

Thurrock: A place of opportunity, enterprise and excellence, where
individuals, communities and businesses flourish

Corporate Overview and Scrutiny Committee

The meeting will be held at **7.00 pm** on **11 December 2014**

Committee Room 1, Civic Offices, New Road, Grays, Essex, RM17 6SL.

Membership:

Councillors Yash Gupta (MBE) (Chair), Shane Hebb (Vice-Chair), Terry Brookes, Charlie Key, Val Morris-Cook and Graham Snell

Substitutes:

Councillors Jan Baker, Robert Gledhill, Sue Gray and Barry Johnson

Agenda

Open to Public and Press

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1. Apologies for Absence	
2. Minutes	
To approve as a correct record the minutes of the Corporate Overview and Scrutiny Committee meeting held on 24 July 2014.	
3. Items of Urgent Business	
To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
4. Declaration of Interests	
5. Shaping the Council and Budget Progress Update	To follow
6. Transformation Review	5 - 14
7. Serco Strategic Partnership Update Report	15 - 22

8. Work Programme

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Queries regarding this Agenda or notification of apologies:

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Agenda published on: **2 December 2014**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- Not participate or participate further in any discussion of the matter at a meeting;
- Not participate in any vote or further vote taken at the meeting; and
- leave the room while the item is being considered/voted upon

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish

To achieve our vision, we have identified five strategic priorities:

1. Create a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspirations and attainment so that local residents can take advantage of job opportunities in the local area
- Support families to give children the best possible start in life

2. Encourage and promote job creation and economic prosperity

- Provide the infrastructure to promote and sustain growth and prosperity
- Support local businesses and develop the skilled workforce they will require
- Work with communities to regenerate Thurrock’s physical environment

3. Build pride, responsibility and respect to create safer communities

- Create safer welcoming communities who value diversity and respect cultural heritage
- Involve communities in shaping where they live and their quality of life
- Reduce crime, anti-social behaviour and safeguard the vulnerable

4. Improve health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being
- Empower communities to take responsibility for their own health and wellbeing

5. Protect and promote our clean and green environment

- Enhance access to Thurrock’s river frontage, cultural assets and leisure opportunities
- Promote Thurrock’s natural environment and biodiversity
- Ensure Thurrock’s streets and parks and open spaces are clean and well maintained

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
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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**

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11 December 2014	ITEM: 6
Corporate Overview and Scrutiny Committee	
Transformation Review	
Wards and communities affected: All	Key Decision: To note progress.
Report of: Jackie Hinchliffe	
Accountable Head of Service: Jackie Hinchliffe (HR and Transformation)	
Accountable Director: Graham Farrant (Chief Executive)	
This report is Public	

Introduction

Over the last 24 months, the Transformation Programme has made significant progress in changing the way the Council delivers services and achieved a number of important outcomes. These are all centred on supporting the residents of Thurrock and enabling the Council to become more efficient and effective in the way it operates. It is a key component of shaping the Council and delivering future services. The Transformation Programme has been made up of a five major programmes of change activity. These are:

- Thurrock On-Line (now the Digital Programme)
- Community Hubs
- Civic Offices
- IT Connects
- Procurement

A clear governance framework exists for the Transformation Programme - each of the individual programmes is accountable to a Programme Board and the Transformation Board provides overall oversight and decision making.

This paper describes progress and the current status of the programmes and the role of the Transformation Board.

Recommendations:

- 1.1 To note the content and progress of the Transformation Programme.**

The Programmes

1. Thurrock On-Line (now the Digital Programme)

The Thurrock On-Line programme brings the exciting potential to change the relationship between the Council and Thurrock residents. Its aim is simple – to provide residents with easy access to advice and information, and to make a series of services available online. Independent research carried out for the Council in 2012 demonstrated that a large percentage of the borough's residents are already online (84%) and using online services as part of their every day lives. They tend to do this because it is generally simple, easy and convenient to do so. The intention of the programme is to make services available online for those who can self serve, while providing assisted support to those who cannot. In March 2013 Cabinet approved an investment budget of £1,650,000 for the programme. This provided the necessary finance to acquire the technology solutions, and the support/re-design resources.

