

## **MINUTES OF A MEETING OF THE EXECUTIVE SCRUTINY COMMITTEE HELD AT COUNTY HALL, CHELMSFORD ON 15 FEBRUARY 2011**

### **Membership**

G Butland	*	G L Mitchinson
* W J C Dick	*	M J Page
* N Edey	*	J W Pike
* C Griffiths	*	Mrs I Pummell
* A M Hedley	*	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  
Mrs Vivien Door, Committee Officer

### **13. Apologies for Absence**

Apologies were received from Councillor G Butland.

### **14. Minutes**

The minutes of the meeting held on 25 January 2011 were approved as a correct record and signed by the Chairman subject to a correction to:

Minute 2, Report of Call-ins since the last meeting, page 2, last sentence in the second paragraph "The Early Intervention Grant .... delete the words "part of".

### **15. Revenue and Capital Budget 2011/12 and beyond**

The Committee considered report ES/010/11 and Councillor Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme, Mrs Margaret Lee, Executive Director for Finance and Mr Peter Lewis, Interim Assistant Director Financial Strategy were in attendance to give a presentation.

#### **Budget Setting Process**

Councillor Finch detailed the background of the budget setting process, including the national economic situation, Comprehensive Spending Review and subsequent settlement announcements. Whilst the Council had prepared for a reduced settlement, the final income had been worse than anticipated, with general reserves being utilised to manage some budget gaps. This had allowed the Council to avoid making savage cuts, although the Committee

noted that the Council was looking to replenish the reserves as a priority. In addition savings realised through the Transformation Programme and other austerity measures had contributed £97 million.

### **Adults Health and Community Wellbeing Directorate**

The Adults, Health and Community Wellbeing Directorate had implemented a new procurement framework contract with suppliers that had delivered £21.2 million savings, with a further £0.5 million generated through joint working with the NHS. The New Ways of Working programme had delivered £2.3 million and 'Demand Management' and other efficiencies produced £17.2 million savings. Whilst the savings were important, the Committee noted that 'Demand Management' provided support that enabled service users to remain in their own homes instead of transferring into residential care.

Councillor Smith-Hughes suggested that there may be risks to these budgets due to demand pressures. Councillor Dick advised that the Community, Wellbeing and Older People Policy and Scrutiny Committee would be reviewing the Adults, Health and Community Wellbeing budget for 2010/11.

Councillor Smith-Hughes asked for clarification of the overall difference between the settlements for the 2010/11 and 2011/12 financial years as it was difficult to make an informed comparison, mainly due to more formula based grant income streams than in previous years. Councillor Finch **agreed** that further details about grants and income streams would be made available at a future meeting in order to clarify the position.

### **Children's Services**

This service had negotiated improved contracts for residential placements that had saved £0.74 million in 2011/12 and £2.0 million by 2012/13. A re-structure of the Early Years Service would realise £4.49 million savings in 2011/12 and up to £8.94 million savings in 2013/14. Amendments to the non-statutory elements of the Home to School Transport policy would deliver savings of £3.01 million. The Council had decided to provide additional funding for the Children's Centres and Sure Start and would be funded from the Capital Programme.

Councillor Lager asked if there were plans to close Children's Centres. Councillor Finch responded that there were no plans in this budget. Councillor Pike added that there were no plans to close any of the 86 Children's Centres in Essex and praised the standard of service that they delivered. Councillor Finch added that the service would focus resources on children at risk of being placed into care of the Local Authority.

Councillor Young asked about the £6 million budget reduction in 2010/11 from £49 million to £42 million for Children's Services. Mr Lewis explained that there had been reductions in the funding that had been used for the Integrated Youth and Connexions Services, although the newly announced Early Intervention Grant had helped to mitigate this.

Councillor Hedley highlighted the difference in savings on page 16 and 18 in relation to the savings made through amendments to the non-statutory elements of the Home to School Transport policy. Mrs Lee explained that the total savings were approximately £5 million and were shown in two places due to elements of the Home to School Transport policy appearing within the remit of two Cabinet Member portfolios.

