

MINUTES of the meeting of the **COUNCIL OVERVIEW AND SCRUTINY COMMITTEE** held at 10.00am on Wednesday 14 March 2012 at County Hall, Kingston upon Thames.

These Minutes are subject to confirmation by the Committee at its meeting on 17 April 2012.

Members:

- * Mr Mel Few (Vice-Chairman)
- * Mark Brett-Warburton
- * Mr Stephen Cooksey
- * Mr Steve Cosser
- * Dr Zully Grant-Duff
- * Mr David Harmer
- * Mr Eber A Kington
- * Mr Steve Renshaw
- * Mrs Dorothy Ross-Tomlin
- * Mr Nick Skellett CBE
- A Mr Chris Townsend
- A Mr Richard Walsh
- * Hazel Watson

Ex-officio Members:

Mrs Lavinia Sealy (Chairman of the Council)

Substitute Members:

- * David Wood

In attendance:

- * David Hodge (Leader of the Council)
- * Ms Denise Le Gal (Cabinet Member for Change & Efficiency)

* = present
A = apologies

PART 1

IN PUBLIC

Mr Mel Few in the Chair

33/12 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Richard Walsh and Chris Townsend. David Wood attended as a substitute for Chris Townsend.

34/12 **MINUTES OF PREVIOUS MEETING: 14 MARCH 2012 [Item 2]**

The minutes were agreed as an accurate record of the meeting.

35/12 **DECLARATIONS OF INTERESTS [Item 3]**

There were no declarations of interests.

36/12 **QUESTIONS AND PETITIONS [Item 4]**

There were no questions or petitions.

37/12 **RESPONSE BY THE EXECUTIVE TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]**

Declarations of interest: None.

Witnesses: Kevin Kilburn, Financial Reporting Manager
David Hodge, Leader of the Council

Key Points Raised During The Discussion

- Responding to the changes in allocation of overhead policy, the meeting was advised that the Chief Executive's Office (CEO) & Change and Efficiency budgets are corporate overheads and are therefore excluded from the increase in frontline service budgets.
- The Financial Reporting Manager confirmed the percentage efficiency savings for the CEO budget and Change and Efficiency Budget would be provided and would circulate these in a note.

Actions/further information to be provided:

- A note to be circulated with figures for the efficiency savings in the CEO and Change & Efficiency Budgets for 2012/2013.

38/12 **BUDGET MONITORING REPORT FOR JANUARY 2012 (PERIOD 10) [Item 6]**

Declarations of interest: None.

Witnesses: Kevin Kilburn, Financial Reporting Manager
David Hodge, Leader of the Council

Key points raised during the discussion:

- The Chairman reported back on the results of the Finance Sub-Group on the period 10 monitoring report.

- Increase in Redundancy provisions: The budget for redundancies was set before the grade and length of service of those affected is known and so included assumptions based on previous experience. There may be an overspend for the current financial year.
- Pension Fund Strain: The pension fund strain referred to the need for the Council to compensate the Fund for the loss of employer and employee contributions when a person aged 55 or over was made redundant. The Council remained liable for the contributions until the person made redundant reached the age of 65. The Redundancy Scheme was formula driven rather than discretionary and there were currently no plans to review the Policy. The Financial Reporting Manager agreed to circulate a note on the impact on the Scheme of raising the retirement age to 67.
- Highways projected overspend: Clarification was sought about the expected overspend on the Highways Maintenance budget in view of the relatively mild winter, as maintenance schemes tended to increase in number in the event of severe weather. It was agreed that an additional note would be circulated by the Finance Team.
- Olympic Risk Contingency: It was noted that a contingency reserve of £1M had been established to cover risks of any additional costs likely to be incurred by the County Council resulting from the Olympics. The Committee would receive a report on the County Council's business continuity arrangements for the Olympics at its next meeting.
- The Fire Service overspend: Was due to a shortfall in income from sponsorship activities that were included in the Public Value Review. The Chairman of the Communities Select Committee confirmed that he was arranging to meet with the Strategic Director for Customers and Communities to discuss this in more detail.
- Budget efficiencies: The Leader of the Council confirmed that the authority was on target to achieve the efficiencies outlined in the Medium Term Financial Plan 2011/15 and that this was a credit to the organisation.
- Reporting Formats: Agreement had been reached with the Finance Dept to change the monthly reporting format from period 1 of the new financial year, which would provide easier understanding of the ongoing and projected performance against budget and prior year.

