

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 26 March 2012

Present:

Councillor	P Gilchrist (Chair)	
Councillors	A Brighouse RL Abbey J Keeley A Cox D Dodd	P Doughty J Hale C Jones S Williams

91 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.

Councillor Doughty declared his personal interest in agenda item 5 – Revenues, Income and Benefits (see minute 95 post), insofar as it relates to income from building control fees, by virtue of him being an agent who submits building control applications.

Councillor Abbey declared his personal interest in agenda item 4 – Achievement of Income Targets (see minute 94 post), insofar as it relates to golf course income, by virtue of him being a golfer and a member of a golf club.

92 MINUTES

Resolved – That the minutes of the meetings held on 31 January and 28 February 2012, be approved.

93 MASTERS IN BUSINESS ADMINISTRATION (MBA) PROGRAMME

Further to minute 52 (17 November 2011), the Chair referred to the report of the Director of Law, HR and Asset Management in relation to the return on investment of the MBA Programme and referred also to minute 352 (Cabinet – 15 March 2012), which had agreed the award of the contract for the continued delivery of the MBA programme to the University of Chester. The Deputy Chief Executive/Director of Finance provided an explanation to Members for the non-attendance of the Head of Human Resources and Organisational Development. The report provided details of the MBA return on investment and highlighted the benefits of the MBA qualification, which was one element of the Council's suite of leadership development options. The report considered how best to improve the return on investment and commented that

leadership development was essential to organisational success and was critical when the organisation faced tough challenges and hard times.

Members expressed their dismay that the Cabinet had approved the award of the contract prior to consideration of the matter by this Committee and questioned whether the Cabinet's decision had been fully informed, particularly in relation to negative views expressed by managers who had completed the course that were set out in an evaluation survey. Members suggested that the Council should assess how managers were utilised, having completed the qualification and questioned whether the MBA Programme represented value for money. Further information was also requested in relation to the leadership development options offered by other local authorities.

The Deputy Chief Executive/Director of Finance commented that the Cabinet's decision was to agree that if the MBA course was to continue then, having regard to the outcome of a procurement exercise undertaken between June and November 2011, it should be with the University of Chester.

Resolved –

- (1) That the Cabinet be requested to note the significant concerns expressed by the Council Excellence O&S Committee in relation to the MBA Programme, in particular –**
 - (i). that it had not had regard to any comparative information on leadership development programmes from other local authorities;**
 - (ii). that the skills and knowledge gained by managers who have completed the training programme have not been fully utilised;**
 - (iii). that value for money has not been demonstrated;**
 - (iv). that had the Cabinet seen the report now presented, it may have made a more informed decision.**

- (2) That a further more detailed report be presented to the next appropriate meeting, to address the concerns highlighted in (1) above, and to include also, details of the training budget and the percentage of that budget utilised by the provision of the MBA Programme.**

94 **ACHIEVEMENT OF INCOME TARGETS**

Further to minute 78 (31 January 2012), which requested the attendance of the Director of Technical Services to provide further information to Members in relation to the achievement of income targets in those areas within his remit, the Deputy Chief Executive/Director of Finance advised the Committee that the Director of Technical Services had not been able to attend the meeting as requested, having been called away on a matter of urgency. However, the Director of Regeneration, Housing and Planning and the Head of Regeneration and Planning were in attendance to offer comment on those matters within their purview.

Members referred to the drop in income from golf courses, which had been attributed in part to the poor summer weather and also to the national common trend, which suggested that usage was linked to the economic position. Members commented that to play on a regular basis, it was more cost effective to be a member of a golf club and suggested that the budget forecasts needed to be adjusted to a more realistic

and achievable level. In response, the Deputy Chief Executive/Director of Finance reported that all Chief Officers would be required to examine their income levels during 2012, in comparison with other local authorities.

Resolved – That the report be noted.

95 **REVENUES, INCOME AND BENEFITS**

The Deputy Chief Executive/Director of Finance provided information on the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits. In response to comments from Members in relation to Building Control fees, the Director of Regeneration, Housing and Planning indicated that although the charges were complex and income was also reliant upon the housing market and investment by developers, which had suffered in recent years with only limited signs of improvement, increased competition had also been a factor in reduced income levels. However, the Director reported that fees would be reviewed during 2012 and he would be grateful for the involvement of Members in the review process.

Resolved – That the report be noted.

96 **OFFICE RATIONALISATION**

Further to minute 83 (31 January 2012), the Director of Law, HR and Asset Management presented an update on what had been done or was in hand since the Cabinet decision on 2 February 2012 (minute 279 refers) in respect of Office Rationalisation. He indicated that timescales had yet to be finalised and progress would be dependent upon a review of the project plan. A review would also be undertaken of the resource available to the project and progress would be in line with the capacity to deliver it.

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In the light of a comment from a Member in relation to a specific commercial interest in a building, the Chair proposed that the press and public should be briefly excluded from the meeting, so as to have regard to the officers' advice.

On a motion by Councillor Gilchrist and seconded by Councillor Keeley, it was

Resolved – That in accordance with section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for 10 minutes to allow for consideration of advice from officers that may involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to the Act. The public interest test has been applied and favours exclusion.

