

Agenda Item 2

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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

14 NOVEMBER 2017

(7.15 pm - 9.05 pm)

PRESENT: Councillor Kelly Braund, Councillor Mike Brunt,
Councillor Stephen Crowe, Councillor Dennis Pearce,
Councillor Peter Southgate and Councillor David Williams

ALSO PRESENT: Julia Regan (Head of Democracy Services), Caroline Holland (Director of Corporate Services), Bindi Lakhani (Head of Accountancy), James McGinlay (Assistant Director for Sustainable Communities), Roger Kershaw (Interim Assistant Director of Resources), Zoe Church (Head of Business Planning), Chris Lee (Director of Environment and Regeneration) and Doug Napier (Leisure and Culture Greenspaces Manager)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Hamish Badenoch (Chair) and Councillor Suzanne Grocott.

It was AGREED that Councillor Stephen Crowe would chair the meeting.

2 MINUTES OF MEETING HELD ON 25 JULY 2017 (Agenda Item 2)

The minutes were agreed as an accurate record of the meeting.

Matters arising – ACTION: Director of Corporate Services will email task group members with information regarding late invoice for £350k that had been accrued in 2015/16 and accrued again at the end of 2016/17.

3 QUARTER 2 FINANCIAL MONITORING REPORT - 2017/18 (Agenda Item 3)

Caroline Holland, Director of Corporate Services, introduced the report. She drew the task group's attention to the predicted overspend at year end, which has reduced from £1.9m to £1.6m over the past quarter, and the consequent need to balance the budget from reserves or from further savings. She also drew attention to the detail provided in the report on the budget situation for each department as well as detailed information on the capital programme, debt and staffing data.

Caroline Holland provided additional information in response to questions:

- It is expected that the overspend in adult social care will decrease further by the end of the financial year
- Work is ongoing to address transition between children's and adults' social care and this should also assist the budget situation

- The late clawback of Better Care Fund monies (page 17) was unavoidable due to late notification of performance data from the Clinical Commissioning Group
- The council regularly bids for funding opportunities and was recently successful in securing £3.5m Lottery funding for Cannons Park.

Chris Lee, Director of Environment and Regeneration, added that Veolia now bears the risk of any financial losses from the waste service and the council would benefit from a share of any profits.

Zoe Church, Head of Business Planning, explained how the proposed reduction of 2% of outstanding debt would work (cabinet recommendation C – page 5) and why this approach would be beneficial to the council and would provide a much better representation of the life of council assets – detailed figures are set out on page 78. She added that the proposals had been discussed with the external auditors and that they had agreed that this would be a sensible and prudent approach for the council. The savings have already been factored into future budget years in the Medium Term Financial Strategy.

In response to a question about historic debt, Roger Kershaw, Interim Assistant Director of Resources, said that the council is always looking for advantageous refinancing opportunities but that the rules had changed recently so that the Public Works Loans Board has to be compensated for its loss of income arising from any early redemption of debt. He added that there had been a recent early redemption of a commercial loan but that he did not envisage further opportunities in the near future as this would not be in the lenders' interest and they would therefore be unlikely to agree.

David Keppler, Head of Revenues and Benefits, provided further detail about the council's approach to debt collection. He said that writing off debt was the last option, following the exhaustion of all other methods to collect the debt. He reassured members that debts, in particular council tax debts, are pursued for a number of years. The increase in the amount of parking debt is in line with the increase in the number of tickets issued following the introduction of ANPR.

David Keppler said that one of the challenges is that the switch to "realtime" information by the Department of Work and Pensions has led to an increase in the number of overpayments of housing benefit, which can be difficult to collect. In response to a question about the impact of Universal Credit on housing benefit debt, he said that it should lead to a reduction in the level of housing benefit overpayments but that the rollout would be phased and would therefore take some time to have an impact.

It was AGREED to make a reference to the Commission asking it to note the following points arising from the monitoring report and to take these into account when scrutinising the Business Plan Update 2018-22:

1. The proposed use of £2.9million from the earmarked reserves to balance the budget;
2. That there is just £0.5million head room left on the General Fund; before it reaches the minimum prudent level set for 2017/18
3. That the predicted shortfall of savings to be carried forward from previous years will be £860,000 for 2018/19;
4. That some of the problems experienced in achieving savings are longstanding and persistent, including demographic pressures in Adult Social Care and the unfunded costs of unaccompanied asylum seeking children and those with no recourse to public funds; and intensifying price competition where council services compete with the private sector eg. building control
5. The vacancy rate and use of agency staff and number of unfilled vacancies, after allowing for brought forward savings

4 WIMBLEDON TENNIS CHAMPIONSHIP (Agenda Item 4)

This item was discussed in an EXEMPT session. An EXEMPT minute has been published separately.

Under Part 4B Section 10 of the Council's constitution, the report and minutes are exempt from publication due to the inclusion of "information relating to the financial or business affairs of any particular person (including the Authority holding that information)."

5 COMMERCIALISATION (Agenda Item 5)

Chris Lee, Director of Environment and Regeneration, introduced the report which provides an update on the council's approach to commercialisation and sets out the main areas for commercial opportunities. He said that commercial thinking does not come easily to the authority and, on occasion, external expertise has been brought in to assist. The council's target operating models (TOMs) are currently being redrafted and will include further areas where commercial opportunities may be possible.

Chris Lee provided additional information in response to questions:

- The success of the Local Housing Company will depend on a number of factors, including how successful it is in buying land, developing and marketing properties, operating like a private developer
- The council benefits substantially from the rental stream provided by its non-operational property portfolio and seeks to obtain market rents
- Appointment of a commercial manager would depend on funding and capacity needs
- There may be potential for the regulatory services partnership to operate in a similar way to CHAS in two to three years time if there was sufficient interest and motivation from staff

- There may also be potential for the building control service to operate on more of a commercial footing – dependent on changes that may be made following the Grenfell enquiries
- Council officers have a number of networks and forums to share good practice and learn from other authorities

Members urged the council to take a more dynamic approach to commercialisation and AGREED to ask the Commission to be mindful of income opportunities arising from a more commercial approach by officers, including through examination of the refreshed Target Operating Models in 2018/19.

6 AGENDA ITEMS FOR MEETING ON 6 MARCH 2018 (Agenda Item 6)

AGREED to received the following items at the task group's meeting on 6 March 2018:

- Quarter 3 financial monitoring report – 2017/18
- CHAS (Contractors Health and Safety) – report to set out how the CHAS business model operates, how it differs from other council services and what could be learned from this model of working