

## SCRUTINY COMMITTEE - RESOURCES

25 March 2009

### Present:

Councillor Coates (Chair)

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

Chief Executive, Director Corporate Services, Head of Audit, Head of Contracts and Direct Services, Head of Treasury Services, Head of Corporate Customer Services and Member Services Officer (SJS)

### Also present:

Mr M Green: Audit Commission

Mr B Morris: Grant Thornton, the Council's External Auditor

Ms J Masci: Grant Thornton, the Council's External Auditor

### 12 **Minutes**

The minutes of the meeting held on 28 January 2009 were taken as read and signed by the Chair as correct.

### 13 **Declarations of Interest**

Members made no declarations of interest.

### 14 **Annual Audit and Inspection Letter**

Martin Green from the Audit Commission and Barrie Morris from Grant Thornton the Council's External Auditor presented the report on the Council's Annual Audit and Inspection Letter for 2008/09.

Mr Green outlined the key messages in the Annual Audit and Inspection Letter and informed Members that the Council had delivered improvements in a number of its priority service areas including waste, culture and leisure and homelessness. The report acknowledged that the Planning Services had done well to bring the Princesshay Development to a successful conclusion. He drew Members attention to the areas for improvement which included housing benefits and some elements of the planning service.

Mr Morris informed Members of the findings of the use of resources element of the report and highlighted the key issues arising from the audit. The Council had scored 3 out of 4 for all the Use of Resources. Treasury management arrangements remained robust and the Council continued to maintain effective risk management arrangements.

Mr Green updated Members on how the assessment under the Comprehensive Area Assessment (CAA) would be undertaken and that there would be an organisational assessment and area assessment which would include all the authorities in the same Local Area Agreement (LAA) boundary as Exeter.

The Chief Executive clarified the policy with regards to B&B accommodation. Such accommodation was now used primarily only for clients to be deemed intentionally

homeless and although this had a negative effect on the B&B performance indicator it was considered to be an appropriate and effective policy.

The Director Corporate Services informed Members that there had been savings in housing benefits as apart of the Gershon efficiencies but performance had remained within the top two bands of the Department Work and Pensions (DWP) targets, there was also a good level of customer satisfaction. The Council was always seeking ways to improve upon the service it provided for its residents and would be seeking to reduce processing times as suggested by the Councils auditors.

Members discussed the advantages and disadvantages of performance indicators and how they did not always reflect customer satisfaction.

Mr Green acknowledged that performance indicators should be looked at together with public satisfaction surveys but that it was important not 'cherry pick' performance indicators.

The Chair thanked Martin Green and Barrie Morris for their presentation.

The Scrutiny Committee - Resources noted the report.

(Letter circulated)

## 15 **Annual Audit Fee 2009-10**

Barrie Morris and Julie Masci from Grant Thornton the Council's External Auditor presented the report on the Annual Audit Fee for 2009/10.

Mr Morris informed Members that the work undertaken included the Use of Resources assessment and identifying key risks. The scale of fees for 2009/10 were set by the Audit Commission and reflected the amount of work involved to produce a robust judgement for the Council. The fees also included a discount of 5%.

He outlined his initial risk assessment which highlighted Local Government Review (LGR), concessionary fares, the current economic climate, £5 million that had been invested in the Icelandic banks and the Royal Albert Memorial Museum (RAMM) project.

Some Members were of the opinion that the proposed increase in the level of fees of 13.6% was excessive and questioned the process of setting the fee.

Mr Morris stated that the fees were set by the Audit Commission and reflected the amount of work that Grant Thornton would need to undertake. The Council, if it was minded to, could appeal to the Audit Commission regarding the level of the fees.

In response to a question, the Director Corporate Services clarified that it was the Council's duty to find efficiency savings not the External Auditors and that Grant Thornton had additional work to undertake in the year ahead and felt that a challenge to the fee would not be cost effective, or productive.

The Chair thanked Barrie Morris and Julie Masci for their presentation.

The Scrutiny Committee - Resources noted the letter.

(Report circulated)

## **PERFORMANCE MANAGEMENT**

### **16 AIM Property Maintenance Progress Report 2008/09**

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

The Scrutiny Committee – Resources noted the third quarter financial position of the £7m programme of reactive and planned property maintenance and refurbishment for 2008/09, as detailed in the report.

(Report circulated)

### **17 National PI Results 2007/08 - How Exeter's Results Compare**

The report of the Director Corporate Services was submitted.

The Scrutiny Committee - Resources noted the report.

