

DRAFT

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RESOURCE MANAGEMENT SELECT COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY, 25 JANUARY 2011

Councillors Present: Jeff Beck (Substitute) (In place of Richard Crumly), Jeff Brooks (Chairman), Dave Goff, David Rendel, Laszlo Zverko (Vice-Chairman)

Also Present: Jan Evans (Head of Adult Social Care), Andy Walker (Head of Finance), Stephen Chard (Policy Officer)

Apologies for inability to attend the meeting: Councillor Richard Crumly and Councillor David Holtby

PART I

42. Minutes

The Minutes of the meeting held on 14 December 2010 were approved as a true and correct record and signed by the Chairman.

43. Declarations of Interest

Councillors David Rendel and Jeff Beck declared an interest in Agenda Item 5, but reported that, as their interest was personal and not prejudicial, they determined to remain to take part in the debate and vote on the matter.

44. Actions from previous Minutes

The Committee considered a report providing the information requested at the previous meeting (Agenda Item 4).

Policy and Communication Budget

Information was provided as requested at the last meeting, when concerns were raised that Policy and Communication were delivering budget underspends year on year. It was noted that the majority of savings consistently came from freezing posts, with examples provided for four posts in 2010/11. These posts had been deleted with effect from 1 April 2011.

A view was given that as the decision to freeze posts was taken early in the year then perhaps not all the posts were necessary. A concern was added that this was inflating the budget unnecessarily with a view to using savings to offset overspends elsewhere.

(Councillor David Goff joined the meeting at 6.35pm).

The post of Economic Development Officer had been filled on a secondment since June/July 2010 to the end of the financial year. There was some concern expressed that this post would not be continuing, particularly in the current economic climate. Further information was requested on the saving delivered from this post as it was only frozen in the first quarter and whether a saving had been made from the seconded member of staff's substantive post.

Andy Walker assured Members that there was a business case for each of these posts and there was no unnecessary budgeting. This would continue to be the case for future budget discussions.

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It was suggested that the post of Civil Contingency Officer became less of a need when relevant plans and policies had been produced.

Legal and Electoral Service Budget

This had been added to the work programme for discussion at a future meeting.

Corporate Property Asset Management Plan (AMP)

The valuations of properties listed in the Asset Register were based on existing use and not open market value. Andy Walker explained that this was not an issue when/if the Council sought to borrow money as this would not be done against existing assets.

It was believed that a property holding needed to be of a certain value for it to be considered. It was agreed that this amount would be requested.

The potential for the timings of condition surveys and valuations to be linked was being considered.

It had been advised that further detail on disposals could be provided on request, but had not been included in the AMP. Members felt that detail should be included in the AMP for properties where disposal was under consideration. It was agreed that this view would be communicated to the Head of Property and Public Protection and Portfolio Holder for Property.

An update was requested on whether the Asset Register could be appended to the AMP.

The potential to remortgage properties/release equity was queried last time and Andy Walker advised that there were no restrictions to enter into such an arrangement. There would however need to be reasons for doing so and, while all financing streams were explored, this was not seen as the best financial option available. It was the Council's policy to acquire properties freehold as this was felt to strengthen the balance sheet and making mortgage rather than rental payments was seen as preferable.

Releasing capital in this way was not felt to be necessary for the Council as the Public Works Loan Board saw local authorities as a secure third party to loan money to.

Property Contracts and Contractors in Schools

The Committee noted that the need for the potential issue of a school building being allowed to fall into disrepair being added to the Risk Register was being progressed.

Q2 Financial Performance Report

The Q2 report was received by the Committee at the last meeting prior to Executive as an exception and it was queried whether it would still be approved by the Executive. Andy Walker advised that he had discussed this point with the Portfolio Holder and the Chief Executive and it was not felt necessary to take the Q2 report to the Executive. The Q3 report was due to be discussed at the March meeting of the Executive.

It was pointed out that a benefit of the Committee discussing the Q2 report could have been the potential for comments to be forwarded to the Executive for when they discussed the report. Andy Walker agreed to forward comments made by the Committee to the Executive when Q3 was discussed.

Andy Walker advised that guidance had been received with regard to the capitalisation of highways revenue expenditure and detail on the outcome of this would be clearer in the Q3 report. Andy Walker added that he would also discuss this with the Portfolio Holder and Shadow Portfolio Holder.

Car Park Budgets

Members raised a number of points/questions in relation to the information provided on car park budgets. These were as follows:

- The cost increase between 2008/09 and 2009/10 was expected due to the employment of Civil Enforcement Officers, but the additional income generated as a result was not sufficient to increase the net surplus to the required level. An increase in income was also expected from the raised tariff, but this was given as a potential reason for the forecasted income failing to materialise.
- Comparison with previous years was difficult to analyse due to the number of variables and it was suggested that this could be aided by a more detailed breakdown of income and expenditure to help identify budget trends.
- Another reason for the forecast income not materialising was given as the closure of some Newbury Town Centre car parks and it was felt that an understanding of the number of car parking spaces available over recent years would help with analysis. The impact of the recession was noted as a further reason for the shortfall.
- Questions were also asked as to how the budget was actually decided. The level of income was expected to rise between 2009/10 and 2010/11, but the tariff was unchanged and the same number of tickets were expected to be sold. It was also pointed out that the percentage increase in the expected budget in recent years did not appear to be in line with the increased charges which had a higher percentage increase. A view was given that this was poor value for money.
- Whether the current charges would be retained in 2011/12. However any increase could reduce ticket sales as already indicated.

