

## **FINANCE AND AUDIT SCRUTINY PANEL**

### **28 FEBRUARY 2012**

*Present :-* Councillor Sue Lissimore (Chairman)  
Councillors Mark Cory, Annie Feltham, Scott Greenhill,  
Pauline Hazell, Justin Knight, Michael Lilley,  
Jon Manning, Gerard Oxford and Will Quince

*Also in Attendance :-* Councillor Mike Hardy  
Councillor Beverley Oxford  
Councillor Paul Smith

#### **44. Minutes**

The minutes of the meeting held on 23 November 2011 was confirmed as a correct record, subject to the following amendment.

The last paragraph on the item 'Treasury Management – Half yearly report 2011/12', commencing "Responding to Councillor Feltham", to read "Responding to Councillor Hazell".

The minutes of the meetings held on 6 December 2011 and 24 January 2012 were confirmed as a correct record.

#### **45. Certificate of Claims and Returns - annual report**

Mr. Gary Belcher, Senior Audit Manager, Audit Commission attended the meeting for this item and presented the report on the Certification of claims and returns, an annual report that provides assurance to the Council that claims for grants and subsidies are made properly and information in the Council's financial returns is reliable.

Mr. Belcher gave further details on the summary of certification work for 2010/11. Certification was given to seven claims and returns with a total value of £117.6 million. Two claims were issued qualification letters to the respective grant-paying body, those relating to the Housing Finance base data return and the Single Programme East of England development grant: Firstsite.

With reference to the Housing and Council Tax Benefit Claim, Mr. Belcher said the Council had reviewed 100 per cent of the affected cases in respect of the errors noted as part of the audit. The claim form was therefore able to be amended and no qualification letter issued. Mr. Belcher thanked officers for their work and co-operation in respect of this audit.

Mr. Belcher concluded by thanking finance officers and other officers involved in the Audit Commission audits for their co-operation in carrying out the audits.

In response to Councillor Manning, Mr. Belcher clarified that under the summary of recommendations, the description "Reduce instances of simple errors, in regards to differences between claim values and supporting documentation', was not about over /

under claiming, but about the administrative processes in dealing with the claims, a documentation issue.

*RESOLVED* that the Panel considered and noted the contents of the Audit Commission's report on the Certificate of Claims and Returns.

**Councillor Annie Feltham (in respect of being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Will Quince (in respect of being a Director of Tymperleys Community Project Limited) declared a personal interest in the following item which is also a prejudicial interest pursuant to the provisions of Meetings General Procedure Rule 7(10) agreed to leave the meeting if the item on "Savings in Progress - Tymperleys" was discussed.**

#### **46. Financial Monitoring Report – April to December 2012**

Mr. Sean Plummer, Finance Manager, introduced the Financial Monitoring Report that provided the financial performance of all General Fund services and the Housing Revenue Account for the first nine months of 2011/12.

Mr. Plummer said whilst the projected outturn for the General Fund is currently reporting a net overspend of £242k, the current position was looking positive and this figure was expected to improve.

Mr. Plummer explained that the month on month net overspend had reduced from a figure of £262k (6-monthly report) reported in November, to a figure of £242k reported this month, with officers confident that the anticipated outturn is expected to reduce to below £200k.

Mr. Plummer said the table in paragraph 5.2 of the report provided a forecast outturn for all service areas with outturn variances and these are similar to those reported to the Panel in November.

Mr. Plummer mentioned that the 2011/12 Budget included £3.6m of savings or additional income, and to the end of period 9 over £3.13m of savings had been achieved representing 88% of the original £3.6m.

In conclusion, Mr. Plummer also mentioned that the reported current projected outturn for the Housing Revenue Account (HRA) is over budget by £163k, but like the General Fund it was anticipated that this figure would also reduce.

Councillor Lissimore said she did not like the term used within the report 'an under-recovery of income', a point agreed by Councillor Manning. In regards to the £96k under recovery of income within the HRA, Mr. Plummer confirmed to Councillor Manning that this figure was an overall figure and that the reduction in funding by Essex

County Council was a contributory factor.

