

SCRUTINY COMMITTEE - RESOURCES

21 March 2012

Present:

Councillor Baldwin (Chair)

Councillors Hobden, Bull, D J Henson, Mitchell, Morris, Ruffle, Spackman, Tippins and Wardle

Apologies:

Councillors Branston, Mottram and Taghdissian

Also present:

Chief Executive, Assistant Director Finance, Contract Development Manager, Senior Auditor (HK), Senior Auditor (HP) and Member Services Officer (SJS)

In attendance:

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

Ms J Masci – Representative from Grant Thornton, the Council's External Auditor

11 **Minutes**

The minutes of the meeting held on 25 January 2012 were taken as read and signed by the Chair as correct.

12 **Declarations of Interest**

Members made no declarations of interest.

13 **Certification Work Report 2010/11**

Mr Morris, from the Council's External Auditor, presented the Certification Work Report for 2010/11.

Mr Morris outlined to Members the certification arrangements, the results of the certification work, the significant issues identified and the details of claims and returns certified for 2010/11. He advised that the fee for 2010/11 had been reduced by 7% to that of the previous year.

In response to Members, Mr Morris clarified that all the cases where a student loan was used to assess benefit were examined, this was due to there being less than 100 cases and no further qualifying claims.

Members noted the report.

(Report circulated)

14 **Annual Audit Plan 2011/12**

Mr Morris and Ms Masci of Grant Thornton, the Council's External Auditor, presented the Audit Plan for 2011/12.

Ms Masci advised on the overview of the Audit Plan, the accounts audit risk assessment, the value for money audit and the audit fee.

Mr Morris stated to Members that an objection had been received to last year's accounts in respect of parking charge notices, although this objection could not be considered as it was received out of time.

The Chief Executive advised that whilst the physical build of RAMM was completed there were contractual issues to be resolved.

Mr Morris outlined to Members that with the International Financial Reporting Standard (IFRS) a pragmatic common sense approach was required in some areas of the accounts. He advised that the disclosure of heritage assets would require the Council to disclose a value of all the Council's assets in the 2011/12 accounts. This would require a pragmatic approach as it would be too costly for the Council to individually value all its assets and that valuations for insurance purposes could be used.

Mr Morris advised Members of future arrangements given the demise of the Audit Commission and that Grant Thornton had been successful in gaining the auditing contract for the South West. He stated that it was anticipated that the audit fee would be reduced in future years.

Members noted the Plan.

(Plan circulated)

PERFORMANCE MANAGEMENT

15 **AIM Property Maintenance Progress report 2011/12**

The joint report of the Acting Assistant Director Housing and Contracts, Assistant Director Economy and Assistant Director Finance was submitted.

A Member had given notice of a question regarding the Housing Reactive Repairs - combined budget of £4,953,780 and the likely overspend of £200,000 for Empty Properties.

Members were circulated with a response (appended to minutes) which advised of the number and quality of void properties and the difficulties in recovering costs from tenants.

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

(Report circulated)

16 **Resources Scrutiny Stewardship to 31 December 2011**

The report of the Assistant Director Finance was submitted.

A Member had given notice of a question with regards to the Revenue Collection/Benefits and private sector leasing and bed and breakfast accommodation.

Members were circulated with a response (appended to minutes) advising that because of the current increased rate of homelessness the Council did not have sufficient private sector leasing to meet these demands. However, the Development Team were seeking to address this and were making a number of promising contacts with landlords of HMOs.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

17 Capital Monitoring Statement to December 2011

The Assistant Director Finance presented the report setting out the current position in respect of the Council's revised annual Capital Programme which advised Members of the anticipated variations.

He advised that the capital programme for the current financial year was £15,757,420 and it was projected that £1.466 million of the programme would be needed to be carried forward into future years. During the first nine months of this financial year, the Council had spent £7,909,890 of the 2011/12 Capital Programme which equated to 50.2% of the revised Capital Programme.

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)

18 Overview of General Fund Revenue Budget 2011/12

The Assistant Director Finance presented the report advising Members of the overall projected financial position of the General Fund Revenue Budget and Housing Revenue Account after nine months, for the 2011/12 financial year.

The Service Committee budgets showed a forecast overspend of £101,440 (0.78%) against a revised Service Committee Net Expenditure budget of £13,003,620 and an overall overspend of £22,701 against General Fund Expenditure including investment interest and funds set aside for the repayment of debt.

He advised that Scrutiny Committee - Community had an underspend of £201,300, Scrutiny Committee - Economy an overspend of £20,250 and Scrutiny Committee - Resources an overspend of £279,730.

In answer to a Member's question, the Assistant Director Finance advised that the increase in payments to the pension fund administered by Devon County Council were to meet the approved cost of redundancies which had resulted in an overspend of £403,490. These costs could not be capitalised.

