

**MINUTES OF A MEETING OF THE BUSINESS EFFICIENCY SCRUTINY PANEL HELD ON
THURSDAY 8 JANUARY 2009 AT THE BOURGES/VIERSEN ROOM - TOWN HALL**

Present: Councillors M Cereste (Chairman), M Fletcher (Vice-Chairman), P Croft,
G Elsey, D Fower and D Harrington

Also Present: Councillor John Peach
Councillor Nick Sandford

Officers Present: John Harrison, Executive Director-Strategic Resources
John Blair, Head of Strategic Finance and Performance Improvement
Andrew Edwards, Head of Strategic Property
Andrew Cox, Senior Category Manager
Sue Bennett, Financial Planning & Business Manager
Carrie Denness, Principal Lawyer
Gemma George, Governance Support Officer

1. Apologies for Absence

No apologies had been received.

2. Declarations of Interest and Whipping Declarations

There were no declarations of interest.

3. Minutes of the Meeting held on 20 November 2008

The minutes of the meeting held on 20 November 2008 were approved as a correct record.

4. Feedback and Update Report

The Panel received the report and were provided with feedback and updates on the following issue:

- Use of Agency Staff – Sickness Rates in Comparison to Other Authorities

Members were invited to comment on the report and the following issue was raised:

- Members questioned whether the figures for sickness could be broken down further into staff groupings i.e. administrative workers and outside workers. Members requested a further report at the next meeting and asked if a trade union representative could also attend to give their views.

ACTION AGREED:

The Panel noted the report.

5. Budget 2009/10 and Medium Term Financial Plan to 2011/12

The Panel received a report which outlined the proposed budget for 2009/10 and Medium Term Financial Strategy to 2011/12 on which Scrutiny and Scrutiny Panels had been invited to make comment. The purpose of the report was to review aspects of proposals relevant to the functions and remit of the Panel, with any observations highlighted to be included in a report back to Cabinet.

The main areas of focus for the Panel were:

- The executive summary which outlined the issues facing the council and proposed actions;
- Details of those projects forming phase 3 of the business transformation programme;
- The capacity bids which had been submitted for the following three years, including those which related to the impacts of the credit crunch and actions taken to mitigate these, as well as the costs of financing the proposed capital programme.

Members were invited to consider and comment on the report and the following issues were raised:

- Members queried the substantial increase in room hire rates at the museum. Members were advised that unfortunately this query was not in the remit of the Panel, and as there was no representative from leisure present at the meeting, it would not be appropriate to answer the query at that time.
- Concern was expressed with regards to the substantial increases in charges against inflation, and would this not lead to a large influx of queries from members of the public. Members were assured that these increases had been agreed by officer delegation and had not been challenged. Also, where there was no need for a concession, rates should be charged accordingly. Members were reminded that the overall costs the council had to bear were over and above the rate of inflation. It was agreed that with regards to the previous query on the increase in rates at the museum, members would be provided with details of the proposed increases in monetary value for room hire at the museum and also the charges for paranormal events.
- Members sought clarification on the cost/value of a 1% increase/decrease in council tax. Members were advised that as set out in the budget papers, a 1% increase/decrease would equate to £54,000. This figure had been approved at the Cabinet meeting held in December 2008.

ACTION AGREED:

The Panel noted and commented on the draft budget 2009/10 and medium term financial plan to 2011/12.

6. Professional Services Partnership

The Panel received a report which had been requested at a previous meeting of the Business Efficiency Scrutiny Panel to clarify the purpose, scope and benefits of the partnership.

The purpose of the Professional Services Partnership (PSP) was to provide through a single service agreement, the bulk of the business transformation, infrastructure development, capability enhancement and performance management activities procured by the council from third parties.

The PSP would focus on those opportunities where business and performance improvement were to be realised through an investment in the Council's asset base and core capabilities. There was an expectancy that a significant and growing proportion of the PSP's work was to be linked to the deployment of efficiencies and the utilisation of prudent financial arrangements, achieving investment in more efficient and productive assets, workplaces, ICT infrastructure and systems, collaborations that exploited synergies or scale economies and business systems and processes. Equally, the PSP was not intended to be deployed only on an internal improvement agenda, it was intended to utilise the partnership to enhance and accelerate improvements in customer services and on the growth agenda.

The activities of the PSP were highlighted to the Panel and included:

- Project and programme management of transformation and other improvement activities, which utilised the council's programme and project management disciplines and systems;
- The provision of senior management in interim positions which directed transformation and other improvement activities;
- Management consultancy services across the range of transformation and other improvement activities;
- Procurement of third party services which were not undertaken directly by the PSP;
- Supply chain optimisation and management of the supplier base working on transformation and other improvement activities.

