

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the meeting held on Wednesday 16 February 2011 (adjourned)
and reconvened on Wednesday 23 February 2011

Wednesday 16 February 2011

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse P Davies J Keeley B Kenny	A McArdle D McCubbin J Stapleton S Williams
<u>Deputies:</u>	Councillor	P Johnson (In place of P Kearney)	
<u>Cabinet Member:</u>	Councillor	J Green	
<u>In attendance:</u>	Councillors	G Davies D Dodd D Elderton S Foulkes	P Glasman C Meaden W Smith

Wednesday 23 February 2011

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse P Davies P Kearney J Keeley	B Kenny A McArdle D McCubbin S Stapleton
<u>Deputies:</u>	Councillor	W Clements (in place of S Williams)	
<u>Cabinet Member:</u>	Councillor	J Green	
<u>In attendance:</u>	Councillors	G Davies I Lewis	

120 PROCEDURE

The Conservative Group spokesperson expressed the view that it would be more appropriate for the Committee to consider matters related to budget proposals following the budget meeting of the Cabinet, in order that the Committee could make then make representation, if it was considered necessary, to Budget Council on 1 March 2011. Accordingly –

It was moved by Councillor Keeley and seconded by Councillor McCubbin –

“That the Committee stand adjourned to a date, to be agreed by the group spokespersons, following Budget Cabinet and prior to Budget Council”.

The Chair commented upon the terms of reference of the Committee and considered that the matters on the agenda fell within its remit. He believed that Members should have the opportunity to gain information in relation to the budget but accepted that it may become necessary at some point for the meeting to stand adjourned to a later date.

The Labour Group spokesperson referred to the custom and practice for Overview and Scrutiny Committees to be able to discuss budget proposals, before the budget was set, and to the action by the Council on 13 December 2010 to suspend the relevant parts of the Constitution. In response, the Director of Law, HR and Asset Management explained that the rationale for the suspension of the Budget and Policy Framework Procedure Rule 2 was that the Cabinet, at that time, had not made budget proposals and that the Procedure Rule was not applicable in December, but had been suspended for the avoidance of doubt.

It was moved as an amendment by Councillor Gilchrist and seconded by Councillor Brighthouse –

“(1) That this meeting remain in session to consider aspects of the budget being prepared and consider such information as members consider relevant at this stage.

(2) That having considered this information the Committee will then adjourn, to reconvene on a date to be agreed by the group spokespersons, once Budget Cabinet has outlined its proposals”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and it was:

Resolved – (6:4) (Councillors Johnson, Keeley, McCubbin and Williams voting against) –

(1) That this meeting remain in session to consider aspects of the budget being prepared and consider such information as members consider relevant at this stage.

(2) That, having considered this information the Committee will then adjourn, to reconvene on a date to be agreed by the group spokespersons, once Budget Cabinet has outlined its proposals.

121 MEMBERS' CODE OF CONDUCT - 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.

122 BUDGET PROPOSALS

The Director of Law, HR and Asset Management reported that the meeting had been called, in accordance with the Overview and Scrutiny Procedure Rules, by Councillors P Davies, J Stapleton and A McArdle, in order to give consideration to matters concerned with budget proposals. Councillor Davies advised the Committee that the meeting had been convened in the light of –

- the failure of the administration to refer any budget savings to the relevant Overview and Scrutiny committees for proper scrutiny;
- the decision taken by Council on 13 December 2010 to suspend the relevant part of the Constitution in order to avoid any such scrutiny;
- the lack of any detailed Cabinet reports setting out the details of the budget savings, and their consequences;
- the lack in particular of any explanation of the impact of the loss of over 1300 posts, the restructuring necessary to protect services, the costs of that restructuring, and the costs of the EVRs themselves; and,
- the lack of any report on increases in fees and charges.