Members were updated on the Icelandic Bank position and that the Council had, to date, received £1.7 million back from Glitnir Bank and just under £1 million from Landsbanki. It was anticipated that the Council would get back 100% of the monies invested in Glitnir Bank and 95% from Landsbanki although it could take some years for these monies from Landsbanki to be returned.

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 December 2011; and
- (4) the creditors' payments performance.

(Report circulated)

19 **Corporate Governance Risk Register - Annual Review 2012**

The Assistant Director Finance presented the report updating the Committee of the Council's risk management progress and seeking its recommendation that the Executive approves the updated corporate risk register.

The Scrutiny Committee - Resources:-

- (1) reviewed the updated Corporate Risk Register; and
- (2) approved submission of the annual corporate risk register and the revised risk management policy by the Executive.

(Report circulated)

20 **ST KATHERINE'S PRIORY REROOFING FINANCIAL PROVISIONS**

The Contract Development Manager presented the report seeking to increase the financial provision previously approved for the necessary reroofing works at St Katherine's Priory, Polsloe. Photographs of the building were circulated to Members.

In answer to Members' questions, the Contract Development Manager advised that the Priory was used by Stoke Hill Community Association and when tenders were received it had become apparent that there was a shortfall of some £28,000 in the original "ball park" estimates. He clarified that it was difficult to assess the cost of materials particularly on buildings of such historic importance as the Priory.

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

- (1) the existing capital budget of £47,000 be carried forward from financial year 2011/12 into 2012/13; and
- (2) additional funding of £28,000 be provided from capital to enable the St Katherine's Priory reroofing works to be undertaken.

(Report circulated)

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

21 Internal Audit Plan 2012/13

The Assistant Director Finance presented the Internal Audit Plan for 2012/13.

In response to a Member, the Senior Auditor (HK) advised that the external auditors whilst looking at the work undertaken internally do their own independent external checks.

The Scrutiny Committee - Resources noted the Internal Audit Plan for 2012/13

(Report circulated)

22 Internal Audit Work 2nd Half year 2011/12

The Assistant Director Finance presented the report outlining the work undertaken by the Internal Audit Unit. The 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 Senior Auditor (HP) clarified that the Council had an auditor who specialised in auditing housing benefit claims.

The Scrutiny Committee - Resources noted the Internal Audit Work for the 2nd Half year of 2011/12.

(Report circulated)

The meeting commenced at 5.30 pm and closed at 6.54 pm

Chair

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AGENDA ITEM 9

Councillor Question

2.3 Housing Reactive Repairs - combined budget £4,953,780

An overspend of some £200,000 is likely to arise... for Empty Properties.

Is this due to more empty homes being returned into the housing stock than anticipated? Or is there some other reason?

Officer Response

The extra costs have arisen, not due to the numbers of homes returned, but due to the quality of void properties returned to us this year, through evictions and the like. As a guide for budget purposes we normally work on an average spend per void at £2k, but presently our average spend has risen to nearly £3k per void. As an example of this we had one void in Burnthouse Lane which was left in such a state after eviction that we had to spend some £40k to put it back in reasonable habitable condition. So you can appreciate you don't need many of these before the budget is swallowed up.

In terms of what we recover from these erring tenants, well we do seek to recover some costs through our rechargeable repair system, however it is somewhat ironic that the larger the cost to recover the more difficult it is to do so, as the people who severely abuse property tend to be the ones who have no money to be able to pay back. In terms of more successful recovery, albeit at a lower level of cost, we do tend to be more successful in terms of recharging for rubbish left behind.

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AGENDA ITEM 10

Councillor Question

2.3 2011/12 REVISED BUDGET 86A1 Revenue Collection/Benefits

I am pleased that Housing Services have cut back on the use of Bed & Breakfast for emergency accommodation and increased the use of private sector leasing.

What would have the overspend been if we hadn't transferred to PLS and continued to use B&B?

I know this is really a question for Scrutiny - Community, but are we experiencing increased demand for use of emergency accommodation? If we are, is enough PLS coming on-stream to cope?

Officer Response

We have seen an increase in the use of Temporary Accommodation since Christmas (we have about 20 more households, mostly single people) in Temp Acc than we did at the end of last year.

As an example of the potential overspend PSLs are cost neutral to the council whereas B&Bs will usually lose us at least £250 a week in subsidy.

Therefore if the additional 20 people were accommodated in B&B's rather than PSLs we would stand to lose at least £5,000 a week in subsidy.

At the current increased rate of homelessness presentations we would not have sufficient PSLs to keep up (at the current rate of PSL procurement). However the Development Team are seeking to address this and are making a number of promising contacts with landlords of HMOs.

Please contact Chris Hanock, Housing Need Manager - 265722 if you any more queries on this matter

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