

MINUTES OF A MEETING OF THE EXECUTIVE SCRUTINY COMMITTEE HELD AT COUNTY HALL, CHELMSFORD ON 7 SEPTEMBER 2010

Membership

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

(* present)

The following officers were present in support throughout the meeting:

Hannah Cleary, Governance Officer
Colin Ismay, Governance Manager

48. Apologies for Absence

Apologies were received from Councillor A M Hedley with Councillor Mrs M Webster as his substitute, and from Councillors Mrs I Pummell and J A Young.

49. Declarations of Interest

Councillor Lager declared a personal interest as a member of the Improvement East Efficiency Panel in relation to item 5 (Transformation Programme Scrutiny Review – Shared Services Appetite Survey).

50. Minutes

The minutes of the meeting held on 27 July 2010 were approved as a correct record and signed by the Chairman.

51. Budget Preparation 2011/12

Councillor David Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme, and Peter Lewis, Interim Head of Corporate Finance were in attendance to give a presentation and provide an overview of the budget setting for 2011/12.

Councillor Finch set out the context of the national budget, including the predicted reductions in public service by the Institute for Fiscal Studies. It estimated that there would be a 25% to 40% public service spending reduction between now and 2015. The Council's estimation were that there would be a 33% reduction in overall grants and a 10% reduction to designated school grants. The

Comprehensive Spending Review results would be announced on 20 October, with Council specific funding allocations likely to be announced in December. As a result of these reductions frontline services had been asked to make savings of 8%, and back-office functions 16.5% for the 2011/12 financial year. The Transformation Programme had already generated £60 million of savings in 2009/10, and was on target to deliver a further £89 million of savings in 2010/11. A final review of the savings proposals from service areas would be considered during September and October and would apply to the 2011/12 budget.

Councillor Butland asked if any assessment of the risks caused by service reduction had been carried out. Councillor Finch confirmed that risks would be evaluated.

Councillor Lager commented that in order for the Committee to add value to the process, explicit figures would need to be provided, to demonstrate that resources were being targeted at the Council's priorities. The context of the budget development would also be useful, including the assumptions that had been made around inflation levels, salary settlements, interest rates and other fees and charges, and the impact on capital expenditure and cash-flow management due to the slow down in asset sales.

Councillor Finch responded that it was for the section 151 officer to comment vigorously on the validity and risks of the budget viability. The assumptions referred to by Councillor Lager were all considered in discussions between service areas and portfolio holders, with consideration being given to the statutory and discretionary elements of the services they provide, in light of the £108 million financial pressures for 2011/12. Councillor Finch added that he hoped to provide detailed budget information to the Committee at the 30 November meeting.

Councillor Webster asked if the Council would continue to support vulnerable people by providing care and support services. Councillor Finch confirmed that vulnerable people were being protected through the budget setting process. The New Ways of Working initiatives aimed to continue delivering front line services whilst making savings.

If Local Authorities raise Council Tax by less than 2.5% in 2011/12 and possibly 2012/13, Central Government has offered to reimburse the difference. Councillor Finch asked the Committee if it would assist with the analysis and consequences of accepting or rejecting this reimbursement.

The Committee **agreed** that it would undertake a review of the Council Tax reimbursement at a future meeting.

The Chairman thanked Councillor Finch and Peter Lewis for attending.

52. Transformation Programme Scrutiny Review – Shared Services Appetite Survey

At the 29 June meeting, the Committee received a presentation from Graham Tombs, Executive Director of Commercial Services, and Ricky Fuller, Assistant Director, Corporate, Commercial and Property Group, around the development of

shared services with partners. At this meeting the Committee were advised about 'appetite surveys' that had been sent to partners, and had asked for copies of the responses that the Council had received. Jacobs Ltd, a firm of consultants had been commissioned to undertake a review of the preliminary shared services work, and the Committee had asked to be informed of the results.

Graham Tombs and Ricky Fuller were in attendance at the meeting to provide the information the Committee had requested, and gave a presentation.

The Committee expressed disappointment that the information they requested had not been distributed in advance of the meeting, allowing time to prepare questions.

Ricky Fuller set out the progress that had been made to date, including the commissioning of a group of Chief Executives to develop a shared services programme. A number of reviews had been directly commissioned, including property, civil parking enforcement, regulatory services and operational services (waste).

