

Overview and Scrutiny Performance Board

Thursday, 24 January 2019, County Hall, Worcester - 2.00 pm

Present:**Minutes**

Mr C J Bloore (Chairman), Mrs E A Eyre (Vice Chairman), Mrs J A Brunner, Mr P Middlebrough, Mrs F M Oborski, Mr C B Taylor and Mr P A Tuthill

Also attended:

Mr S E Geraghty, Leader of the Council and Cabinet Member for Finance
Mr R C Lunn, Group Leader, Labour Group
Mrs E B Tucker, Group Leader 2017 Group
Paul Robinson, Chief Executive
Michael Hudson, Chief Financial Officer

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).

(A copy of document A will be attached to the signed Minutes.)

1082 Apologies and Welcome

Apologies were received from Mr A A J Adams and Mr B Allbut.

1083 Declaration of Interest and of any Party Whip

None.

1084 Public Participation

None.

1085 Confirmation of the Minutes of the Previous Meeting

The Minutes of the previous meeting were not yet available.

1086 Budget Scrutiny:

The Leader, Chief Executive and Chief Financial Officer had been invited to the meeting to update Members on

proposals for the 2019/20 budget and hear feedback from the Overview and Scrutiny Panels' discussions on the draft budget.

By way of introduction the Leader of the Council made the following main points:

- With reference to the in-year budget position, the Board was reminded that in September 2018 a £17.9 million overspend had been predicted, the vast majority of which related to adult social care. The current picture showed a predicted £3 million overspend for 2018/19. This showed good progress but there was still work to be done before the end of the financial year. The Leader expressed his thanks to all staff for their concerted efforts.
- The draft budget that had been presented to Cabinet in December showed that, although the Council's income was growing, this was not keeping pace with demand for services, creating a financial gap. This was in contrast with previous years when the Council's income had been falling.
- The Government's Green Paper on adult social care was still awaited which meant the Council had no clarity on future funding. The Board was reminded that the Cabinet Member with Responsibility for Adult Social Care had recently lobbied the Government on funding arrangements on the occasion of the 70th birthday of the NHS and adult social care.
- Members were reminded that the Council was still awaiting the funding formula for business rates and the Leader suggested that the argument on this had not yet been won.
- The Board was reminded that the Council was embarking on a considerable reform programme (the Council re-design) which would include a commercial contract review. This would involve re-imagining the Council of the future.
- The draft budget proposed a 3.99% increase in Council Tax.
- Having reflected on feedback received so far, including from Overview and Scrutiny Panels, parish meetings and the public, the Leader had made some modifications to December's budget proposals. This included using £1 million set aside in the Strategic Initiatives Fund to moderate some of the proposed initiatives as follows:
 - The proposal to reduce highways spend by £500k would be deleted.

- The proposal to reduce the budget for the Countryside Service by £100k and introduce car parking charges at Worcester Woods Country Park would be deleted.
- The proposal to reduce the Libraries budget by £1 million was felt to be too ambitious and would be reduced by £100k in each of the next 2 financial years. The Libraries budget had been reduced by £3.7 million since 2011 and there was deep concern amongst the public that libraries would close, something that was never the intention.
- In light of comments at Council and at the Economy and Environment O&S Panel, the proposed saving in the budget for the Archives Service had been reduced from £405k to £250k.
- A Community Solutions Fund of £145k would be created to support local communities and other organisations to address local issues which reduced future demand or costs the Council may face without this joint work.
- The Council had identified £26 million to support Open for Business and Regeneration and the Leader offered further clarity on the broad allocations for this money, including:
 - £5 million for tackling congestion, including projects in Worcester and Bromsgrove, the A38/A4101 junction at Upton and the Hoobrook Roundabout in Kidderminster.
 - Railway station upgrades including schemes to enhance buildings and parking facilities.
 - Resources to identify the next 'gamechanger' economic development sites in the county.
 - Refurbishment of Sabrina Bridge in Worcester and the development of a new walking/cycling bridge to the north of Worcester.
 - A further £2.5 million for town centres improvements.
 - £2.5 million to create a Local Members Highways Fund to allow each Councillor to fund small capital highways schemes within their division. Each Councillor would receive an allocation of £43k.
- Members were reminded that the County Council (together with the Districts) had been successful in

its bid to be part of the pilot scheme to retain 75% of business rates. It was estimated that this would mean an extra £4.9 million which would be used on preventative work to alleviate demand pressures in adult and children's social care, something which had been agreed with all 6 district councils.

