

MINUTES of the meeting of the **COUNCIL OVERVIEW & SCRUTINY COMMITTEE** held at 10.30 am on 12 September 2013 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, 3 October 2013.

Members:

- * Mr Nick Skellett CBE (Chairman)
- * Mr Eber A Kington (Vice-Chairman)
- A 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
- * Mr Chris Townsend
- * Mrs Hazel Watson
- * Mr Keith Witham
- A 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

In attendance:

- * Ms Denise Le Gal, Cabinet Member for Business Services

* = present

55/13 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Victoria Young and Mark Brett-Warburton. There were no substitutions.

56/13 MINUTES OF THE PREVIOUS MEETING: 17 APRIL 2013 [Item 2]

These were agreed as an accurate record of the meeting.

57/13 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest.

58/13 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions to report.

59/13 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

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

60/13 BUSINESS PLANNING 2014-19 UPDATE [Item 6]

Declarations of interest: None.

Witnesses: David McNulty, Chief Executive
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee was informed that significant work was being undertaken to identify savings in the Medium Term Financial Plan (MTFP). One of the key factors was uncertainty in terms of central government funding, as there were no clear proposals for a return to the former three-year spending reviews. It was acknowledged that this made it difficult to develop a five-year financial plan.
2. The Committee heard that the increasing demand on Council services was also a factor in creating uncertainty in relation to the MTFP. Members queried what the biggest challenge was in relation to forecasting increased demand. Officers commented that the future of public finances as a whole presented a challenge, but expressed confidence that the forecasting methodology being used by the council was robust. It was highlighted that 3,000 additional school places had been secured in Surrey for the current academic year. The Committee was informed that the demographic pressures in Surrey did not always translate into additional need for services, but that there was a work being undertaken in relation to demand management and reduction. It was also highlighted that there were ways in which technology and service re-design would support the delivery of services in Surrey.
3. The Committee questioned why savings marked as “red-risk” were not shown as unachieved in the year end forecast in the budget’s monthly report. It was clarified that the monthly services forecast reported on areas where savings had been confirmed as being achievable within the current financial year. It was recognised that “red-risk” savings may require determined management action, and that the categorisation was intended to signpost a likely level of difficulty in achieving them.
4. The Committee asked for further detail in relation to £23 million drawn down from the Council’s reserves in 2013/14 and how much remained. Officers confirmed that this was from two sources. £12m came from unallocated general balances, leaving £16m. This size of unallocated general balances is considered to be an appropriate amount given the size of the council. The remaining £11m came from a specific reserve set up to fund the 2013/14 budget.
5. The Committee was informed that an additional £3.8 billion funding had been announced from central government to support the

integration of social care and health nationally in 2015/16. There were ongoing discussions about how much of this funding the Council was likely to be allocated. The Committee was informed that a large proportion of the funding was being allocated to the core budgets of Clinical Commissioning Groups (CCGs), and that it was possible this could be used to strategically commission work that would reduce demand pressures on the Council.

6. The Committee discussed the role of social capital in achieving savings within the Adult Social Care directorate. It was highlighted that the Adult Social Care Select Committee had been scrutinising this topic. Officers expressed the opinion that the savings that could be made were realistic; however, there was an uncertainty about whether they would be achievable in the current financial year. The Committee was informed that Whole Systems funding had been utilised to meet some of the savings that were no longer achievable for 2013/14.
7. The Committee was informed that many of the savings contained in the MTFP were now extensions on actions previously agreed, and that there would be an increasing difficulty in identifying new savings. The view was expressed that in order to meet the future challenges within the public sector it would be necessary for the Council to secure and expand its funding base.

Recommendations:

None.

Actions/further information to be provided:

In order to assess the impact on Surrey residents of reduced funding for the Council's services, the Committee requested that the Chief Executive return to explain how the leadership proposes to allocate the necessary savings after the Local Government settlement, and in particular deal with the large unidentified savings shown in the Medium Term Financial Plan for 2014/15.

Committee Next Steps:

The Committee will continue to scrutinise the Medium Term Financial Plan and consider it alongside future budget proposals.

