RESOURCE MANAGEMENT SELECT COMMITTEE

MINUTES OF THE MEETING HELD ON 22 SEPTEMBER 2009

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

Also present: Steve Broughton (Head of Property), Amanda Dennis (Asset Strategy Officer), Jo England (Client Financial Services Manager), Jan Evans (Interim Head of Adult Services), Simon Freeman (Finance Manager), Stephen Chard (Policy Officer)

PART I

15. APOLOGIES.

There were no apologies for absence received.

16. MINUTES.

The Minutes of the meeting held on 30 June 2009 were approved as a true and correct record and signed by the Chairman.

17. DECLARATIONS OF INTEREST.

Councillor David Rendel declared an interest in Agenda Item 8, but reported that, as his interest was not personal and prejudicial, he was permitted to take part in the debate and vote on the matter.

18. ACTIONS FROM PREVIOUS MINUTES.

Two meetings had been arranged for the Section 106 Task Group with the first date set for 6 October 2009. Information on the amount of funding returned to developers would be requested for the first meeting.

RESOLVED that Stephen Chard would request information on the amount of funding returned to developers for the first meeting.

19. OFFICE ACCOMMODATION STRATEGY AND ASSET MANAGEMENT PLAN.

The Committee considered the Office Accommodation Strategy and Asset Management Plan (Agenda Item 5).

This was brought to the Committee to discuss, in particular, issues surrounding Council properties and accommodation moves.

Amanda Dennis advised that the Office Accommodation Strategy was produced in 2006 and ran until 2011. It had not been updated. The Asset Management Plan was revised late in 2008/early in 2009 and was reviewed annually.

It was suggested that it would be timely to consider a refresh of the Office Accommodation Strategy (hereafter referred to as the Strategy) and the production of a refresh was agreed. Steve Broughton advised of a recent external audit by KPMG that would contribute towards the Comprehensive Area Assessment. The outcome of this would help facilitate a refresh of the Asset Management Plan that in turn could impact on the Strategy.

It was noted by Members that there was little reference to the implementation of Timelord or to improve home/flexible working. Steve Broughton pointed out that Timelord was brought in at a later stage than the Strategy, but agreed that it would have an impact and therefore needed to be incorporated when a refresh took place.

A question was asked in respect of progress with implementing the Strategy and Amanda Dennis explained that the Strategy was over optimistic in places as there was not enough suitable property, from both a cost and availability viewpoint, to meet the need of one location for all service areas currently located in and around Newbury Town Centre. However progress had been made and a replacement found for Avonbank and Northcroft House, which enabled those lease arrangements to be brought to a close.

The discussion then turned to the asset register and it was queried what progress had been made to consolidate this list. Steve Broughton advised that there was a proposal for a new web based data system for which funding was being sought. This was within the ICT Strategy and would link well with a revision of documents. In the meantime data could be extracted, but the current system was not user friendly and was no longer technically supported (as a new system was being obtained). The Committee felt that the asset register should be a priority.

The timescale for a refresh was then considered. Steve Broughton advised that he would look to refresh the Strategy in line with the Asset Management Plan early in 2010. The Committee requested to be involved in the refresh, ideally at the meeting scheduled for 19 January 2010, in advance of it being taken to the Executive for approval.

The view was given that there was a potential for large savings on accommodation if it was assessed that less office space was needed as a result of Timelord, the refresh should therefore take place as soon as possible.

Simon Freeman advised that £7.5m was invested in the current phase of Timelord.

RESOLVED that:

(1) The Office Accommodation Strategy would be refreshed and brought to the Resource Management Select Committee for its input, ideally at its meeting on 19 January 2010. In advance of this Steve Broughton was asked to provide a schedule for refreshing the Strategy.

(2) The Committee would support the provision of a consolidated asset register which was felt to be a priority. Steve Broughton agreed to discuss this with the Chief Executive at the earliest opportunity.

20. CARE HOME PAYMENTS.

The Committee considered a report (Agenda Item 6) concerning the draft Deferred Payments Scheme Policy for care home payments.

This item was in follow up to discussion at the previous meeting when the officer, Jo England, was asked to bring a reviewed policy to the Committee before it went through the Executive process.

Jo England advised that since the meeting in June agreement had been reached with Finance to transfer 0.5FTE to the Welfare Benefits Team to employ a Debt Recovery Assistant, recruitment of this post had been agreed. The post holder would monitor deferred payments (currently related to 13 clients), but they would also be responsible for debt recovery on residential payments (which currently related to around 50 clients). Jan Evans added that the post holder would also conduct work to prevent financial abuse of the system as part of the Council's safeguarding duty. The recruitment of this post was supported by the Committee.

