

MINUTES

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

30 JANUARY 2013

Present:

Adeleke	Sutton (Chairman)
Ayling	Taylor
Clark	Townsend (Vice – Chairman)
Collins	W Wyatt - Lowe
Doole	
Marshall	

Also in attendance: Councillor Harden – Portfolio Holder for Residents and Regulatory Services and Councillor Tiley – Portfolio Holder for Finance & Resources

Officers:

Steve Baker	Assistant Director – Legal, Democratic & Regulatory Services
Janice Milsom	Assistant Director – Strategy & Transformation, Community & Organisation
Paul Wiltshire	Policy, Partnership & Innovation
Matt Armstrong	Vice Chair - Sportspace
Bill Turner	Finance Director - Sportspace
Matt Rawdon	Human Resources Team Leader
Mark Brookes	Group Manager – Legal Governance
Shane Flynn	Assistant Director (Project Governance)
Paul Twine	Interim Project Manager CSU
David Gill	Group Manager – Partnerships & Citizen Insight
James Deane	Assistant Director – Finance & Resources
Jim Doyle	Group Manager – Democratic Services
Louise Collins	Member Support Officer (Minutes)

The meeting started at 7.30pm.

OS/041/13 **MINUTES**

There was an amendment made to the minutes held on 30 October 2012.

“David Gill confirmed that the volume of calls that have come into the Council have been in the region of 700-800,000 and the customer centre; 354,000 face to face queries 50-60,000”.

The above comment was said by David Gill not Councillor Harden.

Councillor Taylor said that he was happy to participate in setting up a Sub – Committee for Dacorum Borough Council and the local Community Centres. The Chair also pointed out that they would need to get volunteers to sit on the committee.

The Chair raised the other Councillor’s concerns with regards to action points not been met. He asked Jim Doyle if they could add the item “Matter Arising” to future agenda’s. J Doyle replied that he was concerned that the legal requirements to discuss items would not be met in the required deadlines.

Councillor Doole asked if all action points made could be followed up as some do not get acted upon. He referred to S Flynn’s action point in the last set of minutes with regards to him providing the Committee leasing arrangements for community centres, as this action point was not acted on. Councillor Doole said that there should be a way of tracking that all action points are dealt with.

Councillor Marshall said that she was happy for Member Support to report back to Members with regards to adding the item “Matters Arising” to future agendas.

Councillor Townsend said that it was his view that we shouldn’t change the structure of the agendas for future meetings and burden officers with the item “Matters Arising”. He said that he recognised Members concerns surrounding this, but suggested that the Chair and Vice Chair maintain the action list to address all of Members concerns rather than to amend the layout of the agenda.

Councillor Taylor said that he agreed with this point but asked that action points are managed and acted upon. He suggested an audit trail would be beneficial for both officers and Members.

The Chair said that he was happy to comply with Councillor Townsend’s suggestion of keeping a log of all action points which would be managed by himself and the Vice Chair. All Members agreed with this suggestion.

J Doyle said that he would be satisfied for a record to be kept on all actions points and for it to be managed by the Chair and Vice Chair of the Finance and Resources OSC Committee.

The minutes were confirmed by the members present subject to the amendments and then signed by the Chairman.

OS/042/13 APOLOGIES FOR ABSENCE

An apology for absence was received on behalf of Councillor B Chapman, Councillor Elliot who was substituting for Councillor Organ, Linda Dargue and Steve Baker.

OS/043/13 DECLARATIONS OF INTEREST

None

OS/044/13 PUBLIC PARTICIPATION

None

OS/045/13 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

None

OS/046/13 SHARED AND OUTSOURCED UPDATE REPORT – CUSTOMER SERVICE CENTRE AND GATEWAY CONTRACT UPDATE & RISK ASSESSMENT

D Gill summarised the report and gave a presentation to Members on the Customer Service Centre and Gateway project – Risk Management. An amendment was made to Annex A. Additional copies were passed to Members for information purposes. D Gill highlighted the objective of the report was to be clear on the process that had been followed and the next steps, also that a thorough risk assessment process had been carried out and was still being closely monitored.

