

# Ex.4

## MINUTES OF A MEETING OF THE EXECUTIVE

HELD AT THE GUILDHALL, ABINGDON ON  
FRIDAY, 7TH AUGUST, 2009 AT 3.30PM

### Open to the Public, including the Press

PRESENT:

MEMBERS: Councillors Tony de Vere (Chair) Jerry Patterson (Vice-Chair), Mary de Vere, Richard Farrell, Jenny Hannaby, Angela Lawrence and Richard Webber.

OFFICERS IN ATTENDANCE Steve Bishop, Steve Culliford, Alice Brander, Geoff Bushell, William Jacobs, Steve Lawrence and Penny O'Callaghan.

NUMBER OF MEMBERS OF THE PUBLIC: Nil

#### Ex.6 APOLOGIES FOR ABSENCE

None

#### Ex.7 MINUTES

The minutes of the Executive meetings held on 3 April and 20 May 2009 were adopted and signed as correct records.

#### Ex.8 DECLARATIONS OF INTEREST

Councillor Richard Farrell declared a personal interest in report 30/09 - Treasury Management Review 2008/09, in that he used to work for Investec, which was the Council's fund manager (Minute Ex.13 refers).

#### Ex.9 URGENT BUSINESS AND CHAIR'S ANNOUNCEMENTS

None.

#### Ex.10 STATEMENTS AND PETITIONS FROM THE PUBLIC UNDER STANDING ORDER 32

None.

#### Ex.11 QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 32

None.

#### Ex.12 FINANCIAL MONITORING

(Time: 3.32pm to 3.47pm)

The Executive received and considered an agenda report setting out requests for virements and permanent budget adjustments. Some of these had been approved by the Head of Service or the Strategic Director under delegated authority and others

required the Executive's approval. Members asked that the format of the report be amended for future meetings to separate these into two lists.

In answer to a question from one Member it was reported that all virements were movements of funds within service areas to allow staff flexibility in managing their budgets. Members questioned whether funds that were no longer needed in one cost code could be offered as savings rather than being allocated to another cost code for possible expenditure during the remainder of the financial year. It was commented that with the Council's current financial restrictions, officers should carefully consider whether a saving could be made in each case. The Executive asked that, in future, Heads of Service be asked to discuss all virement and permanent budget adjustment requests with their Executive Portfolio Holder before the requests were submitted for the Executive's or the Strategic Director's approval. It was suggested that virements should become a standard item on the agendas for meetings between the Heads of Service and their Portfolio Holder.

One request related to a virement of £25,000 from Contingency to produce leisure savings in 2010/11 onwards. Members asked for more detail on this item.

Another virements related to £5,000 being vired from the Communications cost centre to the Consultation cost centre. Members asked whether this could be offered as a saving instead, albeit that this was one of the virements which had been approved under delegated authority. The Strategic Director agreed to investigate whether a saving was possible.

## *RESOLVED*

- (a) that the request for a virement of £25,000 from Contingency to produce leisure savings in 2010/11 onwards be approved, with the Strategic Director providing further information to Members outside of the meeting;*
- (b) that the Strategic Director be requested to investigate whether a saving could be offered instead of a virement of £5,000 from the Communications to the Consultation cost centre;*
- (c) that with the exception of the virements detailed in (a) and (b) above, the remainder of the requests for virements and permanent budget adjustments set out in the agenda report be approved;*
- (d) that the format of the virement report be changed to separate the items delegated to the Heads of Service and Strategic Director from those items requiring Executive approval; and*
- (e) that the Heads of Service discuss with their Executive Portfolio Holders all requests for virements and permanent budget adjustments before being submitted for approval.*

## Ex.13 TREASURY MANAGEMENT REVIEW 2008/09

(Time: 3.47pm to 3.55pm)

Councillor Richard Farrell had declared a personal interest in this item.

The Executive received and considered report 30/09 of the Head of Finance which reviewed treasury management activity during 2008/09. This detailed the Council's cash investment performance.

The Executive Portfolio Holder congratulated the officers and the external fund manager, Investec, on the excellent return achieved during the year when the national economy was in decline and returns on investments were generally reducing. He warned that the prospects for returns in 2009/10 were not as good. He also reported that the latest estimate was that the Council could expect to receive back around 85% of its investment in the Icelandic bank, Landsbanki. However, the final percentage return might be updated in September.

## *RESOLVED*

- (a) that the return on cash investment during 2008/09 and the balances of funds at 31 March 2009 be noted; and*
- (b) that the prospects for the return on cash investments in 2009/10 be noted.*

### Ex.14 CORPORATE GOVERNANCE FOURTH QUARTER 2008/09

(Time: 3.55pm to 4.13pm)

The Executive received and considered report 31/09 of the Head of Corporate Strategy which set out the corporate governance report for the fourth quarter of 2008/09 (January to March 2009). This looked at progress against the Council's corporate priorities, performance against national indicators, progress against service prioritisation plans, key staffing data (sickness and turnover levels), progress with business process improvement reviews, and a financial commentary. The Management Team had highlighted exceptions to be reported to the Executive.

Members expressed concern and disappointment that the Oxfordshire Local Area Agreement 1 (LAA1) target had been missed by the Vale and two other councils, resulting in a loss of £1M performance reward grant funding across the county. This related to National Indicator 195 (NI 195) on street and environmental cleanliness, such as levels of graffiti, litter, detritus and fly posting. (Detritus was defined as dust, mud, soil, grit, gravel, stones, rolled leaf and vegetable residues, fragments of twigs, glass, plastic and other finely divided materials). The Public Services Board had not been alerted to this until very late and there had been a delay in informing the Executive also. This was caused by incorrect interpretation of the national indicator definition, which had changed between Local Area Agreements 1 and 2; and the Vale had inspected itself more thoroughly than other districts. This resulted in incorrect measurement against the indicator. Conversely, the Council's performance against NI 195 for litter had improved due to the efforts by the waste contractor, Veolia, but overall performance had not improved enough to attract the £1M funding. Members welcomed the improved performance from Veolia but asked the officers to

meticulously check the definitions of national indicators and Local Area Agreement measures to ensure that these were properly understood.

