

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Wednesday, 16 July 2008 at 9.30 a.m.

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

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

In attendance: Councillors 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)

12. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors WU Attfield and Councillor RJ Phillips (Leader of the Council).

13. DECLARATIONS OF INTEREST

There were no declarations of interest made.

14. MINUTES

RESOLVED: That the Minutes of the meeting held on 13 June 2008 be approved as a correct record and signed by the Chairman.

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

There were no suggestions from members of the public.

16. CABINET MEMBER (RESOURCES) PRESENTATION

The Committee questioned the Cabinet Member (Resources) on his area of responsibility.

A report, to which the Directorate's Annual Report 2007/08 was appended, and which included key priorities for 2008/09 had been circulated with the agenda papers.

The Cabinet Member (Resources) highlighted the Directorate's key priorities for the year. He also reported briefly on all four sections of the Resources Directorate, highlighting some particular achievements and reporting that all the sections were performing well.

In the ensuing discussion the following principal points were made:

- It was asked whether the internal audit function had sufficient resources given its growing remit, including links with the Primary Care Trust, and noting also the demands of the special investigation it had had to carry out in 2007/08. The Head of Financial Services said the internal audit team was a small team. An audit plan was agreed for the year which was capable of being delivered by the resources available. Adjustments had to be made to the Plan if a special investigation was required. The audit plan was on track. Closer working with the PCT continued to develop. He noted that it was difficult to recruit experienced audit staff.
- It was asked if the year on year target for capital receipts from the smallholdings estate was achievable. The Cabinet Member (Resources) said that he considered the target was achievable through rationalisation.
- A question was asked about the approach to issuing Notices to Quit which it was suggested had generated some concern amongst some smallholding tenants. The Cabinet Member (Resources) explained the approach and said that it was his understanding that the Notices to Quit had been issued correctly. Some tenants had subsequently been offered new tenancies others had not. He agreed that if evidence was provided that the approach had not been correct this would be investigated.
- It was asked whether a full time team had been identified to support the development of the accommodation strategy. The Cabinet Member (Resources) said that a firm of Consultants had been employed who would report back in September to the in-house team.
- A further question was asked about the timescale for developing new back office accommodation and whether this could be achieved by December 2010, when the current lease of the Plough Lane offices ended. The Cabinet Member (Resources) said that this depended on the Consultants' findings. However, if a site on the Council's own land were selected he believed the office accommodation could be provided by December 2010.
- In response to a question the Chief Executive said that efforts were continuing to agree a meeting date with the new owners of Plough Lane to discuss their position on the building's future use.
- The Service Delivery Review of Amey Wye Valley was discussed, with concern being expressed about the contract's value for money. It was noted that the outcome of the Review was to be reported to the Committee for comment prior to consideration by Cabinet.

The Chairman thanked the Cabinet Member.

RESOLVED: That the Committee's concern about the tightness of the timetable for delivering the accommodation strategy be recorded.

17. CABINET MEMBER PRESENTATIONS - CORPORATE & CUSTOMER SERVICES & HUMAN RESOURCES AND ICT, EDUCATION AND ACHIEVEMENT

The Committee received presentations from the Cabinet Member (Corporate and Customer Services and Human Resources (CCSHR) and Cabinet Member (ICT, Education and Achievement (ICTEA)).

A report commenting on performance in 2007/08 and challenges for 2008 in the various service areas was appended to the report.

The Cabinet Member (CCSHR) highlighted the change which staff could expect to experience in the coming months, referring to the relationship between the accommodation strategy, Herefordshire Connects programme, and flexible working. She said that the changes would deliver savings. In the main it was hoped that these would be achieved through natural turnover. However, if this were not possible, compulsory change would be necessary. It was intended to support staff through these changes and help them to acquire new skills.

She also highlighted the intention to focus on data quality and security, areas of which inspectors were regularly critical. The improvements in ICT would be part of the solution to this problem.

The Cabinet Member (ICTEA) commented on the importance of taking decisions to invest in ICT promptly given the risk to the sustainability of a number of current systems. He considered that considerable savings would be achieved as a result of the proposed investment.

