

MINUTES of the meeting of General Overview & Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday 12 May 2014 at 10.00 am

Present: Councillor A Seldon (Chairman)
Councillor EPJ Harvey (Vice-Chairman)

Councillors: AM Atkinson, AJM Blackshaw, BA Durkin, TM James, PJ McCaull, AJW Powers, R Preece, GR Swinford and DB Wilcox

In attendance: Councillors CNH Attwood, WLS Bowen, AW Johnson (Leader of the Council), MD Lloyd-Hayes, RI Matthews, PM Morgan (Cabinet Member Corporate Services), C Nicholls, RJ Phillips, GJ Powell (Cabinet Member Health and Wellbeing), PD Price (Cabinet Member Infrastructure), and J Stone

76. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors JG Jarvis and RL Mayo. Apologies had also been received from Miss E Lowenstein.

77. NAMED SUBSTITUTES (IF ANY)

No substitutes were present.

78. DECLARATIONS OF INTEREST

9. Community Safety Update

Councillor AJM Blackshaw, Non-Pecuniary, Vice-Chairman of the Joint Audit Committee for Warwickshire and West Mercia Police.

Councillor BA Durkin, Non-Pecuniary, Magistrate.

Councillor DB Wilcox, Non-Pecuniary, Vice-Chairman of the West Mercia Police and Crime Panel, and Magistrate.

79. MINUTES

The minutes of the meetings held on 15 January and 10 March 2014 were received.

The Chairman noted that Councillor GJ Powell was in attendance at the 15 January meeting and asked that this be corrected in the minutes.

The Chairman drew attention to the resolution at minute 74 of 10 March meeting, in relation to Hereford Futures Limited (HFL), and reported that the Chairman of the Audit and Governance Committee had responded that '*It is ... not clear what benefits investing resources into a review... would have at this time*'. Some Committee Members were concerned that organisational memory should not be lost and emphasised the importance of accountability. Other Committee Members felt that the issues had been considered sufficiently and resources had to be focused on immediate pressures; it was commented that the Chairman of HFL Board had undertaken a comprehensive analysis of the lessons learned. It was noted that the Chairman and Vice-Chairman would discuss opportunities to capture organisational memory with officers.

Further to minute 70 of the 10 March meeting, the Chairman advised that the potential for joint scrutiny activity with other authorities in relation to the governance of the Marches Local Enterprise Partnership was being explored.

RESOLVED: That, subject to the above amendment, the minutes of the meetings held on 15 January and 10 March 2014 be approved as correct records and be signed by the Chairman.

80. SUGGESTIONS FROM THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

The Chairman said that a bus operator had approached him about issues with the Supplier Portal in relation to the procurement of new bus contracts.

81. QUESTIONS FROM THE PUBLIC

No questions had been received from members of the public.

82. DRAFT WORK PROGRAMME

The Chairman suggested that, in view of the comment at minute 80 above and given the intention to consider a progress report on the 'Home to School Commissioning Approach' in September, a short piece of work could be undertaken to identify any issues with the software. The Chairman and the Vice-Chairman would consider the best way forward.

The Vice-Chairman drew attention to briefing notes that were pending (on Education & Sustainability Strategy and Free Schools, Academies & the Relationship with Herefordshire Council) and requested that these be received in time to inform the Task and Finish Group on 'The real cost of a child's education'. Referring to the 6 January 2014 meeting (minute 53 refers), it was requested that School Examination Performance figures for 2013 be circulated to Members.

The Vice-Chairman noted that the Task and Finish Group on Household Recycling Centres was due to report to the June meeting and suggested that it would be timely to receive the Performance Report on Waste Management briefing note.

Due to time constraints, the Executive Rolling Programme was considered at the end of the meeting. The Vice-Chairman noted that the latest Understanding Herefordshire Report was due to be received by Cabinet in June and suggested that the document be taken to the September meeting of the committee, in order to shape the work programme. The Vice-Chairman also noted that the Local Transport Plan 4 was to be considered by the Cabinet Member Infrastructure in June and suggested that this could form part of the work programme.

RESOLVED: That, as amended, the work programme be noted.

