



Minutes

FINANCE, PERFORMANCE AND RESOURCES SELECT COMMITTEE

**MINUTES OF THE FINANCE, PERFORMANCE AND RESOURCES SELECT COMMITTEE
HELD ON THURSDAY 31 OCTOBER 2013, IN MEZZANINE ROOM 2, COUNTY HALL,
AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.10 PM.**

MEMBERS PRESENT

Mr W Chapple OBE (Vice-Chairman), Mr T Egleton, Lin Hazell, Mr S Lambert, Mr D Martin and Mr B Roberts (Chairman)

OTHERS IN ATTENDANCE

Mr A Brown, Mr N Cave, Mrs C Gray (Secretary), Ms G Harding, Mr P Hardy and Ms R Howes

1 APOLOGIES FOR ABSENCE/CHANGES IN MEMBERSHIP

Apologies were received from David Watson and Alan Stevens. Lin Hazell substituted for David Shakespeare.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

The Minutes of the Meeting held on 5 September 2013 were agreed as a correct record. In relation to item 6 (capital) Members noted that Richard Schmidt had circulated a written response to the question raised regarding Aylesbury Vale Academy.

4 PUBLIC QUESTIONS

There were no public questions.



INVESTOR IN PEOPLE



5 CHAIRMAN'S REPORT

Members noted the outline programme for the budget process. As the Cabinet Member for Health and Wellbeing was unable to attend for the meetings in January, her budget was being scrutinised on 17 December 2013. The Chairman informed Members of the proposed Inquiry into BCC Governance and Accountability which was particularly important in view of the Future Shape of the Council Programme. He also told Members that the Environment Localities and Transport Select Committee were discussing Section 106 funding, which was on the agenda today and that any comments would be fed through to combine Member views. Finally Members were reminded to complete the Transport for Bucks survey.

6 TRANSFORMATION UPDATE/ BCC GOVERNANCE AND ACCOUNTABILITY

The Cabinet Member for Finance and Resources and the Service Director for Service Transformation attended to present this item. They introduced the item as follows:-

- The Council faces significant financial and service delivery challenges and to respond to this and create a more sustainable organisation for the longer term the Council has developed a Target Operating Model (TOM) to describe the purpose, look, feel and key design principles of the future organisation (Future Shape).
- The presentation attached to the report shows at a high level the outline plan for the delivery of the consolidated business case over the next 90 days.
- The Chief Executive had arranged a meeting of 11 local Upper Tier and Unitary Councils to explore opportunities for developing collaboration between surrounding County and Unitary Councils that could potentially tackle areas of high spend (strategic alliances).

Members asked the following questions:-

Over the next few years it will take a huge leap to make the Future Shape a reality. How long do you expect this to take? What should we be investing in now in order to make this happen and generate savings?

The Cabinet Member reported that they were working on the Business Case which should be completed after Christmas. There are five key sub programmes and Priority Based Resourcing exercise for the next phase of transformation. This will bring together the proposed Corporate Headquarters, the Commissioning Framework and the Business Units. The Council will be enabled by people and organisational Change and assets, infrastructure and ICT. The transformation programme was a significant undertaking and a delivery timeframe of 18-24 months. The Cabinet Member emphasised the importance of exploiting technology and driving the use of digital channels in service redesign (digital by design). There would also be investment in staff to ensure they have the skills to deliver services in the new structure. There was a Future Shape Programme Officer Board which the Cabinet Member attended. The proposed changes were being made in an inclusive way and officers had been asked to contribute to the 'Future Shape' of the Council.

The five sub-programmes designed to save £60m are general and non-specific. Other than strategic alliances, please give specific examples of how significant new income will be generated; and areas of the business where operating costs will be further reduced?

The Buckinghamshire Learning Trust and the Local Authority Trading Company already have enhanced income targets and the proposed alternative business structure for Legal Services should bring in enhanced income. Further work was being undertaken on where trading units could bring in income generation and how business units could deliver in the market place.