Jo England then provided an update on the level of debt in comparison to the position in June. The number of individuals on deferred payments had reduced from 16 to 13 and the current amount accrued was £186k. Most of the arrangements were short term, although £122k of the debt related to 4 individuals. These individuals had the right to continue the arrangement, this only changed when the remaining equity in the property was not sufficient to meet the debt.

A concern was raised by a Member as to what would happen in the event of a property being sold for less than its value, i.e. to a family member. Jo England advised that property owners were free to sell their home as they wished, but if it was sold for a value below the level of debt then the sale would be obstructed as the charge was placed against the property. The largest accrual was £60k.

Discussion then turned to property valuations. Jo England advised that the lowest property value of those involved in the scheme was £120k, but there was no mortgage outstanding. It was queried whether the cost of selling the home should be taken into account, i.e. legal charges, and Jo England agreed to include reference to these costs.

There was no budget for property valuations and Jo England advised that a decision was needed on when best to conduct valuations, i.e. through identifying a capital trigger point. A set timescale of every 2 years would not necessarily be sufficient as it was rare that someone remained within the scheme for that length of time.

The option of the Council's Property Service conducting valuations free of charge was discussed. Jo England advised that Property were able to conduct valuations in most instances, other than when there was a technical issue. Therefore Jo England agreed that it would be added to the policy that valuations would first be sought from the Property Service.

The accuracy of these valuations was then queried and Jo England advised that they need not be completely accurate in the first instance and would not need to be closely considered until the level debt was becoming closer to the estimated value of the property. An IT system was in place that monitored the debt accruing per valuation.

Some questions of clarity then followed from Committee Members and Jo England responded to these as follows:

- If any of the individuals currently in the scheme were to continue for another year then, depending on the care home, their debt could increase by up to £30k.
- Financial assessments were undertaken on clients and in most cases the income of a client contributed to costs, and therefore reduced the amount of debt accruing. On average this was £100 per week.
- In the instance where only one half of a married couple was living in a care home the property was disregarded as the scheme was only available if a husband and wife were both living in a care home. This was based on Department of Health regulations. There were approximately 10-12 instances of a married couple taking part in the scheme.

Members sought further clarity on the rate of interest charged, which was one of the few areas where the Council had discretion. Jo England confirmed that the loan was interest free and interest would not be charged until 56 days after the deferred payment arrangement ended. At that time there was a charge of 0.5% for the first six months followed by the Bank of England base rate beyond six months. This was a policy decision taken approximately 4 years ago.

It was queried whether these charges covered the interest the Council was being charged for borrowing. Simon Freeman advised that although it varied the Council was charged interest at between 1-1.5% above the Bank of England base rate for short term loans of less than a year.

There was a view among Members that the interest charged should be carefully considered as part of the policy review to ensure that there was no detrimental effect on the Council's overall budget, and as a result residents did not lose out. This could not be altered for those currently in the scheme as the interest rate for these cases was confirmed by a legal agreement. Simon Freeman advised that based on previous years the interest charges paid by the Council varied and were therefore difficult to predict. As a result it was suggested that it was best to review the interest being charged on an annual basis.

RESOLVED that:

(1) Jo England would include reference in the Policy to the cost of selling a property, i.e. legal charges.

(2) Jo England would add to the policy that valuations would first be requested from the Property Service.

(3) Jo England would take on board the Committee's request that the interest rate charged should be carefully considered as part of the policy review.

21. ADULT SOCIAL CARE BUDGET MONITORING.

The Committee considered a report (Agenda Item 7) concerning budget monitoring in Adult Social Care.

This item was originally placed on the agenda to review the outturn from 2008/09 following concerns raised by Members at the last meeting on the changing variance. In addition to this Members were eager to look at the current issues affecting the budget in 2009/10 and this would be covered under Agenda Item 8.

Jan Evans described the processes undertaken in 2008/09 and made the following points in explaining the factors which primarily led to the budget overspend:

- Savings plans were in place, but not all were achieved and those that were achieved led to a negative impact on other parts of the budget.
- The demand on residential and nursing home care was underestimated. Council policy was to seek to support as many older people as possible so that they could continue to live at home. In addition keeping older people in their own homes for longer often led to individuals becoming very frail, often requiring 2 carers per visit and should they be admitted to hospital they were often not able to return home and had to be admitted into a care home.
- It was hoped that the use of agency staff could be reduced, however this was not achieved and agency costs proved to be high, but necessary, in order to cover staff rotas within Council care homes. There was also additional agency spend to cover long term sickness within the care management team. There were savings targets in this financial year to reduce spend on agency staff in the

care homes and the care management teams were not able to use agency staff except in exceptional circumstances.

The accuracy of budget forecasting was then questioned by Members, a particular concern was the change between month 9 and the outturn position. Jan Evans explained that there was a variation of approximately £250k between month 9 and year end, but this was across an overall budget of £20m for Older People's Services and was due to the volatility and unpredictability in activity within the large commissioning budgets.

