

Corporate and Communities Overview and Scrutiny Panel Tuesday, 22 January 2019, County Hall Worcester - 10.30 am

Present:

Minutes

Mr C B Taylor (Chairman), Mrs M A Rayner (Vice Chairman), Mr A D Kent, Mr J A D O'Donnell, Prof J W Raine and Mr A Stafford

Also attended:

Ms K J May, Cabinet Member with responsibility for Transformation and Commissioning
Mrs L C Hodgson, Cabinet Member with responsibility for Communities

Michael Hudson (Chief Financial Officer)
Andrew Spice (Director of Commercial & Commissioning)
Hannah Needham (Assistant Director for Families, Communities and Partnerships)
Steph Simcox (Head of Strategic Infrastructure Finance and Financial Recovery)
Sheena Jones (Democratic Governance and Scrutiny Manager)
Alison Spall (Overview and Scrutiny)

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. The Minutes of the Meeting held on 23 October 2018 and 7 November 2018 (previously circulated).

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

239 Apologies and Welcome

Apologies were received from Mr R.J. Morris, Mr.P.Tomlinson and Mr R. Udall.

240 Public Participation

None

241 Declarations of Interest and of any Party Whip

None

242 Confirmation of the Minutes of the Previous

The Minutes of the Meetings held on the 23 October 2018 and the 7 November 2018 were agreed as a correct record and signed by the Chairman.

**Meetings
(previously
circulated)**

**243 Budget
Scrutiny: Draft
2019/20 Budget
- Corporate and
Communities**

As part of the Council's development of the 2019/20 budget, the Overview and Scrutiny Panels had been asked to consider the draft budget proposals within their remit. Panels had previously carried out a review of the 2018/19 budget position at their meetings in November 2018. The Panel's views would contribute to the Overview and Scrutiny's overall response to the budget which was being discussed by the Overview and Scrutiny Performance Board on 24 January 2019.

The Chief Financial Officer made the following initial points to set context:

- An outline of the budget process was provided. Feedback from the Overview and Scrutiny Panels would be considered at the OSPB on 24 January, following which approval for the budget would be sought at Cabinet on 31 January.
- The Forecast Outturn for 2018/19 position at Period 7 was still around the £3M overspend level and it was anticipated to remain at this level for Period 8.
- The Council's net income would increase by £6.2M in 2019/20. Despite a decrease in the Government's general funding, the significantly increased income through Council Tax and business rates, meant that the overall income position was positive.
- Despite the increase in income, the pressures on the Council's finances meant that there was still a projected shortfall for the 2019/20 budget of £22.9M. The Council's actions had already resulted in significant savings towards this shortfall, but a further £14.5M was needed to close the gap. The Panel was referred to Appendix 1C of the Cabinet report of 13 December at agenda item 4, where full details of proposed new savings, reforms and income proposals were set out, some of which came under the remit of this Panel.
- The Chief Financial Officer drew members attention to the detailed investment plans to prepare for the future by ensuring that the Council was operating efficiently and effectively and the main areas of the Transformation programme. He also highlighted the General Fund Reserves

Assessment at Appendix 3 but assured Members that there was no need to access reserves at this time.

- The Director of Commercial and Commissioning (the Director) stressed that the key areas in the Transformation Programme, set out below, must be delivered this coming financial year in addition to all of the Council's other services.
 - Adult social care
 - Children's Services
 - Commercial procurement and efficiency
 - Reshaping and redesign of services in partnership and through digital technology

The following main points were raised:

- The CMR for Transformation and Commissioning advised that work was pushing ahead on producing a new Procurement Strategy. Once this was in a suitable draft format, it would be brought to this Panel to enable Members to have an input. The Director informed the Panel that adding social value (e.g. local spend, apprenticeships etc.) was a key driver in the work being done. This linked to Corp 2 in Appendix 1C referred to above. Members were interested in the value of the local pound to the Council and any mechanisms being used to quantify this. The Director advised that some social value outcomes could be measured in qualitative as well as quantitative ways, but this was not something being carried out within the Council yet. The CMR Communities highlighted that the Council was already an apprenticeship provider within the 16-19 and adult learning areas.
- In response to a question, the Director advised that work on the Contract Liquidity database was going well, and they now had a clear picture of when contracts were due for renewal which provided an opportunity to influence the spend for instance, by altering the specifications. Additional skilled staff had been brought in to do this work and some initial modest success was being achieved in this area. The upskilling of current staff was also taking place to optimise the use of resources. The Director added that in the last few weeks they had started to use Power BI contract management software which was helping to identify key contracts to focus on.
- The Chief Financial Officer responded to a question about the £2.5M corporate target for

savings anticipated in the commercial, procurement and efficiency area. He explained that there was a further £1M savings identified for each of the following two years and that this was in addition to the £0.5M saving in this year's budget. This would allow for some potential slippage. He also drew attention to the £3M residual risk provision, highlighted in Appendix 3, which was in place in the event that efficiencies were not achieved.

