



# Minutes

## *FINANCE, PERFORMANCE AND RESOURCES SELECT COMMITTEE*

**MINUTES OF THE FINANCE, PERFORMANCE AND RESOURCES SELECT COMMITTEE HELD ON THURSDAY 5 SEPTEMBER 2013, IN MEZZ 2, COUNTY HALL, WALTON STREET, AYLESBURY, COMMENCING AT 10.01 AM AND CONCLUDING AT 12.05 PM.**

### **MEMBERS PRESENT**

Mr T Egleton, Mr S Lambert, Mr D Martin, Mr B Roberts (Chairman) and Mr A Stevens

### **OTHERS IN ATTENDANCE**

Mr A Brown, Mr J Chilver, Mrs A Davies, Ms L Forsythe, Mrs C Gray, Mr P Hardy, Mrs K Jones (Secretary), Ms E O'Neill, Mr R Schmidt, Julia Wassell and Ms R Younger

### **1 APOLOGIES FOR ABSENCE/CHANGES IN MEMBERSHIP**

Apologies were received from Bill Chapple OBE, David Shakespeare OBE and David Watson.

### **2 DECLARATIONS OF INTEREST**

There were no interests declared.

### **3 MINUTES**

The minutes of the meeting held on 25 July 2013 were agreed as a correct record after the tabled amendments had been approved.

### **4 PUBLIC QUESTIONS**

There were no public questions.



INVESTOR IN PEOPLE



## 5 CHAIRMAN'S REPORT

The Chairman reported that the budget Scrutiny meetings would be taking place on 7, 8 and 9 January 2014. Following discussions at the previous meeting Members were advised that Select Committee Chairman will not be formally co-opted to the Committee but will be invited to attend the budget scrutiny meetings that relate to their Committee.

## 6 CAPITAL

The Chairman welcomed the Deputy Cabinet Member for Finance and Resources (the Deputy Cabinet Member), Richard Schmidt and Elspeth O'Neill to the meeting and reported that the Cabinet Member for Finance and Resources (the Cabinet Member) was attending as an observer.

The Deputy Cabinet Member explained that the last written strategy was in 2011 and that a review was due. The issues to be considered include areas for key investment and how to prioritise.

Richard Schmidt explained that capital items generate an asset for example replacing single glazed windows with double glazed windows is capital expenditure as it improves the asset by contributing to energy saving. Members were informed that the Capital Programme was agreed by the Council in February. Schools Property maintenance has an allocation of £3.5m. The bulk of the funding was for schools, highways, street lighting and property maintenance in addition to the reconfiguration of day services in Adult Social Care.

It was acknowledged that the track record regarding slippages was patchy, although the record in 2010/11 was good. Members were informed that some projects depend on planning activity whilst others, for example academies, were on track to deliver projects on time. It was noted that the planning profile of spending needs careful consideration.

It was noted that the Business Investment Group (BIG) was important in the management of capital investments and this Group was chaired by the Cabinet Member. Bids for the capital part of the Medium Term Plan process will be submitted in September and October and the aim is for it to be in line with the Strategic Plan. A formal plan will be submitted to Cabinet prior to approval by Council in February 2014.

Members were invited to ask questions and the following points were raised:

- The aim is to complete the improvements set out in the 'next steps' of the report by December 2013 and it was noted that there have been improvements previously. Richard Schmidt replied that the late announcement of the Government funding did not enable the budget profile to be completely properly.
- A member asked how CIPFA code was applied and if there was sufficient finance for long term projects.
- Richard Schmidt replied that EfW was looking for a business return and extensive calculations had taken place beforehand to establish the revenue benefits and check that the finance was sound. This takes place before any business is undertaken.
- The Member asked if the approach to borrowing had changed for the project.
- A full Treasury Management Strategy had not been developed but interest rate swaps had taken place to fix the currency rates. It was noted that BCC was quite cash rich and may not need to borrow although the return was disappointing because of low interest rates.

