

EPPING FOREST DISTRICT COUNCIL OVERVIEW AND SCRUTINY MINUTES

Committee:	Overview and Scrutiny Committee	Date:	Tuesday, 29 November 2011
Place:	Council Chamber, Civic Offices, High Street, Epping	Time:	7.30 - 10.14 pm
Members Present:	Councillors R Bassett (Chairman) D Wixley (Vice-Chairman) Ms R Brookes, K Chana, D Jacobs, D C Johnson, Mrs M Sartin, D Stallan and G Waller		
Other Councillors:	Councillors K Angold-Stephens, R Barrett, Mrs D Collins, Mrs R Gadsby, Mrs A Grigg, Ms J Hart, A Lion, Mrs M McEwen, G Mohindra, J Philip, B Rolfe, Mrs P Smith, C Whitbread, Mrs J H Whitehouse and J Wyatt		
Apologies:	Councillors Mrs S Jones and S Murray		
Officers Present:	D Macnab (Acting Chief Executive), I Willett (Assistant to the Chief Executive), J Gilbert (Director of Environment and Street Scene), D Butler (Young Persons Officer), R Pavey (Assistant Director (Revenues)), G Wallis (Community Development Officer), S G Hill (Senior Democratic Services Officer), L Eales (Youth Council Administrator), T Carne (Public Relations and Marketing Officer), A Hendry (Democratic Services Officer) and M Jenkins (Democratic Services Assistant)		
By Invitation:	A Armitage (Chigwell School), H Duherich (Debden Park High School), D Morecroft (Debden Park High School), J Patel (St John's School Church of England) and C Philip (Independent)		

47. WEBCASTING INTRODUCTION

The Assistant to the Chief Executive reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

48. SUBSTITUTE MEMBERS

There were no substitute Members for the meeting.

49. MINUTES

RESOLVED:

That the minutes of the last meeting of the Committee held on 18 October 2011 be agreed.

50. DECLARATIONS OF INTEREST

Councillor D Stallan declared a personal interest in agenda item 7 as he was a member of North Weald Parish Council.

51. PRESENTATION FROM THE YOUTH COUNCIL

The Chairman welcomed five Youth Councillors to the meeting and asked them to introduce themselves to the committee. They were Jenkin Patel, Daisy Morecroft, Haris Duherich, Annie Armitage and Trini Philip. Also present alongside the Youth Councillors were officers Mrs G Wallis, Community Development Officer and Ms D Butler, Young Persons Officer.

They gave the Committee an outline of the work they had undertaken over the last year. One of the key themes for them had been young peoples' safety, where they had undertaken projects to address the issues of safety and their fear of crime. Among the things that they had produced was a young person's guide to reporting crime, a very useful pocket size guide explaining the reporting system. They also produced a safety DVD for year 9 pupils to give them advice about staying safe from harm and worked with ex police officers and ex offenders from a training company to research this.

For the second year running they had organised a youth project of the year award. This was to support and promote local youth clubs and projects wherever possible. At the recent ceremony, 10 local projects were recognised, with the overall winner being "Ignite".

They had also attended or organised various community projects such as the Intergenerational Fun Day at Ninefields Hall in Waltham Abbey and the 'Play in the Forest' event, encouraging children to enjoy the open spaces of the local forest. The Youth Council had also acted as a consultative body, taking part in consultations for the LSP, the White Water Rafting Centre, Essex County Council and the City of London, to name but a few.

March 2012 will see a new Youth Council of 20 young people between the ages of 13 and 17 elected, 2 from each of the 8 secondary schools plus an additional 4 places for independent Youth Councillors, who live in the district but who may go to school or college outside the area.

Last year, the £12,000 funding received from the Council covered the cost of their training, the overall development of the Youth Council and also any event they organised and crucially, the transport costs for them to and from events.

They had also secured £9,425 of funding from external sources with at least another £700 still to come in this financial year. Additionally, they had been allocated £1350 from the Council's Safer Communities Partnership to support their work relating to safety and the reporting of crime by young people.

The Committee were impressed with the work done by them and noted that the Youth Council was better known among young people as they had spent money on publicity to raise their profile. They were pleased to see that they were asking for the same amount of money as last year. They also noted that the Youth Council had made great improvements over the last two years by going out and helping other people (and organisations) in the district. They also acted as ambassadors for the District at outside events.

RESOLVED:

That the bid for £12,000 DDF in the Council's draft budget for 2012-13 by the Youth Council be recommended to the Cabinet.

52. CALL-IN OF CABINET REPORT ON OLYMPIC GAMES "LOOK AND FEEL" AND TICKET ALLOCATION

The Committee considered the call-in of a decision by the Cabinet of a Leisure and Wellbeing Portfolio Holder report (C-032-2011/12) regarding a bid for £35,000 of the District Development Fund expenditure in 2012/13 for the funding of community Olympic "Look and Feel" schemes and a bid for £3,000 for Olympic and Paralympic tickets to be allocated as described in the report. The Call-in was concerned that no consideration was given by the Portfolio Holder to the fact that the "Look and Feel" material had to be returned at the end of the 2012 games; that no consideration was given by the Portfolio Holder to fund the bid from the savings within the DDF budget; that no other sources of funding had been sought for funding this decision; and that no consideration had been given by the Portfolio Holder for other ways of allocating tickets purchased.

The lead member of the call-in, Councillor Stallan was asked to open the discussion. He said he was not questioning the feel good factor of the Games, just how it was to be financed. It was not mentioned in the report that the "Look and Feel" material had to be returned at the end of the Games; had this been taken into account by the Portfolio Holder? We should demonstrate that the money would come from savings and not from our budget. £38,000 was a large sum to spend in these times, other authorities, such as Newham and Tower Hamlets, have sought and received sponsorship for this and not had to delve into their budgets; can the Portfolio Holder advise us if she had looked into other methods of funding? We have also raised concerns about the allocation of tickets and have proposed a lottery for young people. Councillor Stallan was, however, happy to go along with recommendations 4 (a) to (d) and 5 and 6 and wondered if the Portfolio Holder could advise if she would look at setting up a lottery?