In response to Councillor Feltham and what appeared to be a large difference in the HRA position at the end of period 9, an underspend of £712k compared to the Budget, and the current projected outturn of £163k over budget, Mr. Plummer said the position noted can seem misleading, but it is about comparing where we are at a point in time against the profile budget, and as we move closer to year end, so work delays and payments not made can have a big impact on the final position. Some costs are paid toward year-end and can skew the results leading up to this period.

Councillor Smith, Portfolio Holder for Resources and Heritage gave an example of this, painting and decorating houses, a revenue cost, but if the windows are replaced by UPVC windows, a good long term investment, the money to pay for this work comes from Capital receipts. At this point the accounts show an overspend on Capital and an underspend on Revenue, a position that is not adjusted until year-end.

Mr. Plummer responded to Council Quince in reference to the saving of £45,000 on the Food Waste trial, saying the original budget figure was an estimated cost and ultimately the trial cost less to complete. Mrs. Hedges, Executive Director said the savings were attributable to costs being lowered due to negotiations on contracts. Councillor Smith said the actual saving was in the cost of hiring the trial vehicle, where the company agreed to reduce their charges on the chance basis of future business.

In response to Councillor Quince, Councillor Smith said Car Parking income remains under-recovered at the end of period 9, with this in part being due to customers taking advantageous of car parks offers. Councillor Smith said the precise details change from month to month, however, people using car parks was constant, but the income lower due to the customers using the offers. Mrs. Hedges said there is a time-lag in the reporting mechanism, and the current car parking results show a marginal improvement on the reported figures. Mrs. Hedges said the budget setting for 2012/13 had been adjusted to reflect the expected income. Councillor Smith said it is a complicated economic formula used to determine a balance to encourage car parking and maximise car parking income and helping local trade. The car parking statistics remain under constant review.

Councillor Hazell felt it would be easier for members to understand the contents of the report if the language was simplified, and that would avoid the need for clarification during the scrutiny process. Councillor Cory said Group Spokespersons attend briefings the week prior to the meeting and this is the opportunity to get clarification on detail. Councillor Cory felt Mr. Plummer explained the report and responded to questions very well and he was reassured by his contribution. Councillor Lissimore was also appreciative of the work of the finance officers, but felt the simpler the reports the better, not just for members, but for members of the public.

*RESOLVED* that the Panel considered and noted the financial performance of General Fund Services and the Housing Revenue Account in the first nine months of 2011/12.

#### **47. Capital Expenditure Monitor 2011-12**

Mr. Steve Heath, Finance Manager, introduced the Capital Expenditure report that provided progress against all capital schemes in the first nine months of 2011/12.

For the first nine months of the year the capital spending totalled £9.1m, an additional £3.0m spend on the £6.0m spend figure at the end of quarter 2. The total spend to date represented 37.7% of the total programme and 58.1% of the projected spend for 2011/12. Mr. Heath said paragraph 4.4 of the report provided a summary of the projected variances against current schemes.

Mr. Heath took the opportunity to provide the Panel with a Treasury Management update, in regards to the Icelandic Bank Investments. Mr. Heath said the Council has received the first part repayment of £1.2m, equal to 31% of the total investment, and higher than the 22% that was expected. Mr. Heath said it was expected that smaller payments will be made on an annual basis, and reiterated this was not new money, but money already accounted for within the Council's accounts.

*RESOLVED* that the Panel:

- i) Considered and noted the level of capital spending during 2011/12 and forecasts for future years.
- ii) Noted the receipt of the first investment repayment of £1.2m from the Icelandic Investments.

#### **48. Work Programme**

Mr. Judd, Scrutiny Officer explained to the Panel that the item on the Financial Aspects of Park and Ride, due to be considered at the March meeting would now have to be deferred until the next municipal year. Mr. Judd explained the delay was due to protracted discussions with Essex County Council on the contracts for the extensive data study and modelling work.

*RESOLVED* that the Panel noted the 2011/12 Work Programme, and the deferment of the item on the financial aspects of Park and Ride to 2012/13.