

Financial monitoring scrutiny task group - note of meeting 7 February 2013

Present:

Councillors Peter Southgate (Chair), Suzanne Grocott, Diane Neil Mills and Greg Udeh.

Caroline Holland, Director of Corporate Services

Paul Dale, Interim Assistant Director of Resources

Julia Regan, Head of Democracy Services

Apologies:

Councillor Iain Dysart

Note of meeting 01.11.12

Matters arising:

- table setting out customer and client receipts 2012/13 was laid round (and appended to these notes). ACTION: Caroline Holland undertook to circulate figures for 2011/12
- capital programme – the Gorrington park over-spend was due to the project proceeding faster than planned rather than over-spending in total. The Wimbledon town centre transport improvements, Wandle footbridge and LBPN design costs have all been moved into the 2013/14 capital programme. ACTION: Paul Dale undertook to confirm the position in relation to the solar PV panel
- dates are currently being identified for risk management for councillors
- cash flow ACTION: Caroline Holland will clarify the position as at 29.01.13, show investment and short term debt for each month and provide information on long term investment. Caroline Holland to consider best way of incorporating long term investment information into the statement in future years when the issue becomes pertinent.
- From April-December 2012, 9075 people presented as homeless, 750 of these were taken on for homelessness prevention work and 205 made statutory homeless applications

Service plans

The Commission, at its meeting on 31 January, discussed the Customer Services and Safer Merton service plans and asked the financial monitoring task group to scrutinise and report back on the others to the Commission's meeting on 28 February.

The task group agreed to ask the Commission to make the following recommendations to Cabinet:

- that savings information should be included on service plans in future in order to explain budget changes from year to year
- that all service plans are carefully checked to ensure that the information (particularly staffing and budget figures) is accurate and that it is consistent with other reports to Cabinet and elsewhere

The additional information provided by Caroline Holland and Paul Dale in response to questions on each of the service plans is set out below.

Business Improvement

- no budget savings in this service area in 2013/14
- indicator on number of bespoke systems will be replaced with % of bespoke systems, target to reduce this from 55% in 2012/13 to 50%, 40% and subsequently 30% .
- number of bespoke IT systems planned to reduce from around 70 to around 30, by integrating systems and phasing out those no longer needed.
- the programme office will comprise a small team with flexibility to scale up or down depending on business requirements
- the IT systems are in the budget because they are owned by the Business Improvement Division
- Cabinet will be receiving a report regarding replacement of the document management system. A task group member suggested that officers look at the system used by Wandsworth Council as their categorisation system makes documents easy to find, also they are fast and easy to read on line.

ACTION:

- clarify whether drop in supplies and services from £338k in 2012/13 to £26k in 2013/14 is due to transfer of software licences to Infrastructure and Transactions Division
- to investigate the accuracy of the risk scoring of the two projects categorised as high risk

Corporate Governance

- it is anticipated that the introduction of a web-based accident reporting system for staff will address current under-reporting of accidents

Task group members noted the target to reduce the number of supplementary agendas and said that they wished the number to be as low as possible and to avoid tabling documents at meetings too.

ACTION:

- check the accuracy of the population forecasts
- Shared legal services service plan to be circulated

Human Resources

- the time to hire indicator is measured in days
- the number of permanent staff is not shown because Sutton is the host for the HR shared service, but employee costs are shown
- apprentices are shown as HR staff because HR manages the scheme (which is funded through the reserves)
- staff turnover is quite low at present
- the appraisal target relates to the % completed

- the agency workers supply project will procure a new contract when the current one expires. Savings will be dependent on what categories of staff can be included within the contract

Infrastructure and Transactions

- the number of invoices that don't go through the first time on Proactis is still being monitored and is going in the right direction.
- Depreciation is an accounting requirement to pick up on costs such as building and IT equipment that are charged to the capital account

ACTION:

- to circulate latest data on the number of Proactis invoices not accepted first time
- to clarify why the number of transactions requested by departments is anticipated to fall

Resources

ACTION: to provide amended Staff FTE numbers

Commercial Waste

ACTION:

- to provide budget information separately for the commercial waste service and the pest control service, as well as the difference between the budget position and the current actual position.
- to confirm the detail of the legislation relating to the generation of profit from traded accounts

Financial monitoring report 2012/13 – quarter 3 (December 2012)

Caroline Holland briefly introduced the report and said that Cabinet would be receiving the report with some minor amendments to the capital programme - there is likely to be more slippage of items from the current year and from 2013/14 to future years.