83. HOOPLE UPDATE

The Assistant Director Place Based Commissioning introduced the item with the following comments: the Joint Venture Company had been established in April 2011; it represented one of the council's most significant strategic service delivery partnerships; Hoople delivered 'back office' services, including human resources, finance and IT; the council currently owned 74.7% of Hoople, with the remaining 25.3% owned by Wye Valley NHS Trust; in addition to the savings already delivered, a recently renegotiated Service Level Agreement (SLA) had achieved further savings in excess of £1.2 million for 2014/15; the council's current contract with Hoople would come to an end on 31 March 2016; a joint review had been commissioned to examine the options available to the council for future service delivery arrangements, with a report due to be presented to Cabinet on 3 July 2014;

and the committee was invited to comment on the proposed criteria, as detailed in paragraph 8 of the report.

Mike Dearing, the Managing Director of Hoople, was invited to give an overview of the Three Year Update document; this was appended to the report. The principal points of the presentation included:

- a. The independent non-executive directors of Hoople, Nigel Sellar (Chairman) and Jill Youds, and the council nominated non-executive director, Councillor CNH Attwood, in attendance at the meeting were introduced.
- b. The business case for Hoople was based on achieving £11 million cumulative savings over ten years for Herefordshire Council. It was now forecast that savings of £12 million would be achieved by end of the current five-year service contract.
- c. The company made no profit from the SLA services it provided to the shareholders.
- d. Hoople worked as a flexible partner, maintaining strong working relationships which enabled the company to understand the needs of the council and to identify new solutions to meet the on-going changes and challenges.
- e. With the recent renegotiations, the council spend on corporate services with Hoople was now 50% less than when the contract started.
- f. Acknowledging the financial challenges for the shareholders, the company continued to grow profitable business with a range of other customers to support and supplement the existing service range and to maintain and enhance resilience.
- g. Hoople sought to maintain employment opportunities locally and staff were developing new service options and seeking new business to support the vitality and viability of the company.
- h. It was anticipated that there was the potential for dividends to be paid to the shareholders in future years.
- i. Other key successes included: the establishment of a high street recruitment agency; new terms and conditions had been rolled out across the company, helping to drive performance and outcomes; staff culture was now focussed on delivering strong customer service; and Hoople had achieved an excellent balance of public sector values and private sector expertise.
- j. It was noted that there were three layers of governance which were used to monitor contractual service performance with the council.
- k. Attention was drawn to the principal areas of change in the council contract. Nevertheless, the company had managed to retain headcount at a reasonably stable level by virtue of external business growth.
- l. In concluding the presentation, Mr. Dearing said that he would be leaving the company shortly and wished to thank the shareholders for the original vision for the company and for following this through. He also wished to thank the staff of Hoople, as the success of the company would not have been achieved without them.

The Chairman, on behalf of the committee, extended thanks to Mr. Dearing and to Hoople staff for their significant efforts.

In response to a question from the Chairman, Mr. Dearing advised that uncertainty about the shareholders' positions, especially if misrepresented in the media, could have an impact upon the reputation of the company and other customers' perceptions. It was emphasised that the company remained stable and profitable and could continue to operate on a secure basis.

A Member commented on: the remarkable cumulative savings forecast; the encouraging levels of external business growth; the importance of maintaining the business and associated employment in the county; the need to explore scenarios associated with any changes to shareholding; and the potential for future dividends was dependent on the life of the business extending beyond the current SLA. The Chairman considered that the retention of the business and jobs in the county should be a priority for the authority.

Mr. Dearing responded to questions and comments from Members, the main points included:

1. The shareholding organisations had experienced significant change during the last three years. Nevertheless, the interface with the shareholders at a range of different levels had been generally good. Should either Herefordshire Council or Wye Valley NHS Trust wish to surrender shares, Hoople would continue to be a viable organisation but there were positive benefits for the organisations to remain as shareholders.
2. In view of the high performance of the Revenues and Benefits team and the importance of collection rates for the council, the company had looked very carefully at implications when putting forward savings. It was acknowledged that there were risks associated with reducing capacity in this area and the issues had been flagged to the council very strongly. Mr. Dearing said that the council could not expect to continue to cut costs dramatically without significant impacts on service provision. However, he anticipated that the company could operate within the current financial envelope. The Assistant Director Place Based Commissioning added that the Chief Financial Officer had worked closely with the company to ensure that the Revenues and Benefits work continued to be delivered to the right standard, adding that the scale of the reduction was relatively small.
3. Members needed to communicate concerns and issues to commissioners within the council, as the company had to respond to the steer from those people responsible for contracting services from Hoople.
4. The constraints on growth and mitigations being put in place included:
 - 4.1 A number of service offerings had been relatively transactional in nature but some customers wanted a more holistic service. Consequently, the company had invested in building capability to offer more tailored solutions.
 - 4.2 The development of Hoople provided it with a unique selling point but some public sector bodies were reluctant to contract with companies associated with other public sector bodies. However, changing financial positions for such organisations meant that many were now looking at alternative service delivery models and Mr. Dearing was reassured by the fact that Hoople was not being precluded from procurement processes.
 - 4.3 In terms of geography, it would be difficult bid for large managed services without investment to put people in place to run the bids. However, Hoople had explored a number of partnership options. The company was already providing training and other services to bodies outside Herefordshire.

