



Minutes

FINANCE, PERFORMANCE AND RESOURCES SELECT COMMITTEE

**MINUTES OF THE FINANCE, PERFORMANCE AND RESOURCES SELECT COMMITTEE
HELD ON THURSDAY 25 JULY 2013, IN MEZZ 2, NCO, AYLESBURY, COMMENCING AT
10.00 AM AND CONCLUDING AT 12.01 PM.**

MEMBERS PRESENT

Mr T Egleton, Mr S Lambert, Mr D Martin, Mr B Roberts, Mr D Shakespeare OBE and
Mr A Stevens

OTHERS IN ATTENDANCE

Mr R Ambrose, Andrew Brown, Mr N Cave, Mr P Hardy and Mrs K Jones (Secretary)

1 APOLOGIES FOR ABSENCE/CHANGES IN MEMBERSHIP

Apologies were received from Bill Chapple OBE and David Watson.

2 DECLARATIONS OF INTEREST

There were no interests declared.

3 MINUTES OF LAST MEETING

The minutes of the meeting held on 24 June 2013 were agreed as a correct record.

4 PUBLIC QUESTIONS

There were no public questions.

5 CHAIRMAN'S REPORT

There was no update provided.



INVESTOR IN PEOPLE



6 TRANSFORMATION UPDATE

The Chairman welcomed Peter Hardy, Cabinet Member for Finance & Resources and Nick Cave, Service Director for Service Transformation, and explained that quarterly updates would be provided to the Committee. Members were advised that Phase 2 of the Council's Transformation programme was being developed to achieve savings (£10m of the £45m total planned savings over the MTP period), and to make the Council better equipped to meet future challenges. A key aspect of Phase 2 was the development and implementation of a Target Operating Model (TOM) which sets out the future shape of the organisation. Nick Cave made the following points:

- The proposal was that there will be a leaner Head Office function.
- Members are at the heart of what they are trying to do.
- It was acknowledged that there was a very challenging agenda and that reducing costs will be difficult.
- Ideas and comments that members have about the TOM and how to reduce costs would be very welcome.

Members were invited to ask questions and the following points were raised:

- It was noted that a new approach was being proposed and with the benefit of hindsight what could have been done differently in Phase 1 and why.
- Nick replied that the action taken previously was a reaction to austerity measures and that in Phase 1 there had been no vision for the future. Tactical compartmentalised changes have aligned activities towards a vision going forward which enables people to get on board with the changes and understand the direction of travel to match the Target Operating Model (TOM).
- The Cabinet Member explained that previously business and process re-engineering took place, and that Phase 2 was about proposing a different shape for the council.
- The Member asked if the approach to tactical changes will be revisited in future.
- Nick replied that changes will be aligned to the TOM, the IT structure will be reviewed and consideration will be given to what will fit with TOM. Another question was whether SAP will still be required with a smaller operating unit.
- The Cabinet Member added that there will be a review to establish if corporate IT provides the best value.
- A Member expressed concern that as there was no plan until the end of Phase 1 what will be so different about Phase 2 and what benchmarking will take place to establish how much the operating model will save.
- The Cabinet Member replied that Phase 1 consisted of one cut after another and that the aim was that there will be more opportunities for employees.
- It was noted that plans were in place to make savings and that £65m has been taken out of the business. In Phase 2 the aim was that the TOM will provide staff with different opportunities and that help and guidance will be available to them through the process.
- It was noted that there were no plans for the future for staff and that a holistic approach was now being adopted.
- Nick replied that lessons had been learnt from previous plans.
- A Member noted that there had been a reference to outsourcing and that a small, lean corporate centre was considered to be a logical step forward and he recalled that IT had been reorganised approximately 2 years ago and kept in-house. He asked if the service will be radically reorganised.
- Nick replied that outsourcing had been considered and that in the new model there will be some outsourcing.
- The Cabinet Member added that IT must provide a competitive service in terms of quality and cost.