The commercially minded Council would search for opportunities to generate income and deliver services in a different way. The Service Director –Transformation reported that another way of serving clients was to offer a bronze service to all but to give a silver or gold service for those customers who were happy to pay extra. These services would be available on the marketplace and entrepreneurial activity would be encouraged. Service Teams should challenge the way work is currently undertaken and to generate ideas for additional income. Members would be asked to put forward their views on the business plan at the end of the 90 day process. A Member expressed concern about the tight timescale for this process and also about the reliance on income generation in an already crowded market as some Council's had already outsourced their services. What would happen if the business units fail and did not have the required marketing skills? The Cabinet Member reported that they had identified this as a risk but whilst some staff did not have a marketing background they knew their product well and had the enthusiasm to promote their product well outside of the Council. Further work needed to be undertaken on the cost of services, understanding the market place and identifying potential customers. This process needed to be as quick as possible so that the Council could compete in the market place.

How can we prepare our staff for this big organisational change and retain the expertise that we need? How can Members and Officers work together to make this successful?

The Cabinet Member emphasised the need to retain staff and that the redesign of the Council would offer different career opportunities. There would be a series of checkpoints along the process where Members could get involved and work with officers on the target operating model. The opportunity for business units to compete in the market place and build their business should offer employees a more enriching and secure career and offer a positive change for them and the residents of Buckinghamshire.

Will we be looking to make further savings from staff terms and conditions? Have we reduced staff numbers to the minimum possible to still deliver services effectively; or are there specific areas of the business where the headcount could be further reduced?

The Cabinet Member reported that efficiencies would be made; it would be undertaken in an ordered way and should be counterbalanced by additional income generation. The Council would need to reduce its size and cost and shape a sustainable model of local government for the future. A series of roadshows had been held for staff in the last six weeks to ensure engagement in the process and a number of officers had been asked to lead specific project streams so that change was being led by Members and officers of the Council. A Member emphasised the importance of retraining staff so that they could be redeployed to minimise the impact on individuals.

Priority Based Resourcing implies that funding to non-priority services will be reduced or stopped. How do we go about identifying spending that may be desirable but is no longer a priority for this Council, and what will be different?

The Cabinet Member referred to the need for income generation to reduce the burden on the Council tax payer. Reference was made to a previous review by Overview and Scrutiny on what services were statutory and which were discretionary. Changes were looked at which included community libraries and providing services in a different way. A conscious effort was made to keep services going but with a different method of delivery. The Service Director – Transformation reported that whilst there was a statutory requirement to provide a library book it did not have to be provided in a formal library setting; the Leadership Team have worked on the irreducible minimum (understanding what the statutory minimum is that the Council has to provide). Services could still be provided in a reduced way and also jointly with other services which could be income generating. The important question was how these services fitted in with the Council priorities and what the risks were in stopping services. Preventative work may not be statutory but could have a high impact on reducing service costs. A copy of the statutory/discretionary review of services would be circulated to Members. However within the review there were 'grey' areas. Every year the Council had been challenged within the Medium Term Process in what areas should be invested in and what services should be reduced or

stopped. The reason for looking at the Future Shape was to have a sustainable Council as it was now difficult to have a balanced budget without major change.

What in practice do you mean when you state that the operating framework will act as the glue between the HQ and delivery units? How will a decision maker in the HQ be able to make a difference, and how can we continue to be Member-led?

The Cabinet Member reported that Members would set the priorities of the Council and officers would be held to account to deliver those priorities. The Service Director – Transformation reported that Members would need to take a different approach in the new ‘commissioning’ model and to ensure that the right outcomes were being delivered for residents. The local knowledge of Members was crucial to this process and Members would be engaged through the Corporate Headquarters. A Member referred to the previous statutory/discretionary review and that few discretionary services were identified. Members as Community Leaders have a large role to play in the way local services are delivered and engaging the local voluntary sector, ensuring that services are customer focussed.

What does ‘digital by design’ mean and what are the opportunities and potential benefits of this approach?

The Service Director – Transformation reported that this meant services could be accessed digitally through mobile devices and driving the use of digital channels in service redesign. Face to face contact was more expensive and digital channels needed to be exploited and contribute to the new ways of working. Reference was made to the high cost young people placements which was a web based tool which will enable authorities to see the demand and supply of young people residential care places across a group of County and Unitary areas.

What lessons have we learnt from the different service delivery arrangements we already have in place, such as Home to School Transport (Amey), Transport for Bucks (Ringway Jacobs), and more recently the launch of the Bucks Learning Trust and Buckinghamshire Care?

The Cabinet Member commented that there was a need to take risks in order to develop. The Council was learning with other contracts and implementing good governance to address this in a holistic way. The Local Authority Trading Company was a good example of empowering staff and involving Members. A new Managing Director and Finance Director had been recruited and were fostering enthusiasm.

