

**PERFORMANCE AND STRATEGY SCRUTINY COMMITTEE  
FRIDAY 10 FEBRUARY 2012**

This second additional meeting of the Performance and Strategy Scrutiny Committee gave Members an opportunity to ask questions of the Leader (and other Cabinet members) to increase their understanding of the reasoning behind the budget proposals being recommended to Council on 23 February 2012. The intention behind the meeting was to focus on the bigger picture of the Financial Strategy, the coming years, the future pressures and how the executive plans to position the authority within this context.

Financial Strategy 2012/13 to 2020/21, including Phase 3 savings 2012/13 and 2013/14.

The Chief Executive provided a brief **overview of the current financial climate** and stressed its uncertainty and volatility. He stated that, given current funding levels and shifts in funding, the Council could no longer plan with certainty and its ability to predict had reduced resulting in the need for caution, prudence, quality planning for the future and an adequate level of reserves as a cushion for unforeseen circumstances.

The Committee noted that the last 12 months had comprised front loaded cuts to remove inefficiency without any noticeable effect on the quality and scope of frontline services. In 2012 and 2013 a radical rethink of service delivery was necessary in order to drive down costs and new models and prototypes would be tried and tested during this period.

The Chief Executive added that there would be a second wave of austerity measures with an anticipated 20% cut in 2014/15 and the Council was restructuring in the light of these assumptions. Members noted that some 30% of authorities were preparing in this way in order to manage the level of risk and to maintain the quality of provision and 'get things right'. The Leader of Council praised the work of the Council so far and added that increasing the level of reserves represented a prudent approach.

A Member drew attention to the recommended allocation of £0.85M to provide **additional resources towards the Council's transformation programme** could be better used to ameliorate the Council's current funding position and further suggested that the Council should take more steps to renegotiate costings of future **contracts**. The Leader assured the Committee that all contracts were being scrutinised and negotiated downwards as far as possible. The Chief Executive confirmed that greater value was being sought and that more detail in this area was being planned in the next 3-year financial plan with the groundwork being done at this time.

Referring to the **transformation process**, the Chief Executive stressed that the rate of return was above industry standard and savings were continually being identified. Members noted that the transformation programme was

supporting a wide range of change service by service and failure to invest would result in the longer-term plan being rendered undeliverable.

Members commented on the vast dichotomy between the levels of savings required from local government [20-30%] compared with the level at central government [approx 8%]. The Chief Executive stated that local government had undergone a high level and rapid degree of change/transformation and its plans would eke out the second wave of cuts without compromising the services offered.

In answer to a Member's questions, the Leader explained that it was vital that the Council invested in transformation now in order to achieve savings in the future. He commented that change offered improvement. The Chief Executive commented on the dialogue that had been opened with partners to investigate the ability to integrate services at a local level and remove unnecessary waste and duplication between organisations.

The Chief Executive drew attention to two major challenges:

- The management of acceptable risk; and
- The management of public expectation i.e. the importance of dialogue with the public to explain changes in service delivery that form part of the transformation process; the development of community resilience i.e. doing more for yourself and your neighbours.

In answer to Members' concerns on the **level of risks** associated with the Council's priority outcomes [paragraph 5.1.2 of the report], the Chief Executive stated that scrutiny had a vital role to play in the risk process as it could look at transformational changes and the associated risks on a service-by-service basis. The Chief Executive assured Members that the transformational plans would be available in the coming weeks together with the linkages between each plan.

It was recognised that the timing of future scrutiny was important as some areas may take a few months to bed down and be appropriate for any meaningful scrutiny. Cabinet's own monitoring processes would help to ensure that there were sufficient levels of change management in the system and any areas identified by cabinet should result in rapid corrective action within 2-3 months.

The need to take the public 'on the journey' was recognised as vital and a fundamental part of the transformation process. The Chief Executive agreed that some 'quick wins' needed to be identified in the coming months to illustrate how the Council was making changes that were palatable to service users. He stressed that the future role of the Council would be to facilitate and co-ordinate help rather than to be the sole provider i.e. to help people to help themselves.

However, a Member was extremely concerned that the Council would be reduced to a body handing out contracts to private enterprise in years to come and that its decisions were based on ideological as well as economical factors. He stated that he did not believe that the public were yet feeling the impact of the cuts proposed by the Council and that the dialogue between the Council and the public was negligible.

