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RESOURCE MANAGEMENT SELECT COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 13 SEPTEMBER 2010

Councillors Present: Jeff Brooks (Chairman), Richard Crumly, Dave Goff, David Holtby, David Rendel, Laszlo Zverko (Vice-Chairman)

Also Present: Nick Carter (Chief Executive), Jan Evans (Head of Adult Social Care), David Hogg (Head of Youth Services and Commissioning), Jackie Jordan (Timelord Programme Co-ordinator), Robert O'Reilly (Head of Human Resources), Ian Pearson (Head of Education Service), Shiraz Sheikh (Solicitor), Mike Sullivan (Contracts and Procurement Officer), Andy Walker (Head of Finance), Stephen Chard (Policy Officer)

PART I

17. Minutes

The Minutes of the meeting held on 12 July 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).

Newbury Cinema Subsidy

Andy Walker advised that it had yet to be confirmed by the operators whether the £16k saved from the 2009/10 financial year would need to be contributed within 2010/11. The Chief Executive was due to meet the operators later in September 2010 and an update would be reported at November's Select Committee.

Quarterly Budget Reports

At the last meeting, Members requested that the potential for quarterly reports to come to the Select Committee prior to the Executive, in order to make recommendations for improvement and comments etc, be given consideration. Andy Walker had since discussed this with Councillor Keith Chopping, the Portfolio Holder for Finance, and Councillor Chopping's view was that quarterly reports should be presented to the Executive prior to scrutiny.

This was felt to be inconsistent as the monthly reports were not seen by the Executive, although they did go through Management Board, and as a result it was agreed that the Portfolio Holder would be asked to reconsider his decision based on this fact.

Andy Walker was asked to recirculate budget reporting dates for the remainder of the year.

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Section 106 (S106) Contributions

It was noted that all 16 S106 accounts which dated back to Berkshire County Council had been spent in their entirety within the last 3 years. However, Councillor David Rendel, a Member of the S106 task group, recalled alternative information being provided to the task group to suggest this was not the case at the time of the review. Andy Walker offered to clarify this point with the S106 Special Projects Officer.

RESOLVED that Andy Walker would:

- (1) provide an update on the Newbury Cinema subsidy at the next meeting;
- (2) ask the Portfolio Holder for Finance, on behalf of the Select Committee, to reconsider his decision on whether quarterly reports could be considered by the Select Committee in advance of the Executive;
- (3) recirculate budget reporting dates for the remainder of the year;
- (4) confirm the dates that the Berkshire County Council S106 agreements had been spent with the S106 Special Projects Officer.

20. Procurement processes

The Committee considered a report in continuation of the review into the procurement processes in place across the Council (Agenda Item 5).

Mike Sullivan introduced the item by making the following points:

- The Corporate Contracts and Procurement Unit worked within the rules outlined within the Contract Rules of Procedure (CRoP) (Part 12 of the Council's Constitution), which was updated in January 2010, the Public Contracts Regulations 2006 and the Public Contracts Regulations (Amendment) 2009.
- There was clear guidance in the CRoP on financial thresholds and the procurement processes that applied to each threshold. The Procurement Unit would always be involved with contracts valued above £50k and those above £156k would need to be advertised through the Official Journal of the European Union (OJEU).
- The Procurement Unit had less of an involvement for contracts valued at lower than £50k and the use of the Quick Quote facility was promoted for all contracts valued below this amount. 44 contracts had been awarded in this way for contracts valued at between £10k and £50k. It was noted that this left a number of contracts unaccounted for and Mike Sullivan advised that the majority of these were for contracts valued at less than £10k, which were often for small one off purchases that did not require the involvement of the Procurement Unit or were grant funded. However, he believed there was scope to increase the usage of Quick Quote. Efforts had been made to do so via an article in Reporter, discussions held with service areas and by developing training for Officers and Members.

Concern was expressed, as at the last meeting, that the procurement process was very delegated and the Procurement Unit had little involvement in much of the procurement undertaken across the Council. There had been no involvement in any contracts lower than £10k and this was particularly concerning for Members as the Coalition Government had announced a requirement for local authorities to publish all spend over £500.

The £10k threshold was felt to be too high as the contracts below this amount could total a large sum when combined, even when omitting those below £500.

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Shiraz Sheikh informed the Committee that the £10k threshold had been approved by Council in January 2010 as part of the revision of the CRoP. This raised the threshold in line with best practice.

