

## SCRUTINY COMMITTEE - RESOURCES

17 June 2009

### Present:

Councillor Coates (Chair)

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

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

### Also present:

- Councillor Adrian Fullam - Leader and Portfolio Holder for Budget and Strategic Vision
- Councillor Natalie Cole - Portfolio Holder for Business Transformation and Human Resources
- Ms J Masci - Representative from Grant Thornton, the Council's External Auditor

### 29 **Minutes**

The minutes of the meeting held on 25 March 2009 were taken as read and signed by the Chair as correct.

### 30 **Declarations of Interest**

Members made no declarations of interest.

### 31 **Interim Audit Report**

Ms Julie Masci from Grant Thornton, the Council's External Auditors, presented the Council's Interim Audit Report. She informed Members that the Council's audit service substantially complied with the CIPFA Code of Practice for Internal Audit. An Action Plan with agreed actions to implement the recommendations for 2008/09 was attached to the report. It was noted that continuing action would be required to ensure that Grant Thornton's recommendations from 2007/08 were also fully implemented. Ms Masci confirmed that the final audit report would be presented to the Final Accounts Committee at the end of September.

A Member referred to Recommendation 4 and the importance of the implementation of an internal detection system for the Council's IT management systems. The Director Corporate Services confirmed that the Council had a whole range of systems which already provided significant protection. He also responded to a comment in relation to recommendation 6 and the threshold of delegation to officers in relation to the Investment Strategy.

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

(Report circulated)

## 32 Portfolio Holders to present the priorities for the forthcoming year

The Leader presented the following priorities for the forthcoming year in terms of the budget and providing value for money across the Council's services:-

- Exeter's council tax remained one of the lowest in the country
- Our Government grant settlement remained a concern, particularly in the deflationary context of a modest increase of 0.9%. However an additional LABGI grant of £577,000 had been received and already £200,000 was identified for projects to help boost the local economy.
- Funding of the Concessionary Travel Scheme continued to present a challenge for the Council, with continued discussion and lobbying of the Department of Transport.
- Efforts continue to address the shortfall in the budget, which is set against the backdrop of other economic factors including a drop in key parts of the council's revenue streams. There had been a positive response through active management and additional grant aid. The capital programme delivery pace had also slowed with a general underspend showing, due to tight budgetary management by services. Although there remains some caution over the extent and timetable, it was possible that the improving financial situation would mean the recovery of some of the City Council's lost funds from the Icelandic Banks.
- A robust line in vacancy management had played a significant part in keeping costs down and it should be noted that there were now fewer staff delivering services. It was a tribute to the staff and management teams who had ensured that there were no discernable changes to the service levels.

In answer to Members' question, Councillor Fullam commented:-

- on the process and challenge for the current administration for setting the budget for the forthcoming year - he anticipated that the process would pass through the usual democratic process.
- on the public consultation relating to waste collection, stating that the City Council still had the difficult task of identifying £2.5 million of savings and the environmental and financial benefits would be balanced against any perceived environmental health concerns. He hoped that continuing engagement with residents would shape the response in respect of all council services.

Councillor Cole presented a briefing note outlining the following priorities for the forthcoming year in terms of Business Transformation and Human Resources across the Council's services:-

### Housing Benefits

- Despite increasing claimant numbers, to continue to monitor the performance of the Housing Benefits service to ensure that the City Council realises its objective of improving assessment times and customer service

### Automated service access and Electronic Document Records Management (EDRM)

- The demand for access to automated services has been increasing and it was important that the Council continued to develop those facilities for the customers who prefer that kind of transaction.
- The Council's rolling programme of moving to electronic records would also be maintained in the coming year.

#### Mobile and Remote working

- Business cases for a number of services were being prepared for presentations to Members, and it was anticipated that would go forward in the next 6 to 12 months, when there was some certainty about local government structures. A business case will be prepared and costed by Treasury Services.

#### Equalities

- The Council will be working towards the next level of the new Equalities Framework for local government

#### Budget Savings

- It was important to deliver the proposed budget savings which were agreed for the current financial year and progress would be monitored carefully and reported to this Committee.

