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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 31 January 2011

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighthouse J Keeley P Davies P Kearney	B Kenny D McCubbin J Stapleton S Williams
<u>Deputies:</u>	Councillors	C Meaden (In place of A McArdle)	
<u>Cabinet Member:</u>	Councillor	JE Green S Holbrook R Moon Mrs L Rennie	

### 105 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 the 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 Mrs C Meaden declared her personal interest in relation to agenda item 3 – Strategic Change Programme Update (see minute 107 post), insofar as it relates to projects within CYP, by virtue of her daughters employment in the Children and Young People's Department.

### 106 MINUTES

**Resolved – That the minutes of the meetings held on 18 and 22 November and 8 December 2010, be approved.**

### 107 STRATEGIC CHANGE PROGRAMME UPDATE

The Director of Technical Services/Programme Director (Strategic Change) presented an update report of progress on the Council's Strategic Change Programme, which was to be considered by the Cabinet at its meeting on 3 February 2011. He set out the key issues in relation to the programme and reported that detailed planning and a review of projects had been undertaken in conjunction with project managers and Chief Officers, which had culminated in a re-stated Strategic Change Programme. The savings had been reported to the Cabinet on 9 December 2010 and totalled £10.725m for 2011/2012. He indicated that the profile of the savings was set out in appendices to his report and could be summarised as –

- £1.249m from Strategic Change Projects (appendix A)
- £2.630m from Efficiency Projects/business as usual (appendix B)
- £6.846m from the Transformation of Adult Social Services (appendix C)

The Programme Director (Strategic Change) commented that he had taken a cautious approach to the declaration of efficiencies and indicated that the programme currently specified budget savings for 2011/2012 only. The savings had been reviewed and approved by the appropriate Chief Officer and the Director of Finance had agreed they were deliverable from within existing budgets. Analysis had been undertaken to ensure the savings were net of the recent EVR/VS exercise, so as to avoid 'double counting'. Where there was insufficient detail in specific projects or they required further work to ascertain the benefits, the projects had been included, but with benefits either 'to be determined' or set at zero for budgeting purposes. This was to ensure that the programme did not include unrealistic targets, but also allowed for cashable benefits from those projects to contribute to efficiencies in subsequent years of the programme.

The Director provided a summary of projects included within the programme and indicated that the next steps were to ensure that projects were adequately resourced and developed. The main risk associated with the programme was the non-delivery of benefits, particularly financial, which was mitigated by careful monitoring by the Strategic Change Programme Board. Risk registers were maintained by project managers and the Strategic Change Programme Office maintained the risk register for the whole programme.

In response to questions from Members, the Director indicated that all projects were managed from within existing resources and, at the present time, he did not envisage the need for the appointment of consultants. He was confident that the total saving of £10.725m would be achieved and the Leader of the Council emphasised the cautious approach that had been taken in relation to projects included within the programme. Discipline had been introduced into the process, which ensured that the figures quoted were both realistic and achievable. In addition, the creation of a risk register for all projects gave transparency to the process to ensure that action was taken to mitigate risks. The Director confirmed that all suggestions from members of staff were investigated and properly evaluated and he referred also to research work that had been undertaken by some members of staff as part of an MBA course.

In response to further questions, the Programme Director (Strategic Change) clarified that the £200k saving to be delivered from PACSPE related to those services which had now been excluded from the PACSPE contract. He agreed to circulate to Members the recommendations of the Strategic Asset Review Board in relation to the disposal of assets. In addition, the Director of Finance agreed to circulate a list of the fifty largest contracts, which were subject to a review to identify and achieve any opportunities, which were in the financial interests of the Council.

#### **Resolved –**

- (1) That Committee welcomes the update report upon the progress of projects within the Strategic Change Programme.**
- (2) That the confidence of the officers in the delivery of the projects be noted.**
- (3) That the Leader of the Council and Cabinet Members be thanked for their attendance.**

## 108 PERFORMANCE MANAGEMENT

The Interim Head of Corporate Planning, Engagement and Communications reported that the 3rd Quarter Performance Update Report, to be considered by the Cabinet on 3 February 2011, would be presented to the next meeting of the Committee. She commented that the national indicator set, which had been a key part of the Comprehensive Area Assessment (CAA) and contained some 198 performance indicators, would be replaced from April 2011, with a single data list which, it was hoped, would reduce the collection of unnecessary data and facilitate transparency.

