



Finance and Performance Sub-Committee

Minutes of a meeting held on Monday 11 February 2019 at 7.00pm, at East Northamptonshire House, Thrapston

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

Officers: David Oliver Chief Executive
Glenn Hammons Executive Director (Resources and Commercial)
Greg Macdonald Head of Economic and Commercial Development
Michelle Drewery Head of Resources
Julia Smith Head of Customer and Community Services
Amy Eyles Finance Manager

1.0 APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence.

2.0 MINUTES

2.1 The minutes of the meeting of the Finance and Performance Sub-Committee held on 17 December 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 CHANGE TO THE ORDER OF BUSINESS

With the consent of the Committee, the Chairman changed the order of business from that shown on the agenda for the meeting.

6.0 STANWICK LAKES SLUICE GATES – FULL BUSINESS CASE

- 6.1 The Head of Customer and Community Services presented a report requesting consideration of whether the Council should take on the responsibility for the sluice gates at Stanwick Lakes, in order to allow a hydro power project to be implemented.

The Chairman welcomed to the meeting Alyson Allfree, Director of the Rockingham Forest Trust and Simon Pickard, consultant for the hydro power project.

During discussion, it was confirmed that should East Northamptonshire Council (ENC) bring the sluice gates up to standard, responsibility thereafter would fall to the Rockingham Forest Trust and not the Environment Agency, subject to the various legal conditions proposed in the report.

RESOLVED: that

- a) this council will, in principle, accept the responsibility for the sluice gates
- b) authority be delegated to the Chief Finance Officer, following consultation with the Chairman of Finance and Performance Sub-Committee, to legally accept responsibility for the sluice gates once the following conditions have been met:
 - The Environment Agency confirm the value of sums to be commuted in respect of the sluice gates
 - Legal and professional assurance has been obtained that this sum is sufficient to cover all liabilities associated with the gates over the next 20 years
 - Legal agreement has been obtained that ENC nor Rockingham Forest Trust will not be liable for any flooding in other areas of the valley
 - Confirmation that no other liabilities will transfer to ENC as a result of this agreement;
- c) On taking on responsibility, the liability for the gates be transferred to Rockingham Forest Trust in a back to back agreement;
- d) authority be delegated to the Head of Customer and Community Services following consultation with Stanwick Lakes Board members to sign the updated lease once satisfied with the relevant legal documentation;
- e) this council agrees, in principle, to support the Archimedes Screw project, and therefore supports Rockingham Forest Trust in its application to access the feed in tariff.
- f) authority be delegated to the Head of Customer and Community Services and Chief Finance Officer, following consultation with the Chairman of Finance and Performance Sub-Committee, to work with Rockingham Forest Trust to develop a robust business case and to report back to Finance and Performance Sub-committee before a final decision is made as to whether to progress with the scheme.

(Reason – to support Stanwick Lakes and its future sustainability)

7.0 BUDGET MONITORING TO 31 DECEMBER 2018

- 7.1 The Finance Manager presented a report providing an update on the forecast Revenue and Capital positions against the approved budgets for the period ended 31 December 2018 in financial year 2018/19.

It was noted that the main positive variances in the revenue budget were in relation to the waste contract, additional income from the Northamptonshire County Council recycling contribution and additional income derived from household waste collections in garden waste.

In terms of revenue reserves, the latest position was a forecast contribution to reserves of £920k, against the original budget forecast of £948k. It was also noted that £125k of the £500k set aside for Local Government Reorganisation in Northamptonshire had now been transferred to Daventry District Council as custodian of the collective funds contributed to by all eight Northamptonshire councils.

A previously approved addition to the Capital Programme 2018/19 was the East Northamptonshire Greenway, and, with spending starting to come through, a more detailed update would be provided in the next quarterly report to committee.

RESOLVED that:

- a) the latest revenue, capital and reserves positions for 2018/19 be noted;
(Reason: for information/monitoring purposes.)
- b) the collection and write off performance for sundry debtors, local taxation and benefit overpayments are noted;
(Reason: For information/monitoring purposes.)
- c) the transfer of £125k from reserves to Daventry District Council for unitary preparations;
(Reason: for information/monitoring purposes.)
- d) the transfer of £7.65k from the Development Pool to the Capital Programme to fund IT infrastructure equipment; and
(Reason: to progress the IT transformation programme.)