Recommendations:

None

Actions/further information to be provided:

- The Financial Reporting Manager to circulate a note on the impact of pension fund strain on the Pension Scheme as a result of the retirement age being raised to 67.
- Clarification to be provided about the expected overspend on the Highways Maintenance budget.

Select Committee Next Steps:

None.

39/12 CAPITAL EXPENDITURE 2011/2012 [Item 7]

Declarations of interest: None.

Witnesses: Julie Fisher, Strategic Director for Change & Efficiency
Kevin Kilburn, Financial Reporting Manager
David Hodge, Leader of the Council

Key points raised during the discussion:

- The Leader explained the difference between accounting/budgeting of capital expenditure of the private sector and Government authorities. The need to comply with a range of regulations (such as planning and health and safety) meant that there could be an under-spend of the Capital Budget in any given year. However the leader did agree that the current gap between budget and actual spend needed to be revisited. The newly-appointed Chief Property Officer had been tasked with reviewing this matter with a particular emphasis on planning, to ensure that the out-turn was as close as possible to the planned budget. This would complement existing work, in particular within the Education Capital Budget.
- The Committee requested that the Chief Property Officer be invited to attend the meeting of the Committee in April to outline his overall work plan as well as his proposals for aligning capital budget provision with actual delivery of projects.
- It was noted that the Member Asset Panel no longer met. It was agreed that the Chief Property Officer should also be asked to discuss the notice of sale process and the arrangements for notifying Members and involving them in the sale and capital-spending decision-making process.
- Capital spending proposals were subject to challenge by the Investment Panel, an officer-led group chaired by Julie Fisher and involving Sheila Little, Sue Lewry-Jones and other officers from Finance and Estates Planning & Management. It was noted that no Members were included in this process.

Recommendations:

That the Chief Property Officer be asked to attend the meeting of the Committee in April 2012 to:-

- (a) outline his overall work plan as well as his proposals for aligning capital budget provision with the actual delivery of projects.
- (b) Discuss the notice of sale process and the arrangements for notifying Members and involving them in the capital-spending decision-making process.

Actions/further information to be provided:

None.

Select Committee Next Steps:

None.

40/12 **MAKING A DIFFERENCE [Item 8]**

Declarations of interest: None.

Witnesses: Julie Fisher, Strategic Director Change and Efficiency
Susan Smyth, Senior Finance Manager

Key points raised during the discussion:

- In response to a question on occupancy rates the Strategic Director advised that the occupancy information quoted in the report was based on a survey undertaken 18 months ago. The occupancy at County Hall was estimated to be 70% now that staff from Conquest House had been transferred. The Committee recommended a new occupancy survey be undertaken, including historic data so comparisons could be drawn.
- The impact of home-working and hot-desking on efficiency was discussed, following a comment by a Member of the Committee who had read a report suggesting that these measures had a negative impact on efficiency. The report would be passed to the Strategic Director for Change & Efficiency for information.
- In response to a question of why the cost of the Making a Difference Project Team was budgeted to increase going forward instead of reducing, the Strategic Director explained that it should reduce over time as the cultural changes including new ways of working were embedded in the organisation. She further explained that the future costs would likely include IMT expenditure rather than staffing costs. The Strategic Director for Change and Efficiency confirmed that further information would be provided to the Committee on the costs of the Transformational Change Team as there had been some changes to staffing groups included within this budget heading.
- It was confirmed that the freehold value of Conquest House was included in the calculation of the Internal Rate of Return, and the budget for 2012/2013 was based on the forecast business case.
- The Committee noted the report and the progress of the Making a Difference programme.

Recommendations

- (a) That assumptions about efficiency savings from home working and hot-desking be quantified to enable Committee to assess their effectiveness.

- (b) That an occupancy survey of County Hall be carried out at earliest possible time.

Actions/Further Information to be Provided:

Further details to be provided on the future staffing structure of the Transition Team.

Select Committee Next Steps:

None.

41/12 **IT ROLL OUT – PROGRESS REPORT: MARCH 2012 [Item 9]**

Declarations of interest: None.

