

**Minutes of the meeting of the
Corporate Services Overview and Scrutiny Committee
held on 25 November 2014**

Present

Members: Councillor John Appleton
Councillor Nicola Davies
Councillor Neil Dirveiks
Councillor Peter Fowler
Councillor Keith Kondakor
Councillor Keith Lloyd
Councillor Phillip Morris-Jones
Councillor Alan Webb
Councillor Matt Western (replacement for Councillor June Tandy for this meeting).

Other Councillors: Councillor Izzi Seccombe, Leader of Warwickshire County Council
Councillor Alan Cockburn, Deputy Leader of Warwickshire County Council
Councillor John Beaumont.

Officers: Elizabeth Abbott, Business Partner – Planning, Performance and Improvement
Sally Baxter, Democratic Services Officer
John Betts, Head of Finance
David Carter, Strategic Director, Resources Group
Andrew Lovegrove, Head of Corporate Financial Services
Tricia Morrison, Acting Head of Service
Steve Smith, Head of Physical Assets.

1. General

(1) Apologies

Councillors Kam Kaur, Chris Saint and June Tandy.

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interest

None.

(3) Minutes of the meeting of the Corporate Services Overview and Scrutiny Committee held on 4 September 2014

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The Committee agreed that the minutes of the meeting held on 4 September 2014 be signed by the Vice Chair as a true and accurate record.

Information regarding development at the Jaguar Land Rover (JLR) Fen End Track would be resent to members of the committee. The email contained a web link to access the JLR website.

The KNUCKLE project was underway and committee members would be provided with an update of the scheme including the commencement date and a schedule of work.

2. Public Question Time

There were no public questions received or presented at the meeting.

3. Questions to Cabinet and Portfolio Holders

Members considered the Forward Plan of decisions by Cabinet and the Portfolio Holders.

A question was asked regarding the formula used for applying section 106 funding which had resulted in Stratford Library receiving a reduced level of funding. Councillor Keith Lloyd would receive a written response from Steve Smith, Head of Physical Assets.

With the formation of the Economic Prosperity Board (EPB) and the LEP, members were interested to know what mechanism was in place to ensure that members could feed into the process. Communities Overview and Scrutiny Committee considered progress and therefore could be used as a mechanism to feed into the LEP and EPB. It was noted that the formation of a combined authority in the West Midlands, had been proposed and progress would be followed. The LEP was considering the next round of the regional growth fund and Warwickshire County Council would be applying for a good settlement.

Commercial ventures were being considered for the old Shire Hall and courts. Smaller events did currently take place however, larger events such as weddings, would help offset the cost of running the building. Following comments from some members, Steve Smith agreed to arrange a tour around the Old Shire Hall and Court for interested members. The report, once published, would be available on the Committee Management Information System (CMIS).

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It was clarified that the property to be disposed of in Atherstone was the first property in a row of three located on Ratcliffe Road.

4. 2014/15 One Organisational Plan – Progress Report

John Betts, Head of Finance, introduced the One Organisational Plan (OOP) for quarter one (April – June 2014) and mid – year report (April – September 2014). He explained the documents appended to the report including the reports considered by Cabinet, dashboard information and detailed Business Unit Background information relevant to the remit of the committee.

In particular, he highlighted the following points:

- 48% of the Key Business Outcomes that support the delivery of the outcomes in the OOP were on track to meet the targets set in year 1 of the 4 year plan.
- With regard to the Revenue Budget, there was no large underspend being reported by any unit within the committees remit with the average underspend being 3% but this was still in excess of the agreed level of 2%. The under-spend would help fund future service delivery.
- The Capital Programme was subject to some slippage with some of the allocated spend for 2014/15 now expected to appear in future years.

Following discussion and questioning from the Committee, the following points were noted:

1. New monitoring procedures with regard to spending, had resulted in managers being able to identify at an earlier stage one-off investment opportunities by setting aside cash in reserves. Managers were providing a more accurate and true picture of the overall financial position.
2. The revenue variance had increased from Quarter 1 however, a number of practical measures were now in place such as monthly monitoring, to manage the variance.
3. It was acknowledged that it would be difficult for some business units in particular Education and Learning, to meet key business targets and that the service fell within the remit of Communities Overview and Scrutiny Committee. Strategic Commissioning had one of the largest variances and it was acknowledged that 4-5 of the 17 units would need to change in order to make savings in line with the Medium Term Financial Plan.