61/13 THE IMPACTS OF WELFARE REFORM IN SURREY [Item 7]

Declarations of interest: None.

Witnesses: Mary Burguieres, Lead Manager Policy and Strategic Partnerships
Daphne Fraser, Senior Principal Accountant, Funding

Key points raised during the discussion:

1. The Committee was provided with an outline of the work undertaken by the cross-Surrey Welfare Reform Co-ordination Group. Officers

commented that significant progress to identify the financial impacts of welfare reform, both on an incremental and cumulative level. It was highlighted that the group most likely to be affected by the reforms was low-income working families. The Committee was informed that there was a challenge in developing an early help offer and other preventative services, as many of these families were not receiving high-level support from Council services. It was commented by officers that one of the key challenges was developing co-ordination between different provisions in order to provide effective transition between services, and consistent support to those who needed it.

2. The Committee asked what additional support was being put into advice services. Officers highlighted that £1.5 million of funding had been used to commission 'GetWise', an information, advice and guidance resource that also provided outreach support. The Committee questioned why funding had been allocated to develop a new offer, when organisations such as the Citizen's Advice Bureau (CAB) offered similar services. Officers commented that GetWise was developing a complementary offer to existing provisions. The Committee was informed that commissioners had followed an open procurement process when considering a number of different bids in relation to the awarding of funding. Members highlighted that questions about this process had been raised at a meeting of the Adult Social Care Select Committee on 11 April 2013, and that the Committee had recommended that GetWise's performance be reviewed after one year into its current three year funding. Officers highlighted that representatives from both GetWise and CAB sat on the cross-Surrey Welfare Reform Co-ordination Group.
3. The Committee had a discussion around Universal Credit, and the need to support claimants in developing both their financial-management and digital skills. Officers commented that the intention was to weave this support into existing services, such as libraries, and a scheme was currently being piloted in Reigate with the intention of extending this provision in the future.
4. Members asked what work was being undertaken to identify the likely impact of welfare reform on the economy. It was confirmed that the Council was working with Local Enterprise Partnerships to consider what support could be developed around employment and skills across the County.
5. The Committee praised the report, but also highlighted that it was not clear what action plans were being developed in relation to welfare reform. It was also commented that further consideration would need to be given to how services were responding to the changes, and whether there would need to be alterations in individual service priorities in order to take the effect of welfare reform into account. It was proposed that a Member Task Group be set up and report back to the Committee at a later date. The following Members volunteered to join the task group: Stephen Cooksey, Bob Gardner, David Harmer, Denise Saliagopoulos and Chris Townsend.

Resolved:

- That the Committee set up a Member Task Group to gather evidence from a range of stakeholders on the impacts of welfare reform and key issues for Surrey County Council and partners.

Actions/further information to be provided:

None.

Committee Next Steps:

The Committee to consider a report and recommendations once the Task Group has completed its work.

62/13 BUDGET MONITORING - JULY 2013 [Item 8]

Declarations of interest: None.

Witnesses: Nick Carroll, Finance Manager, Funding and Planning
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee asked officers to comment on the delay in Children's Services in achieving efficiencies. It was confirmed that this was in relation to reductions in the Children with Disabilities budget. Children's, Schools and Families Heads of Service are looking for alternative savings as a key management action. Any compensating savings not made would be included in the required savings for 2014/15. The Committee was also informed that an overspend in relation to support of bus routes was a result of difficulties in achieving planned savings and some bus routes are no longer commercially viable and need financial support.
2. The Committee was informed that £29 million of the 2013/14 'red risk' savings identified in the Medium Term Financial Plan (MTFP) had been identified in the Adult Social Care budget at the beginning of the financial year. It was confirmed by officers that £10.3 million of 'red risk' savings remained to be made, and these were mostly savings to be made within Adult Social Care. The Committee was asked to note that of the £15 million savings attributed to social capital, the service had arranged a contingency of £7.5 million against non-achievement of these savings. The £7.5 million contingency would be drawn from the Whole Systems funding, an amount allocated by the NHS to the Council. The Cabinet had not decided to draw down the contingency yet and the savings remained a red risk. It was highlighted that the pressures that existed in the Adult Social Care budget were being built into future business planning.

