



Finance and Performance Sub-Committee

Minutes of a meeting held on Monday 17 December 2018 at 7.00pm, at East Northamptonshire House, Thrapston

Present: Councillors: Steven North - Chairman
David Brackenbury
Roger Glithero JP
Glenvil Greenwood-Smith
David Jenney
Richard Lewis

Officers: David Oliver Chief Executive
Glenn Hammons Executive Director (Resources and Commercial)
Sharn Matthews Executive Director (Monitoring Officer)
Greg Macdonald Head of Economic and Commercial Development
Michelle Drewery Head of Resources
Amy Eyles Finance Manager
Lucy Hogston Revenues and Benefits Manager
Jenny Walker Environmental Protection Manager
Charlotte Tompkins Waste Manager
Samantha Jeffrey Performance Officer

1.0 APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillor John Farrar.

2.0 MINUTES

2.1 The minutes of the meeting of the Finance and Performance Sub-Committee held on 29 October 2018 were approved and signed by the Chairman.

3.0 DECLARATIONS OF INTEREST

3.1 No declarations of interest were made.

4.0 QUESTIONS UNDER PROCEDURE RULE 10.3

4.1 There were no questions submitted under Procedure Rule 10.3.

5.0 QUARTERLY PERFORMANCE REPORT – QUARTER 2 2018-19

5.1 The Performance Officer presented a report which provided Members with high level

information about performance across the Council in relation to agreed performance indicators, other statistics that supported the monitoring of performance and areas of achievement.

- 5.2 The report indicated that for Quarter 2, 68% of Key Priority Measures were performing at or above required standards and 12 measures had under-performed in the quarter.
- 5.3 Members welcomed the improvement in planning measures over the last few years and noted that they were all within tolerance or over-performing.

RESOLVED:

That the performance reported for Quarter 2 2018-19 be noted.

6.0 WARM HOMES FUND

- 6.1 The Environmental Protection Manager presented a report which requested funding to support a successful bid for funding to improve energy efficiency in homes not connected to the gas network. The bid submission had been supported by all relevant Chief Executives in the county, with the signing of a Statement of Intent.
- 6.2 The scheme aimed to assist those residents in fuel poverty by installing gas central heating to properties that were not currently on the gas mains and were heated by electricity only. The scheme was only available to those in fuel poor homes under the eligibility criteria issued by BEIS under the ECO Flex Help to Heat. Data relating to East Northamptonshire district showed that there were 963 properties that were heated by electricity only and were located within 23 meters of the nearest gas main, making connection economically viable. It was estimated that around 25%, 240 properties may take up the offer.
- 6.3 The costs for first time connection to the gas main and the installation of a full gas central heating system was calculated at £3,400 per property, which was a lower cost than a resident doing it for themselves. The bid submitted was able to contribute £2,450 towards the cost of the installation, leaving a £950 shortfall. Those properties which had an energy performance rating of E and below, the majority of the shortfall should be funded by an existing fund provided by all the energy companies called the Energy Company Obligation (ECO).
- 6.4 The main issue for consideration was the provision of any funding to make up the shortfall. If the whole 25% wanted to take up the offer and were not eligible for ECO funding, there would be a shortfall of £228,712. Any money allocated to the fund would be capped and once it was spent no additional money would be provided and the Sub-Committee was asked to consider a number of options:
 - 1. Support the bid and provide £80,000 for year 1 funding, what was not used would be carried forward and topped up to £80,000 each time for years 2 and 3 reducing the draw on capital reserves. This would be capped for each year and once the fund was spent no further spending in that year could take place.
 - 2. Support the bid and provide £80,000 for year 1 funding, with no additional funding for years 2 and 3. Once the money was spent no more funding would be allocated.
 - 3. Support the bid but provide no additional funding.

