

SCRUTINY COMMITTEE - RESOURCES

23 November 2011

Present:

Councillor Baldwin (Chair)

Councillors Hobden, Branston, Bull, D J Henson, Morris, Mottram, Ruffle, Spackman, Taghdissian, Tippins and Wardle

Chief Executive, Director Corporate Services, Assistant Chief Executive, Head of Contracts and Direct Services, Head of Treasury Services, Head of Corporate Customer Services, Head of Audit 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

55 **Minutes**

The minutes of the meeting held on 21 September 2011 were taken as read and signed by the Chair as correct.

56 **Declarations of Interest**

A Member declared the following personal interest:-

COUNCILLOR	MINUTE
Councillor Ruffle	65 (in respect of the Industrial Action risk as a retired and active Member of National Union of Teachers)

57 **Annual Audit Letter**

Mr Morris from Grant Thornton, the Council's External Auditor, presented the Annual Audit Letter.

Mr Morris outlined the key areas for Council Action, the Audit of Accounts, Financial Performance and Systems, Annual Governance Statement and Value for Money, including the review of project management arrangements.

Members were advised that a late objection had been received regarding income from parking charges notices. It would have no impact on the 2010/11 accounts but would have to be addressed in the 2011/12 accounts.

In response to Members' questions, Mr Morris clarified that the late objection had been from a resident in Teignbridge who had also sent in objections to East Devon District Council and Teignbridge District Council accounts on the same matter. The notification of the objection had been received a week after the accounts had been signed off at the Final Accounts Committee.

Mr Morris advised that that although Exeter City Council was the collecting agent for Devon County Council for the off- street fines, the Council would have to take account of the objection in the 2011/12 accounts in respect of on-street fines. He clarified the position with regards to the demise of the Audit Commission and any possible affect the way the Government were intending to procure the audit process on fees levied to local authorities.

The Chair thanked Mr Morris for his presentation.

The Scrutiny Committee – Resources received the letter.

(Letter circulated)

58 Leader and Portfolio Holder to present their half yearly reports

The Leader presented the update on his priorities for the budget and providing value for money across the Council's services. He advised Members on the £2.4 million of savings, the cut to the Arts Organisations, the £0.5 million savings that would result from the Management Restructure, the Systems Review of the Council's services and the £4.7 million savings that the Council would need to find over the next four years. The report is attached to these minutes.

The following responses were given to Members' questions:-

- the management restructure could not have been undertaken earlier due to the Council's bid for Unitary status and the planning that had commenced for implementation.
- the position with regards to business rates being retained by local authorities was still unclear and the effect this would have on the Council was uncertain. The Government was expected to provide greater clarity through Technical papers to be issued.
- it was clarified that after 2012/13, the Council would no longer receive monies from Central Government to compensate for not increasing council tax.

Councillor Martin presented the update on his priorities within the Portfolio for Business Transformation and Human Resources. He advised Members on the position within Human Resources and anti-bullying week; Housing and Council Tax Benefit and concerns regarding proposed cuts; Information Technology and the importance of updating the way Members use technology; Health and Safety and protecting lone workers. The report is attached to these minutes.

In response to Members' questions, Councillor Martin stated that the I.T resources for Members were under review including the way laptops were used and investigating the possible use of smart phones. To save on postage Members were encouraged to collect their post from the Civic Centre.

PERFORMANCE MANAGEMENT

59 AIM Property Maintenance Progress Report 2011/12

The joint report of the Head of Contracts and Direct Services, Head of Housing Services, Head of Treasury Services and Acting Head of Estates was submitted.

A Member had submitted a question regarding the overspend of £100,000 in the Housing Reactive Repairs budget against the budget identified for empty properties and the reason for this overspend and whether this is unusual or avoidable.

The Head of Contracts and Direct Services advised that the amount of overspend was dependant on the amount of budget allocated on voids, the amount of works required to the voids for them to meet the agreed standards and the speed of invoices being submitted by contractors. The budget this year was set at £800,000, this compared to the previous year when the budget was £1m. Spend for the first six months of this year was £501,782, for the same period in 2010/11 £374,315 and in 2009/10 £565,254. This year there had been 27 voids with significant works associated with them (value of works in excess of £5000), last year over the same period this number was only seven. Average void costs this year were £3,000 compared to £2,000 last year.

Members were informed that recently £30,000 had to be spent on a property where a family had been evicted to bring it up to the decent homes standard.

The Scrutiny Committee – Resources noted the financial position of the second quarter financial position of the £7.8m programme of reactive and planned property maintenance and refurbishment for 2011/12.

(Report circulated)

60 Half Year Report of Performance Monitoring 2011/12

The report of the Director of Corporate Services was submitted.

A Member had submitted a question with regards to the top 5% earners who are women being below target and if the figure was worse due to the restructure and what could be done to address this Performance Indicator.

The Director Corporate Services advised that it was not due to the restructure as those charges would not take effect until April 2012. The Senior Management Restructure had been subject to an Equality Impact Assessment and, in the longer term, the Council would look at developing appropriate programmes for women in the organisation to encourage a potential supply of future female senior managers.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

61 Resources Scrutiny Stewardship to 30 September 2011

The report of the Head of Treasury Services was submitted.