- A Member asked how the £10m target based saving was arrived at and why was it not £9m or £11m.
- Members were advised that £10m was set for transformation as part of BCC's MTP before the CSR announcement.
- The Cabinet Member asked how £25m was reached several years ago.
- A Member replied that this was the best professional advice at the time.
- The Cabinet Member explained that there was a £10m problem.
- The Member referred to the suggestion that SAP may no longer be appropriate and he recalled that SAP was very expensive at the time it was purchased but provided a Rolls Royce service.
- Nick replied that SAP was appropriate for a large organisation.
- The Member asked if the view could be that the multi- million pound investment on SAP was wasted.
- Nick replied that SAP may no longer be necessary because the new corporate HQ may have smaller facilities.
- The member asked if given the £20m gap to being self-sufficient over and above planned savings, was there scope to make further savings.
- Nick explained that this would involve difficult decisions about the transfer of services and the risks involved.
- The Cabinet Member explained that there was a need both to continue to save and simultaneously to generate money. He referred to a presentation given recently by himself and Gillian Hibberd at which some council's wanted to offer services whilst others wanted to provide a service for others. The Local Area trading Company (LATC) and Bucks Learning Trust (BLT) were examples of the move towards this. In his opinion BCC could not be sustained just by making cuts but must also generate more income.
- A Member asked what could be learnt from other Local Authorities.
- Members were advised that the work of Oldham Council has been examined and a review has taken place as to how Serco have organised themselves.
- Another Member asked what programmes were in place to accommodate selling of services, if the skills of the contract managers' skills contract management skills had improved and if a sales workforce will be recruited.
- The Cabinet Member acknowledged that there was a need to be more commercial.
- Nick added that a commercial skills programme was in place and that the CEO of BLT was from a commercial background. He considered that there was a great opportunity and that it was necessary to actively work to exploit it.
- A Member asked for an explanation of the Governance structure.
- Nick replied that the Chief Officers Management Team (COMT) was the main board and that there were officers who would be regularly reporting on a quarterly basis.
- In response to a question asking for a reassurance that the governance was correct members were advised that COMT and the Transformation Team would be used as a vehicle to ensure that this was the case.
- With reference to the suggestion that there would be a leaner organisation a Member asked if the best delivery vehicle had been explored and achieved.
- The Cabinet Member agreed that BCC has to get the right model in each case.
- Nick added that examples of various options being explored were the BLT and the creation of a Museum Trust.
- A Member asked for an explanation of what radical options were being discussed and he suggested the creation of a unitary authority.
- The Cabinet Member replied that the Cabinet's policy is to wait for any decisions on unitary status coming from Central Government which will not be before the general election in 2015. He added that the LGA is giving consideration to bringing health and education authorities together although this would reduce the Central Government Cabinet by approximately 60 Members.

- Nick Cave explained that COMT did not discuss unitary options but looked at partnerships for between health and adult social care, example with Oxfordshire County Council and worked with the districts on waste.
- A Member asked how Transformation will help move the programme forward.
- Nick explained that the aim was to create a HQ function, move towards creating independent delivery vehicles as soon as possible and to put an operating framework in place.
- In response to a question it was noted that the effect of this on members was that there will be more member involvement in bringing residents needs into the different delivery vehicles.
- The Cabinet Member added that the members should always have taken the views of the residents into consideration and set the priorities accordingly.
- A Member asked whether the same quality of service will be delivered.
- The Cabinet Member replied that the quality of service will be improved because the right delivery vehicle will be in place.
- A Member agreed that members were central to the process and he added that the staff were equally important and he asked if the management team understood this. There was a request for feedback either positive or negative on what has been done and the goals.
- Nick replied that the feedback was mixed and that some staff embraced the change whilst others had not. It was noted that 500 staff had already left the County Council and acknowledged that it was important that staff understood the direction of travel. The message was difficult to communicate because there was a fear of threat.
- A Member asked how confident the officers were that the staff will buy into the changes.
- Nick referred to previous initiatives such as the BLT and noted that some staff have embraced the changes and flourished whilst others have left.
- The Cabinet Member supported the comment emphasising the importance of selling the new approach as being positive.
- Has the leadership team identified the non-priority areas where the staff could be reduced or would be no longer required?
- The Cabinet Member replied that the recommendations have been reviewed and the core elements in the HQ model will be considered before a decision is taken.
- A Member asked if a government grant was received must it be repaid if it is not all spent.
- This was dependent on whether or not the money was ring fenced.
- The Cabinet Member confirmed that the £10m was revenue budget and that a holistic approach was required.
- If there was a change in statutory duties there will be break clauses in the contract.
- A Member asked what type of report will be available at the meeting in December 2013.
- Nick replied there will be a clear map identifying key blocks of change, an understanding of the phases and how they planned out. Quarterly updates will be provided subsequently.
- A Member noted that in Phase 1 there was massive slippage and that it was necessary to catch up in the final year. He asked if there will be no use of consultants. The Cabinet Member replied that consultants will always be used.
- It was noted that consultants were currently being used for the external challenge and to help deliver the programme.

