

Overview and Scrutiny Management Committee
9 November 2006

CORPORATE RECOVERY SCRUTINY TASK GROUP – FINAL REPORT

Purpose

- (1). This report is a summary of the work undertaken by the Corporate Recovery Task Group between July-October 2006.

Membership

Mr WR Moss (Chairman)	Conservative member for Alderbury
Mr PCB Coleman	Liberal Democrat member for Chippenham North
Brigadier RWS Hall	Conservative member for Bedwyn and Collingbourne
Mr JB Osborn	Liberal Democrat member for Trowbridge West
Mrs JH Rooke	Liberal Democrat member for Chippenham West
Mrs M White	Labour member for Melksham

Terms of Reference

- (2). The Task Group was formed in response to the Corporate Financial Recovery Plan, approved by Cabinet on 23 May, with the following terms of reference:
- (i) *To scrutinise the details of the Executive's proposals in the Corporate Recovery Plan as they are developed and consulted upon with a focus on options, service implications and impact on users.*
 - (ii) *To provide a forum to reflect the voice and concerns of communities and the public, and a focus for non-executive member views on specific service issues.*
 - (iii) *In the first instance, to hold meetings at suitable times in order to give views and make recommendations direct to Cabinet on the detail of the proposals relating to the current year in advance of its meetings on 20 June and 25 July.*
 - (iv) *To be aware that the proposals for increased challenge in respect of budget content and monitoring were set out as recommendations in the annual report of the Budget Process Scrutiny Task Group, and that this existing standing Task Group*

was also pursuing the issue of financial management in the Department for Adult and Community Services.

Evidence Gathering:

- (3). The Task Group met on four occasions, adopting a departmental approach to scrutinising progress against the Corporate Recovery Plan (CRP):

Date	Scrutiny Area	Witnesses
July 13	Environmental Services Department	Miss MF De Rhé-Philipe – Cabinet Member Mr George Batten – Director Mr Chris Norris – Group Finance Manger
July 19	Department of Children and Education Department of Finance and IT Restructuring of Central Departments	Mr Bob Wolfson – Director Mr Tim Gregory – Head of IT Dr Keith Robinson – Chief Executive
August 25	Restructuring of Central Departments	Dr Keith Robinson – Chief Executive
October 5	Department of Adult and Community services	Mr J Thomson – Cabinet Member Mrs MJ Douglas – Cabinet Member Mr Ian Davey – Interim Director Mr Tony Dixon – Interim Head of Recovery Mr Keith Hillman – Assistant Director

Findings

- (4). The Corporate Recovery Plan (CRP) Matrix acted as a framework for the review. The Task Group took the savings listed in the CRP and questioned Officers/Cabinet Members on progress towards achieving the desired recovery measure.

Environmental Services Department (ESD)

- (5). As part of his briefing on July 13, the Director of ESD provided members with a report that detailed the departmental savings listed in the CRP. Included in the report was a progress position against each target. The Director also emphasised that the ESD savings were one off contributions and the expectation was that these would not be removed from the base budget in the next financial year.
- (6). The total departmental savings identified was £1.459m, with the first three areas listed part of Corporate Contracts i.e. furniture, training and agency staff. The Director was confident that the savings targeted against furniture and training could be met, but stressed that there would be a negative impact on staff development if these savings were required next year. The ESD component from the target to 'Reduce Agency Costs' was not confirmed at the time of the meeting. This was because the 5 framework contracts, which were estimated to deliver £400k annual savings corporately, had not at that stage been finalised. The delay would now prevent full year savings being realised, which would impact on the CRP target. The Task Group raised concern that maverick spend outside the framework contracts, where staff hire agency staff independently, would negate the efficiencies the agreement could deliver.
- (7). When considering the other areas of savings, members were satisfied that the £600k taken from the Highways Structural Maintenance budget would be realised but would have found it beneficial to have been aware of the schemes that would have been funded if the £600k was available.
- (8). By introducing a partial recruitment freeze and by launching a programme of reorganisation, the Director was confident that the department could realise the £500k target against staffing. However, full reorganisation was temporarily on hold subject to the Chief Executive's restructuring of central departments. In response to this the Task Group agreed to invite the Chief Executive to attend a future meeting.
- (9). George Batten explained that the final savings in the areas of Passenger Transport and Regeneration would both be met, but one potential negative impact could be a reduction in the number of bus services supported by the authority.

