
Overview & Scrutiny Panel (Economic Well-Being)

**Report of the meetings held on 9th October,
6th November and 4th December 2014**

Matters for Information

21. SHARED SERVICES

The Panel has received an update on the progress which has been made by Huntingdonshire District Council, South Cambridgeshire District Council and Cambridge City Council to work in partnership to deliver shared services. Members have been informed that a number of general principles have been agreed which will help to ensure coherence and consistency across all shared services moving forward. Specific details regarding the development of a shared service for ICT and Legal Services have also been provided and Members have been informed that it is proposed to adopt a phased approach to the development and implementation of these services. Interim project support will be appointed to assist with the process and develop full business cases.

The Panel has received assurances that the District Council has the required expertise to lead on the development of a shared ICT service and has sought clarification on a number of aspects of the proposals for Legal and ICT services including the arrangements for the management and funding of the proposed Business and Legal Practice Manager and the future of the Monitoring Officer role. As part of the discussion, Members have queried the reasons for deciding not to pursue an agreement with Local Government Shared Services for the provision of Legal and ICT Services, whether any consideration had been given to obtaining project management experience from Cambridgeshire County Council and the impact that sharing services at this stage might have upon the establishment of any future Greater Cambridgeshire Partnership. The Executive Leader and the Corporate Director (Services) have responded to these points in turn and have stressed that such unknown factors have not been taken into account in the preparation of the current report and that the Government is encouraging Councils to enter into shared services agreements as evidenced by the Transformation Challenge Fund grant.

Having been informed that the arrangements for scrutinising the shared services arrangements had yet to be established, Members have expressed an interest in being involved in their development in

due course. In terms of the management of the shared service arrangements, it is envisaged that legal agreements will be developed on a service-by-service basis and will incorporate performance measures.

Finally, the Panel has drawn attention to the importance of engaging with staff and carrying them with the Council on this journey. Members have been assured that communication planning will be a key part of the development of shared services and that there is a detailed communications plan in place for this purpose.

Having endorsed the approach outlined within the report and the need to maintain momentum moving forward, Members have conveyed their appreciation to those Officers within the District Council who have been involved with the successful bid to the Transformation Challenge Fund for £0.5m. This will be used for overall project management/co-ordination and to fund interim and permanent support to ensure that the impetus of the partnership is maintained.

22. BUDGET MONITORING 2014/15 (REVENUE & CAPITAL) AND AN UPDATE ON ZERO BASED BUDGETING

The Panel has reviewed the emerging variations to the 2014/15 approved revenue and capital budgets at its meeting in October. Members have been pleased to note that the variations in the net revenue budget thus far represent a saving of £0.172m, although it is still early in the year. The position with regard to the net capital budget reflects a slippage of £1.945m, which had been carried over from 2013/14, and a number of forecast variations. Arising from the report, the Head of Resources has been asked to clarify the position with regard to a number of specific items within the savings forecast, details of which have subsequently been circulated by email.

The Panel has also received an update on the Zero Based Budgeting review which is being undertaken of Council services in preparation for the Budget setting process. Members have been provided with an opportunity to ask questions on the operation of the process and have emphasised that the outcome will only be as good as the managers' commitment to it and Members' appetite for changes in the way in which the Council currently operates. In noting that an external specialist expertise has been brought in to lead the process at this stage, Members have been pleased to note that it is hoped to develop and transfer a number of these skills in-house as the process progresses.

Having been informed that consideration has also been given to those areas within the budget where more immediate benefits could be achieved, a Member has emphasised the need not to avoid filling vacancies within the establishment only to meet savings targets.

23. OPTIONS FOR FRAUD INVESTIGATION POST SINGLE FRAUD INVESTIGATION SERVICE (SFIS)

(The following item was considered as a confidential item under paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972).

In conjunction with the Corporate Governance Panel (Item No 17 of their Report refers), the Panel has considered various options available to the authority once its housing benefit fraud function has been transferred to a Single Fraud Investigation Service (SFIS) in May 2015. In recognising the potential impact on fraud risk that the transfer could have and the benefits of maintaining a level of fraud prevention and detection, the Panel has recommended to the Cabinet that a smaller fraud team should be retained, which can work in partnership with neighbours and other agencies. Members are also of the opinion that the opportunities to establish a shared service with neighbouring authorities should be explored once the formation of the SFIS has been completed.

24. CORPORATE PLAN: PERFORMANCE MONITORING

The Panel has been acquainted with progress on the key activities identified in the Corporate Plan during the period 1st July to 30th September 2014. In so doing, Members have been provided with the opportunity to ask Cabinet Members questions on activities within their specific areas of responsibility.

