

Decisions of the Budget and Performance Overview and Scrutiny Committee

20 June 2013

Members Present:-

Councillor Anthony Finn (Chairman)

Councillor Brian Gordon	Councillor Alison Moore
Councillor Andrew Harper	Councillor Hugh Rayner
Councillor Ross Houston	Councillor Alan Schneiderman
Councillor John Marshall	Councillor Andrew Strongolou
Councillor Arjun Mitra	(In place of Joan Scannell)

Also in attendance:-

Councillor Daniel Thomas – Deputy Leader / Cabinet Member for Resources and Performance

Apologies for Absence:-

Councillor Joan Scannell

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED that, subject to an amendment under item 6 (in relation to a Member's comment that a previous request for the Committee to receive specialist external advice had not been progressed) to add the words "despite there being adequate time for this", the minutes of the meeting held on the 11 June 2013 be approved as a correct record.

2. ABSENCE OF MEMBERS

An apology for absence had been received from Councillor Joan Scannell who had been substituted for by Councillor Andrew Strongolou.

3. DECLARATION OF MEMBERS' INTERESTS

Member	Subject	Interest declared
Councillor Ross Houston	Agenda Item 6 (Quarter Four Performance)	Non-pecuniary interest as a Council appointed representative on the Board of The Barnet Group Ltd
Councillor John Marshall	Agenda Item 6 (Quarter Four Performance)	Non-pecuniary interest as a Council appointed representative on the Board of The Barnet Group Ltd

4. PUBLIC QUESTION TIME

None.

5. MEMBERS' ITEMS

None.

6. QUARTER FOUR AND YEAR END 2012/13 FINANCIAL AND CORPORATE PERFORMANCE

The Cabinet Member for Resources and Performance, Councillor Daniel Thomas, the Deputy Chief Operating Officer, John Hooton, and the Head of Programme and Resources, Tom Pike, presented the Quarter Four and Year End 2012/13 Financial and Corporate Performance report.

Responding to a question from the Committee, Officers reported that the legal costs of the judicial review were approximately £400,000 as of the end of May 2013. It was noted that the cost of the delay had been estimated at £8.6 million for the period April and November 2013 due to lost savings and delayed mobilisation.

Some Members commented that the Council had not adequately consulted with residents on the One Barnet Programme which had resulted in a legal challenge. It was suggested that the Corporate Risk Register be amended to make specific reference to the judicial review appeal and the impact on the Medium Term Financial Strategy.

Councillor Schneiderman had submitted questions in advance of the meeting. Details of the questions asked and the answers provided are set out below:

1. (9.8) Why have earmarked reserves increased by £10m?

Earmarked reserves have increased for a number of reasons. Firstly, the New Homes Bonus (£3m) was received by the Council and has been earmarked for infrastructure projects, but as at 31st March 2013 remains unspent. The Council allocated in the 2012/13 budget funding for the "service development" reserve (£5m) – most but not all of this was spent during the year. The Council received funding from the NHS for "winter pressures" of £1.1m but only received this in March, so it remained unspent in the year and is allocated to a specific reserve. The Council also underspent on redundancy and capital financing budgets, and these underspends were moved to earmarked reserves. This earmarked reserves position puts the Council in a stronger position to deal with the costs that are being incurred as a result of the judicial review (legal costs, additional project and mobilisation costs and lost financial benefits from the New Support and customer Services Organisation (NSCSO) and Development and Regulatory Services (DRS) deals) in 2013/14.

2. (9.13) Why has agency and consultant spend continued to rise to almost £30m for 2012/13?

There has been a conscious policy to hold posts vacant or use agency staff as a result of the need for the Council to make budget cuts and staffing reductions, and

as a result of the pending transfer of staff to DRS and NSCSO providers. This enables the Council to minimise the cost of redundancy, as noted in the response to the question above.

3. (9.16.3) What period does the Special Parking Account (SPA) debt write off relate to? Why has such a large amount been written off?

This relates to historic write offs of penalty charge notice (PCN) income that have not been collected, and the cancelling of PCNs that have been issued in error or successfully appealed. The position reported in the special parking account is not impacted by this write off as it was never counted as income towards the SPA annual budget position.

The debts referred to in 9.16.3 cover the years 2009 – 2013. These debts have little to no prospect of recovery. There are a number of reasons for this including:

- the debtor has moved*
- that the debt is outside of the statutory limitations for PCN recovery*
- The debtor is untraceable through government and debt recovery agencies.*

4. (9.18.13) What is the £247,000 for the 'council restructure' being spent on?
This was spent on the reorganisation of the senior management structure.

5. (9.18.15) Would it not be cheaper to consult residents rather than rack up more legal costs?

Legal costs are being incurred as a result of the need for the Council to respond to the judicial review

6. Annex B, 2012/13 Revenue Outturn Position: – What effect has the introduction of reductions in some charges and new credit card meters had on parking income?

