

CORPORATE SERVICES SCRUTINY COMMITTEE

Thursday 22 March 2018

Present:-

Councillor Greg Sheldon (Chair)
Councillors Warwick, Harvey, Holland and Owen

Also Present

Chief Finance Officer, Corporate Manager Democratic and Civic Support and Democratic Services Officer

10 **MINUTES**

The minutes of the meeting held on 25 January 2018 were taken as read and signed by the Chairs as a correct record.

11 **DECLARATIONS OF INTERESTS**

No declarations of disclosable interest were made.

12 **QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19**

One member of the public, Mr Cleasby, submitted a question under Standing Order 19, in relation to the budget.

Councillor Pearson, as Portfolio Holder for Support Services, responded and a copy of the question and response is appended to the minutes.

13 **QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20**

In accordance with Standing Order No 20, three questions were submitted by Councillor Musgrave.

A copy of the questions had been previously circulated to Members, and together with the responses from Councillor Pearson, the Portfolio Holder for Support Services are appended to the minutes.

14 **OVERVIEW OF REVENUE BUDGET 2017/18**

The Chief Finance Officer presented the report on the Revenue Budget for 2017/18, advising Members of the overall projected financial position of the HRA & General Fund Revenue Budgets and for Members to note the Council's projected financial position and approve any additional expenditure required during the financial year.

He provided Members with the budget variance over and under spends for the general fund, HRA and Council own build houses. Members were referred to the key variances of the report, which highlighted the net interest underspend. Advice has been received recommending to avoid longer term borrowing to reduce the interest spend. The repayment of debt was lower than forecasted.

In response to questions from Members, the Chief Finance Office responded:-

- The £110,000 expenditure for major projects for Place Scrutiny Committee, covered the compensation payment to Stagecoach as a result of the termination of their lease;
- There were challenges with spending this year, which if property fund underspend money were to go into the general fund balance, would need approval by full council;
- During quarter one, there was an over spend on services, which the Leader had asked the Directors to address. Quarter two spending had broken even;
- There was a typo in the outstanding sundry debt text of the report, which would be amended;
- A detailed explanation would be requested from the Customer Access team about the housing rent debt write off and would be provided to all Members;
- The underlying issues for the corporate property assets had been discussed which highlighted the resource challenges resulting in a significant underspend of £156,000. Although the amount is significant, it was lower than in previous years;
- Treasury management fees of £31,000 were paid to the CCLA to manage investment. Property fund investment was £5,000,000, which was invested to provide for a better return on the investment.

Corporate Services Scrutiny Committee noted the report and requested Executive and Council to note and approve:

- (1) The General Fund forecast financial position for the 2017/18 financial year;
- (2) The HRA forecast financial position for 2017/18 financial year;
- (3) The outstanding Sundry Debt position as at December 2017;
- (4) The creditors' payments performance.

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CAPITAL MONITORING STATEMENT TO DECEMBER

The Chief Finance Officer presented the report on the Capital Monitoring Statement which local authorities were required to produce to monitor progress against the amounts estimated when setting the prudential indicators for capital expenditure. . The annual capital programme was updated every three months to reflect cost variations, slippage or acceleration of projects.

He referred Members to the report, highlighting the current position of the Council's revisions to the capital programme since the last meeting and performance which showed the revised capital programme for the current financial year was £17m, with £6.6m spent in the first nine months, equating to 38.37% of the revised programme. The main expenditure variances for 2017/18, deferred schemes to 2018/19 and beyond, and the achievements from the third quarter were discussed.

In response to a question from a Member, the Chief Finance Officer explained that the budget bidding process for 2018/19 had required a timeline for the delivery of each project and phasing across a three year period to enable Scrutiny Committee monitor progress and require attendance by Project Managers to explain delays or deferred schemes to Members.

Corporate Services Scrutiny Committee supported the report and requested Executive to recommend to Council to approve the revision of the annual capital programme to reflect the reported variations detailed in 8.4 and 8.5 of the report.

BUDGET MONITORING (QUARTER 3)

The Chief Finance Officer presented the quarterly report which advised Members of the differences to the revised budget for the Corporate Services Scrutiny Committee. He advised that local authorities had a statutory duty to set and monitor budgets during the year and to action potential overspends or income losses.