Members were given an opportunity to ask questions and the following main points were raised:

- The Chairman of the Board thanked the Leader for the update and asked for further clarification on the decision-making process. He was informed that key concerns had been fed back by Cabinet Members from Overview and Scrutiny Panel meetings and from the Call-in on the proposal to introduce parking charges at Worcester Woods Country Park. The Leader felt it was important to reflect and listen, and pointed out that the £1 million worth of changes reflected only 0.3% of the budget changing from draft to final proposals. He wanted this to be the right budget for the Council and be spent on the things that people cared about. The Council still faced great funding pressures but was taking professional advice to arrive at a budget that could be delivered.
- It was confirmed that the existing Divisional Fund would continue alongside the proposed Local Members Highways Fund.
- The Chairman of the Board noted that the Cabinet had listened to concerns from scrutiny Members on initial budget proposals. He suggested that this demonstrated the need for robust scrutiny and went on to remind the Board that the Scrutiny Team was due to lose funding for one 0.6 fte post in October 2019. He urged the Leader to consider additional funding for the Scrutiny Team to support their ongoing work. In response, the Leader of the Council informed the Board that there would be an opportunity to consider this as part of the overall re-design of the Council, which aimed to ensure the Council had the right individuals with the right mix of skills for the future. He acknowledged that this was about helping Members support the Council as well as service delivery.
- With reference to proposed savings plans, the Chief Executive of the Council highlighted the following:
 - It was proposed that the Council's debt

would be structured to ensure that debt was being managed in the most efficient and effective way.

- It was estimated that the Council re-design would lead to savings of approximately £3 million. This would involve a huge amount of work and it was important that staff were engaged throughout. As part of this the Council would want to hear from scrutiny colleagues on establishing a robust governance system. It was important that all officers recognised their role in supporting scrutiny as well as the executive.
- The Energy from Waste plant was doing better than expected leading to a potential budget saving of £3 million.
- It was proposed that £2.5 million would be saved on external spend, ie contracts.
- The Chief Executive reminded Members that it was important to ensure system efficiency in order to maintain front line services.
- The Chief Financial Officer suggested that the January Cabinet report was 80% the same as the December report and referred Members to updates in the appendices. The Budget Book would be available on the County Council's website shortly. In future years the aspiration was to have the Budget Book available for the Scrutiny Panels' January meetings.
- The Chairman suggested that the figures available made it difficult to compare like for like over previous years and asked that, for future budget scrutiny, figures were available to allow this comparison. The Chief Executive reminded the Board that, where services had been re-designed, the budget book for that service would look different across years. The Chief Financial Officer pointed out a further difficulty in that before 2017 the Council used a different financial operating system making it difficult to track back.
- The Vice Chairman thanked the Chief Financial Officer for the clarity of information provided. She suggested that, given the relatively new Senior Leadership Team, it may be helpful to refresh scrutiny's approach to quality assurance, especially in relation to adult social care. The Chief Executive acknowledged again that Officers worked for all Members. It was absolutely legitimate for Members to ask questions of Officers but he suggested that culturally this had

not always happened in Worcestershire.

- With reference to the availability of like for like comparisons, the Vice Chairman suggested that Officers would also need these.
- She went on to express concern that some Section 106 money was being given back in one District Council and suggested that the County needed a better system for tracking the use of section 106 money by District Councils. The Chief Executive suggested that it was unforgivable if money was being given back.
- The Chairman of the Adult Care and Well-being O&S Panel passed on the thanks of Panel Members for the due diligence undertaken by the Chief Financial Officer and his team. She welcomed the successful bid to be part of the Business Rates Retention pilot and acknowledged that this would make a difference to the budget for adult social care. She welcomed the opportunity to scrutinise the proposed preventative measures in due course.
- She went on to express concern that the Council may have to use reserves to balance the budget and asked when the final position on this would be known. The Chief Financial Officer reported that the defensive date on this would be April 2020 by which time lots may have changed. Although the Council had the ability to use reserves, the overriding intention was not to do so. He undertook to keep Members updated through budget monitoring reports to Cabinet.
- A Member of the Board noted that there had been a much more transparent and dynamic budget process this year, including more consultation and listening to views expressed. Scrutiny was well placed to look at budget strategy and policy but suggested that scrutiny Members did not need to see more numbers. He supported the Chairman's call for appropriate resources for scrutiny but acknowledged that how these resources were used was important. He welcomed the discussion and challenge that had taken place and suggested this had led to better ideas such as more community involvement.
- With reference to the CIPFA report of June 2017, he went on to ask whether a similar report had been commissioned this year. In response, the Chief Executive suggested that with hindsight it was a mistake not to have made the CIPFA report public straight away. He agreed that it was not necessary for Members to see more figures and