In general terms, Panel Members have welcomed the progress that has been made in developing the format of the report to incorporate the comments which had been made in the first quarter. Work is now being undertaken to introduce a more rigorous internal quality assurance approach. Members have also been assured that the development of the Council's performance information is an ongoing piece of work and that the identification of outcomes will be the next part of this process.

In reviewing those activities within the 'Strong Local Economy theme', Members have discussed the efforts that are being made to encourage local businesses to attend themed business information events, the expected outcome from the action to commit to the Enterprise Zone Skills Strategy and the impact of the number of vacancies within the Development Management Team on their ability to provide fast track pre-application advice. In response to Members' comments regarding the absence of any clear measureable targets within this theme which can be used to demonstrate progress, the Executive Councillor for Strategic Economic Development and Legal has been asked to give further consideration to this in advance of the preparation of the report for the third quarter.

In terms of the key actions within the 'Ensuring we are a Customer Focused and Service Led Council' theme, the Panel has discussed the outcome of the Employee Opinion Survey and noted that the new Corporate Management Team will be working to address the issues

which have been raised. In view of the level of response to the consultation with local residents on the 2015/16 Budget process, Members have queried whether this is a worthwhile exercise and have noted the intention of the Executive Councillor for Resources to make the consultation more effective in future years. It has also been agreed that a copy of the full list of Facing the Future items will be provided to Panel Members in due course.

In terms of the development of the Council's website for consultation and engagement, having noted that the issues relating to the links between the calendar, database and the website have now been resolved, the Executive Councillor for Customer Services has been asked to provide details of the timeframe for the completion of this action. Members have also asked the Corporate Director (Services) to provide further information as to how the sample will be selected for the twice yearly postal survey of customers using the Council's Call Centre.

Finally, the Panel has discussed the mechanisms for removing actions from the performance report once they have been completed. Members are of the opinion that items should not be removed from the report until it has been agreed by the relevant Overview and Scrutiny Panel.

25. TREASURY MANAGEMENT REVIEW OF PERFORMANCE: 6 MONTHLY REVIEW

In order to fulfil its role of overseeing the management of the Council's financial investments and borrowing, the Panel has reviewed the Council's treasury management activity for the period 1st April to 30th September 2014. The report has been considered by the Cabinet and appears elsewhere on the Council Agenda.

26. GROWTH DEAL ROUND 2 (STRATEGIC ECONOMIC PLAN UPDATE)

The Panel has received an update on the preparation of a response to the second round bidding process for Government Growth Deal funding. Following the disappointing outcome from the submission of bids in round 1, a collaborative approach led by the District Council has been adopted for the second round bid. The Panel has congratulated District Council Officers on their achievements in preparing a bid in the time frame which was available.

Having been advised of the specific projects relating to Huntingdonshire which form part of the bid, Panel Members have noted that it had been difficult to predict the likely award of funding from the exercise as the Government's priority themes and the size of the funding pot are unknown

In considering the contents of the report, Members have acknowledged the positive benefits which have been achieved from the collaborative approach in terms of improved future working relationships with the Local Enterprise Partnership. Members have

also discussed the accountability and transparency of the Local Enterprise Partnership and future development at the Ramsey Northern Gateway. The Executive Leader has reiterated the importance of promoting growth in this area in a positive way when the opportunities emerge.

Having noted that the outcome of the second round bidding process is expected to be announced in December, the Panel has requested a further up-date in due course.

27. PROJECT CLOSURE REPORTS

The Panel has reviewed the closedown report for the development of the Multi-Storey Car Park in Huntingdon and the re-development of facilities at One Leisure, St Ives. The report outlines the lessons which have been learned from the roll-out of the schemes and also outlines improvements to the Council's project management arrangements going forward. These are designed to ensure that capital projects are subject to appropriate appraisal and governance procedures in the future.

Having welcomed the candour of the report, the Panel has discussed a number of the issues emerging therefrom with the Executive Leader, the Council's Managing Director, Monitoring Officer and Section 151 Officer. These include Members previous reservations about the projections incorporated within the business plans for both projects and the extent to which these had been taken into account during the decision making process, the responsibility and accountability for authorising schemes to proceed, the reasons for the problems which had emerged, the role of the multi-story car park in the overall investment programme for the town centre and recent media coverage on the subject. Members have been advised that whilst both schemes had been considered by Overview and Scrutiny, the Cabinet and the full Council, on these occasions there had been a clear failure in process. The Overview and Scrutiny Panels will have an important role pre-scrutinising future schemes.

To enable Panel Members to give further consideration to the issues emerging from the report, to obtain assurances that improvements have been made to Council processes and to test the robustness of the Council's approach, the Panel has agreed to establish a Select Committee to review the issue of project management in the New Year. It is envisaged that the Select Committee will report its findings, together with any proposed recommendations, to the Cabinet and to full Council in April 2014.