7 BUDGET SCRUTINY 2014/15 OPTIONS

The Chairman explained that the proposal was that Chairman of the other Select Committees will be invited to attend the Budget Scrutiny meetings. In response to a question it was noted that capital will be included in the discussions. A Member explained that it was very important to ensure that Select Committees were not in support of the proposed budget at the meetings.

Members discussed the attendance of Select Committee Chairman at the budget Scrutiny meetings and it was noted that one option was for them to attend for their Committee items only. Andrew Brown explained that the intention was to invite Select Committee Chairman to all the budget sessions and there was an expectation that they would attend the meetings relevant to their Committee. The Chairman advised Members that the aim was to give the Chairman the opportunity to input into the discussions and that the Cabinet Member for each Committee will also be in attendance. A Member asked if Select Committee were co-opted will they be full Members of the Committee for the Scrutiny meetings or invited as witnesses.

It was agreed that clarity was required on the role of Select Committee Chairman in the process. Andrew Brown explained that the Select Committee Chairman will be meeting on 1 August and that clarity be obtained on the involvement of Select Committee Chairman at the Budget Scrutiny meetings.

8 BUDGET SCRUTINY RECOMMENDATIONS - PROGRESS UPDATE

Richard Ambrose presented the 6 monthly progress on the 2013 budget recommendations and made the following points:

1. Equalities Impact Assessment – in 2012 a new process was introduced including screening the impact on the voluntary sector. The aim was to strengthen the process and both Angie Sarchet and Martin Phillips became more involved in the process.

It was noted that the process was better than the previous year when it was very poor because there were late conversations and late papers. In response to the suggestion that it was surprising that not all the recommendations had been implemented Richard Ambrose replied that there was a statutory duty to consider equalities and that 90% of the process works really well.

2. That the effective resident consultation process be further improved, including mechanisms to achieve better response rates – a consultation had recently been completed with the business community and the aim was to start a wider consultation in September and to feed the results into the draft budget. Council tax levels and target groups where there is a low response level will be reviewed. Martin Phillips is leading the process.

3. Support for the voluntary and community sector – extra funding is available of £250k for the current and the next year. This will be used partly to help in the bidding process. A member explained that he considered that the voluntary sector continues to be a wonderful investment. It was also noted that voluntary organisations welcome long term resource agreements for example for 5 years and that a commitment to a resource grant provides stability.

4. Presentation of budget papers continues to be improved– the aim is to focus on the key issues and a proposal was to prepare a narrative on key issues to allow more effective questioning.

In response to a question it was confirmed that the recommendations will be updated before the next meeting on 5 September.

A member reported that at last years' budget meetings the general view was that not all Cabinet Members had been prepared sufficiently and were unable to answer questions. This was noted.

5. Agreed in part.

6. Cabinet continue to develop contract management and monitoring skills – it was noted that contract framework brings out best practise and that commercial training will be taking place which will be critical in future.

A Member noted that contracts management was a fairly new process for the County Council and a Member asked for an assurance as to how satisfied Finance were that the officers have the necessary skills to manage the contracts. Richard replied that officers managing platinum contracts meet regularly and had been assessed.

