

FINANCE AND ADMINISTRATION COMMITTEE held at 7.30 pm at COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN on 24 SEPTEMBER 2009

Present: Councillor K L Eden – In the Chair
Councillors J E N Davey, A Dean, A J Ketteridge, R M Lemon, H S Rolfe, G Sell, A D Walters and P A Wilcock

Officers in attendance: J Mitchell (Chief Executive), D Caton (Technical Accountant), T Cowper (Principal Accountant), A Knight (Principal Accountant), S Joyce (Chief Finance Officer), C Roberts (Democratic Services Officer) M Tokley (Technical Accountant) and A Webb (Director of Central Services)

FA12 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors R P Chambers, R Clover and T P Knight.

Declarations of interest were made as follows:-

Councillor K Eden - a personal non-prejudicial interest in so far as he was a member of the Saffron Walden Town Council.

Councillor A J Ketteridge - a personal non-prejudicial interest in so far as he was a member of the Saffron Walden Town Council.

Councillor A Dean - a personal non-prejudicial interest in so far as he was Chair of the Uttlesford Futures Economic Development Working Group.

FA13 MINUTES

The Minutes of the meeting held on 25 June 2009 were received and signed as a correct record subject to the inclusion in Minute FA7 of the amounts of the General Fund, Housing Revenue Account and Capital Programme variances. These were respectively £568,000, £398,000 and £342,000.

(The content of Minute FA7 was examined following the meeting on 24 September 2009 and was found to reflect the discussion on 25 June 2009).

FA14

LEAD OFFICER'S REPORT

The Committee considered the report of the Director of Central Services which covered (i) the Great Dunmow CIC move to the new Great Dunmow Library, (ii) progress with drafting the contract for the sale of the Council Offices at Great Dunmow, (iii) the move by Thaxted Parish Council from its old premises to the Thaxted CIC and (iv) the delay in implementing provision of a Job Centre service at the Council's offices due to risk assessment requirements.

In answer to a question from Councillor Sell the Chief Executive explained that there was a continuing discussion on how best to resolve the question of accommodation for voluntary sector users of the Great Dunmow offices.

In answer to a question from Councillor Dean about whether the expense of running the Thaxted CIC should be considered in a hard way, the Director of Central Services explained that because the premises were used by many organisations who made contributions to its funding, particularly the Police, the cost to the District of running the CIC was not very high.

Councillor Sell said that he wanted to see the data on the usage of the CIC and the Director of Central Services agreed to provide Members with details of the rents and terms of contract pertaining to the CIC.

RESOLVED that the Lead Officer's report be noted.

FA15

2008/09 TREASURY MANAGEMENT OUTTURN REPORT

The Committee considered the Chief Finance Officer's annual report on Treasury Management.

This report had been prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code, and presented details of capital financing, borrowing, debt rescheduling and investment transactions made during the year.

It gave details of the outturn position on treasury management transactions in 2008/09 and confirmed compliance with treasury limits and prudential indicators.

In answer to a question from Councillor Dean the Principal Accountant (Capital) explained that the current year's programme would be adequately supported by capital receipts but that it would be necessary to borrow in the next year.

In answer to a question from Councillor Walters the Chief Finance Officer explained that the confirmation of Landsbanki preferred creditor status would not be known until the end of the year.

RESOLVED to note and approve the actual 2008/09 prudential indicators within the report and to note and approve the treasury management outturn for 2008/09.

FA16

2008/09 OUTTURN – AUDIT ADJUSTMENT

The Committee considered the report of the Chief Finance Officer recommending an adjustment to revenue balances as at 31 March 2009. The adjustment, suggested pursuant to the recommendation of the external auditor after an in-depth review, was that the amount of pensions expenditure charged to the revenue account should be reduced by £671,000.

£589,000 out of this sum related to the General Fund and £82,000 to the Housing Revenue Account (HRA). It was proposed that the General Fund increase be applied to the Landsbanki Contingency Fund, and the HRA increase applied to the HRA Working Balance.

In answer to a question from Councillor Dean the Chief Finance Officer agreed that in hindsight it might have been possible to predict the adjustment in June 2009. Such adjustments were notoriously complex however. In this case the application of the right process and principles had been used, but not the right code. Opaque coding rendered it more difficult to analyse the pension costs, the situation being compounded by short deadlines for completion of the accounts.