A study template has been agreed, which identifies the Select Committee's terms of reference and other parameters of the investigation. Specifically, the Committee will:

- review the Council's project management arrangements in the wake of the issues highlighted by the One Leisure St Ives and Huntingdon Multi-Storey Car Park Close Down report;

- test the robustness of the Council's new project management toolkit and governance arrangements;
- consider how lessons learned have been addressed, and
- determine whether any further improvements are required.

At the meeting in December, the Panel has received a demonstration of the Council's programme and project management toolkit and various aspects of it have been examined. Members have received assurances that the tools contain safeguards to prevent unauthorised amendments to projects. These are augmented by the fact that project boards and the Programme and Project Governance Group will oversee projects at different levels. The toolkit creates an audit trail, which will enable those who are responsible for decisions to be held to account. Having commented on the need for the toolkit to be flexible and emphasis to be placed on the financial implications of projects and of not completing them as planned, the Panel has welcomed the appointment of Laura Lock as Programme and Project Manager.

The Select Committee will refer to the information presented during the demonstration. It will also make recommendations on Members' involvement in project management.

28. ZERO BASED BUDGETING

The Panel has received a detailed description of the Zero Based Budgeting (ZBB) process in preparation for setting the 2015/16 Budget and the Medium Term Financial Strategy. Through ZBB eventually every service area will be examined. To date, savings of £0.916m have been identified; however, this reduces to £0.196m when corporate costs are taken into account. The Panel has examined when these costs include and how they appear in the financial information they receive. Members also have discussed the discrepancy between the Establishment List maintained by Human Resources and the Salaries Budget. This is the result of posts being held vacant. Measures will be put in place to ensure the two are "in balance" in the future.

The Panel has discussed in detail the ZBB process in respect of One Leisure. A strategy has been developed for the service to breakeven next year and a target has been set to achieve a return of 5% by 2016. An important part of this is creating sound turnover and expenditure predictions. Members have been assured that there will be no loss of leisure service provision. On that subject, it is generally agreed that the Council cannot continue to do everything it always has and the way it does things also will change.

The Cabinet has decided to expedite the ZBB process. It will now be completed two years earlier than originally planned. Additional temporary external resources will be required to achieve this. The Executive Councillor for Resources is confident that this will be cost effective as it will bring forward the efficiencies.

The Executive Councillor for Resources also has expressed the view that the ZBB process is robust, the Executive Councillors have been engaged and that it will help them better to understand their services. Overview and Scrutiny will then be in a position to scrutinise them on their services' operational and financial performance. The outputs and outcomes that will result from the ZBB process will be reported to the other Overview and Scrutiny Panels as appropriate.

The Panel has noted that some services have put considerable work into their star chamber appearances and have achieved savings that are reflected in budgets that will be put forward for adoption. Other services have been asked to carry out additional work and re-submit their budget proposals.

The main issue that has arisen during the process is the inability of the Council's information systems to produce management information. An action has been identified to address this.

In conclusion, Members are content with the ZBB process. They have noted the variance in the Establishment from the Salaries Budget and are satisfied that it has been recognised. The Employment Panel will monitor this going forward. The Panel looks forward to scrutinising Executive Councillors on ZBB shortly and will focus on the weaker areas.

The Panel supports the revised timetable and has requested information on whether the decision to recruit additional temporary external resources achieves value for money.

29. FACING THE FUTURE – UPDATE

The Panel has been acquainted with the status of the ideas identified through Facing the Future. Financial information on the ideas will be presented to Members in February/March 2015.

Other Matters of Interest

30. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel has received the current Notice of forthcoming Key Executive Decisions, which has been prepared by the Executive Leader. In recognition of the Panel's interest in the Huntingdon West Masterplan and the Huntingdonshire Infrastructure Business Plan, it has been agreed that Panel Members should be invited to attend the Environmental Well-Being Panel when these items are discussed.

31. OVERVIEW & SCRUTINY PANEL (ECONOMIC WELL-BEING) – PROGRESS

The Panel has reviewed its programme of studies. In terms of the future work programme, Members have noted that a presentation will

be received on the prosperity and vitality of the Market Towns. An update on the Facing the Future programme will also be presented and Members are of the opinion that there is a role for the Panel in monitoring where savings have or have not been made. The Panel will also invite the new Chief Executive of the Local Enterprise Partnership to give a presentation on its Business Plan once s/he has been appointed.

32. SCRUTINY

The Panel has received the latest editions of the Decision Digest and discussed matters contained therein. Having discussed whether the Digest adds value to the Panel's discussions, it has been agreed that it should be retained as an Agenda item but dealt with 'by exception' rather than being considered in its entirety.

R Harrison
Chairman