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COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 18 November 2010

Present:

Councillor P Gilchrist (Chair)

Councillors

A Brighouse
J Keeley
P Davies
P Kearney
B Kenny

A McArdle
D McCubbin
J Stapleton
S Williams

65 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.

66 MINUTES

Resolved – That the minutes of the meetings held on 21 September and 28 October 2010, be approved.

67 PAYMENTS OF ALLOWANCES TO STAFF IN ADDITION TO SALARY

Further to minute 57 (21 September 2010), the Director of Law, HR and Asset Management presented an interim report, which provided basic information and data on the payment of allowances to staff in addition to salary. The Head of Human Resources and Organisational Development commented that the pay and conditions were detailed in the Green Book: National Agreement on Pay and Conditions of Service for Local Government Services. Part 2 of the Green Book contained the key national provisions, including nationally agreed allowance payments and Part 3 contained the key local provisions, including locally agreed allowance payments. A number of the Part 3 arrangements had been agreed as part of the harmonisation of terms and conditions in August 2008.

The Director reported that following a number of workforce management decisions made at Cabinet (minute 52 (24 June 2010) refers), a number of measures were introduced to reduce the costs associated with all employee spend, including use of additional hours and overtime.

In response to questions from Members, the Director commented upon the move towards self-certification of allowance claims and upon measures to reduce car mileage claims. The Director of Finance commented also that only contractual payments were pensionable.

Resolved –

- (1) That the payment of allowances to staff in addition to salary for 2009/2010 and 2010/2011 be noted.**
- (2) That the measures being put in place to reduce costs be noted.**
- (3) That a further report be presented to the next meeting of the Committee to include a more detailed analysis of costs, particularly in respect of car mileage claims, phone costs and call-out payments.**

68 FINANCIAL MONITORING STATEMENT

The Director of Finance provided a summary in tabular format of the position of the revenue accounts and General Fund balances as at 30 September and at 31 October 2010. It included a composition of the original 2010/2011 budget by Department including agreed savings and policy options; monitoring against the 2010/2011 budget including the financial implications of any changes agreed through Cabinet decisions; anticipated variances, changes not agreed by the Cabinet, against the original budget; and comments to provide an explanation of variances and other potentially volatile areas within departments, identified as requiring further attention.

He reported that at this stage of the financial year, only Children and Young People were projecting an overspend of £1.5m, primarily due to residential care placements and foster care costs. However, the Interim Director was looking at actions to remain within the budget allocated.

Adult Social Services had highlighted pressures around community care due to increasing demand (particularly learning disabilities), income targets and transport. This had been assessed at around £6.1m, and the Interim Director was undertaking a vigorous assessment of the options before declaring a potential overspend, as he looked at ways to keep within the budget allocated. In response to comments from Members as to whether DASS expenditure would be within budget, the Director of Finance indicated that although it was too early to comment with any degree of certainty, the DASS budget was a great concern and remained a very high risk.

The Director set out potentially volatile areas within departments and commented also that the loss of the 'one-off' LABGI/LAA (Local Authority Business Growth Incentive/Local Area Agreement) grants of £1.6m had to be met from balances.

Changes agreed by the Cabinet included an increased allocation of £90k for foster care costs (18 March), the addition of £3m to balances following the completion of the 2009/2010 accounts (24 June), changes to departmental budgets of £3.9m to offset the reduction in Area Based Grant for 2010/2011 (22 July) and the release of £3.4m from the Insurance Fund to balances (2 Sept). Also now included was the

impact of the Personal Care at Home scheme not proceeding, which resulted in a net benefit of £1m.

In relation to the projected level of balance at 31 March 2011, the Director indicated that changes agreed by the Cabinet, the loss of LABGI/LAA and impact of the forecast variations, if realised, would result in a balance of £11.2m.

Resolved –

- (1) That the report be noted.**
- (2) That the spokespersons meet to consider the Financial Monitoring Statement in December, in order to assess whether the Interim Director of Adult Social Services should be invited to attend the January 2011 meeting of the Committee to explain the actions taken to ensure departmental expenditure remained within budget.**

69 **BUDGET PROJECTIONS 2011-2015**

The Director of Finance provided an update of the projected budgets for the years from 2011 to 2015, taking into account the Spending Review 2011-2015 presented on 20 October 2010. He set out the assumptions that underpinned the projections and commented upon negotiations on a number of specific grants. He set out the current situation in relation to balances and referred to efficiencies agreed to date by the Cabinet.