(Report circulated)

### **18 Resources Scrutiny Stewardship to 31 December 2008**

The report of the Head of Treasury Services was submitted.

The Scrutiny Committee - Resources noted the report.

(Report circulated)

## **MATTERS FOR CONSIDERATION BY THE EXECUTIVE**

### **19 Overview of the Revenue Budget**

The Head of Treasury Services presented the report which advised Members of the overall projected financial position of the General Fund Revenue Budget after nine months, for the 2008/09 financial year. The Service Committee budgets showed a forecast over spend of £444,550 (2.3%) against a revised budget of £19,633,140. This was an improvement compared to the previous overview report for the first six months that showed a forecast overspend of £1,251,630.

The main movement had occurred within Scrutiny Committee Resources for which there was now a predicted underspend of £562,110 as compared to the small overspend of £37,650 reported previously.

The overall net deficit was estimated to be £1,293,441 at 31 March 2009 this would be transferred from the General Fund Working Balance. The forecast General Fund Working Balance at 31 March 2009 was £6,158,105 and equated to 38.0% of the General Fund net expenditure.

The Head of Treasury Services stated that the situation with the funding invested in the Icelandic banks was complex and although still some months from being resolved, officers were more cautiously optimistic about the level of any recovery.

In answer to a Member's question, the Chief Executive stated that the concessionary fare scheme was administered by Devon County Council through Devon Wide and should there be any evidence of wrong tickets being issued then this should be reported to Devon Wide for them to investigate. He confirmed that a three year

financial settlement with Stagecoach which would fix the costs of concessionary travel arrangements had now been agreed.

Scrutiny Committee - Resources noted the report and recommended Executive to approve the forecast financial position for the 2008/09 financial year.

(Report circulated)

## 20 **Capital Monitoring Statement to December 2008**

The Head of Treasury Services presented a report advising Members of the current position in respect of the Council's annual capital programme and of the anticipated variations. During the first nine months of the current financial year the Council spent £10.16 million of the 2008/09 Capital Programme. In overall terms, this equated to 48.4% of the Capital Programme being spent in the first nine months of 2008/09, compared to £11.12 million (51.5%) being spent in the first nine months of 2007/08. The projected total capital expenditure for 2008/09 was £18,950,251 representing 90.3% of the annual capital programme.

The Chief Executive informed Members that he had replied to an article in the Express and Echo regarding the Council's delivery of its Capital programme, use of Government Grant and its contribution to the City's economy during this time of economic downturn.

In response to a Member, the Director Corporate Services stated that the budget for an 'electronic city' included the replacement of computers, which had been extended from four to five years, a replica server and the updating of the web site to improve customer access to the Council's facilities.

Scrutiny Committee - Resources noted the current financial position and recommended to Executive that it approve the Council's annual capital programme.

(Report circulated)

## 21 **Sustainable Procurement and Commissioning Strategy 2009/11 and Procurement Report**

The Head of Contract and Direct Services presented the report seeking approval for a Sustainable Procurement and Commissioning Strategy, updating Members on the progress made against last year's Procurement Action Plan and outlining the Sustainable Procurement and Commissioning Action Plan for 2009/10.

Following the Council's Strategic Review of Procurement, a Procurement Strategy had been adopted in November 2004. A report was presented to this committee on 9 March 2008, which detailed the progress against the 2007/08 action plan and identified areas where further work was envisaged in the coming year. This partly informed the basis of the Procurement Action Plan for 2008/09.

The strategy had been widely consulted on. Internal consultees included all Heads of Service, officers with specific purchasing and related specialisms such as health and safety, trade unions and the Procurement Group. Additional consultation had been undertaken with potential and existing suppliers and partners. The Council continued to work with small businesses in Exeter and the surrounding region to increase their involvement in bidding for work. This was being expanded to involve the voluntary and community sector.

In answer to Members' questions, the Head of Contracts and Direct Services clarified that the Green Accord had three different levels of accreditation and that from experience it was the larger companies that did not pass the accreditation rather than local small businesses.

Scrutiny Committee - Resources noted the progress made to date; supported the Sustainable Procurement and Commissioning Action Plan for 2009/10 and recommended to the Executive that it approve the Sustainable Procurement and Commissioning Strategy.

(Report circulated)

## 22 **Corporate Governance Risk Register Annual Review**

The Head of Audit presented the report on the Council's Corporate Governance Risk Register Annual Review and sought Members support to submit the updated corporate risk register to the Executive for approval.

