Appendix 1

Audit, Best Value and Community Services Scrutiny Committee RPPR Board

Overview and Scrutiny: Reconciling Policy, Performance and Resources (RPPR) Boards – 2015/16

This is a summary of the outcomes, observations and findings of the scrutiny RPPR Board held in December 2015.

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 activities where savings were not necessarily being proposed but which accounted 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.

Audit, Best Value and Community Services Scrutiny Committee RPPR Board – 14 December 2015

Present: Councillors Mike Blanch, John Barnes, Philp Howson (substituting for Councillor Laurence Keeley), Bob Standley, Trevor Webb and Francis Whetstone.

Lead Member: Councillor David Elkin.

Consultation results

The Board did not consider that any clear themes or new ideas emerged from the responses and recommended that future consultations would benefit from having greater clarity around:

- The difference between revenue and capital expenditure, as it was apparent that this was not very well understood by respondents.

- The background to the budget setting process and in particular that the Council was having to make savings as a result of cuts to local government funding by Central Government, and this was something that the County Council had no control over.

- The responsibility for services provided by the County Council, and those that are the responsibility of the district and borough Councils. Often respondents refer to "the Council" and are not clear on which services County Council is responsible for.

Additional Work carried out by the RPPR Board

The Board noted that it had previously commented on, or carried out separate pieces of work on:
- The Orbis Business Plan and the proposed savings of around 12% over the next 3 financial years.
- Communications Team.
- The Libraries' Transformation Programme.

Corporate Governance and support

Transition and Change

The Board commented that the wording in paragraph 2.3 (page 5 of the Portfolio Plan) "We must prepare……" gives the impression that ESCC is going to change in the future. The Board recommended that the wording is amended to reflect that ESCC is in the process of transformation to meet the challenges it faces, and is prepared for change which is permanent in nature.

- The Chief Executive responded that the aim was to convey that there had been a fundamental shift in local government services and this was a permanent change. ESCC has changed since 2010 and is now having to change again.

One Council

The Board asked for further clarification of the concept of a 'One Council' approach to services, as it felt this was not clearly understood, and questioned how well this was being delivered in practice.

- The Chief Executive explained that the 'One Council' approach was about ESCC behaving as a single organisation and working closely with partners (e.g. health providers and other councils) to provide services; for example the East Sussex Better Together (ESBT) programme.

- The Chief Executive added that actions were being taken to embed the 'One Council' approach. A set of behaviours and values have been developed which feed directly into staff recruitment, induction and appraisal.

Senior Management Structure

The Board asked how the senior management structure might change in response to the need to act as one organisation, ESBT, the loss of schools and the development of traded services (e.g. for school improvement, children's services).

- The Chief Executive stated that the number of senior managers was about right for the challenges that ESCC currently faces. That structure is informed by the drive to behave as one organisation, the need for capacity to manage change, and to have accountability. This may need to be reviewed in the light of changes that may take place over the next two years.

- The Deputy Leader commented that he considered that the current scrutiny arrangements may act to magnify a 'silo' approach and this may need to be reviewed.

Members ICT Strategy

The Board wished to see greater progress with the development of the strategy and asked whether hardware changes would be introduced before the next ESCC elections in 2017.

- The Assistant Chief Executive responded that officers have been meeting with Councillors to resolve individual ICT related problems and small group training is planned next year on the topics identified by the Members' ICT survey. There is a renewed focus on making sure the current equipment works (both mobile phones and computers etc.), with plans to provide new hardware after the next elections (e.g. options will include new hybrid tablets with a detachable keyboard).

<u>Policy and Performance Management</u>

The Board received a paper last year on this area of activity and asked for further information on the staffing and costs for this function.

- The Chief Executive is supported by 3 FTE (full-time equivalent) policy officers and 1 intern. The performance management function covers all departments except Adult Social Care (ASC) and Children's Services (CS). The performance team has 4 FTE staff and one intern. The total annual revenue budget for both functions is £444k (7 FTE staff and 2 interns). The combined team covers all policy and performance work including support for devolution, SE7, the RPPR process and portfolio plans (except ASC and CS). The team has experienced a 20% reduction over the last three years.

- For ASC and CS it is more difficult to separate out costs for policy and performance work as it tends to be just one part of officers' roles who carry out a mix of operational and policy work. As part of the savings plans it is proposed to reduce the CS Communication, Planning and Performance function by £260k and the ASC Planning, Performance and Engagement function by £500k.

- The Director for Adult Social Care added that the policy function within ASC is contained within the commissioning manager's role, which includes responsibility for policy development and advice. The Performance function has 3 FTE posts and almost 1 FTE administration post. The number of performance posts was reduced two years ago and the policy function has been reduced via savings in commissioning.

Public Health

<u>Budget Reductions</u>

The 20% RPPR savings shown in the report are based on the assumption that the ring-fencing of the Public Health budget would cease at the end of April 2016. It has been announced the ring-fence arrangements will be retained until the end of 2017/18 but the 20% savings plans would remain in place due to the uncertainty about future funding levels.

