



Finance Sub-Committee

Minutes of a meeting held on Monday 13 June 2016 at 7.00pm, East Northamptonshire House, Thrapston

Present: Councillors: David Brackenbury
Val Carter
Glenvil Greenwood-Smith
Glenn Harwood MBE
Richard Lewis
Steven North

Officers: David Oliver (Chief Executive)
Michelle Drewery (Finance Manager)

1.0 APPOINTMENT OF CHAIRMAN FOR THE 2016/17 MUNICIPAL YEAR

RESOLVED:

That Councillor Steven North be appointed Chairman of the Sub-Committee for the 2016/17 Municipal Year.

2.0 APPOINTMENT OF VICE-CHAIRMAN FOR THE 2016/17 MUNICIPAL YEAR

RESOLVED:

That Councillor Richard Lewis be appointed Vice-Chairman of the Sub-Committee for the 2016/17 Municipal Year.

3.0 MINUTES

3.1 The minutes of the meeting of the Finance Sub-Committee held on 6 April 2016 were approved and signed by the Chairman.

4.0 APOLOGIES FOR ABSENCE

4.1 Apologies for absence were received from Councillor Roger Glithero JP.

5.0 DECLARATIONS OF INTEREST

5.1 No interests were declared.

6.0 QUESTIONS UNDER PROCEDURE RULE 10.3

6.1 There were no questions submitted under Procedure Rule 10.3.

7.0 BUDGET MONITORING TO 31 MARCH 2016

- 7.1 The Finance Manager reported revenue and capital expenditure against the approved budget for the financial year 2015/16, highlighting any significant under or overspending against the budget and proposals for use of the underspend on the budget.
- 7.2 The estimated services outturn for 2015/16 was an underspend of approximately £328,000. The on-going savings identified of approximately £20,000 per annum had been incorporated into the budget for 2016/17, with the remainder consisting of one-off savings.
- 7.3 Following a successful trial in 2014/15, an assumed vacancy factor of 3.5% (£200,000) had been included in the 2015/16 budget and savings of £211,000 had been achieved in 2015/16.
- 7.4 The Sub-Committee noted the distortion caused to the Council's Capital Programme by the requirement to include Disabled Facilities Grants expenditure in the Capital Programme rather than Revenue Account expenditure. Members welcomed confirmation that the Council would receive the full amount of Disabled Facilities Grants allocation awarded from Central Government for 2016/17.

RESOLVED: That the latest revenue, capital and reserves positions for 2015/16 be noted.

(Reason – this is for information / monitoring purposes)

RESOLVED TO RECOMMEND TO THE POLICY AND RESOURCES COMMITTEE: That

- i) the revenue and capital carry forward requests (as outlined in Appendices A and B) be approved.

(Reason – for formal approval to carry forward expenditure into the revenue and capital budgets for 2016/17)

- ii) the use of the 2015/16 underspend (as outlined in Appendix C) be approved.

(Reason – for formal approval to incur expenditure in 2016/17 and strengthen reserves)

- iii) the reserves position (as set out in Appendix D) be approved.

(Reason – for approval of strengthened reserves to mitigate some future financial risk)

8.0 TREASURY MANAGEMENT REPORT TO 31 MARCH 2016

- 8.1 The Finance Manager presented a report outlining the Treasury Management position for the period ended 31 March 2016.
- 8.2 It was noted that some of the Council's investments had recently reached their maturity date and the funds had been moved to investments earning a slightly better rate of return. Investments offering greater rates of return would inevitably involve

incurring a greater level of risk and cash investments were unlikely to provide significantly better rates than those currently being received.

- 8.3 There was currently a £3m limit on single investments included in the Treasury Management Strategy, although this could be reviewed.

RESOLVED: That the Treasury Management performance for the period to 31 March 2016 be noted.

(Reason – in accordance with CIPFA guidance and best practice in Treasury Management)

9.0 CAPITAL PROGRAMME 2016-17

- 9.1 Following approval of the Capital Programme for 2016-17 by full Council on 24 February 2016, the Finance Manager presented a report seeking authorisation to transfer projects from the Development Pool to the Approved Capital Programme.

