

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday, 17 November 2008 at 9.30 a.m.

Present: Councillor PJ Edwards (Chairman)
Councillor WLS Bowen (Vice-Chairman)

Councillors: PA Andrews, WU Attfield, KG Grumbley, TM James,
RI Matthews, PM Morgan, AT Oliver, SJ Robertson and JK Swinburne

In attendance: Councillors JP French (Cabinet Member - Corporate and Customer Services and Human Resources) and A Seldon

39. APOLOGIES FOR ABSENCE

Apologies were received from Councillor RJ Phillips (Leader of the Council).

40. DECLARATIONS OF INTEREST

There were no declarations of interest.

41. MINUTES

RESOLVED: That the Minutes of the meeting held on 20 October 2008 be confirmed as a correct record and signed by the Chairman.

42. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

There were no suggestions from members of the public.

43. INTEGRATED CORPORATE PERFORMANCE REPORT

The Committee considered the Council's performance for the first six months of 2008-09 against the Corporate Plan 2008-11 and national performance indicators used externally to measure the Council's performance, taking account of the separate but complementary financial performance report, risk and progress against the action plans produced following the Crookall review.

The Corporate Policy and Research Manager (CPRM) presented the report, first explaining the changes that had been made to the report's content and format in response to comments made by the Committee in October.

In terms of overall performance he reported that 92 indicators (up from 77 in the last report) were now rated green (on course to achieve target (or establish baseline)), 46 of the indicators in the Corporate Plan were now rated green (up from 32); 55 indicators (up from 46) were rated red (not on target/no activity reported) with 26 of the indicators in the Corporate Plan rated red (up from 21). The proportion of amber indicators (some progress but data not available to determine whether the target will be achieved) was reducing, as was to be expected as the year progressed and the

picture of performance became clearer.

He highlighted the following points:

- There was a mixed picture in Children's Services. However, as indicated in the Director's commentary, performance in children's' social care in relation to the timeliness of assessments and percentage of referrals going on to initial assessment was expected to improve as a result of recruitment campaigns, creating a significant increase in the social worker establishment by January 2009, and the implementation of the new integrated social care system.

There were positive improvements in respect of a number of indicators including NI 67 (child protection cases which were reviewed within required timescales).

All the latest provisional examination results had been marked amber because of the problems that had arisen over the national marking system.

In relation to the corporate risk register, the CPRM drew attention to the four Council risks within the risk assurance framework having a residual score of 15 or more after mitigating action had been taken into account.

In relation to the action plans put in place in response to the Crookall review a further 7 actions had been completed. None of the remainder was red-flagged.

In the course of discussion the following principal points were made (numbering cross-refers to pages in the agenda papers and indicators):

- That whilst overall performance against the Corporate Plan indicators had slightly improved since the last report, the overall direction of travel position (i.e. those indicators currently used by the Audit Commission to assess performance this year compared with last year) had worsened.
- That a number of baselines had yet to be set. In reply, the CPRM said that the Place Survey would help to establish a number of these by March 2009. The Director of Environment and Culture's commentary acknowledged that in relation to national indicators 182-184 there was a significant risk that the data required to set the baselines would not be available at the year end. However, remedial action was underway.
- It was noted that in relation to a number of newly red-rated indicators under the corporate priority of reshaped health and social care, set out at page 10 of the report, the necessary discussions between the Primary Care Trust (PCT) and the Council to get them on track had still not taken place. In reply, it was explained that the PCT had been heavily committed to preparing for the world class commissioning assessments.
- It was believed that a report to Cabinet on affordable housing was still outstanding, making it difficult for the Committee to comment fully on the adequacy of the measures being taken to deliver this corporate priority.
- Members noted the efforts being made to recruit social workers, commenting that this was known to be a nationwide problem. Some concern was expressed that the position might be made worse by the adverse national publicity directed at social workers in the case of the high-profile child protection issue in Haringey.

