

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 24 March 2009

Present: Councillor P Gilchrist (Chair)

Councillors J George J Hale
D Knowles R Wilkins
D Elderton

Deputies Councillor L Rowlands (In place of S Moseley)

59 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.

60 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meetings held on 21 January and 2 February 2009. The Chair referred to minute 52 (21 January 2009) (Change Programme), and specifically to the need to make progress with the Human Capital Management project, in the light of the recent departure from Wirral of the Head of Human Resources. The Director of Finance indicated that a seminar for senior members of the Authority would take place during April and a report would be presented to a subsequent meeting of the Cabinet.

Resolved – That the report be noted and the minutes of the meetings held on 21 January and 2 February 2009 be approved.

61 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. It 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.

The monitoring statement was based upon the information provided within departmental financial monitoring reports and was updated and submitted to each meeting of this Committee. It presented the position as at 31 January and the Director circulated an updated statement as at 28 February 2009. He set out the areas where financial pressures had been identified and indicated potential underspends within Finance and Treasury Management. He commented also upon decisions taken by the Cabinet and reported that the impact of the variations, if not contained, would result in balances of £8.5m at 31 March 2009. This was an improvement on the January position due to the impact of energy contracts previously reported to the Cabinet (minute 362 (5 February 2009) refers).

Resolved – That the report be noted.

62 **GENERAL FINANCIAL MATTERS**

The Director of Finance provided information on the treasury management position, 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. In relation to the current economic climate, he reported that the Bank of England quarterly inflation report projected a bleak outlook for growth of the UK economy and highlighted the increasing risk of the recession being deeper and longer than was first anticipated. Inflation figures continued their descent with the official measure of inflation, CPI, falling to 3.0% and RPI inflation down to just 0.1% for January 2009. How low the figures would fall was unclear but the Bank of England (BoE) was predicting that CPI inflation would fall significantly below its target of 2%.

He outlined the rate of return from investments and set out the total borrowings of the Council as at 28 February 2009. Because of the poor interest rates currently available, the Director reported that a reduction in investments had reduced the need to undertake new long term borrowing in order to temporarily fund capital expenditure. However, the strategy could only be adopted in the short term as a reaction to complex and unique market conditions.

The Director referred also to the current situation with regard to revenues collection and he provided an explanation with regard to the improved situation in Council Tax collection and the reduced collection rate in Business Rates. At the request of the Chair, he also provided income charts in relation to golf courses, sports centres, pay and display parking and parking penalty notices.

Resolved – That the report be noted.

63 **PROJECTED BUDGET 2010/2011**

The Director of Finance presented the projected budget for 2010-2011, which would be the final year of the Comprehensive Spending Review (CSR) 2007. He commented that the next CSR was scheduled for 2010 and would outline the Governments expenditure plans for 2011 to 2014. However, the extent of the support that the Government would need to provide to the economy in a global recession

could result in a cash freeze in grants for the period of the next CSR. He set out potential variations that had been identified for 2010-2011 and other developments which were likely to impact on the financial position of the authority. In response to questions from members, the Director provided an explanation with regard to the projected increase in the Waste Disposal levy and to an increase in PFI payments

The Director reported that the projected budget for 2010-2011 was compiled from the base budget for 2009-2010 approved by Council on 2 March 2009, the Medium Term Financial Strategy 2009-2012 agreed by the Cabinet on 23 July 2008, and was updated for the issues outlined in his report. The forecast expenditure was £341.8m, with forecast resources of £330.3m. The gap would need to be bridged by a combination of savings and/or increased Council Tax. He had assumed an annual Council Tax increase of 4% and the efficiency requirement, in line with the three year efficiency plan would produce a target of £5.6m. He reported also that part of the Efficiency Investment Budget for 2010-2011 would again be used to fund teams working on the delivery of the corporate Change Programme. The Chair commented that it was essential that the £2.7m identified to fund the Change Programme was put to effective use.

A member referred to the increase in balances to a level over and above that recommended by the District Auditor and expressed the view that the high level of balances would be used to keep Council Tax increases to a low level prior to the local elections in 2010.

Resolved – That the projected budget for 2010-2011 be updated and reported regularly to the Cabinet.

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

Further to minute 54 (21 January 2009) the Director of Adult Social Services provided an update in relation to money owed to the Council from historic Primary Care Trust (PCT) cases. He reported that in 2005, the Department of Adult Social Services (DASS) and the then two Primary Care Trusts agreed a set of local protocols for the joint resourcing of packages of care, where people had health and social care needs. The protocols were developed in recognition by both DASS and the PCTs that a significant number of people had needs over and above those which a local authority would ordinarily be obliged to meet. Key to the local agreement was that retrospective consideration would be given in instances to a pre determined group of individuals with learning disabilities, where there was clear evidence of health needs. Of 31 individuals, 4 were in placements outside Wirral. It was those 4 cases that were in dispute and he commented that some of the debt dated back to 2000/2001.