RESOLVED: That the transfer of the cost of ICT licences from the Development Pool to the Approved Capital Programme be approved and the changes shown in the revised Capital Programme be noted.

(Reason - For formal approval of the amendment to the Capital Programme Budget for 2016/17)

10.0 EXCLUSION OF PUBLIC AND PRESS

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 paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, may be disclosed.

11.0 KINGS CLIFFE POCKET PARK

- 11.1 The Chief Executive presented a report seeking authorisation for the Council to enter into a new lease with Kings Cliffe Parish Council for land known as the Pocket Park. Details of the proposed terms for a new lease were reported.

RESOLVED TO RECOMMEND TO THE POLICY AND RESOURCES

COMMITTEE: That the Chief Executive, in consultation with the Chairman of the Finance Sub-Committee, be authorised to:

- i) Enter into a new lease with Kings Cliffe Parish Council on the same terms as the existing lease, to ensure that the management and maintenance of this land is secured for years to come and allows the land to be used by the public for free and for uninterrupted use for informal leisure activities; and
- ii) Enter into a permitted use, either by license or as an added clause to the lease, for access across ENC-retained land to enable safe access to the school and congestion avoidance in Kings Forest Road at peak school times.

(Reason: to ensure that the Council's land holding is used for the maximum benefit of the community and that the Council's interests in the land are protected)

12.0 ASSET MANAGEMENT – SALE OF LAND AND BUILDINGS PROGRESS UPDATE

- 12.1 The Chief Executive presented a verbal report providing the Sub-Committee with an update on progress made in relation to the sale of Smithfield Place, Raunds which had been considered at the last meeting of the Sub-Committee. The Chief Executive undertook to provide a further update to members of the Sub-Committee once further progress had been made.

Chairman

Revenue Budget Carry Forward Requests 2015/16

Appendix A

| Budget Description | 2015/16 Budget | Proposed C/Forward | Reason |
|---|----------------|--------------------|--|
| | £ | £ | £ |
| Homelessness grants | 41,910 | 7,230 | Carryforward remaining budget for additional demands as per Committee minutes 281 on 8 Dec 2014 |
| Planning Business Review project | 11,990 | 5,580 | This is in relation to the Planning Business Review project which is ongoing |
| Irthlingborough Masterplan | 3,420 | 3,420 | This is the remaining budget for the Irthlingborough Masterplan which is ongoing |
| Planning Policy | 161,050 | 25,000 | Neighbourhood planning consultancy project grant of £25k received in 2015/16. Spned is for a temporary employee to deliver in 2016/17 |
| Empty Property Officer Post | 12,000 | 12,000 | Personnel Sub-Committee approved a 2 year fixed term contract for an Empty Property Officer post where funding for the first year of the contract (2016/17) should come from savings in Environmental Services. |
| EDRMS and workflow system (miscellaneous) | 76,849 | 34,052 | Carry forward remaining budget for implementing electronic working with Benefits (EDRMS and workflow system), there have been hold ups due to ICT issues and also joint working on reviewing systems with BCW. |
| Implementation of BACS software | 50,860 | 2,500 | An upgrade of the existing BACs software is required in order to comply with new security regulations coming into force in June 2016. Implementation could not take place until May 2016 and therefore a carry forward is requested. |
| Members Empowerment Fund | 40,000 | 22,397 | Members Empowerment Fund - there is a Committee agreement that unspent budget may be carried forward. |
| | 398,079 | 112,179 | |

