

DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

RESOURCE MANAGEMENT WORKING GROUP

MINUTES OF THE MEETING HELD ON TUESDAY, 27 SEPTEMBER 2011

Councillors Present: Jeff Beck, Sheila Ellison (In place of Richard Crumly), John Horton (Substitute) (In place of Roger Croft), David Rendel, Andrew Rowles, Tony Vickers (Chairman), Emma Webster (In place of David Holtby) and Laszlo Zverko

Also Present: Nick Carter (Chief Executive), David Holling (Head of Legal & Electoral), Robert O'Reilly (Head of Human Resources), Ian Priestley (Chief Internal Auditor) and Andy Walker (Head of Finance), David Baker (Policy) and Councillor Keith Chopping

Apologies for inability to attend the meeting: Councillor Roger Croft, Councillor Richard Crumly and Councillor David Holtby

Councillor(s) Absent:

PART I

8. Apologies

9. Minutes

The Minutes of the meeting held on 26th July 2011 were approved as a true and correct record and signed by the Chairman.

10. Declarations of Interest

There were no declarations of interest received.

11. Matters arising from the previous Resource Management Working Group

The Working Group considered a report (Agenda Item 4) which provided information, and an update on actions arising from the previous Resource Management Working Group held on 26th July 2011.

Councillor David Rendel raised two questions on the report relating to page 8, section 2.3 Car Park Budgets as follows:

- For 2.3.1 Councillor Rendel calculated the value of the season tickets issued to be £172,000, the planned budgeted income from those season tickets was £62,000 and the actual income raised was £134,000. Councillor Rendel asked for the differences to be explained. Were there any free season tickets issued to staff or other groups. Nick Carter (Chief Executive) responded by confirming that no staff were issued with free season tickets. Some free season tickets were issued to voluntary groups;
- For 2.3.3 Councillor Rendel wanted a better explanation on PCN payments. If the PCNs issued had a full payment value of £633,310 with a planned budget income of £316,000 and the actual income raised was £260,182 this also required a more detailed explanation.

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Councillor David Rendel confirmed that page 9 Section 3 – Establishment report would be discussed under Agenda Item 5.

Resolved that:

1. Mark Edwards (Head of Highways & Transport) be requested to produce a written report addressing the questions raised on season tickets and PCN payments and was invited to attend RMWG at its next meeting on Tuesday 8th November to present his report;
2. The update report was noted.

12. Quarter 1 Establishment Report

The Working Group considered a report (Agenda Item 5) on the changes to the Council's Establishment over the first quarter of 2011/12.

Robert O'Reilly (Head of Human Resources) introduced his report and reviewed the report's conclusions on page 19 Section 6.

Councillor David Rendel raised a question on page 14 Section 7 regarding part time vacancies. There were lots of posts with long term part time vacancies. Carrying these long term vacancies as a credit against managed vacancy target was not a good way of budgeting. The vacancy should be taken out of the staffing budget and a reduced managed vacancy target set. Councillor Rendel requested that RMWG should review the process of managed vacancies (MVF).

Councillor David Rendel referred to the Minutes on page 5 Item 5 Establishment Report for Quarter Four 2010/11. Robert O'Reilly explained that he had held a meeting with Councillor Rendel where a number of detailed examples of long term vacancies had been discussed and information was provided on why the time taken to recruit to some posts could be many months. Robert O'Reilly confirmed that the average recruitment period was 62 days from the point the post was passed to HR and a person was recruited.

Councillor Emma Webster gave an example of long term part time vacancies that were linked to maternity leavers where returnees often did not know what hours of work they wanted in advance of their return to work.

Robert O'Reilly confirmed the latest figures (as at 14/09/11) on vacant FTEs were 173.10 made up of 277 posts: 107 wholly vacant and 170 partially vacant.

Councillor Tony Vickers thanked Robert O'Reilly for a helpful explanation. Councillor Vickers agreed that the topic of managed vacancies factor (MVF) should be considered by OSMC or RMWG.

Councillor Jeff Beck referred to page 18 Section 5.1 of the report and queried the reason for the changes in external and joint funded establishment. Robert O'Reilly confirmed that accounting changes had been made at the start of the new financial year which removed a number of ring fenced posts. Councillor Beck commented that with so much detailed establishment accounting it must take a lot of officer time to manage. Robert O'Reilly confirmed that this was true. Councillor Beck was interested in what the changes meant in financial terms.

Resolved that:

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1. That the topic of Managed Vacancies (MVF) was a useful area for scrutiny and it should be taken up to OSMC to determine which body would carry out the work item;
2. The update report was noted.

13. Legal and Electoral Services Budget

The Working Group considered a report (Agenda Item 6) that explained the variances between Month 9 and Year End spends for the Legal and Electoral Service.

David Holling (Head of Legal & Electorate Services) introduced his report to the meeting and explained the variances between Month 9 Forecasted overspend of £126,265 and the Year End overspend of £27,012. Most of the £99,253 variance could be explained by the impact of external factors that were not part of the Month 9 forecast. Legal Services received additional income in quarter 4 of £61K which was not forecasted. Land charges received a DCLG grant in March for Personal Searches covering expenditure incurred as a result of revocation of Personal Search fees. This grant was not forecasted or anticipated.