In response to a question from a Member, the Director commented upon a commercial interest that had been expressed recently in relation to one of the Council's buildings. Members were disappointed that such information had not been available at the time of previous decisions.

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Members sought additional information from officers including the provision of a background paper which detailed all of the Council's building assets. Members commented also that there should be a reduction in the use of external consultants, with greater use of internal knowledge requested information in relation to the use of external consultants and upon the total costs that had been incurred to date, associated with the Office Rationalisation programme.

Resolved –

- (1) That the report be noted.**
- (2) That the officers be requested to present a further progress report to the next appropriate meeting, to include –**
 - (a) a greater emphasis on timescales;**
 - (b) an update in relation to the outcome of consultation.**
- (3) That the background paper in relation to the Council's building assets be circulated direct to Committee members.**
- (4) That the officers be requested to take such steps as may be required to reduce expenditure on consultancy services.**

97 FINANCIAL MONITORING STATEMENT

The Deputy Chief Executive/Director of Finance provided a summary of the position of the revenue accounts and General Fund balances as at 29 February 2012. The Statement includes the composition of the original 2011/2012 budget by Department including agreed savings and the 'one year' policy options; monitoring against the 2011/2012 budget including the financial implications of any changes agreed through Cabinet decisions; anticipated variances, changes not agreed by Cabinet, against the original budget and; comments that provided an explanation of variances and areas identified as requiring further attention.

The Director highlighted changes agreed by the Cabinet which affected the 2011/2012 financial position and he commented that the impact of those decisions was an overall increase in balances of £8.1m. The Statement presented an update of the revenue budget and General Fund balances as at 29 February 2012 and he indicated pressures and potential over/underspends that had been identified by Chief Officers. As at 29 February, the latest projections were for £18.4m in balances as at 31 March 2012 and this had been taken into consideration when setting the 2012/2013 budget.

Resolved – That the Financial Monitoring Statement be noted.

98 WELFARE REFORM

The Deputy Chief Executive/Director of Finance presented a detailed update report on Welfare Reform and provided an overview of the key impacts of each major area, including changes to Housing Benefit (Local Housing Allowance) and the Department for Communities and Local Government (DCLG) plans to replace the Council Tax Benefit Scheme (CTB) with a localised rebate scheme which would provide support for Council Tax (Council Tax Rebate, 'CTR'). His report also detailed the introduction

of the Single Fraud Investigation Service, replacing separate independent benefit fraud investigation teams that had operated in Local Authorities, HMRC and DWP with one national service, planned to be operative from April 2013. He also provided an update on the Universal Credit (UC) proposals, which were seen as the centrepiece of the welfare reform programme, as well as plans to reform the Social Fund from April 2013 along with an update on the Discretionary Housing Payment (DHP) fund.

In response to comments from Members, the Director indicated that the Welfare Reform Act had received Royal Assent. However, the ongoing programme of development in each area and a lack of regulations meant that it had not been possible to put all measures into effect and the quantifiable impact of the reforms remained uncertain. In response to concerns expressed by Members in relation to various changes to be introduced, the Director proposed to present regular updates to future meetings of the Committee.

Resolved –

- (1) That the report be noted.**
- (2) That in view of the scale of change and the consequential impact on claimants, as well as the compressed timetable proposed by the Government, regular updates be presented to future meetings of the appropriate Committee.**

99 **TREASURY MANAGEMENT PERFORMANCE MONITORING**

The Deputy Chief Executive/Director of Finance presented a review of Treasury Management policies, practices and activities during the third quarter of 2011/2012 and confirmed compliance with treasury limits and prudential indicators. The review had been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code. In response to comments from Members in relation to Icelandic Investment, the Director indicated that with regard to the £2m deposited with Heritable Bank, the latest creditor progress report issued by the Administrators Ernst and Young suggested that the return to creditors was now projected to be 90% by the end of 2012 and the final recovery could be higher. However, he commented that if Heritable Bank was unable to repay in full, a pre-emptive claim had been made against Landsbanki Islands HF for the difference. When the original investment had been made it was with Landsbanki Islands HF providing a guarantee to reimburse the Council should Heritable be unable to repay. Members also noted that Landsbanki Islands HF was also in Administration. In response to a question from a Member as to whether there was now greater confidence in European Banks, the Director indicated that at the present time there was not. Consequently, officers were now looking to North American banks for investment opportunities.

Resolved – That the report be noted.

100 **TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2012-2015**

Further to minute 322 (Cabinet – 21 February 2012), the Deputy Chief Executive/Director of Finance presented the Treasury Management and Investment Strategy for 2012-2015, in accordance with the CIPFA Code of Practice for Treasury

Management in Public Services. Effective treasury management provided support towards the achievement of business and service objectives and he indicated that the Council was committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective treasury management. He outlined the purpose of the Treasury Management Strategy Statement and highlighted the main risks to the treasury activities.

Resolved – That the Treasury Management and Investment Strategy for 2012-2015 be noted.

