

Agenda Item 10

Report to: **Audit, Best Value & Community Services Scrutiny Committee**

Date: **12 March 2014**

By: **Chief Executive**

Title of report: **Reconciling Policy, Performance and Resources 2013/14**

Purpose of report: **To review scrutiny's input into the Reconciling Policy, Performance and Resources (RPPR) process during 2013/14.**

RECOMMENDATION: The Committee is recommended to a) review its input into the Reconciling Policy, Performance and Resources process; b) identify any lessons for improvement for the process in future, and c) review its work programme in the light of the issues raised.

1. Financial Appraisal

1.1 There are no specific financial implications associated with this report.

2. Reconciling Policy, Performance and Resources (RPPR) and scrutiny in East Sussex

2.1 Reconciling Policy, Performance and Resources (i.e. aligning the Council's budget setting process with service delivery plans) is an established, effective and transparent business planning process. A Medium Term Financial Plan (MTFP) has been produced. The 2013/14 RPPR round looks at the financial year 2014/15 which represents year two of current the three-year savings plan.

2.2 Scrutiny committees actively engage in the process, both to allow them to bring to bear the experience they have gained through their work and to help inform their future work programmes.

2.3 In September 2013 each scrutiny committee considered extracts from the *State of the County* report and the departmental savings and Portfolio Plans. Requests for further information or reports were made to help the scrutiny committee evaluate proposals made in the respective Portfolio Plans.

2.4 The scrutiny committees established scrutiny boards to provide a more detailed input into the RPPR process. These met in December 2013 or January 2014 to consider the draft portfolio plans and the impact of proposed savings. The boards:

- Considered any amendments to the Portfolio Plans and how they were being delivered against the proposed key areas of budget spend for the coming year;
- Assessed the potential impact of these savings on services provided to East Sussex County Council customers.

2.5 Appendix 1 summarises the comments and recommendations made by the Audit, Best Value & Community Services RPPR board to Cabinet.

3. Conclusion and Reason for Recommendation

3.1 The committee is recommended to review its input into the 2013/14 RPPR process and to establish whether there are lessons for improvement for the future.

BECKY SHAW
Chief Executive

Contact Officer: Paul Dean Tel No. 01273 481751
Local Members: All

Background Documents None

Overview and Scrutiny: Reconciling Policy, Performance and Resources (RPPR) boards 2013/14

This is a summary of the outcomes, observations and findings of the Audit, Best Value & Community Services Scrutiny Committee RPPR Board held on 16 December 2013.

All the scrutiny boards considered draft Portfolio Plans and savings plans and attempted to assess the impact of both any significant budget cuts facing the County Council over the coming years and those activities where savings are not necessarily being proposed but which account for significant use of resources.

Scrutiny boards commented on the plans being put in place and the means being proposed to protect front line services as far as practicable. As a consequence of this work, they have identified new priorities for scrutiny work programmes in the coming year.

Councillors: Mike Blanch (Chair), John Barnes, Bob Standley and Francis Whetstone

Observers: There were none.

Lead Members: Councillors Chris Dowling and David Elkin

Key messages to Cabinet:

	Response or subsequent action (where relevant)
<p>Message / observation by the RPPR Board</p> <p>1) It was difficult for the Board to evaluate the full impact of the proposed savings as the savings plans provided were modelled at the highest level and did not indicate fully the potential impact at a lower level. The Board had sight of the 2013/14 quarter 2 financial monitoring reports, and noted considerable over achievement of RPPR savings targets (although this did not imply any change in the total RPPR savings). There were also no alternative savings models proposed from which the Board could make a choice.</p> <p>2) The Public Health Grant is ring-fenced until 2016 and a high provision is made for contingencies. It was noted, however, that a range of one-off expenditures had been made to programmes across the Council, of which the Audit, Best Value & Community Services Scrutiny Committee was not previously aware. Therefore, the public health benefits of the one-off projects planned between the Public Health Department and other Council Departments need greater transparency.</p>	
	<p>Expenditure has not been made to programmes across the Council. Expenditure has been made to public health programmes which require cross-council representation for delivery. The Council has put in place a Public Health Commissioning Group with cross-council and Clinical Commissioning Group membership. This Group is chaired by Keith Hinkley and has an agreed Terms of Reference. Business cases have to be submitted to the Group and meet clear criterion:</p> <ul style="list-style-type: none"> • Complies with the Public Health grant requirements (to prevent claw

