

**FINANCE AND ADMINISTRATION COMMITTEE held at 7.30 pm at
COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN on 25
MARCH 2010**

Present: Councillor R P Chambers–Chairman

Councillors R Clover, J E N Davey, K L Eden, A Dean,
A J Ketteridge, G Sell, and A D Walters.

Officers in attendance: S Joyce (Chief Finance Officer),
C Roberts (Democratic Services Officer) and A Webb
(Director of Central Services).

FA66 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors T P Knight, R M Lemon, H S Rolfe, R D Sherer and P A Wilcock.

Declarations of interest were made as follows:-

Councillor J E N Davey - a personal non-prejudicial interest in so far as he was a member of the Great Dunmow Town Council.

Councillor R Clover - a personal non-prejudicial interest in so far as he was a member of the Great Dunmow Town Council.

Councillor G Sell - a personal non-prejudicial interest in so far as he was a member of the Stansted Mountfitchet Town Council.

Councillor R P Chambers - personal non-prejudicial interests in so far as he was Chair of the Essex Police Authority and a member of the Essex County Council.

FA67 MINUTES

The Minutes of the meeting held on 9 February 2010 were approved and signed as a correct record.

FA68 LEAD OFFICER'S REPORT

The Committee considered the report of the Director of Central Services which updated them on the progress of the sale of the Council Offices at Great Dunmow and re-location of the voluntary organisations from there.

The Chief Finance Officer read a press release which had been recently received from the Housing Minister. It confirmed that the Housing Revenue Account subsidy was to be abolished.

The press release stated that "Under this new self-financing system councils will keep all the rent they collect from their homes and all the

receipts from any sales of houses or land. Not a single penny will go to Whitehall and not a single penny will subsidise other councils as the current system dictates. In return councils will accept a share of an additional £3.65 bn debt. No council will take on a level of debt that is not sustainable for the long term." ... "The deal will release at least ten per cent more money in every council for maintaining and managing their own homes."

The Chief Finance Officer informed Members that the proposed share of debt was substantially less than the debt figure the Government had been consulting on previously. The Chief Finance Officer considered this development to be encouraging but that it would not be sensible to try to predict the distribution methodology which would be adopted. He would bring a report to the next meeting of the Committee.

In answer to questions from Members he explained that any resources arising from the change would be used to increase the supply of social housing and improve services to Council tenants.

RECOMMENDED that the report be noted

FA69

2009/10 BUDGET MONITORING

The Committee considered the report of the Chief Finance Officer advising the Council on financial performance for the period April 2009 to January 2010 and giving forecasts for the end of the financial year 2009/10. There were no significant changes from the forecast position previously reported to Members; adverse variances were predominantly in the fields of building control income, benefits and voids.

In answer to a question from Councillor Sell the Chief Finance Officer referred to unspent training budgets now being addressed by the Strategic Work-force Development Project to be completed in July.

RESOLVED that the report is noted and approved, including the reporting timetable for 2010/11 and the budget monitoring approach set out on page six of the report.

FA70

CONTRACTS PROCEDURE RULES

The Committee considered the report of the Chief Finance Officer presenting new Contracts Procedure Rules to take the place of the Contract Standing Orders with the new Contracts Procedure Rules. The Contract Standing Orders no longer met the business needs of the Council and, due to their age, omitted key guidance especially about EU Procurement rules and the use of Framework Contracts. These aspects were met by the new Contracts Procedure Rules developed in consultation with the Essex Procurement Hub.

RECOMMENDED that the Full Council approves the replacement of the Contract Standing Orders with the new Contracts Procedure Rules as attached to the report.

FA71 PRICING AND CONCESSIONS POLICY

(Councillor K L Eden declared a personal interest in so far as he was over 65, hence eligible for appropriate concessions).

The Committee considered the report of the Chief Finance Officer on the need to agree the principles on which to base consultation about development of a new Pricing and Concessions Policy. It was recognised that the Council required a more detailed policy, to ensure greater transparency and consistency in the setting of charges and the application of concessions. Developing a policy in this area had been recommended by the Scrutiny Committee.

RESOLVED to approve the consultation process, detailed in paragraphs 10 and 11 of the report, and the principles to be consulted upon, as detailed in paragraph 5 of the report, for use in the development of a Pricing and Concessions Policy.

FA72 ESSEX PENSION FUND UPDATE

The Committee considered the report of the Chief Finance Officer referring to the attendance of the Finance & Administration Committee Chairman and Chief Finance Officer at the Essex Pension Fund Employer Forum.

The report provided a summary of key issues discussed, explaining that the Essex Pension Fund's assets were less than its liabilities and showing the size of the deficit on the Fund as at the date of the last triennial valuation and subsequently.

The deficit on the Pension Fund had grown significantly since 2007. The sharp reduction in asset values was primarily due to turbulent financial markets (60% of the Fund's assets being in equities), but there had been recovery in 2009/10.

The triennial valuation of the Fund would be carried out in 2010 and would result in a new Funding Strategy and deficit recovery plan. The new funding strategy would have to balance the requirement to ensure a solvent pension fund with affordability pressures upon membership bodies. Changes to employer's contributions to the fund would take effect from April 2011.

The triennial valuation would be as at 31 March 2010. Indicative results would be known in October and firmer figures by December, just in time to inform 2011/12 budget setting.