- The usefulness of Best Value Performance Indicator 100 (p42) was questioned. The CPRM said that the definition was nationally determined. He would ask the Director of Environment and Culture to provide clarification.
- Information was requested on whether all the Council's social workers were qualified, the level of experience post-qualification and the rate of staff turnover.
- Concern was expressed that one of the four risks in the risk assurance framework was, "lack of planning by other parts of the organisation is having significant impact on the ability of ICT to deliver to customer's timescales." The Interim Deputy Chief Executive said that the position was beginning to improve as new, integrated ICT systems were put in place and would be pursued further as part of the current service planning round.
- A question was asked about how the revised travel and subsistence policy had been considered and approved. The Director of Resources replied that the Joint Management Team had approved the revised policy and that Internal Audit Services had been consulted on it.

RESOLVED: That the Committee's observations on the Integrated Corporate Performance report be noted.

44. BUDGET MONITORING 2008/09

The Committee considered the Council's performance against revenue and capital budgets as at 30 September 2008 and an indication of the estimated outturn for the 2008/09 financial year.

The Director of Resources presented the report. She highlighted that since the last report the projected overspend had reduced from £1.671m to £1.292m. This level of overspend could be met from the general balances leaving a reserve of £5.4 million. This was above the minimum recommended level of the general balances of £4.5m. However, she emphasised that Directors were working to balance their budgets.

She outlined the budgetary position for each Directorate as set out in the report. She reported that the reduction in the bank base rate suggested that investment income would reduce in future years. The potential effect was being considered in updating the Medium Term Financial Strategy.

In relation to the Capital Programme the Director of Resources highlighted the forecast outturn, the actual spend to date and the position on capital receipts as set out in the report.

In the ensuing discussion the following principal points were made:

- Clarification was sought and provided on the schools balances held by the Council which stood at some £5.657m.
- Noting that Directorates were seeking to manage overspends by not filling vacancies, it was cautioned that care needed to be taken not to overburden existing staff, which might then lead to a counterproductive increase in sickness absence. The Director of Resources said that each Director was managing the situation carefully to avoid any adverse impact on their teams.

- The Director of Resources acknowledged the pressures on the adult social care budget as a demand led service, but noted the progress that had been made as a result of reconfiguring services.
- In relation to concerns expressed about continuing health care funding as discussed at paragraph 14 of the report the Director of Resources said that the Council and Primary Care Trust (PCT) were looking at eligibility on a case by case basis. There was agreement that the PCT would fund the continuing health care of those who were eligible for it.
- The allocation of central government funding for the 2007 floods was noted. In response to a question the Director of Resources confirmed that expenditure on the 2008 summer floods had exceeded the Bellwin Scheme threshold and a further claim would be made to the Government.
- In reply to concerns expressed about continuing drainage problems, including instances where works had been carried out intended to deal with flooding problems but had proved ineffective, the Director confirmed that eligible claims under the Bellwin Scheme were retrospective and related to damage to infrastructure. However, she would inform the Director of Environment and Culture about the concerns so that he could consider whether these could be addressed through the Capital Programme.
- Clarification was sought on the £92,000 reserve in the Standards Fund and the underspend on dedicated schools grant, which was described in the report as comprising mainly applications for new banded funding. It was agreed to request a written answer from the Director of Children's Services.
- A Member suggested that careful consideration needed to be given to the budget for child protection, the high profile nationally suggesting this may well need to be significantly increased.
- Clarification was sought on the funding paid to the Council associated with the detrunking of the A465, noting that the report referred to a £125k grant having been allocated to the Council for road maintenance. It was agreed that a written answer would be given.
- The reduction in income from car-parks was discussed. The Director of Resources said that Councils across the Country seemed to be having the same experience. Whilst the issue of a free bus pass to those over 60 years old was perhaps part of the answer, the position was complex.
- Concern was recorded that the new waste disposal contract remained to be finalised.
- In response to a request the Director agreed to establish whether confirmation had been received of the percentage of grant for the ARCH project that the Government Office for the West Midlands would claw back.

RESOLVED: That the Committee's observations on the budget monitoring report be noted.

45. INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES - SCRUTINY REVIEW

The Committee considered the final report of the scrutiny review of Information and Communication Technology Services.

