

**MINUTES OF A MEETING OF THE EXECUTIVE SCRUTINY COMMITTEE
HELD AT COUNTY HALL, CHELMSFORD ON 1 NOVEMBER 2011**

Membership

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

(* present)

The following officers were present in support throughout the meeting:

Vivien Door, Committee Officer
Robert Fox, Governance Officer

74. Changes to Membership

The Chairman informed the Committee that there had been changes made to the membership following the Full Council meeting on 11 October 2011. The Chairman welcomed Councillor C Pond to the Committee and formally thanked Councillor M J Mackrory for his work.

75. Apologies for Absence

Apologies were received from the following Members:

Apologies

Cllr G Butland
Cllr M C M Lager
Cllr J Roberts
Cllr N Edey
Cllr J W Pike

Substitutions

Cllr Mrs M Webster
Cllr R G Walters

76. Declarations of Interest

No Declarations of Interest were disclosed.

77. Minutes

The minutes of the meeting held on 6 September 2011 were approved as a correct record and signed by the Chairman.

78. 2011/12 Financial Review as at the half year stage Outturn Report

The Committee considered report ES/053/11 presented by Councillor Finch, Deputy Leader of the Council and Cabinet Member for Finance and Transformation Programme. Peter Lewis, Interim Assistant Director Financial Strategy was also in attendance. Councillor Finch informed the Committee that the half year position was better than the first quarter due to the strong financial controls in place.

Adults, Health and Community Wellbeing Services

This Service was showing an increase in the overspends pertaining to the Care and Support and Mental Health budgets that were being offset by increased underspends in Service Management costs. Demographic trends predicted that the number of older people would increase over the years so resources and funding would need to be managed well. Savings from Mental Health were not expected to be fully realised resulting in a £524,000 overspend.

During the discussion the following points were made:

- That the service employs a number of analytic staff and uses specialist software to track demographic and economic trends to plan future service use;
- That the service would ensure that any actions taken to mitigate overspends would not adversely impact on the vulnerable service users and would aim to reduce operating and procurement costs, for example, within the service;
- All front line services would be protected by delivering better contracts and service delivery whilst producing best value for money;
- Essex Cares is a successful Local Authority Traded Company (LATC) and was maintaining the delivery of a good quality service to customers with less resources;
- The Community and Older People Policy & Scrutiny Committee would examine the current service overspends at its December meeting;
- Essex Cares Shareholders meet quarterly to monitor the service. There was no risk to the pension scheme from Essex Cares.

Schools, Children and Families Services

The Service had an overall overspend of £1.634 million, although this was being managed. There had been a reduction in the area based grant but services had been reduced to respond to the funding with the Cabinet Member reconfiguring the service delivery. Added to that there will be a reduction in the overspend due to schools becoming Academies.

During the discussion the following point was made:

- A Member was concerned that there was a significant underspend on Youth Services and that there had been no pre-scrutiny of the reconfiguring of the services at the Children and Young People Policy and Scrutiny Committee.

Environment, Sustainability and Highways Services

The Service had an overall overspend of £135,000.

Finance Services

The Service had an overall overspend of £1.922 million due to lower capital borrowing interest payments.

During the discussion the following points were made:

- The Brentwood Project was a shared services application and the additional costs borne by the County Council would be paid back by Brentwood Borough Council.
- There had been an increase in the amounts held in the Insurance Cost Recovery Account and was reserved in order to meet to a range of potential claims;
- The Council rigorously pursues debt recovery, although Councillor Finch had not been informed of any large outstanding debt within the last 18 months.

Capital

St Peter's College, Chelmsford had been de-selected from the capital scheme as no bid had been made therefore, £1 million had been removed from the budget. Councillor Finch added that Chelmsford secondary heads have not progressed the proposal for a studio school on the site of the former St Peter's College, although the Council would continue to work with providers in the area to develop vocational options.

Waste Reserve

This reserve would be returned to its appropriate level in 2012/13 and in future years.

The Committee **agreed** the report.

79. Budget Preparation 2012/13

The Committee received an a presentation on budget preparation for 2012/13 by Councillor Finch, Deputy Leader of the Council and Cabinet Member for Finance and Transformation Programme. Peter Lewis, Interim Assistant Director Financial Strategy was also in attendance.

Councillor Finch provided an outline of the Budget Preparation for 2012/13 which was based on the 2011/12 budget process although it incorporated recent changes. The budget had been formulated based the County's priorities. The budget information would be shared with Districts and Boroughs in order that budget aggregation could take place and to enable joined up decision making. Reserves would be protected to ensure that there was contingency funding for these uncertain times. There was currently slippage in the Capital Programme due to delayed delivery of some projects. All services would have to work within budget targets set and may need to prioritise their activities.

Service based reviews took place in September, focussing on two key areas of spend per directorate:

Schools Children and Families review on Transport & Looked After Children;
Adults, Health and Community Wellbeing review on Older People & Libraries;
Environment Sustainability & Highways review on Highways & Transportation.

A number of assumptions had been made in setting the budget, including that Government grants would remain in line with the notifications for 2012/13. Inflationary pressures and interest costs should be able to be contained at £5 million less than the current budget. The rising energy costs of approximately 20% would increase pressures on the budget. It had been estimated that a 1% staff pay inflation would need to be absorbed within directorate budgets.

There was a predicted demographic increase for Older People at 4% in 2012/13 and 3.08% in 2013/14; an increase for service users requiring Learning Disability resources for £8.5 million in 2012/13; and for Mental Health & Physical and Sensory Impairment of 2% for both 2012/13 and 2013/14. In the Schools, Children and Families Directorate there was an inflation of 2% on Residential Care and Carer Allowances to attract more carers into the County. Long-range weather forecasts have indicated heavy snow this winter so that additional salt and services have been included at £1.6 million for the Highways winter service.