Since then significant progress has been made. In summary:

- A new web site has been designed, developed and implemented. The web site has recently been recognised as the fastest performing site in local government in the UK;
- The web site includes a “My Account” facility that enables residents, through a single sign on process, to access information directly related to them as an individual. To date 9,867 residents have signed up for an individual account;

A total of 15 services have been made available on line. This includes:

- Reporting environmental problems (e.g. dog fouling, graffiti, view incident and updates on progress)
- Checking your Council Tax balance
- Setting up a Council Tax direct debit
- Claiming a single person Council Tax discount
- Claiming an empty property Council Tax discount
- Claiming a Council Tax refund
- Claiming Housing Benefit
- Report changes to circumstances
- Claiming Council Tax support
- Checking benefit payments and dates
- Requesting a waste service

The Council's website also makes online provision for the following services outside of MyAccount: applying and bidding for council housing, applying for school admissions, tracking licensing and planning applications, making library reservations and renewals, and consultations and petitions.

The implementation of these new on line services has resulted in the re-

engineering of processes, and the necessary technology integrations with the line of business systems. All of this has achieved more efficient and effective services.

In order to influence more people to use the convenience of the on-line service provision the Council is now implementing a Channel shift plan. The key features of the plan include:

- A series of Quick Wins – for example, promotion of online services on all Council materials (such as letters, invoices and web pages), and reducing the prominence of other, more costly contact methods, such as face to face and telephone;
- Staff and Members as advocates and promoters of online services – raising awareness; reinforcing the benefits of online services; and by signing up for MyAccount;
- Campaigns and Marketing Activity – a “Do It Online” Campaign is planned to start early in the New Year. This will be a resident targeted campaign, raising awareness of the Council’s online service provision and the benefits of self service. An internal campaign “STOP Think Digital” is also scheduled to start in the January/February 2015. This will use a range of existing staff publications, Council noticeboards, intranet, lunchtime seminars, and the new Council Supports Innovation network to reinforce the benefits Council staff and Members of online services.

For those residents that cannot use on line facilities the existing contact channels remain in place – this includes phone and face to face. The Council is considering how it can develop its telephone service so that customers receive the same experience if they make contact by phone as they do online. Furthermore as part of the Civic Office Programme, plans are being drawn up to create a new customer service centre in Civic offices. This will build a different model of assisted self-service with staff available to help as people enter the building and less emphasis on being behind a desk. The one of aims of the Community Hubs, described below, is for face-to-face support to reach out into the community. The South Ockendon Hub has very successfully demonstrated how support for vulnerable people in the community can be delivered.

As part of an ongoing process the effectiveness of all the activity to promote online services will be next reviewed in April/May 2015.

Moving more services online and the associated marketing and promotion activity is now incorporated into the Digital Programme. A Cabinet report setting out the next areas for developing Digital Council was approved in September 2014. Work is now underway to progress each of the next phases of the Digital projects. A particular focus for the next stage is to bring together online services and strengthen the IT infrastructure. Specific proposals to achieve this will be brought forward in the New Year.

2. Community Hub Programme

The core purpose of the Community Hub Programme has been to support the strengthening of local communities and managing demand by:

- Helping people to solve problems and manage their risks without needing to rely on statutory support;
- Providing the co-ordinating vehicle for mobilising and channelling local plans and resources.

The South Ockendon Pathfinder has proved to be a successful community based focal point and conduit for:

- Engaging with local people to learn what they need to become more self-sufficient
- Providing a range of integrated service offers (open access as well as targeted and tailored for specific priority client groups)
- Bringing together information, advice, learning resources and support from different places into one place
- Developing and sustaining volunteers and local support networks
- Connecting people to this support both within the Centre building and out in the Community.

Since the South Ockendon Centre opened there have been a series of discussions with various Community groups in other localities within the borough. There has been a variable level of support and capacity demonstrated in the community and a paper proposing the way forward was considered and agreed at Cabinet in August this year.

A request for external funding to support the programme has been submitted and a decision is expected in January 2015. At this point along with an assessment of the community capacity to support Hubs in other areas will be considered and specific proposals brought forward as appropriate.

3. IT Connects Programme

The Council refreshed it's IS/IT Strategy in February 2013. Approved by Cabinet, this strategy has steered the approach to, and the sequencing of, IT transformation projects since then.

