DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

RESOURCE MANAGEMENT SELECT COMMITTEE

MINUTES OF THE MEETING HELD ON 30 JUNE 2009

Councillors: Jeff Brooks *(Chairman)* (P), Richard Crumly (P), David Goff (AP), Gordon Lundie (P), David Rendel (P), Laszlo Zverko *(Vice-Chairman)* (P)

Substitutes: David Holtby (SP)

Also present: Councillor Royce Longton, Jo England (Client Financial Services Manager), Steve Broughton (Head of Property), Gary Lugg (Head of Planning and Trading Standards), Caroline Walsh (Special Projects Officer), Simon Freeman (Finance Manager), Stephen Chard (Policy Officer)

PART I

4. APOLOGIES.

Apologies for inability to attend the meeting were received on behalf of Councillor David Goff. Councillor David Holtby substituted for Councillor Goff.

5. MINUTES.

The Minutes of the meeting held on 28 April 2009 and 12 May 2009 were approved as a true and correct record and signed by the Chairman.

6. DECLARATIONS OF INTEREST.

Councillor David Rendel declared an interest for meetings of the Select Committee when health related matters were discussed as his wife was a GP in West Berkshire.

7. TERMS OF REFERENCE.

The Committee considered its Terms of Reference (Agenda Item 4).

The Chairman commented that the change from being a Panel to a Select Committee would afford an increased scope, with the potential to form time limited task groups.

The Chairman then advised that Councillor Royce Longton had been invited to the meeting to observe the debate on the Section 106 item. It was agreed that additional Members could be invited to future meetings when Committee Members saw fit.

The reference to promoting the work of the Select Committee through the local media was mentioned. It was felt that where the work of the Select Committee had led to service improvements, this could generate positive media coverage.

RESOLVED that the Terms of Reference would be noted.

(Councillor Richard Crumly joined the meeting at 6.35pm).

8. CARE HOME PAYMENTS.

The Committee considered a report (Agenda Item 5) concerning care home payments made through the Deferred Payments Scheme Policy.

Jo England introduced the report and made the following points:

- The scheme had been in existence since 2001 and was for individuals who were technically full cost for residential charges, but were either not able to sell their home quickly or did not wish to sell it immediately.
- The Policy followed very closely that set out by Government, with the only change being the upper threshold for a capital asset which was reviewed annually. Currently this threshold was £23k and for clients to take advantage of the scheme they could not have any other income or savings over £23k, other then the value of their home. Those above that threshold were considered a full cost client. Individuals with other income or savings below £23k would need to receive a financial assessment to assess what contribution they could make.
- For those that were within the threshold, the circumstance had not thus far arisen where a decrease in value of property and/or the costs of care had reduced the asset to £23k or below. This was acknowledged as a future risk but there was no Department of Health guidance on how to manage this situation, although benchmarking information and advice was being sought from other areas of the country.
- The loan was interest free and was previously only being utilised for a short period of time. However this situation was changing in the current economic climate and more people were deferring payments for a longer period of time. The number of individuals concerned was previously half a dozen at most but this had increased to 16 at present and could increase further which could impact on staff resources.
- Interest was only charged 56 days after the deferred payments arrangement ended, this was either by sale of the property or the death of the individual, if the debt was not repaid. The current rate of interest was 0.5% for the first 6 months followed by the Bank of England base rate beyond 6 months.
- A legal charge was placed against the property and in most cases the Council was the second charge after a mortgage. In instances of additional charges the Council would follow those as well, although there were no instances of this to date.
- Valuations were supplied by the client, but with the increased uptake more formal valuations were being sought. Currently re-evaluations were only undertaken annually, but with the current market the need for more frequent re-evaluations was being investigated. If only £23k remained of the capital asset on re-evaluation then the debt would be reconciliated at that point.
- If a family member or significant other was still resident in the property at the time of the assessment then the property would be disregarded as a way of making payment. However the home could be rented out and the rental income would then be used to reduce the accrued debt.
- Clients were asked if they had sold or gifted properties to a family member but there had been no cases of this. Advice from Legal Services was that it would be hard to prove if this would be done in order to avoid payment unless it had been done recently.
- The highest accrued debt to date was £60k which had recently been paid off.
- The policy and process was due for review and work on this would commence in July and the draft policy would then go through the Executive cycle.

