



## Agenda Item No 4

# Bristol City Council Minutes of Business Change and Resources Scrutiny Commission

Monday 15 February 2016 at 9.30am

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### Members Present:-

Councillor Lovell (Chair)	Councillor Weston	Councillor Rylatt	Councillor Malnick (Vice Chair)
Councillor Brain	Councillor Windows	Councillor Clarke	Councillor Kent
Councillor Mead			

### Apologies:-

Councillor Rylatt, Max Wide

**Also in attendance:-** Councillor Gollop (Deputy Mayor)

### Key officers in attendance Business Change:-

Patricia Greer - Interim Service Director- Policy, Strategy and Communications  
Paul Arrigoni - Service Director, Business Change  
Richard Billingham - Service Director, Human Resources  
Patsy Mellor - Service Director, Integrated Customer Service  
Janet Ditte - Service Manager, Finance Business Support  
Nancy Rollason - Service Manager, Legal and Democratic Services  
Alison Slade - Interim Service Manager, Strategic Commissioning and Procurement  
Lisa Hashemi - Planning & Development Officer  
Sarah Wilson - Directorate Leadership Team Operations Manager  
Johanna Holmes - Policy Advisor (Scrutiny)  
Louise deCordova - Democratic Services

**67. Apologies for absence, substitutions and introductions (Agenda Item 1)**

Apologies were received from Cllr Rylatt, Max Wide and Kay Russell.

**68. Public forum (Agenda Item 2)**

<b>Questions:</b>	
Q1	Councillor Clarke – Councillor Development
Q2	Councillor Malnick – Procurement and Tax Avoidance
<b>Statements:</b>	
S1	Councillor Malnick – Procurement and Tax Avoidance

Q1. Councillor Clarke - Councillor Development

- a. Cllr Clarke requested that the response to his question was read in full as follows:

In previous years there has been a cross party member development steering group formed of councillors. We are keen to re-establish this in some form and will be writing to party group leaders for their suggestions. This group would hopefully work with officers/others in the development of a future programme and be the main conduit (not the only) for Councillor engagement.

In terms of progress to date we have done some initial thinking in the scrutiny team and the learning and development team on the key requirements primarily for induction (particularly logistics like ICT for 70 councillors which is tied to the move back to City Hall). Our immediate next steps however are to engage with party group leaders and also to begin to talk to best practice providers such as the LGA to start to shape both induction but also a longer term programme of member development across the next four years.

- b. In discussion members agreed that this was a positive way forward for councillor development.

Q2. Councillor Malnick - Procurement and Tax Avoidance

The Commission were referred to Cllr Malnick's question and statement. The following points were noted as part of the discussion:

- c. A number of national and international campaigns were drawing attention to corporate tax avoidance. There was concern that tax avoidance created an uneven playing field which can disproportionately and negatively impact upon local, small and medium-sized companies.
- d. Bristol City Council should request the highest permissible standard of accordance with tax protocols in all procurement procedures.

- e. Agreed that whilst tax evasion should have zero tolerance and was a criminal offence, the Commission would need to be careful about its definition of tax avoidance as this was a highly technical and complicated area and could include schemes relating to pension contributions and research and development, which were examples of tax avoidance.
- f. Procurement officers alongside legal services would explore whether it is possible in future to ask all suppliers, tax avoidance questions in relation to construction projects and contracts below EU thresholds.
- g. A Member expressed the view that the council may be able to provide leadership in this area of Procurement Policy. Other Members suggested that a national level response was required.
- h. The Chair suggested that Scrutiny might explore this further in the next municipal year. **Action: Johanna Holmes**

**Resolved:-**

- (i) **to note the Public Forum.**
- (ii) **to include Procurement and Tax Avoidance as an option for the Scrutiny work programme next year.**

**69. Declarations of interest (Agenda Item 3)**

None declared.

**70. a) Minutes – 14 December 2015 (Agenda Item 4a)**

**Resolved:-**

- (i) **To agree the Minutes of the Business Change Resources Scrutiny Commission meeting as a correct record.**

**b) Minutes – 4 January 2016 (Agenda Item 4b)**

The minutes were agreed as a correct record subject to the following amendments:

- i) Officer Patsy Mellor to be removed from the attendance record
- ii) Insert additional wording under Item 66 e. *'Some Members expressed disappointment that given the obvious budget pressures the Mayor did not take the decision to raise Council Tax via the social care precept'*. **Action: Louise deCordova**

**Resolved:-**

- (i) **To agree the Minutes of the Business Change Resources Scrutiny Commission meeting as a correct record, subject to amendments.**

**71. a) Action Sheet – 14 December 2015** (Agenda Item 5a)

Progress was noted on actions agreed at the meeting.