Message / observation by the RPPR Board	Response or subsequent action (where relevant)
	<p>back from the Department of Health)</p> <ul style="list-style-type: none"> • Focuses on delivery of a public health outcome where East Sussex is worse or significantly worse than the national position • Presents robust evidenced based proposals for one-off funding designed to create a step-change in delivery against the public health outcome. <p>Details of the one-off spend projects has been supplied to the Committee (via email) and future agreed spend can be reported if Councillors would like this.</p>
<p>3) The Board notes that the NHS Prescription Services recently issued new guidance requiring local authorities to cover the full costs relating to the prescribing of drugs for public health services. This represents a risk to the Public Health Grant. Further retroactive guidance cannot be ruled out and could increase this risk. The Board would like to see the potential risk of further public health guidance putting unsustainable pressure on the Public Health Grant added to the departmental and strategic risk registers.</p>	<p>Public Health review their risk register each month as part of the senior team meeting to check progress, confirm risk are still reported accurately and to review risk ratings. The full costs associated with prescribing drugs had already been noted on the risk register. The risk register is reviewed corporately each quarter and follows the normal Council procedures including cross Council challenge.</p>
<p>4) The Governance Services Department is retaining vacant posts to accommodate expected demand volatility, such as future one-off legal costs. For instance, there was a predicted underspend in 2013/14 on legal services of £250,000, and £639,000 predicted underspend on governance and corporate support services. Due to the scope of savings required by the Council, the Board would like to see the Department regularly evaluate these vacant posts to ensure that only essential posts are retained.</p>	<p>We do not automatically replace staff when they leave but look in the first instance either to reallocate work to existing members of the team, often on a trial basis, or recruit more junior staff. All vacant posts are kept under regular review.</p>
<p>5) Printing agendas is costly and, as much as possible, should be avoided or replaced with suitable electronic alternatives.</p>	<p>This idea is being pursued by the Democratic Services Team, with Members being allocated iPads and being able to opt out of receiving hardcopies of agendas and other printed documents.</p>
<p>6) The joint communications arrangements with Medway Council should offer opportunities for further savings in the Communications team.</p>	
<p>7) The Libraries and Information Service should consider all possible opportunities to introduce new, or increase existing, revenue generation schemes. The Libraries and Information Service should use income generation to offset having to make any reductions in book stock for as</p>	<p>A paper on the opportunities for income generation in the Library and Information Service will be presented to the Lead Member early in April 2014.</p>

Message / observation by the RPPR Board	Response or subsequent action (where relevant)
long as possible.	
<p>8) The Board was informed that the Registration service either was, or could become, effectively self-funding. The move to make the Registration Service self-funded is welcome, although the Board would appreciate further clarity of when and how this self-funding model will be in operation.</p>	<p>We are already making a surplus in this Service. This is because we have adopted a lean working model, which keeps costs to a minimum and have also upgraded our wedding offer so that we have seen an increase in take up, especially from outside the county. As we upgrade our wedding facilities further, especially in both Lewes and Hastings and promote our offer better outside the county (for example through Wedding Fairs), we expect our surplus to increase.</p>
<p>9) The Board noted that the division was £160,000 ahead of its revenue savings target and that the target for capital receipts had been raised from £3 million to £3.5 million per annum.</p>	
<p>10) The Board was concerned as to whether there is sufficient provision for Organisational Development support in the revenue budget. There could be considerable expenditure required from the Council's transformation project, particularly in training and developing middle management to operate with lower level, decentralised support, higher levels of delegation and accountabilities and with a new management style.</p>	<p>Strategies for People Change, Workforce and Talent Management are being developed in response to the increased level of responsibility expected of managers in order to reduce the demands on business services support.</p>
<p>11) The Board considered that there is a compelling case for higher investment in programmes to reduce long term sickness. The £60,000 revenue cost of employing two staff for this purpose has delivered a 20% reduction in long term sickness in certain Adult Social Care teams over the past year. The Board had no information on the financial implications of consequent reductions in used agency staff and sick pay. Monetising the success of sickness reduction programmes is recommended as it will quantify the value that they have in reducing the Council's expenditure on sickness pay and agency staff.</p>	<p>Ongoing evaluation is taking place with Personnel and Training to align areas of greatest priority, which initially enables us to respond to challenging business needs. In the first instance, we should look within the Personnel and Training service to reprioritise existing resources and activity.</p> <p>There is a corporate process to enable business cases to be developed for bids for one off investment where the investment can evidence a strong pay back or change in performance.</p> <p>There is comprehensive monthly workforce monitoring dashboard reporting to the Corporate Management Team that enables monitoring on a suite of workforce data and identification of targeted activities and the impact these have.</p>
<p>12) The Board welcomes the Finance Division's proposal to review how it operates to identify further savings through, for example, greater automation and the rationalisation of vacant posts.</p>	

<p>Message / observation by the RPPR Board</p>	<p>Response or subsequent action (where relevant)</p>
<p>13) Whilst noting that the implementation of a new network was behind target, the Board welcomed the ICT Division's overachievement in savings targets, although it was not possible for the Board to determine how they were made due to a change in the base budget. In future, the Board would appreciate greater transparency if base budgets are adjusted.</p>	