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

- With reference to the trialling of e-consultation facilities the Cabinet Member (CCSHR) acknowledged the wish that this should complement standard consultation methods.
- Referring to projects identified for 2008/09 in the Corporate ICT Strategy Programme, concern was expressed at the absence of costings. Assurance was also desired that the projects would proceed and the projected benefits would be delivered.
- A question was asked about expectations in respect of the Council's future overall Comprehensive Performance Assessment rating, it having dropped from 3* to 2* in the 2007 assessment. The Corporate Policy and Research Manager reported that the current expectation was that the 2008 assessment, to be published in 2009 and which would be mainly based on performance on 2007/08, would show the Council retaining its 2* rating. The overall trend in performance was upwards, however. The score for housing was expected to be higher than in the 2007 assessment but getting a 3* overall rating would require improvements in the scores for use of resources, children's services and adult social care.
- In response to a question the Cabinet Member (CCSHR) confirmed that it was intended to seek to achieve the investor in people standard corporately.
- Questioned about performance overall and the decline in the Council's public satisfaction rating the Cabinet Member (CCSHR) said that there had been a decline nationally in satisfaction ratings. Where people directly experienced

services they rated them highly. She suggested there was a role for Members in promoting what was good as well as challenging what was not good.

- The reference in the Cabinet Member (CCSHR) report to the need to improve scrutiny and the role of frontline members was discussed. It was noted that improvement would be achieved through the Committee's own improvement plan and the corporate work being undertaken with the Leadership Centre.

The Chairman thanked the Cabinet Members.

18. HEREFORDSHIRE CONNECTS

The Committee considered a report on the outcome of an options appraisal carried out to inform future implementation of the Herefordshire Connects programme and to seek the Committee's views on recommendations arising from the options appraisal, prior to consideration by Cabinet on 31 July 2008.

The options appraisal: Herefordshire Connects – The Way Forward prepared by Deloitte had been circulated as a separate document.

The Interim Deputy Chief Executive presented the report and gave a presentation. This commented on how services could be improved through the use of technology. It set out the background to the strategic pause in the Connects programme and emphasised that the high risks of failure to major systems meant that the status quo was not an option. It outlined the arrangements for risk managing the project noting the role of Deloitte in providing strategic advice and implementation expertise and the intention to procure market proven solutions.

Mr D Harker of Deloitte said that, having discussed the project with a range of people from the Primary Care Trust (PCT) and the Council, the consistent view was that the vision of Herefordshire Connects was valid, probably even more so to deliver integrated services to the customer. However, the project needed to be repositioned and restarted. Priorities had changed. It was clear that to do nothing was not an option with a significant danger of various systems failing. It was a credit to ICT services that they had managed to support these systems to date.

The aim in terms of technology was to minimise the number of systems and data sources, ending up with a small number of integrated systems joined together better. Other Councils across the Country were taking this path. Deloitte had reviewed the technological options and four proven products to deliver the integrated back office project had been identified for consideration and evaluation. The three key projects: integrated customer services, integrated support services and performance management remained a valid way of structuring the project.

A very prudent approach had been taken in reviewing the projected costs and cashable benefits of the project to produce the revised benefits case set out in the report. He added that it was important not to overlook the non-cashable customer service benefits which the programme would deliver.

In the ensuing discussion the following principal points were made:

- An explanation was requested for the further downward revision to the estimated savings to be delivered by the project. The Interim Deputy Chief Executive said that the original case produced by Axon had been a high level feasibility study including elements not part of the Connects project, such as accommodation savings and making assumptions based on the experience of larger councils.

This had led to a high estimate of the savings. The Head of Financial Services reinforced this point and added that the disciplines and efficiencies that underpinned the Connects project had delivered savings of £1.7 million to date. He pointed to benefits to be derived from improved procurement in particular. He considered the revised business case to be prudent noting that CAPITA had assured the figures.