Recommendations:

None.

Actions/further information to be provided:

The Finance Officer was asked to confirm that it was allowable to use Whole Systems funding (NHS monies delegated specifically for collaborative working) to fund an expected general overspend in Adults Services, due mainly to an anticipated shortfall in "Social Capital" savings for 2013/14.

Committee Next Steps:

The Committee will continue to monitor the Council's budget through its Performance and Finance Sub-Group.

63/13 PERFORMANCE MONITORING 2013-14 - QUARTER 1 [Item 9]

Declarations of interest: None.

Witnesses: Ben Unsworth, Senior Performance and Research Manager
Denise Le Gal, Cabinet Member for Business Services

Key points raised during the discussion:

1. The Committee questioned why historic data had not been included in the 'Residents/Value' section of the report. It was clarified that the Cabinet had decided to report afresh following election of the new Council. It was highlighted that the results range for 2009-2013 had been included.
2. The Committee was informed that there was no national standard for such surveys and different methodologies were used by different local authorities. As consequence, it was felt that publishing benchmark data alongside the residents' survey in order to make direct comparisons could prove misleading. However, it was agreed that future reports could include a comparison of trends with other councils.
3. The Cabinet Member for Business Services informed the Committee that the survey data was used to monitor and inform service development, as well as to identify trends in residents' perceptions. It was clarified that the survey featured a number of detailed questions related to different aspects of the Council's services.
4. Members asked for more detail regarding the red performance indicator in relation to road defects. The Committee was informed that the Environment & Transport Select Committee had scrutinised the matter on 11 September 2013. It was confirmed that the performance was due to difficulties meeting the 28 day medium-risk repair deadline. The Committee was informed that this performance indicator was expected to improve before the end of 2013.

[Keith Witham left the meeting at 12.30pm]

Recommendations:

None.

Actions/further information to be provided:

Future reports to include comparisons with other councils.

Committee Next Steps:

The Committee will continue to monitor the Council's performance through its Performance and Finance Sub-Group.

64/13 INVESTMENT AND TRADING [Item 10]

Declarations of interest: None.

Witnesses: Simon Laker
John Stebbings, Chief Property Officer
David Kelly, Corporate Group Legal Services Manager
David Cogdell, Trainee Solicitor
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 officers were confident that they had the capacity and capability in-house to meet the demands related to developing Local Authority Trading Companies (LATC). Officers from Legal Services commented that if it was felt they were unable to advise in some instances then there was the potential to seek external advice. Officers from Business Services highlighted that a number of staff had been recruited with proven commercial and business expertise.
2. The Committee was informed that there were a number of challenges in legislative terms in relation to trading and investment. The Council was working with Chartered Institute of Public Finance and Accountancy (CIPFA) to identify where these barriers might be overcome.
3. The Committee asked for clarification around the proposed membership of the Shareholder Board. It was confirmed that this would be the Leader of the Council, the Chief Executive, the appropriate portfolio holder and up to two other Cabinet Members. The Committee was informed that the terms of reference for the Shareholder Board would be ratified in September 2013.

Recommendations:

None.

Actions/further information to be provided:

None.

Committee Next Steps:

The Committee to receive further updates in 2014 summarising progress and outlining potential trading models and investment opportunities emerging from discussions with services.

65/13 FORWARD WORK PROGRAMME [Item 11]

Declarations of interest: None.

Witnesses: None.

Key points raised during the discussion:

1. The Committee reviewed its Forward Work Programme. The Chairman invited the Committee to send him any comments they may have on the Forward Work Programme.

Recommendations:

None.

Actions/further information to be provided:

None.

66/13 DATE OF NEXT MEETING [Item 12]

The Committee noted that the next meeting of the Council Overview & Scrutiny Committee would be on 3 October 2013 at 10.30am.

Meeting ended at: 12.45 pm

Chairman