Members felt that the review of the policy should lead to the inclusion of a flowchart to outline the process, including at what point property should be re-evaluated.

Members requested that the draft policy would be brought to the Select Committee to assist in the policy review work before reaching the Executive and an additional meeting would be arranged if necessary to fit in with the timescales.

RESOLVED that the draft policy would be brought to the Select Committee to assist in the policy review work before reaching the Executive.

9. PROPERTY CONTRACTS AND CONTRACTORS IN SCHOOLS.

The Committee considered a report (Agenda Item 6) concerning the efficiency and effectiveness of Property Services in relation to contracts with and contractors in schools.

Steve Broughton introduced the report and made the following points:

- A review had been undertaken of Property Services and actions put in place to improve and restructure the service.
- The services provided to schools had been in place for some time. Pre Amey West Berkshire there was much in house expertise, that changed as part of the Amey contract but delivery of the service to schools remained with the Property Service.
- Schools had the option of buying back into the service or making their own arrangements. This could still be via contact with Property or through a separate contractor.
- The client of Property Services was in fact the Education Assets Team and not schools directly.
- Concerns of schools were being addressed through meetings of the School Standards and Effectiveness Panel and Education Management Advisory Board (EMAB).

A view was given that the work of Property had been concerning for schools for many years and it was queried whether satisfaction surveys had been undertaken. Steve Broughton advised that satisfaction surveys were used for planned maintenance work undertaken by Kier Facilities Services Ltd (KFS), but there was no regular contact with Education and with schools on satisfaction levels. However the need for greater contact with customers was being looked at as part of the improvement review. Views received to date were generally either positive or negative.

Criticism received was more often related to the work of KFS rather than that of Property and none of the issues discussed at the School Standards and Effectiveness Panel were found to be the fault of Property. Work was undertaken with schools to resolve individual concerns.

Members felt that a more detailed analysis was required on what services were taken up by schools in addition to the detail contained in the appendix.

Members sought greater clarity on the mechanisms in place for adequately recharging schools and for the quality of work done. Steve Broughton explained that the cost of capital maintenance work was covered in full by the Capital Programme, aside from a 20% contribution required from schools for all projects. The recharge for non capital projects was via the money passported to schools through the Direct Schools Grant. Value for money was difficult to assess and benchmarking work would be required to accurately understand this.

The services delivered to schools amounted to approximately 70% or 80% of the total work of Property within Council buildings. Although not all schools wished to buy in at this time as they felt that cheaper alternatives could be sought. Improving the take up from schools was a priority for the Property Service as part of the restructure and offers were being made to discuss arrangements with Headteachers through EMAB etc.

A handy person operated within the corporate buildings and this service was being offered to schools on a trial basis. If there was sufficient interest within schools then additional resources would have to be sought to roll the service out more widely. This was working out as a cheaper option for smaller pieces of work but the handy person would not be able to respond to urgent requirements. The potential remained however for schools to seek a cheaper alternative from local trades people, but Steve Broughton expressed concern that issues such as health and safety would not being addressed as with the Property Service and schools would be putting themselves at risk, i.e. for insurance claims. It was also noted that schools were Council property and needed to be maintained and managed by the Council.

Steve Broughton was asked to return to a future meeting of the Select Committee with details of cost analysis on the delivery of services. The Education Assets Team would also be involved and a Headteacher invited from both a primary and secondary school. In addition a satisfaction survey was requested to be undertaken with schools which would help identify areas for improvement.

Steve Broughton agreed to provide this for the Select Committee meeting in October. A draft copy of the satisfaction survey would be circulated to Committee Members in advance of it being sent to schools for comment. A question suggested was to ask schools not buying into the service the reasons why.

RESOLVED that:

(1) Steve Broughton would attend the Select Committee meeting on 19 October 2009 with the detail requested and with relevant others in attendance.

(2) Steve Broughton would circulate the draft satisfaction survey to Committee Members in advance of it being sent to schools for comment.

10. SECTION 106 PAYMENTS.

The Committee considered a report (Agenda Item 7) detailing where Section 106 (S106) payments had been left unspent.

The Chairman introduced the item by advising Members that this item was placed on the agenda following the concerns raised regarding the accumulation of S106 monies.

Gary Lugg and Caroline Walsh advised that whilst Planning and Trading Standards managed the S106 process, the day to day operation and management of the individual schemes belonged to the respective service area and therefore detailed queries would need to followed up with them.

