

MINUTES of the meeting of the **COUNCIL OVERVIEW & SCRUTINY COMMITTEE** held at 10.30 am on 2 October 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 Thursday, 6 November 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
- Mrs Denise Saliagopoulos
- * Mr Chris Townsend
- * Mr Richard Walsh
- * Mrs Hazel Watson
- * Mr Keith Witham

Ex-officio Members:

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

Present:

* = present

74/14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Zully Grant-Duff, David Ivison and Denise Saliagopoulos.

Denis Fuller substituted for Zully Grant-Duff

75/14 MINUTES OF THE PREVIOUS MEETING: 11 SEPTEMBER [Item 2]

The minutes of the previous meeting were deferred for consideration at the next meeting.

76/14 DECLARATIONS OF INTEREST [Item 3]

No declarations of interest were received.

77/14 QUESTIONS AND PETITIONS [Item 4]

No questions or petitions were received.

78/14 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

There were no referrals to Cabinet at the last meeting, so there were no responses to report.

79/14 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Declarations of Interest:

None.

Witnesses:

None.

Key points raised during the discussion:

1. The Vice-Chairman informed the Committee that he had recently met with the Chief Executive. They discussed the agreement that Council Overview & Scrutiny Committee would be consulted on the new mechanisms to track and monitor progress on the development and implementation of robust plans for achieving efficiencies in the Medium-Term Financial Plan. The Chief Executive apologised that the Committee had not been consulted as agreed with the Leader, but assured the Vice-Chairman that the process was working well. In addition, the Vice-Chairman provided specific examples of when Committees or Task Groups had not received information in a timely manner from Officers. The Chief Executive noted these examples. In relation to identifying future savings, the Vice-Chairman and Chief Executive agreed that this was a role for the Performance & Finance Sub Groups and that Select Committees should continue to focus on challenging whether current efficiencies are realistic and on target for the Medium Term Financial Plan (MTFP).
2. The Chairman informed the Committee that he had also arranged to meet with the Chief Executive. It was noted that the Leader had specifically tasked Members with finding saving options and they should be reported back to each Select Committee. It was added that the way in which this was tackled would be the decision of each Select Committee Chairman. In order to make this achievable certain aspects needed to be addressed by the Sub-Groups such as the current years savings and whether they would be achieved, potential of further savings and the consideration of selected cross-cutting issues. Select Committee Chairmen were responsible for reporting their findings back to Council Overview & Scrutiny Committee. The

Committee discussed the importance of its policy development role and felt that Cabinet Members should be attending Select Committees on a rotational basis to look at cross-cutting issues such as Public Service Transformation.

Actions/Further information to be Provided:

None.

Recommendations:

None.

Select Committee Next Steps:

The Chairman to meet with the Chief Executive about the role of Select Committees and report back at a future meeting.

80/14 NEW MODELS OF DELIVERY PROGRAMME [Item 7]

Witnesses:

Rachel Crossley, New Models of Delivery Lead

Key Points raised during the discussion:

1. The New Models of Delivery Lead introduced the report and advised that Cabinet had set up the New Models of Delivery Programme in 2013 to ensure the Council maintains financial resilience and protects its long-term financial position. For the first year of the Programme setting up Surrey Choices, an Adult Social Care Local Authority Trading Company, was the main focus. Currently potential opportunities were being considered across all services including income generation, different funding opportunities and different models of delivering services. The New Models of Delivery Lead asked the Committee to think about the role of Select Committees and which areas should be looked at in the discovery phase.
2. Members felt it was important to ensure the full costs as well as profits, including set up and support functions, were considered when looking at models operating elsewhere and officers confirmed that this was the case.
3. Members queried the methodology for benchmarking risk when assessing a proposal. It was reported that this was done on a case-by-case basis, looking at what we could predict internally, but also experiences from other authorities to ensure we managed risk effectively.
4. The Committee pointed out examples of where partnership working had resulted in shared skills and expertise, such as the work with South East 7. It was, however, noted that previous outsourcing had not been effective and that those experiences must be learnt from.
5. It was noted that a Local Authority Trading Company could be scrutinised in the same method as partners and external contracts. In

addition, the Council Overview & Scrutiny Committee could hold the shareholder board to account. The Committee was informed that most of the work would sit within individual Select Committees, Task Group and Local Committee remits. Members particularly felt there should be involvement from Select Committees at Discovery Workshops and the development of ideas about new ways of working.

