

Minutes of the meeting of the Corporate Overview and Scrutiny Committee held on 24 July 2014 at 7.00pm

Present: Councillors Yash Gupta (Chair), Shane Hebb (Vice-Chair), Oliver Gerrish, Sue Gray (substitute for Councillor Val Morris-Cook), Barry Johnson (substitute for Charlie Key) and Robert Ray.

Apologies: Councillors Charlie Key and Val Morris-Cook.

In attendance: Mr S. Hudson – Chair of the Trustee Board of Thurrock Citizens Advice Bureau
Councillor John Kent – Leader of the Council
Councillor Richard Speight – Portfolio Holder for Communities
Councillor Rob Gledhill – Leader of the Conservatives
S. Cox – Assistant Chief Executive
B. Brownlee – Director of Housing
D. Bull – Director of Planning & Transportation
S. Clark – Head of Corporate Finance
R. Harris – Director of Adults, Health and Commissioning
M. Heath – Head of Environment
J. Hinchliffe – Head of HR, OD & Customer Strategy
C. Littleton – Director of Children’s Services
S. Welton – Strategy & Performance Officer
K. Wheeler – Head of Strategy & Communications
D. Toohey – Principal Solicitor
S. Cox – Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting was being recorded, with the audio recording to be made available on the Council’s website.

1. Minutes

The Minutes of Corporate Overview and Scrutiny Committee, held on 20 March 2014, were approved as a correct record.

2. Items of Urgent Business

The Chair advised the Committee that he had received one item of urgent business for the meeting, a Call-In to Cabinet Decision 01104302 ‘Shaping the Council 2015 and Beyond’, the documentation of which had been circulated to the Committee prior to the meeting and published online. The Chair stated that the call-in would be considered after Item 4 ‘Declarations of Interest.’

The Committee were also informed that one question from a member of the public had been received in relation to Item 6 ‘Budget Update and Savings

Proposals' and the Chair advised that the question would be taken directly before the agenda item to which it was related.

3. Declaration of Interests

Councillor Gupta declared a non-pecuniary interest in respect of Agenda Item 6 'Budget Update and Savings Proposals' as he was a voluntary trustee of Thurrock CVS, Thurrock Citizens Advice Bureau (CAB), Open Door, TRUST, Thurrock Asian Association, Thurrock Community Chest and Thurrock Faith Matters.

Councillor Hebb did not wish to declare a formal interest, but advised the Committee that he had been one of the three Executive Members to bring the Call-In to the Committee for consideration.

4. Call-In to Cabinet Decision 01104302 – Shaping the Council 2015 and Beyond

Councillor Gledhill briefly introduced the reasons for the call-in and outlined the alternative course of action and recommendation he wished to propose. Key points to note were:

- He felt that recommendation 1.3 in the original July 2014 Cabinet report was poorly worded and gave the impression of some form of predetermination.
- He called for the results of the consultations to be referred to full Council for consideration and agreement / refusal.
- It was felt that this was important to allow all Members to scrutinise and comment on the budget proposals.
- That full Council should have the opportunity to scrutinise and recalled that in the 2013/14 budget the £2.4 million overspend was underwritten by reserves.
- That Cabinet had agreed in July 2014 that over £400,000 of savings could be considered by Overview and Scrutiny and referred back to Cabinet for a decision, and this did not allow all Members to take part in the debate.

In response the Leader of the Council made the following comments:

- That the Constitution stated that it was within the remit of Council to set the budget framework (the budget envelope) and that it was in the scope of Cabinet to make decisions as to how the budgets were allocated and used within the year.
- That given the fact that Cabinet were able to make these decisions, the greater debate surrounded whether it was fair.
- That Members were involved in the budget setting process and had the opportunity to comment as the results of the consultation were being scrutinised by Overview and Scrutiny before being referred to Cabinet.
- That it was prudent for Overview and Scrutiny and Cabinet to be involved in the budget setting process as the Council could not afford

to wait before taking action if the required budget savings were to be achieved before the next financial year.

The Principal Solicitor explained to the Committee that there were a number of clauses within the Council Constitution which set out the framework for decision making, specifically Chapter 3, Part 3. The Committee were advised of the distinction between Council and Cabinet functions, and that it was within Cabinet / the Leader's authority to make in-year budget savings and efficiencies in so far as it was in line with the budget framework decisions made by Council.

Councillor Gledhill felt that this was not a constitutional matter, but was an issue of fairness. He emphasised that Members could see the number of savings proposed, however they could not evaluate the rationale for the savings proposals as this level of detail was not provided.

In response the Leader made the following key points:

- That a contingency budget was set by full Council and all Members had the opportunity to comment.
- That the Cabinet system had appropriate checks and balances in place. Although decisions were made by Cabinet, all Members had the opportunity to contribute to the savings proposals through Overview and Scrutiny Committees.
- That it was critical that savings could be made in good time in order to balance the budget for 2014/15, otherwise it would have a detrimental impact on the 2015/16 budget.

