

## **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**

**24 NOVEMBER 2009**

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

**Also present:** Councillor Joe Mooney (Portfolio Holder - Community Care), Teresa Bell (Corporate Director – Community Services), Jan Evans (Interim Head of Adult Services), John Ashworth (Corporate Director – Environment), Simon Freeman (Finance Manager), Stephen Chard (Policy Officer)

### **PART I**

#### **35. APOLOGIES.**

An apology for inability to attend the meeting was received on behalf of Councillor Laszlo Zverko.

#### **36. MINUTES.**

The Minutes of the meeting held on 19 October 2009 were approved as a true and correct record and signed by the Chairman.

#### **37. DECLARATIONS OF INTEREST.**

There were no declarations of interest received.

#### **38. ACTIONS FROM PREVIOUS MINUTES.**

The Committee considered actions from the previous minutes (Agenda Item 4).

It was noted that the item in respect of Property contracts and contractors in schools would return to the meeting scheduled for 27 April 2010.

#### **39. COMMUNITY SERVICES BUDGET MONITORING.**

The Committee considered a report (Agenda Item 5) concerning budget monitoring in the Community Services Directorate and discussed the three main factors causing the overspend.

##### **1. Demographic growth**

Teresa Bell advised that:

- The demographic demand on Older Peoples Services was greater than predicted. More people were in the system than a year ago and this was also a different trend to previous years. Trends were being investigated across the south east. A key factor in this was a reduction in the number of deaths of older people by an average of 10 per month compared to a year ago. Jan Evans agreed to provide a graph with background information to illustrate this issue.
- A certain number of older people were expected to come into the system based on the experience of previous years. There were currently 2,000 older people receiving care of some form out of 20,000 older people across the District.

## **DRAFT**

- The point was made that a number of these older people who remained in the system were either in a residential or nursing home, which was of course the most expensive care for this client group.
- National statistics showed a greater increase of older people in the south east and West Berkshire had one of the highest increases in the south east. A piece of national work had pointed to a peak number of older people between 2009 and 2014, this was a result of the post first world war baby boom and longer life expectancy. The point was made that the needs of many older people became more and more complex as they aged.
- There were fewer self funding clients and this was partly due to the current economic climate and because as people became older their income reduced significantly. The circumstances of clients were reassessed annually by Benefits Officers to confirm their income and assets, this included viewing bank statements. Clients could be challenged on their ability to self fund if evidence suggested that they were in a position to do so.
- Jan Evans felt this was a robust system, but went on to say that thus far the Council had not progressed a claim against a client, when, for example, an asset had been disposed of by signing it over to a relative, as this was difficult to challenge and was a sensitive issue to approach. This was the case in other local authorities across the country and Government regulations did not offer any further clarity on the issue. Members noted that this was a sensitive issue but there was a concern that any instances of this nature could disadvantage others. Jan Evans was confident that the work of the Client Financial Services Team was closely monitoring such issues and clients were not being disadvantaged.

Councillor Mooney advised that there had been yearly increases in the budget for Community Care. The budget build for this financial year had increased community care budgets by £3m, a rise of 10.47%. The budget had increased from £15.9m in 2002/03 to £33.4m in this financial year. Teresa Bell agreed with Members that investment of this sort could not be continued and the work on the System Transformation Programme was intended to reduce costs.

However there was an increasing number of over 85 year olds coming into the system who had complex needs and required expensive care packages. There was awareness of those clients already in receipt of services and the number of new clients could be estimated, but this growth had increased beyond the predicted model. The model was partly produced by using ONS figures which had since changed to show a sudden growth between 2009-2014. As a result the formula for estimating service users had been adjusted.

Deviations, no matter how small, in respect of over 85's coming into the system would impact on budgets. An example of the issue was given in relation to relocating previous residents of Trafalgar Court. More than half of the residents were too frail to continue in residential care and required more expensive nursing home care. This care was provided by two carers, so there were two members of staff to pay but the individual was not charged for the second carer. Councillor Joe Mooney advised that this could be reconsidered.

It was noted that approximately 30% of older people were assessed as not being required to pay anything for their care.