- A Member suggested that if BCC was cash rich and the money did not need to be spent until the EfW plant opens could the money not be spent on repairing the roads and borrowed for EfW.
- The Cabinet Member replied that the capital strategy was to progress these issues and that the interest rate was only 0.8% on £250m invested on deposit.
- A Member requested an assurance that more robust business plans will be in place in future.
- The Deputy Cabinet Member replied that the issue of where there had been slippages had been addressed through internal audit and that regular reviews will continue to take place on capital slippage.
- It was noted that there had been a delay in the planning application for Furze Down School.
- There have since been improvements in budget setting which identifies if capital is available and has resulted in there being challenges to proposals.
- Richard Schmidt added that efforts were taking place to be more proactive and reallocate funds during the year.
- It was suggested that the plans were too optimistic and that insufficient time was allowed for issues and recommended that a contingency was required.
- A Member asked if there was a robust programme in place to take control of slippages.
- Richard Schmidt acknowledged that this was an issue and explained that a key factor was looking at the legitimacy of slippage. He suggested that a review was required of how well delivery was taking place and that the emphasis could be on planning.
- A Member suggested that there was a need for accountability for slippage because this was taxpayers' money and he asked if procedures to improve Programme Management had been developed.
- Richard Schmidt recognised the importance and need to improve Programme Management.
- The Cabinet Member explained that part of the slippage was related to phasing of spending rather than the amount being spent.
- A Member noted that slippage had been identified by BCC as an issue and he suggested that Contract Management skills required active monitoring. He welcomed the plans for continued monitoring.
- The Deputy Cabinet Member accepted that more information was needed and he recognised the validity of the point about sanctions if contracts were not managed effectively. He added that the problems often relate to the failure to secure income.
- In relation to Community assets it was noted that if there were surplus assets a proposal could be put forward to bid and run services.
- A Member asked what happens with the transfer of schools to academies. Elspeth O'Neill replied that the majority of schools that transferred were on 125 year leases and that BCC remains the land owner.
- A Member asked about the reference to Aylesbury Vale Academy selling a playing field for housing and keeping the receipt. Richard Schmidt agreed to provide a written response.
- A Member asked about the link with the Target Operating Model.
- Richard Schmidt replied that an initiative was being developed and shouldn't have a huge impact on targets although it may be necessary for investment in making the change with implications for the ownership of the assets.
- It was noted that the Bucks Learning Trust was currently leasing offices from BCC and may need to move to different premises.
- A Member asked if it was appropriate for three Heads of Service to be on the BIG.
- The Deputy Cabinet Member replied that the Heads of Service take a corporate view rather than being parochial. He added that the composition of the Group was under review and it was noted that a big concern was the workload of the Heads of Service.

## 7 COMMERCIAL ACTIVITY UPDATE

The Chairman introduced Rose Younger to the meeting to provide a commercial update. Rose Younger joined BCC in October 2012 and replaced Graham Collins.

Members were advised of the importance of managing contracts well, of performance management and of holding officers commercially to account. Contracts have been assessed and some need reassessing. Rose Younger explained that contracts were Gold for matters relating to children and adults which were considered to be high risk. Gold contracts include the National Autistic Society and Silver contracts include Npower and Hazlemere Windows.

It was acknowledged that there was a pressure to have sufficient resources available to manage contracts effectively.

A two day training course has been arranged for contract managers on soft skills including negotiating. There will be further 2 day training courses for high risk contract managers. Members were invited to submit comments on their role in the training process. Members were invited to ask questions and the following points were raised:

- Is there a central store for contracts?
- A central register is going live on 16 September.
- A Member commended the update which he considered to be very effective and asked what was expected to happen
- Richard Schmidt replied that there would be a detailed market analysis and the focus was on identifying and delivering savings opportunities.
- A Member asked what was the continuity training
- This will be around the risks, financial evaluations and a detailed report will be prepared.
- A Member requested a reassurance about the security risk of employing a third party.
- Rose Younger replied that the data was split on different cloud servers. It was not possible to reply about the risk of hacking into the system but Rose would come back with a detailed response.
- A Member asked about the opportunities to generate income from other local authorities.
- Rose Younger replied that key sales personnel had already met with Oxfordshire County Council.
- A question was asked if lessons had been learnt from the complaints.
- Complaints were not currently logged by the commercial team. Contracts were owned by the service area and as a result previous complaints went direct to the service. In future monitoring will apply to public complaints and contract management and performance.
- A question was asked about when we will reach a point when there are no more savings to be achieved. Rose Younger replied that over time if you take all the meat off the bone it will get to a point where decisions will be taken on whether or not to decommission services or do less. There will also be a review and see if savings can be achieved and things done differently.
- Members were advised that a capability analysis will take place and it will be necessary to ensure that there is the right skill set in place.
- Caution was expressed regarding the need to check the financial stability of the providers.
- Members were advised that in other local authorities procurement was centralised and that the direction of travel was towards a Target Operating Model which means that contract management will be key.