The responsible Portfolio Holder, Councillor Gadsby was then asked to make her opening statement. She hoped that as the members that had called it in were mostly former portfolio holders who should know how much work had gone into a report like this. She added that at the time of the report she was unaware that the material had to be returned, however once used, it would have no further application. As for seeking additional funds, other sources of funds had been considered, although the DDF bid was the best option in the short time frame that we had. However, only Loughton Town Council could afford £1,000 for "Look and Feel" material so the amount we now need had reduced considerably and therefore would now be met from the existing budget. As for the allocation of the tickets, this was one of the hardest decisions to make. The allocation of tickets to King Harold School was questioned; it's a recovering local school coming out of special measures and we thought it needed some support and the children could be inspired by the Games. I accept that this was a judgement call. Tickets would cost less than £4,500 and this could be found within existing budgets. If councillors wanted to put in other ideas, then I would be happy to listen.

Councillor Sartin asked if the year on the recommendations was right. Should it be the Citizen for 2012/13 or should it be for 2011/12. Also, how many packs were to be purchased if only Loughton Town Council wanted to take up this offer? It was clarified that the Citizen of the Year was awarded at the Civic Awards in March 2012 and would serve until March 2013 and therefore the reference was correct. As for packs, there would only be one purchased for Loughton.

Councillor Johnson was disappointed only Loughton wanted to get involved. He wanted to know if many other secondary schools had enjoyed the White Water Centre. He was told that other schools had an opportunity through the Sporting

Ambassador's Programme. He replied that it was then reasonable to allocate them some tickets.

Councillor Whitbread said he understood why King Harold School had been chosen but noted that many other children did not have access to the centre and it was reasonable they should have a wider opportunity. Perhaps the opportunity should be widened out to the children of North Weald as the park and ride was going there and they would be just as affected. There needed to be a fair way forward. The Portfolio Holder should reconsider this. Other sources of funding should have been sought and he would like more information on what alternative sources had been sought out, in which case we could have all benefitted from better street scenes. He appreciated they were mainly all ex-portfolio holders so know the thought processes involved. But if other Councils could do it (alternative funding), so should we.

Councillor Johnson noted the fairness of the ticket allocation, and had totted up that there were about 32 tickets available to people nominated throughout the district, there could be other ways it could have been distributed and it would have been nice to have included other bodies in the mix. However, he was happy with the way they had been allocated.

Councillor Mohindra explained that a DDF bid had been put in originally because a of the potential for quite a number of Town and Parish Councils to opt to have the "Look and Feel" material. However, due to the lack of take up by the Town and Parish Councils, only three to four thousand pounds would now be required, which could be covered by existing budgets.

The Chairman asked if the deadline had passed for any more bids by the Town and Parish Councils and was told that effectively it had. He then said that he presumed that Waltham Abbey had been allocated material by the Olympic body by virtue of its location; Councillor Gadsby replied that they had.

Councillor Stallan noted that he had found out that Islington had got outside funding from the television, the other councils had been quoted as getting outside funding he had found on the internet. As they had found other ways, he hoped we could find other means to fund this.

Councillor Smith commented that it was difficult to get the Town and Parish Councils on board as they wanted to put on their own type of festivities.

Councillor Whitbread said that this Council had a great record of getting external funding; it was a shame that we had not promoted this. He felt that we could have done a bit more to get outside funding.

Councillor Philip commented that it was clear that information had be available at the Cabinet meeting showing that consideration had been given to other methods of allocation. He was not at that meeting but had seen the webcast. The information was with the Cabinet before the meeting. He understood that people might not agree with the allocation of the tickets, but it was clearly thought through in advance of the report being produced and discussed at Cabinet.

The Director of Environment and Street Scene, Mr Gilbert, commented that the "Look and Feel" material was very strictly controlled by the Olympic authorities and that no sponsorship could be associated with the material as this would clash with their own sponsorship deals. He accepted that it was not made clear that the "Look and Feel" materials would have to be returned at the end of the games and he apologised for the report not being clearer in this respect. However as it was so tightly controlled by

the Olympic agency, and so closely associated with the Olympic brand, there was nothing that could be done with it after the games.

The lead member responsible for the Call-in and the Portfolio Holder were asked to sum the debate.

Councillor Stellan said he was grateful for Mr Gilbert's clarification. He asked that the Portfolio Holder look at the decision again and also clarify the year of the Citizen of the year, is it 12/13 or 11/12. If this call-in was not supported then he would still ask that the Portfolio Holder re-look at the allocation of tickets, maybe by a lottery.

Councillor Gadsby said she understood that however the tickets were allocated someone would always lose out. She therefore wished to adhere to the Cabinet's original decision.

RESOLVED:

That the Overview and Scrutiny Committee confirmed the original decision of the Cabinet on report C-032-2011/12 regarding Olympic Games "Look and Feel" and Ticket Allocation.

53. GOVERNMENT CONSULTATION ON TECHNICAL REFORMS OF COUNCIL TAX

The Assistant Head of Finance, Rob Pavey, introduced the report on the Department for Communities and Local Government consultation on the technical reforms of Council tax.

The Government proposed that reforms to the council tax system from 2013-14 would:

- Give billing authorities power to levy up to full council tax on second homes;
- Replace existing Class A and C exemptions for vacant homes with discounts of up to 100%, the amount of which it would be for billing authorities to determine;
- Abolish the Class L exemption, and make mortgagees in possession of empty dwellings liable to council tax in respect of them;
- Allow billing authorities to levy an 'empty homes premium' over and above full council tax liability in respect of dwellings which have been left empty for two years or more;
- Set a default assumption that payment of council tax be by instalments over 12 months rather than 10 as is currently the case;
- Allowing authorities to publish online the 'information to be supplied with demand notices'; and
- Changes to eliminate potential tax complications from arrangements involving third party suppliers where solar panels are placed on the roof of dwellings without coming into the control of the resident.

