

CORPORATE SERVICES SCRUTINY COMMITTEE

28 September 2017

Present:

Councillor Greg Sheldon (Chair)

Councillors Warwick, Baldwin, Hannan, Harvey, Holland, Lamb, Owen, Morris and Musgrave

Also present:

Chief Finance Officer, Director (DB) and Democratic Services Officer (Committees) (MD)

In attendance:

Councillor Edwards

- Leader

Councillor Pearson

- Portfolio Holder for Support Services

30 **Minutes**

The minutes of the meeting held on the 22 June 2017 were taken as read and signed by the Chair as correct.

31 **Declarations of Interests**

No declarations of disclosable pecuniary interest were made.

32 **Questions from Members of the Council under Standing Order 20**

In accordance with Standing Order No 20, six questions were put by Councillor Musgrave in relation to public engagement and revenue. A copy of the questions had been previously circulated to Members, and together with the responses from Councillor Pearson were appended to the minutes.

33 **Capital Monitoring Statement to 30 June 2017**

The Chief Finance Officer presented the report which provided Members with an update on the current position of the revised annual Capital Programme and the anticipated level of deferred expenditure into future years. Local Authorities were required to provide an estimate to the total of capital expenditure that it would incur during the financial year after setting out prudential indicators for capital expenditure.

He discussed the performance of the revised Capital Programme for the current financial year, highlighting that £1.478 million had been spent on the programme during the first three months which was equivalent to 4.4% of the revised programme. It would normally be higher, but the budget was large as a result of three significant schemes and in value terms spend was not much different to previous years. He noted that the Leisure Complex update would require the report to be amended at the end of the second quarter.

The expenditure variances for 2017/18, had an under spend on the improvements to Exhibition Way bridge. The tender results were in excess of the budget and work could not be completed at present, the issue of long term delivery would be addressed. The housing surveys had shown that there were less properties requiring rewiring than first thought.

The Chief Finance Officer updated Members on the schemes that would be deferred to 2018/19 and discussed the schemes completed during the first quarter.

He informed Members that the world culture galleries improvement works recommendation would be amended to request approval subject to a satisfactory business case being agreed by the Chief Executive and Growth Director and Leader and the Museum using the balance of the Museum of the Year funding to reduce the amount of borrowing required. He also informed Members that the Beacon Heath marital arts and boxing club project had been deferred and that additional funds were required to replace lifts at the Mary Arches multi-storey car park.

In response to questions from Members, the Chief Finance Officer responded:-

- The Newtown Community centre had council approval for additional S106 funding;
- He would look at why the Exhibition Way bridge maintenance work had gone back to the planning stage and was not receiving more money. If more work begins, Network Rail would be consulted;
- The procurement process had negotiated lower costs for the smoke and fire alarms, confirmation from Housing would be sought that the lower cost did not result in a lower standard product being used. Fire safety would have been taken into consideration;
- The previous year's Capital Programme in respect of electrical re-wiring were based on estimates. The actual spend was based on a significant survey, providing a better idea of the actual homes requiring electrical re-wiring.

Corporate Services Scrutiny Committee supported the report and recommended Executive and Council approve the following:-

- (1) The revision of the annual capital programme to reflect the reported variations detailed in 8.4 and 8.5
- (2) The additions to the capital programme detailed in 8.7.

34 **Overview of the General Fund Budget 2016/17**

The Chief Finance Officer presented the report which advised Members of the overall projected financial position of the Housing Revenue Account and the General Fund Revenue for the 2017/18 financial year after three months. The report also sought approval for a number of supplementary budgets

He discussed the financial summary, highlighting that the Housing Revenue Fund expenditure was significantly lower than the £2,487,615 planned take from the working balance. This had resulted in an increase of £725,335 to the working balance.

The General Fund had an over spend of £217,024 against its revised budget. He noted that savings would be required in various services, and that budgets were

being examined to reduce expenditure. Members were informed that repayments of debt and net interest would be reduced due to lower capital spending.

The Chief Finance Officer discussed the supplementary budgets which would provide money to pay for temporary staff contracts to assist with cleaning graffiti around the city.

In response to questions from Members, the Director and Chief Finance Officer responded:-

- Contracts would be fixed term to address the City's need as part of an ongoing consultation phase;
- The Housing Assets underspend was a result of tenders above budget and the decision had been taken not to proceed;
- The temporary staff would be agency staff as the Council use agency staff to fill certain roles. It was intended to replace the use of agency staff with permanent contracts where possible;
- Any proposals to address the Place Scrutiny Committee overspend would go on the budget monitoring report and be reported to Scrutiny Members.