Department For Children and Education (DCE)

- (10). The Director for Children and Education attended the Task Group meeting held on July 19; unfortunately the Cabinet member was unavailable due to other commitments. The Director supplied members with a report that highlighted in detail the DCE savings, with £574k currently identified and a further £139k required to reach the department target of £713k.
- (11). Like ESD the first 3 savings areas were taken from the Corporate Contracts of furniture, training and agency staff. The Director was in a position to identify DCE savings of £130k from a reduction in the Agency Staff Budget. This figure was challenging as DCE currently did not have a budget for agency staff, with savings arising from permanent vacancies used to fund this area. The Task Group raised the question of whether the issue of vacancies had an agreed corporate policy, and it was confirmed that this was being discussed at the Corporate Management Board.
- (12). Considering the savings would be met from SEN Transport, the main concern of the members was towards the welfare of the children being transported. Questions were raised about the journey times and the support children being moved from taxi to bus transport would receive. The Director also emphasised that although savings in this area should be achievable it was difficult to guarantee. This was because the numbers of children requiring transport could change and the health and safety needs of users may necessitate alternative transport arrangements, resulting in further costs.
- (13). Members noted the 2 further areas identified for savings but questioned where the outstanding £139k would be found. The Director discussed the possibility of realising this figure from the maternity budget and premature retirement costs, but highlighted these areas are traditionally unpredictable in terms of numbers. Other potential savings areas could come from looked after children or travel budgets.

Department of Finance and IT

- (14). Tim Gregory, Head of IT, also attended the July 19 meeting to brief the Task Group on progress towards achieving the savings set against IT and their relationship with the Ways of Working (WoW) programme.
- (15). The Task Group noted that the 3 savings areas for IT had all been realised, equating to a total figure of £708k.
- (16). Tim Gregory also explained that he had recently been given responsibility for the WoW programme, which when implemented would allow more extensive flexible working across the Authority. The Task Group were given a copy of the key programme targets, drafted for inclusion in the new Corporate Plan. The WoW programme would

not feed into the CRP 06/07, but was planned to generate efficiencies in productivity, staff retention, sickness levels and property costs, with an implementation timescale of 2/3 years. The critical factor that would determine how successful WoW could be was the ability of the organisation to adapt to the required cultural change.

Organisation of the County Council

- (17). The Task Group invited the Chief Executive to provide a briefing on the potential impacts on the CRP following the decision to reorganise the County Council, as approved by Cabinet on 25 July.
- (18). The Chief Executive informed the Task Group that the reorganisation was part of a longer term project that would have a pay back period of 2.5 years, with the County Council fully sustainable by 2008/09. Dr Robinson emphasised that the relationship the new Department for Resources had with the other departments was critical i.e. avoiding moving too much towards centralisation, whilst supporting disparate service delivery.
- (19). The Chief Executive returned to update the Task Group on August 25. Focus was given to the transitional arrangements in place until the new Directors were in post. Members were satisfied with the transition plan, but did voice concerns at the increase workload given to senior staff, with the Monitoring Officer cited as a key example.

Department of Adult and Community Services

- (20). The Task Group had been circulated with the agenda for their 5 October meeting, a copy of the CRP matrix submitted to Cabinet on 5 September showing a target for DACS of £5.928m with work in progress against this target of £1.609m. It also received with its agenda further information from DACS explaining in more detail the various recovery measures. This updated the position and showed work in progress savings of £3.479m (and savings into 2007-08 of £5.034m).
- (21). Following discussions with John Thomson, Cabinet Member in advance of the meeting, further information was tabled showing that against a DACS recovery target of £7m (total cost pressures of £11m less corporate savings of £4m), £5.300m of savings and reduction in cost pressures had been identified leaving a balance of £1.700m to be found (see appendix 1 to this report). This included £2.786m of savings additional to those in the recovery plan. The most up to date DACS entry for the corporate recovery matrix for next Cabinet was also made available.
- (22). The Cabinet Members and Acting Director and supporting officers spoke at some length about reporting and calculation of the latest position including within the total cost pressures the inclusion of the original £3.819m savings and efficiencies agreed by Council in setting

the 2006-07 budget (see appendix 2 to this report). It was also reported that some of the original areas identified for savings in the matrix were now not being pursued in the current year as it was felt that effort and resources were more effectively applied elsewhere. Reference was also made of the availability of information on the Council's website.

- (23). The Task Group commented generally on the difficulty for non-executive members in being able to keep abreast of developments particularly on the work being done outside of the recovery plan. On that issue they sought explanation of "central adjustments" which related to contingency, and "reduced overspending" which related to cost management and staff vacancy control. It was expected that this information would begin to be shown within the budget monitoring information going to Cabinet (and the Budget Scrutiny Task Group). The Task Group also explored the relationship between the "triangle of care" for the future and the current recovery measures.

Service Users

- (24). The Task Group focused its discussion on the first 4 lines of the service users section of the matrix where the largest of the savings were anticipated. These covered Continuing Health Appeals, High Cost Placements, Care in Community Reassessments, and Capital Disregard/Self Funders which had a combined target of £3.645m with work in progress savings to date of £1.500m. The Cabinet Members and officers hoped that by year end the savings would be much closer to the target but the unpredictability of the outcome of reassessments and appeals made it difficult to forecast the year end position - hence the risk still shown as red and amber. However the specialist team put together to represent the County Council in such cases had been gaining positive outcomes. The Task Group recognised that success in appeals and high cost placements resulted in big swings in these figures but equally new cases later in the year could have the opposite effect. So although the revised position was welcomed it was accepted that caution needed to be exercised, as well as continued effort by all involved in pursuing recovery in areas both shown in the matrix and additional to it. The Cabinet Members were keen to highlight the grey area that exists between health and social care responsibility and the impact this has on the Council's ability to financially plan and manage the DACS budget.