Having regard to the forecast resources, the Director indicated a budgetary shortfall of £33.1m in 2011/2012, £24.7m in 2012/2013, £29.9m in 2013/1014 and £27.9m in 2014/2015. However, although it was expected to be front loaded, the Provisional Formula Grant Settlement would not be known until mid December. In response to questions from Members, the Director indicated that the budget gap in 2011/2012 could be as high as £45m. Members commented that significant savings had not yet been identified for the next financial year and expressed the view that, if decisions in relation to efficiencies were left until late in the financial year, they would be taken at short notice and in a less considered way.

On a motion by Councillor Gilchrist and seconded by Councillor Brighouse, it was –

Resolved – That the Committee recognises that the timing and level of savings required from local government as a sector is “front loaded” and that this places all Councils in a situation where the pace and scale of change is difficult to achieve. Accordingly, this Committee supports the work of the LGA and this Council’s Cabinet and officers to ensure that the Government is fully aware of the pressures this creates.

70 **SPENDING REVIEW 2010**

The Director of Finance commented that the Chancellor of the Exchequer had presented his Spending Review on 20 October 2010 and he provided a summary of the main measures that would affect local authorities over the four years of the review. However, the full financial impact would not be known until the Provisional Formula Grant Settlement was announced in December 2010.

He reported that, in real terms, there would be a reduction of 28% in local authority budgets over the next four years, with core funding from the Department for Communities and Local Government (DCLG) falling from £28.5bn in 2010/2011 to £26.1bn in 2011/2012, £24.4bn in 2012/2013, £24.2bn in 2013/2014 and £22.9bn in 2014/2015. The Director presented a review of the likely impact of the Spending Review upon services provided by the Council. However, he would not be able to provide a detailed analysis until more information had been received from the Government.

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

“(1) That this Committee is extremely concerned at the coalition government’s huge cuts to local funding which, according to independent experts such as the Institute of Fiscal Studies, will have the greatest impact on the poorest in society.

(2) That, in the interests of the people of Wirral, this Committee urges the leadership of the Council to lobby the government to rethink the scale of the cuts which it intends to impose on local authorities.

(3) That the case continues to be made with the Government to try to ensure the best possible outcome for Wirral in the Formula Grant Settlement.”

It was moved as an amendment by Councillor P Gilchrist and seconded by Councillor J Keeley –

“(1) That this Committee recognises that any Government elected in 2010 would have had to face the same economic and financial situation and taken steps and additional measures to look at public expenditure in relation to the resources available.

(2) That Committee further recognises that any incoming Government would have faced the same stark choices and might have taken longer to make those choices, but the structural deficit would have had to be addressed.

(3) That the case continues to be made with the Government to try to ensure the best possible outcome for Wirral in the Formula Grant Settlement.”

The amendment was put and carried (6:4)

Resolved (6:4) (Councillors P Davies, B Kenny, A McArdle and J Stapleton voting against (1) and (2) below) –

(1) That this Committee recognises that any Government elected in 2010 would have had to face the same economic and financial situation and taken steps and additional measures to look at public expenditure in relation to the resources available.

(2) That Committee further recognises that any incoming Government would have faced the same stark choices and might have taken longer to make those choices, but the structural deficit would have had to be addressed.

- (3) That the case continues to be made with the Government to try to ensure the best possible outcome for Wirral in the Formula Grant Settlement.**

71 2010/2011 SECOND QUARTER PERFORMANCE REPORT

The Interim Director of Corporate Services submitted a report and gave a presentation upon the Second Quarter Performance and Financial Review 2010/2011. He commented that there was no longer a requirement to report local area agreement performance to central government and full control of all current LAAs had been handed to local areas. In addition, the National Indicator Set was to be replaced with a single comprehensive list of data required to be reported to central government.