In response to comments from Members, she indicated that although reporting procedures would be streamlined, performance would continue to be measured to provide information that Members and residents wished to see. What was measured would be largely within the gift of the authority and the data list would be circulated to Members. Further information in relation to continued benchmarking against other local authorities would also be presented to the March 2011 meeting. In response to further questions in relation to the abolition of the Audit Commission, the Director of Finance reported that the DCLG had confirmed that some form of external regulation would continue to be undertaken.

**Resolved – That the verbal report be noted and a further, more detailed report be presented to the next meeting of the Committee.**

## 109 ADULT SOCIAL SERVICES - IMPROVEMENT PLAN AND BUDGET UPDATE

The Interim Director of Adult Social Services reported and gave a detailed presentation upon progress towards addressing the service issues raised by the Care Quality Commission (CQC) Inspection of Adult Social Services in May 2010. He commented upon the judgements that had been made with regard to performance, which indicated that, although the Department had performed well for the majority of outcomes, it had been assessed as poor in relation to Choice (Personalisation) and Dignity (Safeguarding). He expected that improvement targets would be achieved but expressed concern that the CQC would not now return to Wirral to assess the significant progress that had been made against the improvement plan. He referred to the considerable work that was being undertaken in relation to policies, practices and safeguarding; integrated working and localism; personalised support; and early intervention and prevention, all of which were underpinned by the Medium Term Financial Strategy, Communication and Engagement Strategy and the Workforce Strategy.

He referred also to the financial challenge faced by the Department and, in particular, the need to reduce the projected overspend. In view of the expected budget reduction from £85m to £74m in 2011/2012, the Interim Director set out a number of measures that he considered to be necessary to reduce costs. Those included stopping being a provider of certain services to becoming an intelligent commissioner and to make greater use of the voluntary and independent sector. He reported that tendering was being undertaken for a variety of services, including respite care, and he anticipated that a range of offers would result in increased quality and choice for service users. Although there had been a renegotiation of fees, he expected the market to tender for all services and to accept the Wirral price. However, as there appeared to be an excessive provision of care home beds in Wirral, it was possible that the least popular providers, or those least able to absorb a reduction in fees, could close. In response to further comments from Members, the Interim Director provided more detailed information in relation to the take up of personal budgets.

**Resolved – That the report and presentation be noted and the thanks of the Committee be accorded to the officers for the clear explanation of the work undertaken with providers to secure services.**

#### 110 OFFICE RATIONALISATION AND AGILE WORKING

Further to minute 81 (18 November 2010), the Director of Law, HR and Asset Management presented an update upon proposals for office rationalisation and upon progress in relation to agile working, both of which supported the corporate priority to improve the use of the Council's land and assets and would help facilitate improvements in service delivery. A key issue related to the sale of Westminster House and he commented that the timetable for vacating the building was crucial in order for its sale to Wirral Partnership Homes to be completed. Although the timescales were considered to be realistic, there remained a number of issues still to be addressed. The relocation of Adult Social Services staff from Westminster House had been used as an opportunity to extend agile working within the department and he indicated that in order to ensure that deadlines were met, staff would migrate to five separate locations.

In response to comments from Members, the Director proposed to present to the next meeting of the Committee, an update in relation to the impact on the Office Accommodation Strategy of large numbers of staff having recently left the employment of the Council. In response to further questions, the Director of Finance reported upon changes to the ICT infrastructure that would be required in order to support agile working. He commented also upon the withdrawal of grant support for capital schemes and indicated that a report on a review of the capital programme would be presented to the budget meeting of the Cabinet.

**Resolved –**

- (1) That the Committee remains anxious that Westminster House should be vacated in a timely manner.**
- (2) That a further update report be presented to the March 2011 meeting of the Committee.**

#### 111 COMMUNITY BASED BUDGETS

The Director of Finance presented a briefing note prepared by the Interim Chief Executive, in relation to 'Community Based Budgets', which built upon the progress made under the previous government's 'Total Place' agenda. Total Place had looked at how public money that was spent in a local area could be used more effectively and he indicated that with the change of Government in May 2010, the evolved Community Based Budgets now appeared to provide a greater emphasis on de-ringfencing funding and allowed greater levels of autonomy for all local authorities.

He reported that in October 2010, sixteen areas, covering 28 Councils and their partners were selected, with effect from April 2011, to take direct control over local spending in their areas, free of centrally imposed conditions. The 'Community Budgets' would pool various strands of government funding into a single account for tackling social problems around families with complex needs and, the Director commented that it was the Government's intention to roll out the initiative nationally in 2013/2014.