## **DRAFT**

Teresa Bell advised that work was ongoing with Accountancy to work on future budget projections based on the latest statistics. It was hoped that this work would be completed by mid December and was agreed to be brought to the next Select Committee meeting in January.

### **2. Closure of Trafalgar Court**

Teresa Bell advised that:

- This was a Sovereign Housing run care home and improvements to the quality of the care provision provided was being negotiated.
- It was anticipated that Sovereign would pull out of the contract but the short notice period of only three months was unexpected. As a result alternative care home places had to be found, as already mentioned, and a BUPA run care home was being used. Despite negotiations to bring the cost down this amounted to a 100% cost increase.

Councillor Mooney gave further background to this issue. Many meetings had been held with Sovereign and they had initially indicated that they would be looking to close in 2010, but would improve standards for residents in the meantime. However this was changed to only three months notice and despite meetings being held to try and negotiate the issue it was to no avail.

The BUPA care home was therefore being used but Councillor Mooney advised Members that beds were not block purchased and therefore the cost pressure of using this home would reduce over time as clients died and use of the beds ceased. BUPA had been approached to see if they were willing to enter into a partnership arrangement with the Council in respect of Thatcham Court, but this was unsuccessful.

It was queried whether improvements were being made to standard contracts and whether negotiations were taking place in relation to existing contracts to avoid the situation with Trafalgar Court. Jan Evans advised that contracts would be revisited to seek to negotiate notice periods of 12 months. This activity was supported by the Select Committee.

Councillor Mooney advised that Trafalgar Court provided a service that was not easily available elsewhere locally within an affordable price. However it was hoped that capacity could be increased by the potential opening of Waring House in 2010 which would provide 70 beds, the planning application was due to be considered for this site early in 2010. The Council was also a partner in the Birchwood Care Home which provided 60 beds, some of which were held by the Council as part of a block contract. The Riverview Care Home in Reading was also referred to which had 120 beds.

It was mentioned that Thatcham Town Council had raised some issues in respect of the Waring House planning application and Members were concerned as to what would happen if the application was not approved. Teresa Bell advised that this was noted within the risk register and acknowledged that there was an ambitious timescale to meet once approval was hopefully granted.

Teresa Bell advised Members that detailed discussions had been held with the major care home providers in the area to investigate bringing costs down and a graph showing the changes made would be provided. However the prices being charged by the major care home providers would need to be paid as the Council

## **DRAFT**

had a duty of care to its residents, regardless of whether or not costs could be negotiated.

### **3. Funding pressure from NHS for learning disability clients**

Teresa Bell advised that:

- The Primary Care Trust (PCT) had employed a specialist learning disability continuing care nurse to carry out an assessment of learning disability clients to assess whether they were still eligible for NHS funding. As a result a number of these clients were assessed to be no longer eligible and the cost was transferred to Council budgets within the financial year. This was felt to be unreasonable.
- The PCT was being challenged over the assessments made and discussions were ongoing with regard to the expectation that the Council would take on these costs, particularly in year. These negotiations had led to the PCT agreeing to cover the costs for 2009/10 when these amounted to over £250k. This saving would reduce the £957k overspend shown in the month 6 budget report.
- However this agreement had thus far only been reached for the 2009/10 financial year and if the full budget pressure fell to the Council in 2010/11 there was a potential budget pressure of £800k.

Councillor Mooney voiced his disappointment that the PCT, a partner of the Council, chose to take this action in year and did not give the Council any prior warning. This meant that the pressure was unknown at the time of budget build and the number anticipated in continuing care was much lower than the reality. However it was noted that the PCT was not an official consultee on the Council's budget and this would be amended in future years.

Teresa Bell advised that this issue was being felt nationally as health service budgets reduced.

Members made the point that putting pressure in one part of the system could lead to pressures elsewhere, potentially back to the PCT.

Jan Evans described in more detail the ongoing work to challenge the assessments made by the PCT. The Learning Disability Care Manager was in the process of reviewing the cases where funding had been transferred to the Council. This took time as cases were very complicated, but four had been completed and detailed evidence had been presented to the PCT suggesting that the clients were in fact eligible for NHS funding. Teresa Bell advised that this needed the consideration of an appropriate panel and work was needed to improve the panel operating in West Berkshire before this could be resolved. It was hoped that work on assessments and on improving the panel would be well advanced by the beginning of the new financial year.

