

## **SCRUTINY PANEL 29 OCTOBER 2013**

*Present :-* Councillor Beverly Davies (Chairman)  
Councillors Kevin Bentley, Nick Cope, Marcus Harrington, Dave Harris, Jo Hayes, Peter Higgins and Gerard Oxford

*Substitute Member :-* Councillor Ray Gamble for Councillor Mike Hogg

*Also in Attendance :-* Councillor Paul Smith  
Councillor Dennis Willetts

### **27. Minutes**

The minutes of the meeting held on the 10 September 2013 was confirmed as a correct record.

### **28. Items requested by members of the Panel and other Members**

Councillor Willetts attended and, with the consent of the Chairman, addressed the Panel.

Councillor Willetts referred to his representations to the Panel in June 2013 requesting that an item of business be included on the Panel's work programme reviewing the Council's IT Programme and the roll out of IT systems. He felt it was particularly important to scrutinise this part of the Council's services as there was planned to be a shift towards the use of more online delivery of services. He considered that the Council had a track record of difficulties with IT, sighting three examples:

- One major IT supplier had gone into Receivership a few years ago;
- High temperatures last Summer had led to the servers being run on reduced power;
- Recent problems with access to Planning applications online had meant that the Councillors' call-in period had been reduced by one day.

He acknowledged that the IT problems had not yet led to a complete failure but a considerable amount of money was being spent which led him to the view that it was important that the IT provision was reliable. Elsewhere considerable sums had been written off due to the failure of IT solutions to deliver expected outcomes and he was of the view that proper scrutiny of the Council's overall IT provision in respect of the financial costs, practicalities, project management and milestones was required.

*RESOLVED* that a review of the Council's overall IT provision in respect of the financial costs, practicalities, project management and milestones be included in the Panel's work programme for the future.

## 29. Decisions taken under special urgency provisions

A report was submitted by the Assistant Chief Executive explaining that a portfolio holder decision had been taken which had been deemed to be sufficiently urgent that the call-in procedure would not apply. The decision was to approve the fees for applications to be made under the Scrap Metal Dealers Act 2013 and, in accordance with the statutory requirements, the Monitoring Officer and Deputy Chairman of the Scrutiny Panel had certified the immediate implementation of the decision and that the call-in procedure would not apply.

*RESOLVED* that the contents of the report be noted.

## 30. Work Programme 2013-14

The Panel considered a report by the Assistant Chief Executive setting out the current Work Programme for the Panel for 2013-14.

In order to allow sufficient time for the adequate consideration of items of business it was requested that the report on the Homelessness Strategy be moved from the meeting on 28 January 2014 to the business of the meeting on 11 February 2014 and for consideration to be given to the possibility of re-scheduling other items of business listed for the meetings on 10 December 2013 and 28 January 2014 to additional meetings to be agreed in the December / January timeframe.

*RESOLVED* that -

- (i) The contents of the Work Programme be noted;
- (ii) Arrangements be made for the Homelessness Strategy report to be moved to the business of the meeting on 11 February 2014 and the potential to re-schedule other items of business listed for the meetings on 10 December 2013 and 28 January 2014 to additional meetings to be agreed be investigated.

## 31. Fundamental Service Review of Corporate and Financial Management

**Councillors Bentley and Harris (in respect of their being members of Essex County Council) declared their non-pecuniary interests in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Committee considered a report from the Executive Director giving details of the Fundamental Service Review of the Council's Corporate and Financial Management Services (CFM FSR) which had commenced in April 2013. The review had reached the business case stage, and included recommendations and decisions for the Cabinet.

The report was presented to the Panel jointly by Pam Donnelly, Executive Director and Matt Sterling, Assistant Chief Executive who requested that the Panel review and

comment on the business case, ahead of the Cabinet meeting on 27 November 2013.

It was explained CFM services currently included legal, financial, audit, procurement, democratic, civic, human resources, ICT, communications and marketing, buildings and facilities. The CFM FSR was intended to:

- Introduce a new operating model for the service;
- Improve efficiency across the service and deliver £300,000 budget savings each year;
- Enable the service to be more customer-focused, resilient and sustainable.

During this review CFM customers said they generally appreciated its services and the way it worked. However, they also said they wanted the Service to change to make dealing with it easier, and so that it could add more value to their work. The review identified significant common ground between staff and customers on the main issues for improvement. The most important of these were:

- Earlier intervention - a need to get involved with customers' projects earlier to offer better service and to avoid causing any delays
- Co-ordination - a need to better co-ordinate the disciplines within CFM and their support for customers
- Resilience - a need to improve the resilience of CFM processes with a high number of staff currently performing 'single person' roles
- Separation of specialist and process work - to avoid specialists also performing the routine process or administration work of the Service.

This business case was based on five themes:

- Demand management
- Better understanding and earlier intervention
- Re-modelling
- Capacity for effectiveness
- Culture change.

