

# EXECUTIVE

Excerpt of the minutes of the meeting held on Wednesday 20 June 2012 at the Town Hall, Royal Leamington Spa at 6.00 pm.

**PRESENT:** Councillor Michael Doody (Chairman), Councillors Caborn, Coker, Mrs Gallagher, Mrs Grainger, Mobbs, Shilton and Vincett.

**ALSO PRESENT:** Councillor Boad (Liberal Democrat Group Observer), Councillor Edwards (Labour Group Observer), Councillor Gifford (Chair of Overview & Scrutiny Committee) and Councillor Mrs Knight (Chair of Finance & Audit Scrutiny Committee).

Apologies for absence were received from Councillors Barrott and Kirton.

## 16. **DECLARATIONS OF INTEREST**

### Minute Number 25 - Army Forces Community Covenant

Councillor Coker declared a personal interest because his son was a serving officer in the armed forces.

### **PART 1**

(Items which a decision by Council is required)

## 17. **FINAL ACCOUNTS 2011/12**

The Executive considered a report from Finance which provided details of the Council's final position for the year ending 31 March 2012.

The Accounts and Audit Regulations 2011 required that the responsible financial officer must, no later than 30 June immediately following the end of a year, sign and date the Statement of Accounts. The recommendations in the report would allow the accounts for the financial year 2011/12 to be closed on time and had been used as the basis for drafting the Statement of Accounts.

The highlights from the report were that the Capital Programme was underspent, the General Fund revenue account had surplus funds and the Housing Revenue Account had surplus funds over the latest estimates.

Appendix 'C' to the report identified £1,434,800 in respect of Housing Investment Programme schemes not completed in 2011/12 and £231,200 for Other Services Capital schemes. Slippage of these budgets to 2012/13 was requested together with the bringing forward of £29,900 from the 2012/13 Other Services Capital Programme in respect of the re-phasing of Jubilee House capital expenditure. The 2012/13 Programmes needed to be varied accordingly to accommodate these changes together with the associated financing.

The 2012/13 Other Services Capital Programme contained £98,900 in respect of the Agile Working project which was to be discontinued and was unlikely to be resurrected in its current form. However, £30,000 of this budget was still required in order to update the Council's VDI infrastructure so that the number of Home and Mobile Workers can be expanded and it was recommended that £30,000 be vired from the Agile Working project budget to this new project with the resultant £68,900 saving being returned to the Council's unallocated capital resources.

The Council's £15,000 contribution towards the RIBA D aspect of the Jubilee House project was originally to be funded from the Contingency budget but, due to slippage on this scheme, the £15,000 had been transferred to the General Fund. It was, therefore, recommended that a similar amount be transferred from the General Fund to the Capital Investment Reserve in order to provide the necessary funding in 2012/13 when the expenditure was expected to be incurred.

Requests comprising items of slippage earmarked for 2012/13 totalling £467,100 had been submitted. These requests related to revenue expenditure that has been unavoidably delayed, and for which finance was still required. More details were attached in Appendix 'F' to the report.

The Car Parks Repairs and Maintenance Budget was underspent by £50,000. Transferring this to the Car Parks Repair and Maintenance Reserve would preserve this funding to allow it to be drawn down at a future date when required.

The changes proposed to the 2012/13 budget, and the financial projections, presented a deficit of £160,000 for 2012/13, with a projected surplus of £244,000 by 2016/17, based on the savings identified to be pursued as part of the April 2012 Fit For the Future report. The main change was to remove the procurement savings target but the Council would still be endeavouring to follow best practice in terms of procurement activity, and savings should still accrue.

The report was a statement of fact so there were no alternative options specifically. However, how the outcomes were treated could be dealt with in a variety of ways. Mainly the alternatives were not to allow any, or only some, of the earmarked reserve requests and to allow the General Fund balance to vary from the £1.5m level, along with how the 2011/12 surplus was allocated.

The Finance & Audit Scrutiny Committee was surprised that so large a surplus could appear in such a short time and felt that there was, therefore, a need to improve the budgetary process, to include establishing whether budget managers actually required the amount of money in their budgets in the first place. Members also expressed concern that one saving which had been made had promptly been spent without consultation with, or approval by, the Portfolio Holder. There was a general feeling among Members that budget setting and monitoring needed to be improved. Managers were reminded that if emergencies crop-up, there was a fast tracking process to deal with them.

The Finance & Audit Scrutiny Committee supported the recommendations in the report and made an additional recommendation that procurement savings (devolved down to each budget holder) was still set in the budget as a separate item, to assist in monitoring budgets and maintaining disciplined contract management.

The Finance & Audit Scrutiny Committee congratulated officers on their excellent rate of collection of Council Tax and officers agreed to investigate whether the golf course should be responsible for paying for its own gas.

