

MINUTES of the meeting of the **COUNCIL OVERVIEW & SCRUTINY COMMITTEE** held at 10.30 am on 30 January 2014 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 5 March 2014.

Members:

- * Mr Nick Skellett CBE (Chairman)
- * Mr Eber A Kington (Vice-Chairman)
- * Mr Mark Brett-Warburton
- * Mr Bill Chapman
- * Mr Stephen Cooksey
- * Mr Bob Gardner
- * Dr Zully Grant-Duff
- * Mr David Harmer
- * Mr David Ivison
- * Mr Adrian Page
- * Mrs Denise Saliagopoulos
- A Mr Chris Townsend
- * Mrs Hazel Watson
- * Mr Keith Witham
- * Mrs Victoria Young

Ex-officio Members:

Mr David Munro, Chairman of the County Council
Mrs Sally Ann B Marks, Vice Chairman of the County Council

Substitute Members:

Mr Nick Harrison

Present:

Mr Mel Few, Cabinet Member for Adult Social Care
Ms Denise Le Gal, Cabinet Member for Business Services

* = present

1/14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Chris Townsend. Nick Harrison acted as his substitute.

2/14 MINUTES OF THE PREVIOUS MEETING: 4 DECEMBER 2013 [Item 2]

These were agreed as an accurate record of the meeting.

3/14 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest.

4/14 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions.

5/14 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

The Committee did not refer any items to the Cabinet at its last meeting, so there were no responses to report.

6/14 WELFARE REFORM TASK GROUP - INTERIM REPORT [Item 6]

Declarations of interest: None.

Task Group members in attendance:

David Harmer (Chairman)

Stephen Cooksey

Bob Gardener

Fiona White

Key points raised during the discussion:

1. The Chairman of the Welfare Reform Task Group commented that the process had been instructive, and that both officer and external witnesses had made similar comments. It was outlined that the Task Group had identified a number of areas of concern, as detailed in the interim report.
2. The Committee discussed the Local Assistance Scheme (LAS) and its considerable current under-spend. The chairman of the task group stated there could be an under-spend of £900,000 on the LAS, which would be returned to general balances at the end of the financial year. The Chairman of the Welfare Reform Task Group highlighted the recommendation that this funding be ring-fenced and targeted to develop early-intervention support, particularly in relation to money management. He also noted that central government spending for the scheme would cease from April 2015. A member suggested that the County Council should be advertising the Local Assistance Scheme, in addition to the Districts and Boroughs, in order to increase awareness of this source of help.
3. The Committee commented that the Citizen's Advice Bureau (CAB) had an important role in providing support for those affected by welfare reforms. It was commented that the CAB offered holistic expertise and had already piloted a scheme advising on money management. The Committee noted that the report indicated a 17% rise in welfare related queries in the past year, half of which was due to the administration of LAS.
4. The Committee discussed the role of GetWiSE in relation to the provision of advice in regard to welfare reform. The Chairman of the Adult Social Care Select Committee highlighted that the Committee would be reviewing the performance data for GetWiSE at its meeting in May 2014.

5. The Task Group was asked by the Committee to consider how the early help and preventative agenda in Children's Services was linked to addressing the impacts of welfare reform. The Committee discussed the role of the Family Support Programme in addressing some of the issues related to welfare reform, and it was commented by one Member that they would like to see the eligibility criteria and duration of intervention extended.

Recommendations:

- That any Local Assistance Scheme funding left unallocated at the end of 2013/14 be rolled over into 2014/15 and be ring fenced and continue to be committed to supporting severely affected residents to manage the impact of welfare reform changes: subject to detailed proposals for allocation by the Task Group, a proportion of this funding to be targeted towards early intervention support, particularly aimed at improving money management skills and general financial awareness.

Actions/further information to be provided:

None.

Committee Next Steps:

The Welfare Reform Task Group will provide a final report at the meeting of the Council Overview and Scrutiny Committee on 2 April 2014.

7/14 CORPORATE STRATEGY AND BUDGET REPORT 2014-2019 [Item 7]

Declarations of interest: None.

Witnesses:

Liz Lawrence, Head of Policy and Performance
Kevin Kilburn, Deputy Chief Finance Officer
Julie Fisher, Strategic Director for Business Services
Denise Le Gal, Cabinet Member for Business Services

Key points raised during the discussion:

1. The Committee was informed that there had not been significant changes to the Corporate Strategy, as there had been a substantial refresh the previous year to look over the life of the Council. The Committee's attention was drawn to the proposed priorities for 2014/15. Some had been carried forward from the previous year but there were also new priorities on the Family Support Programme, working with health partners on the Better Care Fund and the Council's response to flooding.
2. Officers commented that the Medium Term Financial Plan (MTFP) 2014-19 reflected the fact that there was a greater certainty about levels of local government funding for the next two financial years, after which the comprehensive spending review undertaken by the current central government would have reached its conclusion.