Councillor Emma Webster asked could court actions be profiled. David Holling confirmed that they could to a point but it did assume the Council won its cases and this was always a volatile cost centre to manage.

Councillor Tony Vickers agreed that few management controls were possible and judicial review cases were dependent on external legal advice.

Councillor David Rendel queried the budget set for income from the registration of Births, Deaths and Marriages which was £25k and the actual income raised in year of £77k. David Holling confirmed that the increased income came from the issuing of licenses for approved premises in March which follow a three year cycle and could have been better predicted.

Councillor Andrew Rowles asked was legal fee income set by the Government. David Holling confirmed that for most fee income streams that was the case. The Council did set its own fee level for approved licensed premises each year.

Councillor Tony Vickers thanked David Holling for his report.

Resolved that: the report was noted.

14. Finance Performance Report (Month 4)

The Working Group considered a report (Agenda Item 7) on the finance performance for (Month 4) 2011/12 and considered any areas of concern.

Andy Walker (Head of Finance) presented his report to the meeting. The report covered the latest finance position of the Council as at the end of Month 4 2011/12. There had been a significant increase in the forecast overspend against the budget at £1.8m. This was mainly in the area of Adult Social Care but there were smaller overspends forecasted by C&YP and Environment directorates. The Executive was already focused on the matter of addressing the overspend and an improving position was expected.

Nick Carter (Chief Executive) commented that it would take a further two or three weeks to fully understand the reasons behind the overspend in Adult Social Care but he

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expected this to be resolved by the Month 5 report. Actions were already in place to address the small overspends in C&YP and Environment directorates.

Councillor David Rendel was staggered by the Month 4 report as it was only 20 days ago that the Month 3 report showed just a £800k overspend. He was concerned that this cycle occurred each year where the Executive loses financial control and needed to address a large overspend but would end up producing an underspend by the end of the financial year. This had been repeated for a number of years and needed a much better explanation. The monthly financial reports recorded overspend increases but the explanations that had not been changed or failed to provide sufficient detail.

Councillor Rendel listed five areas of specific concerns:

1. P 43 – Adult Social Care, referenced significant pressures from within the Learning Disabilities Service but contained no explanation;
2. P 45 Section 1.3 – stated a reduction in income from car parking of £150k was forecast and this would be managed by a reduction in other budget areas. There was no explanation on what was going to be done;
P 45 Section 1.4 – Planning and Countryside overspend had increased from £150k at Month 3 to £267k at Month 4 with no explanation;
3. P 46 Section 1.7 - Planning and Countryside overspend was forecasted to be reduced to £50k at year end in Month 3 but had risen to £150k in Month 4. Again no explanation had been provided;
4. P 49 Section 1.9 – dealing with car parking income reported a £56k MVF pressure with no explanation;
5. P 49 Chief Executive's directorate, Section - Management Action – gave no details on what actions were to be carried out or the individual savings identified.

Councillor Emma Webster commented that the finance report was presenting provisional figures and it was a forecast of the expected year end outturn. Remedial action would be taken to address overspends and the actions required would be determined. Councillor Webster was surprised that Councillor Rendel regarded the report as staggering, he should have been aware of some of the major pressures that faced the Council in areas such as Looked After Children (LAC) and Highways where work was being done to address overspend or reductions in income. A small increase in the number of children entering LAC system had a very significant financial impact. Councillor Webster clearly remembered when the Liberal Democrats were in power in 2003 and recorded a large financial year end underspend they still went on to raise council tax by 7.9% in the following year.

Councillor Tony Vickers summarised the general points raised:

1. There was an annual pattern of overspend followed by underspend at year end;
2. There was something significantly wrong with the Adult Social Care budget process that still incurred an overspend of approximately £1m despite being told previously that pressures had been taken into account when the budget was set. It was obvious that the budget monitoring process was inadequate.

Nick Carter addressed the five specific concerns raised by Councillor Rendel. Learning Disabilities was a very expensive area and one individual case could easily arise unexpectedly and involve an additional five figure spend.

Councillor Rendel asked if there had been 18 new individuals with Learning Disabilities identified.

Nick Carter stated that the Month 5 report would provide clarity on the Adult Service overspend and exactly what new costs had arrived.

Councillor Rendel said that the Council needed a better explanation now.

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Nick Carter agreed that a better explanation should have been given and that work would be completed by the Month 5 report. Specifics 2, 3 & 4 were directly linked to external economic factors that had led to lower income receipts from car parking and planning applications. The delay in Government legislation had meant the new planning fee structure could not be introduced before January 2012. Nick Carter would ensure that better explanations were provided and greater detail on management actions would be provided.

It was noted that Mark Edwards had already been requested under agenda Item 4 to produce a written report addressing the questions raised on car park season tickets and PCN payments and was invited to attend RMWG at its next meeting on Tuesday 8th November to present his report.