- 6.5 At present the capital programme was fully committed and therefore if members were minded to financially support the scheme through either options 1 or 2, the scheme would need to be added to the development pool for consideration as part of the budget process.
- 6.6 Whilst supportive of the scheme, Members enquired as to what would happen to the scheme if a North Northamptonshire unitary council was established. The Environmental Protection Manager clarified that legal advice received when making the bid was that as it was a three year scheme it would novate over to any new council.

RESOLVED:

- (i) That the initial Equality Impact Assessment be approved;
- (ii) That the Privacy Impact Assessment be approved; and
- (iii) To proceed with Option 1, to be funded from reserves.

(Reason: To accord with legislation and policy of the Council.)

7.0 WASTE SERVICES – FEES AND CHARGES

- 7.1 The Waste Manager presented a report which sought to increase the fees relating to the chargeable elements of the waste service following the change of service provider and the start of the new waste collection contract.
- 7.2 On 30 July 2018, a new contract for the provision of waste collection, recycling, cleansing and associated services commenced. As part of the new arrangements, the new service provider had tendered an updated Schedule of Rates and some of the charges that were associated with some services had increased.
- 7.3 Members noted that take up of commercial services had been on the decline but we were not permitted to subsidise the cost of that service. It may be that in the future it may no longer be viable to provide these services, particularly as there were other commercial providers available..

RESOLVED:

- (i) To approve the following increases to the Council's Fees and Charges document:

	Item	Current Charge (+VAT if applicable)	Total Current Charge	Updated Charge (+VAT)	Updated Total Charge
1.	Household Bulky Waste	£27.50	£27.50	£29.50 (No VAT applied)	£29.50
2.	Commercial Clinical Waste (per collection)	£13.50	£13.50	£14.50 (£2.90)	£17.40
3.	Incineration Waste (Clinical)	£6.00	£6.00	£9.20 (£1.84)	£11.04
4.	Commercial Waste – Roll of Sacks (25)	£63.25	£63.25	£84.16 (No VAT applied)	£84.16

- (ii) That a further report on future options for commercial waste be brought to a future meeting within six months.

(Reason: To ensure the ongoing financial viability of delivery of waste collection services for which a charge may be applied.)

8.0 BUDGET MONITORING TO 31 OCTOBER 2018

- 8.1 The Finance Manager presented a report which provided an update on the forecast Revenue and Capital positions against the approved budgets for the period ended 31 October 2018 in financial year 2018/19.
- 8.2 Members noted that the revised budget since March 2018 was now £10,192,431 with a projected overspend of £147k. This underspend was mainly due to a delay in ICT savings forecast from the Transformation Programme and a decrease in rent overpayments.
- 8.3 As in previous years, a vacancy factor of £200k had been included in the budget. This year £194k of salary underspends had been utilised on other staffing costs such as backfilling vacant posts, otherwise £274k full year savings would have been achieved. The further vacancy factor of £147k was under review and would be monitored closely.
- 8.4 As reported at the last meeting, NCC had released their Stabilisation Plan which included measures, savings and initiatives totalling almost £20m to tackle its 2018/19 overspend. One area of the Stabilisation Plan that was significant for the ENC was around technical adjustments to the Collection Fund relating to a request to release NCC's share of any estimated surpluses in the current year. The existing mechanism was for these estimated surpluses to be paid out in the year following as part of the budget process. As this approach was ground breaking and potentially challenged the legislation, legal advice had now been obtained by the Northamptonshire Chief Finance Officers. The External Auditors were also reviewing the position, and were awaiting results of their own legal advice. In addition to the legal position, the External Auditors would also be reviewing the value for money aspects of the proposal for the taxpayer. If allowed to happen, it was anticipated that this transaction would be completed for all precepting bodies within the Collection Fund, i.e. NCC, Northamptonshire Police Authority and ENC. The impact of paying any monies early for this Council would be a loss of interest in our revenue budget, although NCC were proposing to recompense councils for this.