Councillor Davies set out those matters he wished the Committee to investigate and advised Members that, with the agreement of the Chair, he had invited Diane Kelly, Assistant Branch Secretary of Wirral UNISON to attend the meeting, in order to assist the Committee in its deliberations. The Conservative Group spokesperson commented that whilst he did not object to the attendance of Ms Kelly, he expressed his concern that Members had received no advanced notice and had not been given an opportunity to formulate questions. Ms Kelly advised Members that she was also the union's North West Regional Convenor and had 37 years experience of labour relations at all levels, both within Wirral Council and across the North West region.

In response to questions from Members, Ms Kelly commented upon the detrimental impact of large numbers of staff, and managers, leaving the employment of the authority as a result of EVR/severance, within such a short timescale. The loss to the Council of experience and knowledge was a cause for concern, as was the impact of staffing reductions on morale. UNISON members had also expressed their concerns in relation to the stress that had been caused as a result of the difficulties in maintaining the current levels of service. She commented also that frontline services were not always easily defined and indicated that reductions in the numbers of 'back office' support staff were having a severe impact on the ability of 'frontline' workers being able to do their jobs. In response to further questions in relation to the impact of staffing reductions on morale, Ms Kelly stated that, in addition to the uncertainty with regard to further job losses, UNISON members were particularly concerned about increased hours being worked and further detriment to their terms and

conditions. She emphasised that consultation with the trade unions was vital to ensure service delivery.

At the request of the Chair, the Director of Law, HR and Asset Management provided up to date information in relation to the numbers of staff that had left, or were leaving the authority as a result of EVR/severance. The total figure, at the present time, stood at 1109, not 1300 as had been suggested. In response to questions from Members, the Director proposed to circulate details to the Committee of the numbers of staff who had subsequently resigned, having been refused EVR/severance.

He reported also that within the rationale that had been applied by Chief Officers, when considering requests for EVR/severance, was a clear understanding that where a post was to be deleted, there must not be a material impact, either directly or indirectly, on frontline services, the public or service users. Consequently, 357 people had been refused EVR/severance because of the need to maintain service quality. However, local authorities faced a severe financial challenge and considerable savings had been made as a result of staff leaving on a voluntary basis, with the support of their trade unions. He reported that risks had been fully evaluated as part of the process. However, in the Law, HR and Asset Management Directorate, as the measures taken were not expected to result in a material impact in service delivery and there had been no suggestion of gender bias in the selection of leavers, there had not been a requirement to undertake Equality Impact Assessments.

In response to questions from Members, the Director of Finance indicated that some restructuring had been necessary in the light of large numbers of staff leaving the authority and Chief Officers had been required to set out their restructure plans in order to identify costs, having been considered initially by the Interim Chief Executive and the Head of Human Resources and Organisational Development. The Director assured Members that the papers for Budget Cabinet would soon be available and that they would contain details of restructuring costs.

In response to questions from Members in relation to the loss of trained reference librarians and other areas of expertise, the Director of Finance commented upon proposals to merge the library service and one stop shops. He accepted that whilst there had, inevitably, been a loss of some expertise, restructuring would result in no loss of service provision. In addition, work was ongoing with partners with a view to more services being brought into libraries. The Director commented also upon the loss of Specific Grant and upon the impact on contracts of zero inflation within the Council's budget, when the actual rate was predicted to rise to 4%.

It was moved by Councillor Davies and seconded by Councillor Kenny –

“That this Committee believes that the savings package put forward by the Administration is fundamentally flawed for the following reasons –

- (1) The Administration failed to engage this and other Scrutiny Committees in a debate about savings earlier in the year, and at Council on 13 December 2010 they suspended the Constitution to avoid having to consult Scrutiny Committees on the savings.
- (2) Decisions have been taken to allow staff to leave without proper restructuring plans being in place.

- (3) Because the EVR process only started in October 2010, there has been insufficient time to carry out effective service re-organisations and no reports have been submitted to Cabinet or any Overview and Scrutiny Committee on this vital issue.
- (4) Insufficient information has been presented to this Committee to enable Members to be confident that severe damage is not being done to valuable front-line services.
- (5) There is no evidence that the savings package proposed by the Administration has been subject to a proper Risk Assessment and Equality Impact Assessment.

