

MINUTES of the meeting of Overview and Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Friday 2 July 2010 at 9.30 am

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

Councillors: PA Andrews, ME Cooper, KG Grumbley, TM James, RI Matthews, PM Morgan, AT Oliver and PJ Watts

In attendance: Councillors: PL Bettington, H Bramer (Cabinet Member - Resources), JP French (Cabinet Member - Corporate and Customer Services and Human Resources) and PD Price (Cabinet Member - ICT, Education and Achievement)

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor AE Gray. The Committee also noted an apology from Councillor RJ Phillips, Leader of the Council.

2. DECLARATIONS OF INTEREST

Councillor PJ Edwards declared a personal interest in agenda item 8 (Shared Services).

3. MINUTES

RESOLVED: That the Minutes of the meeting held on 21 May 2010 be confirmed as a correct record and signed by the Chairman.

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

There were none.

5. PRESENTATION BY CABINET MEMBER (ICT, EDUCATION AND ACHIEVEMENT)

The Committee received a presentation by the Cabinet Member (ICT, Education and Achievement) reviewing past performance, identifying key issues and commenting on future plans.

The Cabinet Member (ICT, Education and Achievement) presented the agenda report and highlighted significant savings had been made through the re-tendering of the Community Network Contract and through the investment in upgrading the Thorn Data Centre. A number of ICT systems had been implemented for directorates including an SMS service which could be further developed to accommodate the requirements mentioned in the Review of Winter Weather. Progress and benefits were being delivered by the Social Care System – Frameworki. A survey of system users indicated that there were still a number of concerns to be addressed and further training would be provided. Priorities for 2010/11 included a significant amount of organisational change including the establishment of the Joint Venture Company (JVCo) which would include ICT. Following a fire at Plough Lane which housed the uninterrupted power supply (UPS) causing significant down-time, work had already commenced on increasing resilience to the system. The Herefordshire Connects programme had now been subsumed into the Shared Services work programme. The

implementation of the 'Agresso' system, which, through closer working with NHS Herefordshire, had enabled further contract savings to be made, would be a significant enabler of shared services. Items likely to be put to Cabinet were listed in the report.

The principal points noted during discussion were:

- Responding to the issues raised through the Frameworki survey of users and comments by the Committee concerning the lengthy implementation time for the whole system the Joint Director of ICT reported that the survey had been undertaken soon after implementation and therefore had indicated a number of teething problems which would be addressed through further training. He also pointed out the benefits of the system, listed in the agenda report. However, due to legislation more information was required to be recorded and this inputting time may be the cause of some initial irritation. The Committee noted that financial and HR elements were due to be implemented later in the timeline. The Committee welcomed that a user survey had been undertaken and suggested that a similar survey be undertaken after 6 months to see what improvements had been made and to ensure that the system was meeting the Council's requirements.
- Comment was made that the APP (Authority Public Protection) supplied by Civica was unsatisfactory and cumbersome for use by the Planning Service and that the Document Management System for scanning planning applications (the EDRMS) was still awaited. The Joint Director of ICT responded that there had been significant engagement with key planning team staff before the installation. While other local authorities typically used 2 or 3 modules of the system Herefordshire were using significantly more modules concurrently as configured under the contract. He assured the Committee that issues identified were the subject of ongoing discussions with the provider.
- Work had started on the design and build stage of the Agresso system and financial information would be transferred in time.
- In relation to contract periods and the medium to long term planning for ICT the Joint Director of ICT commented that in view of the rapidly moving technical advances in ICT, Herefordshire was well placed to see how technology developed and then take advantage.
- Responding to whether Plough Lane had adequate broadband speed to accommodate the Shared Services JVCo, the Joint Director of ICT reported that good capacity and speeds were available.
- Questioned on the barriers to the development of a joint ICT network across Herefordshire Council and NHS Herefordshire the Committee noted that while not complex from a technical point of view the development of a joint network had raised significant security and information governance issues. An overarching governance agreement had been reached and lower level agreements were being developed.