The Chief Finance Officer added that, to eliminate this problem for the future, he had put in train the redesigning of the coding structure so as to make it very transparent and robust.

Councillor Sell complained that substantial variances made it difficult for Members to make policy regarding, for example, small business. He asked what would happen if the Council obtained Landsbanki preferred creditor status in November 2009.

The Chief Finance Officer emphasised that there were significant challenges ahead. Whilst it was a question for political judgement whether to pursue the type of schemes Councillor Sell had in mind, the revisions of the underspend from £0.6m to £1.1 million would not in itself enable the Council

to manage the projected revenue deficit of £1.3 million per annum.

Councillor Rolfe commented that 2008/09 had been a very complicated financial year. He supported the very comprehensive set of accounts which had been produced and thought it noteworthy that the Audit Commission had expressed no concern about them at all.

The Director of Central Services reminded the meeting that they would later on in the meeting discuss possible uses for LABGI grant which Councillor Sell might find relevant.

Councillor Wilcock then complained that substantial variance movements made it difficult for Members to predict funding availability. He felt there was less risk with predicting funding to be returned from Landsbanki to the Council in November and suggested that of the £589,000 recommended to be applied to the Landsbanki Contingency Fund only £374,000 should be so applied as representing the potential loss and the remainder should straightaway be added to the reserves.

The Chief Finance Officer explained that the identity of Landsbanki preferred creditors would not be known until the end of the year so the Councillor's suggestion could not be endorsed because it was as yet premature. Councillor Rolfe added that the particular funds would also be encumbered with expenses from payment of VAT and legal fees, and Councillor Ketteridge stressed that the Council would have no evidence that the financial risk was improved until all the funds had been returned to the Council's bank, hence caution was required.

Councillor Lemon endorsed the comments of Councillor Ketteridge and the Chairman of the Committee reminded Members that the Chief Finance Officer had previously explained how the Council would deal with the return or otherwise of the funds invested in Landsbanki.

Councillor Sell asked what the Chief Finance Officer's colleagues in other authorities were doing about the Landsbanki funds and how reliable the CIPFA figure was of 83% likely return on the Landsbanki funds.

The Chief Finance Officer explained that the CIPFA figure was informed directly by the Landsbanki figure, and was unaudited and not necessarily reliable.

As regards other authorities, their circumstances were all different from those of Uttlesford and therefore the information

was not useful and not collected, but the Landsbanki progress would be revisited by Uttlesford at regular intervals whatever the decision taken by the Committee. It remained the case that now was not the moment to rely on Landsbanki funding.

Prior to the taking of a vote upon the recommendation set out in the report, a debate ensued concerning a press release issued earlier that week by Councillors Dean, Sell and Wilcock which Councillor Ketteridge considered to be inaccurate and objectionable. Councillor Dean thought Mr W Roots report supported the press release.

Discussion took place at length about issues of financial management during the years 2003-09.

To conclude the discussion, the Chief Finance Officer stated that the figure of £3.4 million referred to by a Member as representing a swing in the Council's 2008/09 accounts gave a misleading impression. In December 2007, the forecasted deficit for 2008/09 reported to Members was £1.8m. The Council took action to address that deficit before agreeing the 2008/09 budget in February 2008. This effectively reset the position and therefore the relevant figure to discuss was the audited underspend of £1.1m.

RESOLVED that the adjustment to revenue balances as at 31 March 2009 as set out in the report be approved and that the General Fund increase in the sum of £589,000 be applied to the Landsbanki Contingency Fund, and the HRA increase in the sum of £82,000 be applied to the HRA Working Balance.

FA17

MATTERS ARISING FROM OTHER COMMITTEES

Members considered the following matters referred by other Committees. The relevant reports were made available at the meeting.

(i)Environment Committee 15 September 2009

“That Members recommend to Finance and Administration Committee the transfer of the following assets to Saffron Walden Town Council on tapering funding of up to 5 years:

- a) Jubilee Gardens, Dorset House Garden, Battle Ditches and Radwinter Road Cemetery from 1 January 2010 and for them to maintain as a public amenity in perpetuity and,

- b) the transfer to Saffron Walden Town Council the responsibility for the future maintenance of flower beds and all grounds maintenance work associated with the verge of the following road junctions: East Street and Audley Road, Thaxted Road and Radwinter Road, Borough Lane and London Road/Newport Road, South Road/Mount Pleasant Road, Little Walden Road and Catons Lane from 1 January 2010 for them to maintain as a public amenity in perpetuity. “

Councillor Wilcock asked what assurance there was to ensure the facilities would be maintained in perpetuity.