Councillor Hebb echoed the sentiments made by Councillor Gledhill and felt that savings proposals related to major service redesign should be referred to Council for full debate by all 49 Elected Members.

Councillor Johnson reiterated the comments regarding fairness of decision making and called for the council to take a zero based budgeting approach when setting the budget.

Councillor Gerrish felt that the current decision making process was robust and did not exclude Members. He emphasised that all Members had the opportunity to participate through Overview and Scrutiny and attending and asking questions at Cabinet.

Councillor Ray expressed a view that he preferred the Committee system rather than the Cabinet system but asked Councillor Kent how tight the timescales were in order to achieve the required savings.

In response Councillor Kent explained that it was crucial that savings were delivered in the current financial year, which is why a budget focussed Cabinet meeting was required in August. He outlined that some savings would result in redundancies and this process would take at least three months.

A vote was undertaken in respect of the call-in recommendations, whereupon, two Members voted in favour of referring the recommendation to Cabinet for reconsideration, and four Members voted to reject the call-in. The Chair declared that the call-in was lost.

RESOLVED:

That the Call-In be rejected, for the reasons as outlined above.

5. End of Year Progress Report and Annual Achievements 2013/14.

Officers introduced the report, which outlined that 80% of the Key Performance Indicators (KPI's) had either met or exceeded their target.

Members congratulated officers on the report and the achievements that had been made.

A Member was concerned why the 'percentage general satisfaction of housing tenants/customers' indicator was red within the report, to which the Director of Housing explained that this was the most general of all Housing performance indicators and that a number of factors influenced it, which included:

- History – that it was difficult to shift perceptions immediately, and that if a tenant had a poor experience of a repair 2 years ago and they had not had a repair since they were more likely to recount the bad experience which was not reflective of the changes that had been made in the interim.
- That the general area and neighbourhood satisfaction impacted upon the indicator, for example, if a tenant had road works outside their property this could affect the performance.
- The visibility of Housing staff.

The Director of Housing explained that the following work had been undertaken by the service in order to improve this performance indicator:

- The repair service was on an upward trajectory
- That neighbourhood budgets were in place which helped to drive up perceptions of the local area.
- The Housing team had been restructured in the past year and officers were working hard to shift negative perceptions. It was explained that housing managers tracked every enquiry made by tenants using the workflow process and that since the introduction of this process there had been a significant improvement and the indicator had already risen to 70%.

A brief discussion was had on the amber indicator 'implementation of better and more efficient waste collection rounds and routes', during which the Head of Environment stated that the service had been running efficiently until the recent strike action. He added that unofficial work to rule action was causing

some delays to the service at the time of the meeting. It was anticipated that this would be resolved by the end of the week.

The Committee were advised that performance indicator for the 'percentage of waste reused/recycled/composted' and 'municipal waste sent to landfill' were red due to the following factors:

- Manufacturing companies were producing less packaging material to reduce their costs and this resulted in less recycling material being disposed of by households.
- Flats and other communal residential areas in Thurrock were a particular issue, and one area in which officers were working hard to encourage recycling.
- That the council could send more waste to energy instead of landfill however to adhere to this green target would incur higher costs. It was felt that at this time with the authority facing significant budget cuts it did not make a sound business case to spend more money to turn waste into green energy.

A Member questioned why the KPI's at the end of September 2013 had fallen from 66.67% to 52.94% at the year end and whether there was one particular service area that had caused this decrease. Officers explained that they could investigate this correlation and would update the Committee (including Substitute Members) outside of the meeting.

Members were informed that the tolerances were set on a KPI by KPI basis and that indicators would automatically turn red if there had been a decrease in performance in comparison to the year before.

A Member observed the fact that the percentage of primary schools judged "good" or "better" were on an upward trajectory and felt that this progress was crucial for the future success of the Borough.

The Committee commended the achievements and awards that the Council was shortlisted for in the past year.

A Member proposed a new recommendation, as he felt that the performance against the 19.61% red indicators should be further explored. The Committee agreed, and as a result it was requested that the relevant teams should provide a plan of action for each of the 19.61% indicators that did not meet the set target.

RESOLVED:

- 1. That the progress against the corporate priorities and level of performance achieved in respect of key performance indicators and outcomes for 2013-14 be noted.**
- 2. That the Committee acknowledge and commend service staff where the performance outturn had met or exceeded target.**

3. That an update be provided to the Committee outlining a course of action for each of the 19.61% of Key Performance Indicators that did not meet the target.