D Gill highlighted some key dates for Members to be aware of:

- Oct 2012 – Release of Invitation of Tender (ITT) document was issued
- November/December – “Due Diligence” and clarification period
- 21st Dec 2012 – Closing date for bids
- January 2013 – Bid Evaluation
- March 2013 – Cabinet Decision

It was highlighted to Members that the service has to deliver cost reductions and D Gill and his team are clear on improving the service that is offered to our customers. D Gill said that CRM will help manage how customers are dealt with so that they have a better customer service experience. With all of the improved services customers will be offered a more varied service as well as understanding their needs in more detail.

D Gill and his team have worked with P Twine to help develop the project and the evaluation process. Commercial legal advice has been undertaken to protect the Council with the changes to the terms and conditions. D Gill also explained that they have worked in collaboration with Unison to resolve any issues that are a major concern and can then be dealt with. Members were informed that more work has been carried out on equality impact assessment and a workshop took place in November 2012.

D Gill concluded that this is a dynamic project and risks would be developing and being managed throughout the process. However, further risk analysis would still need to be looked at.

The Chair thanked D Gill for his thorough report and presentation to Members.

Key points of discussion

Councillor Doole referred to the dynamics of the risk assessment and asked if it would be possible to have the document dated so that they could identify which is the latest one. Councillor Doole also referred to the potential savings of £280k over a 4 year period and asked for clarification of how this related to the £140k saving identified in the proposed 2013/14 budget.

Councillor Taylor pointed out to Councillor Doole that the majority of the £280k saving within the four years of the contract would be in the first 18 months and referred to the hand out that Dave Gill gave out during his presentation.

J Deane confirmed that the saving of £140k for next year would be based on them keeping the service in-house. The £280k cashable saving had to be found in the first 4 years. Therefore the full impact of the cost of the contract will be less than the baseline cost.

Councillor Taylor asked if we would be looking at outsourcing or whether it would be in house.

J Milsom confirmed that they decided not to undertake an in-house bid and they will be looking at all external bidders and evaluating them against the ITT.

Councillor Wyatt – Lowe referred to Annex A, risk 15 of the report and said that he was slightly concerned that this service delivery risk still needed to be treated. He asked how they would have the capacity to recover the information if the provider fails and the contract is terminated, information could be lost on CRM.

J Milsom said that she has spoken to ICT and feel assured that all of the data security aspects of the system are sufficient and systems robust.

Councillor Townsend referred to the tender process and asked for clarification surrounding the process. He asked if they would still be able to scrutinise if the tender remained in house and would it be as competitive.

J Milsom said that that the process is driven by procurement regulations. All staff had been consulted regarding the bids. She mentioned that the bids would not be evaluated against an in house model as it doesn't meet procurement regulations.

Councillor Townsend asked if they could have some guidance on the detailed specification and also how the in house option is evaluated.

J Milsom explained that tenders were returned on 20th December and the evaluation team has evaluated throughout January. Recommendations will be made to Cabinet based on what information is received back. If the Cabinet decision states not to go with the provider, then they will look at the CSU service that they currently provide. It was agreed to circulate a summarised version of the ITT document to the Committee.

Councillor Tiley explained that Cabinet decided that they did not have the resources to have an in house bid. He confirmed that there would not be in an in house bid and that all services will be improved and savings will be made in 2015.

The Chair thanked Councillor Tiley for explaining this to the Committee.

Councillor Adeleke referred to the "value for money" review and asked why there is a waiting period of 3 years.

P Twine explained that the challenge to an outsourced provider was to implement the two improvement projects of CRM and Channel Shift within the first 12 months and it was felt prudent to allow a further period for these changes to start to have a beneficial impact that could be realistically measured and compared in terms of channel shift, the customer services operation and wider council. Therefore it was felt that the benchmarking review should be conducted on the 3rd anniversary which would be timely to inform the options for a further extension up to a further 6 years or whether to terminate at the 4th anniversary.

