

MINUTES

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

04 MARCH 2014

Present:

Adeleke	Marshall
Clark	Taylor
B Chapman (Chairman)	Townsend (Vice-Chairman)
Collins	W Wyatt-Lowe
Doole	

Also in attendance:

Dave Cove	Chief Executive, Sportspace
Bill Turner	Finance Director, Sportspace
Jason Kilby	Sportspace

Officers:

Steve Baker	Assistant Director – Legal, Democratic & Regulatory Services
Shane Flynn	Assistant Director – Finance & Resources
Linda Dargue	Insurance & Risk Manager
Ben Hosier	Group Manager (Procurement, Commissioning & Compliance)
Mark Housden	Commercial Contracts Lead Officer
Clare Thorley	Member Support Officer (Minutes)

The meeting started at 7.30pm

OS/071 /14 **MINUTES**

Minutes of the meetings held on 07 January 2014 and the 05 February 2014 were confirmed by the members present and were then signed by the Chairman.

OS/072 /14 **APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillor Organ, Ayling and N Hollinghurst.

OS/073/14 **DECLARATIONS OF INTEREST**

None

OS/074 /14 **PUBLIC PARTICIPATION**

None

OS/075 /14 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

None

OS/ 076/14 ANNUAL FINANCIAL REPORT BY DACORUM SPORTS TRUST

B Turner gave a presentation to the members on Sportspace's financial performance for the year 2013/2014.

Councillor Marshall commented that in the presentation provided and last year's presentation provided by Sportspace there appeared to be a difference in the figures for 2012/2013. B Turner said that there had been an adjustment as the figures presented last year for 2012/2013 had been an estimate and the figures provided now were the exact numbers.

Councillor Townsend queried where the funding figure for the XC building of £5.2 million came from. B Turner explained that £5 million was a lottery grant and the rest was funding received by the Council.

Councillor Tiley asked if the reduction of profit at the XC building was due to inactivity at the premises or a change in charges. B Turner said that there was a 30% decline in profit at the Skate Park due to initial interest in the premises dwindling and also problems with condensation. B Turner pointed out that the climbing centre and the other activities at the site were all still performing well.

Councillor Collins said that the financial outturn associated with Berkhamsted Sportspace had risen dramatically which surprised him given the current state of the complex. B Turner said that this was due to some corporate costs no longer being associated with the site and an upsurge in gym membership at the site. B Turner did point out that some investment had been made at the site to make it more appealing.

Councillor W Wyatt-Lowe asked what type of sports development Sportspace carried out. D Cove said that a considerable amount of work was carried out by Sportspace within the community and that this was achieved by working with schools and community centres and tackling current issues such as childhood obesity.

Councillor Townsend asked how many full-time staff Sportspace employed. B Turner said that there were 150 full time staff employed by Sportspace and 500-600 employees that were part-time, half of whom were on minimum wage. B Turner added that if Sportspace were to move these individuals up to a living wage it would result in an additional cost of £80,000 annually.

Councillor Adeleke queried why there didn't appear to be a figure associated with the cost of remodelling at the Little Hay location. B Turner explained that there was no cost to the Council associated with that as the site was self-funding and so the money generated was re-invested back in to Little Hay.

Councillor Taylor commented on Sportspace's future plans, specifically regarding the items that would require £6.8million. Councillor Taylor queried whether Sportspace

were looking for Dacorum Borough Council to help with funding and if conversations between Sportspace and Dacorum Borough Council about this had taken place. D Cove said that currently these plans were aspirational but that funding could come from places other than Dacorum Borough Council such as Sportspace's new builds which could provide capital.

Councillor Taylor pointed out that the original agreement between Dacorum Borough Council and Sportspace was that the grant provided would gradually decrease and that any future plans should ideally be made with as little reliance on Dacorum Borough Council's financial support as possible.

Councillor Townsend queried the ownership of sites and said that as the sites used by Sportspace were major capital assets for the Council was there not an agreement in place to ensure that the worth of the sites was retained. D Cove said that with the exception of Tring and Longdeans, which were school sites and as such the responsibility of County Council, the expectation was that the Sportspace maintained the internal décor of the sites and that Dacorum Borough Council was responsible for the building's structural upkeep. S Baker said that all of the sites except the XC site had a lease of 21 years and therefore had 11 years left to run. When the leases expire in 2025 the sites will revert back to the Council. In the meantime the Council is responsible for the maintenance of the structure of the buildings and major plant and machinery. The Trust is responsible for the softer maintenance such as the internal decorations and the car park areas.