6. Budget Update and Savings Proposals

At the request of the Chair, Mr Steve Hudson, Chair of the Trustee Board of Thurrock Citizens Advice Bureau presented his question to the Committee, which was as follows:

- *“Thurrock CAB, a local registered charity, has been working in partnership with Thurrock council for nearly 40 years and was originally set up by the council in the 1970’s. If the funding withdrawal proposed by officers in this item goes ahead the bureau will close to the public, thereby increasing the pressure on statutory services and budgets as over 7000 residents use the service every year. In addition to the increased cost of helping people with nowhere else to go, are the committee aware that just the value of our volunteers to the local community is put at £195,500 (based on ONS data) every year and that many of them go on to obtain paid work after the excellent training and increased confidence they receive, can the committee comment as to how this will be a saving?”*

The Chair thanked Mr Hudson for his attendance at the Committee and provided the following response which had been provided by officers:

Whilst it is recognised that Thurrock CAB provides valuable free, confidential and impartial advice to the borough’s residents across a range of issues, given the current pressures on the Council’s budget it is no longer possible to support CAB in this way.

The Council has supported CAB for many years, however, CAB has faced financial challenges and in 2013 the Council provided emergency support to ensure the organisation was able to continue. The Council advised CAB at that time and since that it could not continue to provide security to the organisation and the Board would need to explore alternative delivery arrangements, for example considering ways of addressing running costs, a merger with neighbouring CABs or external funding, to create a more independent footing.

The Council fully recognises that all funding avenues are under increased competition within the voluntary sector, and that finding new avenues of funding is extremely challenging, but, CAB, like other third sector organisations, has access to other funding sources not open to the Council. Although it would be possible for CAB to apply for funding from the Voluntary Sector Grants administered by CVS post 2016/17, it is likely that this fund will be both reduced in amount by that time and under increased pressure from more applications within the sector. This approach would though be consistent with other voluntary sector organisations.

In addition the sector has taken steps to future proof organisations against the impact of unprecedented savings faced by councils. In 2013 Thurrock CVS commissioned a piece of work 'Maximising Public Services' to help scope the challenges as well as ideas on how to mitigate the impact. The Council has engaged with the sector to develop a draft Commissioning, Procurement and Grant Strategy with the Voluntary, Community and Faith Sector and Social Value Framework to help maximise the potential of the sector. Both are currently out for public consultation.

There are risks in making this reduction as set out in the business case. These need to be fully understood and discussion with CAB is required to understand the impact of this proposal.

Mr Hudson then presented his supplementary question to the Committee which was:

- *“Can I ask for the Committee’s comments on the position of the Secretary of State for Communities and Local Government who has stated many times in public that the Local Government cuts should not be borne by front line services and more specifically in a disproportionate way by the voluntary sector, why is this Local Authority ignoring the Secretary of State?”*

The Portfolio Holder for Communities provided the following response:

The Portfolio Holder thanked Mr Hudson for his original and supplementary question but stated that the question had to be considered within the context of the financial situation that the Council faced. An agenda item was in front of the Committee which detailed the level of budget savings the Council had to make over the next three years which was £37 million. In that environment he stated that it was not tenable to not examine all options in order to make the required savings. He understood and agreed with the sentiments of Mr Hudson’s question, and acknowledged the Citizens Advice Bureau offers an incredibly valuable service and it was a service that the Council did not want to lose, however the authority was being forced to address all of these issues in the light of cuts that were faced. The Portfolio Holder expressed the view that if the Secretary of State wanted to protect front line services and not harm the voluntary sector then he should appropriately fund local government. The Portfolio Holder added that this was not a final decision but the start of a very long process in which there would be opportunities for consultation and opportunities to assess the proposal through the scrutiny process. He explained that he would be happy to meet with any member of the voluntary sector, which included Mr Steve Hudson, in his position of the Chair of the Trustee Board of Thurrock Citizens Advice Bureau, to work out what the Council could do to support the third sector and to mitigate the impact of Voluntary Sector cuts. However, he reiterated the enormity

and seriousness of the Council's financial situation and emphasised that his response must be understood in that context.

Mr Hudson thanked the Portfolio Holder, Chair and the Committee for their contributions.

Officers then provided a detailed introduction to the report which outlined the significant reductions in the money received from the Government and other pressures on services as the Council was required to make £37.7 million of savings in three financial years. It was reported that this was in addition to the £50 million of savings that had already been achieved over the last 5 years. Key points that were raised included:

- That there had been strong financial management in recent years; however the options that laid ahead were going to be more difficult.
- That there had been a 10% year on year reduction in funding
- That there had been a reduction in business rates through the closure of Tilbury Power Station.
- That there was a risk surrounding National Non-Domestic Rate (NNDR) appeals and that if successful these could be backdated to 2005.
- That the Council's £8 million reserves needed to be protected.

The Committee welcomed the fact that a detailed business case regarding Serco savings would be presented to Members in September.