The Executive expressed frustration at being unable to improve performance against the national indicator target to increase the housing stock (NI 154). The actual number of completions was 324 against the target of 485. This indicator was also included in Local Area Agreement 2. The Portfolio Holder expressed disappointment that more had not been done to find ways to increase the affordable housing and reduce levels of homelessness. She suggested that funding was available for housing projects and this should be sought and the Council could consider using its investment funds to assist. The Executive agreed that further work was needed to improve the position.

The Council's performance against National Indicator 8 was encouraging. National results showed that the Vale was one of the best in the south-east report at encouraging adult participation in sport. The Sports Development Team was congratulated for its work.

Turning to staff data, it was noted that sickness levels had reduced since the introduction of the 'Bradford factor' and closer monitoring by managers.

*RESOLVED*

- (a) *that the report 31/09 be noted; and*
- (b) *that further work be requested to improve the Council's performance under National Indicator 154 (NI 154), particularly to find ways to increase the affordable housing available and reduce levels of homelessness.*

Ex.15 PROVISIONAL CAPITAL PROGRAMME OUT-TURN 2008/09 AND ADDITIONAL REVENUE BUDGET CARRY FORWARD 2008/09

(Time: 4.13pm to 4.18pm)

The Executive received and considered report 32/09 of the Head of Finance regarding the out-turn of the capital programme in 2008/09. The report asked the Executive to agree the revised expenditure profile for the capital programme and carry forward budgets to 2009/10. The report also sought approval of a revenue budget carry forward request.

The Executive Portfolio Holder recommended that the carry forward requests were approved to enable capital projects to be realised where the schemes were committed or unavoidable. He also recommended that the revenue budget carry forward request be approved.

*RESOLVED*

- (a) *that the expenditure on capital projects in 2008/09 be noted;*

- (b) *that the revised expenditure profile for capital projects and carry forward of budgets to 2009/10 (total £705,400) be agreed; and*
- (c) *that the revenue budget of £1,900 be carried forward from 2008/09 to 2009/10.*

Ex.16 REVENUE BUDGET OUTTURN 2008/09

(Time: 4.18pm to 5.02pm)

The Executive received and considered report 33/09 of the Head of Finance which detailed the revenue budget outturn for 2008/09.

The Executive reviewed the report in detail, concentrating on significant variances from the budget approved by Council in February 2008. Throughout 2008/09 the monthly budget monitoring reports had indicated that the Council would over spend against its original budget. The main reason was a consequence of the economic downturn and the fall in a number of income streams (car park income, planning fees and land charges fees). There was also an increased take up of free bus travel, adding costs for the Council. Action was taken in January 2009 to stop any non-essential expenditure and to hold open any vacant posts. The result was an overspend of £443,952. Off-setting this was income of £792,168, consisting of new grant from the Government and reclaimed VAT on car parking excess charges. As a consequence, the use of funds balances was £317,430 higher than budgeted. Instead of having to borrow £311,940 from balances as originally predicted, the Council was able to replenish balances by £5,490.

The Executive queried the reasons for cost centre variances, as provided by budget managers. Members cited many examples where the reasons were inadequate. The reasons must be clear so that Executive and Scrutiny Committee Members and the public could understand the report. While the Chief Accountant answered some Member questions, it was considered that fuller responses should be sought from the Heads of Service. The Executive Portfolio Holder for Finance was asked to review the reasons given with the Chief Accountant. A revised appendix should then be prepared for the Scrutiny Committee which would also be considering the same report in August.

The Executive considered that better financial monitoring was needed. In particular, Heads of Service should review budget variances with their Portfolio Holder, who should agree the reasons for variances before submission to the Executive and the Scrutiny Committee.

**RESOLVED**

- (a) *that the overall revenue budget outturn position for 2008/09 and the outturn of individual service areas and cost centres be noted;*
- (b) *that a revised appendix B to report 33/09 be prepared for the Scrutiny Committee meeting on 20 August 2009 to include clearer reasons for variances;*

- (c) *that in future, Heads of Service be requested to review budget variances with their Portfolio Holder and agree with them the reasons for variances before submission to the Executive and the Scrutiny Committee; and*
- (d) *that the impact of the outturn position be taken into account in the integrated service and financial planning process when setting the 2010/11 original budget.*

Ex.17 RISK MANAGEMENT STRATEGY

(Time: 5.02pm to 5.10pm)

The Executive received and considered report 34/09 of the Head of IT, HR and Customer Services which sought approval of a risk management strategy. The strategy had been prepared jointly with South Oxfordshire District Council and had achieved support from its Audit and Corporate Governance Committee and its Cabinet. The Vale's Audit and Governance Committee had also supported the draft strategy.

The Portfolio Holder reported that the strategy combined the best elements of the existing strategies of the two councils and he supported the recommendation for its adoption.

Members noted that the strategy would help identify what could go wrong to allow the Council to manage risks to the delivery of the Council's strategic objectives. Risk management was implemented through eight risk champions, one for each service area. They conducted assessments of risks in their areas and helped formulate strategies to manage risks. The Executive welcomed the strategy.

*RESOLVED*

*that the Risk Management Strategy be adopted.*

**Exempt Information Under Section 100A(4) of the Local Government Act 1972**

None.

The meeting rose at 5.10 pm