RESOLVED TO RECOMMEND TO POLICY AND RESOURCES COMMITTEE:

- a) That the increase in capital programme expenditure for 2018/19 by £67k for the following projects be approved;
 - £45.467K for Wheeled Bins
 - £6.9k for Disabled Facilities Grants
 - £15k for doors at the Rushden Centre*(Reason: In order to fund schemes within the capital programme.)*

- b) Approve the business rates write off for £35,101.74 in relation to Grabal Alok (UK) Limited

(Reason: in order to comply with the council Financial Regulations)

8.0 FINAL MEDIUM TERM FINANCIAL STRATEGY

- 8.1 The Finance Manager presented a report which set out the Council's Medium Term Financial Strategy (MTFS) 2019/20 to 2023/24, outlined the Revenue Budget 2019/2020, Capital Programme 2019/2020 to 2028/29, Reserves Forecast 2019/2020, Fees and Charges 2019/20 and Commercialisation Strategy 2019/2020.

An update on the final funding figures for the Local Government Finance Settlement was provided which had reflected in an overall increase of £40k funding from Government.

It was noted that the MTFS had been prepared on the basis of the council continuing in its current form and that council tax for 2019/20 was presumed to be 0%.

- 8.2 It was reported that there were two main areas of uncertainty surrounding the medium term financial strategy and they were the proposed unitary council for north Northamptonshire and enterprise centre respectively. There was also increased budgetary provision for environmental services, to be held in reserves and drawn down as necessary due to volatility in the dry recyclates market.

It was also noted that the forecast figures for the Enterprise Centre would be revised once the procurement process to appoint a building contractor had been completed.

RESOLVED that:

- a) the contents of the report be noted:
- b) the report be referred to the Policy and Resources Committee for consideration at its meeting on 27 February 2019.

(Reason: To ensure that the Sub-Committee is aware of the forecast financial position and the council complies with its constitution in setting its budget.)

RESOLVED TO RECOMMEND TO POLICY AND RESOURCES COMMITTEE:

- a) That the Committee recommends that Full Council invites the Leader of the Council to propose the approval of the following as part of the budget setting process:
- Medium Term Financial Strategy (MTFS) 2019/20-2023-24
 - Revenue Budget 2019/20
 - Approved Capital Programme for 2019/20
 - Minimum level of Reserves and Earmarked Reserves 2019/20-2023-24
 - Fees and Charges 2019/20
 - Commercialisation Strategy 2019/20

(Reason: To ensure that in due course the council complies with its constitution in setting its budget)

- b) To delegate authority to the Chief Finance Officer, following consultation with the Chair of Finance and Performance Sub Committee, to vire additional budget to Environmental Services as required up to the value of £500k following the completion of the tender process for dry recycling and food waste haulage and disposal.

(Reason: To ensure that the council complies with its Financial Regulations)

- c) To delegate authority to the Chief Finance Officer, following consultation with the Chair of Finance and Performance Sub Committee, to vire the budget to all service areas as required up to the value of £160k in relation to the 2019/20 pay review, subject to approval.

(Reason: To ensure that the council complies with its Financial Regulations)

RESOLVED TO RECOMMEND TO COUNCIL:

That, subject to the determination of the level of Council Tax for the 2019/20 financial year, Council approves the following as part of the budget setting process:

- Medium Term Financial Strategy (MTFS) 2019/20-2023-24
- Revenue Budget 2019/20
- Approved Capital Programme for 2019/20
- Minimum level of Reserves and Earmarked Reserves 2019/20-2023-24
- Fees and Charges 2019/20
- Commercialisation Strategy 2019/20

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

9.0 TREASURY MANAGEMENT STRATEGY

- 9.1 The Finance Manager presented a report which set out the Treasury Management Strategy (TMSS) for 2019/20.

It was noted that over the course of the four year Strategy, it was estimated that reserves would be reduced from £13.7m to £8.9m. This would in part be due to the likelihood of external borrowing being utilised to fund the development of the Enterprise Centre, which would likely be financed through the council's own resources, the public works loan board or from private finance.

RESOLVED that:

- a) the Treasury Management Strategy Statement for 2019/20 be noted.

- b) the report be referred to the Policy & Resources Committee for consideration at its meeting on 27 February 2019

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

RESOLVED TO RECOMMEND TO POLICY & RESOURCES COMMITTEE:

That the Committee recommends that Full Council invites the Leader of the Council to propose the approval of the Treasury Management Strategy Statement for 2019/20.

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

10.0 CAPITAL STRATEGY

- 10.1 The Finance Manager presented a report which set out the Capital Strategy for 2019/2020 to 2028/29.

Members noted that the Capital Strategy 2019/20-2028/29 would form a key part of the council's overall Corporate Planning Framework, providing a mechanism by which the council's capital investment and financing decisions could be aligned over a medium term period.