A new funding strategy statement would emerge from the valuation and set out how the deficit was to be reduced. Without mitigating measures, the deficit recovery payments would need to increase by around 5% of salary – this would be about £400,000 for the Council.

The next Employers Forum would be in October. Meanwhile, the Chief Finance Officer would monitor developments through the Essex Pension Board. Key issues arising would be reported to the Committee.

Members noted that in the light of improved stock market values the deficit position was likely to improve.

RESOLVED to note the contents of the report.

FA73

PROCUREMENT SERVICE UPDATE

The Committee considered the report of the Chief Finance Officer on the procurement service re-launch which it appeared would not be completed by the end of March, A contributing factor had been the continued unavoidable absence of the lead adviser from the Essex Procurement Hub. Robust feedback had been provided to the Procurement Hub and they had agreed to provide a statement of their capacity and availability by 22 March.

In the light of that statement the Chief Finance Officer was now able to inform the Committee that the Hub was not yet in a position to guarantee support to the Council on implementing the Procurement Strategy; the Council will need to investigate other options including employing a procurement specialist directly and/or joint working with other councils and procurement agencies. Council had received funding from Improvement East to make progress on its Use of Resources scores. This funding could be used to make progress on procurement. In addition, the Council might need to invest its own resources into corporate procurement on the basis that in due course such a corporate resource should be self-financing.

In answer to a question from Councillor Dean the Chief Finance Officer added that he intended to establish the proportion of the Council's local spend and then to arrive at a target for what the Council wished to spend locally.

The Chairman stressed that the Committee would be reviewing the whole subject of procurement but would take on board in particular the advice of the Chief Finance Officer about local procurement.

RESOLVED to note the contents of the report.

FA74

MATTERS ARISING FROM OTHER COMMITTEES

a) Woodlands Park Play Area (Community and Housing Committee 17 March 2010 Minute CH78)

The Committee considered the report of the Housing Strategy and Planning Policy Manager that the Community and Housing Committee was recommending to Finance and Administration Committee the transfer of the Woodlands Park play area to Great Dunmow Town Council at nil value. A copy of the relevant minute was circulated at the meeting.

It was noted that although the play area was transferred in to the District Council's ownership the Council did not have the expertise to manage the area.

RESOLVED that the Woodlands Park Play Area be transferred to Great Dunmow Town Council at nil value.

b) Conservation Area Appraisal Management Proposals (Environment Committee 16 March 2010 Minute E59)

The Committee considered the report of the Director of Development that the Environment Committee was recommending to Finance and Administration Committee that £18,000 of the Housing and Planning Delivery Grant be used to engage agency staff enabling Article 4 directions to be obtained for the 6 villages where conservation area appraisals had been completed. A copy of the relevant minute was circulated at the meeting.

It was noted that there was no officer resource within the District Council to undertake the consultation necessary to obtain Article 4 Directions for these villages.

RESOLVED that £18,000 of the Housing and Planning Delivery Grant be used to engage agency staff resources enabling Article 4 Directions to be obtained for the six villages where conservation area appraisals have been completed.

FA75

EXCLUSION OF THE PUBLIC

RESOLVED that under Section 100(A) 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.

FA76 LANDSBANKI – POTENTIAL SALE OF DEPOSIT

The Committee considered the report of the Chief Finance Officer updating the Committee regarding the Landsbanki deposit and possible action to ensure the Council's best interests in the situation as updated. He suggested additional recommendations in the light of fresh information.

In answer to questions from Members the Chief Finance Officer confirmed that the Council would use the advice of Arlingclose regarding any transaction and that comparator information would be sought from the Local Government Association.

RECOMMENDED that the Full Council approves:

- a) That the Council, in principle, is willing to trade its Landsbanki deposit, subject to certain criteria being met
- b) The criteria for judging the merits of an offer to purchase the Council's deposit in Landsbanki, as set out in paragraph 42 of the report
- c) Authority to be delegated to the Chief Finance Officer, in consultation with the Finance & Administration Committee Chairman, to conduct informal negotiations with investment companies, and to initiate such due diligence procedures as may be required
- d) Authority to be delegated to the Chief Finance Officer to turn down a proposal if it does not meet the Council's criteria.
- e) Authority to be delegated to the Chief Finance Officer, in consultation with the Leader of the Council, Finance & Administration Committee Chairman, Chief Executive and Monitoring Officer, to develop a recommendation to the Full Council to accept a proposal provided that it meets the Council's criteria. The views of the District Auditor will be obtained.
- f) That the Full Council determines any recommendations arising from e) above. (An Extraordinary meeting of the Council may be called under Council Procedure Rule 3 if a decision is required outside the scheduled meetings programme.)

FA77 MATTERS ARISING FROM OTHER COMMITTEES

**Housing Policy – Garage Sites Development Opportunities
(Community and Housing Committee 17 March 2010 Minute CH80)**

The Committee considered the report of the Housing Strategy and Planning Policy Manager that the Community and Housing Committee was recommending to Finance and Administration Committee the transfer of sites at Newport and Chrishall at the agreed land values subject to the provision of financial information related to build costs once planning permission had been agreed.

The Community and Housing Committee was also recommending to Finance and Administration Committee that the site at Wimbish be transferred at the agreed value to ensure that affordable housing and new garages could be provided.

The meeting ended at 8.50 pm.