A Member emphasised the importance of getting contracts under control and he noted that central government were unable to do this successfully.

11. Bus usage it was suggested that the Environment Select Committee researches bus usage over the Autumn of 2013.

12. SEN – the recommendation was that an initial plan is prepared for managing down statementing costs – it was noted that the policy had recently been updated for Cabinet.

13. Education – narrowing the gap this had been recognised as an issue by Sue Imbriano and Chris Munday.

14. Visibility of Trading Standards - it was noted that officers from trading Standards attended the member induction sessions and some LAF meetings.

15. Manage the demand in Adult Social Care – it was acknowledged that with an aging population there were huge risks especially with the Dilnot proposals and that many of the self-funders will come into the system in future years.

16 and 17 – the Public Health Strategy sets out the proposals and it was considered that there had been a very good transition.

19. Council lobbying - this is about what the Leader does with the Finances. Members were advised that Martin Tett gave a presentation at the LGA conference including business rates and sustainability. The issue about council tax freezes continues.

The capital budget is c£100m. There will be a review of Cabinet portfolios and the business investment group does an initial evaluation. If schemes could generate extra income they could be reviewed. Some funding is received through government grants and some will be ring fenced.

9 LOCAL DEMOCRACY

The Chairman explained that the aim was to determine how to promote local democracy.

A Member expressed concern that it was not clear what was relevant to the committee and he suggested that this be more appropriate if considered by the Communities portfolio.

The following suggestions were made:

- The review should consider what impacts on money.
- It was noted that democracy was not taught in schools and suggested that that the issue was about the gender balance and cultural diversity. The Member suggested that it was important to promote democracy in schools and that a 30.2% turnout in elections was woeful on democracy. A further observation was that in the centenary of suffrage women were not engaged in democracy.
- The Chairman suggested that the issue was with people's perception because many were not aware of what work was done and he explained that it was important to move things forward.
- A Member suggested that the paper on local democracy set out the background admirably. He proposed that actions be completed and an indication of the costs be presented to the Committee.
- It was also proposed that there was more evidence gathering and reviews of different ways of doing things.
- Another Member suggested that this was not a priority issue and should be considered by the Communities and Environment Select Committee. He recognised the low turnout and suggested that the only way to increase turnout at local elections was to hold them on the same day as a general election.
- It was suggested that one of the reasons why participation was low is that the general view was that local councils were not wholly independent and unable to make their own decisions. Many people do not know the difference between county and district councils and the Member recommended a move towards a unitary local government in order for there to be fewer local elections.

- It was suggested that more money be delegated to LAFs and it was noted that £0.5m had been removed from the local budget and had been centralised.

10 COMMITTEE WORK PROGRAMME

The Committee was asked to comment on the draft Work Programme and made the following points:

- It was suggested that local democracy and the future design of council services could be considered by the Select Committee Members and Chairmen.
- The Capital programme was considered to be a major issue and s106 slippages had been identified.
- It was noted that property had moved to a corporate property programme.
- A member agreed the importance of the capital programme and noted that for 7/8 years there had been no capital programme and then the capital programme went from £0 - £30m.
- It was suggested that March may be too early to receive a report on the impact of the welfare reform.
- It was noted that BCC's emergency support fund policy will be set for the year commencing April 2014 and that it may be worth looking at it earlier in order for any recommendations to be considered, before possibly undertaking a fuller review later in 2014.
- It was suggested that interim managers be added to consultant spend as many can stay long term and request information on consultants.
- A member asked if there will be regular reports on Trusts for example if the work was within budget and was meeting targets. It was agreed that regular reports be presented to the committee.
- It was also suggested that commercial academies and the development of commissioning skills be reviewed.
- A Member proposed that a review takes place to see how the democratic process will oversee organisations.

11 PAPERS FOR INFORMATION

The Committee noted the papers presented for information.

12 DATE AND TIME OF NEXT MEETING

5 September 2013 at 10am.

CHAIRMAN