

SCRUTINY COMMITTEE - RESOURCES

28 January 2009

Present:

Councillor Coates (Chair)

Councillors D J Morrish, M A Baldwin, P J Brock, Hobden, Martin, Newton, Noble, Prowse, Robson, Thompson and Wardle

Chief Executive, Director Corporate Services, Director Community and Environment, Assistant Chief Executive, Head of Treasury Services, Head of Leisure and Museums and Member Services Officer (SJS)

Also present:

Ms J Masci. Representative from Grant Thornton, the Council's External Auditor
Mr S Jones. Representative from Grant Thornton, the Council's External Auditor

1 **Minutes**

The minutes of the meeting held on 26 November 2008 were taken as read and signed by the Chair as correct.

2 **Declaration of Interest**

A Member declared the following personal interest:-

COUNCILLOR	MINUTE
Councillor Martin	6 (Member of the Co-operative Bank)

3 **2007/08 Use of Resources/Data Quality Report**

Ms Masci and Mr Jones from Grant Thornton, the Council's External Auditors, presented the 2007/08 Use of Resources/Data Quality report.

Ms Masci informed Members that the Audit Commission's Code of Audit Practice required Grant Thornton to reach a conclusion on whether the Council had put into place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Grant Thornton had assessed that the Council continued to have good arrangements in place during 2007/08 and the scores for 2007 and 2008 remained at '3' which was 'performing well - above minimum requirements.'

Mr Jones outlined the financial management and internal control findings and stated that there had been no significant changes to the previous year's assessment and the Council had again been assessed at level '3'.

In answer to a Member's question, Mr Jones stated that officers recognised that there was a cost to achieving a '4' in the scores. He further highlighted that the assessment for 2008/09 would change with the introduction of the Comprehensive Area Assessment (CAA) and the focus would be on outcomes.

The Scrutiny Committee - Resources thanked the auditors and noted the report.

(Report circulated)

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

4 Revenue Budget Proposals 2009/10

The Head of Treasury Services presented the report outlining the strategic framework for setting the council's budget and highlighted the financial pressures facing the council.

The Head of Treasury Services informed Members that the budget for the coming year was currently being developed and the Budget Working Group would be meeting in the next week to consider further savings. The Government had now confirmed that the council's grant settlement for 2009/10 would be £11,998,852. The budget proposals now contained a provision for a pay award of 1.5% rather than 2.5%, although the further savings now required arose because of the shortfall in funding caused by the Concessionary Fares Scheme and the additional compensating savings that would need to be identified in 2009/10 and 2010/11.

In answer to a Member's question, the Chief Executive stated that because of the way that funding was allocated and Exeter's status as a transport hub, the Council received inadequate funding, whilst other Devon authorities benefited from surplus funding.

The Head of Treasury Services stated that the latest Budget Strategy noted by Council in December 2008 included an assumption that Council Tax would increase by 2.9% next year and by no more than 4.5% in the following two financial years. This would mean an increase in a Band 'D' property from £114.98 to £118.31 which would be 6p per week for those households; £43,000 would be generated for the City Council, for every 1% increase in Council Tax.

Members discussed the Council Tax increase and the income that various levels of increase would generate.

The Chair stated that 2009/10 would be a very difficult year financially for the council with the reduction in the government grant and a huge deficit in the concessionary fares reimbursement from government.

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

- (1) Executive take a critical look at increasing the proposed Council Tax of 2.9% to 4.5%, as proposed in the medium term financial plan, to ensure adequate resources for service delivery;
- (2) Executive approved the Draft Revenue budget proposals for 2009/10; and
- (3) the minimum level for the General Fund Working Balance be set at the proposed figure of £2 million.

(Report circulated)

5 **Capital programme 2009/10 to 2011/12**

The Head of Treasury Services presented the report seeking approval of the General Fund and Housing Revenue Account Capital Programmes for 2009/10 along with schemes identified for the following two years.

Members were informed that a borrowing requirement of £20 million had been identified over the next four financial years, which would have an ongoing impact on the Council Tax. There was no further news on the funds that had been deposited with the Icelandic Banks and the final outcome could take some considerable time.

In answer to Members' questions, the Director Corporate Services stated that any works to Rennes House regarding heating would be based on a recommendation from Scrutiny Committee - Community to Executive. The £65,000 for the parking fines system was one of the capital schemes that had been temporarily suspended pending a resolution on the council's investment in Icelandic banks but the funding was not now required.

The Scrutiny Committee - Resources supported the following for approval by Executive:-

- (1) the General Fund capital programme for 2009/10 as set out in Appendix 3; and
- (2) the HRA capital programme for 2009/10 as set out in Appendix 4.