#### Local Government Review

- With the continuing uncertainty surrounding the review of local government structures it was important that we continued to support our staff. Human Resources had a crucial role to play with all managers, including the trade unions, to protect services and jobs.

The Scrutiny Committee- Resources noted the priorities for the forthcoming year.

### **PERFORMANCE MANAGEMENT**

#### **33 AIM Property Maintenance Outturn 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 fourth quarterly/outturn report covered the period from January to March 2009, including updated figures as at 29 April 2009.

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

(Report circulated)

#### **34 Annual Results of Performance Monitoring 2008-09**

The report of the Director Corporate Services was submitted, which detailed the annual figures for the statutory and local performance indicators that related to service provided by the Corporate Services Directorate.

The Scrutiny Committee - Resources noted the report.

(Report circulated)

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

#### **35 Capital Monitoring 2008-09**

The Head of Treasury Services presented a report which advised Members of the overall financial performance of the Council for the 2008/09 financial year, in respect of the annual capital programme and sought approval of the 2009/10 revised capital programme, including commitments carried forward from 2008/09.

The capital expenditure in the year amounted to £16,593,668, a reduction of £4,492,982 on the planned figure of £21,086,650. The planned figure took into account an adjustment for the temporarily suspended capital schemes. The actual expenditure during 2008/09 represented 78.7% of the total approved for the revised Capital Programme, which meant that £4.46 million would need to be carried forward to be spent in future years, as detailed in an appendix to the report. Two capital projects where spend has been significantly less than anticipated, were the RAMM Redevelopment (£840,570) and Social Housing Grants (£1,249,920) and these accounted for almost half of the spending shortfall. In comparison with the previous financial year, spending performance had decreased. During 2007/08 capital expenditure was equivalent to 88.5% of the planned figure of £22,036,840.

The Scrutiny Committee - Resources noted the overall financial position for the 2008/09 annual capital programme and recommended that the Executive approve the amendments to the Council's annual capital programme for 2009/10.

(Report circulated)

### 36 **Overview of the Revenue Budget 2008-09**

The Head of Treasury Services presented a report on the overall final financial performance of the General Fund Revenue Budget for the financial year ended 31 March 2009.

The final accounts for the Housing Revenue account showed an overall increase in the HRA working balance from £2,848,591 to £2,858,265, an increase of £9,674 as compared with the break even budget. The main service Committee variations for the financial year were set out in the report. The General Fund working balance at 31 March 2008 was £7,451,546 and a deduction of £1,886,961 had been made at 31 March 2009, leaving the current balance at £5,564,585. The minimum requirement for the General Fund working balance was approved by the Executive in February 2009 at £2 million. There was a small requirement for supplementary budgets in 2009/10 which were identified in the report, and if these were taken into account the uncommitted General Fund working balance at 31 March 2009 would be £5,641,195.

The Head of Treasury Services responded to a Member suggestion, and in future reports, confirmed that more detail would be included in the individual headings of sundry debts reported, and reported figures would be rounded up to the nearest pound unit to ensure clarity.

It was noted that two changes to the recommendation to the Executive from the written report would be made that in recommendation (1) an adjustment to read £1,020,596 and in recommendation (2) to reflect a change in the supplementary budgets as detailed in paragraph 3.11 to reflect to show an increased carry forward for the Asset Improvement and Maintenance (AIM) of £352,830.

The Scrutiny Committee - Resources noted the report and requested that Executive note the overview of the Resources Budget 2008/09 and approve the following:-

- (1) net transfer of £1,020,596 from Earmarked Reserves as detailed in paragraph 3.14 of the report;
- (2) supplementary budgets totalling £456,220 are approved as detailed in paragraph 3.11 of the report;
- (3) the Earmarked Reserves at 31 March 2009;

- (4) the Council Tax account and collection rate;
- (5) the outstanding sundry debt and aged debt analysis;
- (6) the Creditor Payments performance;
- (7) the General Fund working balance at 31 March 2009 at £5,564,585; and
- (8) the Housing Revenue Account working balance at 31 March 2009 of £2,858,265.

(Report circulated)

### 37 **Treasury Management 2008-09**

The Head of Treasury Services presented a report on the overall performance for the 2008/09 financial year and the position regarding investments and borrowings at 31 March 2009.

