

FINANCE AND AUDIT SCRUTINY PANEL 18 AUGUST 2009

Present :- Councillor Christopher Arnold (Chairman)
Councillors Wyn Foster, Martin Goss,
Dave Harris, Theresa Higgins, Jackie Maclean,
Jon Manning, Lesley Scott-Boutell, Nick Taylor
and Dennis Willetts

14. Minutes

The minute of the meeting held on 28 July 2009 was confirmed as a correct record, subject to the following amendment. Item 11, Treasury Management – Annual Report 2008-09, an additional resolution to read;

iv) Agreed to members of the panel receiving a copy of the Audit Commission report identifying and complimenting the Council on Treasury Management.

Councillor Theresa Higgins (in respect of her membership of Essex County Council) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

15. 2009-10 Financial Monitor

Mr. Sean Plummer, Finance Manager attended the meeting for this item and introduced the Financial Monitoring report for April to June 2009.

Councillor Smith addressed the panel, drawing members attention to appendix E of the report, showing the improved position in regards to the Housing Revenue Account and the improvements in efficiency since the change in the repairs and maintenance service provider. The cost of returning a void property back into use had been halved.

Councillor Willetts said it would be helpful for the panel to receive a briefing note setting out the current position on void properties.

In response to Councillor Willetts, Mr. Plummer confirmed that in regards to Benefit payments, this was not shown as it would distort the reported position, for example, during the first quarter period the actual payment figure was £13,500,000 against a forecast of £12,800,000. Mr. Plummer confirmed that whilst this caused a cash-flow problem during the year this situation was rectified at year end when the final subsidy claim is paid.

In reference to the corporate savings targets, Mr. Plummer and Ms. Wain, Executive Director responded to questions from Councillors Foster and Arnold.

Mr. Plummer said that due to the economic downturn, there was a lower turnover of staff which had resulted in the low level of salary budget savings as shown at the first quarter period. Mr. Plummer confirmed that the Senior Management Team considers monthly updates on the current situation and it was anticipated that there would be progress with savings to be reported in November. Ms. Wain said that making savings on a quarter by quarter stage was not a linear process, and that it was the responsibility of each Head of Service to determine at what stage salary budgets are released as corporate savings. Ms. Wain confirmed that the Senior Management Team are reviewing vacant posts on a regular basis and challenging whether these posts should be filled. Ms. Wain said the savings accrued from the gap between a member of staff leaving and being replaced, and was not about cutting vacant posts from the establishment.

Ms. Wain confirmed to Councillor Goss that recruitment costs are regularly monitored and kept to a minimum, with on-line advertisements and Jobcentre Plus used in preference to newspapers or journals, though in specialist cases, journals are used where it is considered appropriate.

Mr. Plummer confirmed he would give consideration to introducing text within the future reporting on corporate savings, to show the impact of work on the organisation, and thereby allow members to be able to track more effectively.

In response to Councillor Manning and Goss, Mr. Plummer said the Fundamental Housing Services Review, to be reported to the Strategic Overview and Scrutiny Panel in November, would address issues such as the predicted year end overspend on Bed and Breakfast charges. Mr. Plummer agreed to forward to the panel details on Bed and Breakfast, including the number of claimants and bed and breakfast locations.

Councillor Offen, Portfolio Holder for Business and Resources said increased housing availability would help to alleviate the number of bed and breakfast cases, with properties in a section of the army estate, and surplus to military needs, being sold to a local housing association. The properties are to be refurbished, with 85 new homes available for occupancy by the spring, rising to a total of 131 properties in the summer of 2010, and that will hopefully offset the need for bed and breakfast.

Mr. Plummer said it was at this stage difficult to predict the cost implications of the change in law in respect of 16 – 17 year olds in bed and breakfast accommodation, but this has been identified as a risk area, is being monitored

closely, with progress reported to the panel in November.

Mr. Plummer said there had been a small amount of progress on the income generated and procurement savings. An internal working group had been formed to make further progress, reporting to the Senior Management Team. Ms. Wain said income generation would be the most difficult corporate saving target to achieve, with reduced advertising revenue from borough roundabouts. The economic downturn had impacted on this target, but officers are looking at other ways of generating additional income.

Mr. Plummer confirmed to Councillor Willetts that at the next reporting stage, additional appendices would be added to the report to graphically show a benefit payment analysis, for the whole year, and also with 2008-09 comparative data.

