

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 21 January 2009

Present:

Councillor P Gilchrist (Chair)

Councillors J George D Elderton
S Moseley R Wilkins
D Knowles

Deputies

Councillors C Blakeley (In place of J Hale)

45 DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

46 MINUTES

Resolved – That the minutes of the meetings held on 26 November and 22 December 2008 and 7 January 2009, be approved.

47 FINANCIAL MONITORING STATEMENT

The Director of Finance presented a summary in tabular format of the current position of the revenue accounts and General Fund balances as at 30 November 2008. He also circulated an update as at 31 December 2008 and commented that the monitoring statement included –

- the composition of the original 2008/2009 budget by department including agreed savings and policy options, which now included the Department of Law, Human Resources and Asset Management;
- monitoring against the 2008/2009 budget including the financial implications of any Cabinet decisions;
- anticipated variances against the original budget; and
- an explanation of variances and areas identified as requiring further attention.

He indicated that the Adult Social Services projected overspend, noted by the Cabinet on 4 September 2008, remained the latest position. Regeneration had experienced difficulties delivering SRE savings and in achieving budgeted income levels and the projected overspend was now £0.6m, having been partially offset by the release of reserves by the Cabinet. Technical Services had reported pressures on income targets and winter maintenance which resulted in a potential overspend of £0.5m. However, Children and Young People now reported no overspend, the pressures from the implementation of prior year targets, issued in respect of employee savings targets and care costs for children being offset by the use of various grant funding for 2008/2009.

He reported upon the effect of decisions made by the Cabinet and indicated that the impact of energy pressures, if realized, and the variations, if not contained would see balances become £6.6m. In response to comments from members, the Director agreed to revise the key within the monitoring statement to show the following traffic light indicators – ✓ =Green; * = Amber; and X = Red.

Resolved – That the Financial Monitoring Statement be noted

48 **GENERAL FINANCIAL MATTERS**

The Director of Finance provided information on treasury management, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of Benefits. He commented that the UK economy was officially in recession and the predicted fall in inflation rates had begun with the official measure of inflation, CPI, falling to 4.1% and the RPI down to 3% for November 2008. The figures were expected to continue to drop rapidly; and there was still uncertainty as to how low inflation would fall, with deflation still a possibility next year. He commented that the Bank of England base rate was reduced to 2% in December 2008. A bigger cut had only been resisted because of the effect it may have on the currency and he indicated that further cuts over the next few months were inevitable. Interest rate forecasts had again been revised and the Director assumed that rates would fall to 1% early in 2009

He referred to the effect on investment income and commented that as the security of the investments always took priority over the returns, lending only took place with financial institutions on the approved lending list. In response to a number of comments, the Director agreed to provide members with a copy of the lending list and to include more detail in future reports in relation to fees and charges.

Resolved – That the report be noted.

49 **PROJECTED BUDGETS 2009-2011**

The Director of Finance presented the projected budgets for 2009-2011 to coincide with the period of the Comprehensive Spending Review 2007 (CSR). The summary budget for 2008/2009, as agreed by the Council on 3 March 2008 was £302.6m and he set out variations that had been identified for 2009/2010 together with a number of other developments which were likely to impact on the financial position of the Authority over the period.

He reported also on the present situation regarding balances and commented that the gap between projected expenditure and anticipated resources would need to be bridged by a combination of savings and/or increased Council Tax. He set out the efficiency targets for 2009/2011 that had been agreed by the Cabinet on 13 March 2008 and he reported that the projected budgets 2009-2011 indicated a shortfall of £13.6m in 2009/2010 and £12.1m in 2010/2011.

Resolved – That the projected budgets continue to be reported to the Cabinet in line with the agreed financial and performance management timetable.

50 **FINANCIAL AND PERFORMANCE MONITORING**

The Director of Finance presented one of a series of reports submitted throughout the year, which provided an overview of the performance of the Council in delivering the vision for Wirral as set out in the Corporate Plan. It provided an overview of the authority's performance in the second quarter of 2008/2009 and appendices had been presented to the Cabinet (minute 269 (27 November 2008) refers) which gave a more detailed break down against performance, capital and revenue budgets and risks. He set out the key issues within the report and highlighted the performance indicators and key projects for the priority for improvement areas 2008/2009.

The Chair referred to a key project to contain expenditure within agreed budgets and provide services to agreed standards. Having regard to the potential DASS overspend, he questioned whether its status should be Red and commented upon the need for problems to be identified early enough in order for corrective action to be taken. The Director commented that the timetable for 2009/2010 would be presented to the Cabinet in March and then to this Committee for consideration. The Chair expressed the view that the timely production of material was of concern to members, who expected it to be prepared and available earlier so as to be able to identify adverse trends.

Resolved – That the report be noted.