Officers wanted to keep the system without the complications of having up to 100% discounts with various exemptions. They would also like to keep to the present instalment payments of a 10 month period rather than the proposed 12 month period; this also helps the people who pay by Direct Debit and have the incentive that is currently offered for payment by Direct Debit.

The Chairman asked where the Buy to Let fitted in and was told that that if it was furnished it was classed as a second home.

RESOLVED:

- (1) That the report on the proposed changes to the Council tax was noted; and
- (2) That the proposed responses to the Consultation as set out in the Appendix to the report be agreed.

54. KEY OBJECTIVES 2011/12 - PROGRESS REPORT

The Chairman noted that this report had already been to the Finance and Performance Management Scrutiny Standing Panel and the Cabinet Committee.

It was noted that in its current format the report used a lot of paper and would be made more concise. The Acting Chief Executive advised the meeting that it would be altered for the Cabinet meeting.

The Committee went through the key objectives, making the following comments:

CO-1a (i) – Councillor Angold-Stephens asked if the date of completion for the new depot at Oakwood Hill was still on track. The Director of Environment and Street Scene replied that a report had only just been received and the timetable had slipped.

CO-1a(iv) - Asked if the depot would be moving to North Weald Airfield the Finance Portfolio Holder said that this was just one of the locations looked at, but no specified site had been identified as yet.

CO 1a(v) – Councillor Stallan said that the Leader had agreed for an update at the next Council meeting on the application for a new depot at North Weald as local residents were concerned. Councillor Philip replied that he would be happy to give an update at full Council.

CO 1a(vii) – Councillor Sartin asked if there was anything more to add about the relocation of the Council's Services from Langston Road; she was told it was still subject to negotiations.

CO 1c – Councillor Whitbread asked when the planning application for the Langston Road site would be put in. He was told by Councillor Mohindra that they had recently had a meeting with Highways but no formal agreement had been made as yet. He was hopeful for a date early in the new year.

CO 1f – Councillor Janet Whitehouse asked for an update on the development brief for the St John's Road area of Epping. She was told that officers were consulting with Highways as they needed them to confirm base data. They had difficulties with the company used, causing delays. It was agreed that it was frustrating that this had gone on for some years and that it should be ended as soon as possible.

CO 2f – Councillor Brookes was concerned that 'health inequalities' were not considered as a high priority and that it did not get left aside. The Acting Chief Executive noted that there was an item in the work programme to consider the new Health and Wellbeing Board arrangements where this could be picked up.

CO 4h – Councillor Sartin asked for an update on the Limes Farm Hall redevelopment. The Acting Chief Executive replied that they were as yet to get a handover from the contractors, but he was confident that it would be open early the

New Year. Planning had started taking potential groups around to look at the building.

RESOLVED:

The Committee noted and commented on the progress of the Council's Key Objectives for 2011/12, for the first six months of the year.

55. OVERVIEW AND SCRUTINY - SIX MONTHLY REVIEW

Mr Hill, the Senior Democratic Services Officer took the Committee through the scrutiny work programme.

(a) Overview and Scrutiny Committee

The Committee noted that there were no reserve items for the O&S Committee, although there was a lot of items to get through their remaining three meetings. He noted that the committee did not want two presentations at any one meeting and that the LSP had been lined up for their next meeting in January 2012.

After consideration of their work programme the Committee decided that they should receive a presentation from the PCT/West Essex Health Service (item 15 of the Work Programme) and from Essex County Council in respect of Children Services (item 18) to be arranged for their meetings to be held in March and April 2012.

It was also agreed that the item relating to emergency services and the Olympics possibly be included in the Safer Cleaner Greener Scrutiny Panel work programme, if possible, but the Committee understood that some of the information could be sensitive.

(b) Housing Scrutiny Standing Panel

The Committee noted that the Housing Panel had recently had a joint meeting with the Finance and Performance Management Standing Panel to discuss the new HRA 30 year Financial Plan arrangements.

(c) Constitution and Member Services Scrutiny Standing Panel

It was noted that an extra meeting would be held on 23 January 2012 to enable them to catch up on uncompleted work accrued over the year.

The Committee also noted and agreed a new item to add to their work programme - to look at the issuing of agendas to members and how savings could be made.

They were confident of completing their work programme within their final two meetings.

(d) Safer Cleaner Greener Scrutiny Standing Panel

The Committee noted that they had added two new items to their work programme; one was to receive reports updating them on the wider implications of the Environment Agency's strategy on flood management in the Roding Catchment area; and the other was to scrutinise the new SITA contract.

(e) Planning Services Scrutiny Standing Panel

The Committee noted that their new draft terms of reference was still being considered and a report was in preparation to go to a future meeting.

(f) Finance and Performance Management Scrutiny Standing Panel

The Committee noted that they had recently looked at KPIs, the second quarter financial monitoring report, the medium term financial strategy and the improvement in the council's sickness performance.

(g) Senior Recruitment Task and Finish Panel

Noted that the draft terms of reference were on this agenda for the Committee to agree.

RESOLVED:

That in accordance with rule 9.3 of the Overview and Scrutiny Rules the Committee reviewed and commented upon their Work Programme for the last six months.

56. AUDIT AND GOVERNANCE COMMITTEE - APPOINTMENT OF PORTFOLIO HOLDER ASSISTANT

Councillor Stallan the Chairman of the Constitution and Member Services Scrutiny Standing Panel introduced their report on whether a Portfolio Holder Assistant could be a member of the Audit and Governance Committee. It was noted that although there was currently no legal rule which excluded portfolio holder assistants there was a preference to avoid conflicts of interest which might arise unless those conflicts were very carefully managed. It was also thought that there was a need for clear advice on conflicts of interest so that portfolio holder assistants knew exactly how to respond to matters they had been involved in. It was accepted that the talents of individual members should be used and reducing the pool of Councillors available by excluding portfolio holder assistants, could prove counter-productive.