East Northamptonshire Council Capital Outturn 2015/16

Appendix B

| Approved Capital Programme | Original Budget | B/Fwd | Approved within year | Current Budget | Actual | Variance Actual-v-Budget | Request to carry forward |
|---------------------------------------|-----------------|----------------|----------------------|------------------|------------------|--------------------------|--------------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Housing Projects | 500,000 | 96,705 | 172,840 | 769,545 | 592,576 | (176,969) | 176,969 |
| Leisure and Tourism Projects | 71,000 | - | - | 71,000 | 71,000 | - | - |
| Environment Projects | 240,000 | - | 50,000 | 290,000 | 284,036 | (5,964) | - |
| Central Services Projects | - | - | - | - | - | - | - |
| Corporate Systems | - | 118,699 | 448,000 | 566,699 | 221,986 | (344,713) | 313,809 |
| Essential Property Maintenance | - | 39,879 | 48,320 | 88,199 | 41,561 | (46,638) | 950 |
| Vehicle Replacements | - | - | - | - | - | - | - |
| Total | 811,000 | 255,283 | 719,160 | 1,785,443 | 1,211,159 | (574,284) | 491,728 |

| Approved Capital Project | Original Budget | B/Fwd | Approved within year | Current Budget | Actual | Variance Actual-v-Budget | Request to carry forward |
|--|-----------------|--------|----------------------|----------------|---------|--------------------------|--------------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Disabled Facilities Grants | 500,000 | 96,705 | 172,840 | 769,545 | 592,576 | (176,969) | 176,969 |
| Splash Pool - Emergency & Improvement Plan | - | 39,879 | - | 39,879 | - | (39,879) | - |
| Purchase of Wheeled Bins | 240,000 | - | 50,000 | 290,000 | 284,036 | (5,964) | - |
| Stanwick Lakes - Infrastructure | 71,000 | - | - | 71,000 | 71,000 | - | - |
| Service Transformation Programme | - | 5,900 | - | 5,900 | - | (5,900) | - |
| Kingsmead Industrial Estate | - | - | 7,000 | 7,000 | 6,050 | (950) | 950 |
| EDRMS - Planning Portal/RKYV | - | 44,000 | 16,000 | 60,000 | 24,000 | (36,000) | 36,000 |
| PC`S, Monitors & Laptops | - | 16,064 | - | 16,064 | 3,904 | (12,160) | 12,160 |
| Replacement Printers & Scanners | - | 6,000 | - | 6,000 | 1,806 | (4,194) | 4,194 |
| Replacement Sun Server | - | 10,000 | - | 10,000 | - | (10,000) | - |
| Data Infrastructure Equipment | - | - | 64,000 | 64,000 | 2,000 | (62,000) | 62,000 |
| Licences | - | 9,553 | 119,000 | 128,553 | 112,018 | (16,535) | 16,535 |
| Security Systems | - | 14,005 | - | 14,005 | 6,722 | (7,283) | 7,283 |
| CAPS Solutions/ERMS | - | 10,825 | - | 10,825 | 8,421 | (2,404) | - |

| Approved Capital Programme | Original Budget | B/Fwd | Approved within year | Current Budget | Actual | Variance Actual-v-Budget | Request to carry forward |
|-------------------------------|-----------------|----------------|----------------------|------------------|------------------|--------------------------|--------------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Revenues and Benefits Upgrade | - | 2,352 | | 2,352 | 2,351 | (1) | |
| CRM Upgrades | - | | 70,000 | 70,000 | | (70,000) | 70,000 |
| Intranet Upgrade | - | | 36,000 | 36,000 | 23,400 | (12,600) | |
| SQL Consolidation | - | | 28,000 | 28,000 | - | (28,000) | 28,000 |
| Mobile working | - | | 25,000 | 25,000 | 4,764 | (20,236) | 20,236 |
| Replacement Hardware | - | | 30,000 | 30,000 | 20,032 | (9,968) | 9,968 |
| Exchange Upgrade | - | | 30,000 | 30,000 | 12,567 | (17,433) | 17,433 |
| Nene Community Centre | - | | 2,820 | 2,820 | 2,821 | 1 | |
| Maintenance of Chamber lights | - | | 38,500 | 38,500 | 32,690 | (5,810) | |
| ICT Service Desk | - | | 30,000 | 30,000 | - | (30,000) | 30,000 |
| Total | 811,000 | 255,283 | 719,160 | 1,785,443 | 1,211,159 | (574,284) | 491,728 |

