

Agenda



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A meeting of the

Joint Scrutiny Committee

will be held on Thursday, 7 March 2019 at 6.00 pm
Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton OX14 4SB

Members of the Committee: Councillors

South

David Turner (co chair)
Sue Lawson
David Nimmo-Smith
John Walsh
Ian White

Vale

Debby Hallett (co chair)
Mike Badcock
Robert Hall
Anthony Hayward
Chris Palmer

Preferred Substitutes

South

Pat Dawe
Stefan Gawrysiak
Mocky Khan
Toby Newman

Vale

Katie Finch
Dudley Hoddinott
Vicky Jenkins
Mohinder Kainth
Sandy Lovatt
Judy Roberts
Emily Smith

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Margaret Reed, Head of Legal and Democratic

Agenda

Open to the Public including the Press

1. Apologies for absence

To record apologies for absence and the attendance of substitute members.

2. Minutes

(Pages 3 - 5)

To adopt and sign as a correct record the Joint Scrutiny Committee minutes of the meeting held on 29 January 2019 (attached).

3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5. Public participation

To receive any questions or statements from members of the public that have registered to speak.

REPORTS AND OTHER ITEMS BROUGHT BEFORE THE SCRUTINY COMMITTEE FOR ITS CONSIDERATION

6. Corporate services brought in house

(Pages 6 - 10)

To consider the report of the head of partnership and insight (attached).

7. Work schedule and dates for all South and Vale scrutiny meetings

(Pages 11 - 12)

To review the attached scrutiny work schedule. Please note, although the dates are confirmed, the items under consideration are subject to being withdrawn, added to or rearranged without further notice.



Minutes

of a meeting of the

Joint Scrutiny Committee

held on Tuesday, 29 January 2019 at 6.30 pm

at the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton OX14 4SB

Open to the public, including the press

Present:

Members:

South Oxfordshire District Councillors: David Turner (co-chairman in the chair), and John Walsh.

Vale of White Horse District Councillors: Mike Badcock, Robert Hall, Debby Hallett, Chris Palmer, and Yvonne Constance (in place of Anthony Hayward).

Officers:

Andrew Down, Adrian Duffield, Holly Jones and Ron Schrieber

Also present:

South Councillor Felix Bloomfield and Vale Councillor Roger Cox

Sc.33 Apologies for absence

South Councillors Sue Lawson and Ian White, and Vale Councillor Anthony Hayward (substituted by Yvonne Constance) submitted apologies.

Sc.34 Minutes

The minutes of the meeting held on 4 December 2018 were agreed as an accurate record and were signed by the Chairman.

Sc.35 Declarations of interest

None.

Sc.36 Urgent business and chairman's announcements

None.

Sc.37 Public participation

None.

Sc.38 Oxfordshire Plan 2050

The committee considered the report of the head of planning which sought comments on the draft consultation document, timetable and changes to the Statement of Community Involvement for the Oxfordshire Plan 2050, which was formerly known as the Joint Statutory Spatial Plan (JSSP).

Councillors Felix Bloomfield and Roger Cox, South and Vale Cabinet members for planning, respectively, introduced the report. Also present to answer questions were Andrew Down, head of partnership and insight, Adrian Duffield, head of planning, and Holly Jones, planning policy manager.

The committee was informed that there was an error in paragraph 27 of the report as it referred to work directly commissioned by South Oxfordshire District Council rather than work directly commissioned by both this council and Vale of White Horse.

Councillor Emily Smith addressed the committee and made the following points:

- the draft consultation document did not adequately reflect the stakeholder workshop's commitment to combating climate change, the need for innovative forms of transport and the importance of involving young people.
- the timescale for production of the Plan was too tight and did not allow sufficient time for responses to the Regulation 18 consultations to be reflected in the draft Plan.
- It was unclear as to which Councillors/officers/ bodies were accountable for the production of the Plan.

The committee was advised that the consultation process, subject to agreement from all of the district councils, would commence in mid February and last for 6 weeks, closing prior to the pre-election "purdah" period. There was a full programme of consultation events and methods of engagement planned which had been discussed with the Member sub group for the JSSP.

During further discussion, committee members made the following comments:

- the draft consultation document does not adequately reflect the stakeholder workshop's commitment to combating climate change.
- the timetable for the production of the Plan is very tight.
- accountabilities for the production of the Plan need to be clarified.
- consideration should be given to delaying the Regulation 18 Part 1 consultation in South Oxfordshire so that it does not overlap with the council's Local Plan consultation.
- consultation should be as wide-ranging as possible with a particular emphasis on engagement with young people.
- uncertainty about the route of the Oxford to Cambridge Expressway could have a detrimental impact upon the production of the Plan.
- a strategic review of Oxfordshire's Green Belt should be carried out to support the Plan.

- the A420 should be included in the roads mentioned in paragraph 26 of the draft consultation document.
- the risk register requires strengthening and should include risks such as the impact of the Oxford to Cambridge Expressway and the reservoir.