101 **2011/2012 THIRD QUARTER PERFORMANCE AND FINANCIAL REVIEW**

Further to minute 278 (Cabinet – 2 February 2012), the Deputy Chief Executive/Director of Finance presented the 2011/2012 Third Quarter Performance and Financial Review, which indicated the performance of the Council's Corporate Plan 2011-2014 for October to December 2011. The report provided Members with an overview of performance, resource and risk monitoring, together with detail of corrective action for performance issues.

In response to a comment from a Member in relation to the use of the term 'children's hotel' being inappropriate for a respite care centre, the Director proposed to take the matter up with the Director of Adult Social Services.

Resolved – That the report be noted.

102 **STRATEGIC CHANGE PROGRAMME**

The Deputy Chief Executive/Director of Finance presented an update of the Strategic Change Programme (SCP) for 2011/2012, which had been agreed by the Cabinet (minute 321 (21 February 2012) refers). The Programme also included a schedule of projects for the next three years and the Director provided an outline of the major projects that the Change Team would be addressing in 2012.

A Member referred to the potential saving of £100,000 as a result of a Street Light Dimming Policy trial being extended and expressed his concern in relation to the recent failure of street lighting in a number of areas, particularly in the vicinity of Bidston and Leasowe.

Resolved –

- (1) That the revised Strategic Change Programme be noted.**
- (2) That a progress report be presented to a future meeting of the Committee upon the achievement of benefits, particularly financial, of the projects in the Strategic Change Programme.**
- (3) That the Director of Technical Services be requested to address the failure of street lighting, now referred to and to report as appropriate to the Sustainable Communities Overview and Scrutiny Committee.**

103 IMPROVING CORPORATE GOVERNANCE

Further to minute 75 (31 January 2012), the Director of Law, HR and Asset Management reported upon the progress that had been made by the Corporate Governance Committee and submitted details of matters considered and decisions that had been taken at its meeting on 8 February 2012. However, the Corporate Governance Committee had subsequently been disbanded as the Wirral/LGA Improvement Board was considered to be the most appropriate vehicle to take the improvement agenda forward.

The Improvement Board was a partnership between the Council and the Local Government Association and the Director outlined its role and membership. Its recommendations were referred to the Cabinet for decision and its proceedings were on the Council's website. Every third meeting would be held in public and the Director commented that its first public meeting would be held on 30 March 2012.

Resolved –

- (1) That the progress made so far in addressing the findings of the AKA Report on Corporate Governance be noted.**
- (2) That the Director of Law, HR and Asset Management be requested to keep the Committee up to date by reporting on the improvements being made to strengthen the Council's Corporate Governance arrangements.**

104 DESTINATION EXCELLENCE

The Deputy Chief Executive presented an update on the work undertaken in response to a series of 11 Destination Excellence events held on 12 and 13 January 2012. The events provided an opportunity for the Leader of the Council, the Deputy Leader and the Chief Executive to engage with staff to share the vision and values of the draft Corporate Plan; to acknowledge the failings set out in the AKA Report; and to set out the work being done to strengthen Corporate Governance.

Over 4000 staff (80% of the Council workforce) attended the events and over 1000 completed feedback forms had been received. The Corporate Governance Team had undertaken an analysis of the feedback to deliver a number of outputs for the Chief Executive. The events had provided a means to engage with staff on a large scale and secure feedback on a range of staff issues and concerns. Since their delivery, significant work has been progressed to analyse and provide support in responding to the comments and questions raised. As a result of the change in administration, the Chief Executive had now taken responsibility for the necessary corporate and personal communications required following the events.

In response to comments from Members, the Deputy Chief Executive indicated that it was intended that the feedback analysis would be published as soon as possible.

Members commented also, in the light of recent changes, upon the need for all Members of the Council to be aware of what functions fall within the remit of Chief Officers. This, together with contact information should be included within the induction pack for new Members and should also be circulated periodically to all Members as changes take place.

Resolved –

- (1) That the report and the work undertaken by the Corporate Governance Improvement Team be noted.**
- (2) That a further update report be presented to a future meeting of the Committee upon how the Council takes into account the views expressed by staff.**
- (3) That a report be presented to the next meeting of the Committee to indicate what functions fall within the remit of each Chief Officer, to include also a Council structure with key contacts identified; the information also to be included within new Members induction packs.**
- (4) That the thanks of the Committee be accorded to all Members of staff, operating in very difficult and challenging circumstances.**

105 FORWARD PLAN

The Director of Law, HR and Asset Management reported that the Forward Plan for the period March to June 2012 had been published on the Council's intranet/website. Members had been invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

Resolved – That the Forward Plan be noted.

106 REVIEW OF SCRUTINY WORK PROGRAMME

The Chair referred to the Committee's Work Programme and sought the views of Members as to whether any matters should be recommended for inclusion in the Work Programme of the Committee for the 2012/2013 municipal year.

Resolved –

- (1) That the Work Programme be noted.**
- (2) That the following topics be recommended to the new Committee for inclusion in its Work Programme for the 2012/2013 municipal year –**
 - Review of the Use of Consultants**
 - Office Rationalisation**
 - Benefit Reform and its impact on working arrangements**
