

MINUTES OF A MEETING OF THE EXECUTIVE SCRUTINY COMMITTEE HELD AT COUNTY HALL, CHELMSFORD ON 19 JULY 2011

Membership

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

(* present)

Councillor Riley was also in attendance and declared a Personal Interest as a Member of Castle Point Borough Council.

The following officers were present in support throughout the meeting:

Mrs Hannah Cleary, Governance Officer
Mrs Vivien Door, Committee Officer

57. Apologies for Absence

Apologies were received from the following Members:

Apologies	Substitutions
A M Hedley	

58. Declarations of Interest

The following Declarations of Interest were reported:

G Butland	Personal Interest as Leader of Braintree District Council
B Dick	Personal Interest as a Member of Castle Point Borough Council
M Lager	Personal Interest as a Member of the Panel for Improvement East and as a Member of Braintree District Council
G Mitchinson	Personal Interest as a Member of Harlow District Council
M Page	Personal Interest as a Member of Tendring District Council
J Roberts	Personal Interest as a Member of Brentwood Borough Council
S Mayzes	Personal Interest as a Member of Tendring District Council
T Smith-Hughes	Personal Interest as a Member of Chelmsford Borough Council

A Turrell	Personal Interest as Leader of Colchester Borough Council
Cllr J Young	Personal Interest as a Member of the Panel for Improvement East and as a Member of Colchester Borough Council

59. Minutes

The minutes of the meeting held on 23 June 2011 were approved as a correct record and signed by the Chairman.

60. 2011/12 Financial Review as at the First Quarter Stage

The Committee considered report ES/046/11 presented by Councillor Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme, and Mr Peter Lewis, Interim Assistant Director, Financial Strategy. Ms Jenny Owen, Deputy Chief Executive, Adults, Health and Community Wellbeing was also in attendance.

Councillor Finch introduced the report and explained that the unadjusted net over-spend for the current financial year amounted to £6.765 million, although it was important to note that the unadjusted net over-spend as at the 2010/11 financial overview as at the first quarter stage was £13.4 million. The current forecast is for an underspend of £615,000 on the revenue budget.

Councillor Roberts asked if the recent issues relating to Southern Cross would impact financially on the Adult, Health and Community Wellbeing (AHCW) Directorate. Ms Owen explained that the AHCW Directorate had established a contingency plan in case of such situations arising, and was meeting on a weekly basis with Southern Cross. Councillor Finch added that the AHCW Directorate had been exemplary in its response and he had confidence that the situation would be well managed.

Councillor Roberts asked how the £88,000 over-spend detailed on page 9, specifically in relation to Members Allowances would be managed. Councillor Finch explained that the number of Special Responsibility Allowances had recently been reduced and coupled with other changes in the arrangements for paid allowances were expected to reduce this.

Councillor Mitchinson asked how it had been possible to achieve the £1.9 million Insurance Cost Recovery Account under-spend as set out on page 8 of the report, and for details of the £500,000 over-spend in relation to Information Services set out on page 10. Councillor Finch explained that the Council's borrowing had decreased which had been recognised by the Actuary, thus reducing insurance premiums in relation to creditors. With regard to the Information Services over-spend, Councillor Finch **agreed** to provide information on this topic at a future meeting, although Mr Lewis explained that the Information Services modernisation programme was helping to address the over-spend. Councillor Smith-Hughes asked that both

permanent and temporary costs be provided in relation to the modernisation programme, in addition to details of any re-charge system, when the topic returned to a future meeting.

Councillor Mitchinson asked for further details about the Council's Treasury Management Strategy, that sets out the framework for borrowing and investments. Councillor Finch explained that the Council undertook both short and long term borrowing, and also invested surplus cash balances, mainly on a short-term basis, and in accordance with guidance issued by Central Government. Funds were only invested with bodies that had high credit ratings, and the Council had an extremely cautious approach in this area. Specialist internal finance staff along with industry consultants were utilised to ensure frequent monitoring of both investment bodies and credit ratings agencies.

Councillor Lager welcomed the approach taken by the Cabinet Member and Finance Team to demonstrate public accountability and effectiveness through financial reporting. The Council was on track to deliver a balanced budget, which was commendable for an organisation of this size and complexity. Councillor Lager asked for clarification of the process for carrying forward under-spends and mitigating over-spends. Councillor Finch explained that prudence and good financial management were encouraged with all Directorates, and any requests for carrying-forward under-spends required a robust business case that would be considered for approval by the Cabinet Member. Unless there were exceptional reasons, over-spends were taken from the subsequent financial year's budget.