The General Fund showed a net reduction in interest receivable compared to the estimate, the other interest earned related to car loan repayments and various repayments of interest. The reduction against budget had been caused by a number of factors detailed in the report. The managed cash fund had reduced during the year from £23.4 million to £20.1 million as at 31 March 2009. Some prudent action by our Investment Manager had achieved high interest rates, with an overall return rate of 7.15% compared to a benchmark return of 3.74%. However it was unlikely that such favourable performance would be repeated in the coming year.

The Head of Treasury Services responded to a number of Member comments in relation to the likelihood of a successful claim in relation to the Icelandic Bank (Landsbanki). He advised that the Bank's assets should be sufficient to repay at least 90% of the Council's deposits and possibly even some lost interest. They were relying on the LGA's current legal advice to place local authority claims as 'priority claims'.

He also responded to a Member comment about the level of delegation by the in-house team in respect of the Investment Strategy. He added that decisive action often had to be taken in conjunction with the external Fund Manager, and he reassured Members that the existing policy was already very prudent. It was considered appropriate that the Leader and Chair of Scrutiny Committee- Resources be kept informed of any significant issues which arose.

The Scrutiny Committee – Resources noted the Treasury Management report for the 2008/09 financial year and recommended approval by the Executive.

(Report circulated)

### 38 **Annual Governance Statement**

The Head of Treasury Services presented a report which set out the proposed Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2008/09.

The preparation and publication of an Annual Governance Statement in accordance with CIPFA/SOLACE guidance was required to comply with Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006. The Council was

required to publish the Annual Governance Statement in the Annual Statement of Accounts for 2008/09. Section 10 of the report highlighted the arrangements from the previous year and the proposals for next year.

The Scrutiny Committee - Resources supported the report and recommended approval by the Executive of the Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2008/09.

(Report circulated)

#### 39 **Delivering Value for Money**

The Head of Treasury of Services presented a report which provided an overview on how the Council proposed to achieve value for money cash efficiency savings. The National Indicator 179, one of the indicators in the new National Indicator Set, was the mechanism through which Council reported progress on achieving value for money gains.

A timetable for the submission of the value for money indicators was detailed in the report and work will continue on updating the information, to identify and maximise the efficiencies during 2008/09, for inclusion by the submission date of 24 July 2009. A draft schedule, identifying the likely cash savings was attached as an appendix to the report.

The Scrutiny Committee - Resources noted the report and requested the endorsement by Executive of the savings detailed in the appendix as part of the Council's overall submission for National Indicator 179.

(Report circulated)

#### 40 **Review of Equalities**

The Director Corporate Services presented the report which updated the Committee on achievements made so far in the Review of Equalities and advice of future action over the coming year. A revised Comprehensive Equality Scheme would have to be published by April 2010 and so a review to reflect on the outputs and outcomes achieved so far was appropriate. Work relating to the new framework would commence in July.

The Scrutiny Committee - Resources supported the future actions put forward in the report and recommended approval by the Executive.

(Report circulated)

#### 41 **The Leisure Facilities Management - A New Contract**

The Head of Leisure and Museums presented the report which informed Members of the key elements of the new contract due to be let in September 2010 for the management of the Council's contracted sports and leisure facilities.

A new single contract will incorporate all of the facilities currently managed by commercial leisure management contracts. Although the nature of the contract and general policy had been the subject of reports to Scrutiny Committee - Community and the Executive, it was appropriate for this Committee to consider a number of economic factors such as the length of contract, the balanced obligation on both

parties for repair and maintenance and other housekeeping matters including the utilities arrangements.

A Member suggested that because of the likely interest it would be useful to circulate a copy of the draft tender for the contract, at future meetings of Scrutiny Committee Community and Resources for information. The Head of Leisure & Museums welcomed Members' interest, and advised that as the final choice was likely to involve some negotiation and details of the best contractor and financial agreement would emerge, the opportunity to comment on the finished tender documents might be more fruitful. He noted the suggestion of building in a review process of operation after two or three years. It was agreed that a copy of the final tender document would be placed on the intranet and in the Members' Room. A brief summary of the documentation would also be circulated at the next meetings of Scrutiny Resources and Community.

