

Performance and Finance Select Committee

26 June 2015 – At a meeting of the Select Committee held at 10.30 a.m. at County Hall, Chichester.

Present: Mrs Urquhart (Chairman)

Mr Burrett	Mrs Kitchen	Mrs Millson
Mrs Evans	Mr Lamb	Mr R Rogers
Ms James	Mr McAra*	Mr Turner

In attendance by invitation: Mr Brown (Cabinet Member for Finance).

Apologies for absence were received from Mr Glennon, Mr Metcalfe, Mr Tyler, Mr Waight and Mr Watson.

* Mr McAra left at 1:15 p.m.

43. The Committee raised their disappointment that an Electoral Review Panel meeting had been scheduled to clash with the Committee meeting which had resulted in member apologies.

Declarations of Interest

44. In accordance with the code of conduct, the following personal interests were declared:

- Mr Turner as Pharmacist in relation to the tabled Forward Plan decision for the future arrangements for the commissioning of Public Health Services.

Part I Minutes of the Meeting held on 16 April

45. Resolved – that the Part I minutes of the Performance and Finance Select Committee held on 16 April 2015 be approved as a correct record, and that they be signed by the Chairman.

Part II Minutes of the Meeting held on 16 April

46. The Committee agreed that as they had no comments on the minutes it was not necessary to enter Part II to discuss their content.

47. Resolved – that the Part II minutes of the Performance and Finance Select Committee held on 16 April 2015 be approved as a correct record, and that they be signed by the Chairman.

Response to Recommendations

48. The Committee considered a response by the Leader which gave an update on the recent South East Seven Leaders' Board meeting (copy appended to the signed minutes).

49. The Committee welcomed the update and noted the contents.

Capita Contract Review

50. The Committee considered a report by the Executive Director Corporate Resources & Services and Head of Commercial Services (copy appended to the signed minutes).

51. The Committee welcomed the Partnership Director from Capita who was in attendance for the agenda item.

52. The Executive Director Corporate Resources & Services introduced the report and explained that the review had been undertaken at the end of the transition phase and to consider refinements to the arrangements in order to ensure the best outcomes for both the County Council and Capita. The significance of the contract in achieving the County Council's ambitions was appreciated. The Head of Commercial Services then highlighted the key points of the report.

53. The Committee made comments including those that follow. It:

- Raised concerns over the effectiveness of Key Performance Indicators (KPIs) to monitor the contract performance and also felt the reported 'satisfactory' level of service is not sufficient and that the contract should be aiming higher for its services. – *The Head of Commercial Services reported that KPIs were used to hold Capita to account but agreed that the original KPIs needed changing to be more challenging, to focus attention on areas that needed improving and to reflect the current improvement journey of the Council. It was also explained that the Capita contract had been entered into to make savings for the Council whilst maintaining service; improved service was not an expectation.*
- Reported difficulties that had been experienced by other users such as parish councils, schools, academies and charities with regard to pensions and payroll services. - *The Head of Commercial Services reported that the processes need to be simplified and that any identified problems would be investigated. The Partnership Director requested details of the specific problems so they could be investigated.*
- Queried what processes were in place to help services reduce recurring problems. – *The Partnership Director reported that help was given to reduce problems, but it could be improved. Work was being done to identify recurring issues.*
- Asked about Capita's involvement in chasing debt for the County Council. – *The Executive Director Corporate Resources & Services explained that KPIs were used to monitor the invoice processing, but clarified that Capita were not responsible for chasing debt. As part of the reset this was an area of the contract that could be reviewed to seek to make the whole system more efficient.*
- Queried who had paid the consultant's fee and how the results had been shared. - *The Executive Director Corporate Resources & Services reported that whilst the consultants fee was paid for by the County Council, Capita had contributed to other projects; such as the SAP optimisation work. The results had been first seen by the County Council, then by Capita, followed by a joint meeting to discuss work going forwards.*

- Queried the motivation to undertake the contract reset. – *The Cabinet Member for Finance explained that a reset was a healthy way to ensure large contracts were working well. This particular review was triggered by the end of the “transition” period of the contract. There had not been a problem to trigger the reset; it was engaged in order to look for possible improvements in the contract for both parties.*
- Welcomed the involvement of UNISON and requested to see the report on their review of the contract when it was completed.
- Queried the communication between all parties. - *The Executive Director Corporate Resources and Services confirmed that the transfer of services implied the need to work differently which needed to be communicated better. There also needed to be more joint communication and training between Capita and the County Council.*
- Queried the opportunities that were being considered for young people, such as work experience placements. The Committee also requested that Care Leavers be considered for employment. – *The Partnership Director reported that work was done with schools to consider work experience placements and to help with CV skills. Care Leavers would also be welcomed.*

54. The Cabinet Member for Finance reported that the contract with Capita was working well which was shown by the results of the appraisal and the majority of KPIs reporting well. The annual savings made due to the contract were crucial to the County Council's financial welfare.

