

## WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the Finance and Management Overview & Scrutiny Committee held in Committee Room 1, Council Offices, Woodgreen, Witney, Oxon at 2.00 pm on Wednesday 23 September 2015

### PRESENT

Councillors: Mrs J C Baker (Vice-Chairman – in the chair), A J Adams, C Cottrell-Dormer, H B Eaglestone, S J Good, Dr E M E Poskitt, A H K Postan, Mrs C E Reynolds and G Saul

#### 30. CHAIRMAN'S REMARKS

The Chairman welcomed Mrs C E Reynolds, the recently elected representative for Witney North to the meeting.

#### 31. MINUTES

**RESOLVED:** That the minutes of the meeting of the Committee held on 15 July 2015 be approved as a correct record and signed by the Chairman.

#### 32. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from Mr T J Morris, Mr P J G Dorward and Mr H J Howard and the Chief Executive reported receipt of the following resignation and temporary appointment:-

Mr H B Eaglestone for Mr D A Cotterill,

#### 33. DECLARATIONS OF INTEREST

There were no declarations of interest from Members or Officers in matters to be considered at the meeting.

#### 34. PARTICIPATION OF THE PUBLIC

No submissions were received from the public in accordance with the Council's Rules of Procedure.

#### 35. MAIN POINTS FROM THE LAST MEETING AND FOLLOW UP ACTION

The Committee received and noted the report of the Chairman, which gave details of the main points arising from its meeting held on 25 2015.

#### 36. COMMITTEE WORK PROGRAMME 2015/2016

The Committee considered the report of Frank Wilson, Strategic Director, which gave an update on progress in relation to its Work Programme for 2015/2016.

#### 35.1 Extension of the Right to Buy to Housing Association Properties/Affordable Housing Working Party

In response to a question from Mr Saul, the Strategic Director advised that it was not known when a report on the impact of the Government's proposals to extend the Right to Buy to Housing Association properties would be submitted as associated legislation was still awaited.

It was noted that a date had yet to be set for the Affordable Housing Working Party to meet and Members agreed that it would be preferable to defer holding a meeting until such time as further information regarding the Government's intention to extend the Right to Buy became available.

**RESOLVED:** That, subject to the above amendment, progress with regard to the Committee's Work Programme for 2015/2016 be noted.

37. CABINET WORK PROGRAMME

The Committee received and considered the report of the Chief Executive, which gave members the opportunity to comment on the Cabinet Work Programme published on 18 August 2015.

**RESOLVED:** That the content of the Cabinet Work Programme published on 18 August 2015 be noted.

38. BUSINESS CASE AND ESTABLISHMENT OF JOINT COMMITTEE FOR THE PROVISION OF SHARED SERVICE ARRANGEMENTS UNDER THE 2020 VISION PROGRAMME

The Committee received and considered the report to the 2020 Vision Partnership Member Governance Board which outlined the proposed partnership structure of the 2020 Partnership.

In introducing the report, David Neudegg declared an interest in the recommendation at page 27 that he be appointed as the Partnership Managing Director and indicated that he would leave the meeting should Members wish to discuss that particular element in depth. He advised that the current proposals did not vary significantly from those considered by the Committee in July and went on to draw attention to the differences that did exist.

Table 7 at page 20 of the report setting out the financial case for the overall programme indicated that whilst the programme cost had increased slightly, cumulative savings had also increased so that the payback ratio remained broadly similar, although it was possible that costs may change further.

The table showed total savings for the partnership over a five year period. In addition, further one off savings had already been achieved following the secondment of some officers to the 2020 project from posts that had not been back-filled and resignations amongst service heads that had not been replaced. Significant savings would be accrued next year when the new management structure was put in place and the shared public protection service came into operation. The outstanding savings would be secured over time as the remaining services were transferred as part of the phased programme outlined at page 21, enabling each to bed-in.

Jenny Poole drew attention to the projected financial contribution from the project to West Oxfordshire's savings targets.

The partnership structure set out at Appendix A had been revised slightly to make the link between the Lead Director and the Council clearer, emphasising that the Partnership Managing Director would not have an input to the development of individual council's policies and procedures, each Council appointing a Lead Director. The role of the Joint Committee was also more clearly defined as being responsible for service delivery, not for setting service standards which would remain the responsibility of each individual authority.

The role of the Commissioning Group would be to ensure that all shared services operated to the benefit of all of the partnership authorities.

Briefing sessions had been held following the last round of scrutiny committee meetings and staff remained broadly supportive, seeing the project as an opportunity to maintain services, meet efficiency targets and develop individual skills and opportunities through collaborative working with other authorities.