A Member made reference to the adjusted budget deficit and asked what the level of risk was in the Council Tax and growth in services assumptions, to which the Head of Corporate Finance explained:

- That there was no certainty of a Council Tax Freeze Grant
- If Council Tax was not raised in the next financial year then the budget deficit figures provided would increase, which would result in an additional £1 million of savings needing to be found.
- That there was a fair amount of risk, but the projections were as robust as possible within the budget envelope.

A Member welcomed the proactive work that had been done surrounding the Care Act and asked whether formal representation had been made to Central Government. The Director of Adults, Health and Commissioning explained that he was fairly confident the costs would be reimbursed and explained that there was pressure at a national level as the government was being lobbied through national professional bodies.

A brief discussion was had on the proposed changes to the Local Residency Rule and it was explained that this could raise income by £640,000.

Members were in agreement that it was sensible to examine the cessation or reduction of the Council Tax discount provided to empty or unfurnished properties.

A Member asked whether this impacted on the Housing Revenue Account (HRA) to which the Director of Housing explained that the turnaround of voids was relatively low at 26 days and so it was thought this would have a minor impact.

A Member asked how many properties this affected, and in response officers explained that throughout an average year it was envisaged this would affect 573 properties.

The Head of Corporate Finance advised the Committee that there were a number of different options to consider that included:

- 0% discount for 0 months – £573,000 gross
- 100% discount for 1 month – £346,000

Some Members recognised that landlords needed some time to turnaround their properties and felt that a 100% Council Tax discount should be applied to empty/unfurnished properties for a period of one month only. It was also felt that this would encourage landlords to better maintain their properties so that they could be turned around faster.

The Committee felt that three months discount was too much, but were in agreement that a reduction to one month's discount was fair.

The Committee agreed that there was scope to review and consider both of the above options.

In relation to the reduction of Voluntary Sector Grant, officers explained that difficult savings had to be made however this was not disproportionate compared to the savings that were required to be made.

The Committee were advised that the Citizens Advice Bureau (CAB) received a grant which was not governed by a Service Level Agreement (SLA), however this did not mean that they should be treated differently to other organisations in the voluntary sector.

A Member questioned why the CAB was funded from a separate budget and not the Voluntary Sector Grants budget, to which officers explained that this was an historic anomaly.

Members were advised that in the coming weeks officers would be examining the cumulative impact of the savings proposals on the Voluntary Sector and that as part of this work the separation of budgets would be addressed.

The Committee were keen that the broader impact of the savings proposals on the voluntary sector should be considered and asked the Portfolio Holder to keep this at the forefront of his mind.

A Member asked for commitment from officers to ensure that in future the CAB and other Voluntary Sector organisations were funded from the same budget, as he felt that this would be more proportional. The Committee were informed that this could be problematic in the short-medium term as the Council committed to 2-3 years of voluntary sector grants in the Thurrock Joint Compact, as a result those organisations who were allocated funding would continue to receive this until the end of the agreed term.

A Member appealed to the Leader to use the zero based budgeting approach, to which the Leader responded that the principles of zero based budgeting can be applied in some situations but he did not feel it was appropriate in all areas.

The Leader acknowledged that the Council directed people to the CAB and that they provided fantastic advice to a lot of people within the community and that he did not wish to see the service close. He was committed to the Council working alongside the organisation to offer support wherever possible to help the service survive. He felt that this commitment had been demonstrated 18 months to 2 years ago when the Council did step in to offer financial assistance to the CAB to keep the service open, but recognised that difficult decisions lay ahead. However, he assured those present that any future decision would not be taken lightly.

A Member recognised that the Thurrock community appreciated the work of the CAB and that support should be offered wherever possible.

A brief discussion was had on how the CAB and Voluntary Sector Grants budget could be merged and whether the CAB could be brought under the scheme to offer support. Officers reiterated that this would be difficult as the Thurrock Joint Compact was in place; however they assured Members that they would examine this challenge to consider all options for the future.

Officers acknowledged that this was a difficult proposal at a time when the voluntary sector was expected to take on more responsibility; however non-statutory services faced significant budget cuts. It was explained that the savings had been delayed in order to allow time for the Council to work with the voluntary sector to reshape plans for the future, however they recognised that this would be a challenging process.

Members were assured that going forward there would be an open dialogue with the voluntary sector to understand the cumulative impact of budget cuts, and that all ideas put forward would be considered.

RESOLVED:

- 1. That the comments detailed above with regard to the savings proposals within Central Services be noted.**
- 2. That the Cabinet consider the practicality of combining the Citizens Advice Bureau (CAB) funding with the voluntary sector**

core grants as part of a single assessment of support to the voluntary sector.

6. Work Programme

The Committee noted their agreement to the work programme and had no further points to add.

RESOLVED:

That the work programme be noted.

The meeting finished at 8.59pm.

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**