51 **COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES**

The Director of Finance provided details of the Audit Commission project brief for the Comprehensive Area Assessment (CAA) Use of Resources (UoR) 2009 assessment which covered 2008/2009. He set out the CAA key lines of enquiry and commented that the UoR score would again be based upon a standard four point scale and would again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores were also likely to restrict the number of authorities achieving four stars.

He reported that the 2008 UoR assessment would be formally announced on 26 February 2009. However, although the notification was embargoed by the Audit Commission until 26 February, authorities received their 2008 notifications on 8 December 2008 and appeals could be submitted against the initial notification. The 2008 assessment was based on the 31 March 2008 position and he reported that since this date officers had continued to work on a number of areas to deliver further continuous improvement which would be reflected within future assessments. Improvements had ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the

Strategic Asset Review and further development of the procurement strategy and the change programme.

The Director commented that the project brief highlighted a number of developments within the new UoR. Fieldwork would be undertaken between January and April and would include the review of key documents, interviewing officers and members and reviews of agendas and minutes. He commented that the approach seemed to provide flexibility and for the assessment to be based on a rounded view of achievements. The UoR score would be reported within the Annual Governance Report and the final CAA organizational assessment would be reported in November 2009.

In response to comments from members in relation to a number of key officers who were leaving Wirral, the Director proposed to provide the Audit Commission with revised contact details.

Resolved –

(1) That the 2009 Use of Resources Project Brief be noted.

(2) That regular reports be presented on progress on the Use of Resources

52 **CHANGE PROGRAMME**

The Director of Finance presented an update on the change programme agreed by the Cabinet on 7 February 2008 (minute 477 refers). It identified four key areas for change from over one hundred separate projects considered by Corporate Improvement Group (CIG), and identified progress that could be achieved by April 2012. The report detailed where potential savings had been identified from individual projects and noted that clear management would be essential in driving the programme to achieve efficiencies and improve the processes, which underpinned how the Council operated.

He commented that the programme would be continuously reviewed as more information became available and in the light of changes in legislation, and he set out the issues in relation to the following four areas for improvement, which were interdependent and could not be managed in isolation from each other –

- Customer Access Strategy
- Common Administrative Processes
- Strategic Asset Review
- ICT Technological Developments

In response to concerns expressed by members in relation to the need to make progress with the Human Capital Management project in the light of the impending departure from Wirral of the Head of Human Resources, the Director indicated that detailed consideration had been given as to which officer would lead this in advance of the replacement of the Head of Human Resources. In response to further comments, the Director indicated that the consolidation of training being achieved across the Council to achieve savings would be included in the programme review.

Resolved – That, subject to progress being made in relation to those matters identified by the Committee, the Change Programme 2009/2012 be noted.

53 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance provided information on recent progress in relation to Insurance Management and Corporate Risk Management and set out anticipated developments in the coming months. Members were pleased to note that after extensive negotiation, a payment for £1,453,612 in settlement of the Rock Ferry High School fire had been received from insurers, which was the final fire claim from the 2003/2004 account year for which settlements totalling £200,000 were reported to the last Committee.

However, members expressed their concern in relation to the significant developments in various historical abuse cases. The Director shared the concern and indicated that it was a rapidly developing area of law with new precedents being established frequently. Recent case law had moved the balance in favour of individual redress over general public interest in such matters. He commented that the cases were complex and were handled in conjunction with the Council's insurers and in line with current understanding of the legal position and advice from senior Counsel.

Resolved – That the report be noted and a further update be presented to the next meeting of the Committee.

54 **TRANSFORMING ADULT SOCIAL SERVICES - ACHIEVING A STABILISED AND SUSTAINABLE BUDGET**

Further to minute 42 (22 December 2008), the Director of Adult Social Services presented a further progress report in relation to the budget overspend. He reported upon measures that had been taken since the last meeting of the Committee and commented that initiatives to further mitigate the position were in the process of being implemented. Although little time had passed since the last meeting to assess the full impact of those actions, he commented that based upon the information currently available, it was anticipated that they would deliver efficiencies to stay within the projected overspend forecast for 2008/2009 of £3.5m.

In response to comments from members in relation to money owed to the Council from historical PCT cases, the Director proposed to present an update to the next meeting of the Committee.

Resolved –

(1) That the progress being made to achieve a sustainable budget for DASS be noted.

(2) That a further update be presented to the next meeting of the Committee, to also include information in relation to historic PCT debt.

55 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Resolved – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A to that Act.

56 **CORPORATE ICT SYSTEMS BACK UP AND RECOVERY**

The Director of Finance reported upon the award of a contract for the provision of a replacement backup and recovery solution for the computer systems within the corporate data centres at the Treasury complex. He outlined the procurement process and reported that the lowest tender had been accepted under delegated authority, having been evaluated against criteria agreed with the procurement unit, taking into account both price and quality of service.

Resolved – That the acceptance of a tender under delegated authority for the provision of a replacement backup and recovery solution for the computer systems within the corporate data centres be noted.
