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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 27 September 2011

Present:

Councillor P Gilchrist (Chair)

Councillors	A Brighouse	P Doughty
	RL Abbey	J Hale
	J Keeley	C Jones
	A Cox	S Williams

Deputies:

Councillors J Salter (In place of D Dodd)

### 39 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had a personal or prejudicial interest in any matters to be considered at the meeting 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 matter to be considered and, if so, to declare it and state the nature of the whipping arrangement.

Councillors Abbey and Salter stated that they would declare a prejudicial interest as members of the Merseyside Integrated Transport Authority if there were any discussions on Pacific Road, when agenda item 7 (Performance and Financial Review) was considered (minute 46 refers).

### 40 YOU CHOOSE - BUDGET CONSULTATION

The Director of Finance submitted a report and gave a presentation to the Committee on the 'You Choose' budget simulator.

As part of the 2012/13 Budget Consultation process, on 19 August 2011 the Council had commenced a web-based public consultation entitled, 'The Great Debate' using an on-line package known as You Choose. This was a budget simulator developed by YouGov and supported by the Local Government Group which provided residents with the opportunity to suggest changes to close the estimated £25 million budget gap and limit any Council Tax increase for 2012/13. Details had been hand delivered to all residents with the electoral registration forms and a series of You Choose public engagement events were taking place throughout the Borough during the period of the consultation which was due to conclude on 30 November 2011.

Chief Officers had provided information for the simulator which showed the implications for their services of reducing budgets by 10%, 20% and 50% and of increasing budgets by 5%.

Peter Molyneux, Chief Accountant, informed the meeting that so far there had been 1334 suggestions made on the simulator and the results could be analysed on a geographical basis.

The Director, in response to Members' questions, informed the Committee that the results of the consultation would be reported to the December meeting of the Cabinet. The simulator had been promoted to the Council's workforce through the Council's One Brief and also on the internet page. Data analysis provided by YouGov would cost between £1,000 to £3,000. Users of the simulator had to supply the first four digits of their postcodes which gave a broad postcode analysis of the data although there was no system of verification.

Some Members commented that there were flaws in the simulator and that it was a dangerous exercise to suggest that the only way to save money was by cutting services.

On a motion by the Chair it was,

**Resolved –**

**(1) That Committee notes the potential of the system and also its drawbacks.**

**(2) That the Committee thanks the officers for the demonstration and looks forward to detailed analysis of results in future reports.**

#### 41 **FINANCIAL MONITORING STATEMENT**

The Director of Finance provided a summary of the position of the revenue accounts and General Fund balances as at 31 August, 2011. The report gave details of the latest departmental projections and the potentially volatile areas within these, particularly Adult Social Services and Children and Young People.

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

#### 42 **BUDGET PROJECTIONS 2012/2015**

The Director of Finance presented the projected budget for 2012-2015, which had been considered by the Cabinet on 1 September 2011 (minute 92 refers). He set out the assumptions which underpinned the projections and reported upon the outcome of grant negotiations and other legislative issues. Balances were projected to be £7.4m at 31 March 2012 and with savings having been taken into account, he reported that there would be a projected shortfall of £25.3m in 2012/2013, £31m in 2013/2014 and £30.3m in 2014/2015.

The Director responded to comments from Members and stated that the information from the 2011 Census was expected from the Office of National Statistics in late 2012, which was likely to feed into the 2013 grant settlement. A report would be going to the next Cabinet on the capitalisation of £4m for statutory redundancy payments, which had received outline approval from the Department for Communities and Local Government.

**Resolved - That the budget projections be reviewed on a regular basis.**

43 **OUTCOME BASED COMMISSIONING**

The Director of Finance provided an update on the development of a strategic approach to outcome based commissioning and its relationship with the development of Neighbourhood Plans. The report had been agreed by the Cabinet on 1 September 2011 (minute 101 refers).

**Resolved – That Committee notes the progress being made and receives further reports following the consultation on Neighbourhood Plans.**

44 **COMMUNITY BUDGETS**

The Director of Finance submitted a report on Community Budgets which were seen by the Government as the means by which local public service partners worked together to redesign services across boundaries to maximise the resources available to improve service delivery.

The Government had recently announced details of an expansion of the Community Budgets programme around Families with Multiple Problems and future more radical pilots giving communities greater control over services. The Cabinet on 1 September 2011 (minute 93 refers) had agreed to submit an expression of interest to become a pilot in the Community Budgets programme around Families with Multiple Problems. The Director informed the meeting that bids were being submitted in respect of both pilots.

**Resolved – That the report be noted, the officers be thanked and the Committee looks forward to the outcome of these bids.**

45 **TREASURY MANAGEMENT PERFORMANCE MONITORING - QUARTER 1**

The Director of Finance submitted a report which presented a review of Treasury Management activities during the first quarter of 2011/12 and confirmed compliance with treasury limits and prudential indicators. It had been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code.

The Director responded to comments from Members and informed the Committee that the Treasury Management Team had daily discussions with banks and received daily forecasts of the Council's cash position. With the current volatility in the markets the Council continued to invest on a short term basis. He also outlined the current situation in respect of PFIs and schools.