M Brookes confirmed that aside from the 3rd anniversary benchmark review, the Council would have the ability to call audits throughout the initial four years affording it the necessary scrutiny and protection within the contract.

Councillor Adeleke asked if there was a problem in the 4th year, was there any options in place.

M Brookes confirmed that the Council can terminate the contract at any point as they have the option to do so.

Councillor Collins referred to risk 55 and asked the officer to explain briefly what it meant and if we would be informed on how the risk will be managed.

D Gill confirmed that the usage at Berkhamsted and Tring is of less demand than Hemel Hempstead.

Councillor Collins asked whether the risk had been included in the tender.

D Gill informed Members that the “in person” service was included in the ITT.

Councillor Collins pointed out to Members that there were 25 high risk areas and asked how many of them are “game changers”

J Milsom said that she would get back to Members to confirm.

D Gill confirmed that the budget for the CSU was 1.3 million a year. He said that some political risks had been identified and were included in the Risk Register presented to Members. There was a strong attempt to put all of the risks in a manageable order. He explained that the Performance Management Framework does carry penalties against failing three tolerance levels and service credits can then be applied to the contractor in the event of continual poor performance.

Councillor Doole asked if there was a provision in the contract to prevent the Council getting a charge from increased work driven by back office services.

P Twine confirmed that within the terms and conditions was a robust governance mechanism and change control procedure. Any risks of failure that could increase the cost due to failure of a process or system in the back office, or created by another third party provider, would be identified and resolved to mitigate such risk. Indeed initiatives to embed good practise within the current CSU operation such as the implementation of Service Level Agreements with the back office from 1st January 2013 and issue management established in July 2012 would all be important to maintain as part of good practise in contract management if the decision was to outsource.

J Milsom confirmed that the relationship with the back office is key to the invitation to tender.

Councillor Harden referred to Councillor Doole’s point regarding the service offered to customers. He said that the performance indicators are in place to eliminate the issues from the back/front office.

The Chair thanked the officer for his report.

P Twine left the meeting.

Action

1. J Milsom to e mail Members with regards to risk 55 and to notify how many of the 25 risks are “game changers”.

Outcome:

The Members noted the progress on the Customer Service Centre and Gateway project and scrutinised and made comments on the associated Risk Register.

OS/047/13 ANNUAL FINANCE REPORT FOR SPORTSPACE – DACORUM SPORTS TRUST

Matthew Armstrong summarised the report and Bill Turner presented a presentation to Members on their Accounts Review 2011-12. M Armstrong confirmed that the board meet 6 times yearly. He pointed out that The Sports Trust (SportSPACE) now manages the following facilities through lease arrangements;

- Dacorum Athletics track
- Little Hay Golf Complex
- Longdean Sports Centre (dual use facility)
- Tring Sports Centre (dual use with Tring school)
- Hemel Hempstead Sports Centre
- Berkhamsted Sports Centre

B Turner informed Members that there had been some additions to the slides previously issued to Members; however they would be circulated to all Members in due course. He added that the cladding on the XC building had now been finished.

Key points of discussion

Councillor Collins referred to page 68 and the additional profits of £648,000 by 2017-18 and the majority of the Council's portfolio of leisure facilities being replaced or renewed. He asked the officer to explain the level increase turnover of the profit. B Turner said that he was unsure of what the figures were as he didn't know what would be spent on the capital asset as they were indicative figures.

Councillor asked B Turner to clarify whether these figures had been forecasted. M Armstrong explained that it would be impossible to forecast these figures.

Councillor Taylor asked where the figures came from. B Turner confirmed that these are estimated not detailed costing's.

Councillor Collins made reference to the 5 year capital plan and the profit forecast. He asked the officer to explain it to Members in more detail. M Armstrong said that their aim is not to rely on the Council's grant but to put their projects in place and deliver on them.

Councillor Tiley made reference to the parking in Hemel Town Centre and commented on the lack of parking spaces and asked why the gym could not be put in the Little Hay Golf Course where there would be no parking issues. He asked if there were any other options that have been looked at within Hemel.