He set out the key achievements in the second quarter and identified what worked well within the corporate plan. Performance at quarter two was good, with 69% of the performance indicators and 77% of the projects within the corporate plan assessed as green, or over-performing. However, he identified a number of key performance issues and key risks and provided information in relation to corrective action to be taken.

The Director of Finance provided an update in relation to the revenue budget and capital programme 2010/2011 and set out the General Fund balance based upon latest projections. He reported also upon progress in relation to the implementation of policy options and the delivery of savings and highlighted the impact of Cabinet decisions that had budgetary implications.

In response to a question from a Member, the Interim Director of Corporate Services confirmed that the HMRI Programme would not be renewed post April 2011. It was not yet possible to fully assess the impact but he indicated that bids with private sector partners would be submitted to the Regional Growth Fund in order to complete projects that had been started.

Resolved – That the report and presentation be noted.

72 GOLF COURSE INCOME

Further to minute 49 (21 September 2010), the Director of Technical Services reported that the latest budget figures indicated that the net underachievement for golf was now estimated to be £145,000 (down from £175,000 reported in September 2010). He commented that two golf patrol officers were employed to check that golfers had paid and to collect appropriate fees if they had not. Golfers who had not paid were not always willing to pay when challenged and many left the course rather than pay to play. He commented that, unfortunately, the additional income collected was less than the cost of employing patrol officers. Employing more Golf Patrol Officers would increase the income collected but it would not be enough to cover the additional staffing costs. The net result would be an even bigger shortfall in the budget.

He reported that the Parks and Countryside Service Procurement Exercise (PACSPE) included the management and maintenance of golf courses and there was an opportunity for the Council to increase the profitability of the golf courses through partnership with a contractor. However, in the current economic climate, golf

had seen a reduction in demand with many courses offering discounts and special offers to attract customers. Despite this, the income targets for the municipal courses had been raised each year and he indicated that they were now at unrealistic levels.

He reported also that the quality of the courses and associated facilities compared with non-Council facilities was also a factor. The courses needed to cope with variable weather conditions in order to be playable and he indicated that investment in drainage and irrigation could produce an increase in use and income, as would investment in other elements of infrastructure such as toilet and club house facilities.

Resolved – That the Committee notes the report and awaits the outcome of the Parks and Countryside Service Procurement Exercise (PACSPE).

73 **TREASURY MANAGEMENT SECOND QUARTER 2010/2011 PERFORMANCE MONITORING REPORT**

The Director of Finance presented a review of Treasury Management activities during the second quarter 2010/2011, which had been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code. The review confirmed compliance with treasury limits and prudential indicators and highlighted how the Council Treasury position had changed since 30 June 2010. The Director commented upon the current economic environment and provided details of investments and borrowing.

He reported also that the introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. He set out a selection of prudential indicators, which demonstrated that the treasury management decisions were in line with the capital strategy that was both prudent and affordable.

Resolved – That the report be noted.

74 **REVENUES AND BENEFITS**

The Director of Finance provide 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, the Director of Technical Services provided an explanation with regard to fee income from Building Control and Land Charges. He referred also to the success of the Invigor8 initiative and commented that income was expected to exceed the budget at year end.

Resolved –

- (1) That the report be noted and the officers be commended for the success of the Invigor8 scheme.**
- (2) That a further, more detailed report in relation to changes in Housing Benefit/Council Tax Benefit be presented to the January 2011 meeting of the Committee.**

75 **IT HARDWARE - REPLACEMENT OF CENTRAL SERVERS**

Further to minute 30 (8 July 2010), the Director of Finance reported upon the outcome of the process to acquire the second and final phase of the strategy for the replacement of the central IT processors. He outlined the procurement process and provided details of the outcome of the tender process, which were contained within an exempt appendix (see minute 86 post).

Resolved – That the action of the Director of Finance in awarding the contract to SCC in the sum of £173,236.58 less £25,205 trade-in value against existing equipment, be noted.

76 **CHEQUE USAGE**

Further to minute 57 (21 September 2010), the Director of Finance presented an analysis of the use of cheques by the Council. He reported that it had been the policy of the Council for a number of years to encourage payments, for such items as Council Tax, to be made using the Direct Debit facility. It was also preferred that payments to suppliers of goods and services to the Council should be made by the Bankers' Automated Clearing System (BACS). In addition, he commented that since the implementation of a revised banking contract in 2007, all employees were paid using the BACS process.