3. The Committee was informed that the announcement regarding the council tax referendum threshold was still pending. The Cabinet Member praised finance officers for the work they had undertaken with the Treasury around this matter. The Committee was informed that officers were exploring the possible options in the event of a funding shortfall, but that no proposals had been brought for the Cabinet's consideration at the present stage.
4. The Committee recognised the Council's achievements in making savings in recent years to deal with increased demands on services and was pleased to note that £25m of Better Care Funding was being negotiated from 2015/2016. However the Committee was concerned about several uncertainties in the Council's budgetary planning:
 - A significant amount of the available reserves amounting to £26m were being used to balance the 2014/2015 budget, leaving considerably reduced reserves for the following years.
 - There was a reduction in the contingency for 2014/2015 from £13m to £5m and then another reduction to a nil contingency in 2015/2016, despite many savings programmes being uncertain. Officers explained that the contingency had not been used in previous years and was now adding to the budget pressure of services. If the contingency continued then further equivalent savings would have to be made
 - Whilst noting that the Council will receive £18m of Whole Systems funding in 2014/2015, it was still being negotiated with CCGs on the level from 2015/2016.
5. The Committee held a discussion of recommendation 6 of the Budget Report, which proposed the establishment of a mechanism to track and monitor progress on the development and implementation of plans for achieving efficiencies. The Committee acknowledged that this was an enhancement to reflect the increasingly complex financial environment facing the Council, rather than a response to a failure of existing monitoring mechanisms, and noted that the detailed objectives and procedures were still being determined. The Committee stressed the importance of the role of Select Committees in reviewing and advising on areas of concern at an early stage, and wished to ensure that this was built into the process developed.

Recommendations:

- (a) That the Cabinet address the following questions in relation to the proposed budget:
 - (i) How will the Cabinet bridge the gap in 2014/2015 given that the 2014/2015 proposals rely on some savings which we have been informed will not be met and other savings which are difficult?

- (ii) How will the Cabinet deal with future budgets if the strategy of lobbying government and the NHS for better funding is not as successful as is hoped, given that there will be no contingency or reserves to cushion slippages?
- (b) That the Council Overview & Scrutiny Committee be consulted on the proposals for a mechanism to track and monitor progress on the development and implementation of robust plans for achieving efficiencies in the MTFP, and that the mechanism makes provision for the early involvement of Select Committees in addressing any concerns identified by the process.

Actions/further information to be provided:

It was requested by the Committee that responses to these recommendations, be received from the Cabinet, prior to the budget setting meeting of the County Council on 11 February 2014.

Committee Next Steps:

None.

8/14 BUDGET MONITORING - QUARTER 3 - 2013/14 [Item 8]

Declarations of interest: None.

Witnesses: Kevin Kilburn, Deputy Chief Finance Officer
Julie Fisher, Strategic Director for Business Services
Mel Few, Cabinet Member for Adult Social Care

Key points raised during the discussion:

1. A report of the Performance and Finance Sub Group on the Corporate Strategy and Budget Report 2014-19 was tabled at the meeting and is attached to these minutes.
2. The Committee was informed that it was forecast that the Council would make £60.3 million of its planned savings and reductions of £68.3 million. The Committee held a discussion around the Family, Friends & Community Support agenda in Adult Social Care, which was a key area where savings had not been achieved. The Cabinet Member for Adult Social Care praised the Directorate for achieving a difficult series of savings for 2013/14, and highlighted that the Family, Friends & Community Support agenda was a long-term initiative that required developing and embedding in assessment processes. The Cabinet Member commented that any reduction in non-statutory services would be most likely a short-term saving, as many of these responsibilities would become necessary under the proposed changes brought in by the Care Bill.
3. The Committee queried the amount of the savings for Adult Social Care identified in the Medium Term Financial Plan (MTFP) in 2014/15 attributable to Family, Friends & Community Support. The Cabinet

Member commented that a £24 million saving for Family, Friends & Community Support had been identified, and that he did not believe that £19 million of these would be achievable within the financial year. The Committee expressed a number of concerns regarding the lack of a contingency in the budget proposal for 2014/15 to address this anticipated shortfall. Officers commented that there were a number of robust measures in place, and highlighted the recommendation contained within the 2014/15 Budget Report to Cabinet that proposed an additional mechanism for the Chief Executive and Chief Finance Officer to track progress and implement robust plans throughout the MTFP.

