

**EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT
AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 7.00 pm on 8 January 2019

Present:

Councillor Simon Fawthrop (Chairman)
Councillors Gareth Allatt, Julian Benington,
Nicholas Bennett J.P., Ian Dunn, Robert Evans,
Will Harmer, Harris, Christopher Marlow, Russell Mellor,
Keith Onslow (Vice-Chairman) and Michael Rutherford

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Contracts and Commissioning
and Councillor Colin Smith, Leader of the Council

**90 APOLOGIES FOR ABSENCE AND NOTIFICATION OF
SUBSTITUTE MEMBERS**

Apologies for absence were received from Cllr Mary Cooke, Cllr David Cartwright, Cllr Angela Wilkins, and Cllr Stephen Wells. Cllr Harris attended as substitute for Cllr Cooke.

Cllr Will Harmer submitted apologies for lateness.

91 DECLARATIONS OF INTEREST

Cllr Simon Fawthrop and Cllr Will Harmer both declared interests as employees of BT.

In relation to Item 17 on the PDS agenda, Cllr Rutherford declared a pecuniary interest in respect of Royal Mail and left the meeting during consideration of the Mail Services contract.

**92 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE
PUBLIC ATTENDING THE MEETING**

No questions had been received.

8 January 2019

93 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETINGS HELD ON 22 NOVEMBER 2018 AND 11 DECEMBER 2018 (EXCLUDING EXEMPT ITEMS)

The minutes of the meetings held on 22nd November 2018 and 11th December 2018, were agreed and signed as a correct record.

**94 MATTERS ARISING AND WORK PROGRAMME
Report CSD19001**

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

The Director of Corporate Services was reminded that the Committee had requested a briefing note regarding the rules around and constraints on the use of the electoral register in relation to cross referencing empty properties.

RESOLVED: That:

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

**95 RISK MANAGEMENT
Report FSD19002**

The Committee considered a report which provided Members with the most recent Risk Registers for the areas falling under the Committee's remit. Members noted that issues around financial risks were addressed in the Budget Report within the Executive Agenda.

Referring to the effective governance and management of contracts, the Chairman questioned whether training was being further rolled out. In response, the Director of Finance confirmed that the Assistant Director of Governance and Contracts was currently overseeing the roll out of training. The Committee requested that the Assistant Director of Governance and Contracts provide an update of when the risk in light of the existing controls in place to mitigate the risk may be moved to 'Amber' or 'Green'.

Action Point 22: That the Assistant Director of Governance and Contracts provide an update of when the risk in light of the existing controls in place to mitigate the risk may be moved to 'Amber' or 'Green'.

Members noted that within Appendix B of the report, any reference to the Commissioning Board would need to be amended in relation to the Council's Transformation Agenda. A Member sought and received assurances that the commissioning of services would continue once the process of service redesign had taken place.

The Vice-Chairman noted that in relation to the Pension Fund investment pools would be a significant risk to the Council going forward. The Director of Finance confirmed that the risk rating would be evaluated once all the issues had been considered.

RESOLVED: That the report be noted.

96 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period January 2019-April 2019.

97 QUESTIONS TO THE PORTFOLIO HOLDER FROM MEMBERS OF THE PUBLIC AND COUNCILLORS ATTENDING THE MEETING

There were no questions.

98 RESOURCES, CONTRACTS & COMMISSIONING PORTFOLIO - PRE-DECISION SCRUTINY

The Committee considered the following report(s) where the Resources Portfolio Holder was recommended to take a decision.

**a CAPITAL PROGRAMME MONITORING - 2ND QUARTER 2018/19
Report FSD19003**

The Committee considered a report summarising the current position on capital expenditure and receipts following approval of the revised Capital Programme for the four year period 2018/19 to 2021/22 by the Executive on 28th November 2018.

REOLVED: that the Portfolio Holder be recommended to note and conform the changes agreed by the Executive on 28th November 2018.

99 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 16th January 2019:

**6. DRAFT BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2020/23
Report FSD19001**

The Committee considered a report seeking the approval of the initial draft 2019/20 Budget including the full year effect of changes agreed as part of the 2018/19 Council Tax report including savings approved during the year with

8 January 2019

the resultant impact on the Council's medium term "budget gap". The report also provided details of the final year of the four year Local Government Financial settlement (2016/17 to 2019/20), the impact of the Chancellor's Autumn Budget 2018 and the Provisional Local Government Financial Settlement 2019/20.

The Committee discussed whether, in light of Central Government's decision to move towards the CPI inflation measure, it would be more sensible to move away from RPIx and focus more on a CPI inflationary measure when awarding contracts. The Director of Finance confirmed that where possible the Council was moving towards a CPI measure, unless there was a strong business case otherwise.

The Chairman of the Education, Children and Families Select Committee emphasised that the Select Committee had produced two reports in relation to the budget for the Children, Education and Families Portfolio. The Chairman of the Select Committee sought assurances that the recommendations would be taken on board as part of the budget setting process.