*(Councillor Gordon Lundie left the meeting at 7.30pm).*

Members then turned to the information provided in the report to explain the variance to the projected overspend between month 3 and 4.

The issues raised by missed or incorrect budget reports were discussed. Simon Freeman advised that budget reporting had improved overall and Jan Evans added that reports were not missed frequently and was confident that reports had not been

missed elsewhere. The importance of this had been made clear with managers. Jan Evans was also closely managing budgets and budget reporting.

Teresa Bell advised that an interim Group Accountant was in place for Community Services but this post was vacant at the time concerned. Jan Evans added that extra checks were not carried out within her service owing to staff leave.

Members were concerned that issues were not picked up at the time and that in the absence of a Group Accountant someone else should take the responsibility. Simon Freeman advised that this was the role of the Team Leaders but added that Community Services budgets were complex and recruitment to the Group Accountant role was difficult because of this. This was an issue across the south east. Simon Freeman went on to say that Team Leaders worked closely with their Group Accountants to enable them to provide cover in their absence and Team Leaders would be looked to as potential successors.

Simon Freeman advised that there was an opportunity to make amendments following submission of budget reports and before the full report was produced. When a report was missed the figure from the previous month would be repeated, there was also the opportunity for budget holders to add comments. The Select Committee agreed to recommend to the Executive that there should be an alert process as part of budget reporting to avoid instances where reports were missed, at the very least requesting that a statement be made by the budget holder or a deputy, if needed, in their absence. This would also help to avoid errors in reporting.

The Select Committee suggested that the effect on service provision needed to be considered alongside measures to reduce the budget overspend.

**RESOLVED that:**

- (1) Jan Evans would provide a graph with background information to illustrate the issue of more older people remaining in the system.
- (2) An update on budget work across the Directorate, with particular attention paid to demographics and work on budget projections, would return to the January meeting when further discussion would be undertaken to continue to help inform the budget for 2010/11 and beyond.
- (3) The Select Committee was in support of work to renegotiate contracts.
- (4) Teresa Bell would provide a graph showing the pricing changes made as a result of discussions with major care home providers.
- (5) The Select Committee would recommend to the Overview and Scrutiny Management Commission that there should be an alert process as part of budget reporting to avoid instances where reports were missed, at the very least requesting that a statement be made by the budget holder or a deputy, if needed, in their absence. This would also help to avoid errors in reporting.

**40. ENVIRONMENT BUDGET MONITORING.**

The Committee considered a report (Agenda Item 6) concerning budget monitoring in the Environment Directorate.

John Ashworth talked to the Environment Directorate position reported at month 6 and gave updated figures for month 7:

- The Corporate Director budget was £10k underspent at month 7.

- The underspend in the Countryside and Environment budget had reduced to £19k at month 7.
- The overspend in Planning had reduced significantly from £201k at month 6 to £106k at month 7. This was as a result of increased income, particularly from some unexpected major applications. However income was still down and the future position was difficult to predict.
- Overall the number of planning applications had not reduced but many were smaller. John Ashworth advised that systems were well advanced to reduce time taken to deal with smaller applications with plans stored electronically and submission via the web an option.
- There was a shortfall in parking income within Highways and Transport, but this was offset by a lower than expected take up of concessionary fares, this currently amounted to £100k but could rise to £200k. Simon Freeman advised Members that £100k remained in the travel token fund.
- The parking enforcement model was based on 2007 numbers (pre recession) and the year end forecast was approximately £90k below budget. The model was being revised to fit the budget for 2010/11. However increased income from Christmas parking could vastly improve the situation.

Further detail was requested by Members on the underspend on concessionary fares compared to the situation a year ago. John Ashworth agreed to provide the full detail in writing. It was also suggested that Mike Trevallion be invited to the next meeting to answer the questions of Members on this issue. Stephen Chard pointed out that a proposal for the Stronger Communities Select Committee to conduct a review into the use and accessibility of public transport was to be considered by the Overview and Scrutiny Management Commission at its meeting on 1 December 2009. Management Commission Members agreed to consider whether the work proposed for the Stronger Communities Select Committee would cover the issues raised this evening, before taking a decision on further action for this Select Committee.