The Chairman thanked the Cabinet Member (ICT, Education and Achievement) for providing the agenda report and for answering member's questions.

RESOLVED: That

- 1. the report by the Cabinet Member (ICT, Education and Achievement) be noted; and**

2. **the Committee's concerns regarding the efficient roll-out of the new ICT systems e.g. Frameworki, Agresso, EDRMS and Civica be noted by the Cabinet Member.**

6. PRESENTATION BY CABINET MEMBER (RESOURCES)

The Committee received a presentation by the Cabinet Member (Resources) reviewing past performance, identifying key issues and commenting on future plans.

The Cabinet Member (Resources) presented the agenda report and particularly highlighted that the purchase of Plough Lane had been completed; the new livestock market was underway; the development of Earl Mortimer College (formerly Minster College) continued to plan; savings of £95,000pa had been achieved through successful rating appeals for school premises; improvements in benefit processing times had been achieved despite the increase in caseloads; the continuing low level of benefit errors meant that the service had maintained the level of increased subsidy income; the final accounts had been approved by the statutory deadline and a balanced budget had been achieved. His report also identified 24 statements arising out of the Employee Opinion Survey where the service area results had been significantly better than the Council average.

During debate the following principal points were noted:

- The Committee noted that through the Carbon Reduction Commitment, Property Services were supporting the delivery of the enhanced target.
- Questioned on the rent reviews for smallholdings the Deputy Leader of the Council responded that she anticipated a full report would be made during September.
- A number of Members commended the Head of Benefit and Exchequer Service and his team for the quick responses received on benefit matters.
- Questioned why only 34.5% of businesses received small business rate relief the Director of Resources responded that not all businesses were entitled, however, the service was being proactive in informing businesses about the relief.
- Comments were made that the presentation of the Employees Opinion survey results had been confusing and the Director of Resources noted this for future reports.
- Discussions had been held with the Herefordshire Association of Local Councils (HALC) over bill preparation to ensure that town and parish councils were clear about their future financial commitments e.g. elections.
- Responding to whether the West Midlands Construction Framework would apply to school building programmes the Director of Resources reported that the framework would provide another way of procuring and delivering large building schemes.
- Questioned on realising the assets from the LEA Pool site the Committee was informed that discussions were on going regarding the site disposal. The Committee requested that a briefing note on the asset value arising from the site be provided

The Chairman thanked the Cabinet Member (Resources) for providing the agenda report and for answering questions.

RESOLVED: that

- 1. the report by the Cabinet Member (Resources) be noted and**
- 2. a briefing note on the asset value arising from the Local Education Pool (the LEA Pool) be provided to committee Members.**

7. PRESENTATION BY CABINET MEMBER (CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES)

The Committee received a presentation by the Cabinet Member (Corporate and Customer Services and Human Resources) reviewing past performance, identifying key issues and commenting on future plans.

The Cabinet Member (Corporate and Customer Services and Human Resources) presented the agenda report and highlighted: the budget for the whole of the Deputy Chief Executive's directorate in 2009-10 was under-spent by £98k, a creditable performance particularly considering the in year pressures in areas like Legal & Democratic services; while the Council and NHS Herefordshire were at the leading edge of joint working it was important that residents and staff were kept informed about how this would make a difference and how services were to be delivered; feedback from surveys etc needed to be backed up by evidence so that appropriate actions could be considered. She also highlighted: new ICT packages must be delivered to specification and show they were delivering improved efficiencies; staff and Members had received appropriate training on the new ICT packages and were now required to use the facilities to improve performance and deliver value for money; there were likely to be reductions in staff numbers and there would be a need to support staff through redeployment; in relation to salary levels the County experienced difficulty in recruiting high calibre staff, however, the Council and NHS Herefordshire were sharing managers to drive further savings; Members costs also need to be addressed; and in the autumn budget round consideration would need to be given to how to protect the vulnerable in the county.