The project was seen as 'market leading' in terms of Human Resources and ICT development and the business case had been subjected to independent scrutiny by CIPFA and declared to be robust, the proposed structure offering the agility and flexibility necessary to meet future needs.

In conclusion, David Neudegg drew attention to the public consultation feedback, details of which had been circulated at the meeting.

Mrs Baker indicated that the transparency afforded by the public consultation was to be welcomed and enquired whether all the other authorities were on board. In response, David Neudegg advised that there was still a risk that one or more of the partner authorities might not approve the proposals. Whilst three of the four partners had expressed solid support, discussions were on-going within Cheltenham Borough Council (although the Overview and Scrutiny Committee had recommended the report's recommendations be adopted). The business case had been modelled on three rather than four authorities participating and remained robust.

Mrs Reynolds emphasised the importance of staff training and sought an assurance that appropriate arrangements were in hand. In response, David Neudegg acknowledged that it would be central to the success of the project to ensure that the correct people with the right skills and attitude were appointed to the project. Training and development would be essential to attract and retain the best staff and it was a business imperative to do so. This would become more and more difficult with public sector pay restraint. The objective was to make the partnership a market leading employer of choice through the development of first class HR strategies to meet the requirements associated with this new way of working. Arrangements were to be put in place to provide both leadership training and support for staff through change. Mrs Baker reiterated that this would be essential to the success of the project.

Mr Saul noted that the CIPFA assessment had highlighted that differences between the partners had an impact upon the ambitions of the venture. In response, David Neudegg accepted that differing views within the executive at certain authorities had placed constraints upon Board members. However, the proposed structure offered the scope to deliver differing levels of service to each partner authority with commensurate variations in cost. Mr Saul also made reference to the County Council's response with regard to those services it considered were not geographically neutral and David Neudegg noted that the County Council had previously declined to join a suggested countywide public protection service. He indicated that differences between the partner authorities fuelled innovation and suggested that, whilst the devolution agenda might change what councils do, it would not change the nature of the support required to enable them to do it.

Mr Good suggested that the benefits of the 2020 project should be communicated to the public more widely. In response, David Neudegg advised that, whilst there had been widespread engagement with staff, there had been little publicity directed towards the public as the objective of the project was that there would be no discernable impact upon service provision. However, he indicated that a press statement could be issued once a formal decision to proceed had been taken and undertook to provide a briefing paper for Members.

Dr Poskitt questioned whether a joint Lead Director would secure sufficient representation on the Commissioning Group. David Neudegg advised that the proposed operating model reflected current arrangements but that West Oxfordshire could appoint a separate Lead Director if it so chose. It was also envisaged that the Lead Director would be supported by other senior officers as appropriate. Dr Poskitt also noted that the Council would continue to operate in conjunction with other partner authorities and questioned whether these complex arrangements would be understood by those involved. In response, David Neudegg made reference to the development of the GO shared service which had started to develop its own identity. With the absence of a geographic identity it was important to identify what binds staff together in adding public value. All authorities shared a common purpose and set of values and, whilst some staff would be working across geographic boundaries, many would continue to work in defined geographic areas and retain a local identity. He went on to advise that every effort would be made to minimise travelling times and indicated that technological advances such as video conferencing had already made a significant contribution in this respect. The Council was keen to explore other options to maximise efficiency and had expressed an interest in participating in the National 'Timewise' programme run by the Local Government Association.

Dr Poskitt also enquired how budgets would be operated and overseen. It was explained that each council would determine and hold its own budget, paying contract costs to the service provider. Service provision would be monitored and assessed through performance reporting arrangements to ensure that quality of service was maintained. David Neudegg advised that individual policy choices would be reflected in service costs and each authority would share responsibility and risk. The Joint Committee would be responsible for ensuring service delivery and to be successful, the partnership would be dependent upon trust. Whilst arrangements might not be perfect, the more that authorities could fund together, the greater the benefits that each could achieve.

Dr Poskitt acknowledged that it was prudent to limit publicity until formal arrangements were in place but noted that there was a degree of confusion over the project in certain quarters. David Neudegg accepted that, whilst internal communication had improved, there was scope to enhance communication with clients.

Mr Good questioned what arrangements would be put in place to monitor performance. David Neudegg stressed the importance of establishing arrangements to call the partnership to account. The Joint Committee would be responsible for organisational management and the possibility of some form of collective monitoring could be considered. However, individual councils would retain a scrutiny role in much the same way as that in relation to other external contracts.

Mrs Baker reiterated the importance of communication and recognised that this should begin with staff. However, she noted that the project represented a significant level of investment in local services that the public should be made aware of. David Neudegg agreed that the project provided a unique opportunity to secure Government funding to develop service provision.