The Committee discussed the value of introducing a preamble to enhance the accessibility of the report to lay-people, and inclusion of acronyms, codes, and a narrative to communicate the background of financial issues. The Cabinet Member felt this was a good idea and was feasible to introduce in time for the Financial Review as at the Second Quarter Stage Report.

Councillor Lager asked for clarification of the budget variance from £3.163 million to £12.009 million in relation to revenue trading activities set out on page 15 of the report. Mr Lewis explained that this was due to new activity regarding transformation and he **agreed** to circulate details to Members by email.

Councillor Smith-Hughes asked for further detail about the trading activities set out in paragraph 1.2 on page 5 of the report. Councillor Finch **agreed** that a breakdown of these figures would be included in the Financial Review as at the Second Quarter Stage and that he would ask the Chairman and Vice-Chairmen to comment on the draft document.

Councillor Mayzes drew attention to appendix A on page 13 of the report and requested that over-spends were described as percentages in the same way as for under-spends.

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

Recommendation:

The Committee **recommended** that a pre-amble, appendices to explain codes and acronyms, and a narrative to communicate the background of financial issues be included in all future quarterly financial review reports, in order to improve access by lay people.

61. Transformation Programme Scrutiny Review: Property Strategy

The Committee received a presentation from Councillor Derrick Louis, Cabinet Member for Procurement, Property and Major Projects, Robert Overall, Executive Director, Environment Sustainability & Highways and Jo Smith, Director, Essex Property and Facilities.

Through its Corporate Property Strategy the Council was seeking to move towards a considerably smaller number of strategically spread and located, well-utilised sites, efficiently aligned to Target Operating Models. These sites will be shared across services and co-locations of partners where necessary, accessible to customers and support and enhance New Ways of Working. The number of ECC owned non-operational sites would be significantly reduced, decreasing liabilities and delivering capital receipts or community benefits in line with the Council's Localism Policy. The Corporate Property Strategy encompassed 8 principles:

1. A corporate approach with central management;
2. Transparency and accountability;
3. Only as much property as needed for the business;
4. Commissioners challenged to use as little property as possible;
5. Proactive with partners and operational services to be co-located wherever practicable;
6. Property benchmarking will be used to maximise the estate;
7. Maximise capital receipts (but not a fire sale);
8. Property transformation programme will be self-funding.

Local Members will continue to be notified of property changes in their Divisions, and detailed information around property rationalisation would also be shared with them. Councillor Young suggested that property rationalisation information could be shared with Members at Locality Briefings, and Councillor Louis **agreed** with this approach. The Property Transformation Business Case was presented to the Outcomes Board in June 2011 and funding would be in place to commence early projects from the third Quarter of 2011/12. Property Strategy updates would be given each quarter, with a full review being undertaken in December 2012.

Councillor Mitchinson asked if the Big Society community property proposals would affect the Property Strategy. Councillor Louis explained that under the Big Society proposals, communities could be offered the first refusal to purchase property at market rates, and the Property Strategy would either bring financial benefits or add other value to local communities.

Councillors Mitchinson and Pike raised concerns around the parking arrangements at the new Harlow Hub. Councillor Louis informed the Committee that NWOW should make the car parking problem easier as workers would be more mobile and work flexibly. Staff who travelled to work by car could desk share and travel to work on alternative days. Councillor Pike stated that he remained concerned at the lack of car parking spaces provided for the Harlow Hub and wanted to ensure that appropriate parking would be available at new hubs.

Councillor Lager asked if the Property Strategy was ambitious enough. Councillor Louis informed the Committee that there would be a second phase commencing after the review in December 2012.

Councillor Mackrory welcomed the principle of co-location with partners in District and Borough Councils to improve service to the public. Councillor Page expressed some concern that in large rural areas travelling to hubs could be difficult for some members of the public who did not have easy access to public transport. Councillor Louis informed the Committee that there would be other buildings used in rural areas.

Councillor Smith-Hughes thanked Councillor Louis, Mr Overall, and Ms Smith, for attending. He encouraged all Members to be aware of the changes in their local Division and that the strategy would be brought back to this Committee to be monitored, most likely in early 2012. Councillor Louis **agreed** to inform the Chairman when more information would be available.

62. Transformation Programme Scrutiny Review: New Ways of Working

The Committee considered the update presentation from Ms Jenny Owen, Deputy Chief Executive, on the New Ways of Working initiatives, including the Business Support Review and the scoping document ES/047/11.