**b) Action Sheet – 4 January 2016** (Agenda Item 5b)

Progress was noted on actions agreed at the meeting.

Neighbourhood Partnerships Funding

- a. In discussion, Members expressed concern that the arrangements for Neighbourhoods Partnerships funding for the next municipal year was not clear. Members agreed that further clarity was required on the process to ensure that the allocation was equitable. The Chair agreed to contact Alison Comley to seek further clarity on the arrangements. **Action: Cllr Lovell**

Income Generation KPMG Report

- b. Members requested the outcomes from the KPMG report on income generation which took place towards the end of last year. **Action: Max Wide.**

**72. Whipping** (Agenda Item 6)

None reported.

**73. Chair's business** (Agenda Item 7)

None reported.

**74. Scrutiny work programme** (Agenda Item 8)

To note updates to the Scrutiny work programme.

- a. The Chair confirmed that the Commission would take a general look at income generation in March. Members agreed that this was an extensive subject which could be led by the Overview and Scrutiny Management Board to deliver a coordinated approach across all Scrutiny Commissions in the next municipal year.
- b. Members agreed that the KPMG report on income generation to be added to the March work programme. **Action: Johanna Holmes**

**Resolved:-**

- (i) **To note the updates to the Scrutiny work programme and progress the actions arising.**

**75. Quarter 2 outturn performance report (Agenda Item 9)**

The Interim Service Director Policy, Strategy and Communications introduced the report and invited questions.

The following points were noted as part of the discussion:

BU227 - % Corporate FOI requests responded to within 20 working days

- a. Officers confirmed significant improvement had been made to reduce response times to freedom of information requests. Delays had sometimes occurred in responding to requests as it was not always explicit that the request was an official Freedom of Information request.
- b. Members asked officers to confirm how non explicit requests were managed, as it was understood that legislation required that requests should be explicit in order to receive a response under the freedom of information guidelines. **Action: Patsy Mellor**

BU355 – Percentage of invoices paid on time

- c. Members expressed concern that there appeared to be an ongoing issue in relation to this target.
- d. Officers confirmed that there was a central government requirement to meet a target of 100%, however the Council required some flexibility in order to challenge incorrect invoices. Finance was working with accounts payable to improve timescales. Members noted that this area was not strictly a finance team target but a broader Council responsibility. Members asked for a benchmarking comparison with other cities as it may be an opportunity to review or challenge any unreasonable targets. **Action: Janet Ditte**
- e. A Member considered that it should be an aspiration to pay small and medium sized enterprise on time as cash flow was particularly important to these businesses.

BU011 – Percentage of financial audits concluding the level of control is acceptable or above

- f. Members noted that the performance report represented performance as at 30 September 2015 and were assured that this was expected to be on target by the end of the year.
- g. A Member sought further clarification on the term ‘acceptable assurance’ with reference to this target and the planned work in the internal audit plan termed as ‘statutory assurance’. **Action: Max Wide**

#### BCP182 – Number of working days lost due to sickness absence

- h. In discussion officers confirmed that it was difficult to obtain comparable data in the public sector and national figures reported in the private sector were not robust at 3-5%. Officers asked to confirm the Council's results in percentage terms. **Action: Richard Billingham**

#### BU171 – % procurement spend with Bristol 'Small and Medium sized Enterprises' (SME's)

- i. A Member highlighted that that the title was misleading, given that the Council was unable to have an explicit 'Bristol' spend. Officers confirmed that it was difficult to define 'Bristol' spend and this target was more about targeting SMEs in general vs large business. Officers agreed to take Bristol out of the title to make this clearer. **Action: Max Wide**
- j. Members generally agreed that it was useful to be able to track 'local' spend. A member requested additional tracking for profit or not for profit sectors to establish whether implementation of the policy and toolkit had the effect of boosting spend within the voluntary sector. **Action: Kay Russell**

#### Progress against the major projects within the Single Change Programme (SCP)

- k. Members asked for clarification regarding the £14.9m savings that had yet to be formally identified within the Change Programme. **Action: Paul Arrigoni**
- l. Officers confirmed that the forecast overspend of £2.9m stated the council's position as at 30 September 2015, and assured Members that this was on track to be resolved between now and the year end.

