

FINANCE & AUDIT SCRUTINY PANEL

29 JULY 2008

Present :- Councillor Sue Lissimore (Chairman)
Councillors Kevin Bentley, John Bouckley, Martin Goss,
Jackie Maclean, Jon Manning, Nigel Offen,
Gerard Oxford, Laura Sykes and Dennis Willetts

Substitute Member :- Councillor Dave Ford for Councillor Dave Harris

10. Minutes

The minutes of the meetings held on 30 June 2008 was confirmed as a correct record, subject to the following amendments. The resolution to minute 9. Early Cessation of Decent Homes and Housing Repairs Contract to read as follows;

RESOLVED that the panel agreed to request the Head of Strategic Policy and Regeneration to present to an agreed forthcoming meeting of the Finance and Audit Scrutiny Panel or a non public meeting in private session, the meeting and meeting date to be agreed by the panel, a report to review the Decent Homes and Housing Repairs Contract, including an investigation into how it went wrong and why there were limited financial controls in place, and the outstanding works, with an invitation to attend going to the Chairman of Colchester Borough Homes and current and previous Chief Executive's of Colchester Borough Homes.

11. Have Your Say!

Mrs Paula Whitney attended the meeting and addressed the panel.

Mindful of a Review of Recycling options appraisal to be undertaken by the Policy Review and Development Panel on 20 August 2008, Mrs Whitney asked that the panel seek financial clarification on the prices paid to the Council for recyclate. Mrs Whitney said a recent recyclable cost analysis provided at the beginning of this year indicated that the prices being paid to the Council were poor.

Mrs Whitney confirmed to the panel that the Essex Waste Strategy was approved, on a named voted, by Essex County Council on 15 July 2008, a strategy that supported a Mechanical Biological Treatment Plant (MBT), and would, over a period of 25-28 years cost Essex Council Tax payers £8,000 . Mrs Whitney said she hoped the current administration would continue to oppose this option, and strive to find innovative new ways of improving local recycling rates, such as more intensive kerbside collections.

Councillor Willetts requested that the panel received a value for money cost appraisal on the sale of recyclate (waste stream revenue).

Mr. Judd, Scrutiny Officer confirmed that Councillor Willetts request would be passed to the officers to feed into the report on the Review of Recycling, to be scrutinised by

this panel following the review by the Policy Review and Development Panel.

12. Items requested by members of the Panel and other Members

Councillor Maclean, in light of the recent decision by the Portfolio Holder for Resources and Business, on the Council's new Insurance arrangements, asked the Portfolio Holder to respond on whether he believed this would give the Council the best deal and value for money.

RESOLVED that the panel agreed to invite the Portfolio Holder for Resources and Business to respond to this request.

Councillor Sue Lissimore (in respect of being a former member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

13. Work Programme 2008-09

Councillor Lissimore, whilst accepting that the 2nd, 3rd and 4th items listed as Outstanding items for future scrutiny (reference to Decent Homes Contract, Housing Repairs Contract and Housing Revenue Account) would come to the panel at a date beyond the meeting date of 19 August 2008, but a date to be agreed by the panel, requested that the first item, on the Interim Letter of Intent and the Addendum to the Management Agreement should be heard at the meeting of the 19 August 2008, with an invitation going to the Chairman and Chief Executive of Colchester Borough Homes.

Councillor Bentley, whilst supporting Councillor Lissimore's request to review the Interim Letter of Intent and the Addendum to the Management Agreement at the meeting of the 19 August 2008, said that the other items on the Decent Homes Contract, Housing Repairs Contract and Housing Revenue Account should come to the Panel before the September meeting. Councillor Bentley said that the Councillors have a duty to Colchester Borough Homes tenants to ensure this review is undertaken as soon as possible, and whilst accepting Councillor Oxford's point that the 16 September date seemed reasonable given the recent restructure and holiday period, requested that an extra meeting is arranged between the 19 August and 16 September to carry out this review.

Councillor Offen said that given the current state of the site for the new Visual Arts Facility, Firstsite Newsite, could the Panel review the financial arrangements, to include the changes to the contract, of Firstsite Newsite as a separate item at the meeting on 21 October 2008.