6. The Committee was concerned about the impact on staff if a trading company should lose its contract with the County Council. Members were reminded of the Teckal exemption and also the potential for a trading company to gain work from other authorities or sectors. In the case where services were brought back in-house or a trading company ceased to operate then re-deployment could be possible but officers offered to provide more detailed information on how this might work in the various scenarios, taking into account TUPE.
7. The Committee expressed support for the approach and emphasised the input they could give to the New Models of Delivery Programme. The concern of the rights of staff was re-visited and the Committee requested further details be provided as offered.
8. Members queried how different types of models were selected for specific projects. The New Models of Delivery Lead explained that it was essential to be clear on what the Council is trying to achieve by changing the way it delivers services: consideration needed to be given to who we wanted to trade with and the benefits or otherwise of the various models. Members emphasised that quality and delivery of services were as important as savings.

Actions/Further Information to be provided:

New Models of Delivery Lead to provide the committee with further information about the impact on staffing should a trading company cease trading.

RESOLVED:

- That the approach set out in the New Models of Delivery Programme be supported.

Select Committee Next Steps:

An update will be provided in 6 months.

81/14 WELFARE REFORM TASK GROUP UPDATE [Item 8]

It was agreed that the Chairman of the Welfare Reform Task Group would circulate his update by email, and Members were invited to respond to him with any comments.

82/14 INTERNAL AUDIT REPORTS [Item 9]

Agency Staff Contract

Witnesses:

Carmel Millar, Head of HR

Ken Akers, HR Relationship Manager

Keith Coleman, Category Manager

Penny McKinnon, Area Head of Service

Amy Bailey, Strategic Change and Efficiency Manager

Sue Lewry-Jones, Chief Internal Auditor

Key points raised during the discussion:

1. The Chief Internal Auditor informed the Committee that the Internal Audit on Agency Staff Contracts had resulted in the opinion of 'significant improvement needed'. As a result of this two high priority recommendations were identified, which included the delay in signing the contract which should have been in place by 1 April 2014 but instead was not signed until August 2014. The second high priority recommendation was regarding targets for Children's Services and reliance on agency staff within teams.
2. The late signing of the contract was considered unacceptable by both Internal Audit and the accountable officers. Officers explained that measures had been put in place to ensure it did not occur again. Officers noted that there were many factors leading to the contract not being signed, including a lack of focus on the transition to the new contract. A contract management system had now been put in place which would highlight any areas of slippage. It was added that at this stage it was not possible to quantify the cost to the Council as a result of the delay, and it was agreed that officers would come back to the Committee with an with this information.
3. The Committee was informed that a new role within the Directorate was being introduced for 'Head of Workforce' adding to the 'Strategic Relationship Managers'. These roles would ensure a strong leadership team with responsibility for tracking progress every week, as well as identifying and mitigating against future issues. It was added instead of one person being responsible for the Manpower contract; a strong team would surround it in the future.
4. The Committee was informed that work was underway to improve recruitment and retention of social workers, which was a problem at a national level. It was added that three major projects were underway including the Social Work Reform project which looked at retention and recruitment schemes, a specific recruitment project about applicant experience and new strategies that had been recognised nationally for example the Social Work Academy and growing in-house social workers.
5. The Committee was informed that robust plans for the implementation of the new MSTAR contract with Manpower had been agreed and the new rates were being worked towards. It was added that more flexible

arrangements were put in place and would be completed by the end of October 2014.

6. Members noted that the current contract only ran until March 2015 and queried whether there was a timetable agreed for re-signing or procuring a new contract. It was agreed that the financial information relating to the contract and the process for awarding the contract be shared with the Committee.
7. The Committee were reminded that a follow up audit on this would take place as it had received a judgement of 'Significant Improvement Needed', and this would be reported back to Members through the regular process.