### **Education and the 2012 Games**

The review of the Integrated Youth Service (including Connexions) had delivered £2.8 million savings in 2011/12, with annual savings of £7 million being realised by 2012/13.

The Committee asked that further information about the changes to the Integrated Youth and Connexions Services be provided to all Members. Councillor Finch **agreed** that this information would be brought to a future meeting and shared with all Members.

Councillor Smith-Hughes asked for clarification of the commencement date for the removal of escorts in relation to Home to School Transport. The decision had been taken by Cabinet in December and there appeared to be some confusion amongst parents and schools who believed the decision would be with effect from January 2011. Councillor Finch confirmed that start date was April 2011 and that all cases for removal would be considered individually.

Councillor Mackrory asked when the schools would have full budget information that would enable them to make decisions about staff and resources for the next academic year and if details of 'Pupil Premium' funding would be shared with them. Councillor Finch explained that the Council had yet to receive the full details of funding including the 'Pupil Premium' for schools although this would be passed on as soon possible. Councillor Finch **agreed** to discuss the matter with the relevant Cabinet Member and Executive Director. Councillor Young asked if the 'Pupil Premium' was ring fenced to those in greatest need. Councillor Finch **agreed** to bring this information to a future meeting.

Councillor Hedley asked for details of the current budget spend on the statutory elements of Home to School Transport. Councillor Finch **agreed** to provide this information at a future meeting.

### **Highways and Transportation**

Councillor Finch highlighted a number of savings and efficiencies in the Highways and Transportation Directorate that included the cessation of the Youth Concessionary Fares Pilot Scheme that would save £0.7 million and £1.8 million savings from voluntary redundancies.

Councillor Smith-Hughes expressed disappointment at the cessation of the Youth Concessionary Fares scheme and the potential loss of skills and expertise through redundancies.

### **Heritage, Culture and the Arts**

All Libraries will remain open although there would be a reduction in opening hours that would save £0.4 million in 2011/12, and again in 2012/13. Mobile libraries would also see a small reduction in opening hours to produce a saving of £0.1 million. Increased partnership working, sale of expertise, reductions to the library stock reserve and review of the Public Art Capital Programme would also bring approximately £3 million savings by 2012/13.

The Committee welcomed the news that no libraries would be closed and felt that the review was thorough and conducted professionally.

Councillor Mitchinson asked for details of the redundancy scheme and it was **agreed** that this information would be brought to a future meeting. Councillor Young asked for details of the Equality Impact Assessments being undertaken for each service re-structure and it was **agreed** that this would be brought to a future meeting.

### **Deputy Leader, Finance and Transformation Programme**

The modernisation of IT had achieved savings of £2.8 million in 2011/12, and £6 million by 2013/14, delivered through utilising a Cloud Computing system.

Councillor Finch asked if the Committee would be willing to undertake a scrutiny review of Cloud Computing. The Committee **agreed** that the topic would be added to the Forward Look for consideration at a future meeting.

### **Capital Programme**

The level of funding for the Capital Programme was lower than the previous years' with programmes either being significantly reduced or removed.

Councillor Finch explained that the Capital Programme budget would be monitored rigorously, and he welcomed the assistance of the Committee to ensure this.

The Committee asked for details of the projects and programmes that had been removed from the Capital Programme. Councillor Finch **agreed** that the information would be brought to a future meeting.

### **Budget Risks**

#### ***Savings Risks***

£18.8 million (58%) of the risk profile relates to the delivery of savings and efficiency programmes. The Council's ambitious Transformation Programme

savings and efficiencies totalled £98 million in 2011/12. Strong project management, benefits tracking and robust financial management, combined with appropriate governance structures to support decision making would be key to ensuring that these plans were delivered.

### ***Demand Risks***

£13.8 million (42%) of the risk profile related to demand pressures from service users resulting in costs exceeding budget provision, particularly relating to adult social care, support for vulnerable children, concessionary fares and waste disposal. Waste costs would vary according to the level of waste which needs to be disposed of. For example, a 1% increase in waste volume could cost an additional £200,000 to £250,000 per annum. The numbers and type of care packages for 'looked after children' could significantly impact on the total costs to provide Children's Services. Damage to the highways network during periods of bad weather was also a risk.