The large investment in reablement as part of the Transformation Programme was raised and it was queried what impact this had on budgets. Jan Evans advised that in 2008/09 there had been no additional investment in the Council's home care service except in a reablement training programme for staff. For 2009/10 there was £350k of efficiencies to be achieved from reablement from the in house home care service as part of the £1.2m Medium Term Financial Strategy efficiency target for Community Services.

Jan Evans then described the tools in place for estimating the number of older people, which were used to estimate the number of care packages required. The demographic profile showed an 8% increase in the number of over 85s in the population. There was also a robust performance framework which currently showed there were 818 older people receiving domiciliary care, but this fluctuated daily. ONS (Office for National Statistics) data was also being utilised to establish trends.

The loss of a grant was questioned by Members. Jan Evans explained that this was an Area Based Grant which could not be rolled over as was previously the case as constraints were tightened, this led to a loss of £30k - £40k.

During the budget build process it was asked whether an attempt was made to reduce the budget and hope that pressures did not materialise. In response Jan Evans confirmed that this was not the case as it was Council policy to meet demand and there had been significant investment in Older People's Services for 2009/10.

Work was recently undertaken to assess the funding required from month 5 to year end and for 2010/11 which would shortly be presented. However this process was undertaken a year ago for this financial year and many unexpected pressures had subsequently emerged.

RESOLVED that the information received in respect of the 2008/09 budget be noted.

22. 2009/10 MONTH 4 REVENUE BUDGET MONITORING REPORT.

(Councillor David Rendel declared a personal interest in Agenda item 8 by virtue of the fact that his wife was a GP in West Berkshire. As his interest was personal and not prejudicial he was permitted to take part in the debate and vote on the matter).

The Committee considered a report (Agenda Item 8) concerning the month 4 revenue budget monitoring.

The Committee began by considering issues for adult social care in this year, in continuation of the previous item.

Older People's Services had forecasted an overspend of £509k for 2009/10. However three additional and unexpected pressures had materialised and Jan Evans described these as follows:

- Notice of closure had been received from Sovereign Housing on Trafalgar Court, a Sovereign run care home in Theale which currently housed 34 residents. There was very little additional capacity to relocate these residents near to the same area. This would therefore need to be covered by purchasing expensive care home provision, with 22 of the 34 residents currently funded by the Council.
- Last autumn a block contract was awarded to a domiciliary care provider which linked to the reablement process, but there were issues of care quality and the contract was terminated. However they were a lower cost agency and savings were planned as a result of the contract, but its failure meant that these plans were jeopardised as more expensive care was being brought in as a replacement.
- Demographic demand had been higher than expected, primarily due to the complexity of need of the very frail older people that the Council supported.
- 30 service users with learning disabilities funded by the National Health Service (NHS), some in specialist care homes with a cost in excess of £100k per person, per year have this year been reviewed by the NHS in line with their Continuing Care Framework and many service users were found to be no longer eligible for NHS funding as their needs were not sufficiently complex. This was a national tool used to make decisions based on an assessment by NHS and Social Care staff. This had brought a considerable budget pressure to the Council. However some decisions were being disputed in conjunction with Reading Borough Council who were facing the same issue.

Members were interested to discover whether an appeal could be made and where on decisions made by the NHS. Jan Evans described the actions being taken to try and reach a resolution. A Care Manager was giving dedicated time to producing evidence to show that the needs of some individuals did meet the criteria for NHS funding. In addition Nick Carter, Chief Executive and Teresa Bell, Corporate Director for Community Services were meeting with the Chief Executive of the PCT to seek to reach an agreement to reconsider some cases for NHS funding. They were also going to explore ways to manage the budgetary deficit for those cases needing to be funded from elsewhere within the health and social care economy.

It was then queried whether the low level of expenditure in the Corporate Director for Community Services budget was used to offset pressures elsewhere in the Directorate. It was agreed that this question needed to be asked of the Corporate Director and it was suggested that she be invited to a future meeting.

The increase to the projected overspend between month 3 and 4 was referred to, which was particularly high for Older People's Services from £73k to £508k. Jan Evans advised that much of this was due to the loss of Trafalgar Court and the termination of the contract with the external domiciliary care provider, although this only amounted to approximately £186k of the increase. Jan Evans offered to provide a detailed response on the additional reasons for the increased overspend between months 3 and 4. The impact of the PCT budget pressure for learning disability clients was felt in the Community Care and Well Being budget.