Conclusions

- (25). The Corporate Recovery Task Group has successfully provided a forum to scrutinise the Executive's Recovery Plan and challenge Chief Officers/Cabinet Members on their recovery plans. By achieving this, the Task Group has met its terms of reference, and on submission of the final report to Cabinet (October 17), will conclude its work. The fixed inclusion of the matrix on the Cabinet agenda and departmental savings on budget reporting provides continued accessibility for the

non-executive to the Corporate Recovery Programme, and hence allows members to monitor progress and provide challenge.

- (26). Within the evidence gathering process members found it difficult to track the movement in the DACS financial position from the advance information they had which became outdated very quickly. There appeared to be a significant shift from the information supplied to Cabinet on 5 September to that tabled at the Task Group on 5 October. The overall position showed a dramatic improvement although a major contributing factor was the inclusion of savings found beyond the matrix recovery measurements. However, encouragement should be given to all those involved in this work which appeared to have strong political leadership and the positive support of the officers, and this should be acknowledged.
- (27). The Task Group noted that targets for DACS had already been achieved in a number of areas some with base budget reductions. Targets had also been exceeded in a few planned areas most notably Learning Disability (supported housing, maximisation of grant and provider services). Where target DACS savings in the matrix were not being pursued in the current year (in favour of other areas), it was made clear that rigorous activity would continue into 2007-08 and beyond.
- (28). The Task Group was concerned about the potential impact of the recovery measures on DACS clients but recognised that revised eligibility criteria and reassessment was necessary in order to achieve sustainable social care services into the future. An increased reliance on community/universal services brought potential risks and the transition would require careful management.
- (29). The review also identified that the majority of savings from outside DACS were short term solutions, or generated from contracting efficiencies e.g. the IT Support Contract. If further savings were required in the next financial year there would be a significant impact on departments. For example the commitment of ESD to develop staff from within, by encouraging academic training, would be threatened.
- (30). The Task Group had specific concerns regarding the outstanding £139k to be found by DCE and the impact caused by the delay in finalising the agency framework contracts. The members noted the October 2006 CRP matrix, which included a confirmation by DCE to identify the outstanding savings by the end of November 2006, and also the amber risk set against Agency Savings.
- (31). Finally, it was emphasised throughout the review that CRP was focussed towards recovery. Outside the CRP the Authority is attempting to become fully sustainable by 2008-09. The Task Group acknowledge the need for better business focus, improved long term financial planning and ownership of efficiency targets, and recognise

the critical role the future Director of Resources will have towards realising these goals. One of the largest savings areas could be generated from the Ways of Working programme but the Task Group accept that this will require real cultural change, if to be successful.

Recommendations

- (32). The work of the Task Group was designed to be a commentary on the context of the CRP and progress (to date) against its targets. As such, the recommendations do not suggest significant change. However the Task Group felt sufficiently compelled to draw from its conclusions the following issues (paragraphs 33- 39) which the Cabinet should consider and either note or pursue as necessary.
- (33). To acknowledge the efforts being made by departments in working towards recovery and the volatile nature of a number of budget areas, particularly in DACS, with the potential for significant shift on the final outturn position.
- (34). To recognise that financial progress towards recovery would be reported through budget monitoring information (and the corporate matrix) in future and therefore ask that the Budget Scrutiny Task Group take up challenge on these issues as part of its overall responsibility.
- (35). To remain concerned about the potential impact of recovery measures on existing clients, and particularly those that will no longer be eligible to receive a service in future but directed to other forms of support.
- (36). To assist members monitor progress on the CRP Matrix the Task Group recommend that the savings listed are given a unique reference number.
- (37). To avoid the use of maverick spend outside framework contracts, the Task Group support the enforcement of the Council's Corporate Procurement Strategy.
- (38). To note the role the Ways of Working Project has in contributing towards delivering financial sustainability and the need for cultural change to support this goal.
- (39). To recommend that the Overview and Scrutiny Management Committee receive report(s) to a future meeting(s) about:
 - (i) *DACS - transitional arrangements for clients,*
 - (ii) *DACS - development of the local voluntary and community sectors in Wiltshire,*
 - (iii) *DACS - future involvement of users and carers, and*
 - (iv) *management of staff vacancies (need for corporate policy).*

CORPORATE RECOVERY SCRUTINY TASK GROUP

Report Authors: Paul Kelly and Ceri Williams, Scrutiny Officers