

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
12 SEPTEMBER 2013

Minutes of the meeting of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held at Delyn Committee Room, County Hall, Mold CH7 6NA on Thursday, 12 September 2013

PRESENT: **Councillor Tim Newhouse (Chairman)**

Councillors: Haydn Bateman, Marion Bateman, Ian Dunbar, Andy Dunbobbin, Mike Lowe, Paul Shotton, Ian Smith and Arnold Woolley

SUBSTITUTES:

Councillors: Stella Jones for Peter Curtis, Alison Halford for Clive Carver, Mike Reece for Ron Hampson, Neville Phillips for Richard Jones and Mike Peers for Richard Lloyd

APOLOGY:

Chief Executive

CONTRIBUTORS:

Leader of the Council and Cabinet Member for Finance, Cabinet Member for Corporate Management, Head of ICT and Customer Services, Corporate Finance Manager, Finance Manager and Democracy & Governance Manager for minute number 31

Cabinet Member for Public Protection, Waste & Recycling

IN ATTENDANCE:

Member Engagement Manager and Committee Officer

27. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

No declarations of interest were made.

28. MINUTES

The minutes of the meeting of the Committee held on 11 July 2013 had been circulated to Members with the agenda.

Accuracy

Councillor Ian Dunbar referred to the penultimate paragraph on page 7 and suggested that the second sentence should be amended to read 'He also felt that the Minister who had made a statement about foodbanks was a disgrace and said that people were forced to use foodbanks due to the Welfare Reform cuts.

Matters Arising

In response to a question from Councillor Haydn Bateman on whether a response had been received from Welsh Government on the application for costs by Streetscene during the severe weather, the Leader of the Council said that a response had been received but that the criteria had not been met for the payment from the emergency scheme.

Councillor Marion Bateman referred to the final paragraph on page 1 and asked for further information on the additional superannuation costs. The Corporate Finance Manager agreed to meet with Councillor Bateman after the meeting to discuss the issue.

RESOLVED:

That subject to the suggested amendment, the minutes be approved as a correct record and signed by the Chairman.

29. REVENUE BUDGET MONITORING 2013/14 (MONTH 3)

The Corporate Finance Manager introduced a report to provide Members with the revenue budget monitoring 2013 (Month 3) for the Council Fund and Housing Revenue Account (HRA) which was being submitted to Cabinet on 17 September 2013.

For the Council Fund, the projected net in-year expenditure was forecast to be £2.065m less than the budget, which was an increase of £1.065m on the £1m reported at Month 2. This was reflected in the table at paragraph 3.01, which had been expanded to show the position at Head of Service level in line with accountability for the monitoring of budgets. The main reason for the improvement of £1m in the forecast was due to an improved position within Social Services for Adults in Community Services as detailed in paragraph 3.04. The significant in-year projected variances were detailed in appendices one to five together with the actions required to address each variance.

A number of actions had been taken to strengthen financial control, budget management and financial reporting and these were detailed in paragraphs 4.02 to 4.09 of the report. The Council's Financial Procedure Rules had recently been updated and were agreed at Audit Committee and Constitution Committee in July 2013 and would be considered for approval by Council on 25 September 2013. Financial Procedure Rule 3 (FPR3) in relation to Budget Management had been particularly strengthened in relation to accountability, forecasting and reporting and an extract was included at appendix 8.

Paragraph 5 detailed the amounts held centrally for pay inflation for the 1% pay award and for non standard price inflation in respect of Energy for Street Lighting, Energy, Fuel and Food Costs and it was currently assumed that the amounts included would be required in full.

The risks and assumptions were identified in section 6.00 and the achievement of efficiencies were reported at section 7 where it was noted that at this early stage it was estimated that 95% of the efficiencies included in the budget would be achieved.

Section 8 advised of the outcome of the piece of work undertaken on forecasting and trend analysis and included a recommendation that the budget for Social Services for Adults could be reduced by £1.670m and that a recurring efficiency of £1.435m be included in the MTFP. Further work was also being progressed in respect of Out of County Placements and Family Placement which would be reported in the Month 4 budget monitoring report.