Are we exploring joint working opportunities with District Councils, for example bringing together Waste or Planning services, or back office functions? Could the lean HQ be the basis of a future Unitary Council in Bucks?

The Service Director – Transformation referred to the Strategic Alliance work which was prompting a range of conversations between authorities on some specific services and activity areas. The meeting acknowledged that not all authorities would want to participate in everything. However three key areas of interest had been identified; development of a joint approach to improvement of adoption services, combining to tackle high cost, residential care arrangements for children and bringing together a more co-ordinated approach to procurement and key contracts. A Member expressed concern about there being limited interest from neighbouring authorities in developing shared arrangements. However the collaborative work on high cost young people placements was good. A Member asked about information being available through a web based tool and commented that it was important to visit potential placements. The Service Director – Transformation reported that a visit would still take place; the online tool was used initially to see whether the facility was suitable. It was important to work with partners to ensure that information was in one place and was being shared amongst the right people; this should also include information from Members and residents. Another Member reported that it was important to work collaboratively on adoption to reduce the number of children in care.

Finally, you are returning to update us again on 25 February. What progress do you expect to see over the next 3 months? What happens if the Future Shape programme is not approved by Council?

The Cabinet Member stated that the Future Shape Programme would be a Cabinet decision rather than a Council decision. The Chairman emphasised the importance of regular reports to the Select Committee and the Cabinet Member would liaise with the Chairman on this issue.

The Cabinet Member and Service Director were thanked for their presentation.

7 PROPERTY UPDATE

Gill Harding, Senior Manager in Place Service and Rachel Howes, Rural Estates Officer updated Members on the Property Transformation Programme and the Rent Review process in relation to the Council's agricultural estates. Members noted the following points:-

- Because of the Council's financial challenges there was a need to transform services and to look at the commercial aspects of the service.
- The Corporate landlord gives the opportunity to redesign the service to suit future service provision.
- Internal transformation was committed to a savings target of £185k in the Medium Term process prior to Place transformation. Place Transformation achieved £500k to date.
- Members were informed of the existing asset management process. The proposed property service structure was to have three arms; strategy and programme development, delivery assurance and soft facilities management.
- People were at risk during this process and a consultation was being carried out. 17 people had requested voluntary redundancy which had been granted. In the first round of recruitment 30 people remain at risk and 22 individuals are unaffected by the changes and have been slotted into the new structure.
- There are a number of procurement programmes which include the maintenance procurement and the estates and asset management. There had been four bids on both tenders. The maintenance contract would be awarded mid-December to commence in March.

During discussion the following questions were asked:-

Is the £185k (page 52) a saving that has been committed but not yet delivered? How much do you expect this programme to save, and what else will it enable us to do or be better at than before?

The Senior Manager reported that £500k was the minimum required to cover historic financial gaps. In terms of what it will enable the Council to do it will help rationalise the structure and streamline processes. The Council was entering a new era of becoming more commercial and reference was made to the good relationship this service area had built with schools. The Service would need to be more commercial and compete in the market and generate income. Until the structure was implemented it was difficult to put a figure on the final savings. Whilst the changes were challenging to staff they had embraced the change and had been engaged with the process. Reference was made to the previous failed procurement and the expectation that the inhouse bid would deliver savings. The Senior Manager reported that the inhouse bid was expected to work with the transformation savings. The procurements were two plus three year and therefore not long term. It was important to fully explore the right structure for the future and look at different delivery models before externalising.

Will this programme bring together all property roles and responsibilities across the organisation into one place? If this isn't the case then why not – what are the blockages or reasons for not doing this?

The Senior Manager reported that there was support from all the portfolios in the Council and there were a number of strands of which the Corporate Landlord was one. Staff who perform property duties across the Council were now in the property structure and services were engaging. The Corporate Strategy was on track.

Members congratulated the Senior Manager and her Team on the corporate property approach and their transformation work.

Rachel Howes then updated Members on the Rent Review process. They undertook a desk top exercise in order to gain approval to serve rent review notices. 12 months notice has to be given which commenced in September 2011 so rent reviews could be implemented in September 2012. There were a number of agricultural tenancy agreements and it was agreed not to do all. For example some agreements only include bare land and no houses or buildings which cost £500 or less per year; therefore there was no commercial merit in serving rent review notices. The Council served 44 notices giving 12 months prior notice to the tenants to review the rent. 31 holdings settled rents without going to arbitration. 3 rent reviews have been agreed in principle and the Memorandum of Agreement have been sent out for signature by the tenants but have yet to be received back. For budgetary purposes the Council forecast the rent review would increase rental income by 40%. This did not take into account diversification.