Proposals for Underspend - 2015/16

Appendix C

| | £'000 | £'000 | |
|---|-------|------------|--|
| 2015/16 Net Cost of Services Underspend | | 328 | |
| Total | | 328 | Justification: |
| Proposed Utilisation: | | | |
| Reserve - Asset Management Plan | 173 | | At the time of setting the budget, it was agreed that by removing one off items from revenue budgets financial control could be tightened. One off items would be requested from reserves. The asset management plan contained various items that occurred periodically amounting to £173,250. This would be the maximum required for 2015/16 as the decision on whether to proceed with any maintenance will be reviewed by the Head of Resources and Organisational Development in consultation with the Council's S151 Officer and Chairman of the Finance Sub-Committee as agreed at FSC on 30 November 2015. Once the review has taken place, any surplus reserve amount will be transferred back into the Council Improvement Reserve. |
| Reserve - ICT Training | 17 | | <p>There are a number of training courses which have been identified by ICT in order to provide ongoing support and resilience for systems across the council. Training for the technical team has not taken place for 3 years and there are several new core products as well as existing products which have developed significantly during that time which means the level of support provided is currently not sufficient. The funding is to provide training in particular for the following systems:</p> <p>VMWare - Core infrastructure software to deliver virtualised server environment. Currently 4/5 of all Councils servers run within this environment. £3,000</p> <p>Lumension - Core infrastructure software to provide a patch management solution. Patch Management is a key part of our PSN audit compliance, to ensure our network is as secure as possible. Introduced in 2015. £6,000</p> <p>NetApp - This is the Council's primary data store, containing all live and backup data. £4,000</p> <p>Citrix - Provides application delivery, both onsite and for remote working. £4,000</p> <p>Microsoft Certification - Primarily this is in relation to Windows Server platforms (Now Server 2012 not 2008 or 2003 as previously we had). We have approximately 100 servers running on Windows 2012 at present. £5,000</p> <p>ITIL - To be considered in conjunction with the Service Desk system and Support team. Envisaged this would increase awareness and skills in such areas as Problem and Change Management. £2,000 Additional Travel Costs £1,000</p> <p>These courses would be subject to the outcome of the ICT Strategy which is hoped will inform decisions about what courses are required and by whom. However, there is a timing risk that all training would not be delivered before April 2017. The ICT Strategy will help formulate a training plan where consideration will be given to future budget requirements from 2017/18. Therefore, any unused reserves will transfer back to the Council Improvement Reserve.</p> |

| | | | |
|---|----|--|---|
| Reserve - Democratic Services | 19 | | This is for the appointment of a part-time Democratic Services Officer for 12 months following the report that went to Personnel Sub-Committee on 22 February 2016. It is intended to advertise the post internally in order to remain cost neutral. However, if this is unsuccessful then the post will need to be advertised externally. If a secondment is successful then the reserve amount will be transferred into the Council Improvement Reserve. |
| Reserve - Principal Planning Officer | 73 | | A report went to Policy & Resources Committee on 25 April outlining the requirement for a Principal Planning Officer for a temporary 18 months contract in order to deliver some priority projects including the Rushden East Sustainable Urban Extension Masterplan. The Committee agreed to the appointment on the basis that the post is funded from any surplus in planning fee income before the use of reserves. Therefore, the sum of £73k is the maximum amount required. Planning income will be reviewed during the year and reserves not utilised at the year end will be transferred back to the Council Improvement Reserve. |
| Reserve - Northampton Waste Partnership | 13 | | A report went to Policy & Resources Committee on 6 June recommending the re-joining of the Northamptonshire Waste Partnership who are being commissioned to review energy from waste plants as well as harmonisation of collection arrangements within the county. As the partnership will be looking at critical issues there is a clear purpose and value to being a member of the partnership. The annual cost is £13k and will be built into budget from 2017/18 onwards. |
| Reserve - Complaints & Investigations | 10 | | The Monitoring Officer is currently carrying out an investigation which is not regularly incurred and therefore no approved revenue budget is available. It is recommended that a reserve is set aside to allow for this rather than having a revenue budget each year as this is a more efficient way of using council resources. If the number of complaints and investigations rise in future years then the requirement for budget provision will be reviewed. |
| Reserve - Domestic Homicide Review | 18 | | <p>A domestic incident occurred in September 2015 which led to the death of an elderly man. A referral to the East Northants Community Safety Partnership (CSP) was made by the police under section 9 of Domestic Violence, Crime and Victims Act 2004, seeking that a Domestic Homicide Review (DHR) takes place. A DHR is a review of the circumstances in which the death of a person aged 16 or over has, or appears to have, resulted from violence, abuse or neglect by: (a) a person to whom he was related or with whom he was or had been in an intimate personal relationship, or (b) a member of the same household as himself, held with a view to identifying the lessons to be learnt from the death. The victim and the perpetrator were father and son respectively.</p> <p>Under the Multi-Agency Guidance for undertaking DHRs, the CSP has appointed an independent Chair to conduct the review and produce the report. The costs for ENC are anticipated to be around £18,000. This allows for the expected panel meetings (around 8), the learning event and the report compilation. It will cover all of the Chair's fees (chairing the panel meetings, meetings with police, report authors and the family and writing the draft and final reports) and travel costs. Under the guidance the review and reporting should be completed within 6 months of the confirmation from the Home Office. However, there will be a delay now because the perpetrator is currently on trial.</p> |

