

**COUNCIL
26 JUNE 2002**

EXECUTIVE REPORT

Since the report made to the Council meeting on 29 May, the Executive has met on 18 June to take Executive decisions and these are brought to the attention of the Council in this report.

1 POLICY AND PERFORMANCE PLAN

Under the Local Government Act 1999 all Local Authorities are required to publish a Best Value Performance Plan each year. The Executive has now considered a final draft of the Policy and Performance Plan which incorporates the Best Value Performance Plan for 2002/03. Although this is a final draft and is subject to further amendment when additional key information becomes available from the Audit Commission, the Executive nevertheless recommends adoption by the Council at this stage subject to further updating as necessary. This plan forms part of the Council's Policy Framework which must be adopted by the full Council and therefore appears as a separate item on the agenda for tonight's meeting.

2 ADULT LEARNING PLAN 2002/03

The Council's Adult Learning Plan is also part of the Council's Policy Framework and appears elsewhere on the agenda for tonight's meeting. It has been approved by the Executive and, subject to adoption by the Council, will be the basis for receiving grant funding from the Learnings and Skills Council Adult and Community Learning Fund.

3 TREASURY MANAGEMENT ANNUAL REPORT AND STRATEGY DOCUMENT

Treasury Management in Local Government is regulated by the CIPFA Code of Practice on Treasury Management in Local Authorities. This Code was substantially revised in 2001 in order to reflect developments since the previous update in 1996. The Code requires a report to be submitted to the Executive to approve the adoption of the new revised Code and for the Executive to receive the following reports on an annual basis:

Annual Strategy and Plan for the Forthcoming Year
Annual Year End Report.

The Executive has adopted the key recommendations in the Code of Practice described above and has adopted a Treasury Management Policy Statement stating the policy and objectives of Treasury Management activities as well as appropriate Treasury Management practices which describe how the organisation will seek to achieve the policy and objectives and manage and control the activities involved. Reports on Treasury Management policies, practices and activities will be brought to the Executive together with an annual strategy and plan and year end report and these documents will be published as part of the Executive agenda. Responsibility for the implementation and monitoring of Treasury Management policies and

practices will be undertaken by the Executive and the execution and administration of Treasury Management decisions will be delegated to the Borough Finance Officer acting in accordance with the policy statement and other relevant standards as described above.

4 PROVISIONAL OUTTURN REVENUE EXPENDITURE 2001/02 AND COMMITMENT BUDGET 2003/04 – 2005/06

The Executive has been notified of the latest projected outturn expenditure position for the financial year 2001/02 and the issues that are likely to impact on the Council's budget in future years. This represents a first step towards considering proposals for the budget strategy for 2003/04 and beyond.

The finally approved expenditure level for 2001/02 amounted to £88.43 million and the provisional outturn expenditure is £88.712 million. This represents a variation of £0.247 million after allowing for approved carry forwards and earmarked reserves. This represents an overall underspend of 0.3% against total planned expenditure and must be seen as a considerable achievement which fully justifies the corrective actions taken by the then Strategy and Policy Committee in the light of a predicted overspend last autumn of around £1.75 million.

The Council is further advised that some unspent budget provision will be carried forward into the current year in respect of the match funding for Standards Fund Grant Allocations within Education. It is currently estimated that £0.253 million will be carried forward subject to final completion of the grant claims for 2001/02.

Looking ahead the Council's base budget for 2002/03 is anticipated at £90.23 million rising in each of the three years to 2005/06 to £92.80 million excluding the impact of future inflation. Because the government will not be consulting on, its proposed significant changes to the SSA methodology until September, it is very difficult to predict the level of resources that will be available next year. This inevitably adds uncertainty to our financial planning. However, at present, the best estimates remain consistent with the Medium Term Financial Strategy that the Council has been following for the last three years and the Executive will continue with the actions necessary for the Council to achieve a "soft landing" when expenditure must match the level of annually generated resources in three years time. The next stage of this strategy will be considered at the July meeting.

