the asset
 - **Provision of relevant information:** Related to changes or alterations made to an asset
 - **Preparing assets for sale:** A check must be carried out to ensure assets do not contain:
 - Additional items not intended for sale
 - Confidential documents (records, files and papers)
 - Software (which could lead to a breach of licence or contain confidential data)
 - Hazardous materials
 - **Hazardous Materials:** Any dangerous goods are to be disposed of only in an authorised manner.

5.3 **Decision to Dispose**

5.3.1 Before any disposal action can be taken, it is necessary to first seek approval that goods are appropriate for disposal from the relevant Head of Service. Common criteria for determining that goods may be suitable for disposal include:-

- Unserviceable or beyond economic repair
- Technologically obsolete
- Operationally inefficient
- Surplus to current or immediately foreseeable needs
- Part of an asset replacement plan
- Unsustainable costs associated with the retaining of goods such as storage, insurance, security and management

5.4 **Methods of Disposal**

The disposal method chosen must be appropriate to the value, nature, quantity and location of the goods, and to promote fair and effective competition to the greatest extent possible. To help achieve these objectives the following methods are to be utilised:-

5.4.1 **Auction**

For items of £5000 or more (exc. VAT) in value, a reserve price will be agreed between the relevant officer and the auctioneer prior to the auction.

5.4.2 **Competitive tender**

The method of disposal may be by public tender, public auction or E-Bay. There is discretion to adopt whatever means is deemed to be appropriate bearing in mind that the best return in terms of disposal value is to be sought taking account of the items under consideration.

- A corporate account with E-Bay on the internet has been set up by the Council as a means to efficiently and reliably dispose of surplus items to maximise income. Suitable images with accurate descriptions, measurements of items, locations for collection and minimum prices (where applicable) must be provided.

5.4.3 **Sale to staff/councillors**

Negotiated assets sales and internal expressions of interest for sales of asset(s) to staff will not be allowed to occur outside of a public process.

5.4.4 **Assets classified as beyond economical repair**

Items which are damaged, out of date, beyond economical repair. Must be reported to the appropriate Head of Service for authority for disposal and write off.

- **Recycling:** Officers should seek advice from the Council's Waste Management Team prior to proceeding with this method of disposal to ensure that the disposal is in accordance with current environmental regulations.
- **Write Offs/Disposal as scrap:** Officers should seek advice from EnCor Financial Services prior to proceeding with these methods of disposal to ensure that the disposal is compliant with current financial regulations and standards

5.4.5 **Donations to Community Groups/Charities**

Donations may only be made with the approval of the Council's Policy and Resources Committee and only after exploring all avenues for recouping a fair value for the Council. Council should only consider donations in response to a formal written request.

5.5 Disposals by way of sale

- 5.5.1 Payment for surplus assets of whatever nature must be made before or concurrently with handing over to the purchaser unless other satisfactory arrangements have been made with the Chief Finance Officer beforehand.
- 5.5.2 Payments may be accepted by debit or credit card. Sales via E-Bay (on the internet) will use the Council's PayPal account. The Council's current policy with regard to credit card payments applies to all sales covered in this policy.
- 5.5.3 Officers intending to use E-Bay as the method of disposal should refer to the Council's "Selling Goods on E-Bay Policy" for details of how to proceed with such sales.
- 5.5.4 Prior to arranging any disposal by way of sale, officers should seek advice from EnCor Financial Services to confirm VAT implications and any requirement for a VAT invoice.
- 5.5.5 All disposal proceeds, regardless of the service area from which the disposal arises, are to be pooled and any surplus after disposal will be used to support revenue spending across the Council. Officers should seek advice from EnCor Financial Services as to how sale proceeds should be recorded in the Council's accounts.

5.6 Other Factors in the Disposal Process

- 5.6.1 There are factors apart from the monetary value of the goods that can affect the choice of disposal method, including:
- the market available for the goods
 - time considerations
 - Council resources required to manage the disposal
 - the costs associated with the different disposal methods, i.e. administration and transport cost to Council
 - the size, portability and number of goods

In any event, the methods of disposal and reasons should be documented.

