

**FINANCE AND ADMINISTRATION COMMITTEE held at 7.30 pm at
COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN on 25
JUNE 2009**

Present: Councillor R P Chambers – Chairman.
Councillors: R Clover, J E N Davey, K L Eden,
A Dean, D M Jones, H S Rolfe, G Sell, R D Sherer and
A D Walters

Officers in attendance: T Cowper (Principal Accountant), S Joyce
(Chief Finance Officer), A Knight (Principal Accountant)
S Martin (Head of Customer Support and Revenue
Services) C Roberts (Democratic Services Officer) and A
Webb (Director of Central Services).

FA1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors A J Ketteridge, T
P Knight, R M Lemon, P A Wilcock and the Chief Executive.

FA2 MINUTES

The Minutes of the meeting held on 26 March 2009 were received and
signed as a correct record, subject to a change of spelling of the word
“summarise”.

FA3 MATTERS ARISING

Minute FA53 - Business Development

Councillor Sell asked whether there had been progress in this area.

It was noted that the Local Strategic Partnership was leading on the
matter of sourcing Job Shop facilities and the Chairman of the
Committee undertook to e mail Members with details of further
developments.

FA4 CHAIRMAN'S VERBAL REPORT

The Committee received the report of its Chairman who said that whilst
he was delighted with the Council's more favourable financial position,
there was nonetheless a very large savings deficit to be recovered in the
longer term.

FA5 LEAD OFFICER'S REPORT

The Committee considered the report of the Director of Central Services about the Council's offices and the Dunmow CIC, methods of payment, revenue and benefits statistics and the previously reported VAT overpayment.

The Director of Central Services also updated Members about the recent opening of the new Great Dunmow Library, installation of Broadband and plans for the Great Dunmow CIC move to the Library and he described progress with obtaining offers for the Council Offices at Great Dunmow.

In answer to a question from Councillor Rolfe the Head of Customer Support and Revenue Services confirmed that links were anticipated to other authorities and the Voluntary Sector from the CIC.

Members heard that council tax collection rates were slightly below the expected level and that benefits claims continued to increase, but that business rates collected showed the highest percentage in Essex.

In this context, Members were concerned that a facility for the elderly to make payments in cash should be retained.

The Director of Central Services also updated Members about the history of, and negotiations concerning, the overpaid VAT balance and it was noted that the HMRC were now admitting one error on their part.

RESOLVED that the necessary steps be taken to have the dispute referred to the Adjudicator, it being understood that this will not involve cost.

FA6 COUNCIL TAX DISCOUNTS AND LONG TERM EMPTY PROPERTY

The Committee considered the report of the Head of Customer Support and Revenue Services on the level of Council Tax applied to long term empty property in the District.

The report had been prompted by a question which had arisen at Council.

Members felt the issue was clear from the report. Whilst it was noted that some constituents were reporting difficulty with selling/renting out, they felt there was no financial logic in changing the established rules.

RESOLVED to endorse the policy of zero council tax discount currently applied to long term empty property.

FA7 2008/09 OUTTURN

The Committee considered the report of the Chief Finance Officer summarising the outturn position for 2008/9.

He explained that there had been variances resulting in an underspend in all three main financial areas; the General Fund; the Housing Revenue Account and the Capital Programme. The detailed accounts were to be considered shortly by the Performance Select Committee but the key points were set out in the report now before Members.

He added, in answer to a Member's enquiry, that the favourable variances which had occurred later in the year were the result of very strict control exercised by the Managers who were aware of the long term challenges. As regards Iceland more information and optimism had emerged but the situation remained unpredictable and contingency provision should reflect this. Again, financial advantages had accrued, concerning eg LABGI, Stansted Airport expansion, and waste management, but these were of a non-recurring nature. More robust information could have produced a prediction closer to outturn but the decisions which had been made were not over-cautious, and prudence should continue. A detailed review of the MTFs would be reported to the Committee at the September meeting.