The Committee accepted that, on a trial basis of one year, its membership could include Portfolio Holder Assistants with the exception of any Assistants associated with a portfolio dealing with the Council's finances. This was taken to expressly mean the assistants to the Finance Portfolio Holder. Other portfolio assistants, although their duties may impinge on some financial matters they were not considered to be exclusively involved in the financial side of things.

An amendment was also made under recommendation 1d, under paragraph 11.6(a) that the word 'primarily' be inserted after the word 'dealing' so that it read "...any portfolio dealing primarily with the Council's finances...".

RESOLVED:

- (1) That a report be submitted to the Council recommending as follows:
 - (a) that Portfolio Assistants, except those involved with a Portfolio dealing primarily with the Council's finances, be eligible for appointment to the Audit and Governance Committee, subject to careful consideration by the Councillor

concerned of the need to declare a prejudicial interest in any matter relating to the relevant Portfolio which comes before that Committee;

(b) that the proposal set out in (a) above be reviewed after one year or if there is a change either in the roles of Portfolio Holder Assistants of the Audit and Governance Committee;

(c) that the designation "Deputy Portfolio Holder" be changed to "Portfolio Holder Assistant"; and

(d) that paragraph 11.6(a) (Councillor Members) of Article 11 of the Constitution (Audit and Governance Committee) be amended to read as follows (changes in bold text underlined):

"11.6(a) (Councillor Members)

Councillors appointed to the Audit and Governance Committee may not also be members of the Cabinet, any Cabinet Committee or any Panel appointed by the Overview and Scrutiny Committee with responsibility for reviewing the Council's finances or financial procedures.

A Portfolio Holder Assistant (other than any assistant involved in any portfolio dealing primarily with the Council's finances) appointed by the Leader of the Council shall be eligible for appointment to the Committee"

(e) that the Standards Committee be asked to issue advice to Portfolio Holder Assistants on how such conflicts of interest should be dealt with and to consult with the Audit and Governance Committee before it is issued;

(2) That the proposed review by the Audit and Governance Committee of its own constitution including the following specific matters be noted:

(a) terms of appointment for independent members;

(b) method of appointing Councillor members of the Committee (including pro rata rules and appointment by Council rather than political groups);

(c) whether the Committee should be increased in size;

(d) whether there should be a majority of independent members; and

(e) whether there should be separate Audit and Governance Committees; and

(3) That any review of the Constitution which results from (2) above be added to the work programme for this Panel; and

(4) That the Audit and Governance Committee be advised of this Panel's view that the number of its members should be increased.

57. REPORTING BY SCRUTINY PANEL CHAIRMEN AT COUNCIL MEETINGS

Councillor Stellan the Chairman of the Constitution and Member Services Scrutiny Standing Panel introduced their report on the presentation of Overview and Scrutiny reports to Council meetings. Standing and Task and Finish Panels have the status of sub-committees' of the main Overview and Scrutiny Committee. As such, Panels would not normally report to the Council unless specifically authorised to do so by the Committee.

Bearing in mind the work undertaken by Panels, it was argued that it should be the Panel Chairmen, rather than the Chairman of the Overview and Scrutiny Committee, who should present reports as they have detailed knowledge of the matter concerned. Such reports when submitted to the Council might involve changes to Council policies and practices where detailed knowledge by the Panel Chairman was desirable in order to answer questions at Council meetings. However, it was considered important that the role and status of the Chairman of the Overview and Scrutiny Committee was not undermined to such an extent that the position was seen to be less significant than the Panel Chairman and the Cabinet. This was balanced against what was seen as a desirable change whereby Panels would submit reports to, for example, Council meetings.

It was considered that Panel reports should still be considered by the Overview and Scrutiny Committee unless there was a need to deal with a Panel report more quickly. In such cases it was recommended that there should be a prior consultation with the Chairman of the Overview and Scrutiny Committee so as to agree the degree of urgency.

An amendment was proposed and agreed to recommendation 1(a) to add the words "and other Council bodies" after the words 'presenting reports at Council...'

RESOLVED:

That a report be submitted to the Council recommending as follows:

- (a) That the principle of Scrutiny Panel Chairmen presenting reports at Council and other Council bodies meetings be approved;
- (b) That Overview and Scrutiny Procedure Rules 12(3)(h) (Standing Scrutiny Panels) and 13(3)(h) (Task and Finish Scrutiny panels) be amended to read as follows:

"be able, after consideration by the Overview and Scrutiny Committee, to report to the Council, the Cabinet, a Cabinet Committee, a Portfolio Holder or any other Council body";
- (c) That Overview and Scrutiny Procedure Rules 12(4) and 13(3) be further amended by the addition of the following sub paragraphs:

"(i) in the circumstances set out in (h), the report shall be submitted in the name of the Panel and presented by its Chairman, unless the work of more than one Scrutiny Panel is involved, in which case any report to another Council body will be in the name of the Overview & Scrutiny and presented by its Chairman

(j) in the event that the submission of a Panel report to another Council body is required such that it cannot be considered by the Overview & Scrutiny Committee in accordance with paragraph (h) above, the Panel report may proceed for consideration subject to prior consultation with the Chairman of that Committee as to the reasons for urgency;

(d) That, at Council meetings, the written report of the Chairman of the Overview and Scrutiny Committee be dealt with prior to the reports by the Committee or any of its Panels and grouped under a single item relating to Overview and Scrutiny business; and

(e) That the Assistant to the Chief Executive be authorised to make any other consequential amendments to the Constitution arising from the above changes.

58. REVIEW OF MEMBERS DISPATCH ARRANGEMENTS

Councillor Stellan the Chairman of the Constitution and Member Services Scrutiny Standing Panel introduced their report on changes to the members dispatch arrangements.