The current position on unearmarked reserves was detailed in paragraphs 9.01 to 9.04 where it was reported that the Minister for Local Government & Government Business had decided not to exercise discretion to fund the Council's claim for financial support under the Emergency Financial Assistance Scheme for costs incurred due to the severe weather in March 2013. An allocation of £0.518m had been made from the contingency reserve to the appropriate Council Fund service accounts to finance the recovery costs expenditure.

The Corporate Finance Manager also advised of a projected overspend of £0.043m on the Housing Revenue Account (HRA); a nil variance had been reported at Month 2. The projected HRA closing balance at Month 3 of £1.391m, at 4.9% of total expenditure, satisfied the prudent approach of ensuring a minimum level of 3%. Appendix 7 detailed the reasons for significant variances occurring to date and the actions planned to deal with them.

The Leader of the Council provided a verbal update on the Leisure Services budget, explaining that an overspend of £0.827m was predicted at Month 3. It had been expected that a Task and Finish Group from the Lifelong Learning Overview & Scrutiny Committee would look at the issue but it was decided that there was an urgent need to consider the shortfall in the Leisure Services budget and a report was therefore to be submitted to Cabinet on 17 September 2013. The Alliance Leisure business plan had been agreed some time ago and had included a significantly high expectation of footfall which had not been achieved despite the upgrades at Deeside Leisure Centre and the Jade Jones Pavillion in Flint. The Leader added that footfall had increased despite the current economic climate but not to the amounts proposed in the business plan. It was felt that it was incumbent on the current Cabinet to take action and one of the first actions after the election in 2012/13 had been to make a one off payment of £0.361m to the budget for provision of loss of income for the duration of the closures of the leisure centres during the upgrades. In the current year an additional £0.406m had been added to the leisure budget and the Leader had asked the Director of Lifelong Learning and Head of Finance to provide a report to the Cabinet meeting scheduled for 17 September 2013 on the work being undertaken to give realistic protection for Leisure Services. This would include a recommendation to make a one off payment of £0.505m from the contingency reserves to reflect the actual income and expenditure going forward and that the capital financing charges will be transferred to the Central and Corporate budget and dealt with in line with other corporate repayments. He said that it was recognised that other work needed to be undertaken but he felt that it was important to update Members and if the proposals were agreed, they would be reflected in the Month 4 budget monitoring report.

In response to a question from Councillor Paul Shotton about the strengthened FPRs referred to in paragraph 4.02, the Corporate Finance Manager said that the updated FPRs would help ensure robust processes were in place to give Members assurance in the financial control of the authority. Councillor Ian Dunbar referred to paragraph 5.01 and asked about the deletion of spinal column point 4 from the national pay scale effective from 1 October 2013. The Corporate Finance Manager explained that officers had been advised that as part of the pay award, spinal column point 4 had been removed and those employees on this point would move to spinal column point 5.

Councillor Marion Bateman raised concern about the lack of a fund for the renewal of the all weather pitch in her ward which had been a community facility for the residents; she hoped that this would be reconsidered in the future. She also expressed her disappointment about Welsh Government declining the Council's claim for support due to costs incurred during the severe weather earlier in the year. Councillor Neville Phillips queried whether the Olympics had had a knock-on effect on the amount of footfall into leisure centres. The Leader of the Council responded that in 2009/10 there were 1.239m visits to leisure centres and this had increased to 1.548m in 2012/13 but he did not know if this was as a result of the Olympics, however he felt that the increase should be welcomed in the current economic climate. He added that the Alliance Leisure business plan had been overambitious on the amount of footfall expected at leisure centres.

In response to a query from Councillor Arnold Woolley about whether any Councils had met the criteria for payment of the Emergency Financial Assistance Scheme, the Corporate Finance Manager said that he understood that all submissions had been rejected. Councillor Woolley also asked whether the Alliance Leisure business plan had been analysed to identify why and how the aims had not been achieved to ensure that any future business plans did not have the same problem. The Leader of the Council responded that a great deal of work was ongoing and that it was important that lessons were learned.