The reductions in charges in various town centre locations across the borough were introduced in a staggered manner from September 2012, it is therefore difficult to give a definitive statement on the actual impact on revenue outturn, as there is inevitably a time delay from introduction to gaining meaningful data to check. What appears to be happening (and is continuing in the new financial year) is the number of transactions are increasing as residents become aware of the reduction in charges, however revenue in 2012/13 was in line with projections. This seems to suggest any reduction in revenue is being counteracted by increases in the number of vehicles parking. The revenue and transaction data is being monitored closely for the first quarter of 2013/14 to confirm if this is a trend.

New credit card meters were introduced commencing November 2012 – due to their gradual introduction over the last few months of 2012/13 financial year it is not possible to say they had an effect on the 2012/13 Revenue Outturn position. 19 machines are to be installed in this phase and 16 are operational as of today with the final 3 awaiting commissioning in June 2013. As above transaction and revenue data as well as maintenance impacts are being closely monitored to review the impact of the new machines on revenue.

7. Appendix E: – Special Parking Account: How are NSL performance payments/penalties accounted for in the SPA accounts?

NSL contract payments are accounted for under the “Professional Services” budget line. Payments/penalties are approved/imposed in line with the contractual performance criteria measured under the NSL contract.

8. Appendix G – Corporate Risk Register: (page 55) Shouldn't the Judicial Review findings that the Council failed to consult over One Barnet make the 'Failure to engage properly with residents' a higher risk than the risk register currently shows?

The risk register is kept under regular review and represents the full scale of risks across the Council.

A Member questioned why £5 million of new reserves had been added to the 'Central – Service Development' budget (page 14, 9.8, Table 7: Provisions and Earmarked Reserves). Officers reported that £3.583 million had been spent in 2012/13 which had been replaced and added to for 2013/14. Responding to a question regarding planned spend for this allocation, the Cabinet Member for Resources and Performance advised the Committee that the reserves would be utilised to support ongoing service transformation (including One Barnet Wave II projects) and responding to residents priorities. He added that the current level of reserves was prudent and that these may need to be utilised if the judicial review appeal was successful. The Committee were advised that if the judicial review appeal was successful, the shortfall in the Medium Term Financial Strategy would be £3.5 million (£2 million for NSCSO and £1.5 million for DRS).

The Committee noted that the Council were currently looking at site options as part of the Depot Relocation Programme. Options were expected in the next 12 – 18 months. It was noted that this item was included in the forward work programme of the Committee and would be presented at the appropriate time.

In relation to Balances held by Schools (page 13, Table 5), the Committee were advised by the Cabinet Member for Resources and Performance that the Council had no intention to claw back balances held by schools under delegation. Members emphasised the importance of schools having robust medium and long-term financial plans which supported raising achievement levels and school improvement initiatives and it was suggested that this issue be referred to the Education Overview and Scrutiny Committee for consideration.

The Committee noted that the average number of sickness absence days per employee had missed the target. The Cabinet Member for Resources and Performance advised the Committee that he was considering implementing a new Sickness Absence Policy to reduce absences details of which would be shared with Members at the appropriate time.

A Member questioned the reason for delays in utilising £384,000 from the Primary Schools Capital Investment Programme in relation to East Barnet School. Officers reported that the main project had been completed and that the retained sum related to additional works for sports facilities. It was noted that this was a joint piece of work with the Jewish Community Secondary School.

The Committee questioned the allocation of an additional £247,000 for the council restructure. Officers advised the Committee that the restructure had resulted in a £1.2 million reduction in the base budget for senior officers.

Councillor Mitra MOVED a motion that Cabinet be requested to delay the implementation of the NSCSO and DRS decisions until a full public consultation exercise had been completed. Upon being put to the vote, the motion was LOST.

RESOLVED that:

1. **The Quarter Four and Year End 2012/13 Financial and Corporate Performance be noted.**
2. **The committee be provided with a detailed analysis of Balances held by Schools (Page 13, Table 5).**
3. **The Education Overview and Scrutiny Committee be requested to consider adding an item to their Forward Work Programme on school financial planning, as referred to in the preamble above.**
4. **The Deputy Leader of the Council / Cabinet Member for Resources and Performance be requested to consider way that debt write off could be reduced for future years.**

7. ONE BARNET PROGRAMME HIGHLIGHT REPORT

The Committee considered the One Barnet Programme Highlight report which provided a summary of the programme status up to June 2013.

RESOLVED that the One Barnet Programme Highlight report be noted.

8. BUDGET AND PERFORMANCE OVERVIEW AND SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

The Committee considered the Budget and Performance Overview and Scrutiny Committee Forward Work Programme for 2013/14 as set out in the report.

RESOLVED that:-

1. **the Budget and Performance Overview and Scrutiny Committee Forward Work Programme for 2013/14 be noted**
2. **the following items be added to the Forward Work Programme:**
 - **One Barnet – Sport and Physical Activity Review (Date TBC); and**
 - **One Barnet – Waste and Street Scene Review (Date TBC).**

9. ANY OTHER ITEMS THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 8.37 pm