5 CAPITAL PROGRAMME OUTTURN 2001/02

The Council has previously approved a Capital Programme for the period 2002/03 – 2004/05 and the Executive has now reviewed the latest projected Capital Outturn expenditure position for 2001/02. Inevitably there is a carry forward of approved expenditure which has not been incurred by 31 March in to the current year. In reviewing the outturn, approval has been given to:

- Carry forward of £6.935 million from the 2001/02 Capital Programme;
- The provisional financing of capital expenditure from usable capital receipts, provision for credit liabilities, government grants/contributions and available Section 106 Funds;
- The reallocation of town centre enhancements budget and CCTV budget to enable work to car park escalators to be carried out in the current year;

- The allocation of rolling programme areas in the current year's capital programme.

In addition the Executive has noted that the release of Section 106 Funding for individual schemes currently requires approval by the full Council. This has also been considered by the Constitution Review Group at a recent meeting who concur in the following recommendation:

RECOMMENDATION – THAT INDIVIDUAL EXECUTIVE MEMBERS BE AUTHORISED TO APPROVE CAPITAL EXPENDITURE OF UP TO £250,000 FOR INDIVIDUAL SCHEMES FINANCED BY SECTION 106 MONIES, SUBJECT TO AN OVERALL LIMIT SPECIFIED IN THE CAPITAL PROGRAMME EACH YEAR.

6 FINANCE BEST VALUE REVIEW

The Finance Best Value Review commenced in January 2001 with a scoping document endorsed by the Members' Panel on 18 June 2001. Following discussions with the Best Value Inspector a review of procurement was also undertaken by a Sub Group as part of the Finance Review. The review has now been completed and has been considered by the Executive which also received the advice from the Select Committee on Corporate and Resource Issues which considered the review on 13 March 2002. A number of significant issues have been identified as a result of the review and a comprehensive improvement plan has been drawn up to address those issues. In total the review has produced 37 recommendations and a wide range of actions which have been incorporated in the improvement plan. These actions will address the service and cost issues identified and, together with the implementation of the replacement financial system, will achieve annual revenue savings of £460,000 by 2005/06 – a reduction in the cost of providing financial services of 11% compared to the current year. As such the review must be seen as a major success, particularly as implementation of the proposals will maintain the robust financial controls that are a key feature of the Council's management arrangements whilst increasing the flexibility and responsiveness of financial services.

7 BRAKENHALE SCHOOL: RESOURCES FOR IMPROVEMENT

The Executive Member for Education and the Director have been working closely with the governing body of Brakenhale School to secure and sustain improvements in school performance. A paper was taken to the governing body at its meeting on 27 May with a number of collaborative proposals which have been accepted by the governing body. The approach used has also been endorsed by the DFES Standards and Effectiveness Unit. A number of the agreed actions can only proceed with additional resources provided by the Council. The Executive has carefully considered those elements of the proposed improvement programme and have agreed to the allocation of £97,000 from the contingency fund in the current year for these purposes. In addition in order to ensure continuity of funding as far as possible, the Executive have agreed that within the overall budget framework approved by the Council, a sum of up to £0.172 million will be included in the commitment budget for 2003/04, subject to the availability of government funding, reducing to £0.145 million and to £0.082 million in 2004/05 and 2005/06 respectively.

8 LOOKING AHEAD

The Executive's next Forward Plan for a four month period will be published on 1 July and will be available for inspection at Easthampstead House. Currently the Executive will be dealing with several important strategies and other topics at its July meeting and members should contact the appropriate Executive member or Director if they require further information at this stage.

In addition of course the negotiations on the Council's Public Service Agreement are now reaching a conclusion and I would remind members that the Inspection Team dealing with our Comprehensive Performance Assessment will be carrying out the onsite field work from 15 – 26 July.

Doc. Ref

committee/ctees/docs may 2002 – april 2003/council/26 june 2002/executive report to council.doc