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Government guidance was yet to be provided with regard to funding and the Care Act 2014, which was creating some uncertainty.

4. Councillor Izzi Seccombe would provide information to Councillors upon request of the additional £2 million added to the budget to stimulate economic growth via schools, skills and employment.
5. An assessment of reserves would be undertaken in January 2015 and a report would be submitted to fulfil legislative requirements. The implementation of the OOP would see a draw-down of some funds over a four year period therefore the amount in the reserves was not considered to be excessive.
6. The Dedicated Schools Grant (DSG) reserve was an area of concern in so far there wasn't enough to meet expenditure on DSG funded services. There was a plan in place to balance spend and reserves over a 2 – 3 year period.
7. Slippage in the capital programme in relation to two projects in Education and Learning was attributed to problems meeting the terms of the grant. Confirmation as to the reasons for not meeting the terms would be forwarded to Councillors.
8. In Quarter 1 (April – June) there was slippage in the capital programme. A progress report would be considered by the Corporate Services Overview and Scrutiny Committee at its meeting in February 2015. With regard to slippage in the Physical Assets service, Steve Smith would provide a briefing note to members of the committee.
9. Concern was expressed regarding the target for complaint handling and children services. Actions were being taken and a report was due to be considered at the next Corporate Board meeting.

Resolved:

That the Corporate Services Overview and Scrutiny Committee:

- 1) Considered the report and appendices.
- 2) Agreed to receive a progress report on the Capital Programme and slippage at its next meeting scheduled for 11 February 2015.
- 3) Receive a briefing note containing the action plan to address customer complaints with regard to Children's Services.

5. Treasury Management Mid-Year Report 2014/15

Andrew Lovegrove, Head of Corporate Financial Services, outlined the main points of the report which contained the outturn of the annual

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treasury management activity for the authority. A report was produced every year in line with The Chartered Institute of Public Finance and Accountancy's Code of Practice.

In summary, the Council's in-house and external portfolio investment had outperformed the benchmark, the amount of money borrowed by the authority from The Public Loans Board had not increased for the period 31 March 2014 to 30 September 2014 and the Council operated within the treasury limits and Prudential Indicators for the same period.

Following discussion and questioning from the Committee, the following points were noted:

- 1) Liquidity, security and return were important factors when looking at investments. It was noted that Threadneedle, one of the fund managers, had just released a Bond that the Authority had invested in, which targets funding to projects that had a positive social impact.
- 2) Discussions had not been undertaken with Credit Unions with regard to investment. It was explained that it could be difficult to invest in these organisation under our current treasury management strategy, but those organisations could invest in the Threadneedle product.
- 3) In response to a question of authorities working together so as to enable a uniformed approach, the pooling of Business Rates was an example of working with District Councils but the committee was reminded that every authority had its own fiduciary duty.

Resolved:

That the Corporate Services Overview and Scrutiny Committee agree to note the information contained in the report.

6. Warwickshire County Council Property Protocol

Steve Smith, Head of Physical Assets, referred to the report and appendices that contained the protocols in which the committees' input was being sought. Information contained in each appendix was outlined and areas in which comments were particularly sought were highlighted. Appendix 5 contained an overview of all the Peppercorn rents provided by the Council and in particular, the committees comments were sought to inform a consistent and fair protocol going forward.

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Councillor Alan Cockburn welcomed the input of the committee and acknowledged the importance of supporting the voluntary sector and the services it provides whilst recognising the financial constraints and sustainability of local authorities.

The committee highlighted the importance of having a fair and transparent structure in place so as to assist community groups and assist the council in providing social value. Other authorities had provided an explanation as to how social value was to be achieved and the mechanism for doing so yet the protocols presented to the committee did not. Other models and best practice across authorities should be considered.

It was suggested that the protocols required further consideration so as to ensure that the language contained within them was clear and decisive and that the protocols should be more robust and address members concerns ie, efficiency of the property portfolio. Member and Voluntary sector engagement should feed into the protocol or a consultation should be undertaken on proposed protocols.