There was a framework in place to support more strategic procurement, for example with neighbouring local authorities. It was suggested by a Member that there was scope to do this and make savings, for example on stationery orders which totalled approximately £700k for non school staff.

Andy Walker confirmed there were around 200 budget managers across the Council. While budget managers could be cleared to authorise expenditure of up to £50k and service managers up to £100k, these permissions varied and it was up to Heads of Service to set an appropriate restriction.

A question was then put to the Chief Executive as to whether there should be a more rigorous sign off process in place for contracts valued at between £1k and £10k.

In response, Nick Carter made the following points:

- He had not seen evidence to suggest there was an issue or that contracts were not achieving value for money. This was supported by extensive work undertaken across Berkshire to assess whether improvements could be made to achieve greater value for money. This showed that West Berkshire's existing processes worked well and other Berkshire Local Authorities had indicated they would be looking to incorporate West Berkshire's methods into their arrangements. A report was being produced following this work and this was offered to the Select Committee.
- This benchmark work had not been widened to include private sector organisations as they were required to operate under different regulations.
- Although there was always room for improvement, there was no evidence to suggest that the £10k threshold should be reduced. It was important that available resources were focused on priorities.

Progress with the Improvement and Efficiency South East (IESE) audit was queried. This was to conduct a review of areas including current activity, best practice and value for money. The Select Committee felt it would be of benefit to see the audit report once finalised and Nick Carter agreed to arrange this.

There was a view among Members at the previous meeting that the Procurement Unit needed to at least have an awareness of all contracts. It was therefore queried whether there was the potential for this to happen via a more centralised model and for the Procurement Unit to offer more advice and support for certain categories of expenditure.

In response, Nick Carter gave his view that West Berkshire's model was not centralised based on experience and best practice. It was found that greater savings could be achieved with a decentralised model, as Officers within service areas had a better understanding of their requirements and could therefore achieve better value for money.

RESOLVED that the reports produced as a result of the cross Berkshire work on procurement and the IESE audit would be circulated to the Select Committee once finalised.

21. Timelord

The Committee considered feedback from Heads of Service on their experience of the Timelord process and that of their staff (Agenda Item 6).

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This was in follow up to the last meeting of the Select Committee where concern was raised as a result of staff feedback that the introduction of Timelord was having a negative impact on team working, was causing isolation for staff and conducting confidential conversations was a difficulty due to the office layout and availability of meeting rooms.

It was however noted at the last meeting that efforts were being made to ensure lessons were learnt and issues would be addressed in future. Jackie Jordan reminded Members that Management Board had accepted the recommendations for improvement and these were being actively pursued.

Heads of Service based in West Street House, who had experienced the Timelord process, had been invited to attend this meeting to share their views and those of their staff, particularly on the issues listed above. Ian Pearson read through feedback from a range of staff based at West Street House, this was based on both the new working style and the new building. Firstly the positive aspects:

- The new working style meant that disruption during the severe winter weather was minimised with more staff able to work from home.
- The issuing of Blackberries to some staff was extremely useful.
- Work/life balance had improved.
- Working from home reduced travel time and cost, allowed for more uninterrupted and concentrated work and gave staff a feeling of being trusted and valued.
- West Street House was ready for staff's immediate use, minimising the disruption caused by the office move.

Negatives:

- Desk areas were too small, this had partly been addressed in phase 2 and for phase 3. One amendment was for Heads of Service to have a fixed desk and therefore a larger desk irrespective of their workstyle.
- Initial IT problems had been experienced, but good support had been provided by IT staff. Citrix had been reported as being occasionally slow by 2 teams, but this had not been the experience of others present.
- A limited number of printers and photocopiers in busy periods caused congestion.
- On the subject of team working, there was felt to be a loss of identity, informal information sharing/support and an inability to hold unplanned meetings.
- The reduced office space and the close proximity of colleagues caused distractions. This was particularly an issue when making confidential telephone calls and it was often necessary to try and find a more private space for these, but room availability was an issue. A working protocol to cover issues created by a more open plan environment, such as noise levels, had been produced. Room availability was also an issue when trying to hold a confidential discussion with a member of staff. The number of meeting rooms was partly constrained by the size of West Street House.
- The removal of offices for Heads of Service was not only a loss of space for confidential discussions, but was also a loss of an additional meeting room. This was only compensated for in part by the communal meeting rooms available on each floor.
- Space for collating meeting papers etc was limited.