Members then queried whether a loss of income was a contributing factor. Jan Evans advised that there had been some reduction in income for the in house home care service, as in the transition from a generic to specialist reablement service there had been a reduction in activity and thus income. This loss of income was not adjusted in the 2009/10 budget build and during this period of training agency staff had to be called upon which increased the budget pressure. This transition period ended in July 2009. In addition work previously undertaken for the NHS had reduced, leading to another drop in activity and therefore a further deficit in income. However it was anticipated that activity and income would soon increase.

It was agreed by the Committee that this was a useful exercise but further work was required. Teresa Bell and Jan Evans would be invited to an additional meeting in late November when the month 6 position could be viewed across the Community Services Directorate. This would include actions being put in place to remedy the situation.

Members queried whether these budget pressures were in the Risk Management Strategy. Jan Evans confirmed that it was in the Directorate wide risk register but would check whether it was included in the strategic risk register.

Discussion then turned to other areas of the budget. There was concern regarding the overspend within the Environment Directorate, in particular the income from development and building control being approximately £260k below budget and parking income being £150k below target. The loss of income in development and building control was mostly as a result of fewer major planning applications and more minor ones, but not an overall reduction in the number of applications. It was agreed that John Ashworth, Corporate Director (Environment), would be invited to the November meeting along with relevant officers.

Simon Freeman advised that levies and interest were on budget, although the expected budget had been reduced to take into account interest earned and paid which was predicted at between 1-1.5% above the base rate.

Loan arrangements from the time of Berkshire County Council were referred to. Simon Freeman explained that these mostly related to capital investment and there was a fixed rate of interest for these loans which could not be revised. A review of loan arrangements was being considered and this would include looking at the penalties of rescheduling long term debt in the future.

The £40k overspend in Legal and Electoral was linked to a reduction in income from land charges. This was not related to charges for planning appeals, which were met by the Planning service. However, Legal would charge service areas for work undertaken.

19% of savings were not expected to be achieved within year and 41% were reported as amber. Despite this the forecast for the year only showed a small overspend, it was therefore queried why at present there was an overspend of over £800k. Simon Freeman explained that much of the budget forecasting was based on previous trends and at month 4 the trend had generally shown a higher cost in previous years, although this was not always the case. It was then questioned whether improvements could be made to the process to include this forecast to make for a more accurate budget position at this stage in the year. Simon Freeman advised that as this was only based on a trend the budget could not reflect this. A corporate view had been taken by Corporate Board to look into other areas for potential savings.

Councillor Lundie suggested that it would be useful to hold a discussion around improved forecasting at the Transformation Efficiency Board, which would assist with work around the Medium Term Financial Strategy.

Members then referred to the budget monitoring process and asked why the forecast was so changeable throughout the year. Simon Freeman responded by advising that this was often to cover unexpected pressures which might materialise, without this a reduced budget could, in some instances, be reported. A Member suggested that a tighter process could improve the situation both with managing budget pressures and savings.

Finally the point was made that the budget at this stage of the year was in a more difficult position to that of a year ago.

RESOLVED that:

(1) Jan Evans would provide a detailed response to explain the reasons behind the large increase to the projected overspend between month 3 and month 4 for Older People's Services.

(2) Teresa Bell and Jan Evans would be invited to an additional meeting in late November when the month 6 position could be viewed across the Community Services Directorate.

(3) Jan Evans would check whether the adult social care budget pressures were included in the strategic risk register.

(4) John Ashworth would be invited to the November meeting along with relevant officers from the Environment Directorate.

23. 2009/10 MONTH 4 CAPITAL PROGRAMME MONITORING REPORT.

The Committee considered a report (Agenda Item 9) concerning the month 4 capital programme monitoring.

As at July 2009, 23% of the approved capital budget had been spent and much of the budget had been committed.

The budget remaining to be committed in Housing & Performance was queried. Simon Freeman advised that much of this related to the Disabled Facilities Grant, this was a government grant and an additional £800k was invested by the Council per annum. Awards had been made from this grant but the actual payments were often not made for a period of up to 12 months. Members discussed the need for greater urgency with the use of these awards and it was agreed that the budget holder would be invited to the next meeting to discuss making the most efficient use of the grant.

An increase in spend was expected in the Education budget over the school summer holidays.

RESOLVED that the budget holder for the Disabled Facilities Grant would be invited to the next meeting to discuss making the most efficient use of the grant.

24. WORK PROGRAMME 2009/10.

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

RESOLVED that an additional meeting would be arranged for Tuesday 24 November 2009 to allow for discussions on the overspend within the Environment and Community Services Directorate budgets.

25. FUTURE MEETING DATES.

RESOLVED that the meeting dates would be noted as follows:

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

Tuesday 24 November 2009 at 6.30pm in the Chief Executive's office.

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

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

(The meeting commenced at 6.30pm and closed at 8.37pm)

CHAIRMAN ……………………………………………

Date of Signature: ……………………………………………