

## **FINANCE & AUDIT SCRUTINY PANEL**

### **18 NOVEMBER 2008**

*Present :-* Councillor Sue Lissimore (Chairman)  
Councillors Martin Goss, Dave Harris, Jackie Maclean,  
Jon Manning, Nigel Offen, Gerard Oxford, Laura Sykes  
and Dennis Willetts

*Substitute Members :-* Councillor Kevin Lewis for Councillor Kevin Bentley  
Councillor John Foster for Councillor John Bouckley

#### **37. Minutes**

The minute for the meeting held on the 21 October 2008 was confirmed as a correct record, subject to the following amendments.

Councillor Foster added to the list of Personal Interests for minute number 33, Work Programme, in respect of being a former Member of Colchester Borough Homes.

A second resolution was added to minute number 36, Financial Arrangements for Firstsite Newsite, to read;

The panel agreed that in future, when a report is drafted for scrutiny, officers should make every effort to provide a non-confidential report, to sit alongside a confidential report if needed, thereby allowing members of the public to see some written detail, hear an open debate, and have an opportunity to speak on the item under 'Have Your Say'.

#### **38. Have Your Say!**

Mr. Andy Hamilton addressed the panel saying that he disagreed with a letter received by the Leader of the Council dated 3 November 2008, saying that the Council did not operate a culture of secrecy. Mr. Hamilton said a letter to him by the Monitoring Officer in response to his complaint and explaining to him that the matter would be dealt with in confidence, again illustrated the Council's culture of secrecy. Mr. Hamilton said further proof of the culture of secrecy was confirmed by the Council's auditor's reluctance to answer questions on the accounts and the refusal of the Council to allow access to documents referring to the continuing construction of the Visual Arts Centre.

**Councillor Dave Harris (in respect of being a current Member of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Wyn Foster, Councillor Sonia Lewis and Councillor Sue Lissimore (in respect of being former Members of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings**

## **General Procedure Rule 7(3)**

### **39. Work Programme**

In response to Councillor Offen's suggestion that in an effort to ease the panel's workload congestion, an overview of the regularly reported top five Risk Management items should be reviewed at briefings, and reported on to the panel if there was an area of concern, Councillor Willetts said the panel should be mindful that this could expose the panel to criticism by members of the public of being secretive, and whilst he concurred with the thoughts of Councillor Offen, proposed that the panel runs with the original proposal to have the Risk Management Update reported to each meeting.

*RESOLVED* that;

- i) The panel agreed that the Risk Management Update on the top five risk management items would be reported regularly to the panel commencing from the 20 January 2009.
- ii) The panel agreed to review the work programme in the New Year, currently considered to be at a manageable level, pending any future additional work items.
- iii) The panel commented and noted the rolling 2008-09 work programme.

### **40. 2nd Quarter Internal Audit Assurance Report**

Ms. Hayley McGrath, Audit and Risk Manager, attended the meeting for this item, and presented the 2<sup>nd</sup> Quarter Internal Audit Assurance Report.

Ms. McGrath confirmed that it had been agreed that all future Colchester Borough Homes audit reports will be reported to the panel following their review by the Colchester Borough Homes Finance Committee. Ms. McGrath also confirmed that following previous comments by the Panel regarding the use of a joint auditor, Deloitte's internal auditors, had sent a letter to both Colchester Borough Council and Colchester Borough Homes setting out the requirement for formal authorisation for the reports to be shared and clarifying the relationship between themselves and their clients.

Councillor Oxford expressed his support for the action taken in respect of future audit reporting of Colchester Borough Homes to the panel.

In response to Councillor Manning, Ms. McGrath confirmed that she would inform panel members of the progress being taken in respect of the Museums Merged Service Vending, and the reconciliation of stock with takings due to the dual pricing system, and staff discounts paid by card.

In response to Councillor Offen, Mr. Daniel Hellary, Deloitte's, confirmed that the panel would receive an update at the next meeting in respect of the outstanding

recommendations on the audit for Right to Buy.

In response to Councillor Offen, that no progress had been made from the previous report in respect of Health and Safety (Annual Governance Statement Action), Ms. Ann Wain, Executive Director, said this had been a very large piece of work, and whilst accepting the delay in implementation was regrettable, confirmed that all service areas had been asked to undertake additional work to make more robust. Ms. McGrath said that following discussions with the Health and Safety Advisor, it was envisaged that the majority of the audit recommendations would be implemented by quarter three.

*RESOLVED* that;

- i) The Audit and Risk Manager would inform the panel of the progress made in respect of the Museums Merged Service Vending.
- ii) Mr. Daniel Hellary, Deloitte, would provide an update at the next meeting on the outstanding recommendations on the audit for Right to Buy.
- iii) The panel commented and noted the 2<sup>nd</sup> Quarter Internal Audit Assurance Report.

#### **41. Financial Monitoring Report, period April to September 2008**

Mr. Sean Plummer, Finance Manager, attended the meeting for this item and presented the report on Financial Monitoring, period April to September 2008.