Nick Carter agreed that there had been a regular annual pattern (early forecast overspend turning to underspend) in recent years but this had been the result of different underlying factors and the solutions taken each year had been different. It was not a case of poor budgeting but responding to changing factors often from external sources where the Council had no influence or prior knowledge.

Councillor Keith Chopping (Finance portfolio holder) commented that the Month 4 report had forecast an increased overspend but there were still 8 months to work on that overspend. It was a concern but the Council had not lost control, it was working in a business like way to identify and manage the overspend and there were actions in already in place to address CYP and environment directorates overspends.

Councillor Tony Vickers asked were there any other factors related to the economy. Councillor Sheila Ellison responded that she had seen a significant increase in domestic violence and a greater number of children enter the care system as a result.

Resolved that: Members would expect to see a more detailed explanation of the overspend in Adult Social Care in the Month 5 report and the management action to be taken. The report was noted.

15. **Strategic Risk Register**

The Working Group considered a report (Agenda Item 8) to scrutinise individual items on the Risk Register.

Ian Priestley (Chief Internal Auditor) presented his report to the meeting. Ian described how the report was split into a number of documents as follows:

- Strategic Risk Register – Action plan update;
 1. Net Red risks;
 2. New emerging / increasing risk areas;
 3. Reducing risk areas;
- Risk Appetite;
- Strategic Risk Register September 2011.

Ian explained that the action plan had been improved and was intended to give greater focus on action planning. The Risk Appetite was intended to guide how impact and likelihood of risk could be consistently assessed and the treatment programme defined how differing risk scores would be managed in terms of escalation and response processes. The risk register provided more detailed risk information covering the eight categories of risk that were monitored by the Council.

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Councillor Tony Vickers wanted to check that net red risks in the risk register on page 65 of the report were reflected through to Section 1 Net Red Risks on P 55. Ian confirmed that was the case and explained how the cross reference numbering worked. Councillor Vickers asked did the Risk Register come to both the Governance and Audit and the Resource Management Working Groups. This was confirmed by Ian Priestley. It was agreed that RMWG should focus on the resource implications of risks. Councillor Vickers thought it was a useful tool and it was important to recognise that, as it covered fast moving areas, the report could never be fully up to date.

Councillor Jeff Beck (Chair of Governance and Audit) agreed that the risk register was never 100% accurate and highlighted P 65 Reference Risk 1.5 on school academies and P 75 Risk 6.1 were both in need of update.

Councillor Emma Webster commented that the reports were much improved.

Councillor Tony Vickers supported the view that the report was useful and it was agreed to bring the Strategic Risk Register to RMWG each year to allow regular monitoring to take place.

Nick Carter encouraged Members to concentrate on those risks that carried resource implications and where external changes carried financial risk for the Council.

Councillor Tony Vickers agreed citing changes in legislation or the economy that might have impact on the Council's tax base. Councillor Vickers referenced P 58 Risk 2.3 was a good example.

It was confirmed that Steve Duffin (Head of Service) was developing a report on revenue modelling.

Councillor Tony Vickers noted that RMWG was reviewing the MTFs at the meeting planned for 8th November 2011.

Resolved that:

1. The Strategic Risk Register should become a regular monitoring item on the RMWG work programme. It was agreed to review the risk register annually and it was next scheduled for September 2012;
2. Individual risk items had been scrutinised and those risks that addressed areas of finance or resources would be scrutinised on an annual basis.

16. Work Programme

The Working Group considered a report (Agenda Item 9) and prioritised the work programme for the municipal year 2011/12.

A number of minor adjustments were made to the work programme and the following new work items were added to the programme:

- Review of managed vacancies (MVF) starting in January 2012 by RMWG subject to agreement with OSMC;
- RMWG to receive a report from Mark Edwards on car park season tickets and PCN income and the shortfall in car parking income at the 8th November meeting.

OSMC/11/16 Parkway work item was discussed. It was noted that OSMC had recommended that this work item should be allocated to the Newbury Town Centre Task Group but following Nick Carter's comment that this may be better served by convening a

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meeting of RMWG with Nick Carter, David Holling and Mark Edwards to answer Members' questions on the financial arrangements associated with car parking and affordable housing under the Parkway Development. Members of the Newbury Town Centre Task Group could be invited as observers. Councillor David Rendel was asked to produce a list of Members' written questions to be submitted to officers. It was also agreed that Newbury Town Centre Task Group should be asked to review and report back on the opening months operation of the Parkway Centre in the Spring 2012.

Resolved that:

1. A meeting of Officers and Members to be convened to review the financial arrangements associated with car parking and affordable housing under the Parkway Development;
2. Councillor David Rendel to produce a list of Members' written questions to be submitted to officers;
3. Newbury Town Centre Task Group to be invited to review and report back on the opening months operation of the Parkway Centre by April 2012;
4. The changes to the work programme would be noted.

17. Next Meeting Date

The next meeting of the Resource Management Working Group was decided for Tuesday 8th November 2011.

(The meeting commenced at 6.30 pm and closed at 8.30 pm)

CHAIRMAN

Date of Signature