He reported that the Payments Council Board had agreed to set a target date of 31 October 2018 to close central cheque clearing and over the next eight years the Payments Council would seek to promote and explain existing alternatives; and, where innovation and new options were required, to ensure that they were put in place. There would be a critical review in 2016 when the Payments Council would decide whether sufficient change had occurred against agreed published criteria, to press ahead to do away with cheques in 2018.

The Director provided details of the number of payments made using cheques and BACS in 2009/2010 and the current year to the end of September 2010 and set out a number of initiatives to reduce cheque usage. In response to a question from a Member as to the cost of cheque usage, the Director indicated that the cost of cheques was approximately ten times the cost of BACS.

Resolved –

- (1) That the report be noted.**
- (2) That a cost breakdown of cheques against BACS be provided to Members direct.**

77 **VALUE FOR MONEY GAINS IN LOCAL SERVICES 2010/2011**

The Director of Finance presented the 2010/2011 estimate of the Value for Money Gains National Indicator 179 (NI179) which was submitted to the Department for Communities and Local Government (DCLG) by 22 October 2010 having been approved by the Cabinet on 14 October 2010 (minute 167 refers).

Resolved –

- (1) That the Value for Money Gains National Indicator 179 cumulative estimate for 2010/2011 of £36.7 million be noted.**
- (2) That a further report be presented to the Cabinet in June 2011 on the final NI179 position at 31 March 2011, due for submission to the DCLG in July 2011.**

78 MEDIUM TERM FINANCIAL STRATEGY

The Director of Finance presented an annual update of the Medium Term Financial Strategy, the aim of which was to give Members a strategic overview highlighting the significant issues to be considered for use in financial planning and informing future priorities. The Strategy was approved by the Cabinet on 4 November 2010 (minute 199 refers) and had been refined to reflect recent information from the Government and the revised Corporate Plan agreed in March 2010.

The Strategy aimed to provide a longer term overview of the financial issues to assist in the allocation of resources to deliver the Council's objectives and priorities. It drew together the financial requirements emerging from the various Council strategies including the Customer Access Strategy, Risk Management Strategy, Procurement Strategy and the resource-based strategies covering Capital, Human Resources, Information Technology, Asset Management and the service strategies. It sought also to maximise the opportunities for delivering services from within the finite resources available.

Resolved –

- (1) That the Medium Term Financial Strategy be noted.**
- (2) That regular updates of the budget projections be reported to the Cabinet and to the Council Excellence Overview & Scrutiny Committee.**

79 STAFF DIVERSITY FORUMS

The Interim Director of Corporate Resources reported that Staff Diversity Forums had been established during 2007/2008 and 2008/2009 as part of the Council's process of being awarded 'achieving' status (formerly level 3) of the Equality Framework for Local Government. They had each been allocated £2,000 per annum to –

- Support the development of staff policies and procedures
- Provide input into the development of the Council's equality schemes
- Advise the Council on meeting its statutory obligations with regard to equality legislation
- Advise service areas on diversity related issues
- Support the Council in achieving workplace related awards (for example Investors in People)
- Empower staff from 'equality protected' groups to have a voice within the Council, i.e. women, lesbian/gay/bisexual people, black/minority ethnic people, disabled people.

The Chair's of each Forum were also members of the Corporate Equality and Cohesion Group and Forum membership was open to all relevant staff. He outlined the numbers of staff who attended the various Forums and commented upon how their budgets were utilised. He referred also to recent achievements and proposed that a review be undertaken with a view to the achievement of maximum benefits for the Council and its employees.

Members commented that trade unions should be involved in the review and that there should be no decision taken in relation to the Forums, until the review had been completed.