The Scrutiny Committee - Resources supported the recommendation and subject to no substantial variations in the key contract features identified in this report, Executive delegating approval of the detail of the contract documentation to the Director, Community and Environment in consultation with the Leader of the Council and the Portfolio Holder for Environment and Leisure and appropriate Council officers.

(Report circulated)

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

### **42 Revenue Final Accounts 2008-09**

The Head of Treasury Services presented a report to advise Members of the overall financial performance of Resources Committee revenue accounts for the financial year ended 31 March 2009.

A copy of the revenue accounts was circulated with the report. The main variations were detailed by management unit. The total variances of £319,473 had reduced the overall net expenditure for this Scrutiny Committee to £5,907,827, which represented a decrease of 5.13% from the revised budget. The previous forecast was for the nine month period ending 31 December 2008, with most of the actual movement since, being in respect of a net reduction of subsidy for Housing Benefits.

The Scrutiny Committee- Resources noted the report and congratulated officers on a clear and concise report.

(Report circulated)

### **43 Workforce Profile Report 2008-09**

The Head of Human Resources presented the report which updated the Committee with a comprehensive workforce profile for the Council between April 2008 and March 2009. This report provided an annual snapshot as well as benchmarking and statistical data from a local, regional, national or industry basis and highlighted any developing trends, areas for concern or interventions where evident.

A response was given on the main reasons for sickness absence and although officers were not complacent, sickness levels continued to be monitored and

managed closely. Other efforts were being made to increase a younger age profile of the workforce through a successful apprenticeship programme and work placements.

The Scrutiny Committee - Resources noted the contents of the report and supported the way forward as outlined in the circulated report.

(Report circulated)

#### 44 **Annual Learning and Development Report 2008/2009**

The Head of Human Resources presented the report summarising the Member and employee training and development activities undertaken during 2008/09 and the administration and support function of the corporate training section. The last year showed significant achievements by both employees and Members, with an average number of learning and development days per employee of 3.37 days.

The Scrutiny Committee - Resources noted the training and development activities undertaken throughout the year.

(Report circulated)

#### 45 **Members' Allowances 2008/09**

The Assistant Chief Executive presented the report setting out the allowances and expenses paid to Councillors in the financial year 2008/09.

The Scrutiny Committee - Resources noted the allowances and expenses paid to Councillors in 2008/09.

(Report circulated)

### **MATTER FOR CONSIDERATION BY THE EXECUTIVE**

#### 46 **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.

#### 47 **Progress on RAMM Development Project**

The Head of Leisure and Museums presented the first of a series of quarterly progress reports to keep Members abreast of the issues around this major capital project. Members were advised that a range of meetings were now in force to monitor and control the project as closely as possible. A number of recommendations were reported.

It was agreed that an invitation would be sent to all Members to visit the work in progress at the Museum.

The Scrutiny Committee – Resources noted that an external expert will be appointed to strengthen the client team and supported the recommendation that the Executive

approve the action that the client team continues to take all possible measures to regain control and remove as much risk as possible from the project.

(Report circulated to Members)

The meeting commenced at 5.30 pm and closed at 8.40 pm

Chair

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# Minute Item 32

**Scrutiny Committee Resources  
17 June 2009  
Portfolio Holder Business Transformation and HR  
Work Priority Areas for 2009/10**

## **Housing Benefits**

In light of increasing claimant numbers, monitor the performance of the Housing Benefits service to ensure we realise our objective of improving assessment times and customer service.

## **Automated service access and Electronic Document Records Management (EDRM)**

The demand for access to automated services is increasing and it is important that the Council continues to develop those facilities for the customers who prefer this kind of transaction.

The Council's rolling programme of moving to electronic records will also be maintained in the coming year.

## **Mobile and Remote Working**

Business cases for a number of services are being prepared for presentations to members when there is some certainty about future local government structures.

## **Equalities**

The Council will be working towards the next level of the new Equalities Framework for local government.

## **Budget Savings**

It is important to deliver the proposed budget savings which were agreed for the current financial year and progress will be monitored carefully and reported to this committee.

## **Local Government Review**

With the continuing uncertainty surrounding the review of local government structures it is important that we continue to support our staff. HR has a crucial role to play with all managers, including the trades unions, to protect services and jobs.

June 2009