It was noted that the legal requirements shape the despatch arrangements. Two statutory timetables apply to all formal meetings of the Council:

(a) five clear days' notice of meetings must be given to the public; and

(b) despatch of agenda papers to Councillors and availability to the public must be at least five clear days before a meeting.

On (b), despatch of "hard copy" agenda takes place on Tuesdays and Fridays and would provide five clear days notice for meetings held in the early part of week 2 after despatch (Tuesday) and the latter part of that week (Friday). This also reduces the number of ad hoc postings. The Panel were advised that this term, or more particularly "clear" is not defined in the legislation. Various legal cases have however resulted in a definition that "clear days" must exclude:

- (a) the date of despatch;
- (b) the date of the meeting;
- (c) weekends; and
- (d) Bank or Public Holidays.

For Councillors, the Act said that copies can either be posted to them or left at the address they specify (usually their home address). For the purposes of the Act either was sufficient service. However, the Act implies delivery of a paper agenda and there is thus a risk of challenge if Councils rely solely on electronic delivery.

For many years despatch of all agenda was by post. In the late 1990's, the cost of postage was such that the use of messenger deliveries came under consideration. The Council transferred to this arrangement when the LGA 2000 extended the notice period for "3 days" to "5 clear days". Use of messengers significantly improved the reliability and security of delivery within the timescale and was cheaper. This system had continued to the present day.

Since the current messenger delivery arrangements were introduced, postal charges had changed. This triggered a review of messenger arrangements in the Corporate

Support Services Directorate. This review established that traditionally the Tuesday despatch was lighter and it was now cheaper to post than using a messenger. The Friday despatch was usually the heavier and is more economical if messenger delivery was retained.

This review coincided with the retirement of one messenger employed part time on members' despatch and the Panel considered whether a change to a postal despatch on Tuesday would be viable. This would enable a DDF saving to be achieved in next year's budget in a sum of £3,000. They were happy to support this change as they had been reassured that the members' despatch would not be adversely affected and would reduce costs.

The Committee noted an amendment to recommendation 2, that the Portfolio Holder should be called the Portfolio Holder for Support Services and not Corporate Support Services.

RESOLVED:

- (1) That the changes being made by the Director of Corporate Support Services in respect of member postal despatches be supported, namely:
 - (a) postal despatch – Tuesday each week;
 - (b) messenger delivery – Friday each week;
- (2) That the Portfolio Holder for Support Services be advised of these changes which should achieve a DDF saving of £3,000 per annum in 2012/13 so that this figure could be incorporated in the draft budget;
- (3) That the Portfolio Holder be encouraged to undertake a wider review of messenger/administrative and related services with a view to making further economies in future years;
- (4) That the question of making use of new technology for members' agenda and meeting arrangements be included in the Work Programme for this Panel in 2012/13; and
- (5) That, pursuant to (4) above, legal advice be obtained on the current provisions of the Local Government Act 1972 in regard to paper copies of agenda and whether electronic despatch arrangements compromised the Council's responsibilities in this regard.

59. SENIOR RECRUITMENT TASK AND FINISH PANEL - TERMS OF REFERENCE

RESOLVED:

The Committee noted and agreed the terms of reference for the Senior Recruitment Task and Finish Panel.

60. UPCOMING PRESENTATION FROM THE LOCAL STRATEGIC PARTNERSHIP

The Committee considered the upcoming visit from the Local Strategic Partnership Manager to their January 2012 meeting. They wished to consider the impact of the

proposed Locality Boards and to receive any progress reports from the LSP before their next meeting.

61. PROPOSED MERGER OF BARTS AND THE LONDON, WHIPPS CROSS AND NEWHAM NHS TRUSTS

Councillor Wixley spoke to his written report on the recent meeting he attended entitled "Corporate Workstreams Session" and "Clinical Academic Groups". He noted that the main catchment area for patients was from Waltham Forest, Newham, Tower Hamlets, City of London and parts of Redbridge and Hackney. In the Epping Forest area he was advised that roughly speaking the catchment area extends to Nazeing in one direction and Epping in the other. Beyond those places patients are likely to be referred to Princess Alexandra at Harlow or Addenbrookes at Cambridge.

It was noted that the driving force behind the merger was a need by the combined trusts to save £237 million over the next five years. The merger would help them to do that and also achieve Foundation Trust status (Government requirement for all Trusts). The merger would also provide benefits for patients and staff as closer working would provide opportunities for "best practice" to be established, including improved patient record handling and improved Staff training.

They would be willing to arrange a presentation at a future O & S meeting or to a group of interested councillors. In view of our busy work programme and the fact that the merger was likely to go ahead, Councillor Wixley suggested that a presentation after the Foundation Trust has been running for a year would be useful and they would be pleased to arrange that.

The Committee also noted a paper: "Merger project: Summary Event Report" had been tabled (attached for information).

RESOLVED:

- (1) That the report on the latest meeting on the proposed merger of the three NHS trusts be noted; and
- (2) That a presentation after the Foundation Trust has been running for a year be arranged.

62. OVERVIEW AND SCRUTINY - JOINT TRAINING INITIATIVE WITH HARLOW DISTRICT COUNCIL

The Committee noted the proposed joint training arranged between EFDC and Harlow District Councils for members of their Overview and Scrutiny Panels. The training days had been arranged for 15 and 29 March 2011, both starting at 6.30pm. The first session will be held at Epping, and the second at Harlow's Civic Centre. Officers have secured a trainer from the Centre for Public Scrutiny, a Mr Tim Young. The themes of the training sessions would be the role of O&S and current issues, evidence gathering and questioning skills. Costs have been jointly met.

It was hoped that as many members as possible would attend. This event will also give them the opportunity of networking with members from our immediate neighbour.