RESOLVED that the panel agreed:

- i) To an extra meeting in late August / early September, at a date to be confirmed, to review the outstanding items on the Decent Homes Contract, Housing Repairs Contract and Housing Revenue Account, plus the arrangements for continuing the existing Decent Homes Programme, and to request that the Chairman and Chief Executive of Colchester Borough Homes and Colchester Borough Council officers attend to present the evidence.
- ii) That a separate item on the Financial Arrangements for Firsite Newsite and including the changes to the contract is reviewed at the meeting on 21 October 2008.

14. 2007-08 Risk Management Summary

Ms. Hayley McGrath, Audit and Risk Manager presented the report on the 2007-08 Risk Management Summary, explaining that under the recently agreed reporting arrangements, the annual review of the Risk Management Strategy and the year end review of Risk Management would be reported to Cabinet and the Finance and Audit Scrutiny Panel.

Ms. McGrath confirmed that the risk process was thoroughly assessed during the year and concluded that the basic process for managing risk was sound there was a need to further develop the process and to fully implement the actions outlined in the strategy. Ms. McGrath confirmed that further development was now being addressed, that included the items listed in the Work Plan for 2008-09.

In response to Councillor Ford, Ms. McGrath said that member training and development required in reference to developing a risk register specifically for members would provide for daytime and evening slots.

Councillor Bentley voiced concern that the Chief Executive, whilst endorsing the Strategy, was not listed within the Ownership process. Councillor Offen endorsed Councillor Bentley's concern, saying he believed the strategy would not work without the Chief Executive championing ownership.

Councillor Goss asked whether, at each meeting, the panel could receive an update on the current five top risks, in addition to the quarterly Strategic Risk Register update. Councillor Goss said if risks are mitigated, they shouldn't necessarily appear monthly and this would thereby avoid diluting their importance.

Councillor Bentley concurred with Councillor Goss, suggesting a noted monthly item, early in the agenda, with the Portfolio Holder for Resources and Business in attendance to respond. In response Ms. McGrath agreed to provide a draft version of the top five risks to the October meeting.

In response to Councillor Willetts, Ms. McGrath said the level and detail of reporting risk is to some extent governed by budget provision and the type of affordable system used. Colchester's reports are simplified, but new reports will in table form identify the impact of risk and whether it is a high, medium or low risk.

RESOLVED that the panel:

- i) Noted the proposed risk management strategy for 2008-09, the risk management work undertaken in 2007-08 and the work plan for 2008-09.
- ii) Agreed that the Head of Resource Management would provide to a noted monthly item giving an update on the current five top risks, with the Portfolio Holder for Resources and Business invited to attend to respond, the first draft to be presented to the October meeting.

15. Annual Report on Treasury Management

Mr. Sean Plummer, Finance Manager, presented the Treasury Management – Annual Report 2007-08. He explained that in respect of the Council's 2007-08 debt and borrowing arrangements £3,500,000 of loans against an original borrowing requirement of £10,230,000 were raised and that a further £4,000,000 was arranged at the end of the financial year but was not received until after the year under review. In respect of the Council's internal investments an average rate of return of 5.89% had been achieved which was 0.31% higher than the comparative index. In conclusion, Mr. Plummer said that the Council's treasury management arrangements were supported by the provision of external treasury advice.

In response to Councillor Bentley, Mr. Plummer said the Council only make investments to banks, building society's and financial institutions, not in stocks and shares and therefore it was not realistically possible to know how specifically Council funds are used and therefore whether they are used for inappropriate ethical streams. Mr. Plummer confirmed the Council does have a policy on what or with whom they do and do not invest money, but this does not cover ethical considerations.

In response to Councillor Bouckley, Mr. Plummer said the Council's short term balances are retained within a lower rate holding account, and invested in what is referred to as High Interest for Short Term Investments, usually for overnight investments

Members congratulated officers on the report and excellent performance on treasury management.

RESOLVED that the Panel:

- i) Noted the activities and performance relating to Treasury Management in 2007-08.
- ii) Noted the performance of the Council's treasury management advisors
- iii) Requested that the Finance Manager prepare a note to the Panel on ethical investments, to include what other local authorities do and whether the Council should consider the formulation of a policy.