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- There was a lack of flexibility on the allocation of IT/telecoms equipment, which was strictly based on workstyles. Blackberries, for instance, were only available for free staff. Although Jackie Jordan advised that free staff amounted to around 60% of the workforce for phase 3.
- A small number of staff had reported problems with carrying heavy equipment and paperwork between different locations. This was partly a need due to reduced storage space. Use of trolleys was being promoted to resolve this issue.

Additional comments:

- Full awareness was needed of staff whereabouts to ensure maximum staff numbers were not exceeded and there were enough desks available. Although staff could work in different parts of the building if necessary and not be limited to their service area.
- Greater electronic storage was necessary for service managers.

Despite the concerns raised by some members of staff, it was acknowledged by the vast majority that Timelord was a sensible approach and there were significant benefits. Staff remained committed to their work and were adaptable to change.

Heads of Service were then asked to comment on whether they felt issues such as reduced desk space and a loss of team identity could disconnect people from the organisation.

David Hogg felt that a greater effort was required by managers to ensure that issues were understood and, where necessary, addressed in order to support staff. For example, individuals might feel more isolated either working from home or because of the numbers potentially absent from the office as they benefited from interaction with colleagues during the day. A number of options were being actively explored to resolve this and that included use of team meetings, social events and a social area at work.

It was queried whether use of instant messaging had been explored which was perhaps a more informal form of communication than e-mail. Jackie Jordan advised of a pilot project for Unified Communications which included instant messaging. This was currently running within Housing and Performance and would be rolled out more widely by the end of the year. The Presence element of Unified Communications was a good way of ascertaining the whereabouts of staff. Unified Communications also provided conferencing functionality – another way of staying in touch without requiring physical presence in the office.

Members were interested in whether there had been an impact on staff morale and productivity. Ian Pearson advised that an improved building, new equipment etc had boosted morale. A more negative impact on morale was caused by uncertainty surrounding budget cuts and job losses rather than the introduction of Timelord. A reduction in productivity was not felt to be a major cause for concern and staff needed to be performance managed as was normally the case.

Jackie Jordan then described some of the activity being put in place to try and address concerns, as follows:

- In response to concerns regarding desk size, desk occupancy had been monitored. The occupancy levels varied between teams, but on average showed that while up to 70% of staff could be in the office at some point during the day, actual desk use was around 50%. So as a minimum 30% of desks were currently available at West Street House and staff were encouraged to spread out by sitting at every other desk when possible. This monitoring also identified spatial pressure

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points during the day which were reported to Directorate Management Teams on a monthly basis to try and resolve. It was felt that occupancy could reduce as staff became more confident with Timelord as was experienced at Turnhams Green. Because West Street House used bench desking, it should be perfectly possible to increase the desk size at the expense of numbers of desks but Jackie Jordan would take her lead from Directorate Management Teams on this.

- It was hoped that creating more space in this way would help to resolve issues of confidentiality and apart from Heads of Service, staff had always worked in an open plan office. There were a minimum of 3 meeting rooms per floor and any increase would mean a loss of desk space.
- Evidence from acoustic studies showed that providing screening for Heads of Service would not be a benefit.
- Concerns had been raised by Unions which, in addition to some of those already mentioned, related to health and safety concerns for staff working from home. These concerns had been partially addressed at the Joint Consultative Panel by the Health and Safety Manager.
- A visit to West Street House was being arranged for members of the Joint Consultative Panel to try and alleviate their remaining concerns. In addition, it was felt that staff were developing greater self reliance when working from home.
- Evidence showed that IT availability via Citrix was faster than in the office and there was not a large number of calls being made to the IT Helpdesk.

Robert O'Reilly then made the following points from an HR perspective:

- This was felt to be the right way forward for the Council and was in line with the practices of other large organisations. It was felt that staff would continue to feel the benefits over time.
- There was some concern among staff and with the Unions, but in terms of morale, sickness figures were down for the service areas concerned as was turnover. West Berkshire's overall retention figures were higher than the Local Authority average.

In summing up the item, the actions being undertaken to address concerns were noted. However, some concerns did remain for Members i.e. lack of confidential space and loss of team identity. These were accepted as being difficult to resolve and senior managers were therefore asked to continue to keep these issues under review.

As a final point, Jackie Jordan gave the view that Timelord was achieving its overall objectives, i.e. the triple win to staff, the Council and its customers. This was confirmed by the review of phase 2. The speed of response to customers had greatly improved since Timelord's introduction.