He discussed the key variations from the budget, which suggested that the net expenditure for the Corporate Services Scrutiny committee would decrease from the revised budget by a total of £294,280, representing a variation of 3.73%, which included the previously agreed supplementary budgets. He explained there was a revaluation of superannuation every three years. However, Devon County Council's projections of the increase, were higher than the final amount leading to a saving for Exeter City Council. Members were provided with an overview the significant variations from the various management units.

In response to Member questions, the Chief Finance Officer responded:-

- The two elements in unapportionable overhead were the past service cost of pensions and unused portions of buildings. The term unapportionable overhead will be changed to identify them as pension related in the future;
- Budget figures would be split to clearly identify where there was an over or underspend.

The Corporate Services Scrutiny Committee noted the content of the report and were satisfied that prudent steps were being taken to address the key areas of budgetary pressure highlighted in this report.

(The meeting commenced at 5.30 pm and closed at 6.10 pm)

Chair

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PUBLIC QUESTIONS RECEIVED for Corporate Services Scrutiny Committee – 22 March 2018, from Mr Peter Cleasby

To Councillor Pearson (Portfolio Holder for Support Services).

Question 1

In view of the confusion in the 2018/19 budget as to what are and what are not changes in real spending, caused by the reallocation of overheads since the previous year, will this Committee decide, or formally recommend to the Executive (and if necessary to full Council) to decide, that it should be a requirement for all future budgets and in-year changes to budgets be accompanied by a detailed commentary explaining for each budget line:-

- (a) What is the real change in spending;
- (b) What will be the impact of the change on the service provided?

Response 1

Councillor Pearson responded to the question stating that the 2018-19 budget followed the same process as previous budgets. The medium term financial plan and strategy were reported to the Executive in December 2017. The detailed budgets for each Scrutiny Committee were considered during January and the overall budget considered by Executive and Full Council during February.

He explained that all Councillors were invited to an informal presentation of the budget in December 2017, which set out the changes to the budget including the new proposals being added to the budget and the savings being made. The Covering reports to the three Scrutiny Committees also set out the changes to budgets that were being made including the changes to the allocations of support services, changes to superannuation and changes to communications and marketing budgets in addition to the additional proposals and savings for each Committee.

Councillor Pearson stated that the budget book breaks down, for each line of the budget, the changes as a result of new recurring and non-recurring proposals (additions and savings) and other adjustments. At every Committee, as well as at the informal briefing, there was an opportunity for questions to be asked by Members relating to the budget and the changes that have been made, so there was no confusion by the time the budget was set in February.

The Finance team were currently working with Members to review the financial information presented to Councillors and to support them in carrying out the proper scrutiny of the financial position of the Council, which may result in changes to the papers produced.

Debate

Members discussed the reports and presentation of financial information received from officers, who they considered were explained in a clear and understandable way. Where more clarity was required, the officers were available to provide additional clarification, which could be explained to constituents. Members had met with accountancy officers who were continually addressing ways of making reports more clear and suggested improvements were always welcome.

Supplementary Response from Mr Cleasby

Mr Cleasby thanked Members for their responses and recognised that Councillors had the means to speak with Council officers, who could provide them with explanations to reports,

but there still needed to be a wider transparency to the public. He accepted that members of the public could ask their Ward Councillor to provide explanations to financial reports, but more public clarity would be welcome.

(It was noted that the question and response would be attached to the minutes).

MEMBER QUESTIONS TO PORTFOLIO HOLDER at Corporate Services Scrutiny Committee – 22 March 2018

From Councillor Musgrave

Response made by Councillor Pearson, as Portfolio Holder for Support Services

Question 1

Can the Leader explain the sudden departure of the Deputy Chief Executive?

Response 1

Councillor Pearson explained that the reasons for the departure of the Deputy Chief Executive were set out in the confidential Committee report presented by the Chief Executive & Growth Director to the Executive on 13 February 2018. All members had the opportunity to read this report.

Question 2

Can the Leader confirm any financial cost to the Council associated with departure of the Deputy Chief Executive?

Response 2

Councillor Pearson stated that the financial implications for the Council were set out in the confidential Committee report presented by the Chief Executive & Growth Director to the Executive on 13 February 2018, which all members had the opportunity to read.

Question 3

Can the Leader confirm which officer is currently leading on the bus station project?

Response 3

Councillor Pearson explained that it had been set out in all communications to staff, Members and the public, that the core team remained the same and the project lead role was being undertaken by the Chief Executive & Growth Director.

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