



**Cabinet recommendations for consideration by Council
at the Annual Meeting of the Council on Wednesday, 8 May 2013**

Cabinet – 23 April 2013

172 Finance Update

The Cabinet considered Report No 65/13 which provided an update on financial matters that affected the General Fund Revenue Account, the Housing Revenue Account and the approved Capital Programme.

Final negotiations were currently taking place with the Council's insurer, Zurich Municipal (ZM), in respect of the premia and cover for 2013/2014 for which the net cost to the Council was approximately £410,000 which was in line with the 2013/2014 budget and represented an increase of less than 1% on 2012/2013.

The Council's current contract with ZM had started in April 2009 and was scheduled to run until 31 March 2014. Work was to commence shortly on procuring a long term contract for insurance cover from that date, options for which included:

- Standalone full tender following OJEU procurement process;
- Standalone mini-tender under existing Framework agreement; and
- Joint procurement exercise with other Sussex authorities.

At recent customer meetings, ZM had indicated that the current backdrop to renewals and tender exercises was one of increasing premiums. Therefore, during the lead in to the procurement exercise, it was essential to identify any areas where it might be cost effective to reduce cover and adopt a self-insured approach, and to ensure that the value of property and contents upon which premiums would be based, were appropriate. During the lead in to the April 2013 renewal, some such work had taken place which had

helped to reduce premiums by £3,392.

In 2012/2013 there had been 41 incidents which had led to insurance claims on the Council's insurance, 10 minor incidents settled direct with the third party, as well as numerous incidents which were successfully repudiated without referral to ZM or making any payments. The post of Insurance Officer was currently part-time at 20 hours per week however, the management of that number of incidents meant that the Insurance Officer had only limited capacity to address other essential tasks including the forthcoming tender exercise.

In order to address the shortfall in resources, Cabinet was requested to extend the hours of the Insurance Officer post to that of one full-time equivalent, on a permanent basis, at an additional annual cost of £16,900, the proposed funding for which was detailed in the Report.

Paragraph 8 of the Report set out details relating to the Air Quality Action Plan Project for which the Council, with the agreement of the Department for Environment, Food and Rural Affairs (DEFRA), was to use £33,000 of Air Quality Grant monies which it had received in previous years to support a scheme that would improve the flow of traffic through the Lewes Air Quality Management Area, reduce congestion and associated tail pipe emissions.

The proposal involved carrying out works to change priorities at a road junction in Lewes town centre which would be implemented through East Sussex County Council as Highways Authority. The Council's funding of the scheme was to be accounted for as capital expenditure and included in the 2012/2013 General Fund Capital Programme.

Paragraph 4 of the Report set out details of a proposed change to the Council's budget management procedure for which the revenue budgets for individual services were divided into 'resource estimates' including employees, premises, transport and supplies and services.

The Council's Financial Procedure Rule 3.6.1 enabled Designated officers to transfer money from one resource estimate to another with the prior approval of the Director of Finance. However, that standard rule was qualified in the case of transfers to or from the resource estimate for Employees which needed to be supported by the Director of Finance, authorised by the Leader of the Council and reported to the next available meeting of Cabinet.

The Report suggested that, during the current period of rapid change in local Government, a more flexible approach was required. Whenever a vacancy arose, the foremost driver was to treat it as an opportunity to drive efficiency savings. The Report therefore proposed that the Chief Executive approve interim arrangements from vacancy savings that would contribute to the delivery of priority services and position the Council to maximise its investment and returns from Agile Working. If implemented, the arrangements would be structured to ensure that there was no addition to

the Council's recurring base budget and that the arrangements would be of a short term or temporary nature.

Paragraph 7 of the Report set out details of the action that had been taken to award contracts for the purchase of play equipment and safety surfacing from sole suppliers for which tenders or quotations had not been sought from a range of suppliers.

Resolved:

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| 172.1 That the request to extend the hours of the post of Insurance Officer to that of one full-time equivalent, as explained in paragraph 5.2 of Report No 65/13, be approved; | DF/ IHHR |
| 172.2 That the action taken to award contracts for the purchase of play equipment and safety surfacing from sole suppliers, as explained in paragraph 7 of the Report, be noted; | |
| 172.3 That an amendment be made to the General Fund Capital Programme 2012/2013 to include the Air Quality Action Plan Project as explained in paragraph 8 of the Report; | DF |
| 172.4 That the proposed change to the budget management procedure, as detailed in paragraph 4 of the Report, be endorsed; and | DF/ CHLDS
(both to note) |
| 172.5 That the remainder of the Report be received and noted. | |

It was further

Recommended:

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| 172.6 That the change to the budget management procedure, as detailed in paragraph 4 of the Report, be agreed and that the Council's Constitution be amended accordingly. | DF/ CHLDS
(both to note) |
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Reasons for the Decisions:

A Report on funding issues in relation to the Council's General Fund Revenue Account, Housing Revenue Account and Capital Programme is made to each meeting of Cabinet to ensure that the Council's financial health is kept under continual review. It is essential to ensure that the Council has a sound financial base from which to respond to changing activity levels and demand for statutory services and to ensure that, when appropriate, its finances are adjusted in response to reducing income levels and inflationary pressures on expenditure.

The Council's Treasury Management function deals with very large value transactions on a daily basis. It is essential that the Council is satisfied that appropriate controls are in place and in accordance with the Code of Practice on Treasury Management in the Public Services prepared by the Chartered Institute of Public Finance and Accountancy and adopted by the

Council.

- † *The Recommendation, and not the Resolutions, in the above Minute is for consideration by Council.*

Councillors are requested to bring with them to the meeting Report No 65/13 which was circulated with the agenda papers for the meeting of the Cabinet on 23 April 2013. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail trevor.hayward@lewes.gov.uk or telephone 01273 484122