The Vice-Chairman commented on how interactions could change when services were outsourced, as both sides adjusted to new roles, but she had been impressed with Hoople staff, particularly the level of service and customer attention. She also commented on the potential complications associated with managing both a partnership relationship and a customer/supplier relationship. In response to questions from the Vice-Chairman, Mr. Dearing advised the committee:

- i. There had been two renegotiations with the council in terms of service cuts in the last financial year: one involved an offer from Hoople following a request, at a month's notice, which had to be implemented at the start of the financial year; and the other renegotiation was initiated in September and the reductions were agreed at the start of the calendar year. He said that the notice period had been variable but this was less of a problem than the frequency with which it happened and the scale of the changes, requiring staff to be diverted away from delivery and back into renegotiations. He added that more certainty would provide staff and the company with greater chance to succeed.
- ii. The company had not applied any penalties as a consequence of contract changes made by the council.

Mr. Sellar wished his thanks to be recorded to Mr. Dearing for his efforts since joining the company, as its success was largely a result of his vision for the company. He said that the Board of Directors was actively recruiting a replacement, permanent Managing Director.

Referring to the proposed assessment criteria identified in the report, the Vice-Chairman said that the criteria should not undervalue the relationships between the council and Hoople and the benefits to the local economy. She added that the committee would want some assurance that the authority understood the baseline with Hoople in terms of tangible and intangible benefits before looking at other suppliers as part of any wider procurement.

Comments by Members in attendance included:

- Value for money criteria should not be defined too narrowly and should reflect the council's positions as both shareholder and customer.
- The level of reductions by the council had put the company in a difficult position but Hoople had managed the situation well.
- It was questioned whether Hoople was engaging with the voluntary sector. Mr. Dearing confirmed that the company had undertaken partnership working with some voluntary organisations and was open to expanding the services and opportunities available.
- The authority could be proud of its involvement in the establishment of Hoople, other suppliers would have sought penalties from the council.
- Any unfounded, negative attitudes within the authority needed to be challenged.

The Chairman commented that the company had proven itself and it had been outstandingly flexible and responsive to the needs of the council.

In response to a question, Mr. Sellar said that it was hard to value a company during its start-up period but Hoople was profitable on an historic and on-going basis. He added that the latest accounts would be published shortly.

The Cabinet Member Infrastructure commented on the challenging circumstances in recent months and the need for the council to be realistic about its expectations given the extent of the reductions and for the company to be allowed to run its own business.

The Leader commented that the spirit of goodwill to Hoople was entirely justified and thanked Mr. Dearing and his staff for all that had been achieved.

RESOLVED: That

- a) **The update provided by the Managing Director of Hoople be noted; and**
- b) **Subject to the comments above, the approach to the joint review of the future approach to commissioning services currently being delivered by Hoople be noted.**

84. COMMUNITY SAFETY UPDATE

The Chairman advised that the committee acted as the council's statutory crime and disorder committee and welcomed the following to the meeting: George Branch, Assistant Chief Officer, Warwickshire and West Mercia Community Rehabilitation Company; Superintendent Sue Thomas, West Mercia Police; and Nina Bridges, Sustainable Communities Manager, and Adrian Turton, Community Safety Manager, Herefordshire Council.

The Sustainable Communities Manager presented the Community Safety Update, supplemented by comments from the Community Safety Manager and Superintendent Thomas. The presentation was included in the agenda and was structured under the following headings: Changing Landscape for Community Safety; Herefordshire is a Safe County; Achievements in 2013/14; Headline Statistics 2013/14; Draft Priorities for Strategic Plan 2014/17; Reduce Re-offending; Address the Harm Caused by Alcohol and Drugs; Address Domestic Violence and Abuse; Promote Community Cohesion and Reduce Anti-Social Behaviour; and Moving Forward.

