

## **Overview & Scrutiny Committee – Meeting held on Thursday, 4th February, 2016.**

**Present:-** Councillors Nazir (Chair), Strutton (Vice-Chair), Ajaib, Bains, N Holledge, Malik (until 7.22pm), Rana and Usmani.

**Also present under Rule 30:-** Councillor Anderson

**Apologies for Absence:-** Councillor Bal

### **PART I**

#### **51. Declaration of Interest**

Agenda Item 5 - Procurement of Environmental Services Contract. Councillor Bains declared that he was employed by Amey.

Agenda Item 9 – Capital Strategy 2016/22. Councillor Nazir declared that he was employed by Nationwide Building Society.

Councillor Strutton declared that he owned the freehold to a property that was rented by the Council.

#### **52. Minutes of the Meetings held on 12th January and 20th January 2016**

**Resolved** – That the minutes of the meeting held on 12<sup>th</sup> January 2016 be approved as a correct record subject to the inclusion of the following text to Minute 39:

*Councillor Strutton informed the meeting that he had requested for papers considered at a meeting of the Corporate Parenting Panel to be circulated to the Education and Children's Scrutiny Panel Members. However, the Council's internal procedures meant that this had not been possible. Ms Clemo stated that whilst she was not able to comment on the Council's internal procedures, unless reports were intended for a private meeting, information should be made available on request. The Chair reiterated that individual Members were able to submit requests for information.*

**Resolved** - That the minutes of the meeting held on 20<sup>th</sup> January 2016 be approved as a correct record.

#### **53. Panel Membership**

The Committee were reminded that at the Council meeting in May 2015 the constitution had been amended to include a new policy regarding non attendance. If a Member missed three consecutive meetings of the same Committee or Panel, the Member will have their membership revoked unless

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the Panel considered that there were exceptional circumstances that needed to be taken into account.

Councillor Bal was appointed as a Member of the Overview and Scrutiny Committee for the Municipal Year 2015/16. In addition to apologies for this evening's Committee meeting Councillor Bal had submitted apologies for non-attendance at the meetings of Overview and Scrutiny Committee held on 12<sup>th</sup> and 20<sup>th</sup> January 2016. Councillor Bal had advised that he had been called away to India due to a family emergency but wished to remain as a Member of the Committee for the remainder of the municipal year.

Members of the Panel gave consideration to Councillor Bal's continued membership of the Panel. Following discussion the Committee decided to waive the revocation of his membership.

**Resolved** – That Councillor Bal continue as a Member of the Overview and Scrutiny Committee for the remainder of the municipal year 2015/16.

### **54. Member Questions**

None were received.

### **55. Procurement of Environmental Services Contract**

Mr Hannon, Environmental Strategy and Governance Manager advised the Committee on progress made in the re-commissioning of the future service provision on the Environmental Services Contract. The Committee were reminded that the Council was responsible for waste collection, waste management, waste treatment, public realm (street cleaning and green estate), highways reactive works, highways and transport capital works and professional services. Delivery of these services were currently delivered by Amey, the contract for which expired in November 2017.

The waste management, street cleaning, green estate, highways and transport Heads of Services went through a dedicated commissioning process whereby the preferred contract delivery vehicle was appraised and assessed against critical criteria. This included feedback from the market through a soft market testing day.

Members were informed that a Public Realm, Environment, Transport and Highways (PREATH) sub-commissioning group was formed in June and met to discuss and create scopes for the respective services. This meant that some services were moved from one area to another to create improved synergies between service delivery and resolve issues that had been long standing within respective service areas.

The PREATH group reported to the Contract Re-provision Board in October that it did not recommend bringing the service in-house. However, it did state the second generation outsource would ensure that the client and contract

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management teams integrate to ensure succession planning in filling the gaps identified. This is to ensure that an 'in-house bid' has greater potential after the conclusion of the second generation outsource term.

The Options Appraisal presented to the Contract Re-provision Board in February discussed the appraisal of two options for the delivery of all of the services represented by the PRETH commissioning group. These two options were either a strategic partner contract or a series of separate contracts refined by service area and their associated scopes. The options were aggregated across several key areas including risk, ability to deliver against finance (cost savings), risk, IT, data and information availability, collection monitoring and management, Innovation, complexity of the procurement process, market appetite, procurement route, social value and timetable.