#### **Resolved:-**

- (i) To note the report and progress actions arising as stated.**

#### **76. Directorate Risk Register Review (Agenda Item 10)**

The Interim Service Director Policy, Strategy and Communications introduced the report and invited questions.

The following points were noted as part of the discussion.

- a. Members noted the improved layout of the report.

#### Risk 7: Change Programme

- b. Members noted that the next Medium Term Financial Plan would be critical in identifying further savings, in light of the extent of both internal and external pressures, and would require major consultation.

- c. Members noted that The Energy Company had commenced trading and that it would be important to understand how well it was managing to convert customers in the coming months. Members noted that the Energy Company data may go to Place Scrutiny and the Waste Company data may be seen at Neighbourhoods Scrutiny. It was agreed that quarterly monitoring of the companies data in one report at Business Change Scrutiny would be useful.

**Action: Max Wide**

#### Risk 2: Recruitment and retention

- d. Members noted that the Council needed to identify opportunities to improve pay to staff. In some services areas such as Engineering and Information Technology Infrastructure; the Council was paying 20-25% below market rate and in comparison with partner local authorities. This had been raised as a significant issue in the Pay Policy Proposal paper being taken to the Human Resources Committee on 18 February.

#### Risk 8: Democratic Reform

- e. Members noted that the move to City Hall had been built into the Change Programme, and was designed to deliver new technology and equipment with a new committee management system for Democratic Services underpinning this work.
- f. The Chair advised that officers were working to make the next meeting paperless, to test some of the processes. **Action: Johanna Holmes**

#### Risk 11: Income Generation

- g. A Member noted that business plans had been finalised for all three companies but that this had not been shared with Members. The Assistant Mayor agreed that increasingly there was financial and commercially sensitive information which could not be wholly public; however there was significantly more detail in the February Cabinet papers that could be circulated to Members. **Action: Johanna Holmes**

#### Risk 4: Deliver the Medium Term Financial Plan (MTFP)

- h. Members requested further clarification regarding the risks to delivery of the Medium Term Financial Plan, as this information may be critical in relation to proposed amendments at the Full Council Budget Meeting. Members noted that the information contained in the report was current as at 30 September 2015 and any amendments to the budget needed to be neutral. Officers to provide additional commentary on the current position to Members before Full Council. **Action: Janet Ditte**

**Resolved:-**

- (i) To note the report and progress actions arising as stated.**

**77. Quarter Two Finance Report (Agenda Item 11)**

The Service Manager Finance introduced the report and invited questions.

The following points were noted as part of the discussion:

- a. Members noted that the budget pressure of £2.8m, related to continued budget pressures within People, Place and Neighbourhoods, which was being offset by underspends in corporate areas.
- b. A national reduction in Public Health funding will result in an in-year reduction for the Council of £2m.
- c. There is currently a forecast overspend within the Housing Revenue Account of £1.8m.
- d. Officers shared members concerns that there were significant challenges within the People Directorate to meet the ongoing pressures in care and support for adults and children. Members noted that officers intended to develop a 10 year plan which was underpinned by known demographic trends. This would support realistic and achievable targets to provide these services and manage, mitigate and maintain statutory delivery requirements.
- e. Members considered that it may have been useful to have a report of the current budget position in light of the impending Full Council Budget Meeting. Officers confirmed that the quarter 3 report was due to go to Cabinet formally on 1 March but did not provide any significant new contribution or deterioration in tracking the balanced budget. Officers advised that the S151 Officer and Strategic Director had confirmed that a balanced budget was achievable and sustainable for next year.
- f. Members expressed concern and questioned whether there was a high instance of duplication, 'paying twice' for response maintenance work and citing anecdotal evidence to suggest that there was little communication between in-house repairs services and external contractors working on different aspects of the same repair at a property.
- g. A member expressed concern that the Council appeared to be overpaying for maintenance and responsive repairs, circa £30k, stating that there did not appear to be evidence of the spend being played out through the experience of tenants in constituencies. The member questioned whether there should be an income to the Council from carrying out repairs, in situations where tenants should have contributed to some costs. Officers agreed to feed the comments back to the

