



## Finance Sub-Committee

**Minutes of a meeting held on Monday 6 February 2017 at 7.00pm, East Northamptonshire House, Thrapston**

**Present:** Councillors: Steven North (Chairman)  
David Brackenbury  
Val Carter  
Roger Glithero JP  
Glenvil Greenwood-Smith  
Glenn Harwood MBE  
Richard Lewis

Officers: David Oliver (Chief Executive)  
Glenn Hammons (Chief Finance Officer)  
Sharn Matthews (Executive Director)  
Katy Evertitt (Head of Resources and Organisational Development)  
Julia Smith (Head of Customer and Community Services)

### **1.0 APOLOGIES FOR ABSENCE**

1.1 No apologies for absence had been received.

### **2.0 MINUTES**

2.1 The minutes of the meeting of the Finance Sub-Committee held on 19 December 2016 were approved and signed by the Chairman.

### **3.0 DECLARATIONS OF INTEREST**

3.1 No interests were declared.

### **4.0 QUESTIONS UNDER PROCEDURE RULE 10.3**

4.1 There were no questions submitted under Procedure Rule 10.3.

### **5.0 BUDGET MONITORING TO 31 DECEMBER 2016**

5.1 The Chief Finance Officer presented a report which provided an update on the revenue and capital positions against the approved budgets for the period ended 31 December 2016.

- 5.2 This included an expected £150,000 underspend as a result of additional income on planning applications and garden waste, despite additional pressures resulting from lower than anticipated income from investments and that the Council was also unlikely to meet its vacancy target. Although it was noted that all of these factors had been included in the report, it was noted that further work was required to explore some items such as the recharges for elections, together with the provision of enhanced explanations as to the disconnect in the report between the actual to date and estimated out-turn in relation to ICT and Customer and Community Services. It was agreed that these points would be addressed in future monitoring reports
- 5.3 In relation to the Capital Programme, it was estimated that there would be an underspend. This was mostly due to DFG schemes spreading over the financial year end plus requests for additional funding for waste bins which would be funded by underspends on the revenue budgets i.e. self funded.
- 5.4 Members also noted that the strong growth in the number of houses meant that more bins would be required, as well as replacement bins. This eventuality had been anticipated via provision within the Capital Programme but now an additional sum was required in this year.

**RESOLVED:**

- (i) That the latest revenue, capital and reserves positions for 2016/17 be noted; and
- (ii) That the collection and write off performance for sundry debtors, local taxation and benefit overpayments as set out in Appendix 3 to the report be noted.

*(Reason: This is for information / monitoring purposes)*

**RESOLVED TO RECOMMEND TO FULL COUNCIL:**

To approve an increase of £15,000 to the Approved Capital Programme budget in respect of the purchase of additional wheeled bins, to be funded through an additional revenue contribution to capital.

*(Reason: To follow the formal process for approval of the amendment to the Capital Programme Budget for 2016/17)*

**6.0 TREASURY MANAGEMENT REPORT TO 31 DECEMBER 2016**

- 6.1 The Chief Finance Officer presented a report which outlined the Treasury Management position for the period ended 31 December 2016 and which highlighted two key areas.
- 6.2 Firstly, interest rates had been falling to an average of 0.25% and although the Council's investments were currently performing ahead of this at an average 0.41%, this was below the budgeted target of 0.85%.
- 6.3 Secondly, the Council's average cash balances had increased within the year, following the usual pattern, but they would also usually reduce over the last quarter as most Council Tax income would already have been received. There also tended to be less government income in the last quarter.

**RESOLVED:**

- (i) That the Treasury Management performance for period 9 of 2016/17 be noted.
- (ii) That the Treasury Management Practices (set out in Appendix 2 to the report) for inclusion in the Treasury Management Strategy from 2017/18 be noted.

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

**7.0 REPORT BY CHIEF FINANCE OFFICER ON ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES**

- 7.1 The Chief Finance Officer presented a report which advised the Council on the robustness of estimates in the budget and the adequacy of the proposed financial reserves before recommending to Council the Medium Term Financial Strategy 2017/21, the Revenue Budget for 2017/18, Capital Programme 2017/27, reserves levels and Treasury Management Strategy 2017/18.
- 7.2 This report was being brought to the Finance Sub-Committee and Policy and Resources Committee for the first time. It was noted that in previous years, the Council had been well placed, with funding gaps predicted some years into the future. However, as potential funding gaps were now closer, the Chief Finance Officer thought it was more appropriate for this report to be considered along with the other key MTFS reports.
- 7.3 In summary, the view of the Chief Finance Officer was that next year's budget was robust and the financial position on reserves adequate and acceptable. He did however note the number of known unknowns for the near future, the impact of which had had to be estimated for the MTFS. These included firm proposals on business rates retention, which were thought unlikely to be received before December 2017 when they may be published alongside the Local Government Settlement. Others included possible further changes to the New Homes Bonus plus wider global economic uncertainties arising from recent and future elections. As a result the MTFS showed a funding gap for 2018/19 and the Council would need to focus on filling this gap in the next financial year to provide a balanced budget for 2018/19 onwards.
- 7.4 Members welcomed the setting of a balanced budget for 2017/18 and the changes to the Capital Programme which separated out the DFGs from other capital expenditure. They also commended the clarity of the information provided in relation to the impact of decisions in relation to Council Tax levels for the Council.
- 7.5 Members questioned the latest position in relation to the payment of Disabled Facilities Grants monies from the Better Care Fund. It was noted by officers that only the first two quarter's instalments had been received to date. Additional information had been requested from the Council before payment of the next instalment and there remained the issue of the potential withholding of the final 10% because Better Care Fund Targets had not been met despite legal and DCLG advice that Disabled Facilities Grant monies should not be affected. The Chief Executive noted that the District and Borough Councils were meeting to agree a common way forward to resolve this issue.

