

CORPORATE OVERVIEW & SCRUTINY PANEL

TUESDAY, 22 OCTOBER 2019

PRESENT: Councillors Phil Haseler, Lynne Jones, Julian Sharpe, Leo Walters (Vice-Chair, in the Chair) and Simon Werner

Also in attendance: Councillors David Hilton, Jon Davey, Ewan Larcombe and Mandy Brar

Officers: Mark Beeley, David Cook, Nikki Craig, Andy Jeffs, Duncan Sharkey, Ruth Watkins, Peter Robinson and Terry Neaves

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Targowski, Councillor Haseler attended as a substitute.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

MINUTES

RESOLVED UNANIMOUSLY; That the minutes of the meeting held on 25th September 2019 were approved as a true and accurate record.

CIPFA REVIEW

ACTION – The Chairman amended the agenda by bringing item 5: CIPFA Review, to the top of the list of items considered by the Panel.

Councillor Hilton introduced the report and explained that when he became the Lead Member for Finance, he raised concerns about financial monitoring, and as a result agreed with the Managing Director to invite CIPFA to conduct an internal review. The report was commissioned by both the administration and the Managing Director.

Duncan Sharkey, Managing Director, said that there were concerns about financial governance and that CIPFA were asked to focus on one capital project but other wider concerns were found.

Peter Robinson, from CIPFA, explained that CIPFA aimed to promote good financial practise in the public sector. The report set out the initial snapshot findings from an independent six day piece of work carried out by CIPFA approximately twelve weeks ago. Following this, work continued examining the overall arrangements for financial governance within the authority. The work was still ongoing and therefore a final report would not be completed and published until the end of the financial year. While some issues had been identified, these could change as the report enters its second phase. However, Peter Robinson said that he believed improvements were already being made.

The Panel were informed that financial monitoring was the responsibility of everyone within the Council and that an appropriate level of reserves should be set to manage the authorities risks.

Peter Robinson explained that medium term financial plan informed the level at which council tax was set and the long term financial planning of the authority. There was usually a five year plan in place and further work would be carried out in this area.

RBWM's financial monitoring report said that reserves were deemed to be adequate, but it was noted that compared to other unitary authorities they were low. In 2018, Wokingham Borough Council had around £82 million worth of reserves, while for RBWM the level was under £10 million. This therefore meant that RBWM was more susceptible to financial shocks.

There were a few issues with the Treasury Management Strategy, as it did not comply with the Code of Practice and was inadequate as it did not set out the Council's borrowing intentions and risks clearly.

In regards to capital monitoring, CIPFA had highlighted that no slippages were reported during the year but by the end of the year it was reported £23 million worth of slippage had occurred, which was a significant amount. Working with the Lead Member they were looking at introducing quarterly capital monitoring reports.

Peter Robinson reiterated that CIPFA had been asked to look at a capital project in Dedworth and that the findings were Ultra Vires. There was no suggestion that a criminal offence had been committed but good governance had not been adhered to. That said, the works carried out were appropriate and provided benefit to residents.

The Chairman asked for clarification of the term used Ultra Vires. He was informed that it effectively meant to not have authority, so while the action was not illegal, it did mean that some decisions had been made by officers beyond the powers of their position.

Councillor Davey questioned that accountability of borrowing and the large increases month by month on capital spend, and whether ex-councillors were accountable.

In response, the Managing Director explained that once the CIPFA report had been completed it would be brought before the scrutiny panel. There were no implications at this stage that money had been wasted or that RBWM had spent money on things it could not afford, it was about visibility and reporting mechanisms.

Councillor Jones highlighted that she had previously raised concerns with the medium term financial plan at previous scrutiny meetings but none of her concerns had been addressed. She had asked for financial information from the previous Lead Member but this request had been refused. The lack of transparency was a major issue.

The Chairman responded by saying that there had been historical issues but there was now a new Lead Member for Finance and administration who was working at improving transparency.

Councillor Hilton said that before CIPFA were asked to carry out the review he had raised concerns about the need for a budget strategy and improved MTFP. In order to manage the council's finances and continue to protect the most vulnerable in the community, long term planning was essential.

Councillor Werner highlighted that it was important that finances were the responsibility of all councillors and that we should be looking to the past to correct mistakes for the future. He told members that he had asked Councillor Hilton about a £4 million overspend, but had not been told whether it would be recurring. Councillor Werner asked Peter Robinson what information should be open for the public and opposition councillors to view.

Peter Robinson agreed that there should be a certain level of transparency and openness about financial reporting but not all draft reports should be available because not all information would be correct at the initial stages.

This was echoed by the Managing Director, who explained that officers would give members all the appropriate information to do their jobs. He agreed with Peter Robinson in regard to the availability of drafts and the appropriate time of making the correct information available.

Councillor Werner asked if the Desborough project was a one-off incident or if had been repeated. The Panel were informed that CIPFA were not looking at all historical projects but at future reporting mechanisms.

Councillor Sharpe commented that it was clear there was room for improvement in the process and that the Lead Member for Finance was addressing the issues raised. There was a national increasing demand on adult social care and children care and this was something to be aware of when looking at financial management.

Councillor Jones pointed out that in the 2015 budget, she warned of an increase in the cost of adult and child social care but the budget in these areas was reduced. She said that opposition councillors had been previously refused information and asked for reassurance that it would not happen again.

Councillor Hilton clarified that in this year's budget, there had been an increase of £3 million put towards adult and child social care. He further explained that there needed to be guidelines on the release of financial information prior to the financial update report going to Cabinet and during the budget build.

Councillor Larcombe asked about £125,000 worth of expenditure on the Raysbury Drain, he had asked this before and would continue to ask until he received an adequate answer. He would be asking the question again at full council.

