

**BRIGHTON & HOVE CITY COUNCIL
OVERVIEW & SCRUTINY COMMISSION
4.00PM 14 DECEMBER 2010
COUNCIL CHAMBER, HOVE TOWN HALL
MINUTES**

Present: Councillors Mitchell (Chairman); Cobb, Elgood, Janio, Morgan, Mrs Norman, Older, Peltzer Dunn and Wakefield-Jarrett

Also Present; Councillors Jan Young and David Watkins

PART ONE

45. PROCEDURAL BUSINESS

45.1 The Chairman welcomed Mr Chris Todd, representative of the Community and Voluntary Sector as a temporary co-optee to the Commission for discussion on the budget.

45a Declarations of Substitutes

45.1 Councillor Ann Norma was substituting for Councillor Jayne Bennett. Councillor Tony Janio was substituting for Councillor Brian Pidgeon.

45b Declarations of Interests

There were none.

45c Declaration of Party Whip

There were none.

45d Exclusion of Press and Public

In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.

45. RESOLVED: That the press and public be not excluded from the meeting.

46. MINUTES OF THE MEETING HELD ON 19 OCTOBER 2010

46.1 The minutes of the meeting held on 19 October were agreed and signed by the Chairman.

47. CHAIRS COMMUNICATIONS

47.1 There were none.

48. PUBLIC QUESTIONS/ LETTERS FROM COUNCILLORS/REFERRALS FROM COMMITTEES/NOTICES OF MOTION REFERRED FROM COUNCIL

48.1 There were none.

49. TARGETED BUDGET MANAGEMENT MONTH 6

49.1 The Director of Finance introduced the report on Targeted Budget Management, month 6, that had been presented to 9 December Cabinet. This showed an improved forecast position compared with Month 4, with a projected overspend on total council-controlled budgets of just £319,000, which could be viewed almost a breakeven position in the scale of the overall budget.

49.2 It was pleasing that there had been some continued improvements on the corporate critical budgets. The action plans to deal with overspends had been shown to make a significant difference, reducing for example the Environment Directorate overspend from £797,000 to £170,000 since the previous report/

49.3 Some significant overspends on Departmental budgets had been compensated for from savings on the Centrally Managed Budgets; for instance through contingencies put in place for pay awards that were not needed at this stage.

49.4 There had been no other major changes since Month 4. The TBM forecast for Month 9 would be crucial in the context of the overall budget-setting process.

49.5 Members heard answers to questions as follows:

a) Regarding Energy efficiency savings (page 22 of the agenda); what has been the progress for example on automatic meter readers (AMRs) in public libraries?

The Council anticipates making carbon and revenue savings and is exploring ways of keeping energy usage down and making savings in energy budgets to put back into energy efficiency in the next budget. Changes in prices of contracts and volumes of usage are complex. Further information would be provided on smart meters.

b) On the Collection Fund (agenda page 13); what is the effect of the contributory factors to the reduced Council Tax liability for 2010/2011?

The reduced liability is a significant factor for the Council's finances but is outside the Council's direct control. The Council Tax collection rate is on target for this year and it might be possible to improve slightly for next year.

c) In the Centrally Managed Budgets what is included in the 'Other Corporate Items' that show a 36.5% underspend?

Risk provision in the budget had been set aside centrally and was released to offset pressures elsewhere. These included for example £1.5million in risk provision for Learning Disabilities and £1.1 million for pay award compensation that was not needed.

49.6 **RESOLVED**; that the report be noted and additional information on AMRs be requested as minuted above at 49.5 (a).

50. BUDGET UPDATE AND BUDGET STRATEGIES 2011-2012

50.1 Councillor Mitchell the Commission Chairman said she had written to the Chief Executive asking for timely information on the whole budget proposals. She invited Cabinet Member for Finance Councillor Jan Young to introduce the Budget Update and Budget

Strategies 2011/2012 and reminded the meeting that Strategy and Governance and Finance were the main areas for OSC to scrutinise.

50.2 Councillor Young said the report was taken to 9 December Cabinet and this was an opportunity for OSC to scrutinise the work to date. Views from Scrutiny would be taken into account in preparing the 2011/2012 budget proposals for consideration by full Council on 3 March 2011.

50.3 This would be the first time there had been no increase in Council Tax and a £3million Council Tax freeze grant had been confirmed. Officers were analysing details of the final Local Government Settlement announced yesterday. Reductions in the formula grant for 2011/2012 were broadly as expected post- comprehensive spending review, and detailed planning for the third phase of the successful Value for Money programme was in hand.