| | | | |
|-------------------------------|---|---|---|
| Reserve - Council Improvement | 5 | | It is proposed that the remaining balance will go to the Council Improvement Reserve. |
| Unutilised balance | | 0 | |

Note: These are new proposals which are subject to approval and therefore are not included in the Draft Reserves 2015/16 as separate items. However, the £328k underspend is included in Draft Reserves 2015/16 within the Council Improvement Reserve until such decisions are taken.

Draft Reserves 2015/16

Appendix D

| Reserve | Balance 1 April 2015 | Transfer out | Transfer In | Net Movement | Balance 31 March 2016 |
|-------------------------------------|-------------------------|-----------------|----------------|-----------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Council Improvement Reserve | 4,433 | | 1,764 | 1,764 | 6,196 |
| Contingency Reserve | 0 | | | 0 | 0 |
| Regeneration Reserve | 0 | | | 0 | 0 |
| Elections Reserve | 100 | (66) | | (66) | 34 |
| Insurance Reserve | 100 | | 12 | 12 | 112 |
| Empty Homes Reserve | 0 | | | 0 | 0 |
| Personal Land Charges Reserve | 34 | | 120 | 120 | 154 |
| Housing Improvements Reserve | 0 | | | 0 | 0 |
| Planning Reserve | 51 | | | 0 | 51 |
| Carry Forwards | 36 | (36) | 112 | 76 | 112 |
| Community Projects | 1,400 | (231) | 1,009 | 778 | 2,178 |
| Leisure Facilities Reserve | 0 | | | 0 | 0 |
| Capital Financing Reserve | 387 | | | 0 | 387 |
| Revenue Grants Reserve | 85 | (13) | 28 | 15 | 100 |
| BRR Reserve | 600 | | | 0 | 600 |
| Procurement Reserve | 200 | (54) | | (54) | 146 |
| Revenues & Benefits Reserve | 134 | (134) | | (134) | 0 |
| Legal Costs Reserve | 125 | | | 0 | 125 |
| Sub total | 7,684 | (534) | 3,045 | 2,510 | 10,195 |
| <i>Minimum Reserves</i> | 1,750 | (250) | | (250) | 1,500 |
| <i>Unapplied Grants Reseve</i> | 175 | (49) | 172 | 123 | 298 |
| Total Draft Revenue Reserves | 9,609 | (833) | 3,217 | 2,383 | 11,993 |

The £1,764k transfer into Council Improvement Reserve includes the following:

| | |
|---|-------------|
| Business Rates (Growth, Pooling & Renewable Energy) | 976 |
| Collection Fund | -77 |
| Additional grant income | 20 |
| Budgeted Surplus | 520 |
| Underspend (subject to approval of additional reserves) | 328 |
| Other | -3 |
| TOTAL | 1764 |