The Director of Finance reported that whilst the Council was financially well placed, debt free and had some reserves it was important that consideration was given to developing a financial plan for 4 years' time which evaluated all options.

In response to a question from the Chairman, the Director of Finance confirmed that following the letting of contracts, responsibility for contract management was now being transferred back to Departments and this was reflected in the propose budget for commissioning and procurement. Whilst there were no changes in the numbers of staff within commissioning and procurement, the Committee noted that as part of the wider review of staff savings the structure of all departments would need to be reviewed.

The Director of Finance reported that the increase in the ECS Repairs and Maintenance Budget reflected fire risk issues and the additional funding was to ensure that the Council was meeting its obligations. The wider issues around the Grenfell Tower fire had highlighted that there was more work to be done around fire risk assessments.

The Chairman of the Education, Children and Families Select Committee reported that the Children's Service Improvement Governance Board had identified issues in relation to the quality of staff accommodation. The Director of Finance confirmed that the proposal was to develop the Well Bar into a comfortable break out area for staff.

In response to a question, the Director of Finance confirmed that in relation to concessionary fare, usage information was used to determine the allocation for the Borough once use of the Mayor of London's Freedom Passes had been discounted.

RESOLVED: That the Executive be recommended to:

- 1. Agree the initial draft 2019/20 Budget;**
- 2. Refer the initial draft 2019/20 Budget for each portfolio to the relevant PDS Committees for consideration;**
- 3. Note the financial projections for 2020/21 to 2022/23;**
- 4. Note that there are still areas of financial uncertainty which will impact on the final 2019/20 Budget and future year forecasts;**
- 5. Delegate the setting of the schools budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with head teachers, governors and the Schools Forum;**
- 6. Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;**
- 7. Consider the outcome of the public consultation meetings detailed in Appendix 9 of the report;**
- 8. Agree the proposed contribution of £248,886 in 2019/20 to the London Boroughs Grant Committee;**
- 9. Note the outcome of the Provisional Local Government Financial Settlement 2019/20 as detailed in the report;**
- 10. Note the significant budget gap remaining of an *estimated £32.2m* per annum by 2022/23 and that any decisions made for the 2019/20 Budget will have an impact on the future year projections;**
- 11. Note that any final decision by Executive on recommended council tax and social care precept levels to Council will normally be undertaken at the next meeting of Executive;**
- 12. Agree to proceed with the London Business Rate Pilot 2019/20 and delegate authority to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Portfolio Holder for Resources, Commissioning and Contracts Management, in relation to the operational details of the London Business Rate Pilot pooling arrangements with the participating authorities.**

8 January 2019

**8. AWARD OF CONTRACT FOR CCYV MONITORING AND MAINTENANCE (PART 1)
Report ES19001**

The Committee noted the Part 1 report providing details of the tenders received for the CCTV Monitoring and Maintenance contracts. The report made recommendations for the award of both contracts.

RESOLVED: That the Executive be recommended to:

- 1. Award the CCTV Monitoring Contract and the CCTV Maintenance Contract to the providers specified in the part 2 report to commence from 1st April 2019 for a period of 5 years, with an option to extend for a further period of 4 years.**
- 2. Delegate the option to extend the contract by one year increments, under the terms of the contract, to the Executive Director of Environment and Community Services subject to consultation with the Director of Commissioning, the Director of Finance, the Director of Corporate Services and the Public Protection and Enforcement Portfolio Holder.**

100 SCRUTINY OF THE RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO HOLDER

The Portfolio Holder for Resources, Contracts and Commissioning, Cllr Graham Arthur, addressed the Committee highlighting that at the start of the year, 2019 promised to be an exciting year of significant change. The successful outcome of the Ofsted Inspection of Children's Services had rightly provided a boost to Staff and Members across the organisation.

- On 16th January 2019, the Executive would approve the 2019/20 budget and four year financial forecast. The report to the Executive also identified the three major financial challenges facing the Council which were: homelessness, learning disabilities, and adults social care.
- Within the Portfolio, the increased workload in the Legal Service would need to be monitored.
- Whilst the budget for 2019/20 was effectively balanced, the medium term budget deficit would need to be addressed.
- Three areas of growth pressure that had been identified were: homelessness, learning disabilities, and adults social care.
- 8 years ago the Council had undertaken a core service review which had identified statutory, desirable and discretionary services. This had saved operating costs of £9m per year. However, as a result of achieving these early savings the Council was now very efficient and opportunities for savings were much more limited.

- The recent sale of the Old Town Hall had brought in some additional revenue.
- There would need to be a major overhaul of working practices in property in order to address increases in demand in relation to temporary accommodation.
- The Boundary Commission would be undertaking a review of Member numbers. The Portfolio Holder noted that over the last 10 years the Council had gone through many changes yet the Councillor and Staffing Structure had largely remained unchanged and this needed to be reviewed and a process of transformation was required.

