

SCRUTINY COMMITTEE - RESOURCES

22 June 2011

Present:

Councillor M A Baldwin (Chair)

Councillors Branston, Bull, Henson D.J., Morris, Mottram, Spackman and Tippins

Chief Executive, Director Corporate Services, Assistant Chief Executive, Head of Treasury Services, Head of Contracts and Direct Services, Head of Human Resources and Member Services Officer (SJS)

Also present:

Councillor Edwards – Leader, Portfolio Holder for Budget and Strategic Vision

Councillor Martin – Portfolio Holder for Business Transformation and Human Resources

Mr B Morris - Representative from Grant Thornton, the Council's External Auditor

Mr P Sethi – Representative from Grant Thornton, the Council's External Auditor

30 Minutes

The minutes of the meeting held on 23 March 2011 were taken as read and signed by the Chair as correct.

31 Declarations of Interest

Members made no declarations of interest.

32 Interim Audit Report

Mr Morris and Mr Sethi from Grant Thornton, the Council's External Auditors, presented the Interim Audit report to Members.

Mr Morris updated Members on the audit approach including the agreed timetable and the review of the process and position for the Council's transition to the International Financial Reporting Standard (IFRS). He outlined the issues identified on the accounts audit risk assessment and the work completed and planned to address the issues.

Mr Sethi advised of the results of the interim audit work including the review of the internal audit function, close down procedures, financial reporting controls, key financial systems and review of information technology controls. Members were informed that no significant issues had been identified throughout the interim audit work.

In response to Members' questions, Mr Morris clarified the governance position with regards to reporting errors over £21,000 to Members with non-material errors below £21,000 being reported to management. The Council had adequate measures for network intrusion detection and prevention.

The Director Corporate Services stated that the Council's IT systems were CoCo compliant and the Council was working with other authorities to look at cost effective options for improving IT protection.

The Chair thanked Mr Morris and Mr Sethi for their presentation.

Members noted the report.

(Report circulated)

33 Leader and Portfolio Holder to present the priorities for the forthcoming year

The Leader presented the priorities for the budget and providing value for money across the Council's services. The report is attached to these minutes.

Councillor Martin presented the priorities within the Portfolio Holder for Business Transformation and Human Resources. The report is attached to these minutes.

The following responses were given to Members' questions:-

- Group Leaders had each nominated a Member from their Group on this Committee to oversee the proposed review of the Council's services and processes
- With its own entrance it was possible that, in the future Phase 3 of the Civic Centre could be let out as separate accommodation
- No guidance had been received from Central Government as to how changes to council tax benefits should be implemented, every Council having to design its own scheme for delivering this element of the benefit system
- No guidance was available as to how the new Universal Benefit would be delivered.

PERFORMANCE MANAGEMENT

34 AIM Property Maintenance Outturn Report 2010/11

The joint report of the Head of Contracts and Direct Services, Acting Head of Housing Services, Head of Treasury Services and Acting Head of Estates was submitted, detailing the financial position of the £7.6m programme of reactive and planned property maintenance and refurbishment at the end of the financial year 2010/11 but before final closure of accounts.

Members were circulated with a response to notified questions from a Member.

The Scrutiny Committee – Resources noted the outturn financial position of the £7.6m programme of reactive and planned property maintenance and refurbishment for 2010/11.

(Report circulated)

35 Annual Results of Performance Monitoring 2010/11

The report of the Director Corporate Services was submitted, reporting the annual figures for those statutory and local performance indicators that relate to services provided by the Corporate Services Directorate and certain Council-wide indicators.

Members were circulated with a response to notified questions from a Member.

The Director Corporate Services clarified that the time taken to process housing and council tax benefit had increased as a result of an increase in case load for staff . This would be closely monitored by Management.

In response to a question regarding the number of employees with a disability, the Head of Human Resources clarified that the Council was below target possibly because staff with a disability may not wish to declare this. The overall percentage figure was likely to remain static in the foreseeable future due to the continued low level of external recruitment.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

36 Capital Monitoring 2010/11 and Revised Capital Programme for 2011/12 and future years

The Head of Treasury Services presented the report advising Members of the overall financial performance of the Council for the 2010/11 financial year, in respect of the annual capital programme, and seeking approval of the 2011/12 revised capital programme, including commitments carried forward from 2010/11.

Members were informed that the capital expenditure in the year amounted to £22,335,187, a reduction of £5,666,803 on the planned figure of £28,001,990 and the actual expenditure during 2010/11 represented 79.8% of the total approved for the revised Capital Programme. This was in comparison to 2009/10 when the capital expenditure was equivalent to 64.8%.

The Head of Treasury Services advised of the main achievements and variances.