It was agreed that the Head of Highways and Transport would be asked to provide further detail on the above points in advance of the next meeting to allow Members the opportunity to request more information if required. This information would then be discussed in detail at the next meeting with the Head of Service invited to attend.

RESOLVED that:

- (1) Further information would be requested on the savings found in Policy and Communication as a result of freezing the post of Economic Development Officer.
- (2) The minimum value of a property holding would be requested.
- (3) The Head of Property and Public Protection and the Portfolio Holder for Property would be informed of the Committee's view that detail should be included in the AMP for properties where disposal was under consideration.
- (4) An update would be requested on whether the Asset Register could be appended to the AMP.
- (5) Andy Walker would forward comments made by the Committee to the Executive when the Q3 budget report was discussed.
- (6) The Head of Highways and Transport would be asked to provide further detail on the car park budgets in advance of the next meeting to allow Members the opportunity to request more information if required. The Head of Service would then be invited to attend the next meeting to discuss this in detail.

45. Community Services Directorate budget

(Councillors David Rendel and Jeff Beck declared a personal interest in Agenda item 5 by virtue of the fact that they had relatives living in a care home in West Berkshire. As their interest was personal and not prejudicial they were permitted to take part in the debate and vote on the matter).

The Committee considered a report (Agenda Item 5) concerning the budget pressures within Adult Social Care.

Jan Evans introduced the item by highlighting the following points made in the report:

- The month 8 budget position was little changed from that reported at month 7, with a forecast overspend of just over £2m.
- Negotiations with NHS Berkshire West with regard to Continuing Health Care cases did not achieve the level of savings hoped for.
- A pressure of £830k had been identified due to the number and complexity of need of older residents and those with a physical disability. An example of this was where an elderly individual, who was perhaps very frail, was discharged from hospital with substantial needs to be met to allow them to stay in their own home. Two carers often had to be employed in this circumstance.
- The option of ceasing to offer new nursing home placements was considered, but there was concern that the Royal Berkshire Hospital (RBH) would fine local authorities for delayed transfer of care which removed this possibility. The Council had not been fined by the RBH as any delays had been kept to a minimum. However, the North Hampshire Hospital had fined the Council a sum of £12k.
- NHS Berkshire West had funded 14 nursing home placements up to 31 March 2011 to help reduce the immediate pressure, this amounted to savings of around £150k. These placements were in the budget build for next year.
- A total of 8 capital depleters were identified in 2009/10 and these were still being funded. This had risen by a further 14 in the current financial year and the Client Financial Services Team had identified a further 6 that could potentially be added in the coming months. This would continue to be a pressure in 2011/12 and provision for 28 capital depleters had been built into the budget. The recession was felt to be a factor in the increase in capital depleters. This and other pressures had been included in budget modelling work undertaken with Accountancy which, it was hoped, would lead to a significant increase in the budget from 2011/12 onwards.
- A difficulty with managing the capital depleters budget was the fact that many clients were self funding when they originally moved into a nursing home, however this meant they were not known to the Council when they came forward for assistance. This became an option when an individual's capital had depleted to the threshold level of £23.5k (this covered total cash assets as well as property). It was however possible to estimate the length of time a client would reside in a nursing home, which meant some turnover was expected in the next year.
- Approximately 36% of clients did not contribute to their care, the remainder contributed up to £100 per week.
- People were living longer, but with a greater degree of frailty and need than was previously the case. They could be at significant risk if they were not appropriately assisted. The level of assistance required was based on eligibility criteria.

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Members felt there was some scope based on the awareness of the age profile of clients, services required and cost etc to help manage future service provision and budgets. Jan Evans described modelling work in place to achieve this. The work covered all the major commissioning budgets, gave consideration to strategies for supporting people and analysed activity data over the previous 3 years to help identify trends, all alongside knowledge of the service. The fact that client cost was increasing was also considered as was national demographic data. This linked to the budget modelling work undertaken with Accountancy which was soon to be endorsed. Jan Evans agreed to look at ways of extending work on local demographics based on the awareness of the number of over 85 year olds currently in the system and expected in future who were more costly to support.

It was then queried whether there was any software available that could assist with modelling and Jan Evans was not aware of such a system elsewhere in the country at this time.

Returning to the subject of capital depleters, it was noted that this became more expensive as an individual's capital reduced below the £23.5k threshold until it reached the level when care was fully funded. This level of detail had not been covered in the modelling and Councillor Jeff Brooks proposed that it should be included.

A comparative analysis of other Berkshire local authorities had commenced. An issue in West Berkshire was its level of rurality compared to elsewhere. Differing levels of affluence impacted on the number of clients requiring financial assistance with their care, i.e. numbers in Wokingham were fewer than West Berkshire.

It was then questioned whether the figure arrived at from the budget modelling exercise was sufficient for the coming financial year. Jan Evans advised that while this could not be completely accurate, the figure produced was based on the detailed information already described, many variables were taken into account, external and internal accountancy advice was sought and as a result this was felt to be sufficient to meet current demand. Contingency was factored into the risk fund.

Andy Walker added that the model for 2011/12 was an improvement and he was confident that an appropriate sum of money had been identified. The model would continue to be monitored and modified for future years.

While this work was acknowledged, concern remained for some Members that overspends could continue as in previous years. I.e. the budget for 2010/11 was found to be insufficient early on in the financial year, although it had remained fairly steady since that time. Under budgeting could lead to savings again needing to be found from elsewhere in the budget.

In response, Andy Walker advised that there was significant financial challenge in the medium term and it was therefore vital to keep budgeting accurate and tightly managed.

RESOLVED that:

- (1) Jan Evans would look at ways of extending work on local demographics based on the age profile of residents.
- (2) The need for future modelling to include the increasing costs of capital depleters be recommended.

46. Financial Performance Report (Month 8)

The Committee considered the month 8 financial performance report (Agenda Item 6).

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The point was made that this report compared to the position in month 7 and it would be preferable for the Select Committee to consider changes made since the previously received report (in this case month 6). Andy Walker agreed to look at accommodating this in some way.

The significant impact made by the levies and interest budget line was noted. This was detailed in the Part II report. Andy Walker advised that only a small fraction was as a result of treasury management.

Andy Walker informed Members that an application had been submitted to the Department for Communities and Local Government asking to capitalise costs of staff redundancies in the longer term. This was for staff funded from specific grants whose costs could not be met from within the grant. The outcome of this would be reported in February 2011, hopefully by the time the Executive met on 17 February 2011.

At this stage these redundancy costs of circa £320k were set against the Economic Downturn Provision included in specific earmarked reserves. This £1.4m provision was established in the 2010/11 financial year.

Only 29% of the recruitment freeze target had been achieved across Children and Young People. Reduced turnover meant achieving this target was challenging. This contributed to the increased overspend in the Directorate.

The income target for the Youth Service of £1.2m was queried and further detail requested to explain how it was generated. It was noted that this target covered the entire Youth Services and Commissioning service area.

Pressures in the Property and Public Protection budget were partly due to the running costs of West Street House and West Point. It was agreed that further information would be requested on this as it was pointed out that the move to these buildings was intended to reduce costs. Andy Walker explained that this cost would be spread across the service areas making use of the buildings and they would be recharged at year end.

A reduction was planned in highway maintenance of £250k. However, Members were concerned that this would have come under pressure as a result of the severe winter weather conditions experienced in December. Further information would therefore be requested to explain if this budget had come under pressure. The winter maintenance budget was forecast to be £175k overspent and it was queried whether additional costs encountered in December and potentially further into the winter were covered in this overspend. A view was given that the increased salt stock would have been budgeted for, but might not have taken into account the need to replenish stocks if necessary.

Savings were being found from the concessionary fares budget and this was believed to be due to a reduced usage of bus passes. Further information was requested on the reasons why this had reduced.

Savings were also being found from a lower than anticipated spend on sewage treatment works of £50k. The question would be asked as to how this was found.

RESOLVED that:

- (1) Andy Walker would look at amending the budget reports presented to the Select Committee so that they made reference to the previously reported position.
- (2) Further detail would be requested on the following points:
 - Where the income was generated from for the Youth Service.
 - The budget pressure caused by the running costs of West Street House and West Point.

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- The reduction in highway maintenance expenditure and the pressures in the winter maintenance budget.
- The reduced usage of bus passes.
- The lower than anticipated spend on sewage treatment works.

47. Work Programme

The Committee considered the Resource Management Select Committee Work Programme (Agenda Item 7).

The following items were noted for the agenda of the next meeting being held on 15 March 2011:

- Financial Performance Report (Month 10)
- Value for Money
- Local Land and Property Gazetteer
- Car parks budget

RESOLVED that the work programme and the items scheduled for the next meeting would be noted.

48. Establishment Report Quarter 2 2010/11

The Committee considered the Quarter 2 Establishment Report (Agenda Item 8).

The decrease in the Council funded establishment was noted as was the increase of 60 joint and externally funded posts during the course of the last 12 months.

Councillor Jeff Brooks proposed that the inclusion of a year end projection for both Council and joint/externally funded posts would be a benefit to the report. This was supported by Members in making the future position as clear as possible as it was not expected that there would be any increase to the establishment in 2010/11 and a projection would give detail on this.

RESOLVED that the Head of Human Resources and the Portfolio Holder would be asked to give consideration to including a year end projection in the report for both Council and joint/externally funded posts.

(The meeting commenced at 6.30pm and closed at 8.05pm)

CHAIRMAN

Date of Signature