The Chairman thanked the Cabinet Member (Corporate and Customer Services and Human Resources) for providing a comprehensive report for the agenda.

During debate the following principal points were noted:

- Questioned about the pressures in Legal Services with particular reference to the backlog in investigating standards complaints the Cabinet Member referred the Committee to the report in the Standards Committee agenda. However, she commented that there had been a growth in the number of complaints needing investigation and there had been a knock on effect on the level of support needed.
- Referring to agenda page 40, - Local-% of key performance indicators improving on last year - and that the direction of travel was 'behind that for the same period last year' the Cabinet Member acknowledged that while the situation wasn't bad it certainly wasn't satisfactory.
- Questioned on aspects of the Customer Service Centres the Cabinet Member responded that appropriate staff had now been moved from directorates to run the service, however, budgets hadn't always moved with them and this was being addressed. Ongoing training was being given to ensure an appropriate level of knowledge was held within the Customer Services Team to enable more queries to be answered directly, reducing the need to refer the enquirer back to the directorate. When compared with other local authorities the service was under resourced and currently the overall performance of the service wasn't as she

wished. She added that it usually became more costly to achieve ever higher targets and therefore a balance had to be struck.

- During debate on salary levels, comment was made that the County needed to offer an appropriate level of salary if it was to attract high calibre staff. The Cabinet Member responded that the Council needed to have managers to manage its services. While it was right that the public should be informed about public sector top level salaries, as recently published in the press, the public were unable to make any informed comparison of salary levels until private sector top level salaries were also made available. The Director of Resources reported that directors were looking at management and process costs and driving efficiencies to ensure that frontline services were protected.
- The Committee noted that in a number of cases external funding or the introduction of new work systems had brought with it the need to manage a temporary increase to staffing. The Agresso system would give quicker access to HR and payroll data. Further decisions concerning staffing levels were expected in the autumn.
- During brief debate on LAA target funding comment was made that targets needed to be retained to ensure progress was being made. It was suggested that, where appropriate, common targets between the Council and NHS Herefordshire needed to be joined up and only those targets that could be achievable should be retained. The Cabinet Member (Corporate and Customer Services and Human Resources) agreed that some targets were still needed, however, resources for target monitoring needed to be closely controlled.

RESOLVED: That the Report by the Cabinet Member (Corporate and Customer Services and Human Resources) be noted.

At this point the Committee adjourned for approximately 5 minutes and resumed at 11.05am

8. SHARED SERVICES UPDATE

Councillor PJ Edwards declared a personal interest.

The Committee was advised of the progress and status of the Shared Services business transformation activity.

The Interim Assistant Chief Executive – Legal and Democratic, presented the agenda report and gave a presentation setting out: why the Shared Services Strategy had come about; the key drivers, principles to be applied and the strategic context; the current position and case for shared services and the preferred delivery model identified.

The next steps in the strategy would be: the refinement of the business case through an investment appraisal to ensure that the anticipated savings could be achieved. This element had commenced and indications were still promising. The Legal Advisors would provide advice on setting-up the joint venture company and the preferred model in detail. The planned timetable is that in September 2010 a report would be made to Cabinet and in October 2010 the service transition would commence. The HR and Finance modules of Agresso would be implemented in April 2011.

