

## Finance Sub-Committee

20 July 2016

Present: Councillor A McMullen (Chair)  
Councillors D Cox, S Day, K Lee, J O'Shea

### **F11/07/16 Apologies**

Apologies were received from Councillor F Weetman.

### **F12/07/16 Substitute Members**

There were no substitute members.

### **F13/07/16 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported for this meeting.

### **F14/07/16 Minutes**

**Resolved** that the Minutes of the meeting held on 20 June 2016 be confirmed and signed by the Chair.

### **F15/07/16 2016/17 Financial Management Report to 31 May 2016**

The Sub-Committee considered the report which set out the budget monitoring position as at 31 May 2016, including the forecast outturn positions for 2016/17 for the General Fund, the Housing Revenue Account, School finances and the Investment Plan, including a summary of projects to be delivered during 2016/17.

The Sub-committee noted the estimated forecast outturn at the end of the financial year and the overall pressure of £5,577m after the potential use of £2.300m of reserves. It was noted that this pressure is being driven by a number of factors, including: the introduction of the National Living Wage; demand pressures in relation to high cost packages for looked after children and adults with learning disabilities coming into the system late in 2015/16; and efficiency savings that are not yet confirmed.

A member of the Sub-committee highlighted the pressure in relation to looked after children and asked when information became available in relation to the forecast increase in costs in this area. It was noted that budget plans are drawn up based on the best available information at the time, but in this instance the increase in external residential placements since March has been greater than budgeted for.

The Sub-committee asked whether the affordable homes project at Alexandra Street, Wallsend was on track for completion and it was confirmed that this was the case.

A Member asked for clarification of the pressure in the Finance Service of £547,000. It was stated that this related to a built-in saving as part of the previous Business Partnership Change, Efficiency and Improvement target, additional to the savings already delivered by ENGIE through the partnership contract. Dialogue is continuing over how this can be achieved.

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Members highlighted the information on page 36 in relation to Corporate Parenting and Placements and asked if future reports could provide information on which business plan projects are being referenced.

In relation to page 37, Integrated Disability and Additional Needs Service, it was noted that challenging discussions were ongoing with the Clinical Commissioning Group to negotiate health contributions to care packages. Members requested additional information on the £0.125m forecast staffing pressure in the area.

Members asked for clarification of the position in relation to the £4.294M forecast pressure in relation to Learning Disability and Mental Health Services. It was noted that this is the forecast end of year position based on the information on demand available at the current time. It is hoped that the position will come nearer to budget by the end of the year and plans are in place to bring the whole budget in on budget.

Members highlighted the pressures in relation to adaptations. It was noted that this partly relates to a backlog in Occupational Therapy Services which may even out across the year. However, this is again a demand-led service so it is difficult to accurately predict demand.

A Member raised a question about the impact of the EU Referendum on the Council's finances going forward. It was noted that the biggest area of concern was the impact on business growth in the borough, and the subsequent potential impact on jobs and employment levels, and also the impact on business rates given the move towards 100% business rate retention. It was noted that there is no immediate impact on EU funded projects and that exit plans will be in place to manage transition on completion of such projects.

The Sub-committee thanked officers for the report.

#### **F16/07/16 Exclusion Resolution**

**Resolved** that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

#### **F17/07/16 Business and Technical Partnerships Risks**

The Sub-committee considered the report which provided the Sub-committee with the latest monitoring update on risks which are rated high (red) within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with ENGIE and Capita respectively.

The sub-committee noted that there were no new risks, but the risk level in relation to one of the risks had been increased.

Members were given the opportunity to ask questions which were responded to accordingly.

It was **Agreed** that the risks rated as red contained within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with ENGIE and Capita, be noted.