Unicorn

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor
Robin Carter, Contract Manager

Key Points raised during the discussion:

1. The Committee was informed that there were two high priority recommendations in the report. The first was a back log of outstanding change control notes (CCN's) relating to work undertaken, officers noted that at the time of audit the service was in migration mode and things were changing fast. It was added that extensive activity to document this work was planned for October 2014 and the Committee was assured that the timescales set out in the recommendation would be met.
2. Officers explained that the second issue was the lack of a risk and issues log, this was due to the status still being in project implementation mode. It was noted that the service now had a business as usual log in place and circulated to key stakeholders.
3. The Committee was informed that these recommendations were on track and complete and if all was not completed by December 2014 then the service would report back to Committee.

Grants to Voluntary Bodies

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor
Nikki O'Connor, Finance Manager (Assets & Accounting)
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee was informed that two high priority recommendations were highlighted regarding Children's Services. The service had been contacted and Auditors were informed that both recommendations had been completed. It was noted that officers would come back to Committee at a later date with further information about the Intend system but Key Performance Indicators (KPI's) had been agreed, a

questionnaire sent out and the grant agreement had been sent to Legal Services for comment.

2. It was noted that payments would be managed by being made when the grant agreement was signed and at the beginning of the year, it would be ensured that grants were not automatically rolled over.
3. It was concluded that there was confidence this would be completed but if the issue was not resolved then would come back to the Committee.

Actions/Further Information to be Provided:

Manpower

Officers would report back to the Committee on the cost to the Council of the delay in signing the new contract with Manpower for the supply of agency staff.

- The process for awarding the future agency staff contract to be shared with the Committee

RESOLVED:

The Committee

- thanked the Audit & Governance Committee for directing the Internal Audit reports to their attention
- noted the unacceptability of the Agency Staffing contract not being signed
- noted the arrangements put in place by the Service as a result of the Internal Audit report
- requested that officers report back to the Committee if any of the high priority recommendations would not be achieved by the agreed management action date

Committee next steps:

None.

83/14 BUDGET MONITORING REPORT [Item 10]

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee was informed that there was anticipated to be a £2.4 million overspend by the end of the year, the Performance & Finance Sub Group had recommended that the contingency budget of £5m be carried over to next year to balance the budget instead of being used to cover service overspends. It was noted that reserves and balances would have to be used to cover an overspend and the only way to maintain reserves and balances was for services to meet their budgets. The Committee suggested that the budget be realigned as

trends in expenditure show some services consistently overspend while some consistently under spend.

2. The Chairman provided an update on the work of the Performance & Finance Sub Group. It was noted that at the most recent meeting, much of the discussion related to the individual Select Committees sub-groups. It was emphasised that the sub-groups should be challenging the assumptions in the Medium Term Financial Plan (MTFP). Members had requested that a full set of assumptions be circulated to individual committees. The COSC Sub-Group had also requested staff and fuel costs and high level organisational charts of relevant departments.
3. The Committee noted a 10% cut in staffing costs at a senior level could be looked at to meet savings targets and officers were asked to research and inform the Committee how this would be achieved. The Committee added that 6% could be more realistic, Officers were asked to look at salary reductions for both 10% and 6% and report back what savings though would achieving those reductions.
4. The Committee noted that £40m was supplied as grants to the voluntary sector including a large amount for non-statutory services. It was agreed that this would be an area for Sub-Groups to consider when planning their work over the next few months.

RECOMMENDED (to Cabinet):

That the full risk contingency budget of £5M contained within the Central Income & Expenditure budget be carried forward to 2015/2016.

Hazel Watson left the meeting at 12.57pm

84/14 DATE OF NEXT MEETING [Item 11]

The date of the next Council Overview and Scrutiny Committee will be held at 10.30am on Thursday 6 November 2014.

Meeting ended at: 1.05 pm

Chairman