50.4 Proposals were being developed for further savings of £10 - £20 million, for example by reviewing all contracts; bringing together services in the new Delivery Units and working closely with others to share costs, and protect staff whilst reducing expenditure.

50.5 Members asked questions and heard replies including from the Director of Finance:

a) What are the Council's total reserves?

Officers can send Members a link to the latest position for the end of March 2010. The current reserves are now being reviewed.

b) How does Systems thinking fit into budget-setting?

Systems thinking asks— is the Council's interaction with members of the public adding the right value and can this be done more efficiently? Systems thinking is not designed primarily to achieve savings but greater engagement with staff and service users should be able to improve efficiency for instance in housing benefit and potentially in other service areas.

c) How would Communities and Equalities work be affected by these proposals as there appear to be cuts in funding for Community Development workers?

This work has relied on short-term grant funding especially LPSA Reward Grant which has now ended. At present the assumption is that £250,000 of this funding would be replaced from core council budgets. A key budget principle is to protect as far as possible the contribution made by the community and voluntary sector. The effects of loss of short-term grant funding is an important area and is being analysed.

d) What discussions are happening with trades unions and what information is there on 'at-risk' staff ?

Discussions are continuing with Trades Union representatives in all departments and corporately.

e) Which grants are still ring fenced – for example will £800million announced nationally for short breaks for disabled children be used for this?

As regards specific grants the government is now generally removing ring fencing and very few grants will be left ring fenced. A new early intervention grant (which replaces previous funding streams) will not be ring-fenced. Officers are analysing the whole budget including formula grant, council tax and the few remaining ring-fenced grants to help advise Members in making choices on priorities. The Supporting People grant has been transferred to formula grant and at present it is expected to be protected. There are almost infinite combinations of options on which areas to protect, make savings or where to spend more.

f) Regarding a possible move to generally increase the length of contracts to 5 years – what is average length of contract now, and how many contracts have renewal clauses?

The Director set out the benefits and disadvantages of long term contracts and how contract are evaluated for renewal. She said contracts will be longer, where capital investment is sought such as private finance initiatives, and much shorter where flexibility is important.

g) Regarding Parking Services (agenda page 74) this report indicates savings of £90,000 from contract efficiencies, reduction in staffing levels and improved enforcement. How does this link with the approach to enforcement in the TBM report, item 49 (agenda page 25) which appears to cost over £500,000?

There is increased efficiency in enforcement but local authorities generally expected a reduction in penalty charge notices income as the schemes become established. Departmental officers would be asked for further information on approach to enforcement and ECSOSC may wish to have the matter referred to them.

h) How is the reimbursement for concessionary bus fares calculated (see agenda page 52)?

The budget assumes 5% additional spend in 2011/12. The reimbursement methodology had changed; the local bus companies had provided more data and some issues had now been raised with the Department of Transport.

i) Why are leaseholder service charges income budget set at a greater level than the actual charges? (agenda page 92)?

There are recent changes on how charges to leaseholders are calculated. Technical officers would be asked for a detailed reply and ASCHOC may wish to add this to their agenda.

k) Would it not make unnecessary work to track back the changes to the previous funding sources? Also as specific grants are not finalised yet, uninformed speculation is unhelpful.

Replying, the Cabinet Member said that the former specific grants were already known, but speculation was unhelpful until the full funding streams were clear.

l) What is the effect of the Council being on the grant floor when the specific grants are rolled into the formula grant?

The Head of Finance and Procurement said the formula grant is reducing by 13.3% so all grants rolled in are also reduced by that level unless specifically protected.

m) Why has there been a rise in the valuation of the pension fund compared with last year?

The investments have been performing better and there has been a move from a link from Retail Price Index to Consumer Price Index. It is hoped that the percentage valuation will continue to rise. The fund is performing around average in comparison with other local authorities and more information is readily available.

n) What evidence is there of the sustainability issues taken into account in developing budget proposals? Would like to see more evidence of the Equalities Impact Assessments of the budget proposals and consideration of impact on communities such as ethnic minority groups or the disabled and people affected by mental health issues who would also be affected by changes to the PCT.

Many of the proposals are covered by existing EIAs or being considered as part of a service redesign. Further work is in progress to combine the information as the proposals develop. High-level equalities screening and existing EIAs can be made available and these and sustainability issues can be drawn out in more detail at the O&S Committee meetings.

50.6 It was felt that using the Special Educational Needs DSG funding (agenda page 71) was a useful way to cover the statutory SEN assessment staffing cost savings.

50.7 The Chairman reminded the meeting that significant further savings would be needed and asked about the status of this report compared with the work still to be done. Councillor Mitchell asked how information could be tracked and presented to show how the budget was spent formerly and how it would be spent differently.

