

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE SCRUTINY PANEL – RESOURCE DEVELOPMENT

held in the Council Chamber,
Adam and Eve Street, Market Harborough

15th September 2011

Present:
Councillor Holyoak (Chairman)

Councillors: Evans, Hall, Holyoak, Knowles, Mrs. Page and Smith.

Officers: L. Butler, K. Mehta and E. O'Neill

An apology for absence was received from Councillor Johnson.

NOTIFICATION OF SUBSTITUTIONS

None were received.

MINUTES

RESOLVED that: the Minutes of the Meeting of the Scrutiny Panel – Resource Development held on 23rd June 2011 be taken as read and signed by the Chairman as a true record.

The Panel noted that the Minutes of the Meeting of the Scrutiny Panel – Resource Development held on 23rd June 2011 record that:

- (a) “the Market Hall in Market Harborough is currently only open four days per week. The Executive is investigating the possibility of increasing the number of opening days of the Market Hall.”
- (b) “the Council owns 104 Northampton Road, Market Harborough which it was using as a hostel for the homeless. Following an Executive decision, this asset will be disposed of. The property was put to public auction at the beginning of June 2011. Prior to sale the property was subject to a structural survey which revealed no significant defects. The reserve price for the property was not met at the public auction.”
- (c) “the Panel recommended that it receives regular updates on the letting and occupation figures for the Harborough Innovation Centre (HIC). These updates should include summary financial information on the HIC.”

The Panel asked for an update on these three items. K. Mehta, Deputy Chief Executive and Section 151 Officer, provided the following updates as set out below:

- (a) the Council’s Executive is in the midst of a property review which includes the use of the Market Hall, Market Harborough. A full response will be provided to Councillors upon the completion of this review.
- (b) at the public auction held for 104 Northampton Road, Market Harborough, the property did not sell since the reserve price set for it was not met. Sealed bids are currently invited for the property; the closing date for receipt of these bids is 12 noon on Friday 16th December 2011.
- (c) Oxford Innovations Ltd, the company managing HIC, recently reported that four tenants have already moved in; another two/three companies are due to move in shortly. Oxford Innovations are currently undertaking a marketing campaign to increase occupancy. In total 53 rooms are available to let.

DECLARATIONS OF MEMBERS’ INTERESTS

None were received.

REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING (QUARTER ONE 2011/12)

The Panel received a report on the Council's Revenue and Capital Programme Monitoring up to 30th June 2011 (Quarter One). This report forms part of a standard series of reports which are presented to the Panel on a quarterly basis. The report was presented to the Executive on 15th August 2011.

K. Mehta, Deputy Chief Executive and Section 151 Officer, outlined the main features of the report and invited questions from the Panel.

The following questions and responses were discussed:

Question	Response
<p>Re. item 10018 shown on page 7 of Appendix A to the report.</p> <p>Why are there gaps in the figures provided?</p>	<p>Item 10018 refers to the Harborough Innovation Centre (HIC). The HIC project wasn't finished until May 2011. Therefore the Council didn't have the relevant information at the time of the budget-setting process. The budget will be inserted at the half-year stage of the accounting process.</p>
<p>Re. items 10022 (Legal Services), 10023 (Human Resources) and 10026 (Health and Safety) shown on page 7 of Appendix A to the report.</p> <p>Why are there gaps in the figures provided?</p>	<p>The expenditure of these services is fully recharged to other service areas.</p>
<p>Re. items 10015 (Tourism), and 10059 (Community Forums) shown on page 7 of Appendix A to the report.</p> <p>Have these items ceased to function? If not can a more-detailed explanation of the figures presented be provided to the Panel?</p>	<p>K. Mehta, Deputy Chief Executive and Section 151 Officer, agreed to provide a written response to all members of the Panel within four weeks of the date of this Meeting.</p>
<p>Re. item 10303 (Lutterworth Office) shown on page 8 of Appendix A to the report.</p> <p>Why are costs shown against this office? Has the Council ceased use of this asset?</p>	<p>The costs shown against this office include utility bills and National Non-Domestic Rates bills. These are still chargeable despite the Council ceasing use of the asset.</p>
<p>Re. item 10137 (Leisure Trust) shown on page 9 of Appendix A to the report.</p> <p>What is this and why are costs attached to it?</p>	<p>K. Mehta, Deputy Chief Executive and Section 151 Officer, agreed to provide a written response to all members of the Panel within four weeks of the date of this Meeting.</p>
<p>Re. item 10506 (New Homes Bonus) shown on page 9 of Appendix A to the report.</p> <p>How are we going to use the £507, 000 shown in this budget?</p>	<p>The £507, 000 shown is what has been provided to the Council as the first of six payments of the same amount which the Council will receive over the next six years. The funding provided on each of these years is based on the Council's Council Tax base.</p> <p>At its Meeting on the 7th November 2011, the Executive will consider a draft Policy on how to appropriate these funds.</p>
<p>Re. item 10512 (Trans To/From Earmarked Resvs) shown on page 9 of Appendix A to the report.</p>	<p>The Council has earmarked reserves on its balance sheet. These reserves exist outside of the Revenue account. These can used for</p>

