

MINUTES OF A MEETING OF THE EXECUTIVE SCRUTINY COMMITTEE HELD AT COUNTY HALL, CHELMSFORD ON 25 JANUARY 2011

Membership

G Butland	*	G W McEwen (vice M J Page)
* W J C Dick	*	G L Mitchinson
* N Edey		M J Page
* C Griffiths	*	J W Pike
* A M Hedley	*	Mrs I Pummell
* S E Hillier (vice G Butland)	*	J Roberts
* M C M Lager (Vice-Chairman)	*	A Turrell
* M J Mackrory	*	T C Smith-Hughes (Chairman)
* Mrs V Metcalfe		J A Young (Vice-Chairman)

(* present)

The following officers were present in support throughout the meeting:

Mrs Hannah Cleary, Governance Officer
Mr Colin Ismay, Governance Manager

1. Apologies for Absence

Apologies were received from Councillors G Butland and M J Page with Councillors S E Hillier and G W McEwen as their substitutes, and from Councillor J Young.

2. Minutes

The minutes of the meeting held on 30 November 2010 were approved as a correct record and signed by the Chairman subject to a correction to the record of attendance and declaration of interest for Councillor M C M Lager.

3. Report of call-ins since the last meeting

Councillor Smith-Hughes called in the decision taken by Cabinet on 7 December (report CAB/031/10) to Reconfigure the Integrated Youth Service. Whilst this call-in was resolved at the informal stage, the Cabinet Member agreed to attend the next meeting of the Executive Scrutiny Committee and provide a written paper to outline how the recently announced Early Intervention Grant would be utilised, the future support for NEETS, and to respond to the other points raised by Councillor Smith-Hughes in his original call-in. This paper was provided as ES/001/11 Appendix 1.

The Committee considered report ES/001/11, a report of call-ins made since the last meeting, and ES/001/11 Appendix 1, a report by the Cabinet Member for Education and 2012 Games, Councillor Castle, who was in attendance, along with Mr Terry Reynolds, Director of Learning.

As Councillor Smith-Hughes had initiated the call-in, the Vice-Chairman of the Committee, Councillor Lager, took the Chair for this item.

Councillor Castle explained that there had been a 25% reduction in funding for the Integrated Youth Service, including Connexions, in the 2010/11 financial year although the Council had been able to maintain full provision. The recent financial settlement from Central Government had announced a 50% reduction in funding for 2011/12 which had made it necessary to consider reducing the service provision.

The national careers advice service was due to be implemented in September 2011 although the exact date had not yet been confirmed. Councillor Castle did not wish there to be a gap in career advice before the national service was due to begin and had received concerns from other Members on this same matter. The Early Intervention Grant would contribute an extra £1.5 million in funding, which would be used to retain a transition team.

Councillor Lager asked about the strategy to conserve skilled staff and for more information about the Early Intervention Grant. Councillor Castle responded that a consultation process was taking place with staff being encouraged to apply for roles. Mr Reynolds explained that the Early Intervention Grant replaced the Area Based Grant and totalled £44.5 million. The Early Intervention Grant had a different purpose than the previous Area Based Grant and the expectation was that it would be used flexibly and appropriately.

Councillor Smith-Hughes explained that he had called in the decision as he was concerned about the high levels of youth unemployment and felt the work of the Youth Service was of value. He welcomed the use of the Early Intervention Grant to establish a transition team but highlighted the previous spend on these services as £48 million that had been reduced to £11 million which was a significant cut. He referred to the paper (ES/001/11 Appendix 1) provided by Councillor Castle that detailed the proposals for the establishment for a transition team and welcomed the recognition that this was necessary. However, he did not feel that the measures were sufficient as they were for an interim period and were likely to cease by September 2012.

Councillor Castle responded that it had been made clear at the time of decision that it was a necessary cut in service due to an in-year funding reduction. The decision had been a difficult one to take and he did not want to cut services. He added that the full Connexions service would continue for a third of the 2011/12 financial year.

Councillor Pike commented that the Connexions service had never proved itself to be wholly efficient and congratulated the Cabinet Member for taking a difficult decision and robustly defending it. He suggested there were alternative ways of spending the Early Intervention Grant; for example on Children's Centres, whose funding was no longer ring-fenced but were fundamental for early intervention success.

Councillor Mitchinson welcomed the decision to retain a transition team, and asked about the continuing support for areas such as his own division that had a high number of NEETs. Councillor Castle explained that areas with high proportions of NEETs would continue to be targeted.

Councillor Mackrory welcomed report ES/001/11 appendix 1 and the progress towards addressing some of the previously raised concerns. He asked about the 66,000 interventions that were made by Connexions in 2009/10 and commented that young people may not receive an intervention if staff numbers were reduced. He asked about the £4 million estimated redundancy costs and asked if this total figure had been reduced due to the retention of the transitions team. Connexions had input into the Youth Council and pre-sentence Youth Offending reports. He asked if the Cabinet Member would work with the service to explore if any elements of these functions could be retained.