Councillor Alan Cockburn agreed that a mechanism to measure social value would help when comparing the protocols with that of other authorities yet this was problematic due to the diverse range of voluntary sector run services.

The committee was informed that some services received a concession and the advantages to the authority were reflected in some of the contracts for work with the Council. However, the benefits of such an arrangement could be reflected in the accounting for the relevant unit and where this has been offset. In addition, it was difficult for members to make an informed decision about foregone rents if they are not aware of the hidden costs.

Councillor John Beaumont put forward some of his concerns including the financial position of some community groups and the feasibility of them being able to provide services whilst paying increased rents. The community feel that they are being unfairly treated therefore creating a void between the community and the Council.

In his roles at Bulkington Village Centre and Library, his experience is that community groups are unsure from year to year whether they are going to pay a peppercorn rent and as such makes it difficult for them to assess the sustainability of the service when taking into consideration the full market rent and overheads for providing the service. The Council needs to communicate clearly and within good time with community groups.

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The committee acknowledged that as part of the Health and Wellbeing Board Strategy, the Council was to help and encourage community resilience and the sustainability of community provided services was a part of this and the protocol should reflect this.

Following discussion and questioning from the Committee, the following points were noted:

- 1) A process was undertaken to identify potential property for disposal which included a needs assessment, if the property is unoccupied. If the assessment did not show there was a need for that property in the area, a report would be prepared for Cabinet consideration.
- 2) It was difficult to quantify and demonstrate the cashable savings from the concessionary rates and the social value would be difficult to report.
- 3) The lease terms for business units were at the full market rent therefore no concession including peppercorn rents, were offered. With regard to disposals, it was noted that some members were disappointed at disposal decisions and therefore it was important that a protocol and due regard was given to it. The Council's Constitution contained the necessary protocol and any disposal was in compliance with this.
- 4) Deadlines would be made explicit so as to enable due consideration to be given towards business plans put forward by community groups and for the protocol to be in line with the Localism Act 2011.
- 5) The Council would consider other ways of working including leasing a building to more than one community group. This would enable the asset to attract a realistic and sustainable rent for all parties.
- 6) To measure the social return on investment (SORI), a consistent approach would need to be undertaken in the form of an assessment. Consistency was important to maintain the integrity of the process.
- 7) It was important that community groups were informed within good time as to what their rent would be after the 5 year concessionary period, especially at the beginning of the contract to ensure that they are able to meet the terms of the agreement.
- 8) The actions referred to in paragraph 7 of Appendix 4 would be reported back to the committee at a future meeting.
- 9) The rationale behind the protocol stemmed from 2002 and it was acknowledged that it did not take into consideration the

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changing landscape. It was considered good practice to regularly review the rent terms and each lease will be considered on a case by case basis however, this did not mean that the concessionary period could be extended. It was important to encourage groups to invest in the asset and reassurance was given by granting longer leases but not the concessionary period.

- 10) Local Member involvement would be sought and encouraged. It would be advantageous to have the involvement of all members to feed comments into the protocol.

The Corporate Services Overview and Scrutiny Committee agreed:

- 1) To note the report and;
- 2) To receive an update regarding the protocols.

7. Work Programme 2015/16

The Committee was presented with the 2015/16 Work Programme. Members were invited to suggest additional items for consideration at future meetings, if appropriate and review the items that were broad in topic to ensure that the committee was receiving the right information from services to assist effective scrutiny.

Any additional items could be put forward via the Chair and Vice-Chair.

The Corporate Services Overview and Scrutiny Committee agreed:

- 1) The proposed Work Programme 2014/15 and;
- 2) The proposed Action Plan and;
- 3) Invite Steve Smith to present information about school buildings at a future meeting of the committee and;
- 4) Receive a briefing note detailing Community Infrastructure Levy (CIL) with consideration to be given at a future meeting of the committee.

8. Urgent Matters

There were no urgent matters raised for discussion.

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9. Date of Next Meeting

The Corporate Services Overview and Scrutiny Committee noted that the date of the next meeting had been scheduled for 11 February 2015 at 10 a.m.

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Chair