The review report had been enclosed separately for Members of the Committee.

Councillor Bowen, Chairman of the Review Group, presented the report commending it to the Committee as a fair and concise report. He thanked members of the Review Group, those who had attended to be interviewed by the Group and officers who had supported the review. He expressed the hope that the Executive would respond promptly to the report.

The Interim Deputy Chief Executive said that there was a strong link between several of the findings and recommendations of the Review Group and actions that were, in parallel, being progressed by the Executive. The review provided a useful reassurance in these respects.

He cautioned that there were some practical issues in relation to those recommendations that had human resources implications that might limit the flexibility of the Executive in its response.

The Cabinet Member (Corporate and Customer Services and Human Resources) reflected on the necessity of adhering to the single status agreement but acknowledged the issues raised in the report about human resources, to which the Executive would give a considered response.

The Head of ICT who had taken up post in September 2008 recorded his thanks to his predecessor as Head of Service, Geoff Cole. He said that Mr Cole had put some firm foundations in place and acted with integrity in taking over management of the ICT service in what had been very difficult circumstances. The findings of the review were consistent with his own observations, notably those on the need for the replacement data centre, the need to incorporate Primary Care Trust and wider NHS requirements into account in the Community Network upgrade, data security and disaster recovery.

In the course of discussion the following principal points were made:

- Disappointment was expressed that the issue of failure to comply with procurement policies, highlighted in a recommendation in the first ICT review completed in 2006, remained of sufficient concern to generate a further recommendation in the 2008 report.

The Cabinet Member (Corporate and Customer Services and Human Resources) acknowledged that this was a frustration and it was important that this was highlighted to the Executive and the Joint Management Team.

The Director of Resources reported that the need for compliance with all approved policies was shortly to be emphasised in the Council and PCT wide team brief. Internal Audit's work plan included a high level look at such compliance.

- It was asked why the average salary in ICT services was higher than the Council average. The Cabinet Member (Corporate and Customer Services and Human Resources) said that this was a reflection of a market place in which there was strong competition for ICT skills

- The provision of ICT Services to schools was discussed, noting that the review report said that the aspiration of the 2006 review that ICT services should be the preferred provider of services to schools funded and maintained by the local authority, was not now thought to be attainable. Members of the Review Group agreed that the relationship with schools was still patchy but noted that ICT services did have services from which schools could benefit, such as the major upgrade to broadband provision.
- A Member of the Review Group emphasised the improvement in the culture of ICT Services since the 2006 Review and paid tribute to the leadership of Geoff Cole in effecting this transformation.

RESOLVED:

- THAT (a) that the findings of the review of Information, Communication and Technology services be agreed for submission to the Cabinet;**
- (b) the Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive had approved its response; and**
- (c) a further report on progress in response to the Review then be made after six months with consideration then being given to the need for any further reports to be made.**

46. HEREFORDSHIRE CONNECTS - PROGRESS REPORT

The Committee considered the progress of the Herefordshire Connects Programme.

The Interim Deputy Chief Executive introduced the update on developments in the programme since the major decisions taken by Cabinet on 31 July.

It was noted that Joint Management Team (JMT) recommendations to Cabinet arising from the JMT Connects Programme Board's evaluation and system selection process would be presented in a report to Cabinet on 20 November 2008. This included financial considerations consistent with the Connects reports to Strategic Monitoring Committee and Cabinet in July 2008.

The Connects Programme Manager presented the report, outlining progress in evaluating systems for Environment and Regeneration Services (including a new system for Planning Services); a new system for Performance Management and Risk Management; a tool set that would be used to integrate Council and PCT systems; and an Integrated Support Services system (a 'back office' system to cover Human Resources, Payroll, Finance and Procurement). He noted that Cabinet was to be asked to approve the selection of the preferred systems on 20 November.

The Interim Deputy Chief Executive emphasised that the financial model had been checked by Capita and the processes followed had complied with procurement policy and project management best practice. Internal Audit had been involved at each stage to ensure compliance.

