

OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK  
GROUP

25 JUNE 2013

(19.00 - 20.10)

PRESENT Councillors Peter Southgate (in the Chair), Iain Dysart and  
Gregory Udeh

Caroline Holland (Director of Corporate Services), Paul Dale  
(Interim Assistant Director of Resources), Miriam Adams (Interim  
Treasury & Insurance Manager), Steve Bowsher (Chief  
Accountant) and Brian Thompson (Head of Accountancy)

1 APOLOGIES (Agenda Item 1)

Apologies were received from Councillor Diane Neil Mills and Councillor Suzanne  
Grocott.

2 MINUTES OF MEETING 19 MARCH 2013 (Agenda Item 2)

Noted.

3 REVENUE OUTTURN 2012/13 AND FINAL ACCOUNTS (Agenda Item 3)

Caroline Holland, Director of Corporate Services, outlined the format and content of  
the report. This report will be presented to general Purposes Committee on 26 June  
2013 – the external auditors (Ernst and Young) will be at the meeting and may be  
invited to comment on their findings so far.

Caroline Holland said that the accuracy of the outturn predictions had improved this  
year in respect to the revenue accounts, though less so on predicting movements in  
reserves, and had deteriorated in relation to the capital programme.

All officers present provided additional information in response to questions on the  
detail of the report. These are set out below.

Revenue outturn and variance analysis

Client income for adult social care was higher than expected and this contributed to  
the underspend in Community and Housing – paragraph 3.8 of the report. Sutton and  
Wandsworth councils also had an underspend on adult social care.

The government definition of capital expenditure has been clarified and this resulted  
in some items (such as temporary classroom buildings) being moved from capital to  
revenue expenditure. (paragraph 3.7)

The pension strain referred to in paragraph 3.10 relates to early payment of pensions for over 55's being made from the General Fund and not the Pension Fund.

Brain Thompson, Head of Accountancy, said that the outturn variance on recharges (shown in Table 1) is a residual balance of central support costs that haven't been reallocated to departments. The net impact on the accounts is zero.

### Reserves and balances

In response to a question about whether the level of General Fund reserves could be justified, Caroline Holland said that it is in the middle of a range identified as acceptable in a report to Cabinet. She added that the level of General Fund balances is kept under review and that updates on the use of reserves will be included in the quarterly monitoring reports that will be received by the task group during 2013/14.

Caroline Holland described each of the categories of reserves (set out in the table at paragraph 6.1) and the level of spend during the year.

Caroline Holland said that a close eye is kept on earmarked reserves and money is transferred back to revenue if it is not going to be used for the specified purpose.

The Council Programme Board monies will spent on investment, including work associated with implementation of the customer contact strategy and a new electronic document management system.

### Capital outturn

The capital budget underspend was considerably more than predicted and will result in the re-profiling of the capital programme for future years.

Caroline Holland confirmed that there is a limit to the Council's capacity to spend capital and that the most spent in a previous year was £42m so it is unlikely that the £57m capital programme will be spent in 2013/14. In response to a question, she added that if there was a need for a larger capital spend, for example for a new secondary school or expansion of an existing secondary school, this would require additional revenue support.

Miriam Adams, Interim Treasury & Insurance Manager, said that the lower income from investment was due to a combination of factors including the base rate remaining at 0.5%, quantitative easing and lower returns from lower risk investments that the council makes (mainly UK banks and AAA rated companies).

### Whole of Government Accounts (WGA)

Brian Thompson said that the Council had all the data ready to make the accounts return but the delay from the Treasury meant that the WGA could not be prepared. Many Councils were chasing the Treasury for progress.

RESOLVED: Task group members expressed concern that the WGA data collection tool has still not been received from HM Treasury.

#### Statement of Accounts

The Pension Fund is doing relatively well compared to other councils. The actuaries have provided assurance that the next revaluation will not have an undue impact.

RESOLVED: task group members agreed that they were satisfied with the explanations provided at this meeting and did therefore not wish to make a reference to General Purposes Committee.

#### 4 DATES AND PLANS FOR FUTURE MEETINGS (Agenda Item 4)

To be confirmed at the meeting of the Overview and Scrutiny Commission on 16 July 2013.