Councillor Castle explained that the transition team still needed to be shaped and the actual number of post reductions was not yet known, meaning that the £4 million was still an estimated figure. He was happy to explore any opportunities with Connexions to shape the future provision of services and careers guidance. No decisions had yet been made about the Youth Council. Mr Reynolds added that pre-sentencing reports were supported by the Youth Offending Teams although other agencies were also involved in this work. Early intervention into these issues was the key with Children's Centres providing the best evidence of success.

Councillor Smith-Hughes commented that the Connexions Service was valuable and had demonstrated some success. He accepted that there would be an element of service reduction but he was concerned that the measures being taken were too severe. Any reduction in staff should be carefully considered to ensure continuity until the new national careers advice scheme was established. He also raised concerns about the independence of careers advice offered by schools, as they may have an interest in retaining students, and urged Councillor Castle to consider this aspect for the future.

The Committee thanked Councillor Castle and Mr Reynolds for attending.

Resolved:

1. that the proposals as set out on page 2 of report ES/001/11 Appendix 1 be endorsed
2. that the Scrutiny Board be asked to consider the most appropriate Committee to monitor the outcomes generated by the changes to the service.

4. Transformation Programme Scrutiny Review: Procurement

Councillor Smith-Hughes took the Chair.

Councillor Louis, Cabinet Member for Major Projects and Commercial Services, and Mr Robert Overall, Executive Director, Environment, Sustainability and Highways were in attendance to give a presentation on how procurement activity is contributing to the savings of the Transformation Programme.

Report ES/002/11, a scoping document setting out the focus of the review was considered by the Committee.

As part of the Council's ambitious Transformation Programme, the Procurement Team has a key role in working with service areas to identify opportunities to realise savings through more effective procurement. Initial scoping work is undertaken with a view to delivering savings in the following financial year.

A four-year rolling programme has been put in place to achieve the £150 million with robust process and methodology developed to manage the programme and identify and deliver savings by 2012/13. The original savings target for savings realised through procurement activity was £120 million but through the scoping activities extra potential was identified.

For the financial year of 2009/10, there were £23.7 million savings delivered against a target of £12.9 million. Good progress had been made in 2010/11 with savings on target to achieve £39 million of savings against a target of £32.4 million. £54 million of savings had already been identified and planned for 2011/12, and for 2012/13 £33 million savings were currently being scoped.

The Procurement Team is working with service areas for the next two-year period to review savings within the current contexts of the impact of income reduction and activity that was dependent on continuation of grants.

At present savings beyond £150 million have not been identified but as scoping activity with service areas continues this may be a possibility. This was challenging and savings were not limitless and it was vital to sustain the savings already delivered. There are six activities underway to sustain savings:

1. Establish robust supplier relationship and contract management capabilities
2. Standardisation and consistency in procurement operations
3. Ensure full integration of procurement/commissioning skills in Target Operating Model
4. Develop 'Centre for Excellence' for procurement/commercial skills across ECC
5. Ensure adequate Procurement Resource to support transformation projects and BAU
6. Commitment by service areas including their strategies and budget

The Committee had asked about the impact of the procurement changes to markets and SMEs.

It is difficult to isolate the impact on the local market due to procurement efficiencies, as although the Council spend is large it is fragmented (3.27% of all spend in Essex comes from the Council). There are pockets where the Council spend is a significant proportion of the total market, e.g. social care. As the Council moves towards becoming a commissioning organisation there may be additional third party opportunities, as in-house services may be provided via a different delivery vehicle in the future. As part of the wider procurement strategy, the Council has been proactive in working with local companies to streamline the procurement process. The Procurement Team is working on developing a 'Corporate Impact Assessment' tool which will better assess future impact on the local economy, environment and society. This tool will determine the procurement approach and supply chain management strategy to maximise opportunities for the local economy.

The Council introduced an inflation policy in April 2010 to reduce the level of 'inflationary clauses' when procuring goods and services. This policy has meant that inflationary adjustments are routinely rejected, even where a contractual obligation exists and have resulted in approximately £1.2million savings. Template contracts have been amended to include 'best value' clauses and where inflationary adjustments cannot be rejected for valid reasons the default position is to offset any increase with other efficiencies. The Council is seeking to introduce a Supply Chain Management methodology to drive continuous improvement and cost reduction initiatives with key suppliers.

Councillor Pike asked about the hurdles for smaller businesses in preparing appropriate tender bids, including the level of public liability insurance they require and if they are offered advice about the likelihood of their success against larger contractors.

Positive feedback had been received from businesses with regard to the ease of conducting business with the Council. Better guidance for bidders had been developed along with better feedback for unsuccessful bidders. The beginning of the tender process had been simplified and the Council had been proactive in assisting the supply chain to prepare tender information. The level of public liability insurance required for each bid was based on risk. Work had also been undertaken with the Federation of Small Businesses to remove barriers for local businesses, who were pleased that such significant progress had been made in such a short length of time.

Councillor Pike asked if equality impact studies were being conducted. Councillor Louis explained that projects were governed by the overall Transformation Programme that had equality impact assessments embedded in the process.