The PRETH group recommended that separate contracts for the services be procured. The Environmental Services Contract would comprise of waste collection, waste management and the public realm services with the potential option to include the waste treatment services. The Infrastructure contract would comprise highways reactive engineering works and highways and transport capital works. The professional services contract would potentially be a framework for the provision of professional services for Highways and Transport.

Following a soft market testing exercise, Members were informed that the market clearly indicated that the collation of all of the aforementioned services into one contract would impede competitiveness, innovation and would minimise flexibility, service enhancement and potential to deliver efficiencies and cost savings.

The Environmental Services contract would be a services based contract that would deliver all of the public realm activities for the borough across all land owned by the Council including highways land, leisure land and Housing land (with some minor exceptions). The Public Realm approach encompasses a 'one town, one place' ideology which is a holistic approach to the management and maintenance of public spaces through (grey, green and blue) infrastructure throughout the borough managed through a single client.

Members were informed Cabinet were due to consider approval for the procurement of these contracts in March 2016. An Environmental Services Board has been set up that would deliver the procurement of the contracts identified.

A number of questions were asked and replies received including:

- *Clarification relating to the process by which services required were identified and whether the Council could afford them.* It was explained that the contract would be formulated based on the Council's priorities and be outcome based. Contractors would be set targets and it would be for them how their work would be scheduled to meet the targets set.

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- *Oversee the contract works/management/performance of the contract.* Members were informed that a Partnership Development and Client Manager would be appointed and that the post holder would hold overall responsibility in overseeing the contract. Performance Indicators within the contract would be used to measure performance, with the possibility of funds being withheld for poor performance factored within the contract.
- *Local Employment/Apprenticeship Schemes.* It was confirmed that future contracts could stipulate the use of apprenticeships and that at the soft market testing exercise potential bidders had indicated that they would welcome the opportunity to implement such a scheme.
- *Member Engagement.* A briefing for all Members was held and a series of workshops would be scheduled to provide Members with an opportunity to raise any issues. The Strategic Director for Customer and Community Services assured Members that the relevant Scrutiny Panel would also be given an opportunity to scrutinise the contracts prior to completion.

*(Councillor Malik left the meeting)*

- *'Cash In' on Waste.* A Member raised the possibility of the inclusion of a clause within the contract to include the option of 'cashing in' on waste. Mr Hannon confirmed that this could be explored as part of the negotiations to be held at the next stage of the process.
- *Possibility of frontline staff to be rewarded when Key Performance Indicators had been met to be included within the contract.* It was noted that performance related pay could be raised with potential bidders for the contract.
- *Consultation with residents.* Members were informed that a Waste Consultation exercise was carried out in 2013. The option of establishing Focus Groups/Working Groups would be investigated as part of the overall procurement.
- *Anticipated Financial Savings.* All potential contractors had indicated that financial savings would be possible and a range of different opportunities were presented including revenue and digital transformation, bulk purchase of goods, control of overtime amongst staff base, shared risk in terms of commodities and waste composition for materials, self reporting functions and improvements in asset management process/systems.
- *Information Exchange between contract providers.* It was envisaged that a universal system would be implemented which linked all three contracts. The system would also allow residents to report and track progress on implementation of issues.
- *Anticipated Capital Spend on the contract.* It was anticipated vehicles may be purchased and investment into the transfer station was being considered. Any capital spend would be reported via the Capital Strategy.

**Resolved** – That the proposed and preferred contract vehicles and services scopes be noted.

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### 56. Financial and Performance Report - Quarter 3 2015/16

The Committee considered a report setting out the latest forecast financial information and the Council's performance against the Five Year Plan Balanced Scorecard indicators to date during 2015-16.

The Council was forecasting an overspend of £0.486m as at month 3. The overall position was significantly better than the month 8 report. The Children and Families service overspend position had now been confirmed, and there had been additional under spends reported in both the Chief Executive and the Customer and Community Services Directorates.