During debate the following principal points were noted:

- Questioned whether savings were already being made the Interim Assistant Chief Executive – Legal and Democratic reported that savings were being made through procurement and in other service areas around how the Council undertook its business. Larger savings would be achieved from standardising procedures.
- Responding to comments concerning negative staff morale the Interim Assistant Chief Executive – Legal and Democratic responded that while some staff would be concerned, Shared Services could present staff with opportunities to develop their skills into other areas. Good levels of communication were in place to keep staff informed of progress.
- Asked how the projected saving of between £4.2 to £5.4m had been arrived at, the Interim Assistant Chief Executive – Legal and Democratic, reported that comparisons had been made with other comparable organisations. Unfortunately there were variations, and different factors may apply in Herefordshire which means that the projected savings could not be definitive. That was the reason for the detailed review of the business case, the full investment appraisal, appraisal of the various models and service change managers in each service working up detailed proposals to deliver the maximum savings as part of shared service.
- Responding to whether the three organisations would be able to quantify the savings the Director of Resources responded that initial work for the Investment Appraisal, which contained the current costs in the three organisations, was being reviewed. He anticipated that this element would be included in the report to Cabinet in September.

RESOLVED: That

- 1. the progress made on Shared Services be noted; and**
- 2. noting that Cabinet was due to receive a further report and make a decision on the terms of the Council's participation in the Joint Venture Company (JVCo) in September 2010 the Deputy Chief Executive be requested to ensure that the Committee had the opportunity to make further input in some form prior to Cabinet's consideration.**

9. ANNUAL CORPORATE PERFORMANCE REPORT 2009/10

The Committee considered the end of year performance for 2009-10 against the Council's key indicators and associated projects and programmes in its Annual Operating Statement 2009-10.

The Head of Policy and Performance presented the year end report which had been considered by Cabinet on 17 June. He referred to the key points summary and advised that the rate of improvement was slowing and that target setting was a weakness. He also highlighted that targets NI59, NI117, NI136 and 'local – Average staff sickness', were considered to be particularly important indicators which was why they were always highlighted whatever their performance. He further highlighted that the level 1 high-level summary (appendix 2) should by now be indicating a consistently improving picture. This wasn't the case. Cabinet had noted the performance and asked the Committee to consider and make recommendations on the Local Area Agreement targets and priorities and asked Children's Services Scrutiny Committee to consider and make recommendations on improved performance at Key Stages 1 & 2.

The principal points noted during discussion were:

- Comment was made that the targets should be retained but applied intelligently i.e. challenging but also realistic. It should also be possible to reduce the number of targets by linking together those common to both the Council and NHS Herefordshire. The Chairman of Health Scrutiny Committee commented that the health related targets should be kept as the health of the population could have a long term cost. The Chairman of Adult Social Care & Strategic Housing Scrutiny Committee concurred but added that targets should only be kept if they were realistically achievable.
- While noting that an action plan had been developed, concern was expressed that there may be underlying problems affecting NI 131 – Delayed transfer of care from hospitals – and the Committee requested a briefing note on: how future performance was to be improved; any problems with assessment, and an indication of the current levels of support given. The briefing note should also be issued to members of the Health Scrutiny and Adult Social Care & Strategic Housing Scrutiny Committees.
- The Chairman of Children’s Services Scrutiny Committee reported that Key Stage 1 & 2 performance would be considered by the Committee on 22 October.
- Concerned about the reduced performance for NI 39 - Alcohol related admission rates – it was reported that this target related to admissions from long term abuse i.e. over the last 15-20 years. While a serious issue, the Committee questioned the effectiveness of having this target.
- Arising from discussion on the planning and licensing functions the Cabinet Member (Corporate and Customer Services and Human Resources) reported that the Constitutional Review Working Group (CRWG) were undertaking a review incorporating the wider organisational work stream on Regulatory Functions. The Committee welcomed the review and requested that the resultant report be circulated to Committee Members.