### **Waste Reserve**

£17.33 million of the Waste Reserve had been used to assist in managing the budget gap. The closing balance for this reserve for 2011/12 would be £11.96 million. The Council had a strategy to replenish the reserves by 2015/16 when it would be needed for the Waste Strategy.

Councillor Turrell felt that the strategy carried a high degree of risk; especially if inflation rose steeply. Councillor Finch recognised that the strategy was tactical and assured the Committee that the funds would be replenished by 2015/16. Councillor Chapman, Cabinet Member for Environment and Waste would also be closely monitoring the Waste reserve.

The Committee **agreed** that the Waste Reserve should be monitored annually to ensure that the repayment strategy was achieving the desired outcome.

### **Other Reserves**

Councillor Mitchinson asked about the reserves held by the Council in relation to other Local Authority levels. Councillor Finch explained that the Council had compared its reserves with Kent County Council (a statistical neighbour) which held similar reserves. Mrs Lee added that some reserves could be used for borrowing requirements but others such as the Schools Budget could not be used unless in an emergency. In general terms the Council would need to have 5% of its budget in reserves to mitigate for any major risks or disasters such as wide-scale flooding.

Councillor Smith-Hughes was pleased that the reserves had reduced from £40 million to £22 million and asked for further details of the funds held in each reserve. Councillor Finch **agreed** to bring this information to a future meeting.

Councillor Lager asked for more information around inflationary and demographic pressures, and for more detail of the public consultation responses and their priorities for the Council. Councillor Finch **agreed** to bring this information to a future meeting.

Councillor Metcalfe applauded the Council on the overall budget, and appreciated the careful planning that meant that Essex was not making dramatic cuts to services.

Councillor Smith-Hughes thanked Councillor Finch, Mrs Lee and Mr Lewis for attending.

#### **16. Financial Review as at the Third Quarter 2010/11**

The Committee considered report ES/011/11 and Councillor Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme, Mrs Lee, Executive Director for Finance and Mr Lewis, Interim Assistant Director-Financial Strategy were in attendance to give a presentation.

Councillor Smith-Hughes drew attention to the over-spend reduction since the Half-Year Stage from £8 million to £2 million. Councillor Finch added that at the First Quarter Stage the over-spend had been at £14 million and he remained committed to balancing the budget by the end of the financial year.

Councillor Lager asked for all of the quarterly outturn reports to be reconciled. Mrs Lee **agreed** to provide a summary reconciliation report at a future meeting.

Councillor Smith-Hughes thanked Councillor Finch, Mrs Lee and Mr Lewis for attending.

#### **17. Transformation Programme Scrutiny Review: New Ways of Working**

The Committee considered report ES/012/11 and Mrs Jenny Owen, Deputy Chief Executive, was in attendance to give a presentation on the New Ways of Working (NWoW) initiative as part of the scrutiny review into the Transformation Programme.

Mrs Owen explained that the original objective of the NWoW project was to identify at least £20 million of savings per year by 2012/13. The NWoW approach would attempt to change the Council's culture and behaviour rather than just the work programme. Mrs Owen wished to achieve maximum staff engagement to identify opportunities for change. Staff had made over 400 suggestions for NWoW and from these, 17 projects were selected and taken forward through 13 business cases. Projects were divided into those that were large and strategic, directorate specific and those that were small and would deliver quick wins.