John Ashworth felt that a realistic target was to bring the £165k overspend forecasted at month 6 down to £100k by year end and would make every attempt to reduce further, but the potential costs of winter maintenance were an issue.

The limited service reductions referred to in the report were queried. John Ashworth advised that some budgets had been reduced, partly by keeping some posts vacant and these reductions were contributing some small savings. It was hoped that service reductions as a result would be kept to a minimum.

**RESOLVED that:**

- (1) John Ashworth would provide full figures and detail on the reasons behind the underspend within concessionary fares.
- (2) Further work of the Select Committee in relation to concessionary fares would be considered after the proposed work of the Stronger Communities Select Committee was agreed.

**41. 2009/10 MONTH 6 REVENUE BUDGET MONITORING REPORT.**

The Committee considered a report (Agenda Item 7) concerning the month 6 revenue budget monitoring.

**RESOLVED that:**

- (1) Nick Carter would be invited to the January meeting to discuss the Chief Executive Directorate budget.
- (2) Margaret Goldie would be invited to the April meeting to discuss the Children and Young People Directorate budget.

**42. 2009/10 MONTH 6 CAPITAL PROGRAMME MONITORING REPORT.**

The Committee considered a report (Agenda Item 8) concerning the month 6 capital programme monitoring.

It was noted that only 20% of the budget remained to be committed. Simon Freeman added that at month 6, 42% of the budget had been spent compared to 27% at the same stage a year ago.

Simon Freeman went on to say that the St Bartholomew's School project accounted for a third of the overall programme and spend on this project helped to achieve the healthy budget picture. Although generally speaking services were managing their projects well.

Members queried whether the interest gained from funds paid in advance for the St Bartholomew's project were being utilised and Simon Freeman advised that the interest was actually being used to front fund some areas of the project until the sale of some land went through. Simon Freeman was asked to provide the Select Committee with additional information on the land sale and the potential problems that could arise if the sale did not go through.

The £1.5m of funding remaining to be committed within Housing and Performance was referred to. Simon Freeman agreed to ask June Graves to provide additional information in the next budget report coming to the Select Committee to explain the reasons behind this, including a breakdown of funding to show what was attributed to the Disabled Facilities Grant and to temporary accommodation projects.

The issue of Scottish and Southern Energy (SSE) pole storage was raised and continuing delays queried. Simon Freeman informed Members that officers were working to resolve issues but believed that SSE were not willing to accept the alternatives being offered. It was agreed that David Appleton would be asked to provide an update on the situation and actions being considered. The Select Committee would then consider whether SSE should be invited to attend a future meeting to discuss delays and their impact on the project.

The remaining commitment in Highways and Transport of nearly £4m was referred to. Simon Freeman again offered to request a more detailed narrative from the service area in future reports.

It was noted that 50% of the ditching problems identified for resolution in 2009/10 had been completed. Members requested an update on progress with ditching problems that remained outstanding.

**RESOLVED that:**

- (1) Simon Freeman would provide additional information on the land sale and the potential problems that could arise if the sale did not go through in respect of the St Bartholomew's project.
- (2) Simon Freeman would ask June Graves to provide additional information in the next budget report coming to the Select Committee to explain the

reasons behind the budget remaining to be committed in Housing and Performance.

- (3) David Appleton would be asked to provide an update on the situation in respect of pole storage and actions being considered.
- (4) Simon Freeman would request a more detailed narrative from Highways and Transport in the next budget report coming to the Select Committee on the budget remaining to be committed.
- (5) An update would be requested on progress with ditching problems that remained outstanding in 2009/10.

**43. WORK PROGRAMME 2009/10.**

The Committee considered the Resource Management Select Committee Work Programme (Agenda Item 9).

As a result of discussions the following items were added to the work programme:

- Community Services Directorate budget update (January)
- Chief Executive Directorate budget (January)
- Children and Young People Directorate budget (April)

**RESOLVED that** these items would be added to the work programme.

*(The meeting commenced at 6.30pm and closed at 8.30pm)*

**CHAIRMAN** .....

**Date of Signature:** .....