RESOLVED that the information would be noted and that senior managers would be asked to continue to keep the issues raised under review.

22. Stress Management

The Committee considered a report detailing a risk assessment toolkit designed to undertake stress risk assessments and help reduce stress in the workplace (Agenda Item 7).

Robert O'Reilly explained that the toolkit, which was designed by the Health and Safety Executive (HSE), had been piloted in Legal and Electoral Services with some success. A

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presentation had also been made to the Corporate Management Team to raise awareness of its benefits.

This was a helpful addition to the existing practices of managing sickness absence, such as individuals being referred to Occupational Health and being offered a phased return to their duties.

18% of the sickness absence recorded in the Annual Employment Report was reported as stress related, this could be as a result of personal issues as well as work pressures. The Local Authority average was 17%. However, overall sickness absence was showing a reduction.

The risk assessment would be undertaken anonymously across a service area and contained 35 questions. Results were benchmarked against other organisations and if it was found that urgent action was required, then it was recommended that a focus group be formed to try and find solutions which would be forwarded to senior management teams. The focus group would be led by HR and would not be represented by senior management.

RESOLVED that the information be noted.

23. **Employee Attitude Survey 2009 - update on action planning**

The Committee considered an update on the actions that have taken place within service areas to address issues identified in the Employee Attitude Survey (EAS) 2009 results (Agenda Item 8).

Robert O'Reilly highlighted the following points from the report:

- It was not felt necessary to produce a corporate action plan as overall there was a positive response in comparison to other local authorities. Only two service areas scored lower than the local authority benchmark.
- Results had improved since the survey was previously conducted in 2007.
- Individual service areas had been asked to produce an action plan where results deemed this necessary.
- A number of recommendations for good practice had been identified for service areas to implement. In some cases this was about ensuring that existing policy was adhered to.
- The next survey was due in 2011 and it would be a significant challenge to improve upon the very positive 2009 results.

In response to the final point, the importance of comparing performance with other local authorities was raised as a way of assessing progress.

It was noted that the results for Legal and Electoral Services were low and Robert O'Reilly advised that it was for this reason that they participated in the pilot of the stress management toolkit. A focus group was also formed in an attempt to resolve issues within the service.

RESOLVED that the report would be noted.

24. **Exit Interview**

The Committee considered a report providing an update on progress with the exit interview process (Agenda Item 9).

Members noted that 23.3% of staff who completed an exit interview questionnaire did not specify their reason for leaving. Robert O'Reilly informed Members that staff had the

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opportunity to provide further feedback as part of their exit interview and would check if staff had the opportunity to elaborate further within the questionnaire.

As the Council's retention rates were good and turnover was currently low, it was not deemed necessary to have a more significant focus on ensuring a greater number of exit interviews were completed.

There was however a view among Members that greater effort should be given to ensure exit interviews were held as a matter of course, as this could provide vital information for the Council.

The current process was for EC4 forms (which informed HR that an employee was leaving) to be sent to HR and exit interview forms were then sent to employees to complete. However, this sometimes caused a delay meaning that exit interviews did not always take place. It was therefore suggested that line managers should access forms direct to allow more time for exit interviews to be completed. Departing employees should have the option of discussing their reasons for leaving with someone other than their line manager if they wished.

RESOLVED that Robert O'Reilly would be asked to give consideration to making improvements to processes in order to provide more robust data.

25. Financial Performance Report

The Committee considered the month 4 revenue budget and quarter 1 capital budget as part of the financial performance report (Agenda Item 10).

Andy Walker advised that the Council's revenue overspend forecast had increased by approximately £250k between month 3 and month 4.

Nick Carter explained that measures had already been taken as a result of the Government's in year budget cuts to find savings, including a recruitment freeze, and the ability to find further savings was therefore limited. Indeed the recruitment freeze was having a limited impact as turnover was low.

The most significant pressure, which could increase, was within Adult Social Care and it was difficult to reduce the demand for these services. The underspend experienced in Children and Young People budgets in 2009/10, which helped with the budget position in that year, had not materialised in this financial year. Similarly, budgets in the Chief Executive Directorate were not seeing significant underspends at this stage.

The risk fund included a sum of £600k allocated to Adult Social Care, but a significant overspend would still remain even if this funding was drawn down.

Andy Walker explained that the remaining overspend could be covered by general fund balances, but meeting the forecasted overspend would mean that balances would be approximately £1m lower than the ideal level of £6.5m. This amount was based on guidance from CIPFA (the Chartered Institute of Public Finance and Accountancy). A view would have to be taken on whether the remaining reserves would be sufficient if this action were to be taken.