Working within the guidelines of “The Responsible Commissioner” the two Wirral PCTs determined that responsibility for the cases should be taken by the host authority; those authorities being in Yorkshire, North Wales and Kent. Each of the host authorities were contacted in respect of the individuals and, in each case, declined the responsibility of funding the care. The value of the outstanding debt was approximately £1.7m. In an attempt to expedite the process, the Director wrote to the Strategic Health Authority (SHA), requesting its intervention and resolution of the long standing matter. Arbitration was passed by the SHA to Wirral PCT who had expressed the view that ‘there is no evidence pre-2005 that these individuals had

qualifying health needs and that there is no prospect of the local PCTs accepting liability'. The Director therefore wrote to the SHA and requested formal arbitration over the matter. The urgency of the conclusion of the matter had been stressed as it had a direct impact on the financial accounts of the Council. At this stage, a response was still awaited.

Resolved – That the thanks of the Committee be accorded to the officers for the continuing work being undertaken to bring this matter to an appropriate conclusion.

65 **FINANCIAL AND PERFORMANCE MONITORING**

The Chief Executive presented one of a series of reports submitted throughout the year presenting an overview of the performance of the Council in delivering the Vision for Wirral as set out in the Corporate Plan and was for the quarter-ended 31 December 2008. The report had been presented to the Cabinet on 19 March 2009 (minute 410 refers) and having noted the report, the Cabinet agreed upon the need to present information in a concise and timely fashion in a manner easily accessible to members. It therefore asked for a short and to the point report to be placed in the electronic library within two weeks of the end of the quarter and a presentation made by the Director of Corporate Services to the next available Cabinet meeting.

Resolved – That the report be noted and the views expressed by the Cabinet in relation to future financial and performance monitoring reports be supported.

66 **FINANCE DEPARTMENT PLAN 2009/2010**

The Director of Finance presented the Departmental Plan 2009/2010, which set out how the Finance Department would contribute to the overall delivery of Council aims and priorities during 2009/2010, in the context of the Corporate Plan. The document informed the annual budgeting process and provided the basis for detailed service plans which identified how the various divisions and sections would deliver the aims and objectives of the Department. He commented that this in turn would flow through into the individual team members' Key Issue Exchange process.

Resolved – That the Finance Department Plan 2009/2010 be noted.

67 **COMPREHENSIVE PERFORMANCE ASSESSMENT 2008 - BENEFITS SERVICE**

The Director of Finance outlined the Comprehensive Performance Assessment (CPA) review process for the Benefits Service for 2008. This was the final CPA report and the Director was pleased to report that it had again rated the Benefits Service as Excellent with a score of 4. Significant changes were made to the inspection process from April 2008, transferring responsibility from the Benefit Fraud Inspectorate to the Audit Commission including the introduction of Key Lines of Enquiry (KLOE).

Resolved – That the report be noted and the congratulations of the Committee for the excellent rating be accorded to those members of staff working in the Benefits Service.

68 **COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) USE OF RESOURCES 2008**

The Director of Finance reported upon the Comprehensive Performance Assessment (CPA) Use of Resources (UoR) assessment for 2008, which had recently been released by the Audit Commission. It was the last assessment to be made under the CPA framework and related to the 2007/2008 financial year. The Director was pleased to report that as a result of improvement during the assessment period, Wirral had scored a level three, an increase on the 2007 overall score of 2. He provided an analysis of the scores over the key lines of enquiry (KLOE) and he set out future work to be undertaken to secure continuous improvement.

From 2009, the UoR would be assessed under the Comprehensive Area Assessment (CAA) and previous reports to the Cabinet had outlined the changes in the UoR assessment framework in accordance with the move to the CAA. This would be a harder test and would involve a wider view of resources reflecting people, IT, data and environmental resources as well as financial resources. He commented that it was clear that the arrangements would present authorities with increased challenges to retain their current scores.

Resolved –

(1) That the 2008 Use of Resources assessment be noted.

(2) That regular reports be presented on progress on the 2009 Use of Resources assessment.

(3) That the thanks of the Committee be accorded to those officers involved in the securing the improved UoR rating.

69 **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 commented that under the CAA, the UoR assessment had value for money at its centre and comprised three themes further divided into 10 key lines of enquiry (KLOE). The harder test principle would apply 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 set out a number of developments within the new UoR that were highlighted by the project brief and he indicated that the audit approach seemed to provide for flexibility and for the assessment to be based on a rounded view of achievements. However, it could also involve a greater degree of subjective judgement from auditors.

In response to comments from members, the Director assured members that the key contacts list of officers contained within the Project Brief would be updated to take into account recent departures from the authority.

Resolved –

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

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

70 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance reported upon recent progress made against the objectives for Corporate Risk and Insurance Management and he set out anticipated developments in the coming months.

Resolved – That the report be noted and further update reports be presented to the appropriate Scrutiny Committee in the coming municipal year.