Councillor Taylor pointed out that Members are not being informed of what the 16 million investments will actually cover. B Turner said that each capital project will produce a profit. These will give an indication as to what the future plans will be.

M Armstrong added that he would be happy to come back to another Finance & Resources meeting to give an additional presentation on where they are at present.

The Chair said that he would welcome back both B Turner and M Armstrong to give another presentation to Members.

Councillor Tiley suggested that it would be more beneficial for Members to put in writing any questions that they had regarding the report given by B Turner and M Armstrong.

All Members agreed with Councillor Tiley's comment.

Councillor Marshall referred to the gymspace membership and the increase in percentage. She asked how the base figure was calculated and what year the comparison was made to.

B Turner confirmed that they were comparing the year 2004/2005.

Councillor Townsend thanked the officers for their excellent report and presentation and requested that all Members have a copy of the updated accounts from the presentation.

Councillor Marshall requested that Members have a pension update from Sportspace for the meeting taking place on 4th June 2013.

B Turner and M Armstrong from Sportspace left the meeting.

Actions:

- LC to forward updated accounts slide to all Members.
- LC to obtain a pension update from B Turner and M Armstrong and circulate to Members.

Outcome:

The Committee noted the content of the Dacorum Sports Trust presentation.

OS/048/13 QUARTER 3 RISK MANAGEMENT REPORT 2012/2013

J Deane introduced the Quarter 3 Risk Management Report 2012/13 on behalf of L Dargue who was not present at the meeting and offered to take questions from Members.

Key points of discussion

Councillor Doole asked why changes to risk scores since last quarter's report were not highlighted within the body of the report.

J Deane replied that changes were highlighted like this in each Assistant Director's report.

Outcome:

The content of the report was noted and recommended to Cabinet for approval with comments.

OS/049/13 QUARTER 3 PERFORMANCE & OPERATIONAL RISK REPORT 2013/14 – LEGAL GOVERNANCE AND DEMOCRATIC SERVICES

M Brookes introduced the Quarter 3 Performance & Operational Risk Report on behalf of S Baker who was not present at the meeting. He offered to take questions from Members.

Key points of discussion

Councillor Doole referred to the Operational Risk Report and asked what justification is there for reducing the risks on the report as in previous reports there had been no change.

M Brookes said that he would get back to Members with the answer in writing.

There were no more questions.

Actions:

- M Brookes to confirm to Members the reasoning behind reducing the risks on the Operational Risk Register.

Outcome:

The report was noted.

OS/050/13 QUARTER 3 PERFORMANCE & OPERATIONAL RISK REPORT 2013/14 – PERFORMANCE, IMPROVEMENT & TRANSFORMATION

J Milsom introduced the Quarter 3 Performance & Operational Risk Report. She highlighted the importance of managing sickness amongst staff but pointed out that it can be difficult sometimes to manage short term sickness. J Milsom also said that they had changed the sickness management policy and overall the department was holding onto their corporate target for this year. She said that they were hopeful that they would come under target for this year.

Lots of plans are underway to improve the efficiency of the telephone systems and all feedback that has been received has been taken on board.

Key points of discussion

Councillor Taylor thanked J Milsom for her report and said that he was very grateful for the glossary of acronyms and abbreviations that had been in the report. He said that he found this very helpful when reading the report. The Chair also agreed with the Councillor Taylors comment.

Councillor Marshall referred to page 31, 4.1 and the flexible remote working. She asked if there was any way of anticipating the percentage of staff that would work from home. She referred to the pilot currently in practise with Revenue & Benefits and asked how the work would be monitored.

J Milsom said that she would be happy to send a briefing note out to all Members concerning the issues around flexible and remote working. She reiterated that this service will not be beneficial for all departments and some may choose not to take this option. As an estimate 40% of staff would work under the option of remote working and the other days, generally staff would maybe choose to work 1 or 2 days out of the working week remotely.

Councillor Harden referred to Councillor Marshall's question on remote and flexible working and asked how staff would be managed on their work productivity. He pointed out that if staff just logged online on their laptops or pc's, how could you tell if they were physically working or whether it would be managed through the amount of activity done using the keyboard.

