

# Minutes of a meeting of the **Scrutiny Committee**



held at 7.00 pm on Thursday 22 August 2013  
at the Council Chamber, The Abbey House, Abingdon

**Open to the public, including the press**

## **Present:**

Members: Councillor Jim Halliday (Chairman), Charlotte Dickson (Vice-Chair), Eric Batts, Jason Fiddaman, Debby Hallett, Mohinder Kainth, Sandy Lovatt, Julie Mayhew-Archer and Fiona Roper

Officers: Steve Bishop, Jayne Bolton, Anna Robinson, Jennifer Thompson, Sally Truman and Bob Watson

## **Sc.24 Notification of substitutes and apologies for absence**

Councillors Tony de Vere, Alison Thomson, and Richard Webber all sent their apologies for absence. Councillors Dudley Hoddinott and Bill Jones attended as substitutes for Councillors Tony de Vere and Alison Thomson respectively.

## **Sc.25 Minutes**

Deferred until the next meeting.

## **Sc.26 Declarations of interest**

None.

## **Sc.27 Urgent business and chairman's announcements**

The chairman announced that he would be undertaking a survey of all councillors about their access to and use of the council's website and email for council business, to find what was useful, well used, and difficult about the IT provided. He urged all councillors to complete this.

## **Sc.28 Statements, petitions and questions from the public relating to matters affecting the Scrutiny Committee**

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**Sc.1**

There were no statements, petitions and questions from the public.  
Six members of the public attended.

## **Sc.29 Revenue and capital budget outturn 2012/13**

The committee considered the report of the head of finance setting out the final year-end position for revenue and capital expenditure against budget for 2012/13.

The committee received answers to their questions about the year-end position from the Leader of the Council and officers:

- Cabinet members and senior management took the issue of habitual underspends by the year end very seriously and were taking steps to address this by reviewing the contingency and reducing departmental budgets; considering whether introducing zero-base budgeting would be worthwhile; and funding departmental growth bids from their underspend.
- It was important to differentiate between controllable and uncontrollable expenditure and income. It was difficult to make accurate predictions of the uncontrollable elements and officers had become unnecessarily cautious.
- Of the £2.15m underspend transferred to reserved, £1.2m was from unexpectedly high income. £477,000 was from higher income from planning fees for large and/or speculative applications.
- Officers had been prudent in predicting savings from efficiency measures and some of the savings had been realised earlier than expected.
- The council now had well over the guideline minimum 5 per cent of its net budget requirement in reserves, but there was still a general culture of not overspending as the council risked being insolvent if it exhausted its reserves.
- As the financial position improved the Cabinet was willing to take more risks in setting less pessimistic budgets, but needed enough funds to support the council's business without worrying about last-minute cuts to services.
- Stringent quarterly monitoring would be undertaken to improve forecasting and profiling.
- Investment income was higher than anticipated because of a reduction in brokerage costs, and higher than predicted interest rates. The same interest rate forecasts were used for both borrowing and investment.
- Income on property had been higher than anticipated.
- Ernst and Young had reduced the council's audit fees for the next four years by 40 per cent. There may be a change to the legislation to allow councils with shared services to have reduced audit costs.
- Extra resources allocated to planning policy to fund production of the local plan would be spent in 2013/14.
- Expenditure on the capital programme was lower than anticipated because the forecast time to complete the projects was generally over-optimistic. Budgets were often not spent in the year in which they were approved. Capital spending was now re-profiled quarterly, but inevitably delays at any stage would culminate in delayed expenditure. A detailed look at the capital programme's forecast and actual profiled expenditure may be useful.
- The expenditure on SVUK's projects was not entirely within the council's control.
- The large underspend in Planning's capital programme was in part due to delays in implementing new computer software and in Abingdon Town Council's delayed claim for £115k towards the implementation of the Abingdon integrated transport scheme.
- Written explanations of the reason why Biffa did not achieve its expected bonus given its strong performance, and why the £70k underspend on pensions was not predicted accurately would be provided.

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**Sc.2**

- Income from services was harder to predict and manage than expenditure.
- The action plan, produced for the first time this year, would help to address the tendency to be over-pessimistic when setting budgets.

The S151 officer stated that officers are very conscious that councillors have become increasingly concerned about the accuracy and reliability of our budget estimates. The most recent £2.15m underspend is particularly serious for a district council given that budget estimates are used to set the council tax level. The Cabinet has voiced its concern to senior managers and has indicated that it is prepared to topslice £0.5m - £1m off future budgets if it believes officers continue to over-estimate. As this would be an admission of low confidence in our budget process, the corporate management team (comprising the directors and heads of service) has met to discuss improvements needed to prevent a recurrence, as set out on page 9 of the report.