RESOLVED: That

- 1. the report on the Annual Corporate Performance Report 2009/10 be noted;**
- 2. the outcome of the Children’s Services Committee’s consideration of Key Stage 1 & 2 performance, scheduled for consideration 22 October, be reported to this Committee on 29 November;**
- 3. no further issues be identified for referral to individual scrutiny committees;**
- 4. the Committee recommends to Cabinet that in principle the LAA targets be retained, however:**
 - a. Cabinet should consider whether any of the targets can sensibly be amalgamated or joined up to those used by the PCT.**
 - b. Only those targets that can realistically be achieved should be retained.**
- 5. the report resulting from the review being undertaken by Constitutional Review Working Group (CRWG) incorporating the wider organisational work stream on Regulatory Functions be circulated to Committee Members; and**
- 6. A briefing note be issued to members of Overview & Scrutiny; Health and Adult Social Care Scrutiny Committees setting out how improvements were**

being made to address the underperformance against NI131 target 'delayed transfer of care from hospitals'

10. FINAL REVENUE AND CAPITAL OUTTURN REPORT 2009/10

The Committee considered the final revenue and capital outturn position for 2009/10 and the creation of new reserves in the 2009/10 accounts.

The Director of Resources presented the report and reported that Cabinet on 17 June had approved the final outturn for 2009/10 and approved the movements to a number of new reserves as detailed in the report. He highlighted that the Council had delivered a balanced budget for 2009/10 and took the Committee through the report on a directorate by directorate basis. He said he would be looking in detail at the Integrated Commissioning overspend. He outlined the movement in the General Reserve and expressed some surprise at the increased level of school balances under the Earmarked Reserves. Additional reserves had been established for insurance; pool car; Local Development Framework and Area Based Grant. Recovery plans would be agreed with the six schools in a deficit position. Benefits subsidy had been higher than expected due to the level of authority error being within Department for Works & Pensions (DWP) threshold limits. The Capital outturn had been close to forecast and changes had been reported throughout the year. The Treasury Management update (appendix C) had been reported to Cabinet in accordance with CIPFA's recommendations.

Arising from debate the following principal points were noted:

- On considering the overspend in Integrated Commissioning it was appreciated that it had been the first full year of the implementation of social care Personal Budgets and that care packages were expensive. However, what services were provided and how they were provided may need to be looked at.
- Questioned how significant savings were being delivered through the introduction of a new mileage form the Cabinet Member (Corporate and Customer Services and Human Resources) reported that staff were claiming less mileage and management action had been taken to reduce journeys. Member's mileage claims would also be reviewed.
- Questioned on the increase in school balances the Cabinet Member (Corporate and Customer Services and Human Resources) agreed that further information should be sought. The Director of Resources responded that while it was a matter for the school governing body further investigations would be undertaken.
- Clarification was sought regarding the Ross on Wye Flood Alleviation scheme. The Environment Scrutiny Committee had recently been informed that the scheme had now been fully funded by the Environment Agency, however, it was now reported that the financial position had not been completed. The Director of Resources reported that while the scheme had been completed a dispute resolution through an adjudication process was proceeding. The Committee requested a briefing note setting out the latest financial position.

RESOLVED: That the Final Revenue and Capital outturn report 2009/10 be noted and the Committee be provided with a briefing note setting out the latest financial position regarding the Ross on Wye Flood Alleviation scheme.

11. 2010/11 LOCAL GOVERNMENT SAVINGS

The Committee received a report on the 2010/11 Local Government savings package.

The Director of Resources presented the report previously considered by Cabinet on 17 June and reported that on 17th May the Chancellor of the Exchequer had announced that the “coalition has agreed that £6 billion of savings to non-front line public services should be made this financial year”. He highlighted that for local authorities the general Formula Grant had not been reduced and remained at the level approved by parliament of £29 billion. Similarly, Dedicated Schools Grant (DSG) had not been reduced. The breakdown of the £1.165 billion local government savings indicated £805 million was to be found from revenue grants with the balance of £360 million coming from capital grants. The 2010/11 revenue grant reductions had been capped at 2% and no local authority would face a reduction greater than this percentage. This was not relevant to Herefordshire as the Council’s revenue grant reduction totalled £1.158 million or 0.7% of grant. The grants affected include those now within Area Based Grant (ABG), Kickstart Grant, Local Authority Business Growth Incentive (LABGI) scheme and Local Area Agreement (LAA) Reward grant. The known position for Herefordshire was that £1.158 million of revenue grants and £640k of capital grants would not be received. In addition an estimated £836k of grant would not be received. However these grants were not confirmed prior to the council’s budget setting and therefore their loss impacted on the ability to add to existing budgets rather than requiring reduction to existing commitments.

