

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Executive
Date:	20 April 2015
Subject:	Scrutiny Outcome Panel – Efficiency Savings 2014/2015
Portfolio Holder(s):	Councillor Hywel Eifion Jones
Head of Service:	Not Applicable
Report Author:	Scrutiny Outcome Panel of the Corporate Scrutiny Committee
Tel:	care of : (01248) 752039
E-mail:	care of: gwrce@anglesey.gov.uk
Local Members:	Not Applicable

A –Recommendation/s and reason/s
As outlined in the attached report.

B – What other options did you consider and why did you reject them and/or opt for this option?
Not Applicable

C – Why is this decision for the Executive?
As outlined in the Scrutiny Procedure Rules in the Council's Constitution.

CH– Is this decision consistent with policy approved by the full Council?
Yes

D – Is this decision within the budget approved by the Council?
Not Known

DD– Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	To submit verbal comments at the Executive meeting
2	Finance / Section 151 (mandatory)	To submit verbal comments at the Executive meeting
3	Legal / Monitoring Officer (mandatory)	No observations
4	Human Resources (HR)	Not Applicable
5	Property	Not Applicable
6	Information Communication Technology (ICT)	Not Applicable
7	Scrutiny	The Corporate Scrutiny Committee appointed a Scrutiny Outcome Panel to review efficiency savings following its Budget Scrutiny Report during February 2014. The Panel met on several occasions.
8	Local Members	Not Applicable
9	Any external bodies / other/s	Not Applicable

E– Risks and any mitigation (if relevant)		
1	Economic	Not Applicable
2	Anti-poverty	Not Applicable
3	Crime and Disorder	Not Applicable
4	Environmental	Not Applicable
5	Equalities	Not Applicable
6	Outcome Agreements	Not Applicable
7	Other	Not Applicable

F - Appendices:
Scrutiny Outcome Panel Report – Efficiency Savings 2014/2015

FF - Background papers (please contact the author of the Report for any further information):
Chair of the Scrutiny Outcome Panel (C/O: Geraint Wyn Roberts, Scrutiny Unit, Isle of Anglesey County Council, Council Offices LI77 7TW)

ISLE OF ANGLESEY COUNTY COUNCIL	
SUBJECT:	Scrutiny Outcome Panel Report – Efficiency Savings 2014/2015
DATE:	20 April 2015
REPORT AUTHOR:	Scrutiny Outcome Panel of the Corporate Scrutiny Committee (together with assistance from the Scrutiny Manager and input from the Interim S151 Officer).
Report Considered by Corporate Scrutiny Committee on:	14/1/15, 10/2/15 and 24/3/15
Tel:	care of: 01248 752039
E-mail:	care of: gwrce@anglesey.gov.uk

RECOMMENDATIONS

R1. Recommend to the Executive:

- I. To note the analysis by the Scrutiny Outcome Panel (who monitored at periods 5 and 8 the 2014-15 budget with regard to efficiency savings) which showed that it is unlikely to be achieved in full because it was underachieved in period 5 by £1.782m and in period 8 by £1.084m.
- II. To take the figures into consideration before setting the 2015-16 Council Budget.

R2. Recommend to the Executive that future budget setting reporting should contain:

- I. A column identifying the impact in real terms on the citizen of proposed savings by services to the corporate centre (which is charged with coordinating the annual budget setting process).
- II. Identify the saving figure being offered as a percentage of the total budget from which it comes.

R3. Recommend to the Executive that a Panel of Scrutiny Members continues to monitor the savings put up by the service directorates into next year by monitoring on a quarterly basis the 2015-16 Budget.

R4. Recommend to the Executive that it continue to support the Finance Service in pursuing the system(s) necessary to deliver corporate monthly budget reporting (as other Local Authorities have had for some years).

R5. Recommend to the Executive that this report may be a useful tool for Heads of Service development in respect of their future saving proposals and/or making bids for new projects to the corporate centre.

1. METHODOLOGY

- i. The methodology for conducting a scrutiny review, leading to a Scrutiny Committee report, is governed by completing the agreed Scrutiny Pro-forma / Project Plan for a task and finish 'Scrutiny Outcome Panel' (also referred to as a

Scrutiny Review).

- ii. The pro-forma sets out the Terms of Reference for the Scrutiny Panel. The Panel Members use the rest of the pro-forma to guide the scrutiny process in respect of evidence gathering and which contributors to invite etc.
- iii. As the review moves forward the pro-forma is updated by the Scrutiny Supporting Officer to capture the record of the Panel's work and assist the Officer in drafting the final Panel Report.

