

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 17 May 2018

Present:

Councillors Gareth Allatt, Julian Benington, Nicholas Bennett J.P., Mary Cooke, Ian Dunn, Robert Evans, Simon Fawthrop, Will Harmer, Christopher Marlow, Russell Mellor, Keith Onslow (Vice-Chair, in the Chair), Michael Rutherford, Stephen Wells and Angela Wilkins

Also Present:

Councillor Graham Arthur and Councillor Colin Smith

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

The Chairman opened the meeting and welcomed both returning and new Members to the Committee.

The Chairman explained that he was required to act as Chairman for the Plans 4 meeting that was simultaneously taking place and would therefore handover Chairmanship of the Committee to the Vice-Chairman.

Vice-Chairman, Councillor Keith Onslow took the Chair.

Apologies for absence were received from Councillor Cartwright. Councillor Rutherford and Councillor Mellor also submitted apologies for lateness as they were also required to speak to items at the Plans 4 meeting.

2 DECLARATIONS OF INTEREST

Councillor Onslow declared that he worked part-time for the Royal Borough of Greenwich and was a pensioner of Zurich Municipal Insurance.

Councillor Benington declared that he was a Trustee of Biggin Hill Memorial Museum Trust.

3 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING

There were no questions.

**4 MINUTES OF THE EXECUTIVE AND RESOURCES PDS
COMMITTEE MEETING HELD ON 21 MARCH
2018(EXCLUDING EXEMPT ITEMS)**

The minutes of the meeting held on 21st March 2018, were agreed, subject to a minor amendment on page 106, and signed as an accurate record.

**5 MATTERS ARISING AND WORK PROGRAMME
CSD18069**

The Committee considered a report setting out matters arising from previous meetings and the Committee's work plan for 2018/19.

In response to a question concerning the apparent discrepancy between the carry forward request of £1.27m listed in the Budget Monitoring report considered by the Committee in March and the figure reflected in Provisional Final Accounts on the Executive agenda for May, the Chief Accountant explained that the report considered by the Committee in March had been based on January's figures. It was reported that a reconciliation had been circulated to the Chairman and Vice-Chairman of the Executive, Resources and Contracts PDS Committee the day before the meeting. It was noted that the figures set out in the Provisional Final Accounts represented the final position rather than the budget monitoring position.

In reference to the update that the Committee had received from Amey in relation to the TFM Contract, the Committee noted that the Director of Regeneration had not yet circulated the detailed list of issues reported for action. In addition, the Service Improvement Plan had not been provided to Members as requested. It was agreed that an email would be send to the Director of Regeneration seeking a response to the issues raised and an item added to the agenda for the next meeting to enable the Committee to further discuss outstanding issues with the Director of Regeneration. The Committee requested that, as there appeared to be no visible improvement in the service received from Amey, that representatives from Amey, including the Chief Executive, be asked to attend the Committee's September meeting.

Action 1: That an email be send to the Director of Regeneration seeking a response to the issues raised at the meeting on 21 March 2018 and that an item be added to the agenda for the next meeting.

Action 2: That representatives from Amey be invited to the meeting on 5 September 2018.

The Committee noted that following the last meeting, the Director of Commissioning had provided further clarification to a Member around the response to the question that was set out in the minutes. Members highlighted that Gateway 0 reports were provided to Members and at this stage individuals Members were able to challenge the 60/40 cost/quality split.

The Vice-Chairman highlighted that a 60/40 split was a standard CIPFA statement.

The Monitoring Officer was also asked to provide further clarification surrounding the need to keep minutes within Part 2 and therefore exempt from publication once sensitive issues had been dealt with.

RESOLVED: That

- 1. Progress on matters arising from previous meetings be noted; and**
- 2. The 2018/19 work programme be noted.**

6 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period May to August 2018.

It was noted that neither the Chipperfield Road Regeneration Scheme report, nor the Retendering of the Exchequer Services Contract report which were scheduled for May appeared on the Executive agenda.