A number of reviews had been commissioned through Jacobs Ltd, including procurement, IT, professional services, revenues and benefits and building control. The outcomes of these reviews had been received in August, and had resulted in a procurement work-stream initiation. Total gross expenditure data collected from partners for these five areas amounted to £119 million. Potential savings of £12 million could be realised through the establishment of organisation clusters for the different services.

The potential to achieve further savings from joint procurement, sharing property and other opportunities were being explored. A review of civil parking enforcement was already underway and being sponsored by Castle Point Borough Council.

Councillor Mitchinson asked for details of those who had not responded to the appetite surveys. Ricky explained Epping Forest District Council and Harlow District Council had not responded.

Councillor Butland asked who the appetite surveys had been sent to within each organisation. Ricky advised they had been sent to the Chief Executives.

Councillor Griffiths asked about the potential cost in jobs of merging services. Graham explained that the average cost reduction was between 15% and 20%. Giving the example of savings to procurement, he explained that this would result in better value procurement rather than a loss of jobs. The purpose of the sharing of services was not about reducing capacity; rather delivering improvements and better outcomes. No presumptions had been made about the number of posts that would be required to deliver services, but each service cluster would be analysed to assess the most efficient delivery platform; however, it was likely that there would be an effect on headcount in the long term future.

Councillor Lager asked how quickly the savings could be realised, and what the potential barriers were. Graham explained that each potential cluster had a differing timetable. The sharing of professional services had already started, with a meeting of Leaders due to take place in the near future to drive progress.

The Committee **agreed** that detailed savings figures and further progress would be brought to a future meeting.

The Chairman thanked Graham and Ricky for attending.

53. Scorecard Referrals to Policy and Scrutiny Committees

The Committee considered report ES/25/10.

Paul Abraham, Assistant Director for Performance and Organisational Intelligence was in attendance to introduce the report and answer questions.

Paul drew attention to the discontinuation of the Corporate Improvement Plan due to the abolition of the Audit Commission and thus the Comprehensive Area Assessment. The proposal was to focus on the action plans of specific inspections, such as the CQC inspection of Adult Social Care, and the Ofsted inspection of Childrens Services. Central Government were undertaking a sector led review of the current performance reporting arrangements.

The Committee expressed concern for smaller Councils and their ability to cope with changes to performance arrangements. Paul explained that Essex would be taking a joint approach with other District and Borough Councils to ensure consistency of approach to performance reporting and collection methods.

54. Capital Receipts – follow up from last meeting

The Committee noted report ES/27/10.

55. Forward Look

The Committee considered report ES/28/10 and **agreed** the addition of the following topics:

1. Absence Management - Councillor Dick, Chairman of the Community Wellbeing and Older Peoples Policy and Scrutiny Committee, reported that the review of absence management for the Adults, Health and Community Wellbeing Service was almost complete. An interim report was due to be published shortly.
The Executive Scrutiny Committee **agreed** that up to date figures of absence management figures for all service areas would be presented to a future meeting to facilitate their decision to continue or discontinue the review.
2. Budget 2011/12 – The Committee **agreed** that Councillor Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme, would be invited to attend their 30 November meeting to provide further details about the budget setting for the 2011/12 financial year.
3. School Governor Appointment Policy – following two call-ins of School Governor Appointment decisions, the Cabinet Member for Education, Councillor Castle, agreed that a review of the appointment policy should

be carried out. At their meeting on 6 September, the Scrutiny Board agreed that the relevant body to carry out this review was the Executive Scrutiny Committee. It was therefore **agreed** that this topic would be added to the agenda of the 26 October meeting.

4. Council Tax Reimbursement - Councillor Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme asked the Committee to assist in reviewing the offer from Central Government that if Local Authorities raise Council Tax by less than 2.5% in 2011/12 and possibly 2012/13, Central Government will reimburse the difference. The Committee **agreed** to assist the Cabinet Member in reviewing this offer.

56. Date and time of next meeting

The next ordinary meeting is scheduled for Tuesday, 26 October 2010 at 10am, in Committee Room 2.

57. Exclusion of the Public

To consider whether the public (including the press) should be excluded from the meeting during consideration of an agenda 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.

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).

58. 2010/11 First Quarter Outturn Report – follow up from the last meeting

The Committee considered report ES/26/10 by Peter Geall, Head of Infrastructure Strategy, who was in attendance to introduce the report and answer questions.

The Committee **agreed** that a report of their findings and recommendations would be brought to a future meeting.

Chairman
26 October 2010