The Council's Medium Term Resources Strategy (MTRS) would maintain an affordable five-year rolling capital programme aligned with the County's strategic vision and corporate priorities whilst maintaining and developing the services required. Any non-ring fenced capital grants would not be ring fenced to the service for which they were nominally provided. Review meetings would take place in early November to address budget pressures with Directors and Cabinet Members.

Potential changes to the National Non-Domestic Rates (NNDR) may enable some Councils to retain growth from business rates although these changes were still at the consultation stage.

During the discussion the following points were made:

- That the increase in the old people demography was more than expected;
- Potential changes to housing benefit could have an impact on Essex with more vulnerable moving from London and requiring services;
- If there was a Council Tax freeze next year the funding for the future gap could be £29 million in future years;
- The next four years were likely to bring tough decisions as the economic situation continues;
- The County has had to make fewer cuts to services than other Local Authorities but the transformation projects would continue over the next four years;
- The County was balancing budget targets with the need to provide vulnerable people with appropriate services;

- A Member suggested that Essex Residents could be asked to donate to the big society via Essex County Council to provide funding for community projects, Councillor Finch would suggest it to the Adults, Health and Community Wellbeing Service to pursue if appropriate;
- That services which provided income generation, for example, Essex Libraries, should be allowed to keep their funding as an incentive to working with other Local Authorities.

Councillor Finch invited the Committee to comment on the proposed 2012/13 budget and provide comments by 11 November where possible.

The Committee **agreed** that without seeing a more detailed budget it was difficult to make sensible comments and invited Councillor Finch to the next meeting on 29 November 2011 after the Directorate/Cabinet Members budget meetings had taken place.

The Chairman thanked Councillor Finch for his briefing and Peter Lewis for his input to the meeting.

80. Transformation Programme Scrutiny Review: IT Modernisation and Cloud Computing

The Committee received an oral update from David Wilde, Chief Information Officer on the IT Modernisation and Cloud Computing. The Scoping Document ES/015/11 was agreed on 22 March 2011 and the Transformation Programme Scrutiny Review Interim Report ES/023/11 was agreed on 26 April 2011.

David Wilde informed the Committee that the new ICT Strategy had been agreed at the Outcomes Board. The four year Strategy would inform changes that Information Services and its partners for a modern, effective and efficiently managed service. The strategy supports the Transformation and Target Operating Model (TOM) and ensures the future service by supporting the day to day business whilst helping to deliver strategic change and development for the future. There were five themes to the strategy.

a) End User Computing

This project would deliver both software and hardware upgrades for all staff, most staff were running on Microsoft Office 2003 and would be upgraded to 2010 and Windows 7. The last upgrade took place seven years ago. It would enable staff to work more flexibly and improve access to services and accommodation; some staff take twenty minutes to log on in the morning, losing valuable business time. Adult Community Learning IT systems have to refit back to Microsoft Office 2003.

b) Information Governance

This supports Freedom of Information and Data Protection. Staff would be provided with training to make them aware of their responsibilities when using IT regarding Data Protection. Information would be streamlined to make it more accessible.

c) Collaboration

Making the best use of the End User Computing and the Information Governance would mean that the County was in a better position to embrace Cloud Computing and work with partners.

d) IT Skills and Capacity

The Information Services (IS) Team would be reduced from 205 staff to 160 staff during 2012 and then to 120 during 2013; this would partly be achieved through the reduction of IS staff who currently attend to hardware and software problems. Basic core competency ICT skills would be introduced across the County through online certification in European Computer Driving Licence (ECDL).

e) Customer Centric Services

Applications would be available to download for particular services.

During the discussion the following points were made:

- That as the County moves towards commissioning services from other partners it would be crucial to ensure that information governance was included in any contracts and monitored regularly;
- That each Local Authority had contracted for its ICT services separately mainly from the same contractor;
- That currently 60 staff were trialling the new equipment with another 200 by Christmas, and at 1,000 by 31 March 2012, it was anticipated that these 1,000 would be from the Adults, Health and Community Wellbeing Directorate as this Directorate uses multiple buildings which would test the system. The remaining staff would have their IT systems refreshed in 2012/13;
- There would be £32 million savings over 5 years, which equates to £7.2 million per annum;
- That IS was brought in house for a period of three years, the service would be reviewed after two years;
- That telephony would be included in the IT refresh with a mix of both wireless and wifi systems;
- That schools and other area offices could be used across the county to enable broadband services to be available to local communities;
- That the UK was becoming the host country for Cloud Computing services as it had a better climate than California and was nearer to Europe;
- That the Essex Contact Centre uses 22 different systems, training on these systems takes four years. The IS Strategy would simplify the number of applications required across the County.

81. Forward Look

The Committee **agreed** report ES/054/11 by the Governance Officer with the following addition, that the item on Budget Preparation for 2012/13 presented by Councillor Finch, Deputy Leader of the Council and Cabinet Member for

Finance and Transformation Programme be added to the 29 November meeting.

The Committee **agreed** that:

The Committee Officer would add the following items to the next Scrutiny Board Agenda.

That all Policy and Scrutiny Committees should review:

- i) Absence Management;
- ii) Performance Management.

82. Dates of the Next Ordinary Meetings

The Committee noted that the next ordinary meeting was scheduled for Tuesday, Tuesday, 29 November 2011, at 10.00 am in Committee Room 2.

There being no urgent business the meeting closed at 12.15 pm.

Chairman
29 November 2011