Councillor Mike Peers asked:-

- whether the impacts on the budget detailed in paragraph 6.04 could be shown in £s;
- how the delay in the implementation of a revised staffing structure and the delay in the review of care packages had arisen;
- how the payment for the £0.250m for the budget pressure in Professional Support budget would be funded;
- how the staff backfilling costs of £0.080m in Waste Disposal and Waste Collection had arisen.

In response, the Corporate Finance Manager said that:-

- the financial effect of the assumptions in paragraph 6.04 were not included in the figures at this stage;
- he would ask colleagues in Adult Services to provide a written explanation on the delay in the review of care packages;
- the £0.250m would be a netted off amount from the Adult Services budget;
- and on the staff backfilling costs, he said that one investigation had been completed but that three investigations were still ongoing. It was hoped that they would be concluded within six weeks and during the period of the investigations there had been a need to backfill the posts.

On the issue of the income projection into the Leisure Services budget, the Cabinet Member for Public Protection, Waste and Recycling said that he hoped to provide a fuller explanation at the appropriate committee. He added that on the issue of the capital programme, it was appropriate for it to be funded from the revenue account of the authority.

Councillor Alison Halford said that as Chair of Audit Committee she was aware of a great deal of finance staffing time had utilised for the investigations and queried whether there were costs for the Finance and Environment Departments as well as costs of pursuing the complaints. She felt that extra hours had been put in by the Audit Section for the investigation and she wanted to ensure that all of the costs were covered.

The Member Engagement Manager reminded the Committee that the meeting was taking place in open session and to bear this in mind when making their comments.

In response to the query from Councillor Halford, the Corporate Finance Manager said that a number of audit days were included in the budget but that some additional days may be required and he could provide further details at a later date. The Head of ICT and Customer Services said that as authorised officer for the investigation, he felt that no further discussion should take place whilst the meeting was in open session as the investigations were still ongoing. He added that a full review would be undertaken and that the findings would be reported in due course. The Leader of the Council concurred that Members should be mindful of their comments about employees of the Council and raised concern about some of the comments made by Councillor Halford.

Following a question from Councillor Haydn Bateman, the Corporate Finance Manager confirmed that the £0.734m reported in paragraph 5.01 was sufficient to cover the 1% pay award. Councillor Bateman also referred to the budget assumption on the former chemical plant in Sandycroft and asked about the intervention of the Council. The Leader of the Council said that updates could be provided to Members if required and that the Council had a duty of care to protect the public but he was not aware that any other site was affected. He added that discussions were ongoing with Welsh Government (WG) about solutions, roles and responsibilities. Councillor Marion Bateman queried whether extra help had been brought in to assist with this issue as the day to day work of the pollution control team had not been undertaken. The Leader responded that negotiations at a national level, through the Chief Executive, were ongoing and Natural Resources Wales had assisted with the costs. The Cabinet Member for Public Protection, Waste & Recycling said that a significant amount of time and effort had been put in by the Public Protection team. The land was crown estate and it was incumbent that the Council worked with WG on the issue of costs being undertaken now and in the future. It was important that the area was safe for the residents of Flintshire and work had had to be undertaken with external consultants due to the nature of the work required. He added that there was no suggestion that the issues on this site would affect the adjoining site.

RESOLVED:

That the report and the verbal updates be noted.

30. PROCUREMENT AS A FLINTSHIRE FUTURES WORKSTREAM

The Head of ICT and Customer Services introduced a report to provide an update on the Procurement Workstream within the Flintshire Futures Programme.

He detailed the three primary goals for the workstream and explained that alongside these goals, challenging efficiency targets had been set in terms of reduced spend and process efficiencies. An electronic purchase to pay system had been introduced and since its introduction in December 2011 almost 12,000 orders with a total value of £32m had been processed. An electronic sourcing system which would automate the remaining elements of the procurement process in relation to tendering, supplier management, contract management and the select list was also in the process of being implemented. The Head of ICT and Customer Services explained that a new set of Contract Procedure Rules had been developed and would be considered for adoption by County Council on 25 September 2013.

