



**VALUE FOR MONEY SCRUTINY
COMMITTEE
23 FEBRUARY 2015**

PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)

Councillors Mrs J Brockway (Vice-Chairman), P M Dilks, I G Fleetwood and R B Parker

Councillor Ray Morgon, London Borough of Havering attended the meeting as an observer

Officers in attendance:-

Andrea Brown (Democratic Services Officer), David Forbes (County Finance Officer), David Hair (Team Leader - Scrutiny and Member Support), Judith Hetherington Smith (Chief Information and Commissioning Officer), Sara Johnson (Business Operations Manager), Tony McGinty (Consultant Public Health Children's), Jasmine Sodhi (Performance and Equalities Manager), George Spiteri (Commissioning Performance and Assurance Manager) and Karen Tonge (Treasury Manager)

41 WELCOME

The Chairman welcomed all present to the meeting and introduced Councillor Ray Morgon of the London Borough of Havering who was in attendance as an observer.

42 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors C E D Mair, Mrs M J Overton MBE and P Wood.

No replacement members were in attendance.

43 DECLARATION OF COUNCILLORS' INTERESTS

No declarations of Councillors' interests were received at this stage of the proceedings.

44 MINUTES OF THE MEETING OF THE VALUE FOR MONEY SCRUTINY
COMMITTEE HELD ON 27 JANUARY 2015

RESOLVED

That the minutes of the meeting of the Value for Money Scrutiny Committee held on 27 January 2015 be confirmed and signed by the Chairman as a correct record.

**45 COUNCIL BUSINESS PLAN 2012-2015 PERFORMANCE REPORT,
QUARTER THREE 2014/15**

Consideration was given to a report of the Executive Director for Finance and Public Protection, which summarised the performance against the Council Business Plan 2012-2015.

Jasmine Sodhi, Performance and Equalities Manager, introduced the report and referred to some of the highlights in the performance for Quarter Three. It was noted that 80% of performance indicators were better than or within target. Two performance indicators were worse than target for the first time:

- Percentage of household waste recycled and composted which had been projected to be below target due to reduced composting in the winter months, there had also been 1% approximate increase in non-recycled waste this year;
- Number of people supported to stop smoking, where lower level of activity and promotion were impacting performance.

Three performance indicators were better than target for the first time:

- People killed or seriously injured in road traffic collisions, the trend was expected to continue into Quarter 4;
- People successfully completing an exercise referral programme with a 7% increase in performance based on June 2013. North Kesteven and East Lindsey had seen the highest overall completion rates in the county; and
- People supported to better manage their physical condition through the wellbeing service, 92% felt that their needs had been met following contact with service providers.

During discussion, the following points were noted:-

- It had been suggested to the commissioning lead for recycling and composting that the decline may have been seasonal due to the reduction in composting in the winter months;
- The majority of complaints were resolved within Stage 1 of the process and both highways and libraries had seen a decrease in complaints. Adults and Social Care had seen a slight increase in complaints with Children's Services complaints decreasing slightly;
- It was noted that a number of complaints in relation to highways, in particular the Eastern Bypass Proposals, had been submitted but these did not seem to be included within the figures nor acknowledged as formal complaints. It was thought that correspondence in relation to the Eastern Bypass may have been dealt with separately but confirmation would be provided following the meeting;*
- In relation to the number of Library interactions, it was clarified that this was not necessarily just the footfall within libraries but also included visitors to the website;

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- The report suggested that there may be an ongoing issue in the Boston area in relation to deliberate primary fires. Officers were asked to provide some additional background detail to those figures;
- Following a request for clarification, it was confirmed that the Value for Money Scrutiny Committee would refer any concerns regarding particular programmes or priorities to the scrutiny committee responsible for that area, thereby avoiding any duplication;
- It was noted that the Case Management Partnership Programme (CMPP) was flagged as red in the January report due to the work involved in relation to the data migration programme, which was extremely detailed. There had been some delays in the preparation for the build of the data within Children's Services, due to Ofsted being on site for four weeks. The data had now been received and the process had begun to upload and test it. As a result of this delay it was unknown at present if the target would be met;
- The migration of this work was expected to take around five days and it was felt to be best to do this over the Easter weekend as this would reduce the impact on social workers. Staff continued to work hard to meet the target but should this not be met, migration would take place the following weekend. Contingencies were being considered should any other issues be faced;
- The Future Delivery of Support Services (FDSS) programme had seen the biggest change, with Pensions administration transferring to West Yorkshire and Health & Safety responsibilities being brought in-house. The Serco contract was going well, with the Agresso system in the user acceptance testing stage currently and being well received. The payroll parallel runs were also ongoing and going equally as well and it was expected that this would, successfully, go live on 1st April 2015. A TUPE consultation was being conducted at present but on the whole it was considered that this programme was in a good position;
- The Eastern Relief Road and Grantham Southern Relief Road schemes had not been materially delayed, therefore no costs have been apportioned as a result of the delay. Detail of the delays could be provided to the Committee should that be necessary;
- Members requested reassurance that all letters of complaint were dealt with appropriately, even if they did not mention the words "formal complaint";
- If a complaint was received directly into a department, it was asked if those members of staff were aware of the process, i.e. that they were to be logged by the Customer Service Centre, or were they being missed? It was agreed that reminders to all staff would be circulated regarding the proper process.