- It was asked whether measures were in place to make payments to Deloitte dependent on delivery. The Interim Deputy Chief Executive said that a framework agreement had been signed with Deloitte and there was a clear focus on performance and delivery with clear milestones and a requirement that all payments must be signed off by him, the Assistant Chief Executive – Legal and Democratic and the Director of Resources.
- It was suggested that the proposed revised vision for Herefordshire Connects as set out in the Deloitte report should be revisited.
- The position on the Cedar financial system which the report said needed to be upgraded to avoid a potentially critical failure was discussed. It was noted that a short term upgrade was needed. The evaluation of the four back office packages would look at whether Cedar should be retained or replaced in the medium term by the back office package. The Head of Financial Services reported that an upgrade that also provided increased capability had been implemented resolving risk and business continuity issues.
- The number of other systems identified in the report as critical was noted.
- The need to ensure the Council resolved the provision of its data centres was also noted.
- The development of the Corelogic social care package was discussed. It was confirmed that this was on target to be implemented by mid-November. Work was continuing to resolve the admittedly complex issues of data sharing with the PCT, the scope of which was not yet fully defined.
- In reply to a question about procurement the Interim Deputy Chief Executive said that this would be undertaken in accordance with the recently revised procurement policy and would be aligned with the PCT. The PCT had its own procurement policy but this was not significantly different to that of the Council. The principal complication that arose was where the NHS itself had requirements as to what systems the PCT should use, for example Human Resources. Whilst it was possible to have an objective of the Council and PCT having one system, and to bear in mind the links between the Council and PCT systems in the procurement process, the timescale for achieving one joint system, if it were to happen, was dependent on the NHS. He added that one of the benefits of the project would also be better use of technology that had already been procured.
- It was asked whether the Strategic Health Authority had offered technological or financial assistance. The Interim Deputy Chief Executive said that the SHA sat on an ICT group chaired by the Council's Chief Executive that included representatives of the PCT and the Hereford Hospitals Trust. The Council was also seeking to draw on expertise available under the Regional Improvement and Efficiency Programme
- The revised business case projected revenue savings of £3.4 million per annum by 2012/13. It was suggested that savings of that level could only be achieved

through staff reductions. It was asked if an analysis had been undertaken of where these reductions would be made. The Head of Financial Services said that an assessment had been made and where appropriate discussed with managers. The bulk of the projected savings were in fact expected to be delivered by savings in procurement. Savings from reductions in the use of agency staff had also been identified.

- The Cabinet Member (Corporate and Customer Services and Human Resources) said that the current systems led to considerable duplication. The removal of this would have an impact both on the number of jobs at various levels within the organisation and on ways of working. This could mean redundancies but change might be manageable through turnover. She suggested Members might find it helpful to visit another authority where new systems had been successfully implemented.
- That the significant risks to current systems and the cost of failure both financial and in terms of customer service made swift progress essential.
- The Chief Executive said that the Connects Programme had been put on hold to enable a reassessment to be made and to propose a way forward that was realistic and deliverable. That is what had been done. The proposal in the report was realistic and prudent in terms of the projected savings, with the potential for larger savings to be made. The project would be properly monitored and project managed.

RESOLVED:

That Cabinet be advised:

- (a) there is clearly a need to address the growing risk of systems failures highlighted in the Deloitte report promptly;**
- (b) that the wording of the proposed new vision for Herefordshire Connects as set out in the Deloitte report should be revisited; and**
- (c) that the Committee continues to desire reassurance that the Connects project will deliver what is now promised, noting that promises in the earlier life of the project did not come to fruition, and requests Cabinet to ensure measures are put in place to enable effective monitoring of the delivery of the project.**

19. END OF YEAR PERFORMANCE REPORT

The Committee considered performance for the whole of the operating year 2007-08 against the Annual Operating Plan 2007-08, Best Value Performance Indicators, and the Direction of Travel indicators used previously by the Audit Commission.

The Corporate Policy and Research Manager (CPRM) presented the report. He said that whilst there had been clear improvement overall there were a number of areas that needed to be addressed.

Targets had not been achieved for 36% of the performance indicators where the Council was the lead. However, although the targets had been missed, performance had improved for 45% of these indicators compared with the previous year.

Whilst performance against the majority of indicators continued to improve, performance against the targets in the Annual Operating Plan was more mixed. He noted that in terms of two of the Council's top priorities: Older People and Healthier Communities, 88% of indicators used in the Direction of Travel assessment had improved but only 1 of 8 indicators in the AOP achieved target. In the case of Children and Young People 81% of indicators had improved over the year but only one-third of AOP indicators had achieved target. He suggested there was particular scope for the Committee to challenge the failure to hit targets that were set locally.