Councillor Davey argued that all councillors should be given access to the council's financial information.

Peter Robinson reiterated that was not always appropriate to publish draft information and work in progress. However, from a scrutiny perspective all councillors should be aware of what was being budgeted and transparency was being improved.

Councillor Werner understood the point about reports being in draft, and argued the point that the responsibility was with all councillors, both the administration and the opposition. He asked Councillor Hilton if he would be willing to work with the opposition.

In response, Councillor Hilton said that changes would be made to the financial update report to make the information easier to understand and this was one of the drivers in asking CIPFA to come to the authority.

The Managing Director concluded by explaining that officers would give councillors good quality information so that they could make informed decisions. He highlighted that good governance comes about when it is on a non-adversarial basis.

RESOLVED UNANIMOUSLY; That the Panel noted the CIFA report.

FINANCIAL UPDATE

The Lead Member for Finance introduced the Financial Update report that had been considered by Cabinet in September 2019 and had been brought to the Panel at the request of members.

Councillor Jones asked about the £5.68 million in reserves and whether this would be enough or should be reviewed.

The Lead Member for Finance responded that the level of reserves had been stable over the past few years. However, they needed to be reviewed so that they could support risks in the revenue budget and also fund schemes which would generate revenue or improve efficiency.

Peter Robinson added that most councils have a general fund reserve, but this was held to mitigate risks and financial shocks. Areas such as redundancy reserve should be held separately. The interim S151 officer said that it was important RBWM understood its financial risks and only then could the level of reserve be realised.

Councillor Werner argued that there was complacency across the council and that there should be a warning to RBWM that the problems need to be taken seriously or there is a risk of bankruptcy such as seen at Northampton County Council, especially with regard to a £4 million recurring overspend figure. Peter Robinson responded that due to his work with CIPFA he had worked with Northampton County Council and that RBWM were a long way from their position and thus comparisons were unfounded.

He explained that it was all about knowing and reacting to issues, whilst more reserves would make this easier for the authority to be more resilient.

Councillor Jones raised concerns about the number of undeliverable savings and incomes that had previously been reported and the lack of detail, she asked for reassurance that the saving targets for next year's budget would be achievable.

The interim S151 officer informed the Panel that the savings targets would be reviewed. He explained that there was a base line forecast, but there were optimistic and pessimistic variables that had to be considered.

The Managing Director informed members that there would be a commissioned piece of work to look at adults and children spend and appropriate forecast models.

Councillor Werner queried the capital programme and its £189 million projected spend, he asked if this would be reduced. The Panel were informed there was planned expenditure on infrastructure, the Braywick Leisure Centre and regeneration in Maidenhead but the debt was expected to fall.

Councillor Jones commented that it would good for scrutiny to see the cash flow forecast. The Managing Director confirmed that it would be part of financial reporting.

The Panel noted the report.

PEER REVIEW

The Managing Director introduced the report regarding the progress made since the Local Government Association (LGA) peer review.

The Panel were informed that the Local Government Association undertook a peer review of RBWM in September 2017. On 10-11 June 2019 the same team visited to assess progress. The team found positive progress in relation to the original findings and offered further comments contained within the report.

Councillor Jones commented on how the report had highlighted the need for more robust scrutiny but this had not materialised, there needed to be more robust scrutiny, task and finish groups and challenge to the executive.

The Lead Member who held responsibility for Governance responded that she would be undertaking a review of the scrutiny function following the changes to Panel structures in May

2019 as a result of the constitutional review. The review would be in conjunction with Karen Shepherd, Head of Governance. Councillor Jones asked if opposition members could be invited to take part in this review.

The Panel noted the positive progress contained within the report, Councillors Jones and Werner felt that scrutiny had not made positive progress.

MODERN WORKPLACE

The Executive Director, Andy Jeffs, introduced the Modern Workplace report and explained that he had addressed some of the points raised when the item was considered at council.

The project would cost RBWM £405,000 as the current PC equipment was at the end of its life span and needed to be replaced. Subject to approval, a contract would be awarded by 31st March 2020 and there would be a number of benefits that would be significant and make a real difference in the working environment. The recent pilot scheme highlighted the following issues:

- At least 16 GB of RAM was needed, as the programmes and applications that RBWM uses would not be able to run smoothly on 8 GB
- The laptop resolution was not HD and therefore a higher resolution would be needed
- Docking stations at each desk to allow direct network access rather than via Wi-Fi
- More devices (originally it had been assumed that 100 devices could be re-used)
- The addition of 67 Optalis staff
- An increase in basic costs of 30% due to Brexit

Issues that had been raised at full council included:

- £405,000 being an overspend and a significant cost to RBWM
- Issues with the 10 year borrowing term being longer than the new devices life span
- The insufficient memory and the extra cost that this may incur
- That the plan did not provide an answer to RBWMs needs

The Director informed members that he had viewed work undertaken by a number of other Berkshire councils and was confident that it was the best way for RBWM to move forward and modernise its IT equipment. He also explained that the Microsoft Enterprise Licence would be up for renewal next year, and currently the renewal would cost £900,000 more over the next 3 years.

Councillor Hilton commented that he would often see staff unable to get into the system in the morning and that a significant amount of working time was wasted.

Councillor Sharpe said that it was essential and needed to ensure that staff can work properly. The Microsoft Licence was expiring anyway and while the project was a lot of money, it would be better in the long term.

WORK PROGRAMME

Members noted the Work Programme for future meetings of the Panel.

Councillor Jones raised concerns that the Task and Finish group on Highways contract outsourcing had not yet started.

The meeting, which began at 6.00 pm, finished at 7.50 pm

CHAIRMAN.....

DATE.....