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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

RESOURCE MANAGEMENT SELECT COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 12 JULY 2010

Councillors Present: Jeff Brooks (Chairman), Dave Goff, Tony Linden (Substitute) (In place of Richard Crumly), David Rendel, Laszlo Zverko (Vice-Chairman)

Also Present: Councillor Keith Chopping, Leigh Hogan (Customer Services Team Leader), Jackie Jordan (Timelord Programme Co-ordinator), Mike Sullivan (Contracts and Procurement Officer), Andy Walker (Head of Finance), Stephen Chard (Policy Officer)

Apologies: Councillor Richard Crumly and Councillor David Holtby

PART I

17. Minutes

The Minutes of the meeting held on 11 May 2010 and 18 May 2010 were approved as a true and correct record and signed by the Chairman.

18. Declarations of Interest

There were no declarations of interest received.

19. Actions from previous Minutes

The Committee considered a report providing the information requested at the last meeting (Agenda Item 4).

Section 106 Contributions

Stephen Chard informed the Committee that all 16 S106 agreements which dated back to Berkshire County Council had been spent in their entirety.

Newbury Cinema subsidy

Andy Walker advised that an update was awaited on the cinema budget from supporting accounts.

No payment had to date been made by the Council to the cinema operator, although a provision had been made for potential liability costs. Payments for 2010/11 would be made in quarterly instalments of £25k. Andy Walker agreed to provide information on whether the £16k saving, identified from the 2010/11 budget, would contribute to the cost.

Chief Executive Directorate budget

It was noted that the delay in procuring the new CCTV contract had created additional underspend.

Mike Sullivan provided some background to the work on the CCTV contract. This was advertised as a Part B service under the category of security and monitoring services. Part B also covered services including hotel and restaurant services, legal services, education, health and social services. This meant there was greater flexibility with advertising and the process could be brought to a more timely finish. However, the

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process had to be restarted in line with the requirements of the Official Journal of the European Union (OJEU). A concern was therefore raised that repeating the procurement process would create an additional cost.

Mike Sullivan added for information that Part A services included, amongst others, those services relating to advertising, consultancy, IT and publishing. A full list of Category A and B services could be obtained from the Corporate Contracts and Procurement Unit. It was agreed that this discussion would continue as part of the procurement agenda item.

The reduced overspend within Legal and Electoral Services as a result of an increased income in the second half of the financial year was noted and it was queried whether this would be reflected in the forecasted budget for 2010/11. Councillor Keith Chopping assured Members that the trends of previous years would be observed to assist forecasting of budgets, although this had to be guarded when considering additional income.

Leigh Hogan advised that the one remaining vacancy in Legal and Electoral Services had recently been recruited to.

Concerns were raised regarding the increased underspend within the Chief Executive's Directorate in the second half of the financial year, particularly as this was felt to be a reoccurring issue. It was therefore agreed that the Chief Executive would be invited to attend the next meeting to discuss this further, data would also be requested on whether this was an issue in previous years and the reasons why.

Andy Walker pointed out that at month 6 there was agreement corporately to restrain in year expenditure and savings targets were set to try and contain the significant overspend in Adult Social Care.

RESOLVED that:

- (1) The item to discuss Property contracts and contractors in schools would be returned to at the next meeting.
- (2) Andy Walker would provide information on whether the £16k saving would contribute to the cost of the cinema.
- (3) The Chief Executive would be invited to the next meeting to discuss the underspend in that Directorate in recent financial years.

20. Procurement processes

The Committee considered a report (Agenda Item 5) detailing the procurement processes in place across the Council.

Discussion returned to the process followed with the CCTV contract and Mike Sullivan made the following points:

- Procurement Officers did get involved in the procurement of this contract, but not until the second stage when it transpired that the OJEU requirements had to be followed.
- The contract had been awarded to the Royal Borough of Windsor and Maidenhead after the restricted procurement process had been followed. This was the default process undertaken by the Council as set out in the Constitution.
- The restricted process was held over two stages. The first stage was open to companies to express an interest and submit copies of pre qualification

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documents. These were then evaluated in advance and short listed companies were invited to enter into the second stage of the process.

- Open procurement processes were not, as a rule, conducted by the Council and could only be entered into with the approval of the Head of Finance and Head of Legal and Electoral Services. This procedure involved the provision of all appropriate documentation to all companies who had expressed an interest.