63. CABINET REVIEW

The Committee reviewed the Cabinets agenda for their 5 December meeting but there were no specific items that the Committee wanted to be brought to their attention.

CHAIRMAN

Merger project: summary event report

Stakeholder event: Finance

20 October 2011, 12.30pm – 3pm, West Ham United Football Club

1. Overview

Following the publication of the Outline Business Case (OBC) for the proposed merger of Barts and The London NHS Trust, Newham University Hospital NHS Trust and Whipps Cross University Hospital NHS Trust, the programme began to seek views from local stakeholders on the proposal to merge but also to inform integration planning for the new organisation.

Detail integration plans are required for the next stage in the merger journey; to publish a Full Business Case (FBC) from which a decision to merge will be taken by the three trust Boards, NHS London, the Department of Health and ultimately the Secretary of State for Health.

A public event – *working in partnership across east London* – was held on the 15 September 2011 and provided a valuable opportunity for the three trusts to engage with local stakeholders and the community on the proposed merger. A full report from this event can be provided upon request.

Feedback from this event (and other meetings) led us to establish a specific stakeholder event on the financial challenges facing our existing three trusts and how the merger seeks to improve the financial stability of the health economy. The aim of this event was to help local people understand the current situation of the three trusts, the financial projections and benefits of the merger and provide an opportunity to debate and raise questions directly to the finance workstream and Directors of Finance from each of the three trusts.

Local councillors, local authority staff, MPs, GPs, patients and the public from across the local boroughs and representatives from Local Involvement Networks (LINKs) and local community groups were all invited to attend. A list of speakers and attendees is provided at Appendix 1.

2. The format of the event

Welcome and overview:

Stephen O'Brien, Chair, Barts and The London, and Integration Chair for the merger project, welcomed all delegates and provided the context for the event, background to the merger and the steps taken to date.

National and local perspective:

As the assembled delegates had differing levels of awareness around the national and local NHS financial context, Peter Shanahan, Chief Financial Officer for the merger project, provided a detailed overview of the financial situation, including how the NHS commissions services and manages its money. He also provided an outline on the process which will see all acute trusts become a Foundation Trust (FT) by 2014, as proposed in the Health Bill currently progressing through parliament, and the challenge this presents to the three legacy trusts.

The Trusts:

Presentations were then heard from each of the Finance Directors, who were subsequently praised for articulating the complex information in an easy to understand manner.

Andy Morris, Finance Director, Whipps Cross University Hospital NHS Trust, began by outlining the history behind the current Whipps Hospital deficit and how challenging this has been to repay, whilst continuing to invest in the estate and ensuring there was no impact on patient care or services.

David Gilbert, Finance Director, Newham University Hospital NHS Trust, followed by explaining how the current Private Finance Initiative (PFI) contract operates for Newham Hospital. David also outlined the investment which has been made in new facilities in recent years and the need to now focus on operating these services to optimal efficiency.

Sarah Mussenden, Finance Director, Barts and The London NHS Trust, completed the overview of our legacy trusts and explained that the challenge is not historical for Barts and The London, but rather the immediate future. The new Royal London hospital is opening in December 2011 and with this brings increased payments as part of the PFI contract. Sarah likened this to moving into a new home and with this comes mortgage repayments. Next year Barts and The London will have the first full year of operating from its new premises and therefore the financial picture becomes more constrained, but manageable. Sarah also outlined that Barts and The London is not as efficient as it could be so gains in this area will directly contribute to the bottom line.

Each of the finance directors reiterated their view that the merger provides the local health economy with a great opportunity to ensure financial stability of local health services; to see the historical deficits at Whipps Cross and Newham repaid and to see shared ownership of the future challenges which see the NHS collectively needing to save £20 billion over five years in cost improvement plans (CIPs), essentially due to the economic situation and the inflationary environment.

The Financial Model:

Following a short refreshment break, Peter Shanahan supported the above presentations by the Finance Directors, summarising that in addition to the clinical, safety and patient experience benefits, a merger will help all three trusts meet the requirements they need to become a FT and address their challenges, particularly around the national CIPs.

Peter outlined how the gap in the current merger financial model, as outlined in the OBC, will be closed through the following:

- Funding by the Challenged Trust Board, which is only available to Whipps Cross and Newham if they change their current organisational form;
- Government support for trusts with PFIs to reach foundation trust status (a national review is currently underway);
- Merger synergies, including the £26m which has been identified in corporate savings;
- Economies of scale e.g. purchasing;
- £31.5m – £116m could be found if the services in each of the trusts were as efficient as the best to be found in the three and further savings can be made in the future as standards are raised further to those who are the best nationally;
- Consolidation and improved productivity in clinical back office services e.g. diagnostic and clinical support;
- Better utilisation of assets/services e.g. Newham's Gateway Surgical Centre and diagnostics.

In summary, the financial story is considerably better as one organisation as the new trust would have the more flexibility to meet its monetary commitments but also the cost improvement programmes are smoothed (although not reduced) which means that the pressure on efficiencies in any given year are more balanced. The financial model will lead to future

proofing for the hospitals and services, allow continued investment in our facilities and keep services local.

Question and answer session:

A detailed question and answer session followed both the Trust presentations and the presentation on the Financial Model. All questions raised can be found in the next section of this report.

Questions were answered as appropriate by the presenters listed, and were supported by Stuart Saw, Director of Finance, NHS East London and The City and Terry Huff, Director of Finance, NHS Outer north east London. Dr Mike Gill, Medical Director of Newham University Hospital NHS Trust and Dr Shelia Adam, Clinical Integration Lead for the merger also provided support to any clinical related questions.

The presentations are all provided at **Appendix 2**.

3. Q&A session

Q: What is the Challenged Trust Board?

Formed in 2009, the Challenged Trust Board (CTB) was established by the NHS in London to oversee the implementation of the medium term financial strategy across the capital. Each of the primary care trusts (PCTs) in London agreed to top slice their annual allocation from the Department of Health to establish a fund, which would be administered by the CTB, to pay off historical debts held by London trusts. However this could only occur after the trust demonstrated that they had viable and robust plans in place to ensure future difficulties did not arise.