In respect of the dispute with Essex County Council (ECC) concerning their contribution towards the funding of 2 Street Wardens and an Administrative Assistant, Councillor Harris hoped ECC would join Colchester in funding the continuation of this service. Ms. Wain said she believed the funding agreed by ECC was for 2 years, but said she would confirm this information to the panel.

Mr. Plummer, in response to Councillor Goss agreed to provide a detailed breakdown of £42,000 Penalty Charge Notices debt from 2008-09 that may not be fully recovered.

In response to Councillor Maclean, who asked whether officers, given the high cost of roundabout advertising during the economic downturn, have considered increasing revenue by discounting the cost of advertising, Ms. Wain said that the Council have a contract with ECC, but do talk directly to the company who manage advertisements. Ms. Wain agreed to brief members on the cost of advertisements and any current discounts been offered.

Councillor Offen concurred with Councillor Maclean that the current cost of parking in Colchester was deterring visitors to the town, though he confirmed that a recent reduction in parking charges had been popular with local traders. Councillor Offen also spoke about the need for Colchester to have a park and ride scheme and the progress that was being made in achieving this aim.

Members of the panel accepted that the benefits of park and ride to traders and traffic congestion had to be measured against the reduction in car parking revenue, and this would need to be examined and considered, with an opportunity for panel members to discuss this as part of the Parking Services Review at the September meeting.

Councillor Foster said car parks should clearly identify special parking rates for customers, especially for those visitors not aware of concessions and discounts. Councillor Foster said Britannia Car Park did not show clearly the special rate of £2.00 for parking between 10.00 am. and 3.00 pm. Members agreed that this was something that could also be considered at the review stage.

RESOLVED that the panel:

- i) Noted the financial performance of General Fund Services and the Housing Revenue Account in the first three months of 2009/10.
- ii) Requested a briefing note setting out the following:
 - a) The current position on void properties.
 - b) Details on Bed and Breakfast, including the number of claimants and bed and breakfast locations.
 - c) The current situation in regards to the dispute between Colchester and ECC for the contribution funding towards 2 Street Wardens and an Administrative Assistant.
 - d) A detailed breakdown of £42,000 Penalty Charge Notices debt from 2008-09.
 - e) The cost to advertise on roundabouts and any current discounts been offered.
- iii) Requested the Head of Resource Management consider introducing text within the future reporting of corporate savings, to show the impact of work on the organisation.
- iv) Requested the Head of Resource Management provide an additional appendix to future reports to graphically show a benefit payment analysis for the whole year, and containing 2008-09 comparative data.

Councillor Theresa Higgins (in respect of being Chairman of the Board of the YMCA) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

16. 2009-10 Capital Monitor

Mr. Steve Heath, Finance Manager attended the meeting for this item and introduced the 2009-10 Capital Monitor report.

In response to Councillor Willetts, Mr. Heath said there was not a need to highlight lottery funded schemes as potential risk areas, as lottery money is only released to schemes after it has been secured.

In light of the withdrawal of Government funding to the East of England Development Agency and the knock on effect to the Haven Gateway Partnership, Councillors Arnold and Willetts felt it was appropriate for the panel to have a report detailing those capital schemes dependent on Haven Gateway funding, and given the factors that determine funding allocation, what the prognosis could be for Colchester's effected capital schemes, and any progress on current negotiations.

In response to Councillor Harris, Mr. Heath said that in regards to Backlog Repairs, a survey was currently being undertaken and the results will be known by the end of 2009, at which time financial commitment for the future would be determined.

RESOLVED that the panel:

- i) Noted the level of capital spending during the first quarter of 2009/10, and forecasts for future years.
- ii) Requested a briefing note from the Head of Resource Management setting out the following:
 - a) An update on the lottery funded capital schemes within the capital programme.
 - b) What wards contribute to the additional S106 funding for the Groundmen's Building, Castle Park.
 - c) Progress on the Moler works Site in regards to the provision of three commercial shop units.
 - d) Feedback on the new Flat Recycling Extension scheme.
 - e) Feedback on the Cemetery Extension Scheme agreement.

17. Work Programme

Councillor Arnold reiterated his previous remarks about the need to review at the next meeting the effects of the change to the Haven Gateway Funding.

Councillor Manning said he felt it would be best to wait for any new information to be reported back to the panel at the earliest convenient meeting, rather than set a date for a meeting to review the funding, and not know what the funding is to be.

Councillor Arnold said that if a review was not undertaken, then at the very least, the Portfolio Holder for Planning, Regeneration and Sustainability should be present at the next meeting to explain what is being done.

RESOLVED that the panel noted the work programme for 2009-10.