Mike Sullivan then went on to describe the more general procurement processes:

- Financial thresholds were in place. Under the Council's Contract Rules of Procedure (Part 12 of the Council Constitution), a minimum of one supplier was required to quote for contracts valued at lower than £10k, although a larger number was recommended by Procurement in order to ensure best value.
- A minimum of three suppliers were required to quote for contracts valued between £10k and £50k.
- Service areas were not required to inform Procurement of contracts valued at lower than £50k, although advice was at times sought.
- Procurement had been proactive in offering support to service areas where possible. This included the Quick Quote facility available to service areas on the Council's procurement portal. This contained a list of suppliers who had registered against specific sectors listed on the supplier side of the portal. This would ideally be rolled out for all contracts as well as the e-tendering process. Attempts had also been made to establish a list of forthcoming contracts so that these could be appropriately planned and all relevant service areas involved.
- Five potential suppliers were required for contracts valued between £50k and the European Union (EU) threshold of £156k. This threshold was for services and supplies; the capital works threshold was set at £3.9m. Service areas were required to notify Procurement of contracts valued at over £50k. It was confirmed that it was not compulsory for suppliers to be listed on the procurement portal to be able to bid for these contracts, but to access contract opportunities and to receive information relating to those opportunities, they would have to register on the portal in the first instance.
- Contracts valued above the EU financial threshold of £156k had to be advertised in the OJEU in accordance with the Public Contracts Regulations 2006.

There was a view among Members that all contracts should at least be signed off by Procurement. Mike Sullivan agreed that from the procurement side it would be a benefit to at least be aware of all contracts so that a full picture was known. This should ideally take the form of a mandate for Procurement to be kept informed of contracts to improve management and ensure appropriate procedures were followed. However the potential number involved, particularly when considering those of less than £10k, would most likely mean that Procurement would not have the resources to support them all. Mike Sullivan agreed to establish approximately how many contracts this would mean on a monthly basis across the different thresholds.

Councillor Keith Chopping agreed with the need for appropriate sign off of all contracts and the level at which this happened, and the process, needed to be established.

Leigh Hogan informed Members of an audit currently being undertaken into the Council's procurement processes and queried whether any further scrutiny work should be put on

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hold until the audit had concluded. This had been agreed between the Council and Improvement and Efficiency South East, and was to be provided free of charge. Andy Walker advised that the decision had been made to conduct the audit as it was felt to be timely five years on from the closure of the Amey contract.

Councillor Chopping was eager to avoid any duplication of effort between the audit and the scrutiny work. Councillor Jeff Brooks was of the view that scrutiny had a role of feeding into the audit. It was therefore agreed that the full detail of this work would be provided to Members.

Efforts had been made to increase the number of suppliers on the procurement portal. This included an event held with local small and medium sized enterprises (SME's) in November 2009. This had been successful and there were approximately 1700 suppliers on the portal at the present time. SME's were being particularly encouraged to register on the portal in order to have access to future contract opportunities. Information was requested on the SME's who were registered on the portal.

Councillor Chopping gave his support to the procurement of local goods and services in order to help local businesses.

Members felt this was a very delegated and widely rolled out process. A mandate was felt to be needed that centralised procurement and utilised the experts in the Procurement team. The Select Committee therefore agreed to conduct further work on this topic. A time limited procurement working group, that was established four years ago, was referred to and it was agreed that the report produced as a result of this work would be circulated.

Procurement Officers were asked to return to the next meeting to outline best practice for carrying out procurement and to provide an update on progress with the audit.

As a final point Mike Sullivan informed Members that the new requirement for public sector organisations to publish all purchases over £500 could be time consuming for Procurement.

RESOLVED that:

- (1) Procurement Officers would return to the next meeting to outline best practice for carrying out procurement and to provide an update on progress with the audit. In addition, the following information would be provided by Procurement to aid discussions:
 - The approximate number of contracts being agreed on a monthly basis for the different threshold levels, separated between utilities and service funds.
 - The sign off process for the different threshold levels.
 - The detail of the audit.
 - The SME's registered on the portal.
- (2) The report produced by the procurement working group would be circulated by Stephen Chard to the Select Committee.

21. Timelord

The Committee received a presentation on progress with Timelord (the Council's flexible working programme) (Agenda Item 6).