The three main improvements are:

- officers are to be less cautious when estimating income budgets such as planning fee income. The largest single cause of the underspend accounting for £1.2m of the £2.15m total is 'windfall income', in other words unexpectedly high levels of fees and charges income. For example the council received the planning fees associated with the Grove airfield site and some large speculative planning applications. Officers will be less risk-averse in assuming a higher level of fee income when estimating income budgets.
- for several years salary budgets assumed 100 per cent full establishment, without any vacancies. This is excessively cautious as the council always experiences some level of staff turnover with resulting vacancy savings. Therefore a decision was already taken to reduce salary budgets from this year (2013/14) by 2 per cent to reflect estimated vacancy savings. The £213k outturn underspend in employee costs actually represents 2.7 per cent and future salary budgets may reduce by more than 2 per cent in light of this.
- the council prudently includes a contingency of £300k for unexpected cost pressures in its annual budget. Services call on that during the year as they experience unforeseen costs and in 2012/13 most of contingency was spent. However, the total outturn underspend demonstrates that most services had sufficient unspent budgets to cope with the unforeseen costs without having to call on contingency. Therefore the council should be able to reduce the size of contingency in future years, soaking up more of the underspends with specific overspends.

These three measures alone would have prevented most of the £2.15m underspend. With the other measures and a change of officer culture to be less risk-averse to potential overspends, he was confident that there would not be such a large underspend in future.

Members of the committee asked that where possible expenditure on projects which had an immediate impact on residents, such as flood prevention work, was brought forward.

The committee agreed to:

1. register their concern at the high levels of variance between the forecasts and the outturn;
2. emphasise that it was very important to have accurate forecasts;
3. ask for a report in August or September 2014 in the same format showing the outturn and variances for 2013/14, and to summon heads of services to the committee to account for large variances.

## **Sc.30 New homes bonus community funding policy**

The committee considered the report of the head of corporate strategy setting out the policy for awarding community grants funded from the New Homes Bonus.

The committee received answers to their questions about the policy from the Leader of the Council and officers:

- The funds allocated could be used for any purpose, either to support ongoing or new running costs or for capital projects;
- Area committees would have a very broad discretion as to the type, number, and location of projects and activities which could be supported and the amount which could be allocated to each;
- Projects should be deliverable within the twelve month period of the award;
- The formula for allocating funds was based on the total of all housing for which the council had received new homes bonus funding since September 2009 and a detailed breakdown of funding by parish would be supplied to each area committee;
- The allocation of funds would be retrospective in line with the receipt of the bonus;
- Grants could be allocated either to communities which had taken new housing or over a wider area, or to support activities outside the immediate area but used by the communities which had taken new housing;
- The scheme would be publicised through mailshots, parish councils, the website, and overarching voluntary bodies;
- It was hoped these grants would be made annually and that the funds could be increased, but this depended on new homes bonus funding, the council's own finances, and other calls on the council's funding and reserves;
- It would be possible to apply for funds to conduct feasibility studies for longer-term and larger projects;
- Officers would advise applicants on the subject of their application and how to best present this, if they were asked for advice.

The committee welcomed the proposed community funding and suggested:

- the policy should state '...where housing development has taken place since September 2009.'
- guidance should be as jargon-free as possible and certainly should avoid the use of terms 'revenue' and 'capital' and clarify that a grant could be requested for any reasonable purpose;
- publicity should clearly state that there was only one opportunity to apply for funding in 2013/14.

The committee noted the proposed policy and procedure and asked that their comments, and any others from committee members to the Grants Team Leader, be taken into account in finalising the scheme.

## **Sc.31 s106 Monitoring Progress Report**

The committee considered a paper setting out a summary of the proposed contents of a report to the September meeting.

Anna Robinson, Strategic Director, advised the committee that requests for information about specific projects should be made direct to the development control manager. The report would provide an overview of the operation of the current system and data showing the progress of agreed projects over as long an historical period as was practicable.

The committee asked for a flowchart to accompany the protocol to aid understanding of the process for completing a S106 agreement.

### **Sc.32      Action List**

The committee noted the action list tabled at the meeting showing progress against the actions arising from previous committee meetings. The chairman asked for this to be updated following this meeting.

### **Sc.33      Scrutiny work programme**

The committee reviewed its work programme and noted that the report on councillors' access to IT systems may be rescheduled.

### **Sc.34      Dates of meetings**

Noted the dates of the forthcoming Scrutiny Committee meetings:

- 19 September 2013
- 24 October
- 21 November
- 19 December
- 23 January 2014
- Wednesday 12 February
- 20 March
- 17 April

The meeting closed at 8.50 pm