It was noted that service action plans had reduced the underlying overspend. Whilst no additional savings were expected from the Children and Families service the Adult Social Care service remained committed to ensuring all measures were taken to get as close to break-even as possible.

A summary of the seven 5 Year Plan outcome highlight reports submitted as at December 2015 indicated that the overall status of three was assessed as 'Green', three as 'Amber' and one as 'Amber / Green'.

A Member requested clarity regarding in which areas savings had not been achieved. The Assistant Director, Finance and Audit explained that Children's Services and Adult Social Care were the two areas that were currently showing an overspend. A Member queried whether additional/reclaim of funds could be sought from Central Government following the transfer of Children's Services to The Trust. It was noted that funds were transferred to The Trust in October 2015 and there was no possibility of claiming additional funds from Central Government.

Details were sought regarding the potential financial impact of delays in the implementation of major projects, including The Curve and the Slough Urban Renewal Scheme. Members were informed that financial implications as a result of the completion of The Curve were met by the contractor, Morgan Sindall. The Slough Urban Renewal Scheme at Ledger's Road was progressing ahead of schedule.

The report also highlighted that in 2014/15 the percentage of children of 'healthy weight' at the end of primary school in Slough of 58.9% was below the England and South East averages of 65.3% and 68.6%. It was agreed that further details regarding as to why only 13 schools in the Borough had taken up the Change4Life resources would be circulated to Committee Members. Given that childhood obesity was on the increase, a Member queried why the Leisure Strategy was aimed at youngsters who were over 14 years old. The Strategic Director for Community and Customer Services confirmed that the Leisure Strategy had been developed for all those who resided and worked in Slough.

A Member questioned what, if any, measures were being taken to ensure that any Major Contracts with the Council included sliding scale payments/profit share mechanism, which could provide the Council with the potential of

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additional incomes. The Assistant Director Finance and Audit informed Members that a number of existing contracts contained such clauses including the Internal Audit Contract and stated that this could be explored with future contracts.

Members sought assurances that the 2% increase, as part of the 3.75% increase in council tax for 2016/17, would be ring fenced for Adult Social care. It was explained that the Council had to demonstrate to Central Government how the additional funds collected as part of the council tax increase were being allocated and spent.

**Resolved** – That details of the Financial and Performance Report Quarter 3 2015/16 be noted, including virements and write offs contained within the report.

### 57. Medium Term Financial Strategy 2016/20

The Assistant Director, Finance and Audit detailed the key points contained within the Council's Medium Term Financial Strategy (MTFS).

The MTFS outlined the financial challenge facing the Council and the different methods and strategies that were being undertaken to meet this challenge. Given the scale of the ongoing reductions in Central Government spend, the Council had, and would increasingly need to, deliver public services in a more joined up, effective and efficient manner. Maintaining the current levels and delivery of existing services was unlikely to be an option to the Council in the future.

The Committee were informed that the Council was well prepared to meet the financial challenges of the coming years. It had a history of ensuring a balanced budget was delivered, as well as over recent years increasing general reserves to a sustainable level to meet the future financial challenges. The Council had successfully delivered a number of change projects in recent years, with a number of the Council's services being delivered by private sector partners. At the same time, the Council had maintained investment in its infrastructure through the approval of capital budgets to deliver a variety of programmes.

It was highlighted however, that looking at the key outliers, and starting with the funding level and volatility around this, the Council was at a greater risk than many other Councils in its delivery of its services within the funding available to it. This was due to rising pressures within Council services in Children's and Adults social care, but also because the Council was exposed to risk from Business Rates and falling Government Grants. It was explained that whilst many Councils would face a significant risk from one of these funding sources, Slough was at risk from both of these due to having a large business community and a higher level of financial need for the Borough compared to other Councils.

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Clarity was sought regarding business tax rates and the risks associated with them. It was explained that business rate buoyancy highlighted that the fluctuation in business rates had been significant and that the overall rate of growth had been lower in Slough compared to other Councils before 2014. It was anticipated that there would not be a decrease in Central government Business Rates.