The Scrutiny Committee – Resources noted the report and recommended that Council approves the:

- (1) overall financial position for the 2010/11 annual capital programme; and
- (2) amendments to the Council's annual capital programme for 2011/12.

(Report circulated)

37 Overview of Revenue Budget 2010/11

The Head of Treasury Services presented the report advising Members of the overall final financial performance of the HRA & General Fund Revenue Budget for the 2010/11 financial year ended 31 March 2011.

He advised that there was an underspend in the Housing Revenue Account of £1,714,508 and an underspend in the General Fund of £1,083,199. Members were updated on the variances in the Service Committees including the new contract for the management of the sports facilities and the budget variance in the Benefits paid and Subsidy received.

The Head of Treasury Services stated that at 31 March 2010 the General Fund working balance was £3,844,811 with a surplus of £348,086 as at 31 March 2011, leaving the current balance at £4,192,897. Group Leaders and Portfolio Holders had discussed the benefits of subjecting the Council's new organisational structure to a systemic review of procedures and practices and it was proposed to recommend to Executive that it earmark a sum of £175,000 for this purpose.

In answer to Member's questions, the Head of Treasury Services stated that the new contract for the management of the sport facilities represented a genuine saving and the medium term financial plan forecast was that the General Fund Working balance was anticipated to be £2 million by 2014/15.

The Scrutiny Committee – Resources noted the report and requested that Council note the overview of the Resources Budget for 2010/11 and approve the following:-

- (1) the net transfer of £409,949 from Earmarked Reserves, as detailed in paragraph 3.14 of the circulated report;
- (2) the supplementary budgets totalling £147,170, as detailed in paragraph 3.10 of the circulated report;
- (3) the Earmarked Reserves at 31 March 2011;
- (4) the Council Tax account and collection rate;
- (5) the outstanding sundry debt and aged debt analysis;
- (6) the creditor payments performance;
- (7) having regard to the General Fund working balance at 31 March 2011 of £4,192,897, the overall financial position of the Council as set out in paragraph 3.9 of the circulated report; and
- (8) the Housing Revenue Account working balance at 31 March 2011 of £3,917,868.

(Report circulated)

38 Treasury Management 2010/11

The Head of Treasury Services presented the report detailing the overall performance for the 2010/11 financial year and the position regarding investments and borrowings at 31 March 2011.

Members were advised of the final net interest position including variations, the investment interest and the current situation with regards to the monies in Glitnir and Landsbanki.

In response to a Member, the Head of Treasury Services stated that the Council had been paying a fixed fee to its Investment Fund Managers. The Fund was now closed and any surplus funds were now placed in short terms account for immediate access.

The Scrutiny Committee – Resources noted the Treasury Management report for 2010/11 and recommended approval by Council.

(Report circulated)

39 **Annual Governance Statement**

The Head of Treasury Services presented the report setting out the proposed Annual Governance Statement that would accompany the Council's Annual Statement of Accounts for 2010/11. This Statement also incorporated the Council's Code of Corporate Governance which was published on the Council's website.

He brought Members' attention to the significant governance issues that had been undertaken during the year to further improve the Council's Governance arrangements.

The Director Corporate Services clarified that all the Council's payments over £500 were accessible on the Council's website.

The Scrutiny Committee – Resources

- (1) supported the Annual Governance Statement; and
- (2) recommended that Council note and approve the Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2010/11.

(Report circulated)

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

40 **Revenue Final Accounts 2010/11**

The Head of Treasury Services presented the report advising Members of the overall financial performance of Resources Committee Revenue Accounts for the financial year ended 31 March 2011.

He updated Members that during 2010/11, benefits of £44.5m had been paid and a subsidy of £42.8m received. This resulted in an overall budget variance of £532k which represented 1.19% of the gross benefit expenditure. However, homelessness payments above the rental subsidy cap had accounted for some £160k of this deficit.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

41 **Workforce Profile and Learning and Development Report 2010/11**

The Head of Human Resources presented the report which provided a comprehensive profile and overview of key workforce and learning development activities for the Council between April 2010 and March 2011.

Members were advised there had been a reduction in the overall sickness from 10.16 days to 8.63 days and that the percentage of sickness that was due to stress had fallen from 18% to 6%.

The Scrutiny Committee – Resources noted the contents of the report and supported the proposed actions outlined.

(Report circulated)

42 **Members' Allowances 2010/11**

The Assistant Chief Executive presented the report detailing the allowances paid to Elected Members and Co-opted Members in 2010/11.

A Member requested information on the cost of the Council's Members Allowance Scheme compared to other similar councils.

The Scrutiny Committee – Resources noted the allowances paid to Members in 2010/11.

(Report circulated)

The meeting commenced at 5.30 pm and closed at 6.50 pm

Chair