RESOLVED:

- a) That the Capital Strategy for 2019/20 be noted.
- b) That the report be referred to the Policy & Resources Committee for consideration at its meeting on 27 February 2019.

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

RESOLVED TO RECOMMEND TO POLICY & RESOURCES COMMITTEE

- a) That the Committee recommends that Full Council invites the Leader of the Council to propose the approval of the Capital Strategy for 2019/20.

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

RESOLVED TO RECOMMEND TO COUNCIL

- a) That Council approves the Capital Strategy for 2019/20.

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

11.0 ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES

11.1 The Chief Finance Officer presented a report on the robustness of the estimates in the budget and the adequacy of the proposed financial reserves.

The Chief Finance Officer noted that the proposed budget was being set on the basis that the Council would be a continuing entity, but that during the next financial year, there was an expectation that the position would change.

A number of uncertainties that the Council faced over the period of the MTFs were discussed, including the following:

- i) Government funding – 2019/20 would be the final year of the Government’s Four Year Funding Offer and so beyond that date only indicative allocations could be provided, all of which could be affected by the next Government Spending Review Fair Funding Review and outcome of the Business Rates Retention pilot;
- ii) Local government reorganisation – Whilst a contribution of £500k had already been made by each of the eight Northamptonshire councils, including ENC, to the proposed unitary implementation, this figure could be higher bearing in mind the total cost of the expected transformational change was likely to be £30m, based on PWC estimates;
- iii) Enterprise Centre – The budgets for this project were based on detailed estimates of its capital cost and potential operating costs and income. However, until a contractor/operator was appointed, subject to approval by Council on 4 March, these estimates were subject to change.

Members then noted the Chief Finance Officer’s overall conclusion in the report, in that provided the Council carefully considered and acted upon the analysis in the report, and officers robustly managed the implementation of the Revenue and Capital Budgets, a positive opinion could be provided under Section 25 of the Local Government Act 2003 on the robustness of budget estimates and the level of reserves.

RESOLVED: that

- a) the S151 Officer’s opinion set out in Section 9 of the report be noted;

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

- b) the work undertaken over the last seven years to ensure the Council has a balanced budget and is in a good financial position to face the medium term uncertainties be noted.

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

RESOLVED TO RECOMMEND TO POLICY & RESOURCES COMMITTEE AND

COUNCIL

- a) the S151 Officer's opinion set out in Section 9 of the report be noted;

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

- b) the work undertaken over the last seven years to ensure the Council has a balanced budget and is in a good financial position to face the medium term uncertainties be noted.

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

12.0 EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

That the public and press be excluded from the meeting during consideration of the following items of business in accordance with Section 100A of the Local Government Act 1972, because exempt information may be disclosed:

- Asset Management Update; and
- Minutes of the meeting of the East Northamptonshire Enterprise Centre Working Party held on 15 January 2019.

13.0 ASSET MANAGEMENT UPDATE

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

The report was not for publication under paragraph 3 of Part 1 of Schedule 12 A of the Local government Act 1972.

RESOLVED:

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

(Reason: To deliver the Asset Management Strategy.)

- (ii) Consider the draft heads of terms for the lease restructure relating to the Wilko site at Eaton Walk and to delegate authority to the Head of Economic and Commercial Development, in consultation with the Chairman of the Sub Committee to agree final terms as the basis for consideration and decision at a future FPSC meeting.

(Reason: To deliver the most cost effective solution, provide a more manageable site and take forward an improvement programme in the wider area.)

- (iii) Delegate authority to the Head of Economic and Commercial Development, in consultation with the Chairman of the sub committee to negotiate and agree terms for a decision at a future FPSC meeting regarding the Enterprise road Industrial Site, Raunds; Millwood Way, Kings Cliffe and Ditchford Lakes

(Reason: to consider disposal of assets to support objectives in the commercialisation and asset management strategies)

- (iv) Agree the recommendations 1-4 and 8 for the AHS as set out in the report in Appendix 3 to allow investigatory work to progress.
- (v) Subject to approval of the 2019/20 budget and MTFS by Full Council, approval be given to the transfer of £150,000 expenditure budget from the development pool to the Capital Programme in 2019/20.

(Reason: to agree what to do about the AHS which is currently not utilised and needs to be reactivated to ensure compliance to health and safety requirements as part of the Office Transformation Project)

12.0 MINUTES OF THE MEETING OF THE EAST NORTHANTS ENTERPRISE CENTRE WORKING PARTY HELD ON 15 JANUARY 2019

- 12.1 The minutes of the meetings of the East Northants Enterprise Centre Working Party held on 15 January 2019 were noted.

Chairman