The committee considered the report, the principal points included:

- a. The Chairman said that this item was timely given that Ofsted were inspecting the authority's safeguarding arrangements currently. It was noted that, since Ofsted had found the arrangements to protect children as 'inadequate' in 2012, progress had been made with the Multi Agency Safeguarding Hub (MASH).
- b. The Chairman said that the Domestic Violence and Abuse (DVA) statistics were alarming; with a 9% increase in incidents in 2013/14 compared to 2012/13 and a 19% increase in DVA crimes over the same period. The Community Safety Manager said that, although the reasons were not certain, the figures may reflect increased confidence about reporting incidents and increased awareness as a result of local and national campaigns, such as those by Women's Aid and the White Ribbon campaign. Superintendent Thomas said that the police were taking extra effort with certain offences, including DVA, sexual assault and hate crime. She added that it was not necessarily about focussing on the figures but about 'doing the right thing'.
- c. A Committee Member noted that DVA could have a serious impact on children at very early ages and it was questioned how awareness was being raised in schools. The Community Safety Manager advised that five schools were involved in a pilot initiative and this had delivered positive outcomes; the potential to develop the project and roll it out across Herefordshire would be explored in the forthcoming year. The Chairman commented that teachers or teaching assistants would often pick up on behavioural changes and questioned whether the reporting lines were as clear as they possibly

could be. The Cabinet Member Corporate Services said that a significant amount of training was provided on safeguarding issues. The Sustainable Communities Manager said that a lot of work was being undertaken around the advice and support available to frontline professionals and others who might come into contact with DVA issues. The Community Safety Manager said that the comment about teaching staff would be taken away and he provided an overview of the current referral process to MASH. Mr. Branch commented on work to reduce reoffending, such as the Building Better Relationships programme.

- d. A Committee Member questioned whether the background of youth offenders formed part of risk assessments and whether the Community Safety Strategy would include elements around restorative justice and other out of court disposals. Superintendent Thomas commented that agencies were aware of the care homes in the locality and associated issues. She also commented that focus had changed from detection rates to solved rates and outcomes, therefore the police would continue to look proactively at appropriate community resolutions. Mr. Branch added that restorative justice would become a sentencing option under the Offender Rehabilitation Act.
- e. The Chairman questioned whether there was certainty around the number of care homes in the county, especially those established by other authorities. The Cabinet Member Corporate Services said that the Children's Wellbeing Directorate would be able to provide a response. Superintendent Thomas said that work around missing persons had provided the police with a better understanding of the locations of care homes and placements.
- f. A Committee Member commented on the linkages between alcohol and DVA crimes and, whilst noting that progress had been made with the night-time economy, questioned whether enough was being done locally to reinforce the work of the police and to promote safe practices by licensees. The Cabinet Member Corporate Services said that the Licensing Team would be involved in Community Safety Partnership work on addressing the harm caused by alcohol and drugs. The Chairman suggested that the issues raised by the Committee Member could form part of future scrutiny activity.
- g. There was a brief discussion about apparent increases in certain types of crime and about the interpretation of data. Superintendent Thomas commented that increased reporting was encouraged and campaigns, such as White Ribbon, helped to increase awareness. She also commented that resources would be prioritised based on where the most risk was, who presented the most risk, and who was at most risk. A Committee Member said that the different agencies needed to be mindful about the presentation of data given the potential for misinterpretation.
- h. A Committee Member commented on the need to assess the needs of those young people who did not get involved in traditional youth groups and after school clubs; the value of the MYLO (Mobile Youth Led Opportunities) project in developing activities and discouraging anti-social behaviour was noted.
- i. In response to a question, the Community Safety Manager advised that further analysis was being undertaken in relation to the higher rates of first time youth offenders in Herefordshire compared to England and Wales. A Committee Member said that it was crucial to understand where incidents were occurring to inform the strategic allocation of resources.
- j. Members in attendance commented on: the likelihood that DVA had been hidden in the past; the benefits of street pastors; the linkages between drugs, youth offences and incidents recorded at hospitals; and increases in DVA incidents during football tournaments.

