

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 26th November 2019

Time: 10.00a.m. – 11.35a.m.

Present: Councillors Bailey, Bywater, Connor (substituting for Councillor Bates), Count (Chairman), Criswell, Dupre, Hickford, Hudson, Jenkins, Kindersley, Meschini, Sanderson, Schumann, Shuter and Whitehead

204. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were received from Councillor Bates.

No declarations of interest were made.

205. MINUTES – 22ND OCTOBER 2019 AND ACTION LOG

The minutes of the meeting held on 22nd October 2019 were agreed as a correct record and signed by the Chairman. In noting the action log, attention was drawn to two ongoing actions. Members were informed that action 200(c) should be closed as there was no further information to report.

206. PETITIONS AND PUBLIC QUESTIONS

No petitions or public questions were received.

207. FINANCE MONITORING REPORT – SEPTEMBER 2019

The Committee was presented with the September 2019 Finance Monitoring Report for Corporate Services and LGSS Cambridge Office, which was showing a forecast underspend of £834k. There were no new exceptions to report.

It was resolved unanimously to review, note and comment upon the report.

208. INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 30TH SEPTEMBER 2019

The Committee was informed that a forecast year-end pressure of £0.65m was being predicted, which was a slight improvement on the previous month. The underspend forecast for Community Transport had increased and there was an improved position in relation to block placements. Contract efficiencies remained a pressure and work was underway to achieve the target. Attention was drawn to an action proposed in relation to the School Improvement Grant, the Savings Tracker showing the Council on track to deliver £14m of savings against its original plan, additional prudential borrowing of £73m in 2019/20 for commercial investments, the transfer of £800k Section 106 funding to Cottenham Parish Council to provide new early years and childcare places, and outstanding debt which would be reviewed Audit and Accounts Committee in January.

In considering the level of debt outstanding, it was acknowledged that a significant amount of the debt relating to Adult Social Care was NHS debt. However, the Chairman queried the breakdown of the sundry debt. The Head of Finance reported that some of this debt related to the secured financing of LGSS Law Limited, which was owned by the Council, Northamptonshire County Council and Central Bedfordshire Council. Commercial and Investment (C & I) Committee would be taking a detailed look at the company to see whether it could be financed better in order to repay the shareholder councils. The Chairman requested that a briefing note on all aspects of outstanding debt be prepared and circulated to the Committee. **Action Required.**

One Member drew attention to Section 7.8 of the report, she queried what the £4.1m investment to fund the cost of prudential borrowing of £73m would bring in. The Head of Finance reported that after finance charges there would be a net income of £4.7m. She questioned the return on the prudential borrowing of £73m and the length of time it would take to pay it back. The Chairman proposed that a note be circulated to the Committee explaining the process, which he believed was very positive. **Action Required.** The Chairman of C & I Committee reported that the £4.1m investment was predicated on multiple investments. In response to a query about the end date for the capital investments, it was noted that there was no real end date other than the Council owning the asset out right. The Committee was reminded that there was a Commercial Strategy detailing all investments which included exit strategies. The Chairman of General Purposes Committee reported that he had a high degree of confidence in the process.

Another Member questioned whether the whole of the School Improvement Grant was used for schools. He was aware that the Council had received more money than it had budgeted for and asked why the Council did not vire over whatever figure was in excess of the budget. The Head of Finance acknowledged that the Council had received more than it had budgeted for but all the funding was spent on schools. The virement proposed in the report was effectively topping up the funding at the outset to avoid the need to keep coming back to committee. Members were reminded that the Chief Finance Officer had delegated powers to vire funding up to £175k to deal with any further changes during the year.

One Member highlighted the proposal to transfer £800k Section 106 funding to Cottenham Parish Council and queried whether all the funding would be spent on providing new early years and childcare places. The Head of Finance reported that this was part of the conditions set out in the transfer. The Chairman of Children and Young People Committee explained that this proposal had been well received by the Committee particularly as it was likely to cost the Council more to find and fund these places. Council officers would be working closely with the provider identified by the Parish Council. Another Member commented that the Council needed these places and without this proposal would have to find them itself.

The Chairman drew attention to the in-year underspend for investing in Connecting Cambridgeshire. He explained that the project was performing well with the superfast broadband rollout reaching over 97% of homes and

businesses. It was noted that the underspend of £11.4m was due to the nature of the contract and the fact the majority of costs were back-ended.

It was resolved unanimously to:

- a) Approve the virement of £230,000 for the increased School Improvement and Brokering Grant from the corporate grants section of Funding items to People and Communities so that it could be used for its intended purpose, as set out in section 4.2;
- b) Note the additional 2019/20 contributions of £360k expected in relation to Combined Authority Schemes, as set out in section 7.7.
- c) Approve additional prudential borrowing of £73m in 2019/20 for Commercial Investments, as set out in section 7.8;
- d) Approve the transfer of £800k Section 106 funding to Cottenham Parish Council, subject to:
 - i. The satisfactory conclusion of a funding agreement; and
 - ii. Cambridgeshire County Council being engaged in an ongoing advisory role to Cottenham Parish Council (and the provider) to ensure that its preferred early years and childcare provider prepares a sustainable business case so that it can provide high quality* and financially sustainable early years and childcare places in the newly built facility. (**Ofsted Good or Outstanding and a minimum of three years engagement with the Early Years' Service or another quality improvement provider.*)

As set out in section 7.9 of the report.