55. The Committee welcomed the review and any improvements that could be made to the contract. The Committee requested a single contact point for Members so they could directly report any issues. The Committee felt that 'satisfactory' was not adequate and that the County Council should aim higher. – *The Head of Commercial Services agreed to give Members a contact point where they could raise concerns.*

56. Resolved – That the Committee:

- (1) Notes the progress of the contract reset and welcomes the cost savings from the contract.
- (2) Recommends that the KPIs should be strengthened and better aligned to the current objectives of the Council as it moves towards the customer experience focus; that communication is improved and joint training should be built into the reset.
- (3) Welcomes UNISON's involvement and requests to see their report when it is complete.
- (4) Supports the next steps and would like a progress report to come back to a future meeting.
- (5) Requests a single contact point for Members to raise issues.
- (6) Supports the employment of apprentices and care leavers.

2014/15 Outturn Total Performance Monitor

57. The Committee considered a report by the Executive Director Corporate Resources & Services (copy appended to the signed minutes).

58. The Cabinet Member for Finance introduced the report which set out the County Council's budget and performance outturn position for 2014/15. The Committee were informed that the Cabinet were due to receive a presentation on cashflow which could then be shared with the Committee.

59. The Committee made comments including those that follow. It:

- Queried the writing off of aged debt. – *The Cabinet Member for Finance reported that improvements needed to be made to chase debt whilst avoiding reputational damage and recognised the need to improve the speed of issuing invoices and the chasing of non-payment. The Chairman of the Health and Adult Social Care Select Committee reported that their Committee had identified the issue within the Adult Services portfolio and referred the matter to this Committee for consideration by the Business Planning Group.*
- Asked if consideration was given to the cost of chasing debt. – *The Cabinet Member for Finance assured the Committee that this was taken into account and that judgements were made depending on the level of debt.*
- Queried the work done to mitigate risks and the inclusion of management actions on the risk register. – *The Cabinet Member for Finance reported that individual services were responsible for mitigating their risks. Work was done to identify realistic risks then consider appropriate mitigation procedures. The Executive Director Corporate Resources & Services agreed to review how management actions were shown on the risk register for reporting to the Committee.*
- Asked if the recent Urgent Action decision allocating Capital Funding had identified a shortfall and queried if any projects would need to be cancelled. - *The Executive Director Corporate Resources & Services clarified that the Urgent Action decision had confirmed funding to specific projects that required spending to proceed. The Cabinet Member for Finance confirmed that all projects in the agreed programme would continue and that necessary funding would be found for them.*
- Queried the £200,000 investment in the Local Government Association Municipal Bond Agency (MBA) and what risks this had. – *The Cabinet Member for Finance confirmed that the Treasury Management Panel had agreed the capital investment to MBA, which could become a future borrowing option for the County Council. The investment could also yield small dividends in the future. The only risk would be the £200,000 investment. The Executive Director Corporate Resources & Services agreed to include details of the MBA in the forthcoming Treasury Management report.*

60. Resolved - That the Committee –

- (1) Notes the Monitor.
- (2) Welcomes the new processes to help with debt management.

- (3) Requests to see the Cabinet's debt & cashflow management presentation.
- (4) Would like further information on the MBA to be included in the Treasury Management report due to be presented to the Committee in December.
- (5) Would like further information included in the risk register on the management of risks.

Total Performance Monitor – end of May 2015

61. The Committee considered a report by the Executive Director Corporate Resources & Services (copy appended to the signed minutes).

62. The Cabinet Member for Finance introduced the report which set out the County Council's performance and risk position as at the end of May 2015. It was confirmed that there had been an overspend in the Children Start of Life portfolio due to an increase in Children Looked After placements.