4. The Committee queried whether there had been consideration as to further sharing of senior level responsibilities. Officers commented that the Council would continue to investigate where services could be shared and centralised in order to reduce costs. The Committee held a discussion as to how the Council worked to increase funding or generate income. It was highlighted that current Council policy was to investigate opportunities to make long-term investments and income sources, rather than short-term gains through asset disposal.

Recommendations:

None.

Actions/further information to be provided:

None.

Committee Next Steps:

None.

9/14 REVIEW OF THE INVESTMENT PANEL [Item 9]

Declarations of interest: None.

Witnesses:

Nick Carroll, Finance Manager – Funding & Planning
Julie Fisher, Strategic Director for Business Services
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee was informed that the Investment Panel had been set up with the intention of ensuring that business cases were robustly scrutinised before going to Cabinet for decision. It was highlighted that this practice reflected that of the private sector. It was commented that the report did not make any mention of risk in relation to investments. Officers gave assurance that there was a focus on risk, and that this was included as a component within each business case. It was confirmed that officers were working to capture how the Investment Panel worked in conjunction with IT change projects.

2. The Committee asked whether independent and external oversight had been used by the Investment Panel. It was clarified that external opinion would be sought when the Investment Panel was requested to review a significant project requiring specific expertise, but that it was not done as a matter of routine.

Recommendations:

None.

Actions/further information to be provided:

None.

Committee Next Steps:

None.

**10/14 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME
[Item 10]**

Declarations of interest: None.

Witnesses: None.

Key points raised during the discussion:

1. The Committee noted its Forward Work Programme and Recommendations Tracker. The Chairman advised that an item on trading and investment would be brought to the next Committee meeting. There were no further comments.

Recommendations:

None.

Actions/further information to be provided:

None.

Committee Next Steps:

None.

11/14 DATE OF NEXT MEETING [Item 11]

It was noted that the date of the next meeting was 5 March 2014.

Meeting ended at: 1.02 pm

Chairman

**Council Overview & Scrutiny Committee
10.30am on Thursday 30 January 2014**

ITEM 7: CORPORATE STRATEGY AND BUDGET REPORT 2014-2019

At its meeting on Monday 27 January 2014, the Performance & Finance Sub-Group considered the Revenue and Capital Budget for 2014/15 to 2018/19, which forms part of item 7 of the Council Overview & Scrutiny Committee agenda for 30 January 2014.

The Sub Group noted that the budget shortfall in 2014/2015 was proposed to be met by a contribution of £26M from reserves. As this was a one-off solution for the forthcoming financial year the question on what happens in 2015/2016 was discussed and the Sub Group were pleased to note that £25m had been negotiated from Better Care Funding for 2015/16. However the Sub-Group was concerned about the uncertainty in relation to the availability of Whole Systems Funding in 2015/2016, and whether it would match or exceed the £18m for 2014/15. So it was agreed that a briefing note on this issue would be provided by the Deputy Chief Finance Officer. The Sub-Group therefore recommends that the Cabinet be asked the following question:

- Given that the shortfall in the 2014/15 budget will be met by a contribution from Reserves (and a reduction in contingency) which cannot be repeated in 2015/16, is the Council confident that it will receive sufficient funding through the Better Care Fund (and Whole Systems Funding or its equivalent) to balance the budget in 2015/16?

Subject to further information about the availability of Whole Systems Funding in 2015/16, the Sub-Group also recommended that this should be identified as a risk in paragraph 92 of the report.

The Sub-Group also requested that the following additional information be provided for the Committee:

- Details of the risk levels for the achievement of the identified budget savings in the 2013/14 budget, particularly the extent of the savings currently identified as red risks.
- Details of the RAG status for the £69m savings allocated in 2014/15 plus the £17m savings needed to be found in 2014/15 from one off savings in 2013/14 and the savings not achieved in 2013/14.
- Further information on procedures and detailed objectives of the new mechanism to track and monitor progress on the development and implementation of plans for achieving efficiencies, as described in recommendation 6 on page 1 of the Cabinet report.

The budget for 2014/15 includes an assumption of a 1.99% increase in the Council Tax, below the expected threshold of 2%, above which a referendum on the increase would be triggered. However, the Sub-Group noted that as the Government has not

yet announced the level at which the threshold would be set there is a possibility that the announcement will be made after the 11th February. Due to the risk that the threshold could be set at a rate below 2%, the Sub-Group suggests that the Committee make the following recommendation to the Cabinet:

Recommendation: That if the threshold for triggering a referendum is not known when the Council meets to agree the budget on 11 February 2014, the Council adjourn its decision on the level of the Council Tax precept in Surrey until the Government has formally made its announcement.

Nick Skellett
Chairman of the Performance & Finance Sub-Group