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Corporate and Communities Overview and Scrutiny Panel
Friday, 19 January 2018, County Hall Worcester - 10.00 am

Minutes

Present: Mr C B Taylor (Chairman), Mrs M A Rayner (Vice Chairman), Mr A D Kent, Mr R C Lunn, Mr R J Morris, Prof J W Raine and Mr A Stafford

Also attended: Mrs L C Hodgson, Cabinet Member for Communities
Ms K J May, Cabinet Member for Transformation and Commissioning

Caroline Brand (Finance Manager (CFC)),
Jo Charles (Head of Commercial),
Hannah Needham (Assistant Director for Families, Communities and Partnerships),
Alison Rainey (Finance Manager (E&I)),
Mark Sanders (Senior Finance Manager – Financial Planning & Reporting),
Steph Simcox (Head of Strategic Infrastructure Finance and Financial Recovery),
Sheena Jones (Democratic Governance and Scrutiny Manager) and
Alyson Grice (Overview and Scrutiny Officer)

Available Papers The members had before them:

A. The Agenda papers (previously circulated);
B. Presentation handouts for Item 5 Budget Scrutiny: Draft 2018/19 Budget Corporate and Communities (circulated at the Meeting)
C. The Minutes of the Meeting held on 16 November 2017 (previously circulated).

(Copies of documents A and B will be attached to the signed Minutes).

206 Apologies and Welcome

Apologies were received from Mr J A D O'Donnell and Mr R P Tomlinson.

207 Declarations of Interest and of any Party Whip

None.

208 Public Participation

None.

Date of Issue: 15 February 2018

209 Confirmation of the Minutes of the Previous Meeting

The Minutes of the Meeting held on 16 November 2017 were agreed as a correct record and signed by the Chairman.

210 Budget Scrutiny: Draft 2018/19 Budget Corporate and Communities

As part of the development of the Council's 2018/19 budget, the Overview and Scrutiny Panels had been asked to consider draft budget proposals for areas within their remit. Panels had previously discussed the budget position and challenges for the current budget year in November 2017. The Panel's views would contribute to Overview and Scrutiny's overall response to the budget which was being discussed by the Overview and Scrutiny Performance Board on 30 January 2018.

The following initial points were made:

- Concern was expressed about the generic nature of the financial information provided to the Panel. It was suggested that Members needed to see the actual budget figures and were struggling to extract the relevant information. The Head of Strategic Infrastructure Finance and Financial Recovery highlighted particular slides which gave a summary of figures and details of the 2017/18 outturn. Slides 15-21 were relevant to next financial year. She agreed that information could be presented in a different format next year if Members would find it more useful.
- It was suggested that a single sheet showing what was in the budget for the current year, what had been achieved and what was included for next year would allow year on year comparison. The CMR for Transformation and Commissioning suggested that, for her portfolio, this would not be easy to do on a single sheet as the span was too great.

The Panel received a presentation from the Senior Finance Manager (Financial Planning and Reporting). In the course of the discussion, the following main points were made:

- Members were reminded that the Council proposed to increase Council Tax by 4.94% in 2018/19. If Council wished, it could increase this by an additional 1%, a flexibility that had been agreed by DCLG relatively late in the day. An additional 1% increase would raise c£2.4 million.

It was confirmed that this would have a cumulative effect going forward. There was no guarantee that this flexibility would be available in future years.

- Capitalisation of some existing expenditure meant that this would be funded from the capital budget rather than the revenue budget. It was confirmed that, in the case of highway maintenance, the majority of local authorities already used this method of funding as roads were regarded as a Council asset and the maintenance was being undertaken to extend the life of the asset. It was confirmed that an asset was not necessarily something that could be sold, but rather something that could give use for a long period of time.
- In response a question about why this had not been done sooner, the Cabinet Member with Responsibility for Communities pointed out that there was a need to be prudent and not everything could be done at once. Concern was expressed about capitalisation leading to additional borrowing and accumulation of debt. It was suggested that this would, in the longer term, lead to less money being spent as the condition of the roads would be improved by the investment so less basic maintenance should be required.
- Pay inflation was included based on the current pay offer and non-pay would be at a 0% rate of inflation unless the Council was contractually bound to include another rate.
- £6.4 million worth of new directorate reforms were proposed. It was confirmed that the analysis of risk or likelihood of achieving these rested with the Directorates and would differ from service to service.
- With reference to the overspend on IT which the Panel had learnt about in November, it was suggested that modelling could have been done that would have predicted this. It was confirmed that sensitivity analysis was built into all savings plans. The most likely case is taken forward with a reserve or contingency included, based on an assessment of whether things will go to plan. The majority of savings plans were still at the concept stage.
- The CMR for Communities pointed out that, initially, it had been suggested that a saving of £½ million could be achieved in the budget for The Hive. Further discussions had shown that this would not be possible. Therefore a corporate

decision was made to cover this from reserves. Potential and actual savings were reviewed regularly throughout the financial year.