Therefore the CTB acts with the best interests of the commissioners and the local community, and includes representation from PCT Chief Executives, Non-Executive Directors and NHS London.

The CTB has previously advised that the historical deficits at Whipps Cross and Newham will be paid from this fund when they change their organisational form and the CTB is supportive of the proposed merger.

Q: How will Whipps Cross meet its targets this year – we hear they are asked staff to give up their holidays?

Whipps Cross has forecast a £6million deficit at the end of this year and has a very high percentage savings target (over 12%) for the 2011-12 year – 28m in one year is a big ask. We know we will not meet this target without additional support and we are working very closely with our commissioners and colleagues to ensure we can close the financial gap as much as possible. The Trust has an extensive list of efficiency plans, and we have also implemented a set of extraordinary measures, including asking staff to consider voluntarily giving up a day's leave and asking doctors to work an additional clinical session within their planned management hours.

Q: Tell us a bit more about the Barts and The London NHS Trust PFI deal? Are you taking steps to reduce the PFI annual costs like Newham have?

It is difficult to compare PFI contracts as they are negotiated at different times under different economic circumstances, but on reviewing the Barts and The London deal it is favourable. The contract itself was actually well negotiated and the deal, which is bond funded, is a good one. It is important to know that the £142m ongoing payment to Capital Hospitals (the private partner

who runs the new building) is not just for capital and interest repayments, but at least half of this cost pays for day to day management services such as catering, sterilisation and building maintenance, all of which would have been costs to the organisation regardless of the PFI deal.

The PFI contractors do recognise the economical realities we all face at present and given that we will be working in partnership for 42 years are willing to work with us to reduce costs where possible. For example, out of our 42m saving target this year, we have collaboratively saved 3m and see these saving opportunities continuing next year. We will also not start paying for the costs (or 'mortgage') of the PFI, until we move into the new building at the end of 2011, and will only pay our full annual costs once our services are fully integrated in the new building in 2012.

Q. Thank you for honestly acknowledging the Barts and The London PFI. However, there is a drive to move more services out of hospital and into the community - how will the new trust achieve this?

We have based our financial model on commissioner intentions and these obviously include moving more care into the community. If you look at the detail of our financial plan you will note that we are planning to see a reduction in our income with a starting point of £1.1bn to £900m in future years. The merger is supported by our commissioning clusters and we will continue to work together to ensure that we make the same assumptions about the services which need to be provided and to deliver the right care, at the right place to meet local need.

Q: Can we learn any lessons from PFIs at other NHS Trusts?

Not all PFI schemes are the same and it isn't possible to make direct comparisons. The earlier ones were less favourably financed as the 'concept' was still in its early days. It is also important to remember that both the Barts and The London and Newham PFI schemes include soft services (building management) provision, and again, not all schemes do.

Q: Has an audit been carried out of the facilities at all the hospitals? Each of the hospitals is investing in new facilities at the moment could this lead to an overprovision within the new trust?

We have commissioned external providers to undertake a process called Due and Careful Enquiry which looks at the financial elements of the existing three trusts and a similar piece of work has been commissioned externally to look at each of the hospitals clinical services.

Whipps Cross has a new emergency department due to open in early 2012, Newham has an extension to its maternity unit occurring at the same time and is starting work on a new emergency department. This is in addition to the new estate at Barts and The London.

All this new investment is driven by local demand, our growing population and rising birth rate and supports the Health for north east London proposals which were led by our commissioning colleagues. We also need to work together to change clinical pathways and the use of urgent care services and accident and emergency. By working together and sharing expertise, we can ensure that we provide consistently high levels of care to all patients and make the best use of resources, including our buildings, on-site facilities and staff.

The real prize from the merger has to be the reduction in organisational barriers and enhanced partnership working between hospitals, commissioners, local authorities and the public. We all have a responsibility for the health of our community.

Q: How does becoming an FT benefit the local community?

In order to become an FT you need to meet high financial and service level standards as assessed by the external regulator of foundation trusts, Monitor. FTs also have more freedom in how they manage their finances and their ability to borrow funds to invest in local health services is enhanced. Trusts of this nature are also more accountable to the local community as residents, patients, relatives, carers and NHS staff can join as members of the trust. Members also elect a Board of Governors (around 30 people) who represents staff, local residents, patients and other stakeholders such as the relevant local authority to ensure transparency and local involvement in decision making.

Q: There is a huge challenge to commissioners funding. Do these cutbacks impact the merger?

We have worked closely with the commissioners to develop our Full Business Case (FBC) which is affordably based upon all the challenges ahead. Our commissioners have to sign off our income predictions, and we will continue to work together to ensure that our plans are viable for the local population and challenges ahead.

Q: How will you make up the 80m shortfall you mentioned earlier?

We are still working up the final detail which will be included in the FBC, but the reality is that this cash shortfall exists and collectively we would have to fund this through savings at each of our hospitals through the cost improvement plans. By becoming a single merged organisation we believe we are in a better position to deal with these challenges and provide a sustainable and accessible health service for our communities.

Q: How will you protect local health services should the merger fail?

We all want to have sustainable and viable services in north east London but no one can predict the future. We believe that the merger will strengthen our frontline services, increase our efficiency and enhance patient experience. We will collaboratively work together to help make our local health economy as resilient as we possibly can.

There is a greater risk to local services if the merger does not go ahead as both Whipps Cross and Newham have explored their futures over the last few years and this three way merger is the only option available that will not take away local services from local people. The alternative is to enter the Department of Health failure regime and although the detail of what this means is unclear, we do expect that it will see decisions being taken by individuals and groups unfamiliar with north east London.

Q: What happens to Whipps Cross and Newham if the merger fails?