2. PURPOSE OF SCRUTINY REVIEW

- i. The Corporate Scrutiny Committee is charged with monitoring the Council's corporate performance and budget, as stipulated in its Constitution, which it does quarterly. However, it is also charged with scrutinising the setting of the Council's next year's Corporate Budget. Due to the austere financial times facing the public sector the Council instigated a savings programme from 2010/11, known as the Affordable Priorities Programme [APP], which later developed into the 'Efficiency Strategy'. It is becoming increasingly difficult each year to find more savings.
- ii. The Corporate Scrutiny Committee [CSC] felt it was important because in previous years the APP did not deliver on its entire proposed savings thus impacting on the following year's corporate budget.
- iii. After scrutinising the setting of the Corporate Budget for 2014-15 it was concluded the amount of efficiency savings put forward were unrealistic and difficult to achieve in only a year.

The Committee wished to be proactive to add value and thus decided to assist the Executive by setting up a Scrutiny Review. The Corporate Scrutiny Committee took nominations from their membership and set up their own Scrutiny Outcome Panel to monitor and start tracking the expected proposed efficiency savings for 2014-15 corporate budget. The plan was to enable an alert and expedite a response to any shortfalls so as not to shackle the setting of the Budget for 2015-16.

3. FINDINGS

- F1.** The Scrutiny Panel found the exercise of scanning the budget saving lines, although painstaking, a valuable one. Members felt it was worthwhile as they learnt more about how the budgets of services were structured, the extent to which services were bearing the brunt but enlightening to the behaviours and thinking of the services towards corporate budgeting (the residing culture).

Finance officers involved in supporting the Panel undertook to continue to support the Panel in its deliberations.

This had been productive work for the non-executive members and officers. It has hopefully resulted in a helpful and insightful report from Scrutiny to the Executive tracking the Council's Budget 2014-15 savings and showing the consequences to date.

- F2.** The Panel analysed the corporate efficiency savings 2014-15 focusing on progress at two points in the year, namely months 5 (please see examples at F4 below) and 8.
- F3.** In information provided for month 8 the Panel considered the various Services Management Feedback data.
- F4** Some examples of the 'notes' received via services:-

- *A saving of £130k was applied. This policy will not be implemented in 2014/15. It is expected that £14k of the efficiency target will not be achieved*
- *£35k On target will be achieved for 14/15, will not be achieved in future years due to Regional working*
- *Achieved by not filling a vacant post*
- *Not expected to be achieved*
- *Saving not achieved, target too challenging*
- *Saving already taken in 2013/14*
- *£69 has been double counted*
- *The £83k will not be achieved, current overspent by £84k*
- *£30K taken as a 2013-14 saving double counted*
- *Only £8k of £17K achievable*
- *£75k income not being achieved, significant risk*
- *£34k not achievable + £7k overspend*
- *£15k will be recharged to services*
- *£15k, 105k & 50K will not be achieved looking to compensate in other areas*
- *£215K not expected to be achieved, significantly overspent currently*
- *Support for £180k gone*
- *In one service, 6 lines of savings put up, 5 not likely to be achievable*
- *36K Heads of Service costs, double counted*

F5 The above list is not exhaustive but provides an example of the number of amounts from services not likely to be met. The following shows some of the reasons given are similar, i.e. notes from services accompanying their efficiency saving figures:-

- a) Will not be implemented 2014-15**
- b) Achieved by not filling a vacant post**
- c) Target too challenging**
- d) Double counted**
- e) Remains unidentified**
- f) Not be achieved, current overspent**
- g) Will be recharged to services**
- h) Will not be achieved looking to compensate in other areas**

F6 Further analysis from the Panel regarding the above received Notes (a) - (g):

- a) The Panel considered that the efficiency savings identified for 2014-15 could have been improved by a greater level of precision and definition. In particular proposals should not be included unless there was a reasonable certainty of delivery. If a proposal to save money in 2014-15 could not be achieved in 2014-15 then why was it included?
- b) Care should be taken to ensure that carrying vacancies is not mistakenly seen as an efficiency saving and consideration needs to be given underlying workloads. If duties are not being covered then the service is affected, equal to a cut in service, even if for a temporary time. A vacancy is only a financial windfall if you have not been able get a replacement. If you permanently cut the post and none of the duties are reassigned then you are cutting capacity within a Service – it is not an efficiency saving.
- c) Targets should be set in a manner that provides for challenge but with a prospect of delivery. Unattainable targets serve no purpose and can be demoralising.
- d) Double counting should be avoided. This implies a lack of communication between Services and Finance and should be corrected before the budget savings are set

into the annual corporate budget.

