

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE RESOURCE AND PERFORMANCE SCRUTINY PANEL

Held in the Council Chamber, The Symington Building,

Adam and Eve Street, Market Harborough

19th May 2016

Commencing at 6.30p.m.

Present:

Councillor Mrs. Ackerley, Chairman.

Councillors: Mrs Beesley-Reynolds, Mrs Burrell, Dann (ex officio), Evans (from 6.37 pm), Graves, Hadkiss, Dr Hill, Modha and Spendlove-Mason.

Officers: G. Keeping, N. Proudfoot and S. Riley.

603 APOLOGIES FOR ABSENCE AND NOTIFICATIONS OF SUBSTITUTION

Apologies for absence were received from Cllrs Bilbie and Knowles. Cllr Mrs Burrell substituted for Cllr Knowles.

604 MINUTES

RESOLVED that: the Minutes of the Meeting of the Resource and Performance Scrutiny Panel held on 25th February 2016 be taken as read and signed by the Chairman as a true record.

605 DECLARATIONS OF MEMBERS' INTERESTS

None reported.

606 CORPORATE RISK AND OPPORTUNITY REGISTER, QUARTER FOUR 2015/16

Members considered the Corporate Risk and Opportunity Register at the end of Quarter Four of the 2015/16 year and S. Riley, Head of Finance and Corporate Services and Section 151 Officer, outlined the key Corporate Risks to the Council.

The Chairman invited questions and comments from those present and the following was recorded:

Question/ Comment	Response
<u>General</u> : How does the risk assessment procedure take account of unexpected and unthought of events?	There are a number of mechanisms in place to reduce the number of surprises and to manage the potential effect of these, should any occur. This forms part of the Council's annual Assurance Statement.
<u>General</u> : What are the reasons for a number of items moving from 'green' to 'amber' during Quarter Four?	With respect to CR15, the increase in risk was due to a residual gap in Leicestershire County Council's Medium Term Financial Strategy which led to an update in the amount of savings required. Due to the interdependence of public sector funding, it was considered that this might

	have an, as yet unknown, impact on this Council's finances.
<p><u>CR11 – The Constitution:</u> (i) Why has the risk associated with this item moved from 'green' to 'red'?</p>	<p>The review of the Constitution has not progressed as quickly as had been anticipated. The reasons behind this have been assessed and the review should be completed before long.</p>
<p><u>Red Risks:</u> Several of the red risks relate to financial issues. Why is this, given that the Council's finances are in a good state overall?</p> <p>Specifically: (i) <u>CR24 – Changes to New Homes Bonus (NHB):</u> is this a financial risk, or is it linked to a potential delay in producing the Local Plan? (ii) <u>CR 25 – Delivery of services in the medium term:</u> is this a significant risk, given the Council's reserves?</p>	<p>Yes, the Council's finances are healthy and backed by reserves, but the budget needs to be sustainable. Overall, however, there is a degree of volatility in areas that may impact on the budget and also a number of factors whose impact is uncertain at this stage.</p> <p>(i) Changes to NHB will impact the Council in a number of areas and the risk is therefore considered to be significant. Issues relating to the Local Plan are a factor, but volatility in funding streams is also a factor behind the risk rating. (ii) The Council's Medium Term Financial Strategy assumes certain levels of external funding over the next three years. For example, the Council has appeals provision of £5M, which has to be set aside and cannot be used to support day-to-day activity. This uncertainty has the effect of increasing overall risk.</p>
<p><u>CR 28 – Clawback of ERDF funds:</u> more information was requested on this item relating to the Harborough Innovation Centre (HIC) and whether the Council had budgeted for any repayment of grant to the ERDF.</p>	<p>HDC signed up to a funding model for ERDF grant at the time that the HIC project was progressing. The HIC has proved to be a success and following an audit of their funding in 2015, the ERDF has requested a clawback of funding of £365K of its funding to cover the period 2011-2021. The Council is discussing the detail of this request with the Government Office. Advice is also being sought on how the Council should deal with the request and account for any repayment within its budget.</p>
<p><u>S106:</u> It seems possible that issues relating to the delivery of S106 infrastructure, especially in relation to the Market Harborough SDA, may need to be considered from a risk management perspective in the next twelve months.</p>	<p>The governance of S106 arrangements relating to the SDA area will be considered as part of the next quarterly risk review.</p>
<p><u>Corporate Opportunities:</u> Why is the table for opportunities laid out in the same way as for risks? The action taken appears to be reducing the opportunity score, when one would expect it to be increased. Are the risk colours reliable?</p>	<p>A check will be made on the methodology used for reporting opportunities.</p>

The Panel NOTED the report.

607 TRADED & COMMERCIAL SERVICES

Members considered issues relating to the Council's approach to charging and trading. The report set out the situation in respect of the powers available to charge and / or undertake traded and commercial services and the issues relating to the development of a more commercial approach to services.

The Chairman invited questions and comments from those present, especially in relation to Section 3 "Points for Discussion", and the following was recorded:

Question/ Comment	Response
<u>Overarching principles:</u> It would be helpful to see the development of a set of overarching principles to guide future discussions on the Council's way forward in this area.	The Council's operating model is set out in paragraph 2.12 of the report, but a set of principles might be useful.
<u>Marketing review of services:</u> Paragraph 2.10 of the report identifies the marketing review of Trade & Commercial Waste, Lifeline Services and Building Control. What is meant by the phrase "constrained by fees and charges constraints"?	The fees and charging regime requires that the Council should just seek to recover its costs. The Council must be careful to ensure that it cannot be challenged with distorting the market. Advice is being sought from other authorities and also from outside.
<u>Comments on "Points for Discussion" - Creation of a Trading Company:</u> <ul style="list-style-type: none">• the Council could become more commercially focussed, without the need of forming a trading company, just by becoming better at what it does already;• Commercial skills could be acquired relatively easily, but a trading company might bring with it the need to make a 'profit';• Combining with other authorities might make trading more efficient than standing alone.	

In conclusion, the Panel:

- (i) NOTED the report; and
- (ii) **RECOMMENDED to The Executive that the Council should not, at this stage, pursue the creation of a trading company.**

608 MATTERS OF SPECIAL URGENCY

None were reported.

The Meeting ended at 8.04 p.m.