The Director of Commissioning reported that the Retendering of the Exchequer Services contract was on track with Officers currently reviewing some outstanding issues. The report would come to a future meeting.

7 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 21st May 2018:

**(7) PROVISIONAL FINAL ACCOUNTS 2017/18
Report FSD18040**

The Committee considered the 2017/18 provisional outturn as well as the potential implications for the Council's financial position in 2018/19. The 2017/18 provisional outturn provided no variation in general fund balances, subject to the recommendations in the report being agreed.

In response to a question from the Vice-Chairman concerning the rationale for setting aside £2m as a further contribution to the Transformation Fund, the Chief Accountant explained to the Committee that the Transformation Fund had been in existence for a number of years and was used to support payments such as redundancy, severance and early release of pension arising from efficiencies. Over time the fund had significantly reduced and the additional contribution was being proposed to ensure that further funding would be available in coming years if required.

In relation to the Investment Fund, the Vice-Chairman queried whether the rates of return on property investment that had previously been achieved were sustainable in the long-term or whether alternative investments should be considered. The Vice-Chairman suggested that the Executive should consider expanding the scope of the fund so there was no longer a primary reliance on property.

A Member noted that there was currently a significant problem with potholes and road surfaces across the Borough. It was suggested that some of the proposed contribution to the Investment Fund should instead be diverted to potholes and road surfaces.

The Portfolio Holder for Resources, Commissioning and Contracts confirmed that a complete review of the Investment Portfolio was currently underway and the Strategic Asset Management Group would look at all property investments and recommend changes as necessary.

Turning to the issue of roads, the Portfolio Holder highlighted that the road maintenance programme was on track and funding had been accelerated with three years of spend being brought forward to support improvements. It was hoped that this investment in the road network across the Borough would deliver savings in the future as a result of lower maintenance costs. The Portfolio Holder acknowledged that it may be beneficial to publicise better the roads where improvements were being delivered and to encourage residents to report any issues through 'Fix My Street'.

The Leader of the Council further noted that the programme for renewing the road surfaces that were in the worst condition was well advanced. The Leader noted that the term 'pothole' was often misused and overused. Proper potholes - those that were dangerous - were a priority and, once reported, could be fixed within 24 hours.

In response to a question, the Chief Account reported that the Executive, Resources and Contracts Committee received a Treasury Management Annual Investment Strategy report in addition to quarterly monitoring updates.

In response to a question concerning the earmarked reserve for Income Equalisation, the Chief Accountant confirmed that this was being proposed following a change in accounting rules and was intended to smooth any volatility that may be experienced in the return on investments due to changes in the accounting requirements.

The Chief Accountant confirmed that there had been no changes to the overall bottom line budget as the variation between the original and final approved Portfolio budgets reflected allocations from the Central Contingency.

A Member queried how progression with the growth fund was monitored and it was agreed that a report setting out this information should be presented to the Renewal, Recreation and Housing PDS Committee.

The Committee noted that the full year effect of the ban on credit card payment surcharges was in the region of £50,000. This loss was unrecoverable and resulted from a change in legislation.

In response to a question from the Vice-Chairman concerning the balance of £38k needed to meet the costs of testing the Debt Management System in 2018/19, the Director of Commissioning reported that the final balance would not be paid to the supplier until final testing and sign off of the system had been completed.

A Member suggested that it may be helpful to know how the balance of the underspend on the Schools Budget would be spent. It was agreed that the Head of ECHS Finance should be asked to provide an update to the Children, Education & Families Budget and Performance Monitoring Sub-Committee.

The Committee joined the Portfolio Holder for Resources, Commissioning and Contracts in thanking the Chief Accountant and finance Team for their incredibly hard work to deliver the final accounts in a much shorter timescale than previous years.