The Chair of Finance and Audit Scrutiny Committee, Councillor Mrs Knight, introduced the Committee's comments and reminded members to be mindful of the amount of dedication and hard work delivered by the Council's officers in Council Tax, Treasury Management, Procurement department and all those involved in the Enterprise Projects. She advised that congratulations had been passed to these officers, through the Finance & Audit minutes but felt that the Executive may also like to express their gratitude.

Councillor Mrs Knight expressed concerns regarding budget monitoring and highlighted the large jump detailed in the General Fund Surplus although Councillor Vincett had provided a satisfactory explanation at their meeting the previous evening.

She also reiterated the Committee's request that procurement savings remain as a separate item in the budget.

The Leader of the Council, Councillor Doody, addressed members and answered a number of the queries raised by Finance & Audit. He stated that officers were investigating whose responsibility it was to be paying for the gas supply at Newbold Comyn and he would keep members informed about progress.

He also thanked Councillor Mrs Knight for her positive comments about the excellent work the Council's officers had been doing with regard to Council Tax and Budget Monitoring and wholeheartedly agreed that the Executive's gratitude should also be passed on to them.

In response to the remaining queries, the Portfolio Holder for Finance, Councillor Mobbs did not feel that he was able to alter the recommendations from those printed for a number of reasons. Firstly, he felt that the existing monitoring processes were sound and during his frequent meetings with the Head of Finance, the budgets were monitored very tightly.

He reminded members, that the Council had a savings target to head towards and procurement was only a portion of this figure. Monitoring of all finances had become much tighter in recent years and processes were in place to ensure more disciplined contract management. In addition, he

stated that the Council's Budget Managers were doing what was being asked of them to help the Council reach its target.

The Head of Finance, Mike Snow, addressed members and reiterated the comments made by Councillor Mobbs. He stated that significant savings had already been made and under the new monitoring system, budgets could be instantly reviewed. However, he reminded members that this process had only been in place since April 2012 and it would be prudent to allow more time to pass, to show the results more clearly.

Councillor Vincett addressed the concerns raised regarding HRA money being spent without his authorisation. He explained that money had been saved on a painting contract, through procurement, and consequently used to pay for rendering work with the same company. He felt that the decision taken had been the correct one and applauded the much needed work being allocated to a company who had a proven track record with us. He felt that it was a decision he would have supported.

Having read the report, and having taken the Scrutiny Committees' comments into account, the Executive decided to agree the recommendations as printed and were mindful that of the need to maintain budget monitoring and contract management.

**RECOMMENDED** that;

- (1) the outturn positions summarised below, be noted:
  - The Capital Programme was underspent by £1.94m, of which £1.67m is due to slippage to 2012/13;
  - The General Fund revenue account shows a surplus of £328,000 over the Latest Estimates after allowing for a further £0.47m of planned expenditure to be carried forward to 2012/13;
  - The Housing Revenue Account shows a surplus of £4.6m over the Latest Estimates mainly due to reduced capital programme funding required (-£4m);
  - The Council Tax collection rate was 98.9% and 98.5% for Business Rates, both of which are excellent;
  
- (2) the 2012/13 Capital Programme be increased by £1,636,100 comprising the following elements:
  - +£1,434,800 for Housing Investment Programme slippage;
  - +£231,200 for Other Services Capital Programme slippage;

- - £29,900 in respect of resources brought forward from the Other Services Capital Programme for 2012/13 to cover expenditure on Agile Working, Jubilee House Phase 1 and the Chase Meadow Community Centre;
- (3) the £98,900 budget for the Agile Working project in the 2012/13 Other Services Capital Programme be deleted with £30,000 being vired to a new project to update the Council's Virtual Desktop Interface (VDI) infrastructure so that the number of Home and Mobile Workers can be expanded with the resultant £68,900 saving being returned to the Council's unallocated capital resources;
  - (4) £15,000 be transferred from the General Fund to the Capital Investment Reserve in order to provide the finance for the Council's contribution to the RIBA D capital expenditure to be incurred on Jubilee House Phase 2 in 2012/13;
  - (5) the requests to carry £472,200 earmarked balances forward in respect of revenue slippage to 2012/13 be approved;
  - (6) that £50,000 be transferred to the Car Parks Repair and Maintenance Reserve for future works at Covent Garden Multi-storey Car Park;
  - (7) the resulting surplus of the above decisions, amounting to £333,000 be appropriated:
    - £140,000 to the General Fund Early Retirement Reserve;
    - £110,000 to the Equipment renewal Reserve;
    - £83,000 to the Services Transformation Reserve;
  - (8) the schedule of Budget Amendments for the year 2012/13 presented at Appendix 'L', be approved, totalling a £267,300 increase to the General Fund and a reduction of £7,200 to the Housing Revenue Account.
  - (9) the estimated deficit of £160,000 for 2012/13, be noted, with the planned savings giving an annual surplus of £244,000 by 2016/17.