- e) All savings should be on the basis of clear charges and plans showing how they will be delivered. Badly defined “savings” that are in effect balancing figures are a recipe for problems.
- f) Recharge to services - Shows a lack of understanding ‘a saving’ or an ‘efficiency saving’ in the setting of a corporate budget exercise. A recharge, just shifts a cost to another area of the organisation, it is not an efficiency saving or otherwise for the corporate budget.
- g) within the current IOACC budget setting process it is the heads of service’s responsibility with the assistance of their service accountants, to advise members on possible saving areas that could be made in their departments, not just come up with a figure and then make the saving somewhere else if they cannot achieve it.

4. CONCLUSIONS

- C1.** In last year’s Scrutiny Report on the proposed Executive Budget 2014-15 a request was made that it would be useful, when examining the savings figures being put up by Services, for finance to add a column outlining their total budget. This would assist Members with an idea of the percentage ‘saving’ V budget’ spend. The 151 finance officer stated this could be done and the overall total savings in addition could be provided as a percentage. All savings proposals need to be clearly defined to allow Members to consider them. There should be no changes to the proposals other than with Member approval.
- C2** The Panel was of the view that the scrutiny exercise over the efficiency savings has been a valuable one and there would be a benefit in examining the 2015-16 savings similarly. The section 151 Officer indicated that support and assistance was available to help the Panel in that task.
- C3** The Panel’s members were concerned and irritated by explanations referred to in F5(h) “will not be achieved looking to compensate in other areas” - it is the responsibility of the Council Members to agree the areas of service to be reduced or cut to affect corporate budget savings as it is their responsibility to stand by these choices when explaining them to the public. These sorts of statements are not satisfactory to inform a corporate budget setting process or the follow up monitoring of a corporate budget. Panel members were concerned at the said ‘Notes’ explanations for under achieving on the targets – as the Services themselves put up the efficiency savings for 2014-15. It showed some lack of understanding regarding the process of constructing a corporate budget.

NOTE: REGARDING RECOMMENDATIONS

In Scrutiny reports the ‘Recommendations’ are moved to the beginning of the report as considered the most important, that is the outcomes from the Scrutiny Panel. The report format: sets out the way in which the Panel’s Review would take place (Methodology, Why holding a Review (Purpose of the Review/Report), what information was gathered (Findings) to draw deductions from (Conclusions). These conclusions then lead to the recommendation the Panel propose to their parent Committee. If the Scrutiny Committee agrees with the report, then the report becomes the substantive Report from Scrutiny and thus covered by the Council’s Constitution and must be received by the Executive at its earliest convenience.

SCRUTINY PROJECT PLAN



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

CORPORATE SCRUTINY COMMITTEE'S-SCRUTINY OUTCOME PANEL

Review Topic: **Efficiency Strategy & Savings for 2014-15**

Terms of Reference:

(Set specific objectives – be clear as to what is and what is not to be included in the topic)

To monitor the implementation of the **Budget Scrutiny Report 2014-15** delivered to the 10th Feb Executive, specifically in relation to;-

- **Establish the linkages** in the Council Plan, the Medium Term Financial Strategy (MTFS) and the Annual Delivery Document (ADS); to
 - (a) *Clarify the Council Priorities: (b)establish the costings,*
- **Monitor and assess** how on track the efficiency savings are, to deliver stated Efficiency Savings 2014/15; thus help...
 - mitigate burden for the 2015/16 budget setting process
- **Acquire List** of Statutory and non-statutory Services to;-
 - Enable a discussion on services that possibly could be stopped
- Examine the Affordable Priorities Program 2011-13 & the subsequently morphed into 'Efficiency Strategy 2014-15, identifying those which were not met, to;-
 - See if could be delivered now.