RESOLVED: That the Executive be recommended to:

- 1. Consider the provisional revenue and capital outturns for the 2017/18 financial year and the earmarked balances on the General Fund as at 31st March 2018;**
- 2. Note that a more detailed analysis of the 2017/18 final outturn will be reported for each Portfolio to the Relevant PDS committees;**
- 3. Consider the variations in 2017/18 impacting on the Council's 2018/19 financial position;**
- 4. Consider the comments from Chief Officers;**
- 5. Approve the requests for carry forwards totalling £1,124k (net), subject to the funding being allocated to the Central Contingency in 2018/19 to be drawn down on the approval of the relevant Portfolio Holder;**
- 6. Agree the release of £80k from the 2017/18 Central Contingency;**
- 7. Approve a further contribution of £550k to the Joint Initiatives and Pump Priming (BCF) earmarked reserve;**
- 8. Recommend to Council that a sum of £1,086k be set aside in an earmarked reserve for Income Equalisation (Treasury Management);**

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- 9. Recommend to Council that a sum of £2,000k be set aside as a further contribution to the Transformation Fund earmarked reserve;**
- 10. Recommend to Council that a sum of £5,000k be set aside as a further contribution to the Financial Planning & Risk Reserve;**
- 11. Recommend to Council that a sum of £2,319k be set aside as a further contribution to the Growth Fund;**
- 12. Recommend to Council that a sum of £2,609k be set aside as a further contribution to the Investment Fund, and consider expanding the scope of the fund so there is no longer a primary reliance on property.**

**(8) CAPITAL PROGRAMME OUTTURN 2017/18
Report FSD18041**

The Committee considered a report setting out the final outturn on capital expenditure and receipts for 2017/18. Capital expenditure in the year was £40.3m, compared to the final approved budget of £51.6m, agreed in February resulting in a total net variation of Cr £11.3m. For funding purposes, £3.5m slippage was assumed in the Quarter 3 capital monitoring report, so there was an overall variation of Cr £7.8m in the use of capital receipts and external and revenue contributions.

Members of the Committee expressed concern surrounding the source of contributions to the Biggin Hill Memorial Museum. It was agreed that a further update on whether the contingency funds had been spent should be included in the Quarter One Capital Programme Monitoring Report presented to the Renewal, Recreation and Housing Committee. The Leader of the Council requested that officers seek further clarification concerning the source of the funding.

RESOLVED: That the Executive be recommended to

- 1. Note the report;**
- 2. Approve the following amendments to the Capital Programme for 2018/19:**
 - a) Increase of £15k to the 30 hours childcare IT scheme funded from the revenue grant underspend in 2017/18;**
 - b) Addition of £178k to the capital programme to reflect additional Disabled Facilities Grant received;**
 - c) Addition of £116k to the Biggin Hill Memorial Museum scheme funded from revenue (£54k) and external contributions (£62k), subject to further clarification surrounding the source of funding.**

3. Note that the Provisional Final Accounts 2017/18 report elsewhere on the agenda recommends that Council approves contributions of £2.6m to the Investment Fund and £2.3m to the Growth Fund.

**(9) FORMAL CONSULTATION ON THE PROCUREMENT STRATEGY FOR INSURANCE POLICIES
Report FSD18039**

The Committee considered a report seeking approval to tender for the Council's current insurance policies, as well as approval to vary the Council's Total Facilities Management (TFM) contract to include an asset valuation review that would help inform the tender and ensure appropriate levels of cover were maintained. The Council's current policies for insurance cover were due to expire on 30th April 2019. It was proposed to re-tender the policies for a period of five years, with an option to extend for a further period of three years. With a potential eight year contract term, the total value of the policies was estimated to be approximately £5.6m.

In response to a question from the Vice-Chairman, the Principal Accountant confirmed that RB Greenwich would be highly involved in drawing up the specification.