(Report circulated)

6 **Annual Investment Strategy**

Councillor Martin declared a personal interest as a Member of the Co-operative Bank.

The Head of Treasury Services presented a report seeking adoption by the Council of the Annual Investment Strategy 2009/10, as required under section 15(1)(a) of the Local Government Act 2003.

The Head of Treasury Services stated that the Strategy had been amended in December 2008 in response to the current financial environment and the Icelandic banking crisis. The Council invested in a range of different financial institutions which, in line with the Council's investment strategy, were mostly banks or building societies. The Council's fund manager had produced a discussion document in respect of ethical investments. The fund manager would, if required, come to a future meeting to discuss the issue of ethical investments or any other aspect of the Council's investments.

Members discussed the issue of ethical investments and requested that the Fund Manager be invited to deliver a Member briefing on the Investment Strategy.

The Scrutiny Committee - Resources endorsed the report and requested that Executive recommend to Council the adoption of the amended Annual Investment Strategy and delegations contained therein.

(Report circulated)

7 **Corporate Debt Policy**

The Head of Treasury Services presented the report seeking approval for the Corporate Debt Policy. The Council collected £120 million from a number of sources including council tax, housing rents, recovery of housing benefit, non domestic rates and sundry debt. Exeter City Council was committed to improving the standard of service to its customers by adopting best practice in all areas of activity. Although the Council currently had a good record with regard to the recovery of all its debts, it did not currently have a Corporate Debt Policy. The proposed Corporate Debt Policy was a statement of good practice including proposals to formalise procedures throughout the Council.

In answer to a Member's questions, the Head of Treasury Services stated that there were various methods of payment including direct debits and payments via the internet. The Council employed external debt collectors who were all accredited and possessed a service level agreement with Council. The majority of debt collection was done by the in-house team.

Members were informed that the rate of collection for council tax had been higher this year and that the collection rate for housing rent was also better than the two previous years. The Deputy Chair stated that the Council should publicise its success.

The Scrutiny Committee - Resources endorsed the report and agreed that Executive should approve the Corporate Debt policy.

(Report circulated)

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

8 **Non-Housing AIM Budget 2009/10**

The Head of Contracts and Direct Services presented the report detailing the work proposed to non-housing properties in order to maintain and service such buildings in 2009/10. The work financed from the Asset Improvement and Maintenance fund, referred to as AIM, was contained within the Council's overall revenue budgets. He informed Members that the total budget was established as £1,562,410.

The Head of Contracts and Direct Services confirmed that all service and maintenance budgets would be reviewed as part of the budget savings review. The Annual Safety Inspection of Memorials was necessary to identify any hazardous gravestones.

The Scrutiny Committee – Resources noted the sum of £1,562,410 which had been split into the categories of work in the year 2009/10 as outlined in the circulated report.

(Report circulated)

9 **Resources Estimates - 2009/10**

The Head of Treasury Services presented a report outlining the strategic framework within which the estimates had been prepared. The report detailed changes in accounting practices, which affected all budgets and detailed reasons for any significant changes in the Management Unit estimates.

The Scrutiny Committee – Resources noted the draft Estimates for 2009.

(Report circulated)

10 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part I, Schedule 12A of the Act.

11 **RAMM Project Progress Report**

The Chief Executive presented the report which provided an overview of the matters extensively recorded in the attached report and appendices concerning the RAMM project. He summarised the key findings and recommendations resulting from the investigation into financial issues regarding the RAMM development. He stated that this Committee would receive quarterly update reports on the progress of the RAMM project.

The Head of Leisure and Museums informed Members of the up to-date position regarding the RAMM project.

Members welcomed the comprehensive report outlining the financial issues and the progress to date.

RESOLVED that:

- (1) the team should continue to be explicit with consultants about performance and to thoroughly record the projects progress;
- (2) measures, to recover the programme as far as possible and to mitigate against further risks, should be pursued as a matter of urgency;
- (3) Senior Members Group meetings should henceforth be timed to follow on after the Project Team meetings which receive the monthly cost reports;
- (4) Scrutiny Committee Resources should receive a quarterly report on programme, cost and risk issues associated with the project;
- (5) in future, all financially significant reports for Members must, without exception, be discussed by SMT in plenary session prior to inclusion on the agenda, even if this requires a special meeting to be convened;
- (6) in future, all reports to Members with significant financial implications must include an explicit statement written in person by the s151 officer; and
- (7) more timely links be established forthwith between risk management for individual projects and the corporate risk register.

(Report circulated to Members)

The meeting commenced at 5.30 pm and closed at 7.32 pm

Chair