The focus to date has been on:

- modernising the end user computing and telephony estate
- creating a virtual desktop infrastructure to enable flexible and remote working
- moving the website to a transactional Web 2.0 model

- closing access channels and migrating customers to do their business online

In order to achieve these immediate objectives, an investment budget of £1,800,000 was approved by Cabinet in March 2013. This investment has delivered a substantial update to the basic IT operating infrastructure for staff and members. This includes:

- As of November 2014, 70% of the Civic Offices has been enabled to work flexibly
- 550 staff have been equipped and are able to work remotely in the field without needing to return to the Civic Offices
- Half a dozen buildings are in the process of being exited as a result of enabling transformation

Furthermore the end user computing solutions now in place enable strategic and operational choices about service delivery. This includes the location of work, creating integrated delivery teams, and the potential for shared service models.

The next step in the transformation of IT, and the use of IT to support the Council's strategic objectives will be to bring forward proposals that address the core IT infrastructure. Whilst existing ICT services provided by Serco are being delivered in line with the existing contract, as the Council has progressed with its transformation it has become clear that the ICT service does not match up to current public sector or industry best practice. In particular today's model of operation is not optimised to meet the Council's future anticipated ICT needs. Work is now underway to develop proposals for a modern, flexible ICT model that enables the delivery of the Council's future ambitions.

4. Civic Offices Programme

The aim of the Civic Offices Programme is to deliver the Council's strategic ambition to create a recognised centralised hub for the Council. Specifically the intention is that majority of Council staff will use the Civic Offices as a base - the Programme is in the process of implementing all refurbishment and office moves and coordinating associated ICT, HR, Change and other relevant works to enable the Council's vision for how people will work in Thurrock.

The ambition is therefore to create for the Council:

- **A connected workplace** - The Civic Offices will no longer simply be a static place where employees travel to their desk in the morning and leave in the evening. The new offices are moving to an attractive shared space for services and staff to use as a base, enabling complete flexibility and subsequent increased productivity
- **A working environment where any employee can work at any time, in any place** – thereby supporting the rationalisation of the operational

estate

- **Maximum space in the Civic Offices and a modern flexible workspace** -Modern, open-plan spaces are being designed to create a lighter, airy, flexible feel and more professional but relaxed working environment.

The business case for Flexible Working and investment in the Civic Offices was approved in June 2013. Since then:

- Over 1,000 staff have been enabled to work flexibly using Civic Offices as a base
- Nearly all front line services have been enabled to work flexibly (Housing; Environment; Planning and Transport; Children's Services and Adults, Health and Commissioning);
- A total of three floors have been refurbished within Civic offices 2 with new light, open plan space offices
- Approximately 50 new meeting and one to one rooms have been installed
- Filing and storage has been reduced by over 50%
- Staff from ten outlining operational buildings have been consolidated into Civic Offices
- Over 20 schools and local organisations have benefited from recycled furniture

Work is now underway to assess the options and requirements for the Ground Floor of Civic Offices. The guiding principles that are being developed to shape the potential solutions include:

- Open plan – with a natural flow and progression around the space
- A community space – potentially including a library facility
- Increase in self service – to support the provision of online service
- Interview facilities for complex cases and sensitive circumstances
- A training, meeting room and business suite
- Enhancements to the Council chamber

It is intended that further consultation will take place throughout December and January, and a paper will be brought to Cabinet in February 2015.

5. Procurement Programme

The Procurement Programme started in February 2013, and its specific goals were:

- To include every aspect of a commissioning and procurement operation, including supporting IT systems and skills programmes
- To redefine the service schedule for Procurement Services which is delivered by Serco
- To be delivered in twelve months without disrupting business as usual
- To start delivering cashable savings immediately

- To deliver a lasting legacy of skills transfer, streamlined systems and processes to support on-going improvement

Since then it has:

- Strengthened Governance Structure with new Commercial Services client department
- Revised the service agreement with Serco for Procurement Services – team strengthened at no cost, founding member of the UK Serco User Group
- Enabled Thurrock to become only the 2nd UK council to implement full e-invoices, re-implemented P2P system (underpinning best practice and financial control), this includes e-quotations, providing a significant increase in central registration of contracts
- Introduced a new integrated commissioning and procurement strategy, streamlined governance processes, updated constitution, cross departmental advisory group established
- Implemented a cascading reporting systems, introduced ProClass analysis of all categories of expenditure and provided a 3 year comparative expenditure database
- Delivered over £200k of savings, run the Council's first e-Auction and first multi-lotting competition
- Developed a full commercial skills programme – along with accreditation from University of East Anglia. In particular, learning programmes have been run on commercial skills, buying consultancy and ICT and contract and relationship management.