RESOLVED that:

- (i) the latest revenue, capital and reserves positions for 2018/19 be noted;
(Reason: For information/monitoring purposes.)
- (ii) the collection and write off performance for sundry debtors, local taxation and benefit overpayments are noted;
(Reason: For information/monitoring purposes.)
- (iii) the transfer of £29k from the Development Pool to the Capital Programme to fund key works at the Twywell Hills and Dales site be approved;
(Reason: To progress the lease agreement with the Land Trust.)

- (iv) the work on the impact of the NCC Stabilisation Plan, including proposed action relating to the Collection Fund technical accounting adjustment in 2018/19 be noted; and

RESOLVED TO RECOMMEND TO POLICY AND RESOURCES COMMITTEE:

- (v) That Full Council be recommended that the total increase in the capital programme of £28.5k, £21.3k to be funded from the revenue budget in relation to the Revenue and Benefits Electronic Document and Record Management System and wheeled bins, and £7.2k from capital reserves for a number of small variances be approved.

(Reason: In order to fund existing schemes within the capital programme.)

9.0 TREASURY MANAGEMENT REPORT TO 31 OCTOBER 2018

- 9.1 The Finance Manager presented a report which noted the current position for Treasury Management for the period to 31 October 2018 in financial year 2018/19.

RESOLVED:

That the Treasury Management performance for the period up to 31 October 2018 in financial year 2018/19 be noted.

(Reason: In accordance with CIPFA guidance and best practice in Treasury Management.)

10.0 DRAFT MEDIUM TERM FINANCIAL STRATEGY

- 10.1 The Executive Director (Resources and Commercial) presented a report which set out the Council's draft Medium Term Financial Strategy (MTFS) 2019/20 to 2023/24, outlined the draft Revenue Budget 2019/2020, draft Capital Programme 2019/2020 to 2028/29, draft Treasury Management Strategy 2019/2020 and draft Capital Strategy 2019/2020.
- 10.2 It was noted that a number of strategic level risks had been identified in preparing the MTFS, including anticipation that this would be the last budget set by ENC, however the MTFS had been prepared on the basis that the Council would continue to exist in the medium term. Some funding had also been identified for unitary transition costs to enable sufficient flexibility. In July 2018, the Council had committed £8m towards the East Northants Enterprise Centre (ENEC). The current approved project was based on estimates of build costs and assumptions over the value of borrowing required. Currently, the MTFS reflected the assumptions in terms of funding as at July 2018, including the revenue implications of borrowing £2.785m over 35 years. However the procurement process to appoint a building contractor would provide more certainty over the build costs element of the scheme. The Council had submitted a bid to SEMLEP's Local Growth Fund for £1.695m and a decision was expected in early 2019.
- 10.3 The Government were undertaking an assessment of the relative needs of local councils as part of the reforms to move to 75% business rates retention. The Fair Funding Review would conduct a thorough review of what the needs assessment formula should be when local government spending was funded by local resources rather than central grant. There was a risk that the outcome would result in more funding being diverted from District and Borough Councils to those with social care responsibilities. The situation

would be closely monitored as more detail is released.

- 10.4 The Council was expecting the Provisional Local Government Finance Settlement figures for 2019/20 in the coming weeks and any changes to the current estimates would be incorporated into the MTFS before it was approved in February 2019 where possible.

RESOLVED:

- (i) That the contents of the report be noted, specifically the:

- Draft Medium Term Financial Strategy (MTFS)
- Draft Revenue Budget
- Draft Capital Programme for 2019/20 – 2028/29

(Reason: To ensure that the Council complies with its constitution in setting its Budget.)

- (ii) To establish a working party of Councillors Steven North, Richard Lewis and David Brackenbury to review key elements of the draft revenue budget, draft capital programme and draft MTFS alongside officers.

(Reason: To ensure that Members have reviewed the Budget.)

11.0 DRAFT CAPITAL STRATEGY

- 11.1 The Executive Director (Resources and Commercial) presented a report which set out the draft Capital Strategy 2019/2020 which had factored in the impact of the East Northants Enterprise Centre.