In response to a Member's question, the Head of Corporate Customer Services advised that the Electoral Commission, as a result of problems experienced in the General Election, had issued a directive to increase staff at polling stations and required formal training of all election staff. It was not known if these measures would be on going although it was anticipated that the Electoral Commission would require additional procedures in future years.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

62 Capital Monitoring Statement to 30 September 2011

The Head of Treasury Services presented the report setting out the current position in respect of the Council's revised annual Capital Programme.

Members were advised that the capital programme for the current financial year was £23,167,730 and it was projected that £7.3 million of the programme would need to be carried forward into future years. During the first six months of the current financial year the Council spent £5,515,868 of the 2011/12 Capital Programme. This equated to 23.8% of the revised Capital Programme being spent in the first six months of 2011/12, compared to £6.964 million (22.8%) being spent in the first six months of 2010/11.

In response to a Member's question, the Chief Executive advised the once the John Lewis store opened it was anticipated that the use of the King William Street car park would significantly increase, providing additional income for the Council.

The Scrutiny Committee – Resources noted the current position in respect of the revised annual Capital Programme and recommended approval by Council of the revised annual Capital Programme.

(Report circulated)

63 Overview of General Fund Revenue Budget 2011/12

The Head of Treasury Services presented the report advising Members of the overall projected financial position of the General Fund Revenue Budget after six months, for the 2011/12 financial year.

He advised that the Service Committee budgets showed a forecast overspend of £384,220 and advised that the Scrutiny Committee - Community had an underspend of £188,620, Scrutiny Committee - Economy an overspend of £445,500 and Scrutiny Committee - Resources an overspend of £127,340.

Members were updated on the other financial variations including the New Home Bonus, the Housing Revenue Account, progress on savings, outstanding sundry debt and creditor payments performance.

In response to Members' questions, the Head of Treasury Services stated that there had been some increase in the car park income in October and it was anticipated that there would be an increase in income in November and December; the introduction of charging for prime site public conveniences was for the Bus Station toilets; whilst the Legal Services £6,000 savings for the joint procurement of research and precedents had not been fully achieved it was anticipated that some savings would be achieved through joint procurement this financial year; the cost for the closure of the Archaeological Field Unit would not appear in future years; Councils do have the ability to take a charge over a property to secure repayment of council tax although it would be difficult to know when a property was being sold; Housing were working with landlords to bring empty properties back into use and owners of empty properties had to pay 90% of Council tax.

The Scrutiny Committee - Resources supported the report and recommended approval by Council of the:-

- (1) General Fund forecast financial position for the 2011/12 financial year;
- (2) HRA forecast financial position for 2011/12 financial year;
- (3) outstanding Sundry Debt position as at September 2011; and
- (4) the creditors' payments performance.

(Report circulated)

64 **Treasury Management- 2011/12 - Half Year Update**

The Head of Treasury Services presented a report on the current performance for the 2011/12 financial year and the position regarding investments and borrowings as at 30 September 2011.

He updated Members on the net interest position and advised that the reduction in investment interest earned against the estimate was in part due to the recent decision by credit agencies to downgrade the Royal Bank of Scotland and Lloyds Banking Groups which meant that the Council could no longer hold as much cash in its call accounts. The Council was therefore utilising the Government's Debt Management Office account in line with the treasury management strategy. However this paid a much lower interest rate of 0.25%.

Members were advised that the Government intended to introduce a self-financing regime for the Housing Revenue Account (HRA) and the Council would be required to pay the Government an amount of money (currently £57.3 million) to "buy" itself out of the subsidy system. The Council would have to undertake long term borrowing in order to be able to afford to pay this sum to the Government. To facilitate this it was proposed that the Operational Boundary and the Authorised Limit were increased to cover the amount to be paid to the Government.

The Scrutiny Committee - Resources noted the Treasury management report for the first six months of 2011/12 and of the Council's Operational Boundary and Authorised Limit to allow the Council to borrow the funds required for the HRA self-financing regulations and recommended approval by Council.

(Report circulated)

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

65 **Risk Management**

Councillor Ruffle declared a personal interest in respect of the Industrial Action risk as a retired and active Member of National Union of Teachers.

The Head of Audit presented the report advising the Committee of the Council's updated corporate risk register.

The Scrutiny Committee – Resources approved the updated Corporate Risk Register and noted the ongoing monitoring of the risk register and proposed mitigating actions.

(Report circulated)

66 **Internal Audit Work - 1st Half Year 2011/12**

The Head of Audit presented the report advising Members of the work undertaken by the Internal Audit Unit. Internal Audit's objective was to examine the Council's financial and non-financial systems to check that adequate internal controls were in place to prevent loss due to frauds, errors and inefficiency, and that due attention was paid to Corporate Governance and risk management.

Members were advised of the visit of the Shanghai Municipal Audit Bureau to the Council to learn more about auditing in the UK and the Committee congratulated the audit team on achieving this recognition.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

67 **Customer Service Centre- Saturday Opening Trial**

The Head of Corporate Customer Services presented the report updating Members on the trial opening of the Customer Service Centre on Saturday mornings. He stated that a report would go to Executive next February to advise Members of the outcomes of the six-month trial together with details of the costs to enable a decision to be taken on the future of Saturday morning opening.

Members thanked Customer Service Centre staff that had volunteered to work on Saturday mornings and welcomed that the majority of staff had taken time off in lieu which enforced the Council's commitment to work-life balance.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

The meeting commenced at 5.30 pm and closed at 7.20 pm

Chair