

MEETING OF THE COUNCIL

26 SEPTEMBER 2012

ITEM 7 – REFERRALS FROM CABINET

7.4 PERFORMANCE AND BUDGET MONITORING QUARTERLY REPORT QUARTER 1 – 2012-2013 (CA/098/12)

Decision

1. That the quarter one report on targets and performance and progress towards the achievement of the Council's Priorities and Vision be noted.
2. That the forecast outturn position be noted.
3. **That Council be recommended to approve that a supplementary estimate totalling £302.5k for consultancy costs and external data hosting costs arising from recommendations of the ICT service review be financed from earmarked reserves. (See Section 3.3 of the report).**

Reason for Decision

To note various types of performance and budget monitoring information collected and reported and to recommend Council to approve a supplementary estimate as detailed in the decision.

Implications

Financial

A summary of the Council's financial position for quarter 1, 2012/13 is included as Part B of the report.

Value for Money

In order to achieve 'value for money', services must demonstrate economy, efficiency and effectiveness. Performance information enables Members to review how effectively services are performing.

Risk Implications

Failure to meet corporate objectives and performance targets would have an adverse effect on the Council's performance management objectives and the Council's reputation.

Corporate Objectives

Effective service and financial performance supports all five of the Council's Strategic Objectives.

Advice

The Portfolio Holder for Finance and Resources introduced the report. He drew attention to the third recommendation, which recommended to Council a supplementary estimate of £302.5k from earmarked reserves, which was detailed in the report.

The underspend in pension costs due to employees opting out of the Local Government Pension Scheme was a saving to the Council but one that the Portfolio Holder for Finance and Resources said would pose a serious issue for those who felt they could not afford the contributions into such a good investment medium.

The Portfolio Holder for Finance and Resources said that the Housing Revenue Account was forecasting a surplus of £8.732 million which was £6.359 million more than anticipated. This was due to the excellent work by the Council, the quality of the teams in place and the fortuitous interest rates. He said that the intention would be to invest the balance in the service with a cautious approach. It would be necessary to get the policy right over the next five years rather than a quick fix.

The Portfolio Holder for Housing agreed and said it had been a big year of change for the Housing service and that there would be many more positive changes to come. She said the Council would adopt a prudent approach in order to ensure that plans could be delivered.

The Leader of the Council asked how the pension scenario would be affected by the future changes. The Corporate Director (Finance and Governance) said the changes would not come into force for Local Government until October 2013. Discussions were underway with Herts County Council on events and promotions. New starters would be automatically enrolled into the scheme. It was currently unclear if employees who had opted out of the scheme would need to be opted back in. Work would be carried out over the next few months on the budget implications and timescales.

The Corporate Director (Finance and Governance) referred to the Housing Revenue Account balance and said that discussions were underway on moving some of this into the earmarked capital reserve.

The Portfolio Holder for Planning and Regeneration asked if the interest rate quoted on page 8 of the report should state 3.35% rather than 3.3%. The Corporate Director (Finance and Governance) said it had been rounded but could be changed.

Options and Why Options Rejected

No alternative options were considered.

Consultation

Consultation took place with:

The Portfolio Holder for Residents and Regulatory Services;
The Portfolio Holder for Finance and Resources;
The Chief Executive, Directors, Assistant Directors and Group Managers.

Voting

None.

7.5 TREASURY MANAGEMENT OUTTURN AND PERFORMANCE INDICATORS 2011/12 (CA/099/12)

Decision

That Council be recommended to accept the Treasury Management Outturn and Performance Indicators for 2011/12.

Reason for Decision

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2011/12.

Implications

Financial

While the council attempts to maximise investment returns it only invests with the most highly rated financial institutions, as measured by independent advice and in line with its Treasury Management Strategy.

Value for Money

The Council's approach to treasury management (as summarised above) is designed to safeguard the Council's revenues. However it may result in the Council receiving a lower rate of income on its investments than it would if a higher risk approach was adopted.

Risk Implications

Good corporate governance encompasses risk management and making sure that the Council makes decisions with the full knowledge of the associated risks and opportunities. The risk of not reviewing and updating our corporate governance arrangements have been addressed by this report.

Corporate Objectives

Optimising investment income for General Fund and Housing Revenue Account budgets whilst managing investment risk is fundamental to achieving the corporate objectives.

Advice

The Portfolio Holder for Finance and Resources invited the Corporate Director (Finance and Governance) to introduce the report.

The Corporate Director (Finance and Governance) said that the debt and borrowing element of the Treasury Management Outturn and Performance Indicators would need Council approval for the first time. She drew attention to the investment rates and said that a rate of 1.03% had been achieved on internally managed funds against a targeted 0.94%.

Options and Why Options Rejected

No alternative options were considered.

Consultation

There was no consultation.

Voting

None.

7.6 CAPITAL STRATEGY STEERING GROUP REPORT ON REQUEST FOR CAPITAL APPROVAL (CA/100/12)

Decision

1. That Council be recommended to approve that the Capital programme is updated to include the following scheme detailed within the report:

Wick Road, Wigginton	£110,000
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2. That the following schemes, already within the approved Capital Programme, be authorised:

Play Areas	80,441
Stephyns Chambers – Affordable Housing Grant	180,000
Cavendish Court – Affordable Housing Grant	400,000
Housing Revenue Account New Build Budgets Programme	470,000

Reason for Decision

To approve capital provisions within the Capital Programme 2010/11 – 2015/16. This Capital Programme was approved by Council on 8 February 2011.

Implications

The proposal was in line with the budget and financial projections.

Risk Implications

None.

Corporate Objectives

Capital investment was important to the achievement of the Council's objectives.

Advice

The Portfolio Holder for Finance and Resources referred to the first recommendation regarding a Section 106 agreement for an affordable housing unit in Wick Road, Wigginton.

He said that the developer had been unable to find a Housing Association or a Registered Social Landlord to manage the property. The proposal was for the Council to purchase it on a shared ownership basis at a reduced rate. It was a compromise and provided a workable solution. The local Councillor was also happy with this approach.

With regard to the second recommendation, the Portfolio Holder for Finance and Resources said £80k for the play areas came from Section 106 monies. The affordable housing schemes were also within existing budgets and would provide affordable housing in areas where the Council was anxious to build. The Capital Strategy Steering Group and the Regeneration Group commended this recommendation to Cabinet.

The Corporate Director (Housing and Regeneration) said that with regard to Wick Road, the shared ownership proposal provided a solution to a problem. He said that one option of shared ownership was to get it back over time. It allowed flexibility and at worst, it could be rented if it proved difficult to sell.

The Portfolio Holder for Residents and Regulatory Services asked if the wording in paragraph 5.4 of the report was correct. The Assistant Director (Finance and Resources) said it had been taken from the risk register. It should state *'If this does not go ahead, the Council will not meet the needs of the 6,000 households on the Housing Register by providing affordable homes'*.

The Portfolio Holder for Housing said it was excellent that there was discussion regarding buying and building new houses.

The Leader of the Council sought clarification on the proposal at Cavendish Court as this was already a privately owned block of flats. The Corporate Director (Housing and Regeneration) said it was a new build of additional units, but would check its precise location.

Options and Why Options Rejected

No alternative options were considered.

Consultation

Consultation took place with the Capital Strategy Steering Group.

Voting

None.