Housing Revenue Account budget holder to consider if there were more efficient ways of delivering these services. **Action: Janet Ditte**

- h. The Chair considered that questions over how the Housing Revenue Account works and why; and whether the Council was paying twice for maintenance; could be interesting questions for the next Scrutiny work programme and could be added to options for the work programme next year. **Action: Johanna Holmes**

**Resolved:-**

**(ii) To note the report and progress actions arising as stated above.**

## **78. Social Value Policy and Toolkit (Agenda Item 12)**

The Interim Service Manager, Strategic Commissioning and Procurement introduced the report and invited questions.

The following points were noted as part of the discussion:

- a. There had been a wide consultation with a good response rate. The policy and toolkit had been generally well supported.
- b. The policy included an ambition to spend 25% of the Council's procurement budget with small and medium sized enterprises and required that commissioners apply a 10% social value methodology to tenders. Members suggested that this should be seen as a starting point rather than a final ambition. Officers were clear that in implementation of the social value requirement it should not be a hurdle to small and medium size enterprise involvement.
- c. Officers intended to monitor spend by postcode area and have a focus on encouraging small and mediums sized businesses to grow. Implementation would include a programme of awareness training for officers around the policy requirements.
- d. A wider programme of development was planned for small and medium sized businesses, with an action plan for joint work with the Voluntary Community Sector on their grant prospectus.
- e. A definition of 'local spend' was requested and whether this could be clarified within the Toolkit. Officers advised that this related to a monitoring and influencing target for local spend. It was not legally possible to place an arbitrary boundary on 'local' however, there was a clear intention for the Council to appropriately and enthusiastically encourage local opportunities. The Member questioned how the target could be measurable, if not clearly defined. **Action: Kay Russell**

- f. A Member considered that it was unfair to set targets that could not be delivered. There may be a danger of breaching financial regulations or pitting Bristol businesses against other 'local' businesses in the region.
- g. Concern raised regarding terminology used for micro businesses with headcount being the distinguishing feature between a micro business with 2 employees and a 'small' business with 49 employees. Members wanted to be clear what support was available for micro businesses to enable them to understand the new processes.
- h. Officers confirmed that any requirement for social value consideration within tenders would be proportionate to what the council is buying. Members noted that some organisations were already including social value considerations in their tenders. Officers intended to build in a clear programme of support and understanding among these businesses from the start, which included a role out of training modules developed with the Federation of Small Businesses and Voscur. Sessions would be scheduled at flexible times, including evenings, to pre-empt need and increase take up from small and medium sized businesses. Members agreed that the language used could be tightened up before going to Cabinet. **Action: Kay Russell.**
- i. The team were congratulated on a can-do attitude and openness to using lots in large contract opportunities, and the use of Voscur organisations as they had good knowledge within local communities.
- j. It was important that clear aims were embedded in contract tenders to ensure that there was evidence of users being consulted on services being delivered to ensure services were user informed and needs led.
- k. Members requested a short report to Business Change Scrutiny, to focus on the results of the consultation. Where did the data support a 10% social value focus and where had respondents disagreed. **Action: Kay Russell**
- l. The focus on training and development for staff and organisations was welcomed. Members understood that the existing targets were a good start and were reassured that monitoring would cover size, sector and postcode. Officers confirmed that a new data collection software prototype was due to be trialled to enable reporting.
- m. The importance of monitoring the impact of the policy should not be understated and members looked forward to progress over the coming year.
- n. Members recognised and applauded the huge amount of work that had been required by officers to deliver the Policy and Toolkit within a municipal year cycle. Additional credit should be given to Cllr Malnick for driving the initiative forward. The Chair expressed the view that this had been an inspirational piece of work. Going forward, it would be good to see more work like this, where scrutiny had involvement from the start through to delivery.

**Resolved:-**

- (i) To approve the approach outlined in the Social Value Policy and Toolkit for implementation from 1 April 2016, in consideration of the points raised in discussion.**

**Date of Next Meeting:** Monday, 14 March 2016, 9.30am

(Meeting ended at 12.00 pm)

CHAIR