The Vice-Chairman noted that the valuations for rebuilding costs set out in paragraph 3.4.4 of the report seemed high in comparison to charges levied by insurance companies. It was suggested that this should be reviewed separately as substantial savings could be made, although not all insurance companies offered this service. The Principal Accountant advised that it was expected that the valuations would require onsite visits as valuations had not been undertaken for a long time.

In response to a question the Principal Accountant confirmed that the Council's brokers would be asked to present options for consideration taking account of the Council's risk profile.

The Head of Legal Services clarified that the Council's Legal Services would be consulted on any contract terms and conditions in order to provide assurance around the tender process.

The Principal Accountant agreed to provide details surrounding claims for pothole damage to vehicles to a Member following the meeting. The Leader of the Council reported that the number of claims was low and any claim was vigorously defended with the result that very little was paid out.

Action Point 4: that details surrounding claims for pothole damage be provided following the meeting.

RESOLVED: That the Executive be recommended to:

1. Consider the contents of the report;
2. Agree that the contracts for the Council's insurance policies be tendered using a restricted OJEU process;
3. Agree that the contract length will be for a period of five years with the option to extend for a further period of three years at an estimated annual value of £694k (gross) and an estimated whole life value, inclusive of extension option, of £5.6m (gross);
4. Delegate authority to the Director of Finance to approve the optional three year extension in consultation with the Portfolio Holder for Resources, Director of Commissioning and Director of Corporate Services;
5. Agree a variation of the Council's TFM contract with Amey for Cushman and Wakefield to undertake an asset valuation review for insurance purposes, the value of the variation being estimated at £200k;
6. Agree that the tender documentation to be used is that provided by the Council's Insurance Broker, JLT; and
7. Agree that contracts for the policies will be predominantly on the tenderers' proposed terms.

(10) CONTRACT AWARD FOR SUBSTANCE MISUSE SERVICES – LOT 1 ADULTS/LOT 2 YOUNG PEOPLE – PART 1

The Committee considered the summary to the Part 2 "Contract Award for Substance Misuse Services, Lot 1 Adults and Lot 2 Young People report. The summary provided an overview of the tendering process for the Substance Misuse Service Lot 1 and Lot 2, in accordance with the Council's financial and contractual procedure rules.

Members noted and supported the recommendation to award contracts for a term of three years with a possible extension of up to a further two years.

RESOLVED: That the Executive be recommended to note the summary when considering the recommendations in the Part 2 report that details the tender outcome.

(11a) CONTRACT AWARD OF LEARNING DISABILITY SUPPORTED LIVING SCHEMES
Report CS18136

The Committee considered a summary to the Part 2 'Contract Award of Learning Disability Supported Living Schemes'. The summary provided an overview of the process for the tendering of the learning disability supported living schemes at 34 Padua Road, 44 Bromley Road and 15 Brosse Way in accordance with the Council's financial and contractual requirements.

Members noted and supported the recommendation.

RESOLVED: That Executive be recommended to note the Part 1 summary when considering the recommendations in the Part 2 report to award the tender.

8 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006, AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters involving exempt information**

9 EXEMPT MINUTES OF THE MEETING HELD ON 21 MARCH 2018

The Part 2 (exempt) minutes from the meeting held on 21st February 2018, were agreed and signed as a correct record.

A Member requested that further advice be sought as to whether the minutes had to remain in Part 2 and therefore exempt from publication.

10 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

(14) CONTRACT AWARD FOR SUBSTANCE MISUSE SERVICES – LOT 1 ADULTS/LOT 2 YOUNG PEOPLE

The Committee considered the report and supported the recommendations.

**(15) AWARD OF CONTRACT FOR PHASE 2 WORKS AT STEWART FLEMING PRIMARY SCHOOL
Report ED18047**

The Committee considered the report and supported the recommendations.

**(17) CONTRACT AWARD – SUPPORTED LIVING SCHEMES AT PADUA ROAD, BROSE WAY AND BROMLEY ROAD
CS18136**

The Committee considered the report and supported the recommendations.

The Meeting ended at 8.27 pm

Chairman