The Procurement programme formally closed in July 2014, when procurement activity was assimilated into the new Commercial Services team.

5. Governance and the Transformation Board

The Transformation Board is responsible for the overall governance of the Transformation Programme. It provides leadership, reviews progress, and is ultimately responsible for key strategic decisions.

The Transformation Board regularly reviews the overall shape and nature of Transformation activity and the programmes needed to support major change. To support this role, the Transformation Board also considers the Council's Shaping the Future Council strategy.

The Transformation Board is chaired by the Chief Executive and its membership comprises all Directors, the Cabinet Portfolio holder for Transformation, the head of Serco, and other Heads of Service as required. It meets on a monthly basis and/or around key decision points.

The Transformation Board delegates responsibility and accountability to a Programme Board and a Programme Sponsor (Director level) for each of the major programmes.

7. Implications

7.1 Financial

Implications verified by: **Mark Terry**
Principal Finance Officer

Specific Financial implications are detailed in the Cabinet papers for each component transformation programme. Compliance to the Council's financial rules is maintained by the well-established governance structure detailed above. Additionally Transformation Board membership includes the Head of Corporate Finance providing high level financial oversight.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal Services

Specific Legal implications are detailed in the Cabinet papers for each component transformation programme. Membership of the Transformation Board includes the Head of Legal Services providing high level Legal oversight.

7.3 Diversity and Equality

Implications verified by: **Becky Price**
Community Development Officer

Diversity and Equality implications are detailed in the Cabinet papers for each component transformation programme. As programmes progress Diversity and Equality challenge is undertaken through the relevant boards, project teams and user groups. Ongoing adjustment and modification to design is a priority for the programmes and occurs in response to D&E issues highlighted to ensure maximum accessibility to residents and staff. Key areas of focus are ability to transact online and physical access requirements to Council buildings.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Staff implications are managed through the Making Change Happen programme, HR & OD interventions to ensure policy meets the needs of the organisational change and staff are adequately trained and developed.

Membership of the Transformation Board includes the Head of HR/OD providing high level oversight of staff implications.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. Appendices to the report

- None

Report Author:

Martin Whiteley

Programme Manager

Corporate Programmes Team – HR/OD & Transformation

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11 December 2014	ITEM: 7
Corporate Overview and Scrutiny Committee	
Serco Strategic Partnership Update Report	
Wards and communities affected:	Key Decision: Non Key
Report of: Councillor Victoria Holloway, Portfolio Holder for Central Services and Transformation	
Accountable Head of Service: Kathryn Adedeji – Head of Housing and Commercial Services	
Accountable Director: Barbara Brownlee – Director of Housing	
This report is public	

Executive Summary

In order that the Council can continue to assure itself the outsourced partnership model of delivering key services through Serco Limited (Serco) still represents good value for money, a strategic contract review is underway wherein assessment of key components will provide a measured position as to the partnership’s commercial position expressed in terms of:

- a) Value to the Council;
- b) Quality of services provided; and
- c) Risk with reference to service and delivery failure.

To provide assurance, a programme of work, led by Commercial Services, with collaboration from Serco is underway comprised of three streams:

- Delivering business as usual (BAU) - progressing key infrastructure projects, validating and base-lining costs, performance data, key drivers, outcomes and critical success factors as currently expressed in the partnership documentation;
- Development and sign-off of Serco savings proposals and commercial propositions; and
- Partnership refresh – reviewing and updating specifications covering those services delivered through the partnership.

1. Recommendation(s)

1.1 Endorse the approach outlined in this report agreeing to receive a further report in Spring 2015 detailing proposals in respect of:

An updated SSP contract that takes into account all agreed changes and provides for the effective use of all commercial tools available.

Cost Savings - A proposed SSP savings target and delivery plan.

Reshaped SSP – Amended services and revised output specifications.