## **RESOLVED:**

- (i) To note the S151 Officer's opinion as set out in Section 8 of the report in preparation for recommending the approval of the Council's Medium Term Financial Strategy 2017/22, the Revenue Budget for 2017/18, Capital Programme 2017/27 and Treasury Management Strategy 2017/18 to Policy and Resources Committee and thence to Council.

*(Reason: To ensure the Council complies with statute in setting its Budget)*

- (ii) To recognise the work undertaken over the last five years to ensure we have a balanced budget and are in a good financial position to face the medium term uncertainties.

*(Reason: To ensure the Council has a stable and sustainable Medium Term Financial Strategy and Plan)*

## **8.0 MEDIUM TERM FINANCIAL STRATEGY AND PLAN**

- 8.1 The Chief Finance Officer presented a report which set out the Council's Medium Term Financial Strategy (MTFS) and Plan (MFTP) 2017/18 to 2020/21, an outline of the Revenue Budget 2017/18, Capital Programme 2017/18 to 2026/27 and Treasury Management Strategy 2017/18.
- 8.2 It was noted that the report had been updated from the draft presented to the last Sub-Committee. Some of the updates were of a technical nature, but others were the result of the delivery of projects from the Efficiency Plan.
- 8.3 In terms of the overall position, it was noted that as a result of the delivery of parts of the agreed Efficiency Plan, the overall position had improved since the previous year, with an increase in the projected surplus in 2017/18 and lower projected deficits in 2018/19 and 2019/20. In addition, the agreement of that Efficiency Plan in October 2016 had enabled the projection of more certain levels of central government funding in future years.
- 8.4 The significant areas of positive change arising from Efficiency Plan included more income from the Leisure Contract and recognition of the projected savings from the ICT Strategy, together with additional income arising from higher than projected growth in the District.
- 8.5 It was noted however that there were still gaps to close in order to provide a balanced budget in future years. The key area of activity would be in relation to the 'More Commercial Approach' work stream of the Efficiency Plan. The Council had built up cash reserves over the past few years and the question now would be how to make best use of these reserves. Appendix 1 of the report outlined a range of options from Treasury Management decisions to possible direct or indirect property investment and it would be necessary to establish the principles of risk and return that the Council wished to apply for the future assessment of options. Members noted the importance of the Treasury Management Strategy going forward and suggested an informal workshop of Finance Sub-Committee members be held to explore in more detail the principles that should be applied to commercial approaches, following on from the presentation before this meeting.

- 8.6 The contents of the remainder of the report were noted, including details of the Budget and MTFs, risks and the Capital Programme. In relation to the Treasury Management Strategy it was proposed that the updated version of the current strategy would be recommended to Policy and Resources Committee for consideration by Council and it was noted that any subsequent property investment decisions would require a decision by Full Council.
- 8.7 Members proposed minor changes to the presentation of the information in the report before it was submitted to Council and sought confirmation that the impact of the Rushden Lakes planning applications and other growth approved to date would be included in the estimates from 2017/18 onwards.

**RESOLVED:**

- (i) That the contents of the report be noted;
- (ii) That Councillors Steven North, Richard Lewis and David Brackenbury be appointed to review the Capital Programme and Development Pool with CMT; and
- (iii) That the report be referred to the Policy and Resources Committee for consideration at its meeting on 13 February 2017.

*(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)*

**9.0 HOMELESSNESS PREVENTION GRANT FUNDING**

- 9.1 The Executive Director presented a report which updated Members on the progress of the Homelessness Prevention Grants Panel and its recommendations in respect of funding for 2017/18.
- 9.2 The Panel had met once since being established by the Policy and Resources Committee to consider the bids for 2017/18 and the evidence of increasing homelessness and the implications of impending legislation in respect of future funding requirements for Homelessness Prevention Grant funding.
- 9.3 It was noted that the number of homelessness applications and acceptances had remained fairly constant over the past six years. However, the level of homelessness preventions had increased significantly in the past three years although the amount paid under the Housing Options Contract for this work and the level of Homelessness Prevention Grant had reduced.
- 9.4 It was considered that the very proactive approach with early intervention, by both the Housing Services Team and the Housing Options Team, was part of the reason for keeping the applications and acceptances fairly static. Members commended this early intervention, together with the availability and good work done by targeted local schemes which had kept bed and breakfast costs much lower than surrounding councils.