The Corporate Services Scrutiny Committee noted the report and requested the Executive to note the report, and Council to note and approve the following:

- (1) The General Fund forecast financial position for the 2017/18 financial year;
- (2) The HRA forecast financial position for 2017/18 financial year;
- (3) The additional supplementary budgets listed in Appendix C;
- (4) The outstanding Sundry Debt position as at August 2017;
- (5) The creditors' payments performance;

35 **Budget Monitoring (First Quarter)**

The Chief Finance Officer presented the report which advised Members of material differences to the revised budget in respect of the Corporate Services Committee. Local authorities had a statutory duty to set and monitor their budgets during the year and take any necessary actions due to potential overspend or potential shortfalls.

He referred Members to the key variations from the budget, highlighting that the net expenditure for this committee would decrease from the revised £7,380 which would be a variation of 0.09% and included the supplementary budgets previously agreed.

The Corporate Services Scrutiny Committee noted the report.

The meeting commenced at 5.30 pm and closed at 6.10 pm

Chair

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MEMBER QUESTIONS TO OFFICERS at Corporate Services Scrutiny Committee – 28 September 2017

From Councillor Musgrave

Responses made by Councillor Pearson, (Portfolio Holder for Support Services).

Question 1

I understand the Council are about to procure three major service contracts in respect of the construction of the new leisure complex and bus station, the operation of the new leisure complex, and arboriculture services. Given the fact these are public facing services, does the Portfolio Holder agree with me that it's essential that we have demonstrable evidence that we have consulted with the public in accordance with the social value act in respect of these three contracts?

Response 1

The Social Value act was one of the components of the tendering requirements for the bus station and leisure centre building contract and was evaluated during the tender selection process. The procurement process was agreed with the Programme Board and Members involved with the criteria and weighting for selection.

The Social Value Act does not make public consultation mandatory. What is mandatory is to consider consultation; not necessarily public consultation, as supply market consultation is also of particular relevance. In order to develop a robust and intelligent specification a soft marketing exercise has been carried out with all the leading UK leisure operators, and demonstrable evidence of this process is available. (This exercise also had some benefit to the D&B construction contract procurement process).

Some informal consultation has been carried out with local sports clubs such as the swimming and bridge club, and consultation with the chair of the Health and Wellbeing Board, CCG and Active Devon has also been carried out. Elected members have been consulted on the draft service specification and a digital end user consultation will be used to shape elements of the final service specification. This will ensure that citizen and user perspectives on the service are linked to outcomes and specifications.

Consultation is designed to be relevant and proportionate and the tender pack will contain clear evidence that environmental, economic and social benefits have been considered in accordance with PPN Information note 10/12 (20 Dec 2012). In fact, a full local authority outcomes section is included within the service specification which addresses this requirement. This approach has been designed into the process and will allow the Council to seek a competitive price from the market and also secure wider social, economic and environmental benefits from the leisure contract.

Question 2

Can the Portfolio holder confirm the Council fully considered the business case for all the various options in respect of the three contracts?

Response 2

The business case for operating the new leisure complex has been considered by the Council. Members have debated the report from the consultant 'Continuum' in relation to this matter.

Question 3

Did the Council consider self-delivery for all of the three contracts?

Response 3

Self-delivery of the leisure management service, including the new leisure complex, has been considered as an option and rejected by the project steering group.

Question 4

Have elected members been involved in weighting the criteria with regard to the evaluation criteria for procurement?

Response 4

A Procurement Policy is being drafted and currently being circulated at Officer Level and the Portfolio Holder has been consulted on the content of the policy. Once finalised the Policy will be sent for approval through, Scrutiny, Executive and Full Council ensuring all Members have an opportunity to review and input prior to the final Policy being adopted.

Elected members on the Programme Board have been involved in discussions about the criteria and weightings for this tender, along with the fundamentals of the quality/price ratio.

Question 5

Has the Portfolio Holder ever received advice that cross party involvement in procurement planning is desirable?

Response 5

No specific advice had been received. Procurement planning in the future will be determined by the nature and size of contracts and a timeline of when contracts are due for re-tendering. They will be completed in compliance with the Council's Contract Standing Orders.

Question 6

What is basis of engagement for the new procurement staff? Will they continue with current procurement projects or is a change of direction envisaged?

Response 6

There was one procurement officer in post and three more posts were still be filled on a full time basis. They will be filled as soon as possible and will of course continue with the programme of work that the Council has prioritised. The policy will direct the way procurements are undertaken, but the type of work will be similar.