The Key Features of the change were:

- Merging existing specialist disciplines to achieve greater efficiency and to improve the co-ordination of our work
- Separating 'judgement-based' work from 'process-based' work, and the process work to the new corporate Professional Support Unit
- Merging the Town Hall Events team with the Charter Hall Events team
- The migration of the Buildings and Facilities team to Colchester Borough Homes (CBH) to achieve greater resilience and efficiencies
- The integration into the Service of the existing Strategic Change team to maximise the benefit of our strategic change capacity for the organisation as a whole, and to integrate this with our work to manage and improve the performance of our people
- The addition of 'account manager' responsibilities to some of our existing Business Partner roles to improve the co-ordination of our involvement in customers' work

- The creation of collaborative teams across disciplines to improve co-ordination and create new standards for customer service.

The proposed changes would result in an indicative overall reduction in head count of 11 full time equivalent posts, or around 11-12%, together with a recurring revenue saving of £300k from implementation in June 2014.

Councillor Smith, Portfolio Holder for Business and Resources, attended and, with the consent of the Chairman, addressed the Panel.

Particular discussion from the Panel members was in relation to:

- The need for the Key Performance Indicators for the service to be reviewed to provide for future like for like comparisons to be drawn more easily;
- What was meant by the service 'sometimes appearing to be keen to say no';
- An explanation of the increased trading income of £1.98m quoted as being envisaged from the Universal Customer Contact Fundamental Service Review;
- The reasoning behind the statement in the Business Case about certain activities being unlikely or unable to be outsourced and the need for more information to be provided to justify why these conclusions had been made;
- The absence of market testing results in the Business Case, in particular in relation to the salary costs generally across the service area;
- Any examples of issues where the balance between CFM's policing and customer service roles had gone wrong;
- The need for more detailed background information to have been made available to the Panel members prior to their consideration of the report and Business Case;
- The extent to which CBH were expected to co-operate in the Council's anticipated trading activities;
- The costs associated with procuring private sector partners;
- Whether the CFM FSR included staff who were on zero hours contracts;
- The principle of increasing the online delivery of services and the impact on face to face contact for those customers who needed this support.

In response to questions from the Panel members it was explained that:

- The measurement of performance and the review of Key Performance Indicators would be a responsibility of the Group Management Team members once they were appointed;
- Part of the service area's responsibilities was to ensure that the correct governance arrangements and statutory requirements were adhered to but the communication of these messages sometimes needed to be delivered in a more positive way;
- With the emergence of the new Commercial arm of the organisation, there would be relationships across the organisation which would not have existed before which would require the CFM service area to change and adapt in order to continue to be fit for purpose;
- The detail and extent of the commercial activity which the Council would be considering for the future would be developed in a Business Plan which would be

- put before the Council's Trading Board once the new Procurement Team was appointed and consolidated;
- The current workloads placed on the services provided by CFM and the need for teams to be flexible in terms of their priorities and commitments, combined with the current statutory and strategic designation of some posts, meant that it was considered unlikely for the outsourcing of these services to be financially viable or sufficiently operationally flexible in the short term. Although it was acknowledged that this did not preclude the consideration of outsourcing of these services at a later date;
  - The introduction / extension of Account Manager roles was expected to provide for the earlier involvement of CFM in projects which would go a long way to address the need to get right the joint customer service and policing role across the services;
  - As with previous FSRs, the Business Case had been presented to the Panel, not as an Implementation Plan, which would emerge later in the process, but in the form of higher level information for scrutiny prior to its submission to Cabinet;
  - The timing of the CFM FSR was deliberately planned so that it would be in a position to reflect the new make-up of the organisation and to meet the needs of a significantly changed structure;
  - Various support measures which had been available for others involved in FSRs previously to help with dealing with changed circumstances, such as interview training, psychometric testing and emotional resilience training, were being made available to the members of staff who made up the current CFM service area;
  - Initial discussions had taken place with senior managers at CBH which had been very positive and had demonstrated an aspiration for additional trading opportunities with associated savings which would be of benefit to both the Council and CBH;
  - Whilst the specific cost of undertaking a market testing exercise was difficult to quantify, it was known from previous examples that the process was very protracted and required the preparation of all the necessary documentation as if the exercise would lead to a genuine procurement exercise;
  - There were various options available to staff affected by the CFM FSR, including their ability to apply for up to three roles in the new service and the potential redundancy of some posts;
  - CFM staff were all employed on a permanent/fixed term basis and were not on zero hours contracts;
  - Although the Council was looking to change the delivery of many of its services to enable customers who wanted to access activities by themselves online, the high quality face to face delivery continued to be required for others in need to this support and the Council was working with Essex County Council to utilise the Central Library in Colchester in order to provide a Community Hub which would also improve online delivery.

A number of Panel members were of the view that they needed to be supplied with the detailed background information which was used to formulate the Business Case and, in particular, the information which demonstrated from where the projected £300k savings would come and the implementation timetable for the FSR. Pam indicated that she was confident that there was additional information that could be made readily

available to the individual Panel members which would assist them in their understanding of the Business Case.

*RESOLVED* that arrangements be made for individual Panel members to be supplied with the detailed background information used to formulate the Business Case together with the information which demonstrated from where the projected £300k savings would come and the implementation timetable for the FSR.

*RECOMMENDED* to Cabinet that, following the Panel's review of the Corporate and Financial Management Fundamental Service Review Business Case and draft Cabinet report, the comments set out in Minute No 31 above, be taken into account in its consideration of the matter.