209. CORPORATE DIRECTORATES' RISK REGISTER

The Committee considered a report detailing a six monthly update on the current Corporate Directorates' Risk Register. The risk appetite for all risks had been set at 16 (4 Likelihood/4 Consequence). There were no risks that were currently scoring 16 or higher. Attention was drawn to the highest scoring risks, which each had a set of controls and mitigating actions to manage risk.

One Member queried whether the stability of risks was increasing or reducing. The Business Improvement and Development Director reported that the previous risks were stable but there were some newly developed risks.

Another Member drew attention to the risk "Staffing resources are not sufficient to meet business need", he queried whether it related to not being able to find or keep staff and providing sufficient funding. The Chairman acknowledged that all these factors could impact on this risk. However, the Likelihood had been marked as a 3 and the Consequence a 4. The same Member queried whether the Corporate Risk Register had a higher score for this risk.

The Business Improvement and Development Director reported that she would need to investigate but she did not think it had a higher score. There were risks associated with specific teams such as social workers but for these teams each had a separate risk listed. The Chairman of Staffing and Appeals Committee reported that the last workforce review had not indicated high levels of sickness or staff turnover.

One Member queried why some risks did not have Likelihood/Consequence scores and none had target scores. It was noted that it was not intended to have a target, and some risks did not have any likelihood factors. It was therefore suggested that the report should indicate none for the latter.

It was resolved unanimously to note and comment on the Corporate Directorates' Risk Register.

210. TRANSFORMATION FUND MONITORING REPORT QUARTER 2 2019-20

The Committee received a report detailing progress in delivery of the projects for which transformation funding had been approved at the end of the second quarter of the 2019/20 financial year. There were two projects marked as amber with the rest marked as green or blue. It was noted that requests for transformation funding were still coming in and more projects would be undertaken as part of the business planning process.

It was resolved unanimously to note and comment on the report and the impact of transformation fund investment across the Council.

211. TREASURY MANAGEMENT REPORT – QUARTER TWO UPDATE 2019-20

The Committee considered the second quarterly update on the Treasury Management Strategy 2019/20, approved by Council in February 2019. Attention was drawn to the surprise move by Government on 9 October 2019 to increase with immediate effect the interest rates offered on new Public Works Loan Board (PWLB) loans by doubling the margin applied from 1% to 2%. This action had been taken to address the growing demand in borrowing by local authorities to invest in commercial property to produce a financial return to underpin front-line services. However, a number of local authorities, including the County Council, had used the lowest interest rate in history of 1.45% to fix out long term loans. It was hoped that PWLB interest rates would return to normal levels following this national increase. As such this action had increased the attractiveness of the Municipal Bonds Agency.

The Chairman drew attention to the fact that the Council had taken advantage of the low PWLB interest rates to secure £70m over 30 years on an Equal Instalment of Principal basis at 1.45%. He reported that PWLB rates were based on the Bank of England rate and Government borrowing. He therefore suggested that Brexit and a number of outcomes proposed as part of the election would create uncertainty in the international markets. However, the latter was not reflected in the report. The Chief Finance Officer (CFO) added that the borrowing of any incoming Government would drive up gilt rates and PWLB rates. It was noted that the report had been drafted before the political

manifestos had been published but it would be revised to reflect the outcome of the election result.

One Member highlighted the impact of the change in PWLB interest rates on Town and Parish Councils who relied on this funding to purchase property including property from the County Council which was redundant for Council use but could be used and maintained by the community. He questioned whether the Council had written to the PWLB in particular to request a split rate. The Chairman reported that the Council through the Local Government Association (LGA) and County Councils' Network had made representations regarding this unwelcome rise. He explained that some of the funding was necessary to build schools for example. The PWLB had also been asked to consider a split rate. The same Member queried whether the amount of money loaned by PWLB was reflected in the national debt whilst municipal bonds were not. The CFO reported that he would need to investigate.

Action Required.

It was resolved unanimously to:

- a) Note the Treasury Management Report.
- b) Forward to Full Council for approval.

212. GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENT TO OUTSIDE BODIES, AND INTERNAL ADVISORY GROUPS AND PANELS

The Committee considered its agenda plan.

It was resolved unanimously to review the agenda plan.

213. DRAFT 2020-21 CAPITAL PROGRAMME AND CAPITAL PRIORITISATION

The Committee received an overview of the full draft Business Plan Capital Programme and results from the capital prioritisation process. The CFO explained that this report provided an opportunity to consider feedback from Service Committees in October before it was brought back to Committee in January for the final programme to be presented to Full Council in February. The Chairman reminded the Committee that Appendices A and C were confidential as it was not appropriate to inform potential bidders of the financial targets against each scheme. However, the overall level of borrowing was in the public domain.

