

**THE MINUTES OF THE MEETING**  
**OF THE RESOURCES SCRUTINY COMMITTEE**  
**HELD ON TUESDAY 18 NOVEMBER 2008**

Present: Councillor A Burnip (Chair)  
Councillors A Collinson, J Haggan  
R Liddle and D Maddison

Apologies: Councillors Mrs M Baird, A J Holmes,  
Mrs J Maitland, M Nicholls and Mrs V M Williams

1 **THE MINUTES OF THE LAST MEETING** held on 28 October 2008, a copy of which had been circulated to each Member, were confirmed.

2 **THE MINUTES OF THE MEETING OF THE EXECUTIVE** held on 4 November 2008, a copy of which had been circulated to each Member, were submitted.

**RESOLVED** that the information contained within the Minutes, be noted.

3 **PUBLIC QUESTION AND ANSWER SESSION**

There were no members of the public present.

4 **FEEDBACK FROM SCRUTINY MANAGEMENT BOARD**

The Chair advised that there were no issues considered at the Scrutiny Management Board meeting held on 10 November 2008 which fell within the remit of this Committee.

**RESOLVED** that the information given, be noted.

5 **SERVICE UNIT PERFORMANCE REPORTING – FINANCIAL MANAGEMENT**

Consideration was given to a briefing note prepared by the Head of Financial Management, a copy of which had been circulated to each Member.

Attached to the position statement was an extract from the Action Plan for the current year's Service Plan which included the key service objectives and their linkages to the Councils' corporate objectives together with the main high level actions.

The Position Statement covered the following areas:-

(i) Positive Results

D Temple, Head of Financial Management reminded Members of the structure of the unit, which was made up of four sections and employed over eighty members of staff. The sections within the unit were Accountancy and Payments, Internal Audit, Revenues and Benefits and each section had an Operational Manager to oversee the day to day activities. The detailed activities of the Revenues, Benefits and Audit sections were reported to the Community Services Scrutiny Committee and Audit Committee.

## Resources Scrutiny Committee – 18 November 2008

Members were advised that due to the long term sickness absence of the Revenues Manager interim management arrangements were implemented which had worked well. In addition the Principal Council Tax officer had also recently left the authority which had resulted in further revised arrangements being implemented.

D Temple advised that he normally briefed the Executive Member for Resources, Councillor P Ward on a monthly basis, however due to illness this had been restricted.

The Accountancy and Payments section were now involved in formulating the new unitary Council's budgets and tax levels for 2009/10 within the statutory time framework and these were scheduled to be approved during the first quarter of 2009. This process was proving to be extremely long and complicated and the Principal Accounting Services officer was providing a pivotal role in coordinating the budget process with colleagues from the County and other Districts. The end product was to secure a balanced budget for the new authority together with equalising next years Council Tax level to the lowest one presently in the County, which was currently Easington, but this would be before any increase for inflation. The other main work of the Accountancy and Payments section was preparing the Council's Final Accounts and paying the Council's bills.

Some senior members of the section were also heavily involved in completing this Council's Final Accounts for 2008/09 during the second quarter of 2009 at the new unitary authority.

All sections in the unit continued to liaise closely with the Audit Commission on all related financial matters, particularly grant claims, final accounts, budgets and internal control mechanisms. D Temple and the Director of Finance and Corporate Services met with the Council's External Auditor to discuss topical financial issues as and when required. There continued to be a number of queries given to them regarding the authority's preparations for Local Government Re-organisation (LGR). Often this involved the Audit Commission seeking advice and guidance from their technical unit. This arrangement worked well at a professional level.

During this financial year financial monitors would be presented to the Executive in respect of the 2008/09 General Fund and HRA budgets. This would be particularly important in delivering the Council's Transitional Plan. The half yearly position of these Revenue budget monitors together with Capital would also be passed to the new unitary Council in order to inform the 2009/10 budget process.

Collection rates on Council Tax and Business Rates together with Revenues and Benefits performance for 2008/09 were broadly on target; including the Council Tax collection rate which was only slightly below the same performance when compared to the previous financial year which was commendable considering the number of mortgage rate increases and the effect of the credit crunch, which inevitably had an adverse effect on Council Taxpayer's disposable incomes. In respect of Council Tax collection for 2007/08 the Council achieved its second highest ever collection rate which was 96.3%, only slightly below the previous year's best ever collection rate. Eventually close to 99% was collected with very little written off.

## Resources Scrutiny Committee – 18 November 2008

The Internal Audit work plan was on target for 2008/09 and the new internal Audit arrangement for East Durham Homes from 1 April 2009 was working satisfactorily. The Council was still heavily involved in overseeing the governance arrangements in the company which included the setting up of quarterly review meetings with EDH and the company's new auditor.

In general terms, within the unit, all Best Value Performance Indicators and Local Performance Indicators were broadly on target for 2008/09. The details of the half yearly B.V.P.I.'s for 2008/09 were now being finalised and would be reported in detail to the Council. Most recently a detailed report on the performance of the Revenues and Benefits sections was favourably received by the Community Services Scrutiny Committee.

Meetings of the LGR Finance officers group together with a number of sub groups had taken place. Those groups had collected data and prepared a number of briefing papers which when finalised would be submitted to the Corporate Support Programme Board (CSPB). Major areas of work included Revenues and Benefits, Budgets, Internal Audit, Risk and Governance, IT Systems and Treasury Management, Banking and Insurance. A full work programme for this group had also been agreed with the CSPB and more recently a high level options report for Finance had been prepared for the CSPB. In recent weeks the priority of the main Finance work stream meetings had been the budget process for 2009/10.

### (ii) Negative results/slippage

Members were advised that there had been no slippage despite the second set of interim management arrangements. However preparations for LGR had impacted on the unit and there was a need to continuously assess the position, particularly its impact on the Head of Financial Management and senior staff. It was anticipated that LGR work would increase significantly in the remaining months as senior finance officers become more actively involved. The position was being regularly monitored and there was a need to balance the work required for LGR whilst maintaining "business as usual".

Due to the departure of the Council Tax Manager additional revised management arrangements had been implemented.

### (iii) Capacity Issues

D Temple reported that there were no issues in the last financial year and the 2008/09 Service Plan had been prepared on the basis of a nil budget growth with no capacity issues.

In addition cashable and non-cashable efficiencies had been advocated and offered up as part of the 2008/09 budget process. At this point in time that plan did not include any areas of budget growth, but did include for identifying further potential areas of efficiency in the unit to free up the proposed required overall cashable savings. No major revisions had been made to existing Service Plans, the details of which would inform the Council's Transitional Plan for 2008/09 and it's Corporate Plan.

The Chair queried the position related to the collection of Council Tax following LGR and felt that there could be some confusion related to payments, particularly for those paying by direct debit. D Temple advised that a banking sub group were looking at this type of issue and it was expected that there would be minimal disturbance to residents.

**Resources Scrutiny Committee – 18 November 2008**

Councillor A Collinson asked if the rate of inflation would have an impact on Council Tax. D Temple advised that the budget process was complex and judgements had to be made on inflation. He pointed out that the authority also consulted treasury management advisors in this regard.

**RESOLVED** that the information given, be noted.

CERTIFIED TRUE RECORD

CHAIR .....

Date .....

JT/PH com resources/081101  
19 November 2008