J Milsom said that by using the keyboard on either the laptop or the pc, this would indicate to Managers that staff were not just logged on and doing nothing.

Councillor Taylor emphasised that there has been a 16% increase to the work productivity and efficiency that has been produced in Revenue and Benefits since this pilot has been introduced. He said that he welcomed the remote working and said that it was a very positive step that the Council was moving towards.

Councilor Adeleke referred to page 27, 2.1.2, and asked if the Council has been taken to a tribunal since the deficit has occurred.

M Rawdon confirmed to Members that there have been neither tribunal appeals nor grievences.

Councillor Adeleke asked why the customer satisfaction figures had decreased by 3%. D Gill said that the figures do vary from month to month however he was not overly worried on these figures, nor should Members be.

Outcome:

Members noted the performance of the report for Quarter 3 2012/13.

**OS/051 /13 QUARTER 3 PERFORMANCE & OPERATIONAL RISK
REPORT 2013/14 – FINANCE & RESOURCES**

J Deane introduced the Quarter 3 Performance & Operational Risk Report 2013/14 and highlighted the key areas within the report.

Key points of discussion

There were no questions from Members.

Outcome

The report was noted.

J Deane introduced the Quarter 3 Financial Outturn Report for 2012/13.

Key points of discussion

Councillor Marshall asked why there had been such a dramatic reduction in the revenue contribution to capital within the HRA.

J Deane explained that the revenue contribution to capital is effectively a top-up from revenue funds to fund any shortfall between planned capital expenditure and available capital funds. The amount of revenue contribution had reduced since the 2012/13 budget was set because the amount of capital funding available was higher than was anticipated at the time the budget was set. The higher capital balance was due to £1m less capital expenditure than was anticipated in the previous year, and £8m worth of capital funds that had been confirmed as available by the Audit Commission following an exercise to review the historical accounting treatment of certain receipts into the HRA dating back, in part, to before 2004.

Councillor Townsend referred to the £8 million and asked what this comprised.

J Deane explained that £4 million of the funding related to the old way of accounting prior to 2004. And the other £4 million referred to a garage transfer from the General Fund in 2007.

Councillor Townsend asked why the year-to-date forecast in the capital programme looked low compared to the forecast outturn, and could year-to-date expenditure not just be extrapolated to provide a more accurate forecast outturn.

J Deane pointed out that pure extrapolation would not work because it would not take into account the fact that some projects maybe scheduled to incur all their expenditure within the final quarter. The forecast information needs to come from the relevant budget holders and should reflect their knowledge of the projects schedule, costings, and potential delays.

Councillor Townsend asked if the Public Works Loan Board rates had been looked at recently to see if it would be profitable to repay the HRA loans early.

J Deane said that the PWLB rates are reviewed monthly, and that at present it would not be to the council's advantage to make early repayments.

Councillor Townsend asked if more information could be emailed to him.

J Deane said that he would e mail Members with information relating to this.

Councillor Taylor referred to the repayment of the first loan in 5 years' time and asked if it would be possible to make early repayments.

J Deane said that early repayment is possible, but that at present it would not be financially beneficial to pay the charges back early.

Actions:

- J Deane to e mail Members with information relating to the public board rates.

Outcome:

The report was noted.

OS/053/13 REVIEW OF PROBATION POLICY AND PROCEDURE

M Rawdon introduced the Review of Probation Policy and Procedure report to Members and highlighted the key areas.

- It was last reviewed in 2008, although some minor amendments have taken place.
- Feedback received from managers and Trade Unions have been considered and where appropriate incorporated into the amended procedure.

Key points of discussion

There were no questions from Members.

Action

- G Sutton to meet with Councillor Taylor regarding the setup of a sub – committee.

Outcome

The Committee noted the report.

OS/054/13 EXCLUSION OF PUBLIC

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the item in Part II of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that if members of the public were present during this item there would be disclosure to them of exempt information relating to:

OS/055/13 WORK PROGRAMME 2013/14

There were no amendments to be made to the current Work Programme 2013/14.

The meeting ended at 10pm