

## APPENDIX 2

### **Extract of the Minutes of the Corporate and Communities Overview and Scrutiny Panel Wednesday 7th November 2018, County Hall, Worcester - 10.00am**

#### **238. Budget Scrutiny: Reviewing the 2018/19 Budget Position for Corporate and Communities**

As Part of the Council's development of the 2019/20 budget, the Panel was asked to review the current 2018/19 Budget position at this meeting, prior to consideration of the 2019/20 draft budget at its meeting in January.

#### Commercial and Change Directorate

The Director of Commercial and Commissioning led the meeting through a presentation which set out the financial update on Period 6 (September 2018) for areas relevant to this Panel and highlighted that:

- There was currently a predicted overspend of £350k in Property Services relating to Place Partnership Limited (PPL), although the Panel were reassured that the situation was improving.
- Although there was £150k of non-achievement of transformation savings in Property Services which related to capitalisation and property costs, the Director advised that capacity had been added to the Team and it was anticipated that the gap would be narrowed this year.
- The ICT Budget for this year had a forecast overspend of £250k due to delayed insourcing of the DxC contract. The Director explained the staffing situation and how some staff had been transferred under TUPE arrangements and new staff had been recruited. Insourcing the Service had gone well and significant savings will be achieved. Work was now progressing to reach the original savings target for 2019/20.

#### Discussion Points

- In response to the question about why there had been a £350k overspend on the PPL contract, the Director explained that since March there had been a focus on re-invigorating the contract and providing more challenge to PPL, which was now showing signs of improvement. Additionally, it was noted that some partners had withdrawn from the PPL partnership.
- The Director also confirmed that there was now more investment in the contract management of PPL to ensure spend was being managed effectively and that there was better value.

- It was questioned why the projected saving on the 2017/18 IT Budget had not been achieved. Although, a specific answer would be provided, the Panel was reassured that with the insourcing of IT Services, savings would be achieved.
- The Head of Strategic Infrastructure Finance and Financial Recovery clarified that the HR Budget consisted mostly staffing costs, with some other costs, such as learning and development, training and general office expenditure and the £175k saving related to holding non-essential posts vacant.
- Members were informed that Managers were being asked to look at every budget heading, justify the expenditure and to ensure savings were made at every opportunity. Money continued to be well managed in the borrowing and lending markets, which meant that less savings were required elsewhere.
- The Panel was informed that the Fire Insurance Earmarked Reserve had been reduced by £0.5m to £1m, which was seen to be prudent measure.
- There was a projected saving of £300k from the Self-sufficient Council – Optimising Income Generation, which would be achieved through traded services to other organisations and fees and charges, along with forecast additional £575k income through Council Tax and Business Rates.

#### Communities – Discussion Points

The Head of Strategic Infrastructure Finance and Financial Recovery confirmed that the current position in respect of the Communities Budget Monitoring information provided was mostly forecast to outturn at budget at this stage of the financial year, although some savings relating to 2019/20 had already been partly delivered in advance, such as those for the Library Service.