He highlighted that the main risk to improvement was that the key points to emerge from the report would not be addressed, and that this would be reflected in adverse judgements under the Comprehensive Area Assessment in 2009. This would be avoided if Directors ensured that the issues were picked up and addressed within their respective areas, updating service improvement plans accordingly.

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

- It was observed that performance against the Best Value Performance Indicators for planning showed a deterioration in performance compared with the previous year. The CPRM said this was an example of a situation where statutory targets were still being met but the Service had made a trade off between performance and investment.
- Questions were asked about how the Council might be expected to fare under the new Comprehensive Area Assessment (CAA) regime, which would come into effect from April 2009, with the first published assessments in the autumn of that year. The CPRM said that at the heart of this, although by no means the only factor, would be the Council's performance, with its partners, in achieving the priorities and targets in the new Local Area Agreement. Although not yet officially confirmed, it seemed likely that there would be two complementary assessments under CAA: a scored assessment of the Council in its own right; and an area assessment of Herefordshire's prospects for improvement, which would identify strengths and weaknesses but not give a numerical score. This would simplify matters in one sense but would make some regional and national comparisons more difficult. The most important thing was for the Council and its partners to work together effectively to deliver the improvement in the areas they had identified as the priorities for the county, based on a sound understanding of needs and the wishes and aspirations of people and communities.

RESOLVED:

- That (a) performance in 2007-08 be noted; and**
- (b) Directors prioritise and address the issues within their respective areas, including the updating of Service Plans**

**20. COMPREHENSIVE AREA ASSESSMENT PREPARATION PROGRAMME
PROGRESS REPORT**

The Committee considered progress against the Comprehensive Area Assessment Preparation Programme.

The report identified at paragraph 5 a number of actions marked Amber where remedial action was needed to ensure that the targets were achieved. A number of seminars were programmed at which the focus would be on what the Council and its partners could do to ensure improved performance.

RESOLVED:

- That (a) **progress made in delivering the Comprehensive Area Assessment Preparation Programme over the first 6 months of 2008 be noted; and**
- (b) **the need for effective remedial action for the items marked Amber, as listed in paragraph 5 of the report be agreed.**

21. UPDATE ON REVIEW OF CONSULTANT EXPENDITURE 2007/08

The Committee considered progress on its requested review of the Council's use of consultants during 2007/08 and was asked to agree a proposed definition of the term "consultancy".

The report noted that work since the Committee's request in February had found a lack of consistency across the Council in the use of the term "consultancy". A definition was proposed upon which a report to the Committee would then be based.

Members discussed the proposed definition of consultants. The view was that the report should focus on task based activities where the Council had purchased external support. It was also requested that the report should examine the value for money of the use of consultants based on that definition.

RESOLVED: That a report be presented to the Committee in Autumn 2008 focusing on task based activities where the Council had purchased external support and examining the value for money of the use of consultants based on that definition.

22. SCRUTINY ACTIVITY REPORT

The Committee noted work being undertaken by the Scrutiny Committees.

This included a proposal by the Children's' Services Scrutiny Committee regarding the appointment of Councillors on the Committee as champions for one of each of the outcome areas of the Every Child Matters agenda. It was noted that this would be considered as part of a future report on the future structure of scrutiny arrangements.

Attention was also drawn to the Health Scrutiny Committee's request that an additional two meetings for the Committee be scheduled when the 2009/10 diary was being prepared and that the Strategic Monitoring Committee give consideration to requesting the same provision for the other Scrutiny Committees. The Assistant Chief Executive - Legal and Democratic said that consideration needed to be given to the implications of this change. It was agreed that a report would be made to the Committee.

RESOLVED:

- That (a) **a report on a proposal by the Children's' Services Scrutiny Committee regarding the appointment of Councillors on the Committee as champions for one of each of the outcome areas of the Every Child Matters agenda be considered as part of a future report on the future structure of scrutiny arrangements; and**

- (b) a report on the programming of additional Scrutiny Committee meetings be prepared.

23. WORK PROGRAMMES

The Committee considered the Scrutiny Committees' work programmes.

RESOLVED: That the current work programmes serve as a basis for further development.

The meeting ended at 12.40 p.m.

CHAIRMAN