

# Overview & Scrutiny Board Minutes

Tuesday 28 January 2014

## PRESENT

**Committee members:** Councillors Alex Karmel (Chairman), Rachel Ford, Donald Johnson, Steve Hamilton, Lucy Ivimy, Andrew Jones and Max Schmid

**Other Councillors:** Cllr Nicholas Botterill and Cllr Mark Loveday

**Officers:** Craig Bowdery (Scrutiny Manager), Debbie Morris (Bi-Borough Director of Human Resources), Tasnim Shawkat (Bi-Borough Director of Law) and Jane West (Executive Director for Finance & Corporate Governance)

## 100. MINUTES AND ACTIONS

### RESOLVED –

- i) That the minutes of the meeting held on 26<sup>th</sup> November 2013 be confirmed and signed as a correct record.
- ii) That the acceptance and implementation of recommendations and actions presented in appendix 1 be noted.

## 101. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs PJ Murphy and Harry Phibbs.

## 102. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 103. THE REVENUE BUDGET 2014/15

The Board received a report and presentation from the Executive Director for Finance and Corporate Governance outlining the proposed Budget for 2014/15 and the savings targets that had been met in 2013/14. Noting the £357,000 of savings achieved by the revaluation of the pension fund, members asked whether this was a one-off saving. Officers explained that

this was ongoing and there would be a £357,000 saving for each of the next three years. It was also noted that the Council's pension fund was in the upper quartile for returns on investments, but not for the level of contributions.

The Board noted the requirement that the Council consult with Non Domestic Ratepayers on the budget proposals, despite the consultation not being allowed to relate to Business Rates. Officers confirmed that responses to the consultation were extremely rare and any responses were unlikely to impact on the budget proposals. The Board agreed therefore that the requirement to consult Non Domestic Ratepayers was an unnecessary burden on councils and that officers should write to the DCLG on behalf of the Board to request that it be repealed.

**Action: Jane West**

**RESOLVED –**

That the report be noted.

**104. UPDATE ON SICKNESS ABSENCE MANAGEMENT**

The Board received a report from the Bi-Borough Director of Human Resources presenting figures on sickness absence across the Council, and the measures being taken to reduce absence. Members noted that the levels of sickness absence were lower than they have been before due to a management action taken. It was also reported that following an earlier suggestion by the Board, it had been decided that variable departmental sickness targets would not be beneficial as corporate levels were already lower than private sector levels.

The Board congratulated officers on the progress made, and discussed the best approach for further improvements. It was suggested that greater use of the 'stick' of lower targets might be counter-productive as compared to the 'carrot' of recognising achievement and offering incentives. The Leader agreed that the balance between carrot and stick needed to be struck, and that in the past the Council had focussed too much on the stick.

Some members maintained that variable departmental targets were needed to address issues in departments with higher levels of absence and to reflect the different nature of the work undertaken. Officers explained that given that the sickness levels were so low and the wide-scale organisational change underway, variable targets were unlikely to achieve anything. It was also reported that for departments with higher than average sickness levels, HR provided targeted support to identify and address any underlying issues.

**RESOLVED –**

That the Board congratulates officers on the achievements reducing levels of sickness absence and notes the report.

## **105. INDIVIDUAL ELECTORAL REGISTRATION**

The Board received a report from the Bi-Borough Director of Law on the introduction of Individual Electoral Registration system.

Members noted that it was proposed that anyone who did not respond to invitations to register by December 2015 would be removed from the electoral register, and asked whether it was known how many were likely to be affected. Similarly it was asked if there was a chance that with fewer electors registered, Government grants based on population could be affected. Officers undertook to provide estimates of how many people would be affected and explained that the electoral register would be brought up to a high level of accuracy using data-matching tools to avoid any risk of impact on grants.

**Action: Tasnim Shawkat**

The Board noted that additional resources were required to implement the new system and to carry out data matching exercises, and questioned the efficiency gain of the new system. Officers agreed that it would be a challenge to implement and that in the short-term the current system was likely to prove to be more efficient. However over time as the data became more reliable and data matching was more accurate, costs would decrease.

### **RESOLVED –**

That the report be noted and that a further update be provided following publication of the revised register in December 2014.

## **106. HIGH LEVEL REVENUE BUDGET MONITORING REPORT, QUARTER 2 2013/14**

The Board received a report from the Executive Director of Finance & Corporate Governance presenting the 2013/14 quarter 2 report for high level revenue budget.

Members highlighted a £70,000 overspend as a result of issues with the Hammersmith All Weather Pitch and asked for further details. Officers explained that the pitch was to generate income but due to delays with the planning process the pitch was not yet open or generating this income.

### **RESOLVED –**

That the report be noted.

## **107. HIGH LEVEL CAPITAL BUDGET MONITORING REPORT, QUARTER 2 2013/14**

The Executive Director for Finance & Corporate Governance presented a report on the 2013/14 quarter 2 high level capital budget monitoring.

Noting the potential for the Council to breach its VAT Partial Exemption threshold, members asked if this was the result of a structural problem. Officers assured the Board that this was not judged to be a significant structural problem and that it largely related to slippage in complex projects such as the Lyric project and an optimism bias. Any breach of the threshold would not have an impact on service delivery.

Members questioned the data in appendix 1 and asked why the £15,717,000 in quarter 1 of 2013/14 for 'Capital expenditure financed from the Housing Revenue Account' was not included for quarter 2, and why £12,217,000 for 'Capital expenditure financed by the Major Repairs Reserve / Major Repairs Allowance' was in quarter 2 but significantly less was budgeted for in quarter 1. Officers undertook to provide a written explanation of the housing budget.

**Action: Jane West**

The Board acknowledged the VAT risks and implications of breaching the Partial Exemption threshold and asked how big the risk of breaching was. Officers explained that it was a very real risk and that whilst action had been taken to mitigate the risk, the Council remained close to the limit. Officers were monitoring the situation monthly and the Council had in some instances opted to tax voluntarily to reduce its exemption level. It was highlighted that it was a growing national issue as the old rules on VAT did not fit the way modern councils worked. It was agreed that officers should raise the issue with Tri-Borough colleagues to agree a consensus on how to proceed, with lobbying Ministers and discussions with HMRC colleagues to be considered.

**RESOLVED –**

That the report be noted.

**108. SELECT COMMITTEE REPORTS**

The reports from the three Select Committees were noted.

**109. WORK PROGRAMME**

**RESOLVED –**

That the Work Programme for the remainder of 2013/14 be approved.

**110. DATES OF NEXT MEETINGS**

The dates of future meetings were agreed as:

- 4<sup>th</sup> March 2014
- 8<sup>th</sup> April 2014

Meeting started: 7.00 pm

Meeting ended: 8.05 pm

Chairman .....

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