The Chief Executive explained that it was usual for the terms of transfer in the legal agreement to provide for the facilities to revert back to the District if the Town Council did not maintain them.

Councillor Dean wanted the opportunity to scrutinise the agreement and this was agreed to take place in the future.

RESOLVED that the recommendation of the Environment Committee (Minute E17 of the meeting on 15 September 2009) be approved and adopted.

(ii)Community and Housing Committee 18 June 2009

“Resolved that a proposal be made to the Finance and Administration Committee to set up a pump priming capital fund of £50,000 to enable the renovation of long term empty dwellings following the service of Empty Dwelling Management Orders.”

Councillors Dean, Sell and Wilcock thought that the sum of £50,000 was insufficient and suggested that the Community and Housing Committee should be asked to review this aspect.

RESOLVED that the recommendation of the Community and Housing Committee (Minute CH10 of the meeting on 18 June 2009) be approved and adopted and that the Community and Housing Committee should be asked to review the sufficiency aspect.

FA18

2009/10 BUDGET MONITORING – FINANCE AND ADMINISTRATION COMMITTEE BUDGETS

The Committee considered the report of the Director of Central Services and the Chief Finance Officer, which summarised

expenditure within the General Fund Service Budgets and Capital Programme Schemes.

General Fund expenditure for the Committee was forecast to be slightly under budget and capital expenditure to be in line with budget.

The Chief Finance Officer explained that the variances in the Committee's General Fund budget derived from a lower than expected pay award. He explained that a report would be brought to a future Committee meeting setting out re-arrangements of priorities for capital expenditure on information technology.

In answer to a question from Councillor Rolfe he explained that once it had become apparent that the pay award would be overstated, all pay budgets had been transferred to the Finance and Administration Committee budget with compensating reductions in the other budgets.

RESOLVED that the report be noted and approved and that in future reports footnotes be added to alert Members to transfers between budgets.

FA19

2009/10 BUDGET MONITORING - CORPORATE

The Committee considered the report of the Chief Finance Officer detailing financial performance relating to General Fund, Housing Revenue Account, Capital Programme and Treasury Management throughout the Council.

The report was based upon actual expenditure and income from April to July and forecasts for the end of the financial year.

The Strategic Management Board had reviewed the report on 9 September and their comments were included in the report for Members' information.

The Chief Finance Officer alerted Members to a typographical error on page 2 of the report and answered Members' questions.

The Chairman of the Committee congratulated the Chief Finance Officer on the new format of the report which he found very useful and accessible.

Councillor Sell wanted to know, as regards the LABGI grant money, when the survey of business needs would be done and asked for assurance that Stephen Rhenius would make contact with Business Link North West Essex.

Councillor Wilcock referred to the April – July actual figures as unreliable in as much as they did not include information after July whereas he wanted 100% reliable information.

The Chief Finance Officer explained that the information extended to 31 July 2009 and included a forecast to the end of the financial year. It took a month to process the information and therefore actual transactions as at 31 July were the latest available. It was not a realistic expectation that forecasts could be 100% reliable in an organisation with expenditure and income transactions totalling in excess of £50 million.

Councillor Lemon commented that the budget monitoring report was the best he had seen.

Councillor Dean asked for a figure to be estimated for the budget (to be created out of LABGI income yet to be received) for Business Support and Development.

The Director of Central Services explained that the estimated budget would correspond with whatever amount of LABGI income was received and would be ring-fenced for Business Support and Development.

Councillors Rolfe and Wilcock complimented the Chief Finance Officer on the clarity of the report.

RESOLVED to

- a) Note and approve this report
- b) Approve the General Fund budget adjustments detailed in the report
- c) Approve the Capital Programme budget adjustments detailed in the report

FA20

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that under Section 100(l) of the Local Government Act 1972 the public be excluded for the following item of business on the grounds that it involved the likely disclosure of Exempt Information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

FA21

INSURANCE RENEWALS

The Committee considered the report of the Chief Finance Officer regarding insurance renewals.

RESOLVED that renewals be pursued in accordance with the recommendations listed in the report.

The meeting ended at 9.07 pm.