50.7 The Director said the report formed the first part of more work. It would be difficult to see what had happened to each individual grant to compare like with like. However the approach would be to show for each service area how the budget would change irrespective of the previous source(s) of the funding; what was formerly spent and what spending was now planned.

50.8 Chris Todd said community and voluntary sector (CVS) was pleased to have the opportunity to be at the Commission meeting and hold open discussions on the budget proposals. The CVS fully supported efficiency savings and value for money principles as set out in the report and protection of the CVS was also welcome.

50.9 He said the Equalities and Communities Team seemed to be required to make a much higher proportion of efficiency savings compared with other services (agenda page 85). Communities were especially important to protect. Cuts as proposed would be a false economy.

50.10 In his view the CVS delivered considerable value for money both in financial terms and in social capital. The CVS delivered services, especially preventative services that the Council or other bodies would otherwise have to pay more for.

50.11 The CVS could help deliver services differently and had a very important role to play working with the council and other public bodies especially in the current economic climate.

50.12 New contracts with service providers needed to be brought forward in conjunction with the service provider, such as being co-designed, co-produced to see what more could be provided for less money, and not based on cost savings alone he said.

50.13 Chris Todd stressed that Equalities impacts Assessments were important particularly for those in most need who had to access to a number of different services and so may well be disproportionately affected by reductions in a number of areas. He asked what was the role of communities in carrying out these assessments?

50.14 There was a potential role for asset transfer of various types depending on the circumstances, to the community and voluntary sector. He gave an example such as Castleham Industries supported employment services.

50.15 The Cabinet Member said the CVS was highly valued and championed especially by Councillor Dee Simson, Deputy Leader of the Council and Cabinet Member for Community Affairs, Inclusion and Internal Relations. She said close working with the voluntary sector was important for delivering services more efficiently. Asset transfers could be considered together with the voluntary sector.

50.16 The Chairman was pleased that equalities impact assessments, one of the main recommendations from scrutiny of the 2009-2010 budget proposals was being acted on and looked forward to receiving more information on the EIAs.

50.17 The Strategic Director, Resources said Resources had a dual role in making savings in their own areas and supporting other areas making their changes for example Human Resources and IT. It is therefore very important that any savings in Resource Teams are timed so as not to rush implementing changes across the Council. Consolidation, such as communications spend, would help drive out some costs through economies of scale. There was also a need to work more effectively and efficiently with partners across the city.

50.18 The Chairman thanked Councillor Young and the officer for speaking to the Commission.

50.19 RESOLVED 1) that the report be noted

2) That further information be requested as minuted above at 50.5(a), (g), (j) and (n)

3) That 1 February OSC receive comments from the O&S Committees to be incorporated into a single scrutiny response to the budget proposals.

51. SUMMARY OF OSC INTELLIGENT COMMISSIONING WORKSHOP HELD ON 7 DECEMBER 2010

51.1 The Head of Scrutiny referred to the notes of the 7 December OSC workshop on the three intelligent commissioning pilots; Drug-Related Deaths, Alcohol-Related Harm and Domestic Violence. Participants had previously received detailed needs assessment reports on each of the three areas, and copies of the presentation had been circulated to members who had been unable to attend. A second workshop would be arranged in the new year.

51.2 Comments would feed into these pilots and also into the needs assessment and service design process. Feedback would help shape scrutiny input into future commissioning cycles.

51.3 Commenting on the IC workshop Members said the technical information on the three needs assessments was very useful. However it was felt that there was too little time to read all the detailed information provided and that a précis would have helped. Clarification on the process and structure of the commissioning cycle, a look at some lessons learned, and background to scrutiny input would have been appreciated by some.

51.4 More time to ask questions during presentations would have been preferred and to this end it was agreed in future to request separate workshops for each subject.

51.5 Difficulties in obtaining data was noted and the Chairman said that the time taken to produce the needs assessments – in this case more than three months - should be taken into account for other areas of intelligent commissioning.

51.6 RESOLVED: (1) that Members' experience from the workshop be used to inform the current pilots and future intelligent commissioning processes.

(2) That a second workshop on the pilot areas be arranged for the New Year.

52. REPORT OF THE SCRUTINY PANEL ON THE SOCIETAL IMPACT OF THE IN-YEAR GRANT REDUCTIONS

52.1 Councillor Watkins Chairman of the Scrutiny Panel on the Societal Impact of the In-Year Grant Reductions introduced the Panel's report. The review had been completed in the shortest time of any review so far. He thanked the other two Panel members, Councillors Mitchell and Wakefield-Jarrett, the officers who gave evidence and scrutiny support.