Members were invited to consider and comment on the report and the following issues were raised:

- Members sought clarification on the term "single services agreement". Members were informed that the term meant "a contract".
- Members requested further explanation into the activities of the PSP. Members were informed that for example there were many adhoc contracts throughout the Council which could in time lead to problems within the business transformation programme, and introduce risks. The new activities would allow for more structure, with individual work being signed off by Officers and then by Directors and Heads of Service, therefore introducing a double approval process for projects happening within the contract, which would be a benefit to the Council.
- A query was raised regarding the meaning of "efficiency". Members were informed that contracts would initially have no assumed value, therefore a nil contract. Required resources would then be identified and a business case put forward for sign off.
- Members questioned who the appointed PSP partners, Amtec Consulting Group, were. Members were informed that Amtec was an extremely well known consulting house with a very good reputation.

ACTION AGREED:

The Panel noted and commented on the report.

7. Procurement Project

The Panel received a report which outlined the progress of the Procurement Project as a key part of the Business Transformation Programme.

The key issues of the procurement project were based on the following considerations and principles:

- Good procurement which meant getting value for money. Therefore, buying a product that was fit for purpose, taking into account the whole-life cost;
- A good procurement process would be delivered efficiently, to limit the time and expense for the parties involved;
- Successful procurement was good for the public, good for the taxpayer, and good for businesses that supplied the Council.
- Procurement design principles, including:
 - Savings focused;
 - Accurate specifications;
 - Maximising the use of corporate contracts;
 - Demand management, driving purchasing through corporate contracts and reducing overall category spend;
 - Proactive not reactive procurement;
 - Building in compliance and monitoring processes;
 - Output focussed, which gave suppliers, who knew more about their businesses than potential buyers, more scope to provide innovative solutions rather than deciding what the precise solution should have been at the onset;
 - Minimising the cost of the tender process;
 - Consideration to the benefit of shared services;
 - Making a positive environmental contribution;
 - Adhering to contract regulations and financial rules;
 - Collaborative procurement.

The key issues within the project were highlighted to the Panel, including:

- Making a positive environmental contribution
- Collaborative procurement
- Programme processes
- Categories in the current demand management programme, including:
 - Room hire and catering
 - Training and conferences
 - Temporary agency staff
 - Travel and accommodation
 - Translation and interpretation
 - Legal services
 - Furniture
- Demand management savings
- Supplier relationship management

The Panel was further informed of categories in the current demand management programme, and in particular, the areas relating to temporary agency staff, translation and interpretation and furniture.

The Panel was advised that under the heading “temporary agency staff”, the wording should have read “spend from September onwards” and not “reductions in spend from September onwards”.

Members were asked to consider and comment on the report and the following issues were raised:

- Members sought clarification on whether the figures stated in the report under temporary agency staff, were relevant to the individual months. Members were advised that the costs stated were relevant to each month stated.
- Members questioned why the monthly temporary agency staff cost for the month of November was considerably lower than the cost for either September

or October. Members were informed that the figures stated for September and October, both included Consultant costs. Whereas the figure for November only included temporary and agency staff. If consultancy costs had been added to November, the overall spend would have been over £400,000. Members were further informed that December's figures, which were not listed in the report, were sitting in the region of £350,000, this therefore indicated a downward trend.

- Members further questioned the reasoning behind removing the consultancy costs from the November figures. Members were advised that this had been done in order to show a comparison.
- Members requested that any temporary agency staff cost figures, provided to the Panel in the future, be broken down to show the consultancy spend separately. Members were assured that this request would be adhered to.
- Concern was expressed regarding the overall costs of temporary agency staff throughout the year and clarification was sought on who was responsible for hiring such staff. Members were advised that if a service could not be provided in house then it had to be outsourced. Contract regulations had to be followed, and requests had to be submitted via a tender process and signed off by a Director or relevant Head of Service.
- Members commented that the figures spent on temporary agency staff and consultants was quite worrying, and maybe comparison of the figures for full time temporary Council staff and consultants should also be looked into. Members were informed that this comment would be taken into consideration.
- Members further queried whether it would be possible to identify the roles being filled by temporary agency staff and consultants, and once identified could the roles be reviewed to see if the position was required to be in place. Members were assured that a demand management programme principle was in place to challenge Officers who looked to employ temporary staff, therefore information regarding these staff could be obtained, however with regards to Consultants the demand management programme did not apply. It was highlighted to the Panel that the professional services partnership could provide clear definitions on this point.
- Clarification was sought on who the specialist buyer was. Members were advised that in Strategic Procurement there were three specialist buyers who could challenge any requisition raised.
- A query was raised regarding whether there was a report in existence which indicated the number of requests that had been made and refused, and the reasons for refusal. Members were advised that this query would be looked into.
- Members sought clarification on the process implemented for appointing Consultants. Members were informed that the appointment of a Consultant was no different to any other contract. Subject to contract award approval, Directors and Heads of Service had the responsibility to monitor any appointments. If the spend was to be over £500,000, then the appointment request would go via CMDN.
- Members queried the monitoring arrangements for Consultants. Members were advised that internal audits were regularly carried out, and (regular) meetings were held with PwC to discuss all areas of risk and best practice. The Panel was further informed that all information gathered from these audits was presented to the Audit Committee.
- A query was raised regarding a statement under the heading of translation and interpretation. In the statement it was highlighted that less reliance was to be placed on face to face as opposed to telephonic translations wherever possible, and in addition the Council was reviewing the corporate contract with a view to achieving additional savings. This had been an area where contracts held with CINTRA and Language Line had been bypassed. Members questioned how it had been possible to bypass these contracts. Members were informed that if the process was followed correctly some appointments may not have been able to

be made, and to combat this staff had in the past produced retrospective orders.

