

Financial monitoring scrutiny task group - note of meeting 1 November 2012

Present:

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

Caroline Holland, Director of Corporate Services

Julia Regan, Head of Democracy Services

Apologies:

None

Financial monitoring – role of the overview and scrutiny panels

Councillor Samantha George asked for the following information relating to Children, Schools and Families to be reported to the Children and Young People Overview and Scrutiny Panel:

- Report on 2012/13 forecast out-turn
- Capital budget
- Progress on 2012/13 savings
- Risk register

Members suggested that similar information be provided to the Sustainable Communities Overview and Scrutiny Panel.

ACTION: Caroline Holland and Julia Regan

Councillor Greg Udeh said that he would update the Healthier Communities and Older People Overview and Scrutiny Panel on budget issues relating to the remit of the Panel.

Financial monitoring report 2012/13 – quarter 2 (September 2012)

Caroline Holland, Director of Corporate Services, briefly introduced the report and said that Cabinet would be receiving the report with some minor amendments plus the tabled additional legal implications in relation to the Civic Centre windows (published with this note).

Caroline Holland said that the focus on providing accurate forecasts for this mid-year report has resulted in some changes to previous forecasts, which finance officers will check with budget holders.

Members thanked Caroline Holland for including the budget set by Council in March 2012 in Appendices 1 and 2, as requested by the task group.

She also drew attention to further re-profiling of the capital budget, with a number of items slipped and one item (the replacement of windows in the civic centre) brought forward. Redundancy payments have been removed from the capital programme as the government does not have a budget for these items in 2012/13. A new capital scheme has been created to allow greater flexibility in the acquisition of small plots of land and such like.

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

Cash flow statement (published with this note)

Caroline Holland explained how the cash flow statement had been produced and said that it would be used to challenge budget forecasts where these differed from the cash position.

She undertook to do further work to refine the statement and make it clearer, including the provision of figures for investment and short term debt for each month. ACTION: Caroline Holland

Caroline Holland confirmed that short term debt is debt of less than 12 months duration.

2012/13 forecast outturn (pages 2-5)

In response to a question about differences between the size of some of the variances currently and the predicted variance at year end, Caroline Holland said that forecasting assumptions are still being checked and until this work is completed it is not possible to identify the most likely year end outcomes. Some of the differences are due to uneven spend patterns that have not been profiled as such and other variances are due to known commitments that have not been processed yet.

She drew attention to the tables on pages 4 and 5 that set out the largest variations in more detail and said that the increased variation forecast on “other departmental expenditure” would be followed up.

Caroline Holland laid round a table showing customer and client receipts by department (published with this note). She undertook to provide information on how much of the £52m budgeted for customer and client receipts is accounted for by internal charging. She also undertook to provide comparative figures for 2011/12. ACTION: Caroline Holland

Departmental summary of current position (pages 6-17)

The task group noted the predicted overspend on the payroll service provided by Agilisys and expressed concern about the cost and time taken to resolve difficulties associated with introducing the new system and the consequent lack of accessible information on staff numbers, vacancies and structure charts.

RESOLVED: to forward these concerns to Cabinet via the Overview and Scrutiny Commission.

Caroline Holland undertook to provide the September figures showing details of the underspend in the Dedicated Schools Grant. ACTION: Caroline Holland

Members discussed the pressures on the housing general fund and asked for monthly data showing the number of people presenting as homeless.

ACTION: Caroline Holland

In response to a question, Caroline Holland explained that the employee overspend in waste services was largely due to the use of agency staff to cover sickness so that services could be maintained. She added that there has been some success in reducing sickness levels and further work is to be done.

Caroline Holland undertook to provide further information on employee overspend in the traffic and highways service ACTION: Caroline Holland

Corporate items (page 18 and page 25)

In response to a question, Caroline Holland said that the majority of claims in relation to single status have been paid or are in process and no further claims are anticipated in 2013/14.

Members questioned the size and use of the contingency budget and whether, given the low level of spend on this in previous years, it is necessary. Members suggested that it could be reduced as an alternative to making savings elsewhere.

RESOLVED: to forward these concerns and comments on the contingency budget to Cabinet via the Overview and Scrutiny Commission.

Capital programme (pages 19-21 and 29-35)

Caroline Holland outlined the decision making process in relation to amendments to capital projects :

- New schemes are agreed by Council
- Changes to schemes over £500,000 are agreed by Council
- Changes to smaller schemes are agreed by Cabinet and reported to Council

Caroline Holland confirmed that all capital budget managers had provided budget monitoring information for September.

In response to questions, Caroline Holland she said:

- that underspends are likely to be slippage unless detailed otherwise
- the heading for the last columns in the tables in Appendix 5b should be 2013/14 not 21012/13

Caroline Holland undertook to confirm the reason for the over-spend on Gorrington Park school (page30), detail on the Wimbledon town centre transport improvements, the solar PV panel near Morden park and the Wandle Footbridge, LBPN design costs (all page 34). ACTION: Caroline Holland

Members expressed concern about the number of capital schemes slipped forward and wondered whether some of these should be removed from the

capital programme instead if there was no prospect of undertaking the work in the foreseeable future.

RESOLVED: to forward these concerns and comments on the capital budget to Cabinet via the Overview and Scrutiny Commission.

Risk management (page 21)

Risk management training for councillors is planned to take place soon.

Date of next meeting

Agreed to meet on 7 February plus a date in April/May to be confirmed. All meetings will start at 7pm.