Referring to **Council Tax**, he considered that a dialogue should be opened with the public to ascertain whether they may be prepared to pay more in order to retain a certain level of service rather than assuming that the Council's commitment to see no increase in Council Tax mirrored the public's view. The Leader refuted this view and stressed the need to increase the level of the Council's balances in order to militate against risk and the public's wish to see the level of Council Tax remain under control. It was noted that 152 councils had agreed to freeze or reduce their Council Tax levels.

The Leader drew attention to positive issues amongst the budget savings, for example the £0.5M budget to the Local Joint Committees that was allocated to local organisations by local representatives. The Chief Executive commented that all elements of capital needed to be taken into consideration particularly in difficult financial circumstances and recognised that concentration was given to financial capital often to the detriment of social, environmental and intellectual capital. He added that the Council needed to look at other funding opportunities, other ways of doing things and to recognise the positives that could be gained from local control. Members agreed that the Council needed to be proactive in its dealings with local people in order to work together to get things done for the benefit of the local community.

#### Phase 3 savings 2012/13 and 2013/14.

The Committee re-visited the phase 3 budget savings from its meeting on 2 February 2012.

In answer to a Member's concerns on **Personal Social Services**, the Financial Advice Manager stated that the figure shown did not include the additional £7M from the NHS. The Chief Executive explained that this funding would be passported to the Council to be used for transformational change to social care and was shown in the social care transformation plans.

Referring to the **Health and Wellbeing Board**, the Financial Advice Manager explained that the Board had a role to play in shaping future health provision in the county and would influence the decisions made by the Clinical Commissioning Board and the Police Commissioners Board (in drug use etc).

In the light of recent media comment, the Corporate Head of Legal and Democratic Services explained that current case law had to be used when

dealing with issues relating to, **residential and nursing homes** until such time as the ongoing legal case had concluded.

Issues were again raised regarding the use of the **pupil premium** for outside activities and a Member suggested the merits of a Task and Finish Group to fully investigate the issues.

Increases to **post 16 transport charges** were again raised. The Portfolio Holder stated that the provision of post 16 transport was not mandatory. She drew attention to the seven day Arriva pass that had been discussed at the previous meeting of the Committee and suggested that scrutiny may wish to consider a future Task and finish Group on this issue in order to gauge the impact of this pass. She further agreed to investigate the anecdotal evidence cited at the meeting that over 16's empty place charge was to double from September 2012. It was noted that despite Members' concerns on this issue that Shropshire Council's post 16 transport was one of the cheapest amongst its neighbouring authorities.

Concerns were voiced about the proposed cuts to **music education** particularly as the service provided was excellent and well valued. In recognising the concerns raised the Portfolio Holder stated that the savings were being achieved by de-layering management and it was hoped that the service might become self-financing. It was noted that a regional bid for music service provision had been made to the Arts Council.

Referring to the loss of three **care home** posts, the Portfolio Holder advised that through staff reorganisation, this excellent service would not be in jeopardy. She assured Members that there was sufficient staff cover for all eventualities and that agency staff would be used only as a worst-case scenario. In answer to concerns regarding the gender spilt of care home staff, members noted that when interviewing for staff there could be no discrimination on the grounds of gender but the council was nevertheless mindful of the gender balance in this area.

The Corporate Head of Finance and Commerce re-iterated the comments she had made at the previous meeting relating to the need to develop commercialisation in the organisation and move to a more trading environment in a measured and consistent way.

Referring to **joint use leisure facilities**, the Portfolio Holder stressed that all options were being investigated for all relevant schools. The Area Directors would be able to provide additional, detailed information on the savings identified for each facility.

In bringing the debate to a close the Portfolio Holder for the transformation process stressed the essential and continued need for communication – to the public and to the Council's staff whilst recognising that the increased direction of travel was becoming more commercial i.e. the need to know the customer and fully understand, recognise and provide the customer's needs. He concluded that the way the Council did things in the future would reap the

highest level of saving and that the Council needed to continue to marshal its resources to be able to provide a 24/7 service.

Although understood by the majority, all did not accept this view. Some believed that the mould of the private enterprise was not the best way forward and that profit/private sector had a place outside the arena of public service.