## 8 ASSESS THE USE OF THE URGENCY RULE FOR A CABINET MEMBER DECISION

Clare Gray explained that the Committee was being asked to assess the use of the Urgent Rule for a Cabinet Member decision. The management of five Children's Centres was transferred from BCC to Barnardo's.

A consultation took place between 23 November 2012 and 22 January 2013. The Cabinet Member decided that, in order to properly consider the views of parents and to make the consultation meaningful, petitions should run their course before making a decision. Following receipt of all the information a draft report was drafted. As a result of consultation with Legal and Democratic Services, it was apparent that if the decision were called in with the elections taking place on 2 May it would not be possible for the scrutiny process to be completed before the election took place.

Following the elections and the appointment of committees it was unlikely that an Overview and Scrutiny Committee would take place until June at the earliest. In view of this the Deputy Leader and Chairman of the Overview and Scrutiny Commissioning Committee agreed that the decision should be taken under the urgency rule on 16 April 2013. Members were advised that there was a risk of going to market with a bad Ofsted report and as a result many providers may not wish to tender in April 2014 when the Children's Centres were due to be re-commissioned.

Members were invited to comment and the following points were made:

- A Member challenged whether or not the Decision was urgent. He suggested that if the consultation was between November and January why was the decision being taken within the six week period before the election. He expressed concern about the transparency during a period when it could not be challenged or reversed and he suggested that the decision was stacked
- The Deputy Monitoring Officer explained that the decision was stacked because petitions had been received.
- It was suggested that it was not normal for Decisions to be stacked.
- The Deputy Monitoring Officer was unable to speak on behalf of the Cabinet Member or the officers involved. Members were advised that paragraph C in the Constitution may be revised to state that decisions may be reviewed but cannot be delayed.
- A Member suggested that the issue should be reviewed by Regulatory and Audit Committee and he asked what the rationale was for referring it to this Committee.
- The Deputy Monitoring Officer explained that if the Committee considered that the Constitution should be clearer on urgency it was within their remit for the Committee to refer this to the Regulatory and Audit Committee.
- A Member asked if the petitions extended the process.
- This was considered to be correct.
- In response to a question it was confirmed that had the petitions not been received this situation would not have occurred.
- A Member proposed that the matter be referred to Regulatory and Audit Committee and that a cut-off date be agreed because the process had highlighted a weakness in the system.
- The Committee agreed that the wording in the Constitution should be clearer rather than stating 'normally called in within 6 weeks'.
- It was also suggested that the decision making process should not disenfranchise the Local Member or the person calling in the decision. It was noted that another call in at the end of the last Council was delayed and that the decision couldn't be called in.
- Members were advised that the next meeting of Regulatory and Audit Committee was in November.

- The Chairman invited the Local Member to address the meeting and she expressed strong feelings that as the Local Member she had never been told that the decision was urgent and that she was only given this information when the decision was called in. She considered that she was owed an apology adding that her calls had not been returned.
- It was suggested that Regulatory and Audit Committee confirms if there is a procedure for telling the Local Member if there is an urgent decision before general and by-elections.

## **9 COMMITTEE WORK PROGRAMME**

Andrew Brown, Policy Officer explained that the Committee Work Programme was a live document which was updated regularly.

A member requested that the issue with emergency loans from job centres be added to the agenda for the meeting on 5 December. This related to helping people out with rent and that the fund was no longer available.

## **10 PAPERS FOR INFORMATION**

The papers for information were noted.

## **11 DATE AND TIME OF NEXT MEETING**

31 October 2013 at 10am.

**CHAIRMAN**