In answer to a Member's question, the Head of Treasury Services stated that the Fund Manager at Devon County Council had advised that because of the drop in Global Markets the Council could be required to increase its contribution to the Superannuation Fund when the next 3 year review was due. This would have to be built into the medium term budget plan.

Members discussed the format of the risk register and the individual scoring of each of the risks.

Scrutiny Committee - Resources:-

- (1) reviewed the updated Corporate Risk Register;
- (2) approved submission of the annual corporate risk register to the Executive; and
- (3) noted the risk management progress to date and agreed to the steps outlined at paragraph 4.2 of the circulated report to provide the most up to date information possible for consideration at Committee.

(Report circulated)

## **MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES**

### 23 **Internal Audit Work - 2nd Half Year 2008/09**

The Head of Audit advised Members of the work undertaken by the Internal Audit Unit. This Committee was responsible for considering the work undertaken by Internal Audit as part of the overall probity checking and systems testing of the Council.

The Scrutiny Committee - Resources noted the Internal Audit Report for the 2<sup>nd</sup> half - year of 2008/09.

(Report circulated)

24 **Internal Audit Plan 2009/10**

The Head of Audit presented the report seeking approval for the 2009/10 Internal Audit Plan. The Plan was based on the Risk Analysis methodology. The Council's 'Enhanced Systems Based Auditing' (ESBA) ensured that risk was considered as well as financial aspects.

The Scrutiny Committee - Resources approved the 2009/10 Internal Audit Plan.

(Report circulated)

25 **Implementation of International Financial Reporting Standards**

The Head of Treasury Services presented the report to inform Members on the transition to International Financial Reporting Standards (IFRS) for local authorities. He highlighted the likely timeframes for introduction and the possible impact this could have on resources.

Members were informed that the date of transition to IFRS would be 1 April 2009 and the accounts for 2009/10 would need to be re-stated in line with IFRS in order to have comparatives against the 2010/11 accounts. The full details of the impact of the IFRS upon the Council were not currently known but it would affect the way that the Council reported its financial accounts.

In response to a Member's question, the Head of Treasury Services stated that it was difficult to assess at this stage what impact the introduction of this new system would have on resources and whether additional staffing resources would be required.

The Scrutiny Committee - Resources noted the report.

(Report circulated)

26 **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 items on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 1 and 4 of Part I, Schedule 12A of the Act.

27 **Corporate Customer Services - Proposed Redundancies**

The Head of Corporate Customer Services presented the report to seek Members' approval to release the necessary funding to finance redundancy payments for two current posts within Corporate Customer Services.

Scrutiny Committee – Resources supported the recommendation that Executive approve the following:-

- (1) the employment of the holders of the posts of Part Time Catering Assistant CS071003, and Post Porter CS07112 be terminated on the grounds of redundancy on 31 May 2009 in accordance with the provisions of Regulation 19 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007;
- (2) compensation being paid to the holders of the posts of CS071003 and CS07112 in accordance the discretion exercised by the Council under the

provisions of the Local Government (Early Termination) (Discretionary Compensation) (England and Wales) Regulations 2006; and

- (3) a payment of compensation be made in respect of the unexpired period of notice to which the employees would otherwise be entitled under their contracts of employment and the posts of Part-time Catering Assistant CS071003, and Post Porter CS07112 be deleted from the establishment of the Council.

(Report circulated to Members)

## 28 **Corporate Services Directorate Support - Proposed Redundancy**

The Director Corporate Services presented the report to seek Members' approval to release the necessary funding to finance redundancy payment for one current post following a proposed restructuring of secretarial and administrative roles within the Corporate Services Directorate.

Scrutiny Committee – Resources supported the recommendation that Executive approve the following:-

- (1) the employment of the holder of the post of Secretary CS01101 be terminated on the grounds of redundancy on 31 May 2009 in accordance with the provisions of Regulation 19 of the Local government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007;
- (2) compensation be paid to the holder of post CS01101 in accordance with the discretion exercised by the Council under the provisions of the Local Government (Early Termination) (Discretionary Compensation) (England and Wales) Regulations 2006;
- (3) a payment of compensation be made in respect of the unexpired period of notice to which the employee would otherwise be entitled under the contract of their employment and the post of Secretary CS01101 be deleted from the establishment of the Council;
- (4) the re-designation of the post of Treasury Administration Officer CS06113 to Personal Assistant and Treasury Support Officer;
- (5) the deletion of one post from the Treasury Clerical Support Team; and
- (6) the creation of a new post of Treasury Administration Support Assistant.

(Report circulated to Members)

The meeting commenced at 5.30 pm and closed at 8.20 pm

Chair