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Jackie Jordan made the following points as part of her presentation:

- The purpose of Timelord was to create a number of benefits for the Council, its customers and its staff. The Timelord Programme was also tasked with achieving the Council's Office Accommodation Strategy (2007-2011) Action Plan.
- Improved responsiveness to customers was felt to be possible as staff travel time could be reduced and by having equipment available they did not necessarily need to report into the office. Documents could be printed via Citrix, however staff were advised against printing at home, where possible, for security purposes. Some staff in Social Care had portable printers for printing off certain documents in a clients home.
- An intended benefit was to reduce staff stress levels and sickness absence. Examples of where this was possible was the removed need to drive in stressful rush hour traffic on a daily basis and staff who did not feel well enough to travel into work could potentially work from home instead.
- Phases 1 (which was the pilot project involving 65 staff moving to Turnhams Green) and 2 (450 staff moving to West Street House/West Point) had been completed and reviews conducted. These reviews took the form of staff surveys, focus group meetings and use of statistical data. The business case/cost model was reviewed at the end of each phase and before commencement of the next phase.
- Phase 1 had been reviewed after 100 days and after 12 months. The survey results after 100 days were not particularly positive, but showed a significant improvement after 12 months. Although the numbers involved were small a particular benefit was reported as greater responsiveness to customers.
- The 100 day survey following the completion of phase 2 (which was responded to by 221 staff) had, like phase 1, received some negative feedback. A contributing factor in both these cases was felt to be the fact that this was a period of significant change for staff. The next review was due in December 2010.
- One area of concern was raised by service managers who objected to the loss of offices and drop in facility for staff. This had been corrected almost immediately and managers at Head of Service level and above would have a fixed desk regardless of their workstyle and a small seating area. Each Director had a dedicated meeting room as did each service area.
- Staff were becoming more confident with remote working, but work was needed to mitigate the negative impact of remote working on team cohesion. Attempts had been made to manage this with phase 1 staff by the use of a tailored workshop to produce an action plan, however this was difficult to roll out as concerns varied between service areas.
- The increased number of staff wishing to continue working for the Council since Timelord was implemented was pleasing. Reasons given for this included reduced travel and less disruption.
- Senior management took a view on each work role to determine whether it could be performed away from the office. However, staff identified as homeflex could opt out from working from home if they wished and be fixed. Staff identified as free did not necessarily have to work from home, they could conduct work in the

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community and they would have access to a desk. Staff who chose, for example, to be homeflex had the option to revert back to fixed after 100 days, but none had asked to do so to date.

Members were concerned at some of the feedback received from phase 2. Particularly that 47% of those surveyed felt that the effectiveness of team working had reduced. Members felt this needed to be addressed as it could affect turnover.

Another concern was the increased stress level reported by staff. Jackie Jordan explained that other factors were named by staff as a cause of this, for example the Social Care Transformation Programme.

It was suggested that the next review of phase 2 should be brought forward to gauge the views of staff at an earlier stage and to assess whether different measures were having an impact. Jackie Jordan assured Members that areas to improve had been identified based on the lessons learnt and changes would be made. However, it could take time before staff felt the benefits of these and this was why the next review was not scheduled until December 2010. A delay to the programme would cause a loss of impetus, it would be difficult to restart and would not achieve the financial savings identified, most notably from accommodation.

Jackie Jordan advised that it was difficult to identify the impact Timelord was having on productivity since 'other things', i.e. other change programmes, did not remain equal. Communication with line managers and others should not be an issue as there were policies in place to ensure this was covered, i.e. telephone usage standards, access to Outlook diaries etc.

Jackie Jordan concluded her presentation by making the following points:

- In terms of savings, phase 1 would continue to incur costs but these were offset by savings elsewhere in the programme. The acquisition of Turnhams Green, West Street House and West Point had added nearly £7m to the value of the Council's balance sheet.
- A change made for phase 3 was to increase the size of flexi desks. This was in response to concerns raised at the reviews.
- The decision had been taken to replace existing network/power considered to be end of life in line with phase 3, as it would minimise further disruption at a later date.

Members were eager to conduct further work on this topic, particularly to address the concerns raised, and discussed options for doing so.

Councillor Jeff Brooks proposed that four Heads of Service (who had been through the process) should be invited to represent the views of their staff and their own experiences. This was seconded by Councillor Laszlo Zverko and agreed by the Select Committee.

RESOLVED that four Heads of Service would be invited to the next meeting to represent the views of their staff and their own experiences.

22. 2009/10 Revenue Outturn

The Committee considered the timetable for receiving budget monitoring reports and the provisional 2009/10 outturn report (Agenda Item 7).

Andy Walker circulated a proposed timetable for when the Resource Management Select Committee (RMSC) could receive budget monitoring reports. This proposed that the

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monthly report produced immediately after the end of the quarter could be considered once they had been discussed at Management Board. The Executive only received quarterly reports and because of timing constraints these needed to be considered at the Executive prior to the RMSC.