It was queried whether more could be done in placing a charge against an individual's property to help contribute or pay for their care, a particular concern was a property being signed over to a family member to avoid this charge. Andy Walker agreed to discuss this further with the team responsible for this function.

The actual budget for Adult Social Care had reduced by around £334k since month 3, this was as a result of changes to a joint arrangement with the NHS. This caused both expenditure and income to reduce by this amount.

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Further clarity was sought on the number of capital depleters that had been budgeted for in comparison to the number coming through. Also whether a budget existed to allow for new care packages for people with a learning disability (3 new care packages had come through in year for clients previously unknown to the Council). Andy Walker agreed to provide this information.

It was noted that although a £156k overspend was reported for the Children and Young People Directorate budget, it was expected that the budget would balance by year end as a result of management action. It was therefore queried why this did not show in the accounts as with other Directorates, which was felt to be a preferable approach by the Select Committee. Nick Carter acknowledged that there were differing approaches and a need for consistency would be discussed at Corporate Board.

In the Environment Directorate, a reduction in car park income was forecasted. The street lighting contract, which was another budget pressure, was in its second year and Nick Carter explained that this was an example of where centralised procurement was less successful than the previous arrangement where Officers in Street Lighting negotiated a less expensive contract directly. Andy Walker agreed to raise concerns of the Select Committee regarding the street lighting contract with relevant Officers.

Another concern was the higher than budgeted running costs of West Street House and West Point and whether the purchase of these properties was based on a lower prediction of running costs. Andy Walker agreed to investigate this issue.

The forecast underspend in the Chief Executive Directorate had reduced due to a new pressure in land charges income. The Government had taken a view that fees could no longer be charged for personal searches of the local land charges register and the fee was revoked from 17 August 2010. A reduction in income was forecast of £49k for the year. Members had some queries around whether any individuals should be refunded for charges incorrectly made and how the pressure had been calculated. Nick Carter agreed to provide further detail on this issue.

Andy Walker explained that a decision had been taken by Corporate Board and the Executive to only produce capital reports on a quarterly basis. This was felt appropriate as capital budgets moved more slowly and there was less variance from month to month. The Select Committee raised the importance of continuing to closely monitor capital expenditure, including consideration of any capital budget implications on revenue budgets.

The capital summary for the Community Services Directorate stated that the majority of the capital budget would be spent by year end. However, this differed from the information in the budget table and Andy Walker agreed to establish why this was the case.

Discussion then returned to the timeliness of budget reporting. Members were advised that they had the most up to date budget position for their consideration, which had been approved by Executive Members at Management Board on 2 September 2010. The quarter 1 report was formally approved by Executive later in the same day and there was suggestion by some Members that the latest month 4 position could have at least been referred to at Executive, so that any alternative action could have been considered based on the worsening situation.

In response, Nick Carter gave his view that it would not be sufficient notice to prepare and table a budget report in the timeframe referred to and it was for the Executive Leader to decide whether or not to introduce new material.

RESOLVED that:

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(1) Andy Walker would:

- forward the Select Committee’s views regarding placing a charge against an individual’s property to the appropriate team;
- provide information on capital depleters;
- confirm whether a budget existed for new and unexpected care packages for clients with a learning disability;
- raise concerns regarding the cost of the street lighting contract with relevant Officers;
- investigate the running costs of West Street House and West Point and the ongoing impact to the budget;
- establish why the information on capital expenditure in the Community Services Directorate differed within the report.

(2) Nick Carter would provide further detail on the reduction in land charges income.

26. Work Programme

The Committee considered the Resource Management Select Committee Work Programme (Agenda Item 11).

It was agreed that the next meeting, scheduled for 22 November, would be rearranged to ensure that the Asset Management Plan was on the agenda. Further agenda items were noted as follows:

- A focus on the Chief Executive Directorate budget
- Continuation of the review into the work of Property Services and its contractors within schools.
- Value for money.

RESOLVED that the work programme would be noted and the next meeting rearranged to ensure that the Asset Management Plan was on the agenda for discussion.

27. Establishment Report Quarter 1 2010/11

The Committee considered the Quarter 1 Establish Report (Agenda Item 12).

RESOLVED that the report would be noted.

(The meeting commenced at 6.30pm and closed at 9.35pm)

CHAIRMAN

Date of Signature