In response to a further question from Dr Poskitt, David Neudegg advised that, whilst the Council could decide to withdraw from the partnership at any time, it would become increasingly more difficult and costly to do so the further the partnership developed.

In response to a question from Mrs Baker it was explained that further consideration would be given to the report by the Cabinet and Council with a view to taking a formal decision to establish the Joint Committee. The Overview and Scrutiny Committee would continue to monitor progress and this remained a standing item on its work programme.

**RESOLVED:** That the information provided be noted.

### 39. UPDATE TO CONTRACT PROCEDURE RULES

The Committee received and considered the report of Frank Wilson, Strategic Director, regarding updates to the Council's Contract Procedure Rules to align these with the joint Procurement and Contract Management Strategy approved earlier in the year.

In response to a question from Mr Postan, the Strategic Director advised that EU thresholds varied dependent upon the value of individual contracts but for service contracts of the type entered into by the Council the threshold level was generally in the region of £150,000 (although that for capital schemes could be significantly higher). Jenny Poole advised that the threshold value had been omitted from the procedure rules deliberately to allow for its amendment although further background guidance (which could be updated as necessary) would be provided to assist officers.

**RESOLVED:** That the revised Contract Procedure Rules be endorsed and the Cabinet be invited to recommend their adoption to the Council.

### 40. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE

The Committee received and considered the report of the GO Shared Service Head of Finance giving details of treasury management activity and the performance of internal and external fund managers for the period April to August 2015.

The GO Shared Service Head of Finance advised that, whilst the current value of the pooled funds portfolio showed an unrealised loss, the move to an income fund from an accumulator fund meant that the level of return would be over budget based upon the dividend received.

Mr Cottrell-Dormer expressed concern over recent suggestions that Central Government might seek to appropriate reserves held by local authorities. In response the Strategic Director advised that the Council's financial position was not as strong as the Department of Communities and Local Government implied. Whilst the Council had some £22m in useable reserves, there was also a £30m deficit in the pension fund. Although there were £10.5m in revenue reserves, there was, for example, an on-going commitment to fund capital from these reserves. In addition, a further £5m was in earmarked reserves set aside for specific projects and the remaining reserves were specific to fund capital, these balances were diminishing and would not finance a significant capital scheme such as a new leisure centre.

Mr Cottrell-Dormer also noted that the vast majority of the investments shown at Appendix A were due to mature the following month. The GO Shared Service Head of Finance advised that these were the in-house cash deposits which were short term investments linked to the Council's cash flow requirements.

In response to a question from Mr Eaglestone, the Strategic Director advised that the Council's property holdings were included within the Council's assets but noted that their rental income supported the revenue budget.

Mr Eaglestone also made reference to recent press reports regarding the repayment of funds held in Icelandic accounts. The GO Shared Service Head of Finance advised that the remainder of the Council's Icelandic investments remained in interest bearing escrow accounts but could not be recovered directly at present. An earlier attempt to sell these failed to secure the required price. Jenny Poole advised that the recent press reports related to individual Icesave accounts, not corporate investments.

**RESOLVED:** That treasury management and the performance of in-house and external Pooled Funds' activity for the period April to August 2015 be noted.

#### 41. QUARTER ONE PERFORMANCE INDICATORS 2015/16

The Committee considered Performance Indicators related to Business Information and Change, Customer Services, GO Shared Services, Democratic Services and Revenues and Strategic Housing.

In response to a question from Mrs Reynolds, the Strategic Director advised that details of Ombudsman complaints were received in an annual report from the service.

**RESOLVED:** That the current position be noted.

#### 42. MEMBERS QUESTIONS

##### 42.1 Green Credits

Mr Saul questioned what action the Council would take following the County Council's decision to stop paying green credits on garden waste. In response, the Strategic Director advised that the loss of income would be factored into the budget process enabling Members to consider the available options. Any decision would need to take account of the impact upon the current waste collection contract.

Mr Good noted that the introduction of charges for garden waste collection could offset the threatened closure of the County's Household Recycling Centres. The Strategic Director advised that the Council faced a variety of budget pressures which would be presented as part of the budget and the Council could determine if could mitigate some of the impacts from these and County service cuts through other means such as he suggested.

#### 43. EXCLUSION OF THE PUBLIC

**RESOLVED:** that the Committee being of the opinion that it was likely, in view of the nature of the business to be transacted, that if members of the public were present during the following item of business there would be a disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)), the public be excluded from the meeting.

44. COTSWOLD BROADBAND PROJECT

In response to a question from Mr Cottrell-Dormer, the Strategic Director provided a brief update with regard to the progress of this project which incorporated exempt information.

The meeting closed at 3:25pm

CHAIRMAN