Committee therefore agrees to refer the savings package back to Cabinet and ask them to provide the information referred to at (1) to (5) above, including a formal Risk Assessment and Equality Impact Statement on their proposed package, before the final budget proposal is submitted to the Cabinet”.

It was moved as an amendment by Councillor Gilchrist and seconded by Councillor Brighthouse –

“(1) That, at this stage, the Committee recognises that a considerable amount of work has been undertaken on the budget since last Spring and wishes to await the outcome of the Cabinet’s proposals, in order that it may assess them.

(2) That the meeting stand adjourned, to reconvene on a date to be agreed by the group spokespersons once Budget Cabinet has outlined its proposals”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and it was:

Resolved – (6:4) (Councillors Davies, Kenny McArdle and Stapleton voting against) –

- (1) That, at this stage, the Committee recognises that a considerable amount of work has been undertaken on the budget since last Spring and wishes to await the outcome of the Cabinet’s proposals, in order that it may assess them.**
- (2) That the meeting stand adjourned, to reconvene on a date to be agreed by the group spokespersons once Budget Cabinet has outlined its proposals.**

Reconvened Meeting - 23 February 2011

123 BUDGET PROPOSALS

Following on from minute 122, the Director of Law, HR and Asset Management circulated the Budget Proposal agreed by the Cabinet at its Budget Meeting held on 21 February 2011 (minute 327 refers). The Labour Group spokesperson indicated to the Committee that he wished to examine a number of matters contained within the budget in relation to –

- Early Voluntary Retirement (EVRs)/Voluntary Severance
- Restructuring
- Specific Grants
- Inflation
- Adult Social Care
- Solar Energy

In response to questions from Members, the Director of Finance provided information in relation to the funding of **EVRs/Voluntary Severance** and, in particular, the capitalisation through prudential borrowing of the statutory redundancy element of £6.4m over 2010/2011 and 2011/2012., based upon approximately 1100 members of staff leaving the authority, on a voluntary basis, between December 2010 and June 2011. The Director of Law, HR and Asset Management commented also that an additional 212 people, who were materially affected by the Council's proposals, had subsequently been given the opportunity to apply for EVR/severance. Of those, approximately 100 had expressed an interest and were in the process of being evaluated. However, no savings assumptions had been made in relation to those posts and the Director of Finance confirmed that if they were to leave, the saving to the Council would exceed the cost of severance.

The Labour Group spokesperson expressed his concern that no evidence had been provided, in advance of the Budget Council meeting, to demonstrate to Members how services would be provided following 1100 members of staff leaving the Council and he sought clarification as to how the figure within the budget proposal of £2m for **restructuring** and retraining had been arrived at. In response, the Leader of the Council indicated that the figure represented the totality of assessments that had been undertaken by all Chief Officers, who had also been required to prepare an appropriate business case that would be considered by the Strategic Change Programme Board, for funding from the Efficiency Investment Budget. The Director of Law, HR and Asset Management commented that at the present time, the various restructure plans were in various stages of completeness, given that in some areas, significant numbers of staff would not leave until June 2011. He envisaged that plans would be made available for scrutiny, once they had been completed.

In response to a question from a Member as to how the budget process this year differed from previous years, the Director of Finance suggested that the fundamental difference was a loss of £51m in Government grants to the Council. He commented that, of that sum, there had been a loss of £10.1m in **Specific Grants**. In response to questions from Members, as to the impact of the loss on Council services, he commented that the main loss related to Early Intervention Grant (£4.8m). However, no overarching analysis had been undertaken and individual Chief Officers would be better placed to evaluate the impact on services. Although there had been a grant

funding shortfall of £10.1m, there had been major changes to grant provision, with many now included within the general grant, which gave local authorities the greater flexibility that had previously been sought.