After reviewing the criteria to become a FT both Whipps Cross and Newham declared that they will not be able to achieve this status as standalone organisations. If the merger was not to go ahead, they will enter into the failure regime, and their future will be decided by the Secretary of State for Health or they may even risk being taken over by another organisation. We believe the merger is the best way to ensure a resilient future, collaboratively drive up our quality for local patients and keep control of our own future.

Should the merger not progress we believe this presents a greater risk to local services in that it is likely that we would see a decline in quality as staff look to further their career development elsewhere due to the level of uncertainty and the financial difficulties continue.

There is also a limit to what we can do within the current organisational arrangements and there is a clear need to change, to create one culture, one ethos and one leadership team.

Q: What is in this merger for Barts and The London NHS Trust? Will BLT have to take on the burden of debt at Whipps Cross and Newham?

Although Barts and The London could theoretically achieve FT status as a single organisation, it would not be an easy journey. The merger supports all three trusts to achieve FT status, and reduces the challenge that the trust's face individually. We should also remember that the merger is also driven by a clinical case and we look forward to working with our colleagues at Newham and Whipps cross to achieve the fantastic benefits the merger will offer our patients and staff – some of which are outlined in our prospectus which is available on request.

Non-financial questions raised by delegates outside of the plenary sessions included:

Q: Would the merger mean local maternity units/A&Es would close?

The merger would actually strengthen the resilience of these services. A new A&E is currently under construction at Whipps Cross and funding has just been secured to redevelop the A&E site at Newham. The extension to Newham's maternity unit is due to open in Jan 2012. Most of the new hospital at The Royal London will open in 2012. Merger would mean we could strengthen these services by ensuring we have senior consultant cover across all sites 24/7 and by working together we could provide more comprehensive, coordinated care.

Q: Isn't a merger risky?

A merger is the three trust's best solution to the current commissioners' intentions, future demands on healthcare and the proposal for all hospitals to become FTs by 2014. The status quo is far more risky. The trusts believe that this merger will work and risk will be minimised because:

- the work is being led by clinicians to deliver better health and healthcare
- we are clear about the benefits and we aim to communicate them.
- there are advantages to all three trusts and their local communities.
- we are committed to working with patients, LINKs, the local authority and the wider community to create an organisation that has partnership at its heart.
- we recognise that staff are our greatest asset.
- recognising the cultural differences between the three trusts is important and will drive our organisational development strategy.

Q: What would be the impact of the merger on the Homerton and why isn't it in the merger?

The proposals wouldn't jeopardise current partnership working and we aim to strengthen the links we already have – sharing best practice and developing services that complement one another.

In October 2010 it was made clear that a proposal to merge Newham, Whipps Cross and Homerton would not be acceptable to the Homerton Board. A subsequent proposal by Homerton of a staged acquisition of the other two hospitals was considered by the Whipps Cross and Newham boards. Their decision was that a merger with Barts and The London had greater clinical support and had the potential for better clinical and financial benefits.

Q: Is this a way of funding Barts and The London's new hospital?

No. A merger puts all three trusts in a financially stronger position. In fact Barts and the London is in the strongest position to meet the financial requirements of becoming a FT.

Q: Won't the new Trust be too big?

A large organisation brings benefits:

- greater economies of scale and greater buying power
- more opportunities for staff – so we can retain the best
- better sharing of knowledge and information
- removing organisational boundaries to enable networking of services so that patients can receive more care closer to their home.

However we recognise there are challenges too:

- we are developing a new management structure that will ensure each site maintains focus on its key priorities, whilst taking advantage of the opportunities afforded by working in a larger organisation.
- we will work with staff to ensure the three trusts come together as one and see the new Trust as a single entity.

The new organisation is proposed to have eight Clinical Academic Groups (CAGs). Each CAG would have a multi-disciplinary leadership model with a clear governance framework to support their responsibilities and dedicated clinical, research, educational, operational and financial leadership.

4. Feedback received about the event

- *"The event was well explained in simple language"*
- *"First honest public acknowledgement of finance problem"*
- *"It was absolutely fantastic"*
- *"Very useful event"*
- *"I appreciate the more open approach to the financial situation of the existing trusts"*
- *"It was an excellent meeting with excellent speakers. Good questions and very well answered"*
- *"It was very well presented with great clarity"*

5. How could we improve the event?

- *"Send slides in advance so we could formulate better questions"*
- *"Perhaps have a little more detail on the assumption behind the saving target"*
- *"Better use of the microphone"*

6. Conclusion

Dr Lucy Moore, Integration Director, concluded the event by acknowledging the risks of the merger and the importance to balance this with the clinical and financial opportunities that it presents.

There was also acknowledgement that change also brings with it a cost of transition and for a period of time this will involve double running to ensure that service levels are maintained at each of the hospital trusts. Dialogue in this area continues with both NHS London and the Department of Health.

The final remarks were to outline the absolute commitment to working with the wider health and social care economy, including neighbouring hospital trusts, local authorities, local involvement networks and the commissioners of the present and future and to reiterate the invitation to attend the next engagement event on the 3 November. This event is another response to feedback from patients and local partners to understand and debate the integration plans with the Clinical Academic Groups (CAGs) and the corporate workstreams.

7. Next steps

The next steps for the merger include continuing to develop the Full Business Case (FBC) which will be subject to an extensive approvals process in December 2011 including the three trust boards and NHS London, and the Department of Health and the Secretary of State for Health in early 2012. A detailed assessment by the NHS Cooperation and Competition Panel (CCP) will also run in parallel with the decision making process. If we receive approval to merge the earliest time for establishing a new merged organisation is April 2012.

Further discussions with GPs and local authorities have also been arranged over the coming months, and we will continue attend any local community meetings upon request. Views and responses to the merger will be fed into a submission to the CCP and the FBC for consideration during decision-making.

Views and comments, questions, or requests to be kept regularly informed, can be sent to the merger project team by:

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