Witnesses: Paul Brocklehurst, Head of Information Management and Technology

Key points raised during the discussion:

- Issues with IT connectivity in relation to the highways contractors May Gurney and the network in Surrey had been experienced, however these had been identified and addressed and training would be provided.
- Member requirements were still being assessed and the interviews would be concluded by the end of April 2012. New hardware options were being piloted by some Members. There were still issues of compatibility between the software at County Hall and that on Members' existing equipment which would persist until a decision had been made on what new equipment would be made available. Adequate training would be provided to Members when the new equipment became available..
- Some elements of the IT Roll Out programme had taken longer than expected as a result of office moves and the age of some specialist software. For example, the Surrey History Centre had software with special requirements that could no longer be upgraded as the supplier was no longer in business.
- As part of the Modern Worker Programme, improvements and plans were being put in place, including installing WiFi in County Hall. New systems would be procured while ensuring that e-mails and other sensitive information could be sent securely. This would benefit front-line officers such as social workers who needed to send confidential information when away from their work base.
- Security issues were discussed. The Head of Information Management and Technology confirmed that a public sector network was being procured for Surrey which included health organisations, and this would improve security even further.

Recommendation:

That a further report be brought to the meeting of the Committee in May 2012 setting out the top 10 on-going IMT projects, outlining the benefits and status and risk implications of each project

Actions/Further Information to be Provided:

None.

Select Committee Next Steps:

None.

42/12 **COMPLETED INTERNAL AUDIT REPORTS [Item 10]**

Declarations of interest: None.

Witnesses: Sue Lewry-Jones, Chief Internal Auditor
Diane Mackay, Audit Performance Manager

Key points raised during the discussion:

- The Chairman of the Communities Select Committee confirmed that the Heritage PVR would pick up the issues raised by the Internal Audit Report and that this report did not need to be referred back to the Council Overview and Scrutiny Committee.
- The recommendations in relation to the Rental Income Report had highlighted the need for improved property management and better communication between teams.
- A new Property Asset Management System was being procured which would support improved income collection rates. The total debt over 2 years old was £88k in June 2011, and had reached £108k by October 2011. Cases were being referred to the Legal Team so that appropriate action could be taken. County Council properties have now been mapped and staff are actively contacting tenants to reclaim rent.

Recommendation:

That the Cabinet Member for Assets and Regeneration Programmes reports to the meeting of the Council Overview & Scrutiny Committee in April 2012 on the steps taken to address the recommendations made in the audit of rental income, and on his proposals to ensure that future income from the Council's assets is maximised.

Actions/Further Information to be Provided:

None.

Select Committee Next Steps:

None.

43/12 **FORWARD WORK PROGRAMMES [Item 11]**

Declarations of Interest:

None.

Witnesses:

None.

Key Points Raised During the Discussion:

The Committee agreed the following amendments to its work programme:

- The Cabinet Priorities for the Cabinet Member for Change and Efficiency and the Cabinet Member for Assets and Regeneration would be reinstated on the Forward Work Programme and included in the Agenda for the next meeting.
- The review of Pension Plan Governance to be rescheduled when a new treasurer had been appointed due to staff changes in the service.
- Superfast Broadband discussion was moved from May to June 2012 in order to ensure the Committee's involvement at an appropriate stage of the procurement process.
- It was agreed to include an item in September 2012 on Human Resources (HR) which would include an evaluation of the STARS training programme and a review of the consistency of application and effectiveness of the appraisal process across the organisation. This was agreed and Members stated that they would like to hear from staff who had attended the programme in addition to the HR Team.
- It was agreed to include an item on the Capital Investment Programme – to review the process for capital investments. The Chairman would speak to the newly-appointed chief property officer as part of the preparation for this item.

Recommendations:

None.

Actions/Further Information to be Provided:

None.

Select Committee Next Steps:

The Committee will review its work programme at its next meeting.

44/12 **RECOMMENDATIONS TRACKER [Item 12]**

Key Points Raised During The Discussion

- It was noted that the Quarter 2 Business Reports (COSC 27) progress check date should read April 2012 instead of January 2012, and that suggested audit topics (COSC 37) should be marked as complete as the items had been referred to the Audit & Governance Committee for consideration. The Committee would review information regarding residents' satisfaction (COSC 40) as part of the Q4 Business Report (May 2012).
- There was some concern expressed that some items had been included within the Tracker for several months with no apparent progression. In response Democratic Services confirmed that a note had been sent to members of the Committee about the Early Years under-spend and that the proposed meeting with the Chief Executive of Surrey Connect would be followed up.

Recommendations:

None.

Select Committee Next Steps:

None.

45/12 **DATE OF NEXT MEETING [Item 13]**

Noted that the next meeting of the Committee would be at 10.00am on Tuesday 17 April 2012.

[Meeting ended: 12.33pm]

Chairman