In response to comments from Members, the Director of Finance confirmed that a zero provision for **inflation** had been included within the budget proposal, despite the rate of inflation currently at 4%. However, the rate of inflation was due, in part, to the increase in VAT, which was recoverable by the Council. He commented also that the Council was looking to renegotiate all of its 50 largest contracts, but accepted that the reduction in grant provision meant that the Council would not be able to spend that money in the local economy. Nevertheless, Chief Officers were expected to manage their budget allocation accordingly and take such steps as were necessary to contain expenditure. In response to a request from the Chair, the Director agreed to present his Cabinet report on Procurement Efficiencies (minute 252 (Cabinet – 9 December 2010) refers) to the next meeting of the Committee for consideration.

In response to further questions from Members with regard to the increased budget of Adult Social Services by approximately £2m to meet an increased demand in relation to the care of older people, the Director of Finance indicated that it would, in part, be funded from the additional £4.9m made available by the Government to be deployed, with the agreement of NHS Wirral, to support **Adult Social Care**, where there was a health benefit.

The Labour Group spokesperson referred also to the proposed capital investment of £2.8m in **solar energy** on appropriate Council buildings and requested information related to the timescales for payback. The Director of Finance indicated that the proposal was an Invest to save scheme that would result in payback within five years. A detailed report would be presented to the Cabinet and, if approved, would be built into the capital programme. The Director of Law, HR and Asset Management commented that assessments were being undertaken regarding the suitability of provision of photovoltaic cells on all Council buildings and a business case for each would be included in a detailed report to the Cabinet. Although payback would vary from building to building, the use of solar energy would also have a significant impact in reducing the Council's carbon footprint.

It was moved by Councillor Gilchrist and seconded by Councillor Brighthouse –

“That this Committee has considered the explanations given by officers in response to questions covering the steps in hand to re-organise and restructure services in the current financial situation.

The opportunity has also been taken to hear from the senior representative of the trades union setting out concerns about the pressures facing the workforce as services are reorganised and restructured.

This Committee understands the challenges facing senior officers, management and workforce in the current climate and does not underestimate the scale of the task ahead.

Members are therefore anxious that future progress reports on the Change Programme, the monitoring of performance and the changes underway should be clear on the risks and issues that arise.

Committee recognises that the Cabinet's Budget proposal has set out to retain and maintain services in this period of financial uncertainty and therefore welcomes the proposals".

It was moved as amendment by Councillor Davies and seconded by Councillor Kenny –

"That this Committee believes that there is a significant lack of information on key issues relating to the budget, notably EVRs, restructuring plans, the impact of cuts in specific grants and how a zero provision for inflation will be funded. This lack of information raises serious doubts about the sustainability of the budget proposed by the Conservative/Liberal Democrat administration. Committee therefore asks the Council to reconsider these budget proposals".

The amendment was put and lost (4:6)

The motion was put and carried (6:4)

Resolved (6:4) (Councillors P Davies, B Kenny, A McArdle and J Stapleton voting against (1) to (5) below) –

- (1) That this Committee has considered the explanations given by officers in response to questions covering the steps in hand to re-organise and restructure services in the current financial situation.**
 - (2) The opportunity has also been taken to hear from the senior representative of the trades union setting out concerns about the pressures facing the workforce as services are reorganised and restructured.**
 - (3) This Committee understands the challenges facing senior officers, management and workforce in the current climate and does not underestimate the scale of the task ahead.**
 - (4) Members are therefore anxious that future progress reports on the Change Programme, the monitoring of performance and the changes underway should be clear on the risks and issues that arise.**
 - (5) Committee recognises that the Cabinet's Budget proposal has set out to retain and maintain services in this period of financial uncertainty and therefore welcomes the proposals.**
 - (6) That Committee places on record its thanks to officers and staff witnesses for their advice and assistance during this especially busy period.**
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