2. Introduction and Background

2.1 The Council is in its third year of its strategic partnership with Serco PSL, following their acquisition of Vertex Public Sector Limited (Vertex PSL) in May 2012. The contract runs to 2020

2.2 Due diligence at the time of transfer confirmed the Council's continued commitment to the delivery of services within the scope of the partnership, and through an outsourced model with the provider so recommended at the time.

2.3 May 2014 represented a two-year anniversary of the SSP with Serco. This milestone provided a timely juncture for officers to undertake a strategic contract review of the partnership; the review is welcomed by Serco

2.4 In addition to customer facing transactional services, the partnership also provides end to end services across almost all of the Council's back office functions. A full list of areas covered under the partnership is set out below:

- i. Business Administration
- ii. Customer Services
- iii. Human Resources
- iv. Facilities Management
- v. ICT
- vi. National Non Domestic Rates
- vii. Payroll
- viii. Procurement
- ix. Revenues & Benefits

2.5 The governance and contract management structure comprising a Partnership Management Board (PMB) and Partnership Operations Board (POB) remains the mechanism used to manage the partnership. The Council monitors and oversees transactional and day-to-day operational delivery of services through strategic client representatives. These are Council officers with subject matter expertise in each of the service areas listed above that have responsibility for reviewing performance and liaising with Serco operational counterparts to ensure the Council's requirements are shaped and

delivered as per that agreed. In addition, the Council has introduced a Commercial Services Team to ensure appropriate contractual governance in relation to the SSP and the appropriate escalation and resolution of any operational and/or contract issues, including changes in scope and costs of the SSP.

3. Issues, Options and Analysis of Options

- 3.1 Initial discussions between Council officers and Serco have taken place through the governance structure provided for by PMB, POB and Directors Board (DB). These discussions, along with an initial assessment of service delivery and financial information, have highlighted a number of areas where the Council wishes to concentrate with Serco. Our key issues and areas of concentration are detailed further below.
- 3.2 Serco Holdings Ltd, the parent company of Serco delivers transactional services across varying sectors. One of the benefits of entering into partnership with a company owned by a FTSE 250 rated company with an annual turnover of 5bn is the leverage the Council should be able to obtain from the potential for economies of scale, LEAN processes and technical expertise in functional areas through the wider Serco Group. At present, the Council continues to work with Serco to ensure can be delivered.
- 3.3 As part of testing the benefits and value the Council continues to derive from the SSP, it is currently reviewing the commercial mechanisms available within the SSP to ensure the Council can demonstrate that it is obtaining value for money. We are currently undertaking a detailed review of the supporting management information relating to the reported performance under the SSP and undertaking a detailed review of the open-book cost information provided by Serco.
- 3.4 At the current time, the detailed management information provided does not in all instances allow for appropriate validation of the reported performance levels of services delivered through the SSP. As a result and as part of the new enhanced governance arrangements, the council is currently in the process of working closely with Serco to audit the management information used to determine their reported performance within the bounds of the contract .
- 3.5 In addition, a substantial volume of change controls, a number of which involve additional charging, have been agreed between the parties since Serco acquired the contract with no resulting amendments to the formal contract documentation having been administered. As a result the contract documentation is out of date and difficult to navigate, and requires consolidation and agreement of the change controls into a single contract document. This exercise will make contractual reviews easier for all parties and support the Council in assuring that the charges under the SSP are accurate. The Council is currently in the process of working with Serco to establish this updated baseline to provide both clarity on current retained

obligations, and associated service statistics, key volume drivers and other core elements. This in turn should provide the clarity on charging to date and also any further charges.

- 3.6 A good illustrative example is the ICT service. As noted in paragraph 2.4 the SSP currently has within it ICT provision. Serco have recently presented options for the Council's ICT solution that suggests that substantial investment of several millions is required. However, the current business case is silent on the implications this additional funding would have on respective obligations and or changes to contract terms etc. This is not a position from which the Council is yet able to make an informed decision. Serco are now working on an alternate proposal that is based on Industry and public sector best practice to best support and accelerate the directorate delivery of savings, and provide flexibility in operational delivery.