The Chairman queried changes to the contingency used to address the phasing of schemes. The CFO reported that the in-year contingency had been set aside a number of years ago because funding in the capital programme reflected activity more accurately. The need for a contingency would diminish over the next couple of years as the accuracy of the profile increased.

One Member reminded the Committee of the challenges to the accuracy of the programme particularly in relation to the school building programme,

which was linked to housing. The CFO acknowledged that the most challenging part of the capital programme was linked to housing development. However, it was expected that the Council should know the number of school places required for the next two years to ensure the accuracy of the delivery of the programme. The Chairman added that although schools were the largest part of the Capital Programme, it was pleasing to note that more were on target.

Another Member requested a briefing note on the timescale for the projects listed in section 2.3 of the report. The CFO agreed to circulate a confidential briefing note. **Action Required.**

One Member queried in Appendix A the Council's previously agreed financial support for the A14, which from memory he believed had involved new borrowing. The CFO reported that the payment was not in a lump sum but annual and it was not legally possible to borrow money in advance of need. Additionally it appeared to be part of the Transport block allocation funding. After so many years, the Chairman asked the CFO to investigate and clarify the payment mechanism and circulate an email to members. **Action Required.**

It was resolved unanimously to:

- a) Note the overview and context provided for the 2020-21 Capital Programme
- b) Note and comment on the results of the capital prioritisation process, taking into consideration the most up to date estimations for financing costs and the overall revenue position
- c) Comment on the draft proposals for the full 2020-21 Capital Programme and endorse their development

214. LGSS OPERATING MODEL

The Committee was reminded that the background to this report had been set out in the report considered at its last meeting regarding the repatriation of Professional Finance and Democratic Services. It was now being asked to consider the proposed next stages and direction of travel for the future operating model to support the delivery of the Council's support service functions. The review carried out by CIPFA had highlighted the differential in cost to serve which was lower for Cambridgeshire. However, this derived from the starting position of Cambridgeshire and Northamptonshire County Councils (NCC).

Challenges had been made to the scope of services within LGSS as there was no demonstrable evidence for some that they had benefitted from any sharing. As a result, some services had already been repatriated to the host authorities and others would follow as part of the next phase. Over the last twelve months, the partners had been discussing how the partnership could move to a new operating model yet still retain some of the benefits, which primarily related to transactional back office functions that had demonstrably

accrued to all partner organisations. It was noted that the timing of these changes needed to take into account the future tenure of NCC.

The Chairman reminded the Committee that both Councils when entering into the arrangement had been satisfied that it had been fair. However, over the years circumstances had changed and it was no longer satisfactory. He reported that he had met the Leaders of NCC and Milton Keynes Council (MKC) to design a process which was fit for purpose particularly after NCC turned unitary.

Councillor Kindersley, speaking as one of the Council's representative on the LGSS Joint Committee, paid tribute to the CFO for negotiating this outcome with his fellow Section 105 Officers. However, he expressed concern about the poor public representation and transparency of LGSS particularly in relation to its audited accounts. He therefore hoped that any new system would be transparent to the public.

The Chairman echoed the thanks to the CFO and highlighted the extremely challenging Leaders meeting which had been facilitated by the LGA. The CFO reminded the Committee that LGSS was not a corporate body so did not need to have a set of accounts. The LGSS Joint Committee had agreed that notional accounts for LGSS should be audited by KPMG. He acknowledged that a key issue had been the lack of transparency. The new Lead Authority model would be simpler and very transparent with no management overheads. He highlighted the fact that the County Council would be the lead authority for accounts payable and as such he would be responsible for reporting to NCC and MKC.

One Member queried what services would be left in LGSS. It was noted that it would include transactional services such as payroll, accounts payable and receivable. It was noted that IT would be repatriated but there would be benefits to sharing infrastructure across the three organisations.

It was resolved unanimously to:

- a) Note the content of the report;
- b) Accept the proposed future direction of travel for the Council's support services;
- c) Recognise the financial and operational benefits that the LGSS shared services model had delivered for the residents of Cambridgeshire but;
- d) Acknowledge that the future operating and financial models would result in a significant increase in costs to this Council and note that an estimate of these additional costs have been provided for within the latest Business Plan.

215. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

That the press and public be excluded from the meeting during the consideration of the following report on the grounds that it was likely to involve the disclosure of exempt information under paragraphs 3, 4 & 5 of Schedule 12A of the Local Government Act 1972 as it referred to information relating to the financial or business affairs of any particular person (including the authority holding that information), information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority, and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

216. LEARNING DISABILITY PARTNERSHIP – BASELINE 2020-21 (POOLED BUDGET REVIEW)

The Committee received a report on the Learning Disability Partnership.

It was resolved unanimously to approve the recommendations contained in the report.

Chairman