- The Panel was reminded that cost avoidance was another key aspect in addition to cash savings. The Chief Financial Officer assured Members that savings would not be 'double counted'. The Director advised that buying was taking place in a more controlled manner, to ensure more effective purchasing. Category management meant that small contracts would be joined together and savings could be gained through the market having a better understanding of the contract.
- A Member queried where the funding would come from to pay for the upskilling of staff within the Contracts team and at what price? The Director advised that 12 staff were currently being trained across a number of areas, which varied in complexity. Some of the training involved effective catalogue purchasing and the development of a more robust approach to dealings with suppliers. The Chief Financial Officer explained that there was money earmarked in the transformation/change reserve to pay for this type of staff development. This money would be paid back over the next 18 months from efficiencies generated.
- In respect of purchasing, the Director advised that there were a few areas of overlap with the NHS and District Councils which they were currently looking at to see whether joint savings could be achieved.
- In response to a question about contract spend and the enforcement of penalties for poor performance, the Director advised that they needed to ensure that there were facilities for remedial recourse in the contract. He advised that many of the current contracts were not constructed in this way.
- With reference to promotional marketing e.g. for adoption and fostering, the Panel was informed that there would be monies made available from the income from the business rates retention scheme, which had been announced on 13

December and therefore not included in this version of the draft budget. This funding might be channelled through the District Councils, but social care would be one of the key areas to benefit from these monies, including enhanced marketing and promotion of these schemes.

- In response to a question about the potential savings from Staff Organisational redevelopment, the Panel was informed that there were only two other areas of the business that currently had structure savings marked for them for this financial year, they being Finance and Economy and Infrastructure. In future years, there was a further £2.845M savings expected, although not all this related to reducing posts. Overall the savings would be in the region of £6M across the Council.
- The Panel was advised of the new approach to ways of working. Performance management was the key driving force which it was anticipated would make the Council sustainable for many years to come. Every process would be looked at to see what worked well and what got in the way of optimum productivity being achieved. Regular performance management meetings were now taking place and Officers were being held to account for their areas of responsibility. There had been a steep increase in the numbers of staff appraisals being carried out and these were crucial for objective setting and identifying any barriers to efficient working. Staff needed the appropriate tools to do their job efficiently and IT was a key aspect of this. An example of this was a current trial using tablets for staff who were out and about visiting clients. Hand written notes and documents could now be uploaded instantly to ensure a more efficient way of working.
- A Member queried how realistic the levels of proposed savings were, particularly in the timescales involved? The Director advised that the savings from procurement would be forthcoming. In addition there had been over 120 volunteers for the voluntary redundancy scheme which would result in considerable savings. The Chief Financial Officer advised that he had signed off the budget and therefore deemed the savings to be realistic, however, there was provision in the reserves, should there be any slippage. It was stressed that this was less likely due to the project management approach with a responsible officer allocated to each task. Any slippage would be picked up from the end of the first quarter, and plans put in place

to rectify the situation. The savings at Corp1 would be a focus for monitoring progress.

- With reference to the Matrix contract, the cost of Agency staff was queried. The Panel was informed that it represented less than 10% of the children's social work budget. Officers were looking to improve the cost of buying social work services and there was now an 80% conversion rate from agency social worker to full time employees, which had resulted in £100K of cost avoidance for the Council.

The Panel received an update from the Director on the predicted overspend of £350K in Property Services relating to Place Partnership Ltd (PPL). The Director advised that whilst there were still concerns with PPL at a strategic level, operationally the situation was much improved. There was now effective scrutiny of PPL and control of the budget was much better. Whilst there were still some issues with real estate, remedial activities seemed to be taking place to schedule. The Panel was assured that some of the overspend would be clawed back over the course of this year and the following year.

In response to a question about the valuation of the assets of PPL, the Chief Financial Officer advised that properties were valued at least once every five years as part of a 5 year programme. If there were substantive changes to a property, a valuation would be carried out more frequently. He highlighted that it was staff at PPL who carried out the valuations for the Council's final accounts, these staff having previously transferred from the Council when the PPL was set up. If Members had concerns about the depreciation of any particular property, the CMR Transformation and Commissioning suggested that they provide her with details to follow up.