Procurement training needs had been identified and a staff training programme was being developed with the aim of improving procurement knowledge and skills across the Council. Collaboration was a major element of the Flintshire Futures workstream and the Council was currently considering membership of the Welsh Procurement Consortium (WPC) following the dissolution of the North Wales Procurement Partnership (NWPP) earlier this year. The Head of ICT and Customer Services provided further details of the WPC and explained that they proactively encouraged and used the Welsh market place with 73% of suppliers being based in Wales. The Council had already committed to being a member of the new Welsh National Procurement Service (NPS) established by the Welsh Government and to avoid duplication, the WPC would focus on categories of spend not covered by the NPS. A report on the WPC was to be considered by Cabinet on 17 September 2013.

The Head of ICT and Customer Services explained that on a sub-regional basis, the management support for the Flintshire Central Procurement Unit had been provided on a part time basis by the Denbighshire Strategic Procurement Manager. It had been identified that there was a duplication of efforts across various procurement initiatives and activities within both councils so to build on the progress to date and deliver the plans for the future it was proposed, subject to a full business case, that both corporate procurement units formally merge. A report on this was to be considered by Cabinet on 17 September 2013. A bid had been made to the Welsh Government Regional Collaboration Fund for the joint arrangements and to look at how improvement category management across the North Wales region could be introduced where there were joint specialist teams responsible for categories of spend with associated savings targets. The Flintshire Futures Procurement workstream had achieved its savings targets for 2013/14 of £2m on an on-going basis and due to the major budget challenges ahead, increased targets for future years as part of the Medium Term Financial Plan would be set.

In response to a question from Councillor Ian Dunbar about whether the comments or concerns of the six North Wales Authorities would be listened to as part of the WPC, the Head of ICT and Customer Services said that the six Councils would become full members of the WPC if they accepted the invitation to join.

Councillor Stella Jones asked if there were back-up systems in place if the use of electronic sourcing and payment systems were introduced to reduce the amount of paper used. The Head of ICT and Customer Services explained that

there was a resilient IT infrastructure in place with a second data centre in Alltami depot to mirror the information stored on the County Hall site. He explained that work had been undertaken to reduce the data centre power and this had been recognised and the service had won a national award. He added that problems with the data centre were a risk but that there was mitigation in place to manage the risk. Following a question from Councillor Mike Reece, the Head of ICT and Customer Services said that discussions were ongoing with Wrexham and Denbighshire Councils about further back-up systems for Flintshire County Council's data storage.

Councillor Mike Peers referred to paragraph 3.11 about 73% of suppliers being based in Wales and asked whether the prices quoted by Welsh suppliers were compared with suppliers from neighbouring counties in England to ensure that the best price was achieved. The Head of ICT and Customer Services said that it was important to look at the best value for the Council and that this would mean identifying suppliers in both Wales and England. He added that the number of places that goods could be ordered from through the electronic purchase to pay system were restricted and said that 20% was for process savings and 80% for procurement savings. He referred to the EU Procurement Regulations which had to be followed for the provision of goods and services over certain financial values.

Councillor Paul Shotton said that he understood that the authority was governed by European regulations but felt that it was important to help the local economy. He welcomed the collaboration by Flintshire and Denbighshire Councils for procurement issues and said that this made sense going forward. In response, the Head of ICT and Customer Services said that work could be undertaken with Economic Development colleagues to identify opportunities for local suppliers.

The Leader spoke of the significant advantages for local suppliers and said that it was important to achieve ongoing savings for procurement. He commented on the Flintshire Business Week and on the issue of cross-border working, he spoke of the Mersey Dee Alliance.

In response to a query from Councillor Neville Phillips, the Head of ICT and Customer Services said that the Wider North Wales Support Services Collaboration Board was made up of both Members and officers but only officers sat on the North Wales Procurement Partnership Board.