In response to Councillor Oxford, Mr. Plummer said he understood the concerns raised in respect of the services affected by the present financial down turn, for example, Planning Services, Parking Services and Bed and Breakfast. With this in mind, Mr. Plummer said this year's forecast outturn was monitored and revised monthly, with all items currently under close review in respect of the 2009-10 Budget.

Councillor Offen felt, given the current economic climate, that further attempts should be made by the Council to enable Ministry of Defence (MoD) properties that are currently vacant, to be used for bed and Breakfast households.

In response to Councillor Sykes, Mr. Plummer gave a brief explanation on Minimum Revenue Provision (MRP).

Mr. Plummer confirmed to Councillor Harris and Councillor Lissimore that the lowering of annual fuel costs would be reflected in future monitoring reports. Fuel costs, currently at a level of approximately 94p per litre, close to the original budget forecast, had previously been as high as £1.07 per litre.

Councillor Offen said in light of the review of the Planning Development Control Service, due to the current economic downturn, staff should be congratulated on the staff review within Development Control, a difficult exercise, but one that would benefit the Council and save costs. Very well done.

In response to Councillor Goss, Councillor Smith, Portfolio Holder for Resources and Business said the £100,000 funding, built into the budget for recycling, income from Essex County Council, will almost certainly not be forthcoming. Councillor Smith said with Colchester not fully committed to the current Waste Programme, County are not prepared to pay this sum. Councillor Tim Young, Portfolio Holder for Street and Waste Services endorsed Councillor Smith's comments, saying that Colchester had been pressing County on this funding up to last week, but to no avail.

*RESOLVED* that;

- i) The panel agreed (SEVEN voted FOR and FOUR abstained) that the Scrutiny Officer would write to Councillor Chapman, Portfolio Holder for Environment and Waste at Essex County Council to attend a future meeting to discuss the reasoning for withdrawing £100,000 of funding for recycling, and if she was unable to attend a meeting, to respond in writing at the earliest convenient time.
- ii) The panel requested, that in light of current economic downturn, the Portfolio Holder for Neighbourhoods and the Head of Life Opportunities should again communicate with the Ministry of Defence (MoD) in an attempt to bring empty MoD properties into temporary use for households in bed and breakfast, and update the panel at the earliest convenient meeting.
- iii) The panel noted the financial performance of General Fund Services and the Housing Revenue Account (HRA) in the first half of 2008/09.

#### **42. Capital Expenditure Monitor 2008/09**

Mr. Steve Heath, Finance Manager, attended the meeting for this item and presented the report on Capital Expenditure 2008-09.

Mr. Heath confirmed to Councillor Harris that the Cemetery Extension Scheme was currently unfunded, but the work would be programmed once funds become available.

Councillor Harris congratulated the Cabinet and officers on the implementation of the SOS Bus Scheme.

*RESOLVED* that;

- i) The panel agreed, that in light of the comments made about the Aids and Adaptations Scheme, to request the Head of Strategic Policy and Regeneration to provide some Member Development on the Scheme, specifically, the budget for this scheme, what the budget provides, and what is the demand and expectation.
- ii) The panel requested that officers review the format (larger print size) of the appendices, for all future reporting.
- iii) The Panel noted the level of capital spending during 2008/09 and forecasts for future years.

## 43. Treasury Management - Investment Policy

### Have Your Say

Mr. Andy Hamilton addressed the Panel, saying he objected in principle, to the Colchester Borough Council investing local tax payer's money in foreign countries, supporting foreign banks.

Whilst Mr. Hamilton said he found the report on Treasury Management – Investment Policy interesting, he remained concerned about the Council's nett debt, including the pension deficit, and the Council's liabilities on unfinished projects such as the new Visual Arts Centre.

### Treasury Management – Investment Policy Report

Mr. Sean Plummer, Finance Manager, presented the report on Treasury Management Investment Policy.

Councillor Offen thanked officers for drafting what he considered to be a very helpful and informative report, a comment endorsed by Councillor Willetts.

In response to Councillor Offen, Mr. Plummer said there would be minimal impact from the proposal to have any new investments made for a maximum of one month using only rated organisations within countries with Sovereign debt rating AAA pending consideration of a revised policy.

Councillor Goss commented that this was a good report with the policy options clearly summarised. Councillor Goss said the approach to be taken should be to treat Treasury money as your own, and how you would invest your own money.

Mr. Plummer confirmed that whilst Treasury Management Advisors had been spoken to for guidance, ultimately, the policy adopted will be that decided by Council.

Councillor Oxford, supported by Councillors Harris and Offen, said a balanced, well spread investment programme was needed, and option B, as detailed in paragraph 3.18 of the report, was the closest to achieving this, and was his preferred option.

Councillor Smith, Portfolio Holder for Resources and Business said he was appreciative of the good debate by the Panel.

Mr. Plummer said the Council will need to agree the Treasury Management Strategy as part of the February Budget Strategy.

*RESOLVED* that;

- i) The panel requested as a regular future item, a six monthly Treasury Management report.

ii) The panel noted and commented on proposals to change the Council's investment policy as set out at paragraph 3.18 and Appendix B and C of the report.