The Board noted the 6.2% reduction in Public Health funding in 2015/16 and the further reductions of 2.2% in 2016/17 rising to 2.6% in 2018/19 and 2019/20. The extension of the ring fencing arrangements for the Public Health budget, and uncertainty about future funding allocations, means there is a risk that it may be difficult to achieve the predicted £4.8m savings in 2016/17.

- The Director for Adult Social Care confirmed that the change to the ring fence does potentially change the situation, depending on the allocation formula and phasing of budget reductions. It is unlikely that ESCC will get this information until the New Year. Up until now, the Public Health reserve has been used to offset in-year budget reductions. The way the Public Health grant is received does allow for some cushioning and the setting aside of money in a reserve.

<u>Smoking Cessation</u>

The Board noted that the savings plan contained two entries for smoking cessation, as well as one for tobacco control, and sought clarification on the impacts of these services. The Board expressed an interest in monitoring the impact of these interventions as part of the work of the ABVCS Scrutiny Committee.

- The Director informed the Board that there was good evidence for the efficacy of these interventions, which lead to reduced demand for health services.

- The Acting Director for Public Health confirmed that smoking cessation is not a mandatory service. The proposed savings for smoking cessation prescribing activity would not have an impact on the service, but modelling has shown that further reductions would have an impact on the efficacy of the interventions.

<u>Life Expectancy Indicator</u>

The Board questioned the measurement of success through the morbidity measure when ESCC cannot directly assess the impact of the programmes it has put in place (due to the contribution made by other organisations). The Board also commented that it was hard to see how the life expectancy indicator relates to the rest of the work in the Portfolio Plan. The Board noted that more direct measures of the impact of ESCC's work are being developed through the ESBT programme.

- ESCC is required to report against this measure as it is one of the overarching performance indicators contained within the national Public Health Outcomes Framework (PHOF), which has 200 other indicators below it.

<u>Community Resilience Steering Group</u>

The Board requested that there be greater consultation with parish and town councils on the development and delivery of this work which aims to improve social capital as well as to achieve a number of other objectives.

- The Acting Director for Public Health responded that parish councils were being engaged through the ESSP and the Community Resilience work stream will be reported via the ESBT Scrutiny Board.

Resources (Business Services/Orbis)

<u>Agile Programme</u>

The Board questioned why the implementation of the Agile ICT was taking so long and noted that, with the exception of Children's Services, savings made as a result of the Agile Programme were not reported in departmental savings plans. The Board recommended that a commentary is included in departmental Portfolio Plans that refers to the savings made as a result of the Agile Programme, as Children's Services has done, to enable the impact of the programme to be evaluated.

- The Chief Operating Officer clarified that there were no delays with the technology programme; this will be completed at the end of March 2016 with the implementation of SharePoint during 2017.

- The Chief Operating Officer clarified that the BSD's Agile savings were incorporated within the development of Orbis.

Capital Programme

The Board requested a further explanation of the shift from 'monitoring' to 'management' of the capital programme.

- The Chief Operating Officer explained that a stronger approach was needed to the way in which the programme is managed through, for example, the scheduling of budgets and the costing of schemes; this would reduce slippage for example. Currently the programme is only monitored through the reporting of progress to date.

Income and Income Generation

The Board commented that in addition to the work to generate income, the public is very interested in the cost reduction programmes ESCC has in place (e.g. energy reduction, bill validation etc.) and this should be given greater prominence.

The Board recommended that a breakdown of income (and a reference/link to the Council's budget book) is included in the Resources Portfolio Plan and greater emphasis is given to cost reduction measures to reassure the public that the Council is taking action to reduce costs. The Board would also like the outcome of the Income Generation Programme work to be shared with them at the earliest opportunity, in order to aid the budget setting process.

- The Chief Finance Officer undertook to forward a breakdown of income which is broadly divided into four categories: business rates; Direct Schools Grant (DSG); other grants (capital) and; income from fees, charges etc.

- The Income Generation Programme, which is led by the Chief Executive and supported by the Chief Finance Officer, comprises fifteen officers. It has generated £1.3m in additional income. The major pieces of work include:

  o The Property Strategy;

  o Fees and charges review; and

  o Orbis work to increase commercial activity.

Financial System (SAP/ERP)

The Board asked if it was possible to make a saving if the implementation of a new or enhanced financial system was delayed. The Board requested the opportunity to see the business case for the replacement/enhanced system before a final decision is made.

- The Chief Operating Officer said he would come back to the Board with some costs, but the department had set aside around £1m for development or replacement of the SAP/ERM financial system.

Property

The Board welcomed the implementation of PAMS and requested further information on the costs/benefits of the new system and whether the outcomes of the business case had been achieved.

- The Acting Chief Property Officer said it was difficult to predict the level of savings as some savings were achieved as benefits to customers and others relied on an analysis of data from the system (which leads to increased efficiencies and enhanced customer satisfaction).