63. The Committee made comments including those that follow. It:

- Queried the risk relating to the failure of the County Council's partnerships. - *The Executive Director Corporate Resources & Services explained that the partnerships were services that the County Council depended on and so any failures would have a high impact. Actions were needed to improve the relationships with a risk measurement against reputation, financial and customer impact risks.*
- Asked why the risk of industrial action was not included on the monitor. – *The Monitoring Manager explained that risks on the register could be added or removed depending on the likelihood of the risk. The Director of Workforce, Organisational Development and Delivery Support confirmed that ratings of risks were increased if they became a corporate risk and reassured the Committee that they were monitored on an on-going basis.*

64. Resolved - That the Committee –

- (1) Notes the Monitor.
- (2) Welcomes the mitigation work to reduce risks.

Workforce Metrics

65. The Committee considered a report by the Director of Workforce, Organisational Development and Delivery Support (copy appended to the signed minutes).

66. The Director of Workforce, Organisational Development and Delivery Support gave a presentation to the Committee, which gave graphical information from the payroll system reporting on workforce metrics for the calendar year. The data is intended to help managers raise questions on the diversity of the workforce by areas such as age, gender, grade skill mix, etc.

67. The Committee made comments including those that follow. It:

- Queried if the workforce by age data was comparable to historic data or was demonstrating a current problem employing lower age groups. It was also queried how this compared with national workforce statistics. – *The Director of Workforce, Organisational Development and Delivery Support reported that historical data was not available to compare against but confirmed that it was a typical age profile for the public sector and that the lower age group employment level should be monitored. It was reported that there was a national shortage of younger employees in areas such as planning and engineering.*
- Asked what work was being done to improve the employment opportunities for younger age groups and whether schools/colleges could be encouraged to provide information on writing CVs and interview techniques in order to improve employment chances. - *The Director of Workforce, Organisational Development and Delivery Support reported that the County Council had a target of employing 40 apprenticeships, which had been exceeded; and that all apprentices followed a training programme towards achieving qualifications where appropriate. Graduates had also been recruited. The Interim Director of Education & Skills had been made aware work that could be done within schools and colleges.*
- Asked whether work experience placements in the care sector could be encouraged. - *The Director of Workforce, Organisational Development and Delivery Support confirmed that there was work in the early stages that would help young people get employed into the care market.*
- Requested that a measure be considered to monitor productivity. - *The Director of Workforce, Organisational Development and Delivery Support explained that productivity measures were difficult to introduce due to the diverse services delivered by the County Council, but said the proposal could be investigated.*
- Asked whether it was understood why employees left the organisation. - *The Director of Workforce, Organisational Development and Delivery Support confirmed that improvements were needed for how this was managed and how the results were collated and acted on.*

68. Resolved – That the Committee:

- (1) Requests that schools and colleges are made aware of the issues relating to lower age group employment.
- (2) Asks for productivity measures to be considered.
- (3) Requests that the Select Committee Business Planning Groups receive details on workforce metrics relating to their portfolio area.

Embedding Social Value in Public Service Procurements

69. The Committee considered a report by the Executive Director Corporate Resources & Services and Head of Procurement & Contract Services (copy appended to the signed minutes).

70. The Principal Manager – Contracts introduced the report and explained that recent Cabinet Member decisions had been investigated and it was evident that there had been a lack of social value consideration.

71. The Committee made comments including those that follow. It:

- Queried if the proposals would result in an increase in procurement costs.
– *The Principal Manager – Contracts explained that consideration of the Social Value Act is a legal obligation and that no additional costs would be incurred.*
- Asked what had been discovered from the assessment of key decision reports. - *The Principal Manager – Contracts reported that social value had not been fully taken into account on the key decisions and that work was needed to improve this going forwards.*
- Queried if the social value obligations were fed into the Capita contract to help with apprentice recruitment. - *The Principal Manager – Contracts explained that the aim was to set benchmarks within all contracts to measure adherence to social value. The benchmarks would be set against the County Council and aim to be demanding but realistic.*
- Commented that care leavers need to be considered and that a commissioning framework should be produced to meet social value requirements.
- Asked whether consideration could be given to training for commissioners on the Social Value Act and embedding the requirements into the commissioning process.

72. Resolved – That the Committee:

- (1) Welcomes the work undertaken to increase social value awareness in the procurement life cycle and requests the need to be more demanding in relation to the inclusion of local SMEs and the employment of care leavers and apprentices in contract specifications.
- (2) Requests that social value is embedded within the commissioning and procurement process.
- (3) Requests that social value issues are embedded into decision reports.
- (4) Requests an update to the Business Planning Group to report on process.