Questioned on the position of ring-fenced finance the Director of Resources reported that the government’s announcement had confirmed that a series of revenue and capital grants would no longer be “ring fenced”. For non schools revenue and capital funding it is estimated that ring fencing had been reduced this year from 10.7% (£4.5 billion) to 7.7% (£3.2 billion). The agenda report set out the effect for Herefordshire and other areas of grant funding affected.

The Deputy Chief Executive commented that the Partnership Team were looking at how the changes to the Area Based Grant might affect Herefordshire.

RESOLVED: That the position set out in the 2010/11 Local Government Savings report be noted.

12. CUSTOMER INSIGHT UNIT (COMPLIMENTS, COMPLAINTS AND COMMENTS)

The Committee received an update on the work to develop a joint Herefordshire Public Services (HPS) feedback policy and the Customer Insight Unit (CIU).

The Head of Customer Services presented the agenda report which set out the background to the setting up of the CIU; feedback statistics since January 2010 and how the service would be further developed. He highlighted that a major advantage of the CIU and the adoption of a standard process ensured there was a single administrative system (SAP CRM) used to manage the feedback coming into the Council and PCT. Before the CIU, the system had been used inconsistently across the Council and so a picture of overall levels of feedback and trends had been impossible to determine. To date, a total of 529 contacts had been received of which 177 were compliments and 352 were complaints. None of the complaints had so far been escalated to the Local Government Ombudsman. Further details were set out in the report.

Questioned on how the feedback would be used to drive improvement the Head of Customer Services reported that the resultant details would be cascaded through the relevant Director for action by the service areas concerned.

RESOLVED: That the position set out in the Customer Insight Unit (Compliments, Complaints and Comments) report be noted and the continued development of the joint working arrangements as detailed in the report be supported.

13. SCRUTINY REVIEW OF THE IMPACT OF THE WINTER WEATHER AND THE RESPONSE TO IT

The Committee considered the report of the scrutiny review of the impact of the winter weather December 2009-2010 and the response to it.

In February 2010 the Committee had accepted the Leader of the Council's invitation to conduct a review of the impact of the recent severe winter weather on communities in the County and across the public services.

On considering the findings of the review it was suggested that in relation to recommendations (p) and (r) the emphasis should be on how the Council could support or assist the body or organisation concerned in managing their own situation/premises rather than the Council itself undertaking the work e.g. snow clearance, and thereby possibly setting a precedent for other areas.

The Chairman thanked the organisations, Members and officers for contributing to the review.

RESOLVED: That

- 1. recommendation (p) be slightly amended to reflect that consideration be given to how the Council can assist in the gritting arrangements for the city bus station;**
- 2. recommendation (r) be amended to reflect that consideration needs to be given to how the Council can assist in facilitating schools to be kept open and to encourage greater local resilience;**
- 3. Subject to reflecting the amendments to recommendations (p) and (r) the findings of the Scrutiny Review of the impact of the winter weather be agreed and the findings be forwarded to the Leader of the Council for consideration; and**
- 4. 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 it response.**

14. WORK PROGRAMME

The Committee considered the work programmes of the scrutiny committees.

Concern was expressed about the administration of a number of the Council's major building projects. It was agreed that Project Design and Development Management be the subject of a future report to ensure that good practice was being incorporated.

In response to questions on the Accommodation Strategy, particularly in relation to Plough Lane, the Committee decided that an update be scheduled into the Committee's work programme.

RESOLVED: that subject to the Committee's work programme being amended to reflect the issues identified at this meeting the work programme be approved.