The three major New Ways of Working project business cases for Customer Services, Business Support and Corporate Services had been agreed at the Outcomes Board on 13 July 2011. The savings from the projects were detailed below:

Total Annual Baseline Reduction

Customer Services	£5,400,000
Business Support	£4,900,000
Corporate Services	£5,052,000
AHCW Business Process Review	£3,700,000
TOTAL	<u>£19,050,000</u>

These reviews should reach the target of £20 million by 2013/14.

Customer Services Review

This should improve the customers' experience by creating a holistic customer services centre, integrating customer contact into a single department which

would bring consistency. It would reduce costs by managing demand and resolving customer enquiries at the first point of contact and also reduce costs by providing an efficient website. A Centre of Excellence would be created using technology to make the customer's experience more consistent, and the service delivery more cost effective. The County would ensure that vulnerable people have a voice and received an appropriate and consistent customer experience.

Best practice from other Local Authorities had been considered, such as the London Borough of Harrow, alongside analysis that informed the Council more people want to access services from the website at a convenient time to them rather than during office hours. Modernisation and enhancement of the Contact Centre would take place to enable the public to have their queries resolved during the initial telephone call rather than transferring them to a specialist. The staff at the Contact Centre would undergo further training and development to enhance their skills and enable them to answer more detailed queries, whilst ensuring that vulnerable people still have access to services they required.

Councillor Pummell asked about the type of training the Contact Centre staff would receive. Ms Owen informed the Committee that staff would work to a script and would be initially trained in teams to answer, for example, Highways or Adults Services issues; eventually they would be trained in more than one area to enable them to answer different lines of enquiries.

Councillor Butland was concerned that the London Borough of Harrow was a Unitary Local Authority rather than a large County and that the public in Essex may commence their enquiry through a Parish or Borough/District Council. Ms Owen explained that the current Customer Relationship Management (CRM) systems used by the County Council were not the same as those used by Parishes/Districts/Boroughs, although there was the potential for joining up CRM systems in the future.

Business Support Review

Work had taken place to rationalise the Business Support Services to deliver greater efficiency whilst maintaining high quality support for front line services. Best practice had been used from other Local Authorities to move to a more specialist Business Support model, with staff working on a particular function, for example, minute taking or travel arrangements. This would provide staff with more job satisfaction, provide clarity in job roles and cover arrangements.

Councillor Smith-Hughes asked where the savings were being made. Ms Owen informed the Committee that this was through making better use of IT and reduction in staff numbers.

Corporate Services Review

This review included using external benchmarks from other Local Authorities and the Target Operation Models. The corporate centre had been slimmed down by reducing second and third tier managers. The corporate centre should be five percent of the organisation cost to comply with industry best

practice. Phase 2 would look at the end to end process in individual directorates, to see if extra savings could be made by bringing processes back into the core.

Adults, Health and Community Wellbeing (AHCW) Review

The target was to achieve £3.7 million, of which £2.3 million had been achieved to date.

Councillor Smith-Hughes asked how the NWOW reviews were identified. Ms Owen informed explained that Price Waterhouse Cooper had been engaged to work with the Council in identifying areas for review and savings. Councillor Lager asked if they had started at a zero base concept of lean. Ms Owen explained that they had taken out stages from the customer's enquiry to provide a better service. Councillor Mitchinson asked if the London Borough of Harrow had encountered any problems revising their customer services and how did they solve them. Ms Owen informed the Committee that Harrow had received buy in from all the Directorates originally which enabled them to improve customer services. The examples that Harrow used were one point of call for bin collections, a similar example for the County would be highway issues. Councillor Edey asked if the reviews had acknowledged that Local Authorities were receiving fewer funds annually. Ms Owen explained that annual bi-lateral discussions took place regarding reduced budgets and the need to make savings. The NWOW would enable the County to meet the reduced budgets.

Councillor Smith-Hughes thanked Ms Owen for her attendance.

63. Coroners Service

The Committee **agreed** report ES/048/11 by the Governance Officer.

64. Forward Look

The Committee **agreed** report ES/049/11, setting out the Committee's proposed future work programme.

The Committee **agreed** that the Governance Officer should look for new dates for any meetings which were on the same date as Cabinet.

65. Date and time of next and future meetings

The Committee noted that the next ordinary meeting was scheduled for Tuesday, Tuesday, 6 September 2011, at 11.00 am, or at the rise of Cabinet if later than 11.00 am in Committee Room 2.

There being no urgent business the meeting closed at 12.50 pm.

Chairman

6 September 2011