David Forbes, County Finance Officer, introduced the Finance section of the report and, during discussion, the following point was noted:-

- In relation to the "A16/A1073 Spalding to Eye Road Improvement", it was asked if the overspend of £4.6m may be claimed back. It was explained that the Government had no fixed price contribution and that this overspend was a result of land compensation claims and not as a result of building the road itself.

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RESOLVED

That the report be noted and relevant comments passed to the Executive for their consideration.

46 TREASURY MANAGEMENT UPDATE 2014/15 - QUARTER 3 REPORT TO
31 DECEMBER 2014

Consideration was given to a report of the Executive Director of Finance and Public Protection, which detailed the Council's treasury management activities for 2014/15 to 31 December 2014 and compared that activity to the Treasury Management Strategy for 2014/15.

Karen Tonge, Treasury Manager, introduced the report to the Committee, highlighting relevant areas for consideration.

During discussion, the following points were noted:-

- Mark Carney, Governor of the Bank of England, had set the employment limit at 7% but was now more concerned about deflation as their belief was that the interest rate would not increase this year;
- Quantitative easing within Eurozone had been introduced as there was sufficient concern about the major Eurozone economies. It would keep interest rates low but would have a knock on effect to other major economies such as the UK and so this had been factored into the forecast;
- At the time LOBO's were taken, they were cheaper than the equivalent lengths of PWLB at that time. It was a calculated risk should they be called in in 12 years but, at the time they were taken, it was unlikely that this would happen;

RESOLVED

That the report be noted.

47 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL
INVESTMENT STRATEGY 2015/16

Consideration was given to a report of the Executive Director of Finance and Public Protection which gave the Committee the opportunity to consider the Treasury Management Annual Statement and the Annual Investment Strategy.

Karen Tonge, Treasury Manager, and Chris Scott, Director – Sector, introduced the report, highlighting relevant areas for consideration and asked the Committee to note that the table on page 100 would be changed to reflect the new forecast. This was due to the CLG abolishing PWLB Commission and renaming it based on government reorganisation.

During discussion, the following points were noted:-

- The forecasting movement in the third may not materialise but it was not anticipated that there would be a lot of change in how the strategy had been adopted this year. Long term investments would not be made if it was thought the rates would increase midyear;
- Incendi, the Fire Service company, had a revolving credit facility, similar to an overdraft facility, where they could drawdown an amount of money from the Council should it be required. This facility was available on a daily basis with the interest calculated accordingly. It was explained that Councillors Marc Jones and Peter Robinson, along with fire service representatives, were directors of this company. This corporate status allowed Incendi to trade in areas which the County Council were unable to. It was stressed to the Committee that, although the cash flow was available to be drawn down, this had not yet been necessary;
- Despite the US economy improving, its Sovereign Rating had not been increased to AAA therefore the Authority were unable to reinstate them on to the approved lending list. It was explained that an upgrade in rating would not happen as quickly as a downgrade as a number of factors were to be considered;
- The Council bank with Barclays on a day to day basis but no money was left in the account overnight as no interest would be earned. The Treasury Manager ensured that there was no money in the account overnight thereby alleviating the risk of banking with Barclays who had a lower rating;
- It was stressed that the strategy needed to reflect and adapt due to the ever changing financial situation. A sensible list of counterparties had been agreed and Chris Scott, Sector, advised that this list was more prudent than some Councils but reflected the Council's risk appetite;
- There was previously an assumption that the Government would underwrite the banks but with reduced confidence in this belief the rating uplift had been removed;

RESOLVED

That the report be noted.

48 VALUE FOR MONEY SCRUTINY COMMITTEE WORK PROGRAMME
2015

Consideration was given to a report of the Director responsible for Democratic Service which provided the Committee with the opportunity to consider the work programme for the coming year.

Due to the impending General Election and the lack of business for the meeting scheduled for the 28 April 2015, the Chairman proposed that the meeting be cancelled unless some pressing business was presented.

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It was suggested that an initial update on the Serco contract be considered at the meeting scheduled for 23 June 2015 and that an invitation to present that item be sent to Judith Hetherington Smith, Chief Operating Officer.

RESOLVED

1. That the report be noted;
2. That the meeting on 28 April 2015 be cancelled unless pressing business be presented;
3. That an update on the Serco contract be added to the Work Programme for the meeting of the Committee on 23 June 2015.

The meeting closed at 11.58 am