The Portfolio Holder concluded his presentation by affirming that the Council was well placed for what promised to be a very successful year.

In response to questions from Members, the Portfolio Holder made the following points:

- Benefits of approximately £6m per year had been generated by the Mears Scheme. Under the programme the Council had acquired 400 properties which were let to tenants for 2 years. This meant that it was still classified as temporary accommodation. A discussion now needed to take place around those tenants whose tenancies were coming to an end. Consideration needed to be given to the next steps, such as selling the properties to the tenants on a shared ownership basis. The Portfolio Holder confirmed that this would not impact the pension scheme as the Council would always look to retain 400 properties. If a second iteration of the scheme were to be embarked upon consideration would need to be given to the new model as it was unlikely that there would be a need to gift it to the pension fund.
- The Portfolio Holder acknowledged that Artificial Intelligence was something to which the Council needed to give more consideration. Whilst some staff had basic knowledge it was likely that in order to pursue the use of Artificial Intelligence the Council would need to bring in additional expertise. The Portfolio Holder had visited LB Harrow with some staff. Harrow was seen as Best Practice in this area and it was hoped that some knowledge could be shared going forward.
- The Portfolio Holder recognised that as part of the commissioning process it made sense for PDS Committees to be provided with the scoring evaluation matrices as part of contract award reports. The Committee agreed to recommend that detailed evaluation matrices should be included in future award of contract reports.

Action Pont 23: That detailed evaluation matrices should be included in future award of contract reports.

- On the Civic Centre site both Joseph Lancaster and Anne Springman were now up for sale.

8 January 2019

The Committee thanked the Portfolio Holder for his update.

**101 CONTRACTS REGISTER AND CONTRACTS DATABASE
UPDATE
Report CEO18006**

At the start of the meeting the Committee had received a presentation from officers which outlined the functionality of the Council's Contracts Database.

The Committee considered an extract from November 2018's Contracts Register. The Committee also receive a detailed update on the contracts register within Part 2 of the agenda.

Members noted that once the extension to the Mail Services Contract had been agreed there would be a further report and Gateway review. The Head of Performance and Corporate Projects confirmed that the flag on the contract should have been removed when the next cycle of the Contracts Register was presented to the Committee.

Members noted that whilst the Commissioning Board was not currently operating, reports were still being reviewed and signed off through the commissioning process.

In response to a question, the Head of Performance and Corporate Projects explained that factors such as the results of soft market testing and discussions with colleagues in procurement and legal determined the duration of a contract.

RESOLVED: That the report be noted.

102 REVIEW OF CONTRACTS AND COMMISSIONING SUB-COMMITTEE TERMS OF REFERENCE

The Chairman noted that as a result of the Council's transformation agenda the Committee had requested a review of the terms of reference of the Contracts and Commissioning Sub-Committee. Councillor Marlow had reviewed the terms of reference and had made a number of suggested changes. The Chairman requested that following the meeting the proposed changes be circulated to the Members of the Committee for review.

A Member expressed concern that it had recently been drawn to his attention that Officers were being called to the Contracts and Commissioning Sub-Committee in relation to the performance of contracts. It was noted that there was nothing in the Sub-Committee terms of reference which allocated responsibility to the Sub-Committee to scrutinise the performance of contracts. It was agreed that there was a need to clearly emphasise that scrutiny of the performance of contracts was the responsibility of PDS

Committees. The Chairman stressed that there was a need to ensure that the Sub-Committee focused on the key strategic issues.

The Leader of the Council noted that there was a need for some form of rationalisation in order to ensure that a great deal of time and effort was saved. The Portfolio Holder for Resources, Contracts and Commissioning highlighted that the Reablement Contract had been presented at five Committees. Members questioned whether this was a good use of Officer and Member time. It was suggested that each PDS Committee should be questioning the value that was being added by any additional scrutiny.

RESOLVED: That following the meeting proposed changes to the Terms of Reference of the Contracts and Commissioning Sub-Committee be circulated.

103 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**

104 EXEMPT MINUTES OF THE MEETING HELD ON 11 DECEMBER 2018

The Part 2 (exempt) minutes of the meeting held on 11th December 2018, were agreed and signed as an accurate record.

105 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

The Committee considered the following reports on the Part 2 agenda for the meeting of the Executive on 16th January 2019:

**12. AWARD OF CONTRACT FOR CCTV MONITORING AND MAINTENANCE (PART 2)
Report ES19001**

The Committee noted the report and made recommendations to the Executive.

8 January 2019

**15. GATEWAY 1 REPORT - PROCUREMENT OF LEASE CARS AND
LIGHT COMMERCIAL VEHICLES
Report ES19002**

The Committee noted the report and made recommendations to the Executive.

The Meeting ended at 9.10 pm

Chairman