Responding to how future spend by the Council would be prioritised, Members were informed that the Five Year Plan focussed on ensuring that the role of the Council, in addressing challenges and opportunities, were defined by providing a strategic approach in prioritising outcomes against allocation of resources. The cross cutting nature of the outcomes in the Five Year Plan and the introduction of outcome based budget, supported working in a more integrated way with partners and communities to achieve the best outcomes for Slough.

A Member questioned what levels of savings were anticipated from the procurement of the Waste Management Contract and whether there was a possibility of sharing services with neighbouring local authorities. The Committee was informed that achieved level of 35% cost base reduction was the corporate target required and all areas would be expected to contribute to this, including contracts. Sharing services for some contracts was not feasible as a number of the neighbouring local authorities were tied up in long term contracts and it would be difficult to align the contracts to run concurrently.

The Assistant Director, Finance and Audit confirmed that the Council was not expecting to borrow funds in 2016/17 and had repaid some funds to the Treasury in the current financial year. A query was raised as to what impact any changes in re-valuation of council tax bands for residential properties was likely to have on the council tax base. It was noted that Central Government had no plans to carry out a re-evaluation of residential properties at present.

**Resolved** – That details of the Medium Term Financial Strategy 2016/20 be noted.

### 58. Treasury Management Strategy 2016/17

Details of the Treasury Management Strategy 2016/17 were outlined. The Council currently had £177.4m of borrowing and investments of around £80m to £90m on average throughout the year. The underlying need to borrow was measured by the Capital Financing Requirement (CFR) while usable reserves were the underlying resources available for investment. It was noted that the current strategy was to maintain borrowing and investments below their underlying levels.

The strategy contributed to the Five Year Plan outcomes by contributing to the Council's financial planning and particularly Outcome 7 – the Council's income and value of its assets will be maximised.

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It was brought to Members attention that the Chartered Institute of Public Finance and Accountancy's (CIPFA) prudential code for Capital Finance in Local Authorities recommended that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Assistant Director, Finance and Audit, confirmed that the Council expected to comply with this recommendation during 2016/17.

A Member sought clarification regarding the Council's investments. The Committee were informed that although the Council held a diverse investment portfolio, it did not directly invest in commodities.

A Member asked about the level of assurance regarding the Council's Ethical Investment Policy. Whilst there was a high level of confidence that the policy was being applied to all direct investments, it was not possible to verify all transactions with every institution to ensure compliance.

The draft Treasury Management Strategy 2016/17 was due to be considered by the Cabinet on 8<sup>th</sup> February 2016.

**Resolved** - That details of the Treasury Management Strategy 2016/17 be noted.

### 59. Capital Strategy 2016/2021

The Committee considered details of the Capital Strategy 2016/2022. The Council had a wide ranging number of capital commitments and the capital strategy, as with all other corporate documents, underpinned the delivery of the 5 year plan for the Council through to 2022.

The Capital Strategy provided an overall financial strategy to support the delivery of the Five Year Plan. New items in the capital programme for future financial years included:

- The Strategic Asset Purchase Scheme (approved by Full Council 2015)
- The Community Sports Facility
- The Council investment in LED street lighting to drive out revenue savings going forward
- Sustained investment in the Council's education provision.
- Approval for investment, with the Local Economic Partnership (LEP) to invest in key transport infrastructure programmes across the borough
- Improvements to the Council's housing stock and infrastructure in the medium term
- Continued investment in the cemetery and crematorium, with additional costs for new works to extend the capacity and complete additional asset maintenance works
- Highlighting the potential required spend for new leisure facilities
- Sustained maintenance of the Council's highways infrastructure assets



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- The Council's commitment to the Local Authority Property Purchase scheme to assist residents who are struggling to find a large enough deposit in purchasing a property in the borough

A Member queried what impact there would be given that a number of schools were no longer under local authority control. The Assistant Director, Finance and Audit, confirmed that whilst the local authority remained responsible for allocation of school places, any capital spend on schools would also need to be met from the local authority.

Clarification was sought regarding ownership of land following use of buildings as schools. It was noted that following the conversion of a maintained school to an academy, there was a 125 year lease designating the building/land for educational purposes.