** Monitoring of the Budget 2014-15 will be continued as normal via the quarterly arranged Corporate Scrutiny Committee via the Finance Section's Quarterly budget reports.*

** Scrutiny has also given a commitment of their involvement at an earlier stage this year in assisting the Executive in the setting of the, 2015-16 Budget Process.*

** This Scrutiny Outcome Panel will contribute to the budget process for 2015-16.*

<p>Evidence Gathering</p> <ul style="list-style-type: none"> Documents (What? Why?) 	<ul style="list-style-type: none"> Council Plan, The latest Medium Term Financial Strategy (MTFS) Annual Delivery Document (ADS) <p>To establish linkages thus clarify the Council's Priorities</p>
<ul style="list-style-type: none"> Internal Contributors (Both Members & Officers – Who? Why?) 	<ul style="list-style-type: none"> Portfolio Holder for Finance (Cllr H.E.Jones) Officers on the Senior Leadership Team Statutory Officers; 151 and the Monitoring officer
<ul style="list-style-type: none"> External Contributors (E.g., Service Users, Community Representatives, Key Stakeholders, Experts, Other Organisations – Who? Why?) 	<p>Not decided at this time</p>
<ul style="list-style-type: none"> Site Visits (Optional – e.g., Users, Community representative, Key Stakeholders, Recognised Experts, Other Organisations, etc. – Who? Why?) 	<p>Depends on Members view in to the process re; value of going out to meet public or other stakeholders for consultation</p>
<ul style="list-style-type: none"> Consultation / Research (Other methods – Who? Why? What?) (Does the committee wish to publicise their reviews?) 	<ul style="list-style-type: none"> Budget Scrutiny 2014-15 Report, 10th Feb Executive Council Plan <ul style="list-style-type: none"> Definitive list of Council Priorities Medium Term Financial Strategy (MTFS) <ul style="list-style-type: none"> Definitive list of cost of Services Statutory and non-statutory Services Annual Delivery Document (ADD) and... Outcome Agreement- both together includes definitive list of service to be delivered for 2014-15 Efficiency Savings Strategy: -for 2012/13, 13/14, & 2014/15; Affordable Priorities Programme 2010/11-11/12; Budget Bids 2014-15

<p>Format of Meetings</p> <ul style="list-style-type: none"> Venue of Meetings (Can they be held in the Community?) 	<p>Finance Conference Room - May 15th @ 1pm – To discuss completing this Scrutiny Proforma to map out the project's Terms of Reference; to avoid going off on any tangents, to plan for data required to be scrutinised and start drafting of Recommendations for a Report.</p>
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<ul style="list-style-type: none"> • Frequency of Meetings <p>(Members availability, getting contributors)</p>	<ul style="list-style-type: none"> • Bi-monthly; - and 1 of each date per month, to be confirmed. 28/29 Jan) TBC • 27/28May) TBC <p>Resulted in to date;-</p> <ul style="list-style-type: none"> • 1st meeting – 15 May 2014 - initial meeting providing background to the panel being set up and introductions to the new interim 151 Officer • 2nd meeting 23 July - agreed & drafted Proforma for the Scrutiny Review. • 3rd Meeting 24 Sept - <i>Went through the savings proposals for period 5, to find some 80% look like not being achieved , as oppose to the 151Officer stating as far as he knew the savings were on 90% track to being achieved</i> • 4th meeting - 25 Nov – went through figures for finance Period 8 to check progress, and previously missing or unfathomable explanation’s from Services, against period 5 • Instructed - to draft report • 5th Meeting - 7th Jan ’15 – with Chairman to finalise any amendments to the final draft, forward to Cttee 13.1.15 for Ratification.
<ul style="list-style-type: none"> • Co-Options 	<p>(Does the Committee wish to co-opt members onto the committee for the investigation? If so, why?) – Not at this point.</p>
<ul style="list-style-type: none"> • Member Involvement (Full Committee, Task & Finish Working Group) 	<p>Scrutiny Outcome Panel. Nominations received and approved April 17 2014 :</p> <ul style="list-style-type: none"> • Cllr Meirion Jones (Chair Corporate Scrutiny Committee) • Cllr Llinos Medi Huws • Cllr Victor Hughes <p>Also Present:</p> <ul style="list-style-type: none"> • Interim 151 Officer, Richard Micklewright • Scrutiny Manager, Bev Symonds • First meeting- Ruth Jones (Finance) • Accountants-Paula Gledhill and Bethan Owen attended 2 meetings
<ul style="list-style-type: none"> • + Responsible officer to complete as review progresses) 	<p>Version 3. Jan 2015 B.A.Symonds (Scrutiny Manager).</p>