Comments made by task group members on each section of the report and responses to their questions are set out below.

Executive summary

It was confirmed that the forecast underspend of £4,313m is after a transfer of £631,000 to the capital financing report.

Appendix 1 shows the movement from the budget set by Council in March 2012 to the original budget which was agreed in mid April.

The forecast over-spend on employee costs (p19) is partly due to redundancy costs (spread over 5 years) and partly due to an overspend in Waste Services (resulting from a combination of issues set out on p34).

Caroline Holland undertook to clarify, and align where possible, the terminology used in different reports (e.g. current estimates and full year forecasts).

In response to a question about the forecast over-recovery of £987k on customer and client receipts, Caroline Holland said that some savings were proposed to address this. Paul Dale undertook to explore the subjective analysis in order to further clarify the position. ACTION: Paul Dale

In response to a comment about the reduction in the forecast underspend on waste, children's social care and adult social care, Caroline Holland said that this demonstrated how focussing on the accuracy of forecasts can result in considerable improvement.

Members expressed concerns about the impact that cuts in funding to the voluntary sector would have on local groups. Caroline Holland said that there had been no cuts to funding in 2012/13 and that the allocation for 2013/14 was the same but would be redistributed between groups according to criteria that had been agreed with the voluntary sector.

Departmental summaries

Caroline Holland and Paul Dale made the following points in response to questions:

- progress is being made but the difficulties with the Agilysis payroll service won't be resolved for several months (p23)
- approval to fill vacant posts is given by Directors (p23)
- the shortfall on the recovery of court costs is partly due to the loss of days following the move from Wimbledon to Kingston Court. Also, the council tax collection rate has held up well and a higher proportion of debt is now recovered at an earlier stage (prior to employing bailiffs) (p23)
- a public value review of communications is currently underway and includes a review of corporate communications sponsorship, advertising and filming income (currently forecasting a shortfall)
- the legal action regarding Connexions is currently awaiting a court ruling (p27)
- the potential £200k deficit notified by Harris Federation is being investigated and may well be lower than anticipated (p27)
- the funding arrangements for adult social care packages are determined by client need (p29)
- the overpayment of Merton Adult Education tutors was due to claim errors due to unfamiliarity with the new Agilysis system and is now being recouped (p30)
- the additional winter pressures funding has not yet been received from the Department of Health (p31)
- the inconsistencies in the temporary accommodation budget are being investigated (p31)
- the properties showing a shortfall in rental income are commercial investment properties, mainly industrial estates (p33)

Caroline Holland and Paul Dale undertook to provide additional information:

- the number of vacant posts
- further detail on the employee overspend in the streetscene and waste services

Corporate items

Noted that the components of pay and price inflation are shown on page 42.

Capital programme

Noted that there is missing word on p36 last sentence of paragraph 4.1 ii) should read – “ This will have a considerable impact on the MTFS and financial officers need to review the detail underpinning these proposals to ensure their correct classification”

Caroline Holland confirmed that the £908k transferred to revenue is now in the service budgets.

Miscellaneous debt

The increase in debt is primarily due to a rise in housing benefit debt. Caroline Holland said that payment plans were in place to address this, also that some large invoices were awaiting payment by the NHS and some debts are secured against adult social care clients' properties.

Customer and client receipts

A summary of 2012/13 customer and client receipts was laid round and will be published with these minutes.

Date of next meeting

Agreed that the purpose of the next meeting would be to scrutinise the final accounts prior to their being considered by General Purposes Committee on 27 June. ACTION: Julia Regan and Caroline Holland to identify meeting date.