Councillor Townsend asked why all of Sportspace's staff were not on the Local Government pension scheme if it was more beneficial to the individual. Councillor Townsend asked if it was the case that people were unaware of their options in regards to this. B Turner explained that unlike the Council the staff were not automatically enrolled in the scheme and that most staff were younger and so were not yet thinking about their pensions which in turn affected the rate of uptake on the scheme.

Councillor Adeleke thanked Sportspace for their presentation but said that in future he would like to hear more detail around the potential challenges Sportspace faced and also how their performance related in comparison to other sport centres in the country.

D Cove acknowledged Councillor Adeleke's comments and said that the main challenge Sportspace faced was around the fact that most of their income was variable but that their expenditure was currently fixed. The expectation was expenditure would rise as sites got older and maintenance costs increased. D Cove said that it was difficult to compare performance against other sport centres because most other sport centres ran solely for profit whereas Sportspace was a trust and therefore unique because its primary focus was not profit but the provision of efficient sport/fitness services for the community.

Outcome

The report was noted and thanks were given to Sportspace for their presentation.

Actions:

None.

L Dargue introduced the report and said that there had been a few strategic risks that were no longer deemed current and so had been left off the risk register such as Highbarns and the risk associated with the Localism Act. L Dargue did highlight that in consideration of the the recent land collapse at Oatridge Gardens, a new risk had been added in recognition of potential future problems associated with the adverse weather conditions. L Dargue added that refresher training took place in December in relation to emergency planning and that further follow up sessions were planned for late March and during the Summer.

Councillor W Wyatt-Lowe asked if there really was no risk associated anymore with the Localism Bill. S Baker said that he had brought a report to a previous meeting which had set out the actions taken by the Council to implement the reforms introduced by the Act. The report had concluded that the Council had introduced all the reforms and that there was therefore no real risk of the Council failing to respond to the opportunities presented by the Act. S Baker added that the CMT team had discussed this risk that morning and felt that it no longer should feature as a strategic risk. However, S Baker said that if Members preferred that it should stay as a risk then it would be kept in. It was agreed that the risk should be removed from the Strategic Register.

Councillor W Wyatt-Lowe asked if the issue of data loss/ breach of confidentiality should be included as a strategic risk. S Baker said that he thought this was a good point and that he had no objection to its inclusion.

Councillor Taylor added that J Worts (Team Leader, Information Security) would soon be attending a MDSG meeting to update members on the issues around data loss/ breach of confidentiality and to see if training on this could be added to the Member Development programme.

Councillor Doole asked if there was a potential risk around accusations of negligence against Council planning departments for granting planning permission to build on land which had previously been mined and where land collapses had recently occurred. L Dargue said that she did not think this would be the case as planning officers had completed all the required due diligence at these sites and so the Council could not be held accountable for the recent events. S Baker added that it was extremely unlikely that the Council would be held liable provided that the Development Control Committee had properly taken into account all of the professional advice before making its decision. The courts will be reluctant to uphold claims against a council's planning committee for reasons of public policy as it could inhibit the planning process if planning committees thought the council could be sued as a result of granting planning permission.

Councillor Marshall said that perhaps the Strategic Planning and Environment OSC should focus on examining what historical information was available about disused mines in the area so that the Council was as well informed as possible. Councillor Doole agreed and said that given recent events extra controls should be put in place.

Outcome:

The report was noted.

Actions:

None

OS/078/14

PROCUREMENT REVIEW

B Hosier introduced the report and said that it outlined the new approach to procurement which was more in line with the Council's visions and priorities as set out in the corporate plan. B Hosier said that it was proposed that the Council utilise a delivery strategy made up of three key components; Category Management, Outcome Based Commissioning and effective Contract Management. B Hosier added that this approach had been approved by CMT and would be going to Cabinet for approval at the end of March.

Councillor Doole asked for a detailed explanation of category management and outcome based commissioning to be circulated to members for their understanding.

Councillor Doole then asked if this approach would be adopted in the acquisition of IT solutions. Councillor Doole said that he was aware of a situation where software was purchased by the council but that in his opinion there was pre-existing IT solution already in place which covered many of the functions carried out by the recently purchased software. Councillor Doole asked if the new strategy would prevent situations like this from arising. B Hosier said that he did not know the details of that particular scenario and that usually IT specialists were consulted prior to any IT purchase but that in theory the new procurement approach would prevent any unnecessary purchases in any department.

Councillor Harden explained that by devising an effective procurement strategy it would enable officers to have more freedom to successfully procure what they needed.

B Hosier said that the procurement approach would provide a horizontal view of the need and acquisition of services/good across the whole organisation which would provide better control and result in more effective procuring.