Can the function of this be more clearly explained to the Panel?	'rainy-day' purposes or for specific purposes. The figures shown in the report refer to instances when earmarked reserves have been used for specific purposes, to meet expenditure. The figure of £507, 000 shown in this section refers to the New Homes Bonus funds which have been set aside as earmarked reserves.
Re. item 10065 (British Farmers Market) shown on Page 10 of Appendix A to the report. A figure of £7, 000 is shown against this entry as net income. What is this money used for?	K. Mehta, Deputy Chief Executive and Section 151 Officer, agreed to provide a written response to all members of the Panel within four weeks of the date of this Meeting.
Re. item 10086 (Bus Station – Mkt Harborough) shown on Page 10 of Appendix A to the report. Why are costs shown against this entry?	K. Mehta, Deputy Chief Executive and Section 151 Officer, agreed to provide a written response to all members of the Panel within four weeks of the date of this Meeting.
Re. item 10115 (Public Conveniences) shown on Page 11 of Appendix A to the report. What are the costs shown in the report for?	These are the costs of running the Council's public conveniences.
Re. item 10171 (Drainage Probs/Pail Closet Em) shown on Page 11 of Appendix A to the report. What are the costs shown in the report for?	These are costs from providing a service to rural areas where there are still pail closets to be emptied.
Page 13 of Appendix A to the report shows a total variance figure of £54, 000. Is that an overspend?	Yes, this represents an overspend. However, this is an overspend against the <u>profiled</u> budget. If this remains the case at the half-year stage, the accountants may adjust the budget profiles.
Re. item 10009 (Section 106 Agreements) shown on Page 10 of Appendix A to the report. Why are costs shown against this entry?	There is a cost to the Council in administrating Section 106 agreements.
Re. item 10016 (Archaeological & Ecolog Advice) shown on Page 10 of Appendix A to the report. Do these costs arise from providing the service in-house or from buying-in the service?	The figure shown represents the cost of buying-in the service. The service is provided by Leicestershire County Council.
Re. item 10017 (Special Expss – Harb in Bloom) shown on Page 11 of Appendix A to the report. Why is this item listed separately from 10147 (Special Expenses – Market Harborough)?	10147 covers the grounds maintenance aspects of Market Harborough's Special Expenses. Historically the Council has always had two separate cost centre for these.

Re. item 10081 (Quick Response Team) shown on Page 10 of Appendix A to the report.	Yes. The Quick Response Team is still in operation.
Does the Council still have this facility?	
Re. item 10076 (Grants To External Bodies) shown on Page 11 of Appendix A to the report.	This is Section 106 money that is granted to external bodies. The Council's Grants Panel allocates these funds to various projects.
£134, 500 is shown against this entry. What is the money spent on?	
Re. item 10513 (Parish Precepts) shown on Page 9 of Appendix A to the report.	Money comes into the Council and is then paid out again with no net difference. Therefore a variance of £0.00 exists.
Why is there a variance of £0.00 shown against this entry?	The Council is required by law to present this information in its expenditure.

The Panel NOTED that:

- (i) the summary position for the General Fund Revenue Account is shown in the table below. Central items include statutory accounting entries in relation to capital financing and retirement benefits, as well as transfers to and from earmarked reserves. After budget carry-forwards are accounted for, the variance on budget to outturn is £ (288)k.

Net Expenditure by Portfolio: Excluding Recharges	2010/11 Revised Budget £'000	2010/11 Actual Spend £'000	Variance (Under)/Over £'000
Local Business & Enterprise	82	98	16
Corporate & Customer Services	4,258	3,989	(269)
Finance	(3,067)	(3,045)	22
Housing Infrastructure & Planning	763	686	(77)
Environmental Service Delivery	3,484	3,381	(103)
Community Engagement, Cohesion & Wellbeing	1,306	1,259	(47)
Community Safety & Enforcement	963	929	(34)
	7,789	7,297	(492)
Central Items	3,422	3,723	301
Parish Precepts	1,167	1,167	0
Income from Council Tax	(6,657)	(6,719)	(62)
Government Grants	(5,450)	(5,485)	(35)
Contribution from/(to) Balances	271	(17)	(288)

- (ii) the following underspent budgets were carried forward as commitments into the 2011/12 financial year.

