

## **SCRUTINY COMMITTEE - RESOURCES**

24 November 2010

### **Present:**

Councillor Coates (Chair)

Councillors Cole, M A Baldwin, Branston, Crow, Hobden, Macdonald, Morris, Spackman, Thompson and Wardle

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

### **59 Minutes**

The minutes of the meeting held on 15 September 2010 were taken as read and signed by the Chair as correct.

### **60 Declarations of Interest**

Members made no declarations of interest.

### **61 Annual Audit Letter 2009/10**

Mr Morris of Grant Thornton, the Council's External Auditor, presented the Annual Audit Letter 2009/10.

Mr Morris updated Members on the challenges that the Council faced in the current economic climate and advised that from next year the Council would prepare the accounts in accordance with the International Financial Reporting Standard. He outlined the financial performance, the progress the Council had made and that action had been taken to implement recommendations made in the 2008/09 interim report.

The Chair thanked Mr Morris for his presentation.

The Scrutiny Committee – Resources noted the letter.

(Letter circulated)

### **62 Portfolio Holders to present their reports**

The Leader updated Members on progress on the priorities in terms of the budget, providing value for money across the Council's services and Human Resources.

A copy of the briefing note is attached to the minutes.

In answer to a Member's question, the Leader clarified that there was not a confirmed timetable for the review of the Council's organisational structure. The Strategic Management Team, Portfolio Holders, Scrutiny Chairs and Deputy Chairs were meeting on 29 November 2010 with consultants to consider a possible systems review of the whole organisation.

The Portfolio Holder for Business Transformation and Human Resources updated Members on the work priorities for 2010/11.

A copy of the briefing note is attached to the minutes.

He answered Members' questions concerning the workload of Housing Benefits and the Customer Service Centre which were both experiencing an increase in demand for service.

### **PERFORMANCE MANAGEMENT**

#### **63 AIM Property Maintenance Progress 2010/11**

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.

The Scrutiny Committee – Resources noted the financial position of the second quarter financial position of the £7.6m programme of reactive and planned property maintenance and refurbishment for 2010/11.

(Report circulated)

#### **64 Performance Monitoring - Corporate Services**

The report of the Director of Corporate Services was submitted.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

#### **65 Resources Scrutiny Stewardship to 30 September 2010**

The report of the Head of Treasury Services was submitted.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

#### **66 Corporate Complaints Monitoring**

The report of the Assistant Chief Executive was submitted.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

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

### **67 Overview of General Fund Revenue Budget 2010/11**

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 2010/11 financial year.

The Head of Treasury Services advised that the Service Committee budgets showed a forecast underspend of £372,890 (2.15%) against a revised Service Committee Net Expenditure budget of £17,356,360 and an overall underspend of £32,356 against the General Fund Expenditure. The Scrutiny Committee - Community under spend was £416,280 and that of the Scrutiny Committee - Economy was £265,170.

The Scrutiny Committee - Resources had an over spend of £308,560 due to a reduction in Housing Benefits subsidy mainly in respect of Rent Allowances which was projected to be £223,580. Also expenditure had been incurred on the Local Government Review relating to the Judicial Review and the subsequent work to identify a date for the required elections.

Members were updated on the Housing Revenue Account, the outstanding sundry debt and the creditor payments performance. The forecast General Working Fund balance at 31 March 2011 was £3,222,806 and equated to 17.9% of the General Fund net expenditure.

In response to Members' questions, the Head of Treasury Services outlined the current position with regards to the Council's investment in Icelandic Banks and advised that the court cases were on going. Although there was a court hearing in January 2011, he envisaged that it could be at least two years before the Council might receive any funds from these investments.

Housing Benefits overpayments were largely due to claimants' change of circumstances which lead to a lower benefit entitlement once a reassessment was made. The Council recovered over 90% of this overpayment.

The Head of Contracts and Direct Services clarified that the Council did not have any direct contracts with ROK.

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

- (1) General Fund forecast financial position for the 2010/11 financial year;
- (2) HRA forecast financial position for 2010/11 financial year;
- (3) outstanding Sundry Debt position as at September 2010; and
- (4) Statutory Performance Indicator BVPI8 for creditor's payments.

(Report circulated)

### **68 Capital Monitoring Statement to September 2010**

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 informed that the revised Capital Programme for the current financial year was £30.484 million. During the first six months of the year the Council spent £6.964 million on the programme, which equated to 22.8% of the revised programme. This compared with £6.013 million (23.8%) being spent in the first six months of 2009/10. The total forecasted spend for 2010/11 was £27.974 million, with schemes totaling £4.189 million being deferred to 2011/12.

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)

## **69 Treasury Management 2010/11**

The Head of Treasury Services presented a report on the current performance for the 2010/11 financial year and the position regarding investments and borrowings as at 30 September 2010.

Members were updated on the net interest position which was a reduction of £100,000 compared to the budget, due to interest rates staying at a lower rate than estimated. The Council had reduced its temporary borrowing over the first six months of the year. Borrowing now stood at £10 million, down from £21.8 million at the start of the year. Interest rates remained very low and the Council was keeping borrowing and investment to a minimum, continuing to have no long term debt.

The Scrutiny Committee - Resources noted the Treasury management report for the first six months of 2010/11 and recommended approval by Executive.

(Report circulated)

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

### **70 Risk Management update**

The Head of Audit presented the report advising the Committee of the Council's risk management process and seeking approval for the updated corporate risk register, seven amendments having been made to the register.

In response to a Member's question, the Head of Audit clarified that work had been periodically undertaken to try and stop a small leak at Topsham Lock but this had not been successful and there was the possibility that the leak could affect the canal bank and towpath.

In answer to a Member's question, the Head of Contracts and Direct Services updated Members on the current position with regards to Connaught. The original contract had not been signed and after receiving legal advice to reduce the risk of challenge, there would be a re-tendering process for the kitchens and bathrooms refurbishment programme for council housing. In the meantime, Lovell's would be given a short term three month emergency contract to complete any urgent works.

The Scrutiny Committee – Resources approved the updated Corporate Risk Register and noted the risk management progress to date.

(Report circulated)

**71 Internal Audit Work - 1st half yearly report 2010/11**

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.

In answer to a Member's question, the Head of Audit stated that the problems with Capita's housing benefit software was a national issue which Capita does not regard as a high priority. However, the Council was trying to get them to rectify the software problem as soon as possible.

A Member commented that he was pleased to see that health & safety audits were being undertaken and that regular use was being made of the Council's on-line 'Report It' fraud hotline by the public.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

**72 Scrutiny Committee Resources - Budget Working Group**

The Scrutiny Committee - Resources appointed Councillor Coates, Coles, Branston, and D. J. Morrish or a substitute Liberal Group representative to the all party Resources Budget Working Group which would consider the budget savings proposals for 2011/12.

The meeting would take place on Tuesday 6 December 2010 at 10.00am.

The meeting commenced at 5.30 pm and closed at 6.30 pm

Chair