In the ensuing discussion the following principal points were made:

- Questioned about the financial model the Interim Deputy Chief Executive said that great care had been taken to ensure consistency with the reports to the Committee and to Cabinet in July. The overall cost reported in July had been £10.387m. The model now showed a slightly revised cost of £10.196m. From 2012/13 onwards there were projected annual revenue savings of £5.5m per year. He added that it was important to remember that the financial benefit was only one aspect of the Programme, improved service delivery being another.
- In response to a question about the sustainability of the new systems the Connects Programme Manager said that the commercial assessment had examined ongoing support costs. All future expenditure on upgrades was included in the annual maintenance charge. Capita had been asked to look at this aspect and had confirmed that the arrangements were sound for the 5-10 year life of the system.
- The Interim Deputy Chief Executive said that the programme was on course to deliver financial benefits in 2009/10. One of the most important elements was the work with Deloitte to ensure that staff in ICT services developed the skills to ensure that the systems would be sustainable. The work of ICT staff would change and they would be managing a small number of specialist systems. The work to ensure that the skills were in place to deliver the benefits of the systems complemented the work to test the financial model.
- It was cautioned that whilst the programme was necessary other Councils were substantially reducing the projected savings for similar programmes. The Cabinet Member (Corporate and Customer Services and Human Resources) acknowledged that some Councils had reduced their forecasts but the Council had already undertaken its own reassessment in developing the financial model presented to the Committee and to Cabinet in July. The Executive had made clear that savings would be removed from budgets and redeployed.

RESOLVED: That the Committee's observations on the Herefordshire Connects update be noted.

47. ELECTORAL REGISTRATION SERVICES

The Committee considered an update on progress in implementing the electoral registration services action plan.

The Assistant Chief Executive – Legal and Democratic (ACE L&D) presented the report.

He commented that the Electoral Commission had said that they would be willing to send a representative to attend one of the Committee's meetings but had been unable to attend this one.

He reminded the Committee of the background to the 2007 elections and the fact that the late introduction of legislation had created difficulties for a number of authorities.

He had recently commissioned an elections consultant from SOLACE enterprises to carry out a general healthcheck of the elections and electoral registration services. The report identified a number of areas of good practice and had also made some recommendations on areas for improvement. The consultant had seen the report

and action plan presented to the Committee in January 2008. He had considered the report to be open and frank and the action plan appropriate.

The consultant had confirmed that the difficulties the Council faced were the same as a number of local authorities, exacerbated by the number of Parish Councils in Herefordshire.

One of the healthcheck recommendations was on the prosecution of those who refused to register on the electoral register, recommending consideration of a test case. The ACE L&D said that a number of authorities had reservations about prosecutions because of the vulnerability or age of those commonly involved.

He commented briefly on the following areas covered in the report: processes and procedures, training, promotion of elections, working with other services, the website, the annual canvass and the outcome of negotiations with Opt2Vote on the provision of postal votes for the May 2007 elections.

In the course of discussion the following principal points were made:

- In response to a question about member involvement in reviewing the electoral registration service the ACE L&D said that the electoral registration service was to an extent independent of the Council and it was important that that independence was respected and preserved.
- There was a consensus that every effort needed to be made to ensure that the elections in 2011 needed to run much more smoothly than they had in 2007, mindful of the reputational damage to the Council.
- The arrangements for the promotion of elections were discussed noting that in future only in Parishes with an electorate of 200 or fewer would notice be given by individual letter. Notices in public places would be used for larger electorates. Members welcomed this approach.
- Asked about the outcome of the negotiations with Opt2Vote the ACE L&D said that the Council had secured the best deal possible, receiving a 50% discount on the total bill.
- In relation to the cost of Town and Parish Council elections the ACE L&D said that the Council had no statutory obligation to subsidise these elections but did so to the extent of 50%. Discussions were taking place with Herefordshire Association of Local Councils (HALC) on future arrangements for the 2011 elections.
- An example was given of one parish being charged £576 when its precept was only some £1,500. The ACE L&D said that in discussions with HALC he had advised that Parishes should make provision in the precept for one by election per 4 year period between elections. It was important to ensure, however, that the cost was clearly understood.
- In response to a question the ACE L&D confirmed that there were no prosecutions underway for failure to register on the electoral register.
- A Member said that the arrangements for the last unitary council by election in the South Leominster ward had shown marked improvement.
- In reply to a question about the final costs of the 2007 elections the ACE L&D

agreed to supply a written answer.