Concern was expressed relating to the increase in residential properties within the Borough and the potential impact of this on school places. Councillor Anderson, speaking under Rule 30, informed the Committee that a number of factors, including welfare changes and immigration polices, had led to an increase in demand for school places. Work was on going in conjunction with the Department for Education regarding planning for school places.

**Resolved** – That details of the Capital Strategy 2016/2022 be noted.

### 60. Revenue Budget 2016/17

Details of the Revenue Budget 2016/17 were outlined for Members consideration and comment. The Assistant Director, Finance and Audit informed Members that 2016/17 was set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council had managed to, wherever possible, protect Council services whilst ensuring that there was sufficient budget for the next financial year to deliver its key outcomes.

Although there remained many difficult years ahead for the Council the budget for 2016/17 would ensure that the Council's finances were based on solid footings for the future. It was noted that a 3.75% Council Tax increase was being proposed along with increases in the Housing Rent Account rents and service charges and Fees and Charges as detailed in the report.

In the ensuing discussion a number of points were raised including:

- *Impact on Statutory Services.* A Member expressed concern regarding the cumulative year on year effects of savings and reductions in services and the impact of these on the Council delivering it's statutory functions. The Assistant Director Finance and Audit assured Members that the proposed budget would sustain delivering the required services.
- *Council Tax.* A Member commented that the proposed council tax increase was approximately a £43 increase for an average band D

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property, which represented value for money given the financial pressures facing the Council.

- *Fees and Charges.* The Assistant Director, Finance and Audit, clarified that the proposed VAT charge on local land searches was due to changes imposed by Central Government.
- *Proposed amalgamation of highways/transport teams.* Clarification was sought as to how the restructure would be managed without having a detrimental impact on services. It was noted that combining the teams would lead to services being delivered in an integrated and more efficient manner.

**Resolved** – That details of the Revenue Budget 2016/17, as set out in the report, be noted.

### 61. Five Year Plan - Using Resources Wisely

Members were updated on the progress on the third theme contained within the Five Year Plan, Using Resources Wisely. Two outcomes within this theme included Outcome 7- maximising the value of the Council's existing resources and Outcome 8 - the Council will be a leading digital transformation organisation.

Referring to Outcome 7 Members were informed that the Council had set up a Strategy Asset Purchase Scheme of £25m to be utilised to purchase property for commercial returns / regenerative opportunities. So far, three properties had been purchased with over £500k p.a. of returns expected. The Medium Term Financial Strategy included an expected £1.25m return for next year and the Asset Management service were pro-actively looking for properties. It was also noted that commercial rent arrears had reduced by 68% during the year compared to the 20% target.

Outcome 8 specifically focuses on the potential for technology (and, in particular, information technology) to improve services and drive efficiencies. By providing the most effective and simplest methods for residents to interact with the Council, both the customer experience and Council's financial position should be improved. A Digital Transformation Manager had been appointed and a Digital Transformation Board established. The Strategic Director for Community and Customer Services confirmed that services would continue to be made available to those residents who were unable to access services online. A Member stated that whilst the Council often had useful data the issue seemed to be one of poor analysis and sharing of this information between council departments. The Committee were informed that officers were investigating options regarding data sharing systems, including approaching arvalo with a view to benefit from their expertise within this area.

The activity underway in both outcomes for Using Resources Wisely will support a focused approach and ensure resources were aligned to priorities.

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**Resolved** – That details of activity being delivered for the theme of Using Resources Wisely in the Five Year Plan be noted.

### **62. Forward Work Programme**

The Scrutiny Officer outlined the Work Programme. Committee Members considered the items scheduled for future meetings. It was agreed that the work programme be amended as detailed below.

**Resolved** – That the work programme for the 2015/16 municipal year be noted, subject to the addition of the following items:

- Contract Management Task and Finish Group Terms of Reference (7 April 2016)
- Information Report – Use of Agency Staff

### **63. Attendance Record 2015/16**

**Resolved** – That details of the Members Attendance Record be noted.

### **64. Date of Next Meeting - 3 March 2016**

The date of the next meeting was noted as 3<sup>rd</sup> March 2016.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 9.26 pm)