He commented also upon additional 'Place Based' initiatives that had evolved out of the 'Total Place' agenda and commented that their emphasis appeared to be identifying, building upon and sharing good practice, with the Local Government Group taking the lead. At a local level, he reported that Wirral was developing its approach to localism, whilst at the same time reviewing the Local Strategic Partnership structure. In response to comments from Members in relation to shared services, the Director indicated that discussions with partners had taken place on a regular basis with a view to making economies and improving services.

**Resolved –**

**(1) That the report be noted.**

**(2) That Committee looks forward to the issue of Community Based Budgets being progressed within the City Region structure.**

## 112 **FINANCIAL MONITORING STATEMENT**

The Director of Finance provided a summary of the position of the revenue accounts and General Fund balances as at 31 December 2010. The statement included the 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 by the Cabinet; anticipated variances not agreed by the Cabinet against the original budget and an explanation of variances and areas identified as requiring further attention.

At this stage of the financial year only Children and Young People were projecting an overspend and the Director set out the potentially volatile areas within Adult Social Services, Children and Young People, Finance and Technical Services.

**Resolved – That the Financial Monitoring Statement be noted.**

## 113 **REVENUES INCOME AND BENEFITS**

The Director of Finance reported upon the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits. He commented that income levels in certain areas were in decline and highlighted that benefits claimants were increasing by approximately 150 per month. With regard to comments from the Chair in relation to Housing Benefit changes and to significant changes to the legislation surrounding the determination of Local Housing Allowance (LHA) claims, the Director advised Members that a detailed report would be presented to the March 2011 meeting of the Committee.

**Resolved – That the report be noted.**

## 114 **BUDGET PROJECTIONS 2011 - 2013**

The Director of Finance presented an update in relation to the projected budgets for 2011/2012 and 2012/2013, taking into account the Spending Review presented on 20 October 2010 and the provisional Local Government Finance Settlement, presented to the Cabinet on 13 January 2011 (minute 276 refers). He reported upon the various assumptions which underpinned the projections and commented upon negotiations that had taken place on a number of specific grants. The Director reported that HM Treasury had presented the Spending Review on 20 October 2010 and the Department for Communities and Local Government (DCLG) had indicated a

reduction in Government Grants equal to 7.1% per annum for 2011/2015. Subsequently, the DCLG had indicated that the reduction would be front loaded. He set out also the latest position in relation to balances and savings agreed by the Cabinet and reported a projected surplus of £3.3m for 2011/2012 and a projected shortfall of £26.5m for 2012/2013.

In response to a comment from a Member, the Director confirmed that, in addition to a general grant reduction of £41m, the Government had announced a further reduction of £11m in specific grants.

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

“(1) That this Committee recognises the difficult financial challenges faced by the Council.

(2) That Committee notes that Wirral Council will lose over £52m in the form of central government funding in 2011/2012, which will impact on the Council’s ability to deliver high quality services.

(3) That the Cabinet be requested to make vigorous representations to the Government, to reconsider the scale of savings which Wirral is being asked to achieve, given the level of need in Wirral which must be met”.

The following amendment, as an addendum to Councillor Davies’ substantive motion, was moved by Councillor P Gilchrist and seconded by Councillor P Davies –

“That this Committee recognises the considerable difficulties facing this and other local authorities. It considers that the Local Government Association (LGA) and the Government must assess the consequences of front loading and recognise that, without dialogue and a deeper understanding, the ability of local Councils to deliver services and respond to the localism agenda can only be compromised”.

The amendment was put and carried (6:5) on the Chair’s casting vote.

**Resolved (6:5) (Councillors Brighthouse, Kearney, Keeley, McCubbin and Williams voting against) –**

**(1) That this Committee recognises the difficult financial challenges faced by the Council.**

**(2) That Committee notes that Wirral Council will lose over £52m in the form of central government funding in 2011/2012, which will impact on the Council’s ability to deliver high quality services.**

**(3) That the Cabinet be requested to make vigorous representations to the Government, to reconsider the scale of savings which Wirral is being asked to achieve, given the level of need in Wirral which must be met.**

**(4) That this Committee recognises the considerable difficulties facing this and other local authorities. It considers that the Local Government Association (LGA) and the Government must assess the consequences of front loading and recognise that, without dialogue and a deeper understanding, the ability of local Councils to deliver services and respond to the localism agenda can only be compromised.**