- Members requested that the electoral commission be invited to send a representative to a meeting early in 2009.
- The ACE L&D offered to supply a report to the Committee reflecting on the Town, Parish and Unitary Council by-elections that took place in 2008.

RESOLVED that a further report on the by elections that have taken place in 2008 be presented early in 2009, with a representative of the electoral commission being invited to attend.

48. USE OF CONSULTANTS

The Committee considered a report on the extent of the Council's use of external consultants in 2007/08.

The Director of Resources presented the report. She explained that the report had been prepared on the basis of the definition reported to the Committee in July 2008. The total expenditure on consultants using this definition was £984,814, representing 0.3% of the 2007/08 gross expenditure of £310m. She considered this to be a good use of resources given the comparative cost of retaining specialist staff as full time employees when those skills were only required for ad hoc projects. The use of consultants could in some circumstances also be beneficial in transferring risk.

In the ensuing discussion the following principal points were made:

- In response to comments that the use of consultants was less than had been expected and questions about particular groups of contractors the Director referred to the definition used in compiling the report. This had specifically excluded, "interim arrangements to fill existing posts or longer term contracted arrangements with the Council's partners." Asked about comparative expenditure in previous years she said that whilst this information could be obtained there would inevitably be variations from year to year and she was therefore uncertain that the exercise would be of great benefit.
- Clarification was sought on the extent to which costs of consultants engaged on capital schemes were included in the capital cost or calculated separately, the feeling being that there was some inconsistency of approach.
- A question was asked about the degree to which advice from consultants was tested rather being simply accepted. It was asked whether the loan of £5 million for 50 years at 4.36% reported to the Committee in October was still considered good value. The Director of Resources said that the loan had been taken out based on advice but in accordance with the Council's borrowing strategy. The investment situation was volatile and investment and borrowing strategies were being updated to ensure the Council responded appropriately to this challenge. Advice from consultants was tested. For example, Deloitte's views on the Herefordshire Connects Programme financial model had been tested by Capita.
- That there were instances where employment of consultants clearly was necessary and added value. It was suggested that it was, however, important to guard against the costly use of consultants as an insurance policy.
- The use of agency staff was discussed. The Director commented that one of the

identified budgetary savings was to manage the use of agency staff. The appointment of Pertemps to manage the appointment of all agency staff for the Council had itself generated efficiency savings.

The Cabinet Member (Corporate and Customer Services and Human Resources) commented that over the next three years she would expect the number of agency staff to increase given the expected staff reductions as a consequence of the Herefordshire Connects Programme.

The Committee noted the position.

49. WORK PROGRAMME

The Committee considered its work programme.

The following additional items were noted as a consequence of discussions earlier in the meeting:

- The Executive's response to the scrutiny review of ICT Services.
- A further report on electoral registration services (to include attendance by a representative of the electoral commission).

It was also noted that the Cabinet Member (Resources) had asked if the Committee would consider meeting to consider a report on the smallholdings policy before Christmas. The morning of Wednesday, 10 December was the provisional date.

The Chairman commented that he had raised the issue of whether external advice and witnesses needed to be available to the Committee when the smallholdings policy was considered.

RESOLVED: That the current work programme serve as a basis for further development, subject to any comment the Committee wishes to make.

VOTE OF THANKS

The Chairman reminded Members that this would be the last scheduled meeting of the Committee to be attended by Sonia Rees, Director of Resources. He thanked her for her support to the Committee and the constructive way in which she had answered the Committee's questions.

The Committee also noted that it would be the last meeting attended by Andrew Williams, Interim Deputy Chief Executive and thanked him also for his work.

The Committee gave a vote of thanks to both the Director of Resources and the Interim Deputy Chief Executive.

The meeting adjourned between 11.05 and 11.15 and ended at 12.40 p.m.

CHAIRMAN