Members did have some questions of clarity and in response Caroline Walsh and Gary Lugg made the following points:

- The contribution amount was stipulated in the legal agreement. £20m had not been received although was detailed in legal agreements, and a delay to receiving this money could be owing to differing applications for the same site with different purposes and therefore there might be a duplication of some figures. Sites with potentially different purposes could have different amounts of contribution proposed and until confirmed the final figure would be unclear.
- Payment for some of the larger schemes was often paid in instalments which explained, in some cases, why the total contribution amount had not been received.
- £16.5m was the balance of money waiting to be spent in the holding account, as per legal agreements, from a total amount received of £40m.
- The majority of the capital contributions had been spent but approximately £400k still remained which formed part of the Council's Capital Programme.
- The purpose of the contributions was to mitigate against the harm of a development and therefore contributions could not be collected until the development work had commenced and the harm was being felt. It therefore followed that mitigation work could not legally commence until the contribution was received as the level of funding was uncertain until that stage. However a decision could be made as part of the Capital Programme to set aside a sum of money to go towards a project.
- An enhanced database for developer contributions was being tested which would allow for a full audit trail and it was planned that it would link to Agresso. This would enable work to analyse trends from previous years and show accurately the level of spend in each year, which was a difficult task with the current system, particularly when contributions were paid in instalments. Finding this data through Agresso was a possible option which could be explored.

Members then discussed the delays with spending some of the contributions, sometimes only relatively small amounts. Caroline Walsh advised that before August 2005 planning permissions were valid for 5 years and therefore it could be up to 5 years before work commenced, also there were some cases when service units were awaiting further contributions and there were instances where ownership of the land concerned caused a delay. Members felt that a wider picture needed establishing with the appropriate service units to understand the reasons behind delays.

It was clarified for Members that the amount waiting to be spent had reduced by just over £200k from the previous year, and, as well as capital and revenue money, there were instances where money was returned to external bodies.

Money had not been returned where a development was out of time but was more often when a development had not started within 3 years of a developer paying their contributions. However in the majority of cases the external body was not the developer but was in fact Parish/Town Councils, the Health Service, Fire Service etc.

Councillor Rendel requested information on the amount of funding returned to developers.

When contributions were paid to an external body a letter was sent to them outlining the legal agreement and a signed copy was requested back. If the contributions were not used as agreed the money would be claimed back with interest.

The differences year on year in the amounts invoiced was queried and it was advised that this would be higher when large developments within the old local plan came on line. The amount of officer time available had also impacted on the levels of income. However an additional member of staff had been recruited to improve the situation.

A number of invoices remained outstanding and if payment was not received by developers then the usual Council processes, including legal action, would be followed to obtain payment. Since April 2009 around £1.5m in invoices had been raised and a similar amount was waiting to be invoiced.

Although there was a Government initiative to look at ways to forecast S106 budgets there was no known system in the country for doing this. The only way this was worked on in West Berkshire was by considering large strategic sites in the local plan.

It had been noted that the S106 figure contained in the final closedown of accounts, as received by the Governance and Audit Committee, differed to those received by the Select Committee. Simon Freeman advised that this was compiled separately and offered to return with additional information.

(Councillor Richard Crumly left the meeting at 8.00pm).

The suggestion was put forward and agreed by the Select Committee that detailed work would need to be undertaken, using in part the data circulated for the meeting, by a time limited task group to investigate the following, with relevant officers invited:

- Why payments were not being spent and the reasons for delay, including gaining an understanding of when delays were unavoidable.
- The process for the deployment and monitoring of funds.
- Whether the software was fit for purpose.

As stated in the Select Committee Terms of Reference the proposal for this work would need the approval of the Overview and Scrutiny Management Commission before work could commence.

The task group, if agreed as a way forward, would then need to report back to the Select Committee detailing the trends on why payments were delayed, as it would be preferable for funds to be spent as soon as possible to mitigate against the harm of developments.

Gary Lugg advised the Committee that there was a Capital Sub-Group doing a similar piece of work, this group was chaired by the Head of Finance and relevant Portfolio Holders were on the group. The outcome of this work would be reported through the Executive cycle. Stephen Chard was asked to establish the terms of reference of this group to avoid any duplication of effort.