Mrs Owen highlighted the following three cross-cutting projects:

1. Rationalise/Re-design Corporate Services-a bench-marking exercise highlighted that the Council spent more on the 'corporate core' than statistical neighbours, and this project aimed to shrink and consolidate management structures and re-engineer business processes;
2. Rationalise Business Support-this project aimed to reduce business support and administrative roles through consolidation in 'hubs'. Job roles would be standardised and staff would be encouraged to undertake more self-service;
3. Customer Transformation Project-this project has eight sub-projects:
  - i. Handling high call volume-using a single point of contact to simplify access for customers
  - ii. Customer channel strategy-streamline the different points of access for customers including email addresses and phone numbers
  - iii. Website development-enhanced self-service options for customers including making payments, and increased use of 'fuzzy logic' searching that enhances the search results for customers when using the Council's website
  - iv. Customer change-changing the culture to provide customers with the best service experience.
  - v. Single point of access-each directorates would have its own portal that would be a single point of access for customers and would save money by making publications and application forms available online instead of as many hard copies
  - vi. Procurement exercise- software needed to be upgraded to improve the experience for customers
  - vii. Customer recognition management
  - viii. Highways improvement programme- this would provide an online channel that customers can use to access Highways services

Councillor Dick suggested that individual Policy and Scrutiny Committees could review the projects before and after implementation. Councillor Smith-Hughes agreed that the projects should be reviewed by scrutiny. Mrs Owen informed the Committee that the Leader and other Cabinet Members were involved in agreeing the projects.

Councillor Pummell expressed concern that some of the community may not be able to access some services online. Mrs Owen assured the Committee that there would continue to be alternative means to contact the Council, although it cost less than £1.00 per customer accessing the internet; £4.00 to access information via the telephone and £8.00 to access the Council in a face to face capacity.

Councillor Smith-Hughes asked if there would be standards set for email correspondence to reply within a certain timeline. Mrs Owen informed the Committee that email response timings would be included in the strategy.

Councillor Young asked if the Council would be consulting with vulnerable customer groups and their families about the new access arrangements and if plans were being put in place to assist in accessing the internet. Mrs Owen explained that a consultation with vulnerable people and their families would be part of the impact assessment. Councillor Smith-Hughes asked if vulnerable people who did not have family or friends to access the website for them could be identified by the Council. Mrs Owen informed the Committee that intelligence from customer contact would be gathered to build up a holistic picture of the service user.

### **Mobile and Flexible Working**

This would impact on the Property Strategy if staff could work from home as less space would be needed in their workplace. The Electronic Document and Records Management (EDRM) would make greater use of flexible working. Councillor Lager suggested that 35% of desks in work places were available each day. Mrs Owen informed the Committee that mobile working would provide less need for office workspace, other Local Authorities were more advanced with more staff using mobile working.

### **Savings**

The aim was to achieve £25 million of savings by 2012/13. Mrs Owen **agreed** to bring details of the savings made to date to a future meeting.

### **Key Risks**

There was a RAG status for each project which highlights any risks in delivery, the JCAD risk register would be used to store details of the risks and all projects would have equality impact assessments undertaken on them.

Councillor Griffiths asked for information on job losses. Mrs Owen informed the Committee that the information would not be available until summer 2011.

Councillor Lager asked if the Business Processes Review would produce a lean Council. Mrs Owen responded that this was the aim.

Essex had been learning from best practice Local Authorities. Councillor Young informed the Committee that Croydon Council had a Family Intervention Programme providing early intervention to support children and parents thereby avoiding more families becoming complex cases. Mrs Owen informed the Committee that Swindon Council had a project working with complex families; there was also a scheme in Bury St Edmunds called Circle of Support which helps families.



Councillor Smith-Hughes asked that all Members are given the opportunity to learn more about the NWoW changes. It was agreed that the Cabinet Member would be advised of this request.

Councillor Smith-Hughes thanked Mrs Owen for attending.

## **18. Forward Look**

The Committee considered and **agreed** report ES/013/11 with the following additions or amendments.

- i) That the Transformation Programme Scrutiny Review: Governance and Risk Management would no longer be undertaken by a Task and Finish Group but would be brought to the 22 March meeting;
- ii) The Capita Resourcing Task and Finish Group would report back to the Committee at its June 2011 meeting;
- iii) Councillor Smith-Hughes, Councillor Lager, Councillor Young and the Governance Officer would meet to prioritise the Forward Look.

## **19. Date and time of next meeting**

The next ordinary meeting was scheduled for Tuesday, 22 March at 10am in Committee Room 2.

There being no urgent business the meeting closed at 12.30 pm.

Chairman  
22 March 2011