- Members questioned retrospective orders further, and could a value be placed on them and whose responsibility was it to monitor them. Members were advised that retrospective orders were monitored by Heads of Business Support and Finance would have to be consulted with regards to placing a value onto retrospective orders. The Panel was made aware that further information would be provided regarding this issue.
- Members queried when the further report (stated in the next steps section of the procurement project report) detailing the Council's spend with local businesses and suppliers would be provided. Members were advised that main contractors were being looked at, and then all contractors would be looked at. Therefore the report would be presented to the Panel in three months time when the Supplierforce system was fully implemented.
- Members highlighted the importance of the Council achieving the best price, but also the importance of supporting local businesses. Members were informed that local contractors were always taken into consideration. However, they did not always have the capacity to deliver. Members were further informed that there was a reasonable number of small and medium enterprises (SME's) on the supply base.
- Members questioned whether Supplierforce was in addition to, or a replacement for Constructionline. Members were informed that the Constructionline database would still be utilised.
- A query was raised regarding the process local SME's had to go through in order to supply the Council. Members were advised that an in house list was initially kept, but became a problem to maintain, this was the main reason for using Constructionline. Small businesses had to provide two forms to initially become registered, and if a contract was awarded, this would initiate a main health check. Smaller businesses were provided with a (watered down) simplified version of the forms. Members were further advised that there were only two methods of accreditation, Selectacredit and Constructionline.
- A further query was raised regarding what Selectacredit were utilised for. Members were advised that Constructionline was for construction, and Selectacredit was for other businesses. Therefore SME's interested in lower value contracts would use Selectacredit.
- Clarification was sought on the process for determining which agency was used to provide agency staff, as it did not appear to be an even balance in agencies supplying staff at that time. Members were informed that the contract was set up with a preferred supplier list containing three tiers. Unfortunately some of them had not been asked to provide staff as there were more suppliers on the list than could actually be utilised. Members were further informed that any new arrangement would be looked into in the future to even out the balance,
- Members expressed concern regarding the lack of work undertaken with local businesses. Working with local businesses should be made as easy as possible. Members were assured that the Chamber of Commerce would be consulted on this point, and further information would be provided at a later date.
- Members sought further clarification on the figures provided under the heading of demand management savings. Members were informed that the figures represented the savings targets that had already been removed from budgets. The figures incorporated such areas as the freeze on furniture purchases.
- Members questioned how much money was expected to be saved by introducing the furniture freeze. Members were informed that work was being undertaken on this area, and figures would be provided at a later date.

ACTION AGREED:

The Panel noted the report.

8. Executive Decisions

The Panel considered the following Executive Decisions made since the last meeting:

- The green backyard update;
- Corn Exchange, Peterborough;
- Schools broadband contract;
- Preventative and family support services contracts;
- Streets, Squares and Spaces Strategy, phase one, Cathedral Square works;
- Extension of Heltwate School to provide four additional classrooms and associated facilities;
- Phase two secondary school review (south of the City) project – proposed Bushfield Academy;
- Sale of land and building known as 12 Dogsthorpe Road, Peterborough;
- Schedule of rates for capital civil engineering works 2008/10;
- Riverside community sports pavilion.

Members were invited to consider and comment on the report and the following issues were raised:

- Members sought clarity on the purpose of the green backyard project. Members were informed that the project proposed the use of allotment land to educate children and adults on how to grow their own vegetables.
- Members requested further information regarding the reasons behind the proposed extension to Heltwate School, was the extension for a particular year group of children. Members were advised that further information would be provided regarding the extension to the school.

ACTION AGREED:

The Panel considered the Executive Decisions which had been made since the last meeting.

9. Forward Plan - January to April 2009

The latest version of the Forward Plan was presented to the Panel for consideration.

A request was made for further information on three items included in the Forward Plan, including:

- Vendor neutral solution for provision of agency staff;
- Nene Bridge refurbishment;
- Midland highway alliance – Junction 8 signalisation project.

The Panel was advised that further information would be provided on all three items, including the extent of refurbishments due to take place on the Nene Bridge and also further details regarding the location of junction 8.

ACTION AGREED:

The Panel noted the latest version of the Forward Plan – January to April 2009.

10. Agenda Plan 2008-09

The Panel received the latest version of the Agenda Plan for consideration.

There were no requests from the Panel for further information on any items.

ACTION AGREED:

The Panel noted the latest version of the Agenda Plan 2008-09.

11. Date of Next Meeting

Thursday 12 February 2009.

The meeting began at 7.00 pm and ended at 8.25 pm

CHAIRMAN