Proposed Budget Carry Forwards to 2011/12		£
10024	Members learning pool subscription	1,000
10070	Advanced scrutiny training for new members	1,500
10022	Set up costs for new online books subscription	8,200
10061	Formal consultation programme	4,000
10046	Revenue & Benefits Home working set up costs	30,000
10046	Revenue & Benefits committed agency costs	44,000
		88,700

- (iii) the Council's car parking service generated a surplus of £158k in the financial year ended 31st March 2011. This surplus has been transferred into the earmarked Car Parks Reserve. This is in accordance with Council policy. However, the Council has resolved that this reserve should not be ring-fenced for specific purposes.
- (iv) the Annual Stewardship report for Treasury Management incorporating actual Prudential Indicators for 2010/11 was presented to Council on 25th July 2011. However, all of the revenue implications and transactions arising from treasury management and capital financing decisions are reflected in the outturn figures appearing in this report. The Council operated within its approved limits and tolerances governed by the Prudential Indicators for 2010/11.
- (v) the outturn figures for the General Fund are provisional and subject to the audit of accounts, which is due to commence on 1st August 2011. The accounts are prepared on an accruals basis and, given the tight timescale for closedown, they inevitably contain a degree of estimation. In the main, accruals for goods and services where invoices had not been received and paid for by 31st March 2011 are based on outstanding purchase orders and, as such, are considered materially accurate. Where any figures are subject to significant change as a result of the audit, this will be reported back to the Executive.
- (vi) the original 2010/11 Capital Programme was set at £1,430,100 and was approved by Council at its meeting on 25th February 2010. Subsequent amendments were approved by the Executive on 28th June 2010 to allow for slippage from the 2009/10 Capital Programme, on 8th November 2010 and 15th February 2011 to allow for schemes funded from additional external resources. These changes have increased the budgeted capital expenditure for 2010/11 to £5,681,700, the main increase was for the Harborough Innovation Centre project of £3,000,000.
- (vii) the Capital Programme was compiled by the Portfolio Holders and supported by the Strategic Management Team and Officers of the Land & Asset Management Group. Project appraisal forms were submitted for each new scheme and were assessed against a scoring methodology using the following criteria:
- Links to the Business Plan;
 - Project need;
 - Current status;
 - Deliverability;
 - Benefits;

- External funding;
- Consultation;
- Project management; and
- Financial plan.

- (viii) ultimately, only those schemes that demonstrated a strong link to the Council's Corporate Improvement Plan were considered for inclusion in the Capital Programme.
- (ix) the Council spent a total of £4,399,911 on capital schemes in 2010/11 against the final budget of £5,681,700. This represents an underspend of £1,281,789 (23%). The forecast expenditure on schemes deferred until 2011/12 stands at £926,961 (16%) of planned expenditure.
- (x) the capital programme is financed from a number of sources, including borrowing, capital receipts, government grants, contributions from developers and other outside bodies / organisations.
- (xi) the amount of £926,691 represents the unspent budget in 2010/11 in respect of schemes which had not started or were incomplete at 31st March 2011.

The Panel RESOLVED to note the Council's financial position up to 30th June 2011 (Quarter One).

REVENUES AND BENEFITS DEBT POSITION PROGRESS REPORT

The Panel was provided with a detailed analysis of debts owed to the Council in relation to Council Tax, Non-Domestic Rates and Housing Benefit overpayment debts by L. Butler, Revenues and Benefits Manager. The report drew comparisons with 2010/11 collection rates.

The Panel NOTED that:

- (a) the Revenues and Benefits Service, now part of the Leicestershire Partnership incorporating Harborough District Council, Hinckley & Bosworth Borough Council and North West Leicestershire District Council, is responsible for the billing and enforcement of Council Tax, Non-Domestic Rates and Housing Benefit overpayments. Following the creation of the Leicestershire Partnership, some teething problems were encountered in relation to computer software. These problems had no impact on Harborough District Council.
- (b) The net collectable debt for Harborough District Council raised for 2011/12, as at 31st July 2011, is as follow:

Council Tax (Net of Council Tax Benefit)	£45,888,105.54
Non Domestic Rates	£34,201,042.56
Housing Benefit Overpayments	£94,791.21

- (c) the Council uses both Bristow and Sutor and County Legal Services who act as agents on behalf of this Council for the collection of any referred debts.
- (d) the performance for debt collection has improved when compared with 2009/10 and this is summarised below:

	2009/10	2010/11
Council Tax	97.90%	98.10%
Non Domestic Rates	98.02%	98.27%

For arrears this to has also been reduced, as set out below:

	31/3/10	31/3/11
Council Tax	£2.18m	£2.01m
Non Domestic Rates	£1.43m	£0.95m

The Panel thanked L. Butler for the quality of his report and presentation to the Panel.

The Panel RESOLVED to note the Council's position in relation to Revenues and Benefits Debt as at 31st July 2011.

SUNDRY DEBT ANALYSIS

K. Mehta, Deputy Chief Executive and Section 151 Officer, provided the Panel with a detailed analysis of sundry debts owed to the Council (attached at Appendix A to these Minutes).

The Panel NOTED that: since the creation of the partnership for the Revenues and Benefits Service a new post of Sundry Debt Officer has been included as part of the Exchequer section of the Finance Services Team. This post is responsible for the chasing and enforcement of the Sundry Debt invoices issued by the Council.

The Panel RESOLVED to the note the Council's position in relation to sundry debt as at 31st July 2011.

The Meeting ended at 8.12p.m.