- Members were reminded that the overspend in the IT budget was as a result of an anticipated reduction in headcount across the Council not being realised. The Head of Commercial agreed that, with hindsight, the anticipated reduction in headcount should have been re-calibrated sooner. However, she pointed out that those additional staff were needed to provide Council services, including for example children's social care. Support services were headcount driven and the lesson from this was that recalibration should happen sooner.
- It was confirmed that the development of the transformation projects would include in-depth due diligence and different scenario planning was undertaken before it was presented to the CMR. Initial concepts would be developed into an outline business case. Options might then be taken forward, discarded or merged, a process which was straightforward for some, but more protracted for others.
- In response to a question about whether these decisions were budget driven or service driven, it was suggested that they were often driven by legislation or demand. However, it was acknowledged that budget availability was often a driving factor with officers looking for further efficiencies. The CMR for Transformation and Commissioning reminded Members that there was a need to balance service delivery and budgetary constraints.
- A general question was asked about whether the Council under- or over- achieved on its proposed budget savings. In response, the Panel was informed that some proposals over-achieved, whereas others under-achieved. In 2016/17 and 2017/18 a small number of savings projects had underachieved. The challenge was becoming harder as bigger savings were required from a smaller budget. There was now a need to be more ambitious. The CMR for Communities reminded Members that the move to community libraries had taken longer than anticipated. In the same way, savings from the co-location with the DWP had also taken longer than anticipated to achieve as the County Council was waiting for other organisations to make decisions. The delay in the DWP project had been the main reason for

the overspend. However, this saving would be fully achieved early in the new financial year.

- Further concern was expressed about the effectiveness of risk management strategies and what happens if proposed savings are not delivered. Members were reminded that all transformational savings were RAG rated and IT savings had been rated as red. However, it was difficult to see how this could have been mitigated, as the Council could not have staff without IT support.
- Where savings were not on track to be achieved, these had been clearly reported to Cabinet in the Resources report throughout the financial year. It was confirmed that it was not possible for the Council to set a budget that was not deemed to be deliverable as this would not be allowed by the section 105 officer.
- With reference to the new proposed reforms, frustration was expressed that there was not more detail available. Members were reminded that at this stage the proposals were concepts. Plans were in place for 2018/19 but, beyond this, some figures were included as targets, with the details behind this being worked through in due course to establish whether the targets were feasible. Concern was expressed that numbers appeared to have been included just to create a balanced budget, with nothing in there to underpin these figures.
- The CMR for Communities reminded the Panel that this method of working was not unique within the Council and this was the case for many areas of work. The easy work to identify savings had been done and the task was now much more complicated. There would be a need to take difficult decisions.
- Further concern was expressed that putting lines in the budget gave the impression of more certainty that there actually was and there was a danger of overstating the position.
- A question was asked about Open Plus, a system of self-service used in other authorities to open libraries without library staff needing to be present. If this was to be implemented in Worcestershire it would need to be properly planned and done within an appropriate timescale. Changes to libraries to date have been successful because they have been done through the proper process, including the appropriate role of scrutiny.
- With reference to workforce projects, the CMR for

Transformation and Commissioning confirmed that the Unions had recently gone out to ballot on a proposal to retain a form of Mandatory Unpaid Leave (MUL). Feedback from staff was that they were keen for MUL to continue.

- It was confirmed that a re-negotiation of the DXC (IT) contract would be in place by 31 March 2018.
- It was confirmed that the Revolving Investment Fund (RIF) operated under delegation from Cabinet and had a total value of £10 million. No money had yet been lent from this fund and the Council had not borrowed money to lend. The Council was looking to lend at a portfolio rate of 7%. It was suggested that, as a total budget, this was very unambitious and other Councils (for example, Birmingham City Council) were able to generate much more income from this type of project. The RIF Board was chaired by the Leader of the Council and Officers and Members were aware that it had great potential for income generation. It was suggested that this work should be taken forward in partnership with the LEP and the District Councils.
- Concern was expressed that proposed savings in relation to Better Use of Property were not ambitious enough. Members were reminded that overall the Council's property portfolio was declining with a reduced number of properties owned. It was suggested that the balance between revenue and capital in the property budget needed to be reviewed and there was a need to look at where the Council could re-capitalise to reduce the revenue strain.
- It was suggested that Councillors should receive far more information on the Council's property portfolio. The CMR for Transformation and Commissioning reminded the Panel that all Members were sent the assets disposal register at regular intervals.
- In response to a question about Place Partnership, the CMR agreed that there was probably more that could be achieved.
- Members were reminded that the County Council had been unsuccessful in its bid to be a pilot authority for the Business Rates Retention scheme. The Council would be able to apply again in a year's time.
- With reference to 2017/18 figures, Members were informed that there was very little change from the month 8 positions that had been discussed at the Panel's November meeting.

- A question was asked about the impact of Councillors using council-provided IT rather than obtaining their own from an allocated budget. The Head of Commercial and Change agreed to look into this further and report back at a later date.
- The CMR for Transformation and Commissioning informed the Panel that the business case for Place Partnership had recently been signed off and she was happy to come back to the Panel to discuss this further.

In conclusion, the following main points were made:

- Although figures were available in relation to the Communities portfolio, the figures were less clear for the Transformation and Commissioning portfolio.
- Disappointment was expressed that many potential savings projects were still at the concept stage and the impact on the figures given in the MTFP for 2019/20 was unclear.
- It would be helpful for the Panel to see more details of the plans for savings proposals once the concepts had been worked on. Information on the justification for making changes was missing.
- The Council should aim to make its money work, with a greater focus on income generation.

A summary of the Panel's comments would be agreed in consultation with the Chairman and Vice-Chairman after the meeting.

211 Councillor ICT

It was agreed that this item would be deferred to the next meeting.

The meeting ended at 12.37 pm

Chairman …………………………………………….