RESOLVED:

That the draft Capital Strategy for 2019/20 be noted.

(Reason: In accordance with CIPFA guidance and best practice in Treasury Management.)

12.0 DRAFT TREASURY MANAGEMENT STRATEGY

- 12.1 The Executive Director (Resources and Commercial) presented a report which set out the draft Treasury Management Strategy for 2019/20.

- 12.2 It was noted that the draft Strategy had been amended to give authority to potentially borrow the funding necessary for the East Northants Enterprise Centre.

RESOLVED:

That the draft Treasury Management Strategy for 2019/20 be noted.

(Reason: In accordance with CIPFA guidance and best practice in Treasury Management.)

13.0 EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

That the public and press be excluded from the meeting during consideration of the following items of business because exempt information, as defined under paragraph 3 of Schedule 12A of the Local Government Act 1972, may be disclosed.

14.0 ASSET MANAGEMENT UPDATE

14.1 The Head of Economic and Commercial Development presented a report which provided an update on the Council's asset management and which sought approval for various actions to be taken in relation to specific sites.

RESOLVED:

- (i) That the updates in the report be noted; and

(Reason: To deliver the Asset Management Strategy.)

- (ii) That the removal of the trees at 103 High Street, Rushden be supported.

(Reason: To deliver the most cost effective solution and provide a more manageable site.)

15.0 EAST NORTHANTS ENTERPRISE CENTRE

15.1 The Head of Economic and Commercial Development presented a report which provided an update on the progress of the East Northants Enterprise Centre with a particular focus on the procurement timetable and construction contract.

RESOLVED:

- (i) That the project update and current financial position be noted;
- (ii) That the timeline and decision making process for procuring the construction contract be approved, subject to the next meeting of Finance and Performance Sub-Committee;
- (iii) That the option appraisal for operating the ENEC be noted and that Options 1 and 4 be taken forward for detailed analysis be approved with delegated authority being given to the Head of Economic and Commercial Development, in consultation with the Chairman of the Finance and Performance Sub-Committee and Chairman of the ENEC Working Party, to agree a final approach and undertake the procurement process and to make a recommendation for award to Members via the ENEC Working Party;
- (iv) That the Branding Proposal and 3D Artist Impression be noted and delegated authority be given to the Head of Economic and Commercial Development, in consultation with the Chairman of the Finance and Performance Sub-Committee and Chairman of the ENEC Working Party, to take forward the branding proposal as the basis for consideration and agreement to a final brand by Members via the ENEC Working Party;

- (v) That the progress made to date against the Audit action plan be noted;
- (vi) That the surplus from the capital programme earmarked for the land acquisition be redeployed to cover building design costs be approved;
- (vii) That the transfer of £50k from the development pool to the capital programme in 2018/19 for the PMQS and building design costs that are forecast in this financial year be approved; and
- (viii) That the development of a separate business case to consider the installation of solar panels as a future phase (and other associated energy infrastructure) to generate income and reduce costs be approved and delegated authority given to the Head of Economic and Commercial Development, in consultation with the Chairman of Finance and Performance Sub-Committee and Chairman of the ENEC Working Party, to work up a business case for consideration by Members via the ENEC Working Party.

(Reason: To drive forward delivery of the project.)

16.0 SUSPENSION OF COUNCIL PROCEDURE RULE 8

- 16.1 At 8.58pm, the Chairman proposed suspension of Council Procedure Rule 8 (Duration of Meeting) to enable the Sub-Committee to complete consideration of the agenda.

RESOLVED:

That Council Procedure Rule 8 be suspended to enable the Sub-Committee to complete consideration of the remaining items on the agenda.

17.0 MINUTES OF THE MEETINGS OF THE EAST NORTHANTS ENTERPRISE CENTRE WORKING PARTY HELD ON 15 AND 20 NOVEMBER 2018

- 17.1 The minutes of the meetings of the East Northants Enterprise Centre Working Party held on 15 and 20 November 2018 were noted.

Chairman