Resolved –

- (1) That the Interim Director of Corporate Services, Head of HR and Organisational Development, Staff Diversity Forum Chairs and representatives of trade unions meet to undertake a review of Staff Diversity Forums, including completion of an equality impact assessment.**
- (2) That the outcome of the review form the basis of a further report to a future meeting of the Committee.**

80 TRANSFORMING BUSINESS SUPPORT/STRATEGIC CHANGE PROGRAMME

Further to minute 63 (28 October 2010), the Director of Technical Services/Programme Director (Strategic Change) provided an update in relation to the Strategic Change Programme and, in particular, the work undertaken in relation to Common Administrative Processes/Transforming Business Support. Initially, HR and payroll systems were being considered with a view to moving away from paper based processes, in order to identify savings and maximise the benefits. However, none of the projects had yet been submitted to the Strategic Change Programme Board and, in response to questions from Members, the Director indicated that it was not possible at the present time to provide an indicative level of saving for next year's budget.

Resolved – That the update report be noted.

81 OFFICE RATIONALISATION UPDATE

Further to minute 47 (21 September 2010), the Director of Law, HR and Asset Management presented an update in relation to the Office Rationalisation Project. He referred also to his report to be considered by the Cabinet on 25 November 2010, which advised Members of the terms agreed with Wirral Partnership Homes (WPH) for the sale of Westminster House. The options for the Cabinet to consider were either to –

- (a) sell Westminster House to WPH and; retain the North and South Annexes; and accept that our ability to vacate other office accommodation will be severely constrained unless investment is made in the retained stock; or**

- (b) decline the offer from WPH; refurbish and intensify the use of Westminster House; demolish the North and South Annexes and retain the cleared sites for future regeneration and vacate as many other buildings as possible.

The Interim Director of Corporate Services had reviewed the two options, to consider their environmental, economic and regeneration implications. He had recommended that the sale of Westminster House to WPH and the retention of the North and South Annexes should be the approach taken by the Council and had indicated that consideration should also be given to the future refurbishment of the Annexes, given the additional benefits that would be delivered. He reported also that in the light of the deadline for submission of bids to the Capital Programme, a bid had been made for a scheme to move forward with the refurbishment of the Annexes, provisional upon the Cabinet agreeing to the disposal of Westminster House.

In response to questions from members in relation to the level of savings that could be achieved, the Director indicated that, assuming the sale of Westminster House was agreed by the Cabinet and that Willowtree and the Old Court House building could be vacated in 2011, full year savings in 2011/2012 were estimated to be £368,742.

Resolved –

- (1) That the reports be noted and an update be presented to the January 2011 meeting of the Committee.**
- (2) That an update report be presented to the January 2011 meeting upon the urgent need to make progress in relation to agile working, in order to reduce the occupancy of buildings and to establish ways of working in communities to the benefit of local residents.**

82 **FORWARD PLAN**

The Director of Law, HR and Asset Management reported that the Forward Plan for the period November 2010 to February 2011 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 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 content of the Forward Plan be noted.

83 **REVIEW OF SCRUTINY WORK PROGRAMME**

The Chair provided an update on the current status of the Committee's Work Programme and commented that among the functions of the Committee was the scrutiny of the work of the Community and Customer Engagement, Corporate Resources and Finance and Best Value portfolio holders. He invited suggestions from Members for additions to the work programme, having regard to how scrutiny could be undertaken within relevant timescales and resources.

Resolved –

(1) That the work programme be noted and the following items be added to it –

- **31 January 2011**
 - **Total Place Update**
[Head of Policy and Performance]
 - **Early Voluntary Retirement/Staffing Resources Update**
[Head of Human Resources and Organisational Development]

(2) That the Chair and group spokespersons meet in early January 2011 in order to consider what additional items may need to be included for the January 2011 meeting.

84 ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1) - HOYLAKE LIFEBOAT STATION

The Chair referred to a recently published decision taken, under delegated authority, by the Cabinet Member for Corporate Resources, to dispose of the car park adjacent to the old Lifeboat Station in Hoylake. He commented that the three month period agreed by the Cabinet to enable a proposition to come forward for a viable museum project had now elapsed and the owners of the Lifeboat building intended to proceed with its sale.

Resolved – That the update be noted.

85 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.

86 EXEMPT APPENDIX

The Committee considered an exempt appendix to the report of the Director of Finance in relation to the results of a tender process for IT Hardware – Replacement of Central Servers (see minute 75 ante)

Resolved – That the content of the appendix be noted.

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