suggested that Members could be given every budget line but this would make it more difficult to find the key figures. He acknowledged that some would want to see the Budget Book whereas for others this would give too much detail.

- The Chairman suggested that sometimes Members asked Officers for information which took a long time to be provided. The culture of Officer/Member relations was not always the best. The Chief Executive accepted this and reminded the Board that he was supportive of Members asking questions whether in meetings or at other times. The Chairman welcomed the acknowledgement that scrutiny processes were as important as the Executive.
- It was confirmed that the Local Members Highways Fund was a capital resource in addition to the existing Members' Highways Fund (which was a revenue fund).
- The Leader of the Council informed Members that he was yet not able to confirm which railway stations would benefit from additional funds as not all of the land involved was in the gift of the Council. Full business cases would be brought to Cabinet in due course.
- The Chairman of the Corporate and Communities O&S Panel reported positively on the Panel's budget discussion and welcomed the contributions of the Chief Financial Officer and the Director of Commercial and Commissioning. When asked whether the savings proposals were achievable and realistic, they had responded that they did not expect to see any slippage. The Chief Financial Officer had explained finance in a way that non-finance professionals could understand.
- The Panel Chairman went on to suggest that in future the financial information provided should be more Panel-specific. He also reported that from his own experience, if a Member asked an Officer for specific information, the Officer would respond. The Chief Executive welcomed the positive comments but reassured Members that he was not complacent. It was important that the Council was able to stand by its savings plans and he was heartened that this was the message.
- Feedback from the Corporate and Communities O&S Panel had suggested that the Council should look further at the potential for increasing income as there was only so much money that could be found through savings. The Chief Executive reminded Members that, unlike Unitary

Authorities, the County Council had very few areas to raise income and he cautioned against putting a lot of effort into chasing small amounts as there was a danger this would divert attention. He suggested it would be much better to concentrate on controlling costs.

- With reference to Council Tax, the Chief Executive pointed out that the Council received a higher income from larger houses and suggested more should be done to attract higher earners who, in turn, were less likely to use Council services. He acknowledged the need to also have affordable and social housing and suggested that the key was to have a balance across all housing stock. The Chairman of the OSPB suggested that it was difficult for many young people to afford to buy a house in Worcestershire and this was leading to 'brain drain' as people looked to move to more affordable areas. The Chairman of the Children and Families O&S Panel informed Members that, as Chair of the Wyre Forest Local Plan Review, she was aware of 3500 families on the housing waiting list. She appealed that, if areas were to be taken out of the green belt for housing, they should be used for local people who could not afford to buy locally. The Leader of the Council confirmed that, although there was a clear need to build more homes, the nature of that housing was not defined by the County Council but through district council plans. He agreed that a mix of housing was needed.
- The Chairman of the Health Overview and Scrutiny Committee welcomed the additional money for highways and the setting up of the Local Members Highways Fund. He hoped it would model the lean administration of the Divisional Fund. The Leader of the Council confirmed that he would be looking for the same 'light touch', enabling approach. The Chief Executive reminded Members that this was a capital fund and, as such, it would need to conform with the legal rules around capital.
- The Chairman of OSPB suggested that some of the concerns raised in the CIPFA report in 2017 were now being acted on by the Council's leadership. For example, the suggestion that there should be extra investment in adult and children's social care had been raised in the report. He suggested that this extra investment should have been done 5 or 6 years ago.
- The Chief Executive stated that it was difficult to

be certain about future funding. However, he would continue to lobby government on behalf of Worcestershire and all County Councils. Both Members and Officers were confident that this budget could be delivered. He reminded the Board that a new leadership team had been put in place since the time of the CIPFA report and consequently there had been a change in approach. However, this change could not necessarily be linked to the CIPFA report.