Members asked questions about the background detail to some entries, and the Chairman praised the amount of information now available and said he hoped the Council would continue to have a name for prudence and a sustainable long term financial position.

RESOLVED to approve the 2008/09 outturn position as set out in the report.

FA8 TREASURY MANAGEMENT AND LANDSBANKI UPDATE

The Committee considered the report of the Chief Finance Officer which summarised treasury management activity for the period 13 March to 8 June and gave information about loans placed and a schedule of balances as at 8 June.

A self assessment had been carried out in the light of recommendations recently made by CiPFA and the Audit Commission and the Council was substantially compliant.

To ensure that Members received sufficient training to enable them to scrutinise effectively and be accountable for the Treasury Management function, the Chief Finance Officer suggested they should have a short seminar with Arlingclose, the Council's financial advisers. In answer to Members' questions he explained that Arlingclose acted purely in an advisory capacity. Placing of funds was done by the Council's officers.

The Chief Finance Officer also raised the question whether treasury management reports should, routinely be brought to the Finance and Administration Committee or another Committee.

RESOLVED to

- 1 note this report.
- 2 approve the self assessments at Appendix A and Appendix B.
- 3 agree the proposal in paragraph 24 that a short bespoke session be organised, to be delivered by Arlingclose.
- 4 agree that treasury management reports remain with this Committee.

FA9 **FINANCIAL REGULATIONS**

The Committee considered the report of the Chief Finance Officer with attached revised and updated Financial Regulations.

The Chief Finance Officer explained that the review of the regulations had been necessary, to make them more accessible; would achieve a balance between corporate and managerial control; and would support the introduction of rolling budgeting.

At the request of Councillor Dean it was agreed that para 2.5 be amended to include the words "Scrutiny of Annual Accounts".

It was noted that signing off the accounts would be able to be carried out by the full Council next year if that was wished, but that timetabling stood in the way of it this year.

RECOMMENDED that the Council approve the revised Financial Regulations attached to the report, subject to the alteration of para 2.5 as requested.

FA10 **BUDGETARY CONTROL REPORTING**

The Committee considered the report of the Chief Finance Officer which outlined the advantages and disadvantages of the budget monitoring arrangements adopted for 2008/9 and invited Members to endorse a revised approach to formal budget monitoring to be adopted for 2009/10 and adjusted if necessary in the light of experience.

Members were informed that the new arrangement retained the best elements of previous practice, and introduced important enhancements; focus on the corporate financial position of the Council; more systematic formal involvement by Members; adoption of a Rolling Budget, replacing Revised Budget, so that actual income and expenditure was always monitored against an up to date budget.

The Chief Finance Officer answered questions about the format of the new reports, the need for monthly reporting and the value of profiling.

RESOLVED to adopt the proposed revised approach to formal budget monitoring by Members. It was accepted that the revised arrangements would be adopted for 2009/10 and adjusted if necessary in light of experience.

FA11

SECTION 11 NOTICE PROGRESS UPDATE

The Committee considered the report of the Chief Finance Officer reviewing issues raised by the Audit Commission a year ago following the 2006/7 accounts audit and included by them in a Section 11 Notice.

The Chief Finance Officer said that it was the judgement of the Strategic Management Board that satisfactory progress had been made in all cases and that in view of the progress made and the extent of independent review already undertaken by the Audit Commission an independent review further to the "Roots Review" of early 2008 was not necessary.

The progress had also been acknowledged by the Voluntary Improvement Board, with chairmanship of the Board transferring from the Audit Commission to the Council, a significant and encouraging development

In answer to questions from Members the Chief Finance Officer explained the Council's investment limitations, both those rule based and those pragmatic.

RESOLVED to

- 1 approve the progress report as detailed in Appendix A, and endorse the Strategic Management Board view that satisfactory progress has been made.
- 2 endorse the Strategic Management Board view that there is no need to commission a further independent review of the Council's financial management and budget monitoring arrangements.

The meeting ended at 8.37 pm.