The Panel was invited to agree comments which the Chairman would contribute towards the OSPB's response to consultation on the 2019/20 budget on 24 January 2019. After some discussion, a summary of the key points was agreed as follows:

- In terms of the Budget information included with the agenda, the Panel felt that there was an overload of general information, which made it difficult to identify the detailed information on areas specific to the Panel, to support the focus of their scrutiny. Panel members suggested that a short report specific to the Panel or an appendix for each Panel would be a more helpful approach

for next year.

- Members felt that the positioning of the CMR Communities role needed to be reviewed. The current arrangement where responsibilities fell within different Panel areas was inefficient. On a related issue they were open to the idea of occasional Joint Scrutiny Panel meetings, where it was felt this would be an efficient approach.
- In respect of investment being made on training staff for commissioning, the Panel requested that they receive details of the return on this investment during the year ahead.
- Members wished to give positive feedback on the budget update they had received. They felt that the Senior Leadership Team appeared to have a clear grip on what was needed to be achieved and the vision and methodology to be able to achieve it. Members welcomed improvements in productivity and efficiency which had taken place and had confidence that there was a management team structure now in place to ensure these improvements continued. The Officers and Portfolio Holders assured the Panel that the savings offered were both realistic and achievable with more control in place to prevent slippage. Members also felt that through their own active engagement on Scrutiny Panels they had also contributed towards this improved situation.
- The Panel felt that it would be helpful if each Scrutiny Panel received a list of key aims/targets within their remit, which were currently being worked towards in budget and performance terms. An update could then be provided regularly to the Panels as to progress being made (perhaps using the traffic light system). This would enable Members to assess progress made both during the year and from issues raised in previous years.

244 Maximising Income Generation

The Panel received an update on the recent activity that had been undertaken in relation to maximising income generation and the strategy and plan for 2018/19 and 2019/20. The Panel was advised that the Strategy would be developed within the wider context of the organisational redesign and existing plans to refine the Council's procurement strategy.

The Director advised that officers had reflected on the questions raised by Panel members during the presentation they received last May. He explained that there was the desire and intention to develop the Council's commercial capability to contribute to the wider sustainability of the Council. The process of reviewing the Council's current trading activity had commenced to gain an understanding of the financial sustainability and opportunities for growth. The question would be asked as to whether these activities were worth continuing with or whether it was time to cease that activity. The importance of ensuring that the schemes had the support and skills necessary to grow the revenue streams was highlighted.

The Panel was informed that a Trading and Income generation strategy was being developed which would form part of the overall commercial strategy alongside procurement and contract management. This work was on track, but not yet completed.

Appendix 1 was referred to, which highlighted some of the trading initiatives which had been introduced around the country. It was noted that such activity was not risk free and it was difficult to make significant surpluses from such activities, however with a creative and innovative approach, there was much to be gained.

The Panel was asked for any ideas on income generating ideas. A discussion took place about the business sector and the need to encourage new businesses and help them to develop. Specific ideas discussed included:

- loans being offered to small businesses
- working with District Councils towards the development of housing
- further work on maximising the value of land being sold in terms of the future usage
- maximising dividend streams from shares in utilities companies
- The upskilling of in-house staff to reduce the need to use Consultants
- Opportunities for Highways charging
- Review of charges to Parishes and their ability to deliver services at a local level

The CMR Communities provided some details regarding the charging scheme within the Archives service which was currently under review.

It was agreed that the Director would arrange an informal session, whereby Members could share any ideas they

245 Work Programme 2018-19

had on income generation and also receive further briefing on the emerging Trading and Income generation strategy.

The Panel received a copy of its current Work Programme to review. After discussion, the following actions were agreed.

1. Worcestershire County Council workforce.

This item was scheduled for the Panel's March 2019 meeting. A Member asked that the following information be included:

- Details of the graduate scheme
- Information on apprenticeship schemes
- Breakdown of Agency staff
- Outcome of the Voluntary redundancy scheme – which areas of the Council's activity had lost staff as a result of this

2. Councillor IT.

This item should be included for the Panel's May 2019 meeting. An update on the management structure and strategic plan for the IT service was also requested for this meeting.

3. Libraries Re-Modelling.

This item was scheduled for the Panel's March 2019 meeting. A site visit to view the operation of open libraries to be arranged, to take place in advance of the March meeting.

4. Volunteering

This item to be added to the Work Programme. Issues for consideration:

- Consideration of Council locations where voluntary support would be welcomed
- how volunteering can be enabled and expanded
- any obstacles which need to be considered

The meeting ended at 1.00 pm

Chairman