Councillor Jeff Brooks made an alternative proposal for the Executive's consideration that would allow RMSC to consider quarterly reports after Management Board but before the Executive. This would create the opportunity for RMSC to feed in comments/recommendations to the Executive. Stephen Chard agreed to identify whether approval would be required by the Overview and Scrutiny Management Commission (OSMC) to these recommendations, if this proposal was agreed. For this proposal to work, any approval would need to be within a short timescale and most likely separate to a meeting of the OSMC.

Councillor Keith Chopping advised that an issue with allowing this would be one of timing. With the report being considered by the RMSC it would be in the public arena prior to the Executive and precedence should be with the Executive.

It was suggested that if the RMSC meeting was scheduled a week prior to the Executive then the report would already be in the public domain. Councillor Chopping felt this proposal was possible if the timing could be adapted, but this was a decision for the Executive.

Councillor Laszlo Zverko was not in support of this proposal as he felt the Executive had the responsibility for approving the report and should therefore have the opportunity to comment on the reports first. If this was the case then Councillor Brooks suggested the report could come to RMSC shortly after the Executive.

Andy Walker then presented the provisional outturn report and made the following points:

- The Council's provisional outturn was an underspend of £5k against its budget.
- The significant overspends within the Community Services and Environment Directorates had been offset by underspends within the Children and Young People and Chief Executive Directorates.

Members referred to changes to the budget position towards the end of the financial year and queried when these became apparent. Andy Walker advised that a provisional closedown of accounts was undertaken after month nine and issues began to be identified at that stage.

Members felt that achieving an underspend of only £5k was positive, but there were concerns that many savings had to be found to achieve this in the last two months of the financial year. It was felt that efforts should be made to identify savings earlier in the year so that any available funds could potentially be utilised elsewhere. There was also a view given that changes had been made late in previous financial years.

Councillor Chopping accepted this point and advised that it was his intention to undertake an investigation into the outturn position over recent years. This would involve the identification of service areas with a variance of £50k or more from month 9 to the outturn position.

Councillor Chopping assured Members that budgets were set based on the experience and trends of previous years. However, as an example, a lower demand in Children and Young People for adoption placements and therefore reduced expenditure was difficult to predict. Similarly the overspends reported were demand led. The lower expenditure in

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adoption placements could not be factored into the budget for 2010/11 as it was unlikely to be repeated, but the pressures in Adult Social Care had been taken into account.

Andy Walker informed the Committee that underspends were not shared between Directorates/Service Areas.

Members were pleased to note the improvement to monthly budget monitoring forecast reports compared to previous years, although this needed to be maintained throughout the year. Councillor Chopping voiced his agreement with this point.

Interest payments and investment income were queried. Andy Walker advised there was a 1% return on investments.

The level of the Council's borrowing was £45m, but more than half of this dated back to Berkshire County Council.

RESOLVED that:

- (1) Andy Walker, Councillor Keith Chopping and other relevant Members and Officers would consider the options for the RMSC to see quarterly budget reports and report this back.
- (2) Stephen Chard would identify whether approval would be required by the OSMC to recommendations of the RMSC for the Executive, if the RMSC was to meet in advance of the Executive for this purpose.
- (3) The outturn report and the balanced budget would be noted. The work to review the outturn position of this year and previous years was supported.

23. 2009/10 Capital Programme Outturn

The Committee considered the 2009/10 Capital Programme outturn report (Agenda Item 8).

All but £8m of the £67m budget had been committed. The need to re-profile had delayed some projects but the majority of these would be delivered in 2010/11, with a small number deferred to later years in the programme. These projects would continue to be monitored by the Capital Strategy Group and Andy Walker agreed to keep the Select Committee informed of developments.

Information was also requested on the level of borrowing within the Capital Programme and the impact any interest payments had on revenue budgets. Andy Walker agreed to provide this information at the next meeting.

RESOLVED that the report would be noted and Andy Walker would provide the information requested at the next meeting.

24. Work Programme

The Committee reviewed the remaining items on the Resource Management Select Committee Work Programme (Agenda Item 9).

The items for the next meeting scheduled for 13 September 2010 were noted. In addition to the standing items these were agreed as:

- A review of the action plans in place following the Staff Attitude Survey.
- An update on progress on the work of Property Services and its contractors within schools.

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- A review of progress with the exit interview process.
- A briefing on the methodology in place to assess and ensure value for money.
- Continuation of the work on procurement processes and Timelord would continue as agreed.

Members asked that the issues raised which related to sickness absence should be investigated further and it was agreed that Robert O'Reilly would be invited to discuss this as part of the item on Timelord.

RESOLVED that the work programme would be noted and updated as discussed.

(The meeting commenced at 6.30 pm and closed at 9.15 pm)

CHAIRMAN

Date of Signature