## 115 CARD PAYMENT TENDER

The Director of Finance reported upon the process used to determine the replacement for the card payment system currently in use for internet, telephone and counter payments. He commented that during 2009/2010, the Council processed over £6.6m in card transactions through its core systems and he reported that the current system had been in place for over six years. Although it had been tailored and enhanced in recent years to meet a number of Council needs, he reported that the card schemes had introduced a variety of security standards that required the compliance of all merchants that accepted card payments. Failure to gain compliance could lead to the Council being fined or having the ability to take card payments compromised, thereby potentially impacting upon income levels. A replacement solution would be capable of being upgraded with chip and pin functionality to ensure fully secure face to face card processing at a range of Council locations and it would also make the Council web pages more transactional by the integration of service provision and payment.

**Resolved – That the action of the Director of Finance in awarding the contract to Capita Business Services, in the sum of £51,306 implementation costs and £44,482 licence and maintenance costs over the five year term, be noted.**

## 116 PUBLICATION OF EXPENDITURE

Further to minute 54 (21 September 2010), the Director of Finance presented an update on the impact of the monthly publication, from 1 April 2010, of all third party expenditure over £500, as part of the Council's commitment to be open and transparent. The Director set out the key issues associated with the decision and commented that Members had requested the update with a view to responding to any identified workload pressures. However, he reported that the impact had dissipated, and there was no requirement to increase the staffing establishment.

**Resolved – That the report be noted.**

## 117 PROVISIONAL GRANT SETTLEMENT

The Director of Finance reported that the Spending Review on 20 October 2010 announced the total Formula Grant that local authorities would receive over the four years 2011/2015. It identified a national reduction in Government funding of around 30% with those reductions being higher in the initial years. The Local Government Finance Settlement set out how the Formula Grant would be distributed between local authorities and how much each authority would receive. He reported that an announcement of the Provisional Local Government Finance Settlement for 2011/2013 was issued on 13 December 2010 and that following the consultation period, which ended on 17 January 2011, the Final Settlement was expected to be issued in early February 2011.

The Director reported that, whilst the Formula Grant could be used to support general spending, the Government also allocated a number of specific grants to local authorities, which were only useable for the purposes specified. Based upon the information received as at 4 January 2011, the Director set out Wirral's grant allocation and highlighted the effect of a 'damping' mechanism contained within the Provisional Settlement to mitigate the impact of grant reductions on those local authorities that were more reliant upon Government grant.

In response to comments from Members, the Director indicated that the Provisional Settlement also included Special Grants, not all of which were ring-fenced for the activities stated. Whilst they included continuing grants and replacement funding, the Early Intervention Grant showed an overall reduction in local resources in 2011/2012 of £4,875,000. However, an unringfenced grant of the entire £15.1m could be used to support Council services whereas in 2010/2011, the previous funding had been split between Schools (£10.8m) and Children and Young People (£9.1m).

**Resolved –**

- (1) That the implications of the Provisional Local Government Finance Settlement be noted.**
- (2) That every opportunity continue to be used to state the case for further improvement to the Provisional Settlement.**
- (3) That a report be presented to the next meeting of the Committee upon the impact of a reduction in Early Intervention Grant funding of £4.8m.**

#### 118 **FORWARD PLAN**

The Director of Law, HR and Asset Management reported that the Forward Plan for the period January - April 2011 had now 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 Forward Plan be noted.**

#### 119 **REVIEW OF SCRUTINY WORK PROGRAMME**

The Chair provided an update on the current status of the Committee's Work Programme, which included 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 – That the following items contained within the Work Programme, scheduled for consideration at the March 2011 meeting be noted –**

##### **Director of Finance**

- **Financial Monitoring**
- **Revenues and Benefits**
- **Budget Projections 2011/2015**
- **Treasury Management**
- **Proposed Changes to Housing Benefit/Council Tax Benefit System**
- **EVR/Severance Funding**

##### **Director of Law, HR and Asset Management**

- **Allowances Paid to Staff – Follow Up Report**
- **Mobile Phone Policy**
- **Early Voluntary Retirement/Staffing Resources Update**
- **Forward Plan**



**Interim Director of Corporate Services**

- **Reaching Excellent Level of the Equality Framework for Local Government**
- **Operation Black Vote – Presentation**

**Interim Head of Corporate Planning, Engagement and Communications**

- **Q3 Performance Monitoring**
  - **Future of Performance Management**
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