RESOLVED:

That the report and the progress made to date by the workstream be noted.

31. DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE

The Democracy & Governance Manager introduced a report to inform the Committee of the audit undertaken by the Information Commissioner's Office (ICO) on Data Protection Compliance.

He explained that the audit had been carried out in April 2013 and a report was received from the ICO in June 2013 with 38 recommendations of which 22 had been accepted, 14 partially accepted and two not accepted. At the time of preparing the report, 11 recommendations had been implemented with a further four being implemented since. The follow up process by the ICO will be based on an update from the Council of the agreed action plan signed off at Corporate Management Team level and this was to be submitted to the ICO by 17 January 2014.

Councillor Ian Dunbar queried whether the Committee could comment on the recommendations that had been proposed by ICO and amend if necessary. The Democracy & Governance Manager said that the recommendations could not be amended as the timescale had been short and 36 of the 38 recommendations proposed had been agreed by the Council. It was felt that the two which had not been accepted could be achieved in a different way to that suggested by the ICO. A summary of the report was available on the ICO website.

RESOLVED:

That the report and results of the Information Commissioner's Office audit and the action plan to implement the recommendations made be noted.

32. PERFORMANCE REPORTING

The Head of ICT and Customer Services introduced a report to provide an update on the streamlined and corporate approach to performance reporting.

To date, quarterly reports had been submitted to the relevant Overview & Scrutiny Committee which were detailed in nature. The effectiveness of this approach had been considered and it had been decided that quarters one and three would focus on the monitoring of the Improvement Plan activity and quarters two and four would report on performance and would be presented by the Heads of Service. These would focus on performance exceptions, both good and poor and would ensure that 'business as usual' was still being monitored and reported against. Appendix 1 to the report detailed the accountability mapping of the Council's priorities and identified which Overview & Scrutiny would lead on each priority. The first report would be submitted to Cabinet in October 2013, followed by quarterly updates.

The Cabinet Member for Corporate Management said that it was important that the Improvement Plan had been adopted and that this approach would provide the opportunity to streamline and focus attention on what it was felt was relevant.

Councillor Marion Bateman asked a question about smart meters being implemented in the Council's housing stock and was advised by the Head of ICT and Customer Services that he would ask the Head of Housing to provide a response following the meeting.

The Leader of the Council said that in the past the Outcome agreement had not necessarily been aligned with the priorities of the Council. He welcomed

the accountability mapping of the priorities in appendix 1 which identified which Overview and Scrutiny Committee would monitor each of the priorities.

Councillor Paul Shotton welcomed the more streamlined approach and asked if priorities would be added to. In response the Head of ICT and Customer Services said that the priorities had been agreed but that there was a need to ensure that they were adaptable and flexible.

Following a comment from Councillor Ian Dunbar, the Leader of the Council provided assurance that Economy and Enterprise was a key priority for the Council.

RESOLVED:

That the report be noted and Members support the new approach to performance reporting.

33. FORWARD WORK PROGRAMME

The Member Engagement Manager introduced the report to consider the Forward Work Programme of the Committee.

He detailed the items for consideration at the 10 October 2013 meeting of the Committee and explained that the Procurement as a Flintshire Futures workstream would be submitted to the March 2014 meeting of the Committee instead of the 14 November 2013 meeting. He also referred to paragraph 3.02 and advised that the Flintshire Futures workforce workstream in its current form had reached a natural end. New workstreams for the workforce were to be redesigned as part of the next phase of the 'Change Programme' and it was suggested that the Committee receive a report at a future meeting on the new workstreams when they were developed.

RESOLVED:

- (a) That the report be noted;
- (b) That the Forward Work Programme be amended to move the Procurement as a Flintshire Futures Workstream to March 2014 from 14 November 2013; and
- (c) That reports on workstreams for the workforce as part of the next phase of the 'Change Programme' be included in the Forward Work Programme when they became available.

34. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was one member of the press and no members of the public in attendance.

(The meeting started at 10.00 am and ended at 11.45 am)

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Chairman