Councillor Mitchinson commended the work being undertaken, adding it was competent and significant headway appeared to have been made. He asked if there were procedures and structures being put in place to continue reviewing the capacity to deliver more savings and if a cultural legacy was being

developed. Councillor Louis explained that sustainability is being embedded into how the Council conducts business.

Councillor Lager welcomed the inflation policy and asked if the Council was seeking continuous improvement from suppliers in order that it may share in the savings made. Mr Overall explained that there did not use to be an incentive for suppliers to offer efficiencies. Relationships and contracts were being re-worked to provide better value for money and increased savings. Councillor Lager welcomed this as excellent news.

The Committee was of the view that significant progress had been made in this area and based on the evidence available to it, anticipated that the projected savings target would be met and cultural change be embedded in the Council.

The Committee thanked Councillor Louis and Mr Overall for attending.

5. Facilities Management Overspend

The Committee considered report ES/003/11 by Jo Smith, Director of Essex Property and Facilities. Councillor Louis, Cabinet Member for Major Projects and Commercial Services, and Mr Robert Overall, Executive Director, Environment, Sustainability and Highways were in attendance for the item.

Councillor Louis explained that the original overspend of £1.836 million had been reduced to £650,000. Two Transformation Programme projects were currently underway to reduce the remaining overspend. From 2012/13 the Facilities Management and Property Services budget would be reduced by £4 million.

The Committee thanked Councillor Louis and Mr Overall for attending and supplying the information requested.

Resolved:

that more detailed information be sought from the relevant Cabinet Member/Directorate when overspends are reported in quarterly Financial Review reports.

6. Absence Management

The Executive Scrutiny Committee considered this topic at its 27 October 2009 meeting and received up to date absence information (ES/25/09) for all Directorates. A scoping document setting out the focus for consideration of this topic (ES/29/09) was subsequently agreed at the 1 December 2009 meeting, although the Executive Scrutiny Committee noted that the Community Wellbeing and Older Persons Policy and Scrutiny Committee was undertaking a review into Absence Management in the Adults, Health and Community Wellbeing Directorate. The Executive Scrutiny Committee had agreed to await the outcome of this scrutiny before continuing with its review.

The Committee considered report ES/004/11, a copy of the final scrutiny report by the Community Wellbeing and Older Persons Policy and Scrutiny Committee, and current absence figures for all service areas. Councillor S Hillier, Chairman of the Task and Finish Group who carried out the review into absence management was in attendance for the item, and Mr Ian Witham, Management Information Manager, who had provided the current absence figures for all services.

Resolved:

that the Absence Management topic be referred for consideration to the Scrutiny Board, with a view to discussing each Policy and Scrutiny Committee reviewing their respective directorate absence statistics.

7. Quarterly Performance Report

The Committee considered report ES/005/11 by Mr Richard Puleston, Assistant Chief Executive, who was in attendance for the item.

The Committee agreed that the recommendations needed to be strengthened to include the following:

- that Chairmen of each Policy and Scrutiny Committee need to be made aware when the performance scorecard is published and;
- that it is made explicit that each Policy and Scrutiny Committee has overview and responsibility for their respective service areas' performance.

Resolved:

That the recommendations set out on page 4 of report ES/005/11 be agreed subject to the above amendments.

8. Revenue and Capital Budget 2011/12 and beyond

The Committee considered report ES/006/11. Councillor Finch, Deputy Leader, and Cabinet Member for Finance and the Transformation Programme, and Mrs Margaret Lee, Director for Finance were in attendance for the item.

Councillor Finch referred to the Provisional Settlement and Comprehensive Spending Review and the total income reduction of 12.4% for 2011/12. Many specific and area based grants (ABG) had been rolled up into the Formula Based Grant or had been lost altogether, making it necessary for the Council to undertake additional calculations than previously anticipated.

Councillor Smith-Hughes asked if there were any financial details known about the pupil premium. Mrs Lee referred to report ES/006/11 paragraph 3.7 that showed the Council anticipated it would receive between £8 million and £10

million in 2011/12. The final amount the Council would receive would be based on the pupil census that took place in January.

The Committee thanked Councillor Finch and Mrs Lee for attending.

Resolved:

That a more detailed report and discussion around the Budget 2011/12 would be brought to the next meeting.

9. Forward Look

The Committee considered and **agreed** report ES/007/11.

10. Date and time of next meeting

The next ordinary meeting is scheduled for Tuesday, 15 February at 10am in Committee Room 1.

11. Exclusion of the Public

Resolved:

That the public (including the press) be excluded from the meeting during consideration of the following item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972: (Paragraph 3 – relating to the financial and business affairs of another party).

12. Capita Resourcing

The Committee considered reports ES/008/11 and ES/009/11. Councillor David Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme, and Mr Dan Savage, Head of Resourcing, were in attendance. The Members of the Task and Finish Group convened by the former Central Services Policy and Scrutiny Committee that had carried out the original review were also in attendance.

Resolved:

That the Task and Finish Group undertake further work in relation to the recommendations made in report ES/008/11 with a view to reporting back in June.

Chairman
15 February 2011