Councillor Collins asked if it would be possible to see details of previous spend in procurement and the estimates of savings associated with adopting this. B Hosier said he would circulate these details to members following the meeting.

Councillor Marshall asked if during the consultation period for this strategy were Clean, Safe and Green, the Housing department and the Voluntary organisations consulted. B Hosier said that Housing were not originally consulted and neither were Clean, Safe and Green. Councillor Marshall said that she felt that the strategy needed feedback from Housing due to the large amount of contracts this department had. Councillor Marshall also had concerns over how the procurement strategy would relate to existing grants associated with this department specifically the disabled facilities grant.

Councillor Marshall said that she understood that the issue of grants for volunteer strategic partners and how to apply the new procurement approach to these was a difficult one. B Hosier pointed out that grants to strategic partners of up to £10,000 would not be covered by the approach.

Councillor Marshall said that she was also not happy that the decisions around procurement and contract awarding taken by Assistant Directors and Corporate Directors would not be open to the same level of scrutiny as the decisions taken by Portfolio Holders.

B Hosier acknowledged Councillor Marshall's point but explained that any decision taken in this area by senior officers would be financed by the revenue budget which had already been approved by members. In addition B Hosier questioned the value of the process of Portfolio Holder Decisions in relation to procurement decisions and said that to his knowledge there had never been a procurement decision that had been called in.

Councillor Harden pointed out that the aim of the approach was not to reduce member involvement in or scrutiny of the process but to instead to reduce needless bureaucracy that hampered the procurement process.

S Baker said that he appreciated Councillor Marshall's points of concern and said that more work would be done on this but he pointed out that a lot of the contracts awarded by the Council were cyclical. S Baker said that decisions taken by officers would be published in much the same way as Portfolio Holders and therefore members would be made aware of them. S Baker added that officer decisions could not be called in.

Councillor Townsend asked if there were ISO International Standards for Local Government procurement and could members have visibility of them so that they could better evaluate the proposed procurement approach. B Hosier said that there were and he would circulate these to members if required.

Councillor Doole said that he felt that the members concerns needed to be acknowledged before anything was agreed at Cabinet. Councillor Marshall said that ideally she would like to see the procurement review come back to the committee for further scrutiny.

Outcome:

The report was noted, with a request that a report addressing the concerns raised by Members would be brought back to the Committee in June.

Actions:

B Hosier to provide members with:

- Clear definitions of the terms "Category Management" and "Outcome Based Commissioning".
- A more in-depth explanation of how the policy would be adapted/applied to Housing in view of some of the existing grants within this area.
- How the Officers would be making the process of awarding contracts visible to Members and details of the Portfolio Holder's role within this process.
- ISO standards for procurement and how these relate to the new procurement approach.
- The costs and savings associated with the new procurement approach.

**OS/079 /14 SHARED AND OUTSOURCED UPDATE REPORT –
CUSTOMER SERVICE CENTRE AND GATEWAY**

S Flynn introduced the report and said that as well as updating members on the current performance of the Customer Service Centre and Gateway project he would like to introduce the members to M Housden, Commercial Contracts Lead who would be overseeing the project.

S Flynn said that overall targets had been exceeded but that they were keeping an eye on the Face to Face waiting times. S Flynn said that that Northgate were looking at the subject of calls abandoned to identify the causes and possible solutions around this issue.

S Flynn explained that Northgate were obligated to remedy the performance indicators that fell behind target otherwise they would be subject to financial penalties.

Councillor Adeleke asked if the redundancies associated with the Customer Service Centre and Gateway project had compromised the level of service and whether the quantity of redundancies would be a one-off. S Flynn said that the redundancies were planned in order to maximise savings and that the move over to a different type of service involving the automated answering service meant that Northgate was able to release a high number of staff but that this move would be a one off. S Flynn said that the efficacy of this decision was yet to be realised but that Northgate was focused on monitoring performance to ensure that levels of customer service had not been compromised.

Councillor Doole asked whether it was possible to get visibility of the total savings/expenditure associated with the Northgate contract and the Customer Service Centre and Gateway project to see how much value for money the Northgate option had provided.

S Flynn said that this was possible and there had been a report previously submitted to the Finance & Resources OSC that went into this in more detail. S Flynn added that it was difficult to compare expenditure with the projected costing's associated with the project.

Outcome:

The report was noted.

Action:

None.

OS/080 /14 WORK PROGRAMME 2014/15

The Procurement Review, complete with additional information following members questions, was scheduled to come to the Finance & Resources OSC on 4 June 2014.

The meeting ended at 09.50 pm