- 5.6.2 Irrespective of the disposal method, it is essential that all prospective buyers are advised that items disposed of by the Council will not be subject to any guarantee. Any faults that may occur following disposal are at the buyer's risk. Buyers are to rely on their own enquiries regarding the condition and workability of the items.

5.7 Obtaining Approval for Disposal

- 5.7.1 Having identified the most appropriate method of disposal, a council officer must have approval from the appropriate Head of Service to proceed with the disposal. This must be in writing via an appropriate email or memo. The Head of Service should ensure that their approval is compliant with the provisions of section 4.6A of the Councils' Constitution.
- 5.7.2 Assets likely to exceed £5000 in value on disposal are required to be declared surplus to requirement by the Councils' Finance Sub-Committee and must be sold either by auction with a reserve price, or by competitive tender, unless the Council specifically determines otherwise.
- 5.7.3 Assets of less than £5000 in value shall normally be disposed of by competitive tender, unless the Chief Finance Officer determines otherwise in a particular case.

5.7.4 Regardless of the method of disposal, probity must be maintained and any changes to the disposal process terms and conditions must be communicated to all potential, participating, parties.

5.8 Asset Register

5.8.1 For all disposals, irrespective of whether the goods are written off, the asset registers must reflect the relevant details and the accounting records must be adjusted. This is done through EnCor Financial Services who should be advised of the disposal in writing via an appropriate email or memo as soon as the above approval has been granted.

6.0 Roles and Responsibilities

6.1 The Chief Finance Officer is responsible for overseeing and reviewing all strategic financial decisions and ensuring compliance with financial regulations

6.2 The Finance Manager is the corporate contact for asset disposal matters and provides expertise and advice for all officers of the Council.

6.3 Corporate Management Team (CMT), comprised of the Chief Executive and Heads of Service are responsible for acting in the best interests of the Council in planning and implementing the disposal of assets, ensuring that officers involved in the process have the right knowledge, skills and behaviours to fulfil their role in the process and ensuring that records of disposals are properly maintained.

6.4 Budget managers are accountable for ensuring that the surplus, obsolete or worn out assets in their area are sold or disposed of in accordance with this policy.

6.5 The Council's Finance Sub-Committee is responsible for overseeing the small asset disposal policy. The Committee will receive regular updates on the outcomes of the Council's asset disposals as part of the budget monitoring process and quarterly budget monitoring reports.

7.0 Equality and Diversity

7.1 The Council has a legal responsibility to ensure that the equality standards it has adopted internally are supported by any organisation that performs work on its behalf. The Council also has to ensure that the services it provides meet the diverse needs of the residents and affords them equal access to the services provided.

7.2 Consideration of equality issues will be incorporated into the disposal process where relevant to the nature of the asset(s) being disposed.

8.0 Related Documents

8.1 Associated Council Documents

- Council's Constitution
 - 4.5 Financial Procedure Rules
 - 4.6A Operational Financial Decision Rules
 - 5.2 Officer Code of Conduct
- Counter Fraud & Corruption Strategy
- Procurement Strategy
- Risk Management Strategy
- Corporate Plan

9.0 Policy Status and Review

- 9.1 This policy defines the corporate approach to asset(s) disposal which recognises the risk appetite of the Council and supports the delivery of its corporate outcomes and priorities as defined in the Corporate Plan.
- 9.2 This policy may be amended or revoked at any time and will be reviewed as required to meet current legislation and Council regulation.

DISPOSAL OF ASSET(S) FORM

Approval to dispose of the following:

Qty.	Asset ID	Description	Net Book Value	Estimated cost of disposal	Estimated market value

Reason for disposal:

Obsolete

Other

Please provide details:

Proposed method of disposal:

Auction

Other

Please provide details:

Officer proposing disposal:

Date:

Approval:

The above disposal is approved/not approved (*strike through as appropriate*)

Head of Service:

Date:

P&R: Minute No:

Date:

Disposal:

I certify that the above goods were disposed of on,

Date:

Disposal Proceeds, £

Asset Register:

Finance Asset Register updated on,

Date:

Officer:

Date: