

# 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 THURSDAY, 11 NOVEMBER 2010

**Councillors Present:** Jeff Brooks (Chairman), Richard Crumly, Dave Goff, David Rendel, Laszlo Zverko (Vice-Chairman)

**Also Present:** Councillor Keith Chopping (Portfolio Holder for Finance, Economic Development, Property, Health and Safety), Steve Broughton (Head of Property and Public Protection), Nick Carter (Chief Executive), Andy Walker (Head of Finance), Stephen Chard (Policy Officer)

**Apologies for inability to attend the meeting:** Councillor David Holtby

#### PART I

#### 28. Minutes

The Minutes of the meeting held on 13 September 2010 were approved as a true and correct record and signed by the Chairman.

#### 29. Declarations of Interest

There were no declarations of interest received.

#### 30. Actions from previous Minutes

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

##### **Newbury Cinema Subsidy**

Nick Carter advised that financial data needed to be provided by the Kennet Centre before the subsidy would be paid. A budget provision was in place to cover the subsidy, if required, and would need to be available for a five year period.

##### **Quarterly Budget Reports**

Although, as an exception, the Quarter 2 budget report would be provided to the Committee without being first presented to the Executive, the decision had been taken by the Portfolio Holder for Finance (Councillor Keith Chopping) that these reports should be taken to the Executive in the first instance as the formal decision making body.

Some Members of the Committee were of the view that this approach made scrutiny of the quarterly reports meaningless when they had already been signed off and consultation should take place before Executive meetings to enable recommendations for improvement to be made.

Councillor Chopping reasserted his view that the process of quarterly reports being approved by the Executive should continue, before views were sought from the Committee. However, Councillor Chopping consented to discuss this further with Executive Members and senior Officers.

In considering the budget reporting timetable, it was suggested that it would be useful to hold a Committee meeting in January 2011 to consider the month 8 position.

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### **Capital depleters (Adult Social Care)**

It was noted in the month 5 report that there had been a sharp increase in the number of people who were previously self funding whose capital had depleted and were eligible for support. It was felt that this had risen on an annual basis and the accuracy of budget forecasting was questioned.

Andy Walker advised that this issue was under close scrutiny within Community Services and was felt to be due to a variety of reasons, including the current economic situation. A contingency budget was held based on the best information available.

Nick Carter assured Members that benchmarking analysis was undertaken both within the Directorate and in the Finance service area, and suggested that the Corporate Director for Community Services be invited to a future meeting to discuss this and other measures being taken to manage the Directorate budget. In particular, this should focus on Adult Social Care.

### **Placing a charge against an individual's property to contribute or pay for their care**

It was agreed that an update on developments with this work would be provided as part of the item to discuss the Community Services Directorate budget.

### **Budget for new and unexpected care packages for clients with a learning disability**

A contingency budget was not held for unexpected clients with learning disabilities. Work being undertaken to manage this issue would be included as part of the item to discuss the Community Services Directorate budget.

### **Street lighting contract**

Councillor Chopping confirmed that the potential to turn off some street lights could be considered at a later stage to achieve savings, assuming there would be no risk to safety in doing so.

The procurement of the contract was touched upon at the last meeting and in follow up, Nick Carter advised that the street lighting team had been able to spot purchase electricity at a very good rate. However, this aspect had not been carried forward as part of the Berkshire wide procurement process that had been entered into for some contracts. Other than achieving some limited corporate savings and benefiting schools, this Berkshire wide approach did not provide significant benefits for the Council as good rates had already been negotiated in many cases.

### **West Street House and West Point running costs**

Steve Broughton explained that actual costs had proved to be higher than estimated. This was due to the fact that these were higher specification buildings and, because of the tight timeframes when purchasing the buildings, costs of utilities, maintenance etc had to be estimated.

### **Capital expenditure in the Community Services Directorate**

It was noted that the level of uncommitted expenditure had reduced slightly between quarters one and two.

### **Land charges income**

A budget pressure of nearly £50k was noted by the Committee as a result of a reduction in land charges income. Nick Carter explained that this was primarily due to decisions taken by the Government to abandon Home Information Packs and to remove the personal search fee. The general stagnation in the housing market was another contributing factor. This was an ongoing pressure which was included in the base budget.

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### RESOLVED that:

- (1) Councillor Keith Chopping would discuss the release of quarterly budget reports with Executive Members and senior Officers.
- (2) Consideration would be given to holding a Committee meeting in January 2011 to consider the month 8 position.
- (3) Teresa Bell, Corporate Director for Community Services, would be invited to a future meeting to discuss the measures being taken to manage the Directorate budget. In particular, this should focus on Adult Social Care.

### 31. **Property contracts and contractors in schools**

The Committee considered a report (Agenda Item 5) giving an update on the action undertaken, since this item was last discussed, to improve property services provided to schools.

One of the resolutions was to explore ways in which schools could have greater responsibility for approving invoices for works undertaken to ensure payments were appropriately made.

Steve Broughton explained that this was being considered by the Maintenance Term Contract (MTC) working group, which had been formed to produce the specification for the new MTC. This was due for renewal in April 2011. This group was represented by primary and secondary schools to ensure that the requirements of schools were met where possible.

Unfortunately it was not possible to enhance this process within the existing contract as it was not in the original specification and invoices submitted covered a number of separate items. In addition, schools could not access the Council's financial system, Agresso, and authorisation had therefore been given by schools to Property to approve payments. Andy Walker added that efforts were being made to upgrade Agresso to allow access for schools. This upgrade was being undertaken alongside work on the new MTC.

In the event that further work was found to be required in addition to that already requested by a school as part of an emergency call out, then it was the responsibility of the school to sign off the additional work. This often took place on site with the acceptance that the invoice would be higher without knowing the total cost. If the work was not of an urgent nature then a quote could be requested before work proceeded. On receipt of the invoice by Property, the difference to the original order/cost would be discussed with the school to ascertain if this was reasonable and appropriate. Kier would be challenged if necessary and, if the work was not completed satisfactorily, they would be requested to return to site to complete the work. If payment was made in such an instance, then the contract warranty offered protection.

The Select Committee were of the view that the new MTC should enable schools to approve all work undertaken before payment was made.

The level of minor work provided within the existing MTC had been reduced as previously resolved and the majority of schools were either accessing the handy person service provided by Property or they employed a caretaker. Although not using the MTC for minor works was a decision for schools to take and could not be insisted upon.

The services offered by Property to schools were part of a fair funding agreement and there was no mark up on the cost.

It was noted that the majority of school buildings were owned by the Council. However, the majority of maintenance money was held by schools and concerns were therefore

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raised that if a school procured work directly and encountered difficulties, this would need to be rectified by the Council. Steve Broughton explained that this was managed by the Education Assets Team and schools were required to inform this team of work they arranged themselves. Nick Carter added that the Council also had responsibility for school buildings owned by the school, in order to ensure that the welfare of children was protected.

It was the intention of the Education Assets Team to continue to monitor work undertaken, which was not the case in all local authorities, but resources did not allow for monitoring of all work commissioned.

School buildings were surveyed every five years, unless they had major projects ongoing. These were conducted by an external surveyor. It was suggested that Governors could be asked to provide a building report on a more frequent basis.

Work on the specification for the new MTC was well advanced, but further procurement work was still required. This involved procuring a list of contractors who could cover different types of work. Those included would be able to bid for jobs which would encourage more competitive pricing. The MTC would be advertised through the Official Journal of the European Union (OJEU). The Committee asked to receive the draft specification/an update prior to approval, if timescales allowed.

The decision to not conduct a satisfaction survey at this time was understood by Members to allow time for the introduction of the revised MTC and other Property service improvements to be implemented. However, the Select Committee requested that the survey be undertaken six months into the new MTC. This timescale was agreed to by Steve Broughton.

Steve Broughton advised that there was a reduction in the level of negative feedback received. It was felt though that the level of buy back into the new MTC would be a good test of school's opinion of the services provided. Information on the level of buy back would be provided to the Committee when available.

### **RESOLVED that:**

- (1) The new MTC should enable schools to approve all work undertaken before payment was made.
- (2) The draft specification/an update would be discussed, prior to approval, at a future meeting of the Committee, if timescales allowed.
- (3) A satisfaction survey would be undertaken six months after the introduction of the new MTC.
- (4) Information on the level of buy back into the new MTC would be provided to the Committee when available.

## **32. Chief Executive Directorate budget**

The Committee considered a report (Agenda Item 6) concerning the underspend within the Chief Executive Directorate budget in previous financial years and the current position.

This was raised by the Committee as a concern at a previous meeting, particularly due to the increased underspend in the latter part of previous financial years.

Nick Carter provided the following information:

- An underspend of £22k was forecast at month 9 in 2008/09. The outturn position was £104k underspent. This was felt to be a reasonable increase.

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- There was often a call for expenditure restraint during the third and fourth quarters of the financial year, namely with recruitment costs and discretionary spend, to help meet overspends within other Council directorates and services. There was an expectation within the Executive that the support service functions within the Chief Executive Directorate would help meet necessary savings, above more front line services which might have essential posts needing to be filled. Vacant posts could impact negatively on performance levels.
- There was a more significant increase to the underspend in 2009/10 than in previous years. The month 9 forecast was an underspend of £133k and the outturn position was £416k underspent. This varied by service area, with the most significant underspend increase in Policy and Communication (£104k at month 9 and £220k at outturn). This was primarily due to savings with the CCTV contract and the fact that underspends had not been fully reported at month 9 in some parts of the service.
- The Chief Executive Directorate was set a savings target of £125k. This helped to ensure that the Council's budget balanced in 2009/10.
- The £416k underspend was not built into the 2010/11 budget. These savings would only be retained if agreed as part of the 2010/11 budget.
- Each service had a managed vacancy factor (MVF) of between 3-3.5%, this was based on turnover. However, the level of turnover was reducing and some services had been required to meet their MVF target from elsewhere within the budget. MVF savings were separate to the service reductions already discussed and increasing MVF targets had not been considered.
- The current forecast for 2010/11 was an underspend of around £100k. No significant changes were expected later in the financial year, part of this was due to a reduction in turnover.

Members felt that some analysis should be undertaken to assess whether the increased underspend between month 9 and the outturn position in recent years was a clearly identifiable trend. This could enable money in the Chief Executive Directorate budget to be allocated to pressures elsewhere in the Council.

Nick Carter agreed to provide additional data on the previous four financial years in time for the next meeting to help analyse whether this was the case. This would be detailed by service from months 3 to 12.

Andy Walker added the following points:

- The month 9 forecast had been used to help inform savings to assist with the outturn position and would be used again in future.
- The Directorate budget had reduced over recent years.
- Benchmarking data showed that the Council's Chief Executive Directorate budget was in the lowest quartile.
- Service areas were efficient and there was not felt to be unnecessary slack in the budget.

A concern was raised by a Member that there should be no reliance on the Chief Executive Directorate finding savings as this might not always be the case in future years.

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**RESOLVED that** Nick Carter would provide additional data on the previous four financial years in time for the next meeting. This would be detailed by service from months 3 to 12 to help identify any trends.

### 33. Financial Performance report (Month 5)

The Committee considered the month 5 revenue budget as part of the financial performance report (Agenda Item 7).

Andy Walker introduced the report by making the following points:

- The current forecast for the year end position was an overspend of just over £1.5m. This was an improvement of £209k from the month 4 forecast.
- All Directorates, other than Community Services, were forecasting close to their budget. Due to pressures within Adult Social Care, the Community Services Directorate was predicting a significant overspend.
- The month 5 position was largely unchanged in month 6.
- The movement through reserves figure of £155k related to a provision set aside from an ex Berkshire County Council liability which was no longer required. This linked to the reduced underspend in capital financing and management. Andy Walker agreed to provide further detail in a Part 2 report.

A request was made for summary information to be provided for levies and interest as was the case for the Directorates. Andy Walker agreed to provide this in future.

The forecast expenditure in the Corporate Director (CYP) budget of -£9k was queried and Andy Walker agreed to investigate and report back on this at the next meeting.

The significant difference in the forecast for Youth Services and Commissioning was queried. This changed from an overspend in month 4 of £32k to an underspend of £134k in month 5. Andy Walker offered to include further detail on this within the month 6 report, but it was felt that this was due to changes in income from month to month.

The reduced demand for concessionary fares was queried. It was believed that while there was a high level of bus pass applications, usage was less than expected. Andy Walker agreed to provide some background to this.

#### **RESOLVED that:**

- (1) The month 5 report would be noted, including the risk that the budget position in Adult Social Care could worsen.
- (2) Andy Walker would:
  - provide further detail on the movement through reserves/capital financing and management figures as a Part 2 report;
  - provide summary information for levies and interest in future reports;
  - investigate and report back on the forecast expenditure in the Corporate Director (CYP) budget;
  - include further detail on the significant difference in the forecast for Youth Services and Commissioning between months 4 and 5;
  - provide further detail on the reduced demand for concessionary fares.

**34. Work Programme**

The Committee considered the Resource Management Select Committee Work Programme (Agenda Item 8).

The potential to hold a special meeting in December was discussed. This meeting would hopefully consider the Asset Management Plan (AMP) and, at the request of the Executive as an exception, the Quarter 2 Financial Performance Report. It was hoped by Officers present, Nick Carter and Steve Broughton, and Councillor Keith Chopping, Portfolio Holder for Property, that the AMP would prove to be acceptable at Management Board on 25 November 2010 and therefore considered by the Committee prior to the Executive.

It was also agreed that a special meeting would be held in January 2011 to consider the month 8 position and pressures/remedial action taken within the Community Services Directorate.

It was advised that during a meeting of the Stronger Communities Select Committee Common Housing Register Task Group an issue was raised with regard to the Local Land and Property Gazetteer (LLPG). The LLPG was able to hold a range of property related information and was able to link to a number of separate Council databases. However, this was not possible for non Council maintained systems and the Resource Management Select Committee was asked to review the potential for improvement. This item was added to the work programme.

**RESOLVED that:**

- (1) Special meetings would be arranged for Tuesday 14 December 2010 and in January 2011.
- (2) The item relating to the LLPG would be added to the work programme.

*(The meeting commenced at 6.35pm and closed at 8.25pm)*

**CHAIRMAN** .....

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