- It was suggested that the Capital Programme was not currently being scrutinised as well as it could be. The County Council needed to play a more active part in the process of drafting development plans. Currently, the County Council mainly focused on transport and it needed to expand its interest beyond this, taking the role of an influencer rather than directing the process.
- A Member who was not a Member of the Board said that she had found the financial information available to scrutiny this year very helpful. She was particularly pleased to be assured that real diligence work had been undertaken on the savings plans for adult social care.
- She went on to agree that there was currently a problem with scrutinising the Capital Programme. Historically, there was a feeling that Members were being kept away from this.
- The Leader of the Council agreed that collaboration between the two tiers of local authority was essential to ensure the right plans were developed for all services including schools, health and transport. He would support working with the District Councils and the LEP.
- With reference to future funding, he felt the Council needed to have certainty about 2020 and beyond as soon as possible. Current budget forecasts were as evidence based as possible, using the latest available information. However, if an increase in demand led to a shift in services, there would be a funding gap.
- The Leader welcomed the proposal for greater scrutiny of the Capital Programme.
- A second Member who was not a Member of the Board asked whether there was further scope to raise revenue. In particular, he referenced the Trading Standards Service. In response the Chief Executive agreed that there was some scope for this but, for Trading Standards, many of the fees charged were statutorily set and could not be changed. He also suggested that there was a

potential conflict of interest where the same service was offering advice but also acting as enforcer of the rules. It was important to remember that the Trading Standards Service was not geared up to be a lean private sector company. There was a clear concern that a County Council run company would have an unfair commercial advantage.

In conclusion, the Chairman summarised the Board's comments as follows:

The Board appreciated the transparency of the budget process and the time and detail provided by the officers. Members felt that discussions held in scrutiny panels had been listened to.

In future, where possible, figures from previous years should be provided to allow like for like comparisons. In addition, scrutiny would welcome more involvement in the development and monitoring of the capital programme.

The Chairman expressed concern about the possible reduction in scrutiny resources in October and welcomed the response from the Leader and Chief Executive that this would be considered as part of the wider Council re-design. In addition, the Board agreed that they wanted to be involved in the Council re-design process, especially from a quality assurance point of view.

Following the meeting the comments would be sent to Cabinet for consideration on 31 January.

**1087 Member Update
and Cabinet
Forward Plan**

Children and Families O&S Panel

In relation to the setting up of Worcestershire Children First, Panel Members had expressed concern about the transfer of services to an arms-length company. In particular, there was concern about the potential financial implications of this and the risks of losing control of the budget. The Panel would be discussing their concerns with the DfE appointed Children's Commissioner and the Cabinet Members for Children and Families, and Education and Skills at its next meeting.

Corporate and Communities O&S Panel

The Chairman reported that the Panel had held an excellent meeting earlier in January. However, he expressed concern about the potential overlap between

the remits of his Panel and that of the Economy and Environment O&S Panel which may lead to duplication. He suggested that, in future, it may be helpful to have a joint meeting between the two Panels.

Health Overview and Scrutiny Committee

HOSC had rescheduled its February meeting to accommodate the availability of health colleagues. Future meetings would include items on the Acute Trust, stroke services and the Ambulance Service. It was possible that the Chairman of the Sustainability and Transformation Plan (STP) would be invited to a future Committee meeting.

Adult Care and Well-being O&S Panel

The Panel Chairman reminded Members that the Adult Care and Well-being O&S Panel had held joint meetings with HOSC and she thanked HOSC Members for their contributions to the budget discussion.

Items to be considered at future meetings included:

- The Adult Social Care Outcome Framework
- The Adult Social Care Business Plan
- Preventative work funded by money from the business rates retention pilot
- Quality assurance and safeguarding
- The £3 million shortfall in the 2018/19 budget
- The three conversation model

Council re-design

The Vice Chairman reiterated that she felt scrutiny should be closely involved in the upcoming Council re-design. The Chairman of OSPB undertook to write to the Leader and the Chief Executive about the Board's involvement.

Forward Plan

The Chairman of the Corporate and Communities O&S Panel asked about the Adoption of the Rights of Way Improvement Plan. The Democratic Governance Manager gave further detail about this.

West Midlands Scrutiny Network

The Vice Chairman reminded Members that she had recently attended a meeting of the West Midlands Scrutiny Network. She went on to suggest that it would be helpful for each member of OSPB to attend a future meeting of the Network.

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The meeting ended at 4.05 pm

Chairman