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

46 **PERFORMANCE AND FINANCIAL REVIEW - FIRST QUARTER 2011/2012**

The Chief Executive presented a report, which set out the performance of the Council's Corporate Plan 2011-14 for April to June, 2011. The report set out performance against the four key themes in the plan of, Your Family, Your Neighbourhood, Your Economy and Your Council.

In response to comments from Members, officers commented that they would look at incorporating more tangible actions within the report in respect of those indicators which were off target. They also acknowledged the need for a more meaningful summary in descriptions of performance indicators. The Director of Law, HR and Asset Management agreed that he would circulate a timetable with regard to information which had previously been provided with a hard copy of the Council diary on Members' information and contact details and departmental contact details.

**Resolved – That the officers be thanked for their report and information provided and that they be requested to address the issues raised in future reports.**

#### 47 BUDGET KEY ISSUES

The Director of Finance reported that as part of the 2012/13 Budget Consultation process Cabinet were asking Scrutiny Committees to consider the functions within their portfolio and offer suggestions as to how to close the estimated £25 million budget gap and limit any Council Tax increase in 2012/13. The responses would be considered along with the responses from the other engagement processes to inform the budget setting process. Further consultation would be undertaken regarding any specific service changes.

The report had been coordinated by the Director of Finance and included the services within the departments of Finance and Law, HR and Asset Management, and services which provided the Council's Corporate and Community Planning, Consultation, Engagement and Communications functions.

The Chair commented that it was for the Cabinet to come forward with specific budgetary proposals and only then would the Committee be in a position to scrutinise these.

Councillor Abbey suggested that it was incumbent on every elected Member to challenge officers that they were delivering on potential savings and that this Committee should try and identify any specific savings.

It was moved by the Chair and seconded by Councillor Hale –

“(1) That having regard to the Budget and Policy Framework Procedure Rules (as set out in the Constitution) this Scrutiny Committee is of the view that it will respond to the Cabinet's proposals at the earliest opportunity.

(2) This Committee considers that it is the prime responsibility of Cabinet members to come forward with proposals for investigation, research or detailed study, in sufficient depth and in the detail required for Members to make informed decisions.

(3) In order for this to be thorough and constructive this Committee requests that proposals should be provided as soon as possible and available for Members to seek information and advice.

(4) This Committee will therefore consider setting a date for a special meeting to consider Cabinet led suggestions highlighting potential savings as soon as they are available.”

It was then moved as an amendment by Councillor Abbey and seconded by Councillor Doughty that -

“(1) This Committee recognises the difficulties caused by the severity of last year’s budget cuts and the speed with which they had to be implemented.

(2) Committee further recognises that some services are under considerable stress as a result.

(3) However, Committee believes it is imperative that no overspends are incurred on the 2011/12 budget and that the savings promised as part of that budget must be delivered, or replaced with alternative savings, if we are to avoid passing on the hole into the 2012/13 budget.

(4) Committee believes that, if this is not done, there is a real risk of destabilising the Council’s finances at a point where the Council needs maximum stability to enable it to face the serious challenges ahead, and accepts it has a very real role to play in the detailed and careful monitoring of spending in this year’s budget.

(5) Committee recognises that there is currently an overall projected budget gap of £25m for 2012/13, further gaps of £31m and £30.3m predicted for 2013/14 and 2014/15 and the potential for a further gap again of £60m if the localisation of business rates is implemented without any ongoing protection for authorities like Wirral with less ability to raise high levels of income from business rates.

(6) Committee welcomes the involvement of the public in the budget simulation exercise, and the high level of response, both as a way of ascertaining priorities and as an educational tool to demonstrate the kind of decisions that have to be taken in setting the Council’s budget.

(7) Committee believes that it should do everything it can to provide positive and creative suggestions to assist the Executive in the difficult task that lies ahead and welcomes the early opportunity given it by the Executive to do this, in stark contrast with the lack of involvement of the Scrutiny process last year.

(8) Committee is also aware that last year savings proposals were presented to Cabinet by the Coalition administration just two working days before a package of savings was taken at Council and that Scrutiny Committees were denied their constitutional right to scrutinise those proposals, with the relevant part of the Constitution being suspended by Council to facilitate this.

(9) Committee believes it is unrealistic to expect the Executive to present it with detailed options for savings at this point in the year, and agrees to scrutinise any options at the point where they are referred to the Scrutiny Committee by the Executive, in accordance with the Constitution and, if necessary, hold Special meetings at that point.”

The amendment was put and lost (4:6).

The motion was put and carried (6:4) (Councillors Abbey, Doughty, C Jones and Salter voting against).

**Resolved (6:4) (Councillors Abbey, Doughty, C Jones and Salter voting against) –**

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#### **48 TIMETABLE FOR CONSIDERATION OF EMERGING BUDGET ISSUES**

The Chair commented that the next scheduled meetings of the Committee were due on 17 November, 2011 and 31 January, 2012.

It was then suggested and agreed that once any Cabinet proposals did emerge in respect of the budget, the Chair and Party spokespersons agree a date for a special meeting.

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