RESOLVED: to

- 1) note the report; and
- 2) request the South and Vale Cabinet members to consider the committee's comments, detailed above.

Sc.39 Work schedule and dates for all South and Vale scrutiny meetings

The committee noted its work programme.

The meeting closed at 7.55 pm

Joint Scrutiny Committee



Report of Head of Partnership and Insight

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To: Joint Scrutiny Committee

DATE: 7 March 2019

Cabinet member (Vale): Roger Cox

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Corporate services brought in house

Recommendation

The committee is asked to note the contents of this report

Purpose of Report

1. This report is provided to give information on elements of the corporate services contracts which have been brought back in house since the contracts commenced on 1 August 2016. The report explores the reasons for bringing services back in house, and the financial and other implications of doing so.

Background

2. The cabinets of both councils took decisions on 28 January 2016 to designate preferred bidders for two contracts for the provision of corporate services, in accordance with the officer recommendations. Authority was delegated to the strategic director to complete the contracts, in consultation with the relevant cabinet members.
3. There are three other councils which are signatories to the contracts, namely Hart District Council, Havant Borough Council, and Mendip District Council.
4. The expectation was that the contracts would offer significant savings to all partner councils.

5. The Lot 1 contract covers mainly back office services including accountancy, procurement, revenues and benefits, customer services (switchboard and reception), human resources, payroll, information technology, local land charges and licensing. The Lot 1 contractor is Capita.
6. The Lot 2 contract covered property and estate management, facilities management and car parks. The Lot 2 contractor was VINCI, with subcontractors Indigo managing the council car parks and Arcadis providing the property service.
7. Since the contracts began, a range of services have been brought back in house. The contract with Capita is still in place, while the VINCI contract has been terminated. Control of the car parking contract is now held by the council, and the service is still provided by the same team (although Indigo has been taken over by Saba) in accordance with the original VINCI contract.
8. Additionally, the councils are considering the return of the strategic Human Resources (HR) function and have submitted a change request to Capita, as has previously been reported to both scrutiny committees. This change request is currently the subject of a wider commercial negotiation and is not yet completed.

Outsourcing objectives and risks

9. Outsourcing of corporate services was seen at the time as a response to local government austerity, offering a way to secure continuity of service quality at reduced cost. In the cabinet report of January 2016 the business case for outsourcing was based upon significant financial savings over the life of the contracts, with economies of scale arising from having a partnership of five district councils.
10. The report identified a range of risks including:
 - challenge to the procurement process
 - ability of the five councils to act collectively in requiring a single model for service delivery
 - contractors' ability to perform to expected standards.
11. The advice of officers at the time was that the latter two risks could largely be mitigated through the use of experienced and capable contract managers in a shared client team.

Property management and facilities management

12. The Lot 2 contract with VINCI was terminated by mutual agreement in March 2018 when it became clear that it was not possible for the contract to deliver the anticipated level of savings. This was a complex contract with a number of sub-contracts which had to be novated.
13. The car parking element of the VINCI contract remains with Saba as noted at paragraph 7 above.
14. One of the key reasons for insourcing both property management and facilities management was that the outsourcing arrangement was not providing a co-ordinated approach between the two contractors, namely VINCI, who were

providing the facilities management function, and Arcadis who were sub-contracted by VINCI to provide the property management element.

15. In particular, Arcadis struggled to effectively manage the councils' property portfolio and to provide a timely and accurate service to the councils' customers in respect of routine property matters. A number of Arcadis staff left and an inevitable backlog of work resulted.
16. Regular maintenance and inspection of the councils' property portfolio was not as effective as it could have been.
17. In order to deliver an effective corporate property management approach there requires closer working between facilities management and property management and therefore by bringing back in house there has been an opportunity to co-locate these two service areas in one new property team. This also benefits the councils in tying the property team back to the strategic property work which was retained by the councils during the out-sourcing.
18. A new property team has been established within the Development and Regeneration service. This new team is still being resourced: a new property manager started in January, supported by a property operations team leader. There are two additional surveyors' posts to be filled, which are currently staffed by agency surveyors. A new property planned preventative maintenance (PPM) and projects lead post has been created to provide active management of PPM and to ensure that the councils are compliant with health and safety regulations and ongoing maintenance of their property portfolios.
19. When VINCI/Arcadis took on the contract they transferred the councils' existing property records onto a new operational system called Concerto. This system was well used by the VINCI staff for facilities management work, but not by Arcadis staff in respect of property management work. There appears to have been a lack of engagement with the system by the Arcadis staff and property records have not been updated and maintained correctly. As a result there is a need to review all data sources and rebuild the property asset database using historic data that the council retained pre outsourcing and new data obtained via Land Registry and other means. This is a significant exercise that will require time and resource by the new property team.
20. Due to the lack of regular maintenance and inspection of the property portfolio the team are also undertaking a full PPM review of all the councils' assets in order to understand the current position and the need for any urgent works.