52.2 Input to the scrutiny review from the Third Sector was very welcome and he was particularly grateful to the CEO of the Community and Voluntary Sector Forum for open and honest discussion with the Panel.

52.3 It was important to try to understand the process of making the decisions on budget reductions and although four former Directors were no longer with the Council, a timeline of the main events leading up to the decision had been provided. This appeared as Appendix A to the report.

52.4 The decisions on funding reductions had to be made quickly and it was difficult to see how the longer-term impact of the changed budgets would have been taken into account. Although the mid-year changes may be unlikely to happen again, the budget changes produced a 360 degree 'ripple effect' on the city and wider consideration of the potential impacts on society was needed in deciding on future reductions.

52.5 Councillor Mitchell emphasised that the evidence showed it was easier to find savings in areas where there was clear priority setting in advance and where there were good joint working relations with partners. The reductions were shown to be much more complex to manage where part of a service was contracted out.

52.6 Councillor Young said the Cabinet would consider a detailed reply in due course.

52.7 RESOLVED That the Scrutiny Panel report on the Societal Impact of the In-Year Budget Reductions be endorsed.

53. OVERVIEW AND SCRUTINY COMMISSION WORK PLAN

53.1 The work plan was noted.

54. ITEMS TO GO FORWARD TO CABINET MEMBER, CABINET OR FULL COUNCIL

54.1 The report of the Societal Impact of the In-Year Grant Reductions would be reported to the Executive.

55. HALF-YEARLY PROGRESS SUMMARY ON THE 2008-11 LOCAL AREA AGREEMENT AND Q2 ORGANISATIONAL HEALTH REPORT

55.1 The Chairman told the meeting that the half-Year Progress Summary on the 2008-2011 LAA 2010/11 and Q2 Organisational Health Report was a late paper not included on the OSC front agenda page and had been circulated as an addendum. It had been considered at 9 December Cabinet.

55.2 Paula Black the Head of Performance and Analysis explained that there would be one further, final report on the LAA at the end of year.

55.3 The Local Area Agreement (2008 – 2011), the set of indicators agreed with partners for monitoring and delivering over the three years, is now in its final year. Discussions with partners were in hand on what the City will have to replace the LAA.

55.4. There was an associated action plan and each indicator was owned by a partner or an internal team who was responsible to deliver improved performance. The Performance and Analysis team had a performance improvement role and also prompted, supported and collaborated with teams in providing monitoring data.

55.5 National government did not now require formal reporting but the data was still being collected for purposes of accountability and ownership of actions within the delivery plan. Some 1500 pieces of information are still required to be provided regularly; for example around safeguarding

55.6 The new national performance framework was likely to have more flexibility at local level.

55.7 The LAA had achieved a lot and officers and partners working in this area were to be congratulated. Some strengths included reduction of reported bullying in schools, helping vulnerable people to live independently and reducing fuel poverty. Areas that were off-track had action plans and activities in place.

55.8 The organisational health report was about the Council itself. Some Human Resources information was missing at present because of migration to a new system and data comparability issues.

55.9 Asked about the next steps in developing a local framework for performance accountability and monitoring, the Head of Performance and Analysis said that there were two pieces of work to be done; reporting and monitoring in the period immediately after March 2011 and then formulating what is needed across the city if there is to be commissioning and revised priorities across partners in the medium to longer term.

55.10 Members were concerned that it should be possible to track long term trends and heard that in some circumstances data could still be reported in ways which allowed tracking over a period of several years but this may not always be the case. Agreeing priorities for performance monitoring would be a key part of discussions with partners

55.11 Because there had been agreement on priorities with partners it had been agreed that the current LAA indicators would still be reported. However a new framework could be designed to be more streamlined, transparent and functional.

55.12 Asked about how intelligent commissioning would be performance monitored, the Head of Performance and Analysis said there would be two components: contract compliance and delivery – holding to account and financial accountability; and demonstrating the extent to which outcomes were being achieved

55.13 A number of indicators from the last quarter had not been reported due to the migration to the new HR system and change in organisational structure. Members asked that the information be forwarded to them when it was available.

55.14 Replying to a question on NI167 managing congestion, the Head of Performance and Analysis said that this was an error in the report and a correct figure would be provided. She invited Members to view the InterPlan system.

55.15 The Chairman thanked the officers and suggested that relevant sections of the performance report could be taken to the individual O&S Committees.

55.16 RESOLVED 1) that the information be noted
2) that additional information be requested as noted at 55.13 and 55.14 above and
3) that sections of the report be referred to O&S Committees if wished.

The meeting concluded at 5.35pm

Signed

Chair

Dated this

day of