- 9.5 At their meeting the Panel were of the opinion that the majority of bids should be supported although they wished to receive further information about two particular bids. The Panel was therefore recommending that a further £14,469 should be allocated to the Homelessness Prevention Grant Fund in 2017/18. It was proposed that any allocation not spent would be reported as an underspend.
- 9.6 Members however noted that the potential demand was in excess of the recommended sum and that the Panel were minded to approve the remainder of the grants although they were seeking further information before making a final decision. It was therefore proposed that the additional allocation should be increased to £19,469 to allow all bids to be approved if appropriate.
- 9.7 It was noted that once the final allocations for 2017/18 had been determined, the Panel would then consider future requirements. To assist with this it was proposed that going forward quarterly homelessness monitoring reports would be taken to Policy and Resources Committee.

**RESOLVED TO RECOMMEND TO POLICY AND RESOURCES COMMITTEE:**

That provision is made within the MTFS to increase the Homelessness Prevention Grant budget by £19,469 to £48,994 in 2017/18.

*(Reason: To ensure appropriate allocation of funds to prevent homelessness and to meet our statutory duties)*

**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 ASSET MANAGEMENT – SALE OF LAND AND BUILDINGS PROGRESS UPDATE**

- 11.1 The Head of Resources and Organisational Development presented a report which provided the Sub-Committee with an update on progress made in relation to the sale of Council owned land and buildings.
- 11.2 It was proposed that Members and officers undertake a strategic review of the sites noted in the report to look at future options, including as investment opportunities.

**RESOLVED:**

- (i) That the contents of the report be noted; and
- (ii) That Councillors Steven North, Richard Lewis and David Brackenbury be appointed to a review panel to work with officers, including Planning Management, Housing Strategy and the new Head of Economic and Commercial Development, to review the Council's remaining land assets and report back to the Finance Sub-Committee on any proposed action to be taken forward.

*(Reason: To note the progress on the sale of assets and agree the way forward with remaining land assets owned by the Council)*

## **12.0 RESPONDING TO INVESTMENT OPPORTUNITIES**

- 12.1 The Chief Executive presented a report that advised Members of the outcome of action taken under the Urgency Procedure in December 2016 in relation to an investment opportunity in Rushden that arose at the time, and proposed an approach to dealing with future opportunities in a timely manner as and when they arose.
- 12.2 The report highlighted the need for timely decision making by the Council if it wished to take advantage of future opportunities of this nature. It was therefore proposed to procure retained advisers to assist the Council and to set aside a reserve to fund this due diligence work in similar circumstances in the future. The level of the reserve was estimated to allow for up to three due diligence investigations of this scale. Members noted that there was a need to balance the aims of the Efficiency Plan, which included a more commercial approach, with proper use of tax-payers money and the due diligence process.
- 12.3 Members welcomed the creation of the reserve to facilitate exploring such opportunities which, with the recent appointment of the new Head of Economic and Commercial Development, were likely to arise more frequently in future.

### **RESOLVED:**

- (i) That the latest position in relation to the Rushden investment opportunity, including the action taken to process a virement under the Council's Urgency Procedures be noted; and
- (ii) That the procurement of professional advisors be approved.

### **RESOLVED TO RECOMMEND TO FULL COUNCIL:**

That a reserve of £250k be created from the Council's MTFs/Efficiency Plan Reserve and that the Chief Executive and the Chief Finance Officer, in consultation with the Leader, Deputy Leader and Chairman of the Policy and Resources Committee, be given delegated authority to authorise expenditure against that reserve to commission our advisors to assess investment opportunities that meet the Council's aspirations as set out in the Corporate Plan.

*(Reason: To provide an effective decision making process that supports the Council's commercialisation aspirations)*

## **13.0 TWYWELL HILLS AND DALES UPDATE**

- 13.1 The Head of Customer and Community Services presented a report which provided an update on the erection of fencing at Twywell Hills and Dales by the Wildlife Trust.
- 13.2 It was proposed that the Council could reallocate some of the funding intended for the fencing costs to other initiatives, including signage, to assist in the management of dogs on the site. Members also requested that officers review the agreements relating to management of the site with a view to updating and simplifying them.

**RESOLVED:**

- (i) That the report be noted;
- (ii) To request that officers review the management of the site in the longer term as well as manage risk in the shorter term; and
- (iii) To approve the reallocation of the unspent proportion of the previously agreed budget on further initiatives, including signage, to assist in the management of dogs on the site.

*(Reason: To note the update on erection of fencing at Twywell Hills and Dales)*

**Chairman**