Mr. Branch provided an overview of the current probation service arrangements and pending Ministry of Justice (MoJ) reforms; the Transforming Rehabilitation document was included in the agenda. The key points included:

1. The West Mercia Probation Trust: was one of the highest performing trusts in the country; had won a number of awards; had a unique strategic partnership with Youth Support Services through One Step Beyond; hosted the West Mercia youth offending service teams; and had a history of working with offenders serving short prison sentences, such as the Connect Project.
2. Mr. Branch said that credit for the achievements should go to David Chantler, the Chief Executive Officer until 1 June 2014, and to trust staff.
3. The MoJ vision for its reforms were summarised as: driving innovation and flexibility; moving away from a target-driven culture and focusing on outcomes; and to extend supervision to offenders serving sentences of twelve months or less.
4. From 1 June 2014, the 35 Probation Trusts in England and Wales would be replaced by a new National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRC); the CRCs would be transferred to new providers following competition.
5. Of the trust's existing staff, 40% would become part of the NPS which would have responsibility for: all court reports and enforcement; initial risk assessments; offender management for cases classed as high risk of harm and a small number of public interest cases; victim liaison work; and approved premises.
6. The remainder of the trust's staff would become part of the West Mercia and Warwickshire CRC and have responsibility for: offender management for cases classed as medium and low risk; prison resettlement contracts; and interventions such as Community Payback and Accredited Programmes.
7. An overview was provided of the timeline for the changes, albeit a number of key dates had yet to be confirmed. Contracts were due to be awarded from autumn 2014, with new providers due to start delivery before the next General Election.

In response to questions from the Chairman about the implications of the reforms, Mr. Branch said that:

- i. he felt that the changes were being rushed;
- ii. it was likely that representatives from both the NPS and CPC would need to attend meetings in the future;
- iii. capacity and resilience was likely to be reduced at all levels, there were numerous vacancies currently;
- iv. senior officers would have to cover large areas;
- v. communications would be centralised;
- vi. local protocols on information sharing would be needed;
- vii. with the NPS being responsible for court reports, CRC staff could feel de-skilled; and
- viii. with the NPS being responsible for higher risk offenders at all times, there could be higher levels of burn out of NPS staff.

Mr. Branch clarified that he was expressing his own opinions but similar views had been expressed by some of his counterparts around the country. He emphasised that the changes would break up a successful trust, would result in fragmentation and duplication, and there would be consequential impacts on resilience and flexibility.

The Vice-Chairman commented on potential risks in terms of costs, service delivery, rehabilitation outcomes and community safety. In response to a question about the implications for Herefordshire, Mr. Branch said that: the NPS did not have sufficient staff numbers currently to manage both the courts and supervise offenders in the community; and there would be duplication and increased workloads for both the NPS and CRC, particularly where offenders moved between risk categories. Mr. Branch suggested that concerns about the reforms should be directed to the Secretary of State for Justice.

In response to a question from the Vice-Chairman, Superintendent Thomas said that she was not in a position to comment at this time but noted that the implications for the Community Safety Partnership's Integrated Offender Management approach would need to be assessed. The Chairman commented on the potential for complications for the police.

In response to questions from Committee Members, Mr. Branch advised:

- Continuity in the management of offenders would be undermined and there could be serious public protection issues.
- Concerns had been raised as part of the short consultation process.
- The extension of supervision to offenders serving short sentences was a positive development, although this would increase workload for the CRC and no additional funding would be available.
- There were on-going discussions in respect of 'payment by results'.
- The ability to track offenders through the system and between areas could be compromised, especially as the 21 CRCs could have different IT systems.
- He felt that there were some flaws with the Risk of Serious Recidivism tool which would be used to decide how to allocate cases.
- There were good community arrangements for women offenders currently but it was not clear how the reform agenda would address the limited number of women's prisons in the system.

The Cabinet Member Corporate Services noted that the reforms were being progressed and questioned what was being done to prepare locally. Mr. Branch said that partners were being alerted to the changes, support provided to the NPS was being logged, and issues were being reported to the transition team. In addition, the CRC was developing a business plan to enable the new provider to understand and take on the work involved.

A Committee Member commented that many observers, from across the political spectrum, were concerned about what may happen as a consequence of the reforms.

The Chairman, reiterating the committee's role on crime and disorder matters, proposed the recommendations detailed in the resolution below.

RESOLVED: That

- a) **The Community Safety Partnership be asked to establish clear performance indicators to provide assurance that impacts from the transitional arrangements being put in place for the probation service are identified and mitigated at an early stage, and provide quarterly reports on performance; and**
- b) **The concerns of the committee be forwarded to the Ministry of Justice.**

85. DATE OF NEXT MEETING

Monday 30 June 2014 at 2.00 pm

The meeting ended at 1.04 pm

CHAIRMAN