Licensing

21. Officers reported to both cabinets in December 2017 as follows:

“Since the signing of the contract, operational experience has demonstrated to both councils and to the contractor that the licensing service is better delivered in house. All councils have reached the same conclusion. Capita and the councils have therefore agreed to the principle of bringing the whole of the licensing service back in house.”

22. Following cabinet approval, the licensing service was accordingly brought back in house with effect from 1 February 2018, on a cost-neutral basis. This was effected

by means of a deed of variation dated 29 March 2018, covering a number of other aspects of the contract including procurement.

23. During the period in which the service was outsourced, the staffing level was reduced (the number of enforcement officers fell from 4.4 full time equivalent (FTE) to 2.4 FTE), with a corresponding impact on the scope of the service. Reactive licensing work was carried out appropriately, but there was little or no emphasis given to proactive enforcement activity.
24. For example, we received a letter from the Gambling Commission in November 2018 informing us that we were one of 121 authorities who had not completed any inspections in the year ended 31 March 2018. We responded to the Gambling commission and met with the local Gambling Commission compliance manager to discuss gambling licensing with the team and provide refresher training on inspection techniques. The team have now started to implement a proactive inspection programme for gambling premises throughout the district.
25. Since the return of the service, as a part of the revised council staffing structure the number of enforcement officers is being increased to four FTE staff.
26. Capita implemented a new software system for licensing and the councils have taken this software on as a part bringing the service back in house. However, aspects of the software implementation such as electronic forms are not complete, and the process of testing and switching to the new system has been time consuming.

Management accountancy

27. Initially we experienced no change in the level of service from the outsourced accountancy team. The service was delivered by the same staff, from the same desks, following the same procedures.
28. On 1 June 2018 Capita restructured its team and as a consequence on that day made six of its seven permanent members of the accountancy team redundant. The two sets of 2017/18 accounts were not signed off by the councils' external auditor (EY) by the statutory deadline and subsequently in its 'Audit results report' EY said 'Reduction in staff capacity at both the Councils and Capita has had a detrimental effect on the timeliness and quality of the evidence provided for audit'.
29. The councils' Head of Finance perceived there was a lack of experience, local knowledge and capacity within the outsourced accounting function which he believed could have a detrimental impact on the budget setting process. A dialogue was initiated with Capita with a view to insourcing the management accounting service.
30. As the 2019/20 budget build process developed through September and October 2018 it became clear that work was falling well behind the agreed timetable as key documents (e.g. initial drafts of the medium term financial plans) were not made available when needed. As this is not an outcome that could be allowed we expedited the insourcing of the management accounting function delivered by Capita's accountancy business partners resulting in the service being brought back in-house on 10 December 2018.

31. The insourcing of this service was cost-neutral, delivered through a change control notice agreed with Capita.

Benefits related fraud team

32. Although the benefit fraud and error service was outsourced to Capita, in practice it continued to be delivered by the same staff, sitting in the same seats, following the same processes.

33. It became clear that the provision of this service was not a core activity for Capita and that the additional administrative complexity of the client-contractor relationship did not have a performance 'upside'.

34. Performance remained as it had been when run in-house, i.e. very good. It was agreed by mutual consent to reverse the outsourcing of the service on a cost-neutral basis, by means of a change control notice.

Strategic and complex procurement

35. Changes to the procurement service within the contract were made within the March 2018 deed of variation referred to above. Day-to-day procurement activity remains within the scope of the contract, but the councils have taken back the responsibility for larger strategic procurement activity.

36. The deed of variation was the product of a lengthy and complex negotiation which amended a number of commercial aspects of the contract.

37. It had been expected that the contracted procurement service would result in considerable savings over the life of the contract, which would have been shared with the contractor. Now that the service has been returned in house, it is reasonable to expect that the council procurement team can achieve a broadly comparable level of savings which will be budgeted as and when they materialise in practice.

Conclusion

38. A variety of services have been brought back in house in response to contract performance and changing priorities. Officers have invested considerable time and effort in mitigating risks and bringing performance back up to an acceptable level.

39. The licensing, accountancy and fraud services which have been returned to the councils by Capita have come back with no additional financial cost to the councils, while the changes to the procurement service were part of a wider deed of variation approved by both full councils.

40. There is a cost associated with the termination of the contract with VINCI. Nevertheless, termination represents a better financial outcome than remaining within a contract which could not deliver the anticipated savings.

41. Overall, officers consider that the councils are in a significantly more favourable contractual position now than was the case at the commencement of the two corporate services contracts. However, there is more that can be done and officers will maintain their efforts to secure further improvements.

Schedule for Scrutiny Committees

(further items to be added to schedule as required)

Meeting date	Council	Agenda items	Purpose of Report	Invited	Cabinet members	Report Author