SSP Savings

- 3.7 The Council has set a savings target of £2m to be delivered over the next three years. Relative to the annual value of the partnership at circa £19m, the Council's overall savings target equates to approximately 11% of the annual expenditure with Serco PSL. Progress in achieving savings through the SSP has been disappointing to date. Serco, on 21st October, tabled some additional cost savings proposals which currently require thorough review
- 3.8 However the partnership has recently re-committed to working with the Council in support of maximising the savings possible and identified a number of opportunities where cost savings can be realised through a reduction in service scope, a transfer of services back to the Council and through alternative arrangements to the indexation and payment of the annual service charge. Serco has discussed with the council the development of a new ICT solution to enable broader cost savings within the Council. A joint paper will be submitted to the November Directors Board
- 3.9 To date Serco has made a £600k saving, with a further 100k agreed and is currently developing proposals for contributing further to the Council's wider savings target as identified above. The SSP savings offer has been factored into the Council's overall target and will need to be achieved. In the event the SSP does not deliver the £2m savings target, the Council will need to look for the savings deficit or shortfall from other hard hit areas of the Council.
- 3.10 After a disappointing start, the Council now has further proposals that offer additional savings of circa £1.2m over the next three years. The Council need to undertake further analysis and negotiation with Serco to ensure these do represent the best value to the Council. These savings combined with the savings already identified and delivered above, will take the partnership a substantial way to achieving the target set by the Council. However more work needs to be done in partnership with Serco to ensure the full target is agreed in time for the budget setting report. This updated position is a welcomed improvement on previously reported positions to Cabinet.

Action plan – time line

3.11 The expected timeline for key activities is:

- a. Assurance on charging and performance – December 2014;
- b. SSP savings proposal – November 2014 ; and
- c. Reshaping to maximise efficiency and Serco competence March 2015.

4. Reasons for Recommendation

4.1 The partnership contract with Serco PSL is Thurrock's largest service delivery contract by monetary value and is the most critical contract insofar as the breadth of the Council's back and front office services delivered through the SSP.

4.2 Serco Holdings, the parent company of Serco PSL, has faced commercial challenges in their public sector delivery arm. At the most recent PMB meeting in September, Serco confirmed enhanced levels of audit and scrutiny and significant changes to the senior management team had taken place to address issues arising. Serco is happy to provide a formal letter, from its Executive Board, to expand on these corporate changes. The strategic contract review of the partnership is necessary in respect of the two-year milestone passed in May 2014.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 N/A

6. Impact on corporate policies, priorities, performance and community impact

6.1 None

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

As set out in the report, the contract with Serco represents a significant amount of third party spend. With all third party spend, the Council is working with all of its suppliers to recognise savings towards the Council's projected budget deficits.

As set out in the report, there is no contractual requirement to deliver savings. However, due to the nature of the partnership arrangements, the Council has

assumed in its budget projections a reduction of £2m per annum to the contract within the three year life of the MTFs.

The savings identified of £0.7m, and additional proposals in discussion will initially be required to meet the shortfall in previously targeted savings circa £0.3m with the balance being allocated to the target of £0.7m in 2015/16 and future years as appropriate

7.2 Legal

Implications verified by: **Eldred – Camara- Taylor**
**Legal Group Manager - Strategic Partnerships
& Procurement**

The SSPA, previously entered into with Vertex Data Services Limited, was novated (transferred) to Serco Limited in 2012 after Serco Holdings (Serco's parent company) acquired all of Vertex's public sector business.

The SSPA makes provision for regular monitoring and review of the contract and the contractor's performance and there are mechanisms built into the SSPA to address any performance issues. The Council's internal Legal Services, are assisting officers to review the SSPA and issues arising as appropriate for a contract of this size and importance.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

There are not direct diversity implications arising from this report

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. Appendices to the report

- None

Report Author:

Kathryn Adedeji

Head of Housing Investment and Development and Commercial Services

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**CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
WORK PROGRAMME 2014-15**

Report Name	Lead Officer	Meeting Date
Budget Update	Sean Clark	15 January 2015
Mid-year Progress and Performance Report 2014-15	Sarah Welton	15 January 2015
Asset Management	Ian Rydings	15 January 2015
Budget Update	Sean Clark	3 February 2015
Performance Development Reviews (PDRs)	Jackie Hinchliffe	3 February 2015
Pay Review	Jackie Hinchliffe	3 February 2015
Quarter 3 Corporate Performance Report	Sarah Welton	26 March 2015
Fairness Commission Update	Karen Wheeler	26 March 2015
		26 March 2015

To be Confirmed:

- Fair Debt – Sean Clark

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