As at 30 September 2013 the additional rental income arising from the 31 completed rent reviews is £146,219 per annum. With a budget of £50,000 allocated for the Councils costs associated with the review, over the three year cycle that the rents will take effect this results in a net additional income to the Council of £388,657.

Members asked the following questions:-

If we forecast that rent reviews would increase income by 40% and it's actually a lot more than that due to subletting and diversification, where does this additional income go?

The actual increase is £200,000 per annum; this was the increase in additional rent. 31 holdings agreed the increase of £146,000 on top of what was already being paid. There was an average increase across the board of 65%. The extra income would be used for maintenance of the agricultural estate, given the increased rent the properties should be fit for purpose.

Why do you think progress has been better than expected? Will we now be reviewing rents on a regular basis? What are the future plans for our agricultural estate – will we be seeking to maximise income or to generate capital receipts?

The Rural Estates Officer was congratulated for her work on carrying out the rent reviews and for obtaining a good level of increase and also clarifying what the land is being used for. A Member commented that he did not believe the County Council should focus on the farming business and should look at releasing properties onto the market, particularly as agricultural land was at a premium price. The Cabinet Member responded by saying that he needed to review the agricultural estate strategy but emphasised that it was important to support the rural economy. The previous Overview and Scrutiny Commissioning Committee had suggested a review of the strategy and to undertake 3 yearly rent reviews to develop a commercial approach. The problem in the past was that no rent reviews were undertaken because of the backlog of repairs and the tenants could serve notice on the Council to do maintenance work. The Council's assets will be improved through better maintenance.

8 SECTION 106 (TOWN AND COUNTRY PLANNING ACT)

Members noted that John Rippon, Service Manager in Place would be attending the Environment, Transport and Locality Services Select Committee to take questions. Members of this Committee were asked if they wanted to identify possible question areas. A Member

expressed concern that this Council had not replaced their Section 106 officer for a while which could have meant missed opportunities for the Council.

Another Member reported that Section 106 monies had been flagged up as an issue previously to the Cabinet Member and that it was important to monitor this area.

9 COMMITTEE WORK PROGRAMME

The Scrutiny Officer referred to the Inquiry Proposal paper which had been included under the transformation item. This had been discussed at the Scrutiny Conference in terms of the roles of Members in the Future Shape of the Council and the importance of being involved in the early stages of commissioning. Members had discussed how the democratic function of the Council would look in the Future Shape model. Members made the following comments:-

- Members need to have oversight of the day to day transaction with constituents to ensure the right areas are being prioritised and service users have access to the right services. The end user needed to be safeguarded.
- The Member Development Programme was important to ensure Members have commercial skills and contract management training. Reference was made to p43 of the agenda and a quote from the Centre for Public Scrutiny on accountability, which is increasingly delivered through contract management. Members should be encouraged to attend these training sessions.
- Reference was made to the table on the roles of Members and how they may change.
- There would be less direct influence over service delivery and this needed to be monitored by Members.
- A central resource for Members was very important so that they have the right channels of communication to take up any areas of concern.
- This Select Committee should monitor this area.
- An informal working group session would be set up to look at current evidence and make recommendations to feed into the Future Shape.

With regard to the meeting on 5 December 2013 there were 4 large items and the item on Customer Contact may be deferred. There would need to be an informal session with Members to update them on the Transformation Programme.

10 PAPERS FOR INFORMATION

The outline of the Member Sessions for budget scrutiny were noted.

(i) PAPERS FOR INFORMATION

Members noted the item which had been submitted to the previous Cabinet meeting on the balanced scorecard and joint monitoring report.

A Member queried whether the number of specialist contractors included consultants as it looked like the actual spend per head was going up. Was this because the Council was employing more agency and specialist contractors? Members noted that there was an item on consultants on the next agenda where this could be discussed in more detail. The Cabinet Member reported that the total overall cost was coming down as people were being used in a more flexible way.

In terms of the performance report Members agreed it would be useful to have a highlight report to delve into any areas of concern and a link to any backup papers.

11 DATE AND TIME OF NEXT MEETING

5 December 2013 – 10am
17 December 2013 – 2pm (Budget scrutiny)

CHAIRMAN