(The Portfolio Holder for this item was Councillor Mobbs)

(Forward Plan reference 379)

18. **AMENDMENTS TO THE OFFICER SCHEME OF DELEGATION**

The Executive considered a report from Civic and Committee Services that advised of minor changes to the officer Scheme of Delegation for Community Protection & Neighbourhood Services.

The Policing Reform and Social Responsibility Act 2011 brought about changes to the Licensing Act 2003. One of the changes made was to make the Licensing Authority itself a Responsible Authority under the Licensing Act 2003, in addition to the existing seven other Responsible Authorities. The Home Office advised that the person nominated to act for the Licensing Authority should be an officer.

This would result in separate officers being involved in the representation process, one to act as the Responsible Authority and make the representation and one to write and present the report. However, officers did not feel that this statutory function would be exercised on many occasions because guidance stated that the Licensing Authority's function in this respect *must not* be triggered by requests to do so by the public, councilors or other Responsible Authorities as they were able to make representations independently in their own right.

To avoid the perception that the Local Authority is acting unfairly the scheme of delegation would allow the Head of Community Protection to delegate one officer to act as the Responsible Authority.

With regard to the Neighbourhood Services Aspect, a recent review of the Scheme of Delegation highlighted a number of issues which needed tightening up to enable continued effective service delivery.

One of these was to delegate authority to the Head of Neighbourhood Services to publish new orders in order to change off-street parking charges. At present, authority for this had to be sought through a decision a Council.

There were no alternative options available because these were statutory duties.

The Portfolio Holder for Neighbourhood Services, Councillor Coker, endorsed the report and stated that this was a tidying up exercise which would enable officers to work more efficiently than at present.

Having read the report, the Executive decided to agree the recommendations as printed.

**RECOMMENDED** the amendments to the scheme of delegation as attached at Appendix 1 to the report.

(The Portfolio Holders for this item were Councillors Coker and Shilton)

## 19. **EXPANSION OF BIOMASS HEATING PROGRAMME**

The Executive considered a report from Housing and Property Services requesting approval to install a biomass heating system at Tannery Court Sheltered Housing Complex. This was an additional site to the original proposal and followed the successful operation of a pilot installation at Oakley Woods Crematorium.

It had been recognised some time ago that the heating plant serving all five of the Sheltered Housing complexes was nearing the end of its useful working life, becoming increasingly difficult and expensive to maintain and had inherently poor energy-efficiency compared to modern alternatives.

This led to a rolling programme of boiler replacement that had seen two of the sites (Acorn Court and Chandos Court) re-fitted with modern, gas burning plant.

These heating systems were designed to capitalise on government incentives to encourage use of green energy and assisted in reducing bills, improving health and reducing the District's carbon footprint.

The recently announced Renewable Heat Incentive (RHI) offered grant funding to support the installation of renewable technology in place of conventional, and the Tannery Court site offered an ideal opportunity to realise the considerable financial and environmental benefits inherent in such a change. The annual grant would provide income for the first 20 years of operation and this should repay the initial investment in approximately 12 years.

The report requested that the Head of Housing and Property Services be permitted to seek tenders for the work and authorise the installation of the winning bidder's scheme assuming the financial benefits met or exceeded those offered by the draft design. In addition, members were asked to agree the inclusion of £176,000 in the Housing Investment Programme for the installation of the system, funded from the HRA Capital Investment Reserve.

There were a number of alternative options available including re-fitting the building with modern gas-burning plant, or indeed to continue with the existing system. However, this was not favoured due to concerns over the performance of the existing equipment and there was the benefit of long-term grant funding which offered defined benefit beyond repayment of investment.

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Officers agreed to email Councillor Syson in response to queries about gas boiler savings at Chandos Court and the level of chips available should there be a particularly hard winter.

In response, the Portfolio Holder, Councillor Vincett felt this was a difficult amount to quantify in the same way that supplies of any fuel were not within our control.

Having read the report, and having taken the Scrutiny Committees' comments into account, the Executive decided to agree the recommendations as printed.

**RECOMMENDED** that;

- (a) the Head of Housing & Property Services be approved to seek tenders for the installation of the proposed Biomass Heating system at Tannery Court, in full accordance with the Council's Code of Procurement Practice requirements, and to authorise the installation of the winning bidder's scheme assuming the financial benefits meet or exceed those offered by the draft design; and
- (b) up to £176,000 be included in the Housing Investment Programme for the installation of the system, funded from the HRA Capital Investment Reserve.

(The Portfolio Holder for this item was Councillor Vincett)  
(Forward Plan reference 412)