Members queried who could become involved when, for example, a Parish Council received a sum of money and made arrangements for its use. It was suggested that residents from the area and the Ward Member should be involved in these discussions. Gary Lugg reminded Members that use of contributions should only be to mitigate against harm. Members felt that a clear mechanism needed to be produced to tighten up these links including the involvement of service areas. This would be added to the proposal for the task group's work.

RESOLVED that:

(1) Information would be provided to Councillor Rendel on the amount of funding returned to developers.

(2) Simon Freeman would provide additional information on the differences between the figures seen by the Select Committee and at Governance and Audit Committee.

(3) A proposal to set up a time limited task group would be taken to the Overview and Scrutiny Management Commission for approval.

(4) The work to be undertaken by the Capital Sub-Group would be considered when forming the Terms of Reference for the scrutiny review to avoid any unnecessary overlap.

11. 2008/09 REVENUE OUTTURN.

The Committee considered a report (Agenda Item 8) detailing the 2008/09 revenue outturn.

Simon Freeman introduced the item and in particular pointed out the variances shown by Directorate and Service Area in the report between Month 9 and year end as requested at the previous meeting.

Some concern was expressed by Members that year on year there was a change within this timeframe of around £450-£500k and it was suggested that work should be undertaken to improve budget forecasting, particularly at such a late stage in the financial year.

A particular concern raised by Members was the large variance felt within Older Peoples Services and it was suggested that the budget holder for this area be invited to a future Select Committee to discuss the reasons behind these variances, their budget forecasting process and to consider any errors in the budgeting process. This would hopefully help to avoid significant changes to variances towards the end of the next financial year.

Another concern raised within the Community Services Directorate was the variance within Community Care and Wellbeing, which was higher than Older Peoples Services and it was felt that the question should be asked as to why changes of this sort were not known at Month 9, although it was acknowledged that in some cases changes were unavoidable.

Simon Freeman referred Members to the detail behind the budget tables which stated, in some cases, that decisions had been taken to stop spend in certain areas which accounted for some of the variances.

A concern was raised regarding the use, in this financial year, of the risk fund, with £150k allocated for the Home to School Transport budget and £170k for the unaccompanied asylum seeking children budget. Simon Freeman agreed to provide a written response detailing when and why this decision was taken.

RESOLVED that:

(1) The budget holder from Older Peoples Services be invited to the next meeting to discuss the reasons behind variances, their budget forecasting process and to consider any errors in the budgeting process to avoid significant changes to variances towards the end of the next financial year. It

was agreed to extend this to include Community Care and Wellbeing, and Education at future meetings.

(2) Simon Freeman would provide a written response detailing when and why the decision was taken to allocate money from the risk fund.

12. 2008/09 CAPITAL PROGRAMME OUTTURN.

The Committee considered a report (Agenda Item 9) detailing the 2008/09 Capital Programme outturn.

Simon Freeman advised that capital budget holders were being requested to re-examine each project they were responsible for and where necessary reprofile expenditure, particularly where money was being carried forward.

The variance within the Capital Programme was questioned and Simon Freeman explained that this could be down to an underspend of Council resources or S106 monies received but not spent in year. It was requested by Members that detail be included in future reports on capital money actually available to be spent in year and whether monies were reallocated if a project had been completed within budget.

RESOLVED that Simon Freeman would explore whether future reports could contain information on the amount of money actually available to be spent in year and whether monies were reallocated if a project had been completed within budget.

13. WORK PROGRAMME 2009/10.

The Committee considered the Resource Management Select Committee Work Programme (Agenda Item 10).

It was agreed that an additional meeting would be arranged for 22 September 2009 to help to meet the workload of the Committee.

RESOLVED that the Work Programme would be noted.

14. FUTURE MEETING DATES.

The Committee considered the meeting dates proposed for the 2009/10 Municipal Year (Agenda Item 11).

RESOLVED that the meeting dates would be agreed and noted with the additional date included as follows:

Tuesday 22 September 2009, 6.30pm in Committee Room 1

Monday 19 October 2009, 6.30pm in Committee Room 2.

Tuesday 19 January 2010, 6.30pm in Committee Room 1.

Tuesday 27 April 2010, 6.30pm in Committee Room 1.

(The meeting commenced at 6.30pm and closed at 8.45pm)

CHAIRMAN …………………………………………

Date of Signature: …………………………………………