New Public Procurement Rules

73. The Committee considered a report by the Executive Director Corporate Resources & Services and Head of Procurement & Contract Services (copy appended to the signed minutes).

74. The Head of Procurement & Contract Services introduced the report and explained the implications of the new procurement rules. One of the more significant issues for consideration was the potential effect of the new requirement to advertise all opportunities above £25,000. In order to offer greater flexibility and allow the County Council to take such matters as (i) social value for the local area and (ii) championing the local economy through limiting contracts to local businesses, into account rather than the blanket national advertisement, Standing Orders would need to be changed to increase the requirement-to-advertise threshold level to £100,000.

75. The Committee made comments including those that follow. It:

- Queried if the new rules would affect Parish Councils. – *The Head of Procurement & Contract Services confirmed that the rules only applied to tier 1 and 2 authorities.*
- Asked why the Government had chosen £25,000 to be the advertising limit as it appeared too low. - *The Head of Procurement & Contract Services was unsure on the reason for this limit, but confirmed that the rules also required the County Council to spend at least 25% with small and medium-sized enterprises (SMEs); the County Council currently spent in excess of 40% on SMEs. The rules allowed authorities to specify a higher threshold for advertising than the £25,000 limit via appropriate provisions in their standing orders.*
- Queried how the new rules would work with the previously discussed social value considerations and whether there were any conflicts to the local economy targets. - *The Head of Procurement & Contract Services expressed that there could be difficulties in limiting contracts to the local economy and that a balance would need to be sought. The Principal Manager – Contracts reported that contractors for higher value contracts could be expected to use local supply chains where this was appropriate for the contract.*

76. Resolved – That the Committee:

- (1) Notes the implications of the new rules.
- (2) Supports the increase on the advertising threshold to be included within Standing Orders to £100,000.

Annual Scrutiny Performance

77. The Committee considered a report by the Director of Law, Assurance and Strategy and the Service Manager, Democratic Services (copy appended to the signed minutes).

78. The Service Manager, Democratic Services introduced the report and reminded the Committee that a scrutiny planning day was scheduled for 9 September which could include a review of how the effectiveness of scrutiny is measured.

79. The Committee agreed that individual BPGs should review the findings of the survey in order to improve the effectiveness of the Committee's working practices.

80. Resolved – That the Committee:

- (1) Welcomes the report.
- (2) Notes the Task and Finish Group rolling programme.
- (3) Notes the scrutiny planning day on the 9 September.

Scrutiny Work Programme July 2015 to December 2015

81. The Committee considered a report by the Executive Director Corporate Resources & Services and Director of Law, Assurance and Strategy (copy appended to the signed minutes).

82. The Service Manager, Democratic Service introduced the report and explained that the last scrutiny work programme was approved by full council in September 2013.

83. The Committee agreed with the outlined plans and commented that all select committees needed to be flexible when unforeseen issues arise.

84. Resolved – That the Committee:

- (1) Recommends the work programmes for approval at the July County Council meeting.

Report from the Business Planning Group

85. The Committee considered a report by the Chairman of the Business Planning Group (copy appended to the signed minutes).

86. The Senior Advisor introduced the report which outlined the last Business Planning Group meeting on the 28 May.

87. The Committee noted that the project day on the 3 September had been converted into a morning all member session on commissioning, followed by a formal committee meeting in the afternoon.

88. Resolved – That the Committee:

- (1) Agrees the recommendations within the report.

Forward Plan of Key Decisions

89. The Committee considered the Forward Plan of Key Decisions July – October 2015 (copy appended to the signed minutes).

90. Following the dispatch of the agenda, an additional decision was added to the Forward Plan regarding future arrangements for the commissioning of public health services. The decision was tabled at the meeting (copy appended to the signed minutes).

91. The Committee discussed moving the Forward Plan to the beginning of the agenda for future Committee meetings. The proposal would be discussed at the next Business Planning Group Meeting.

92. The Forward Plan was noted.

Date of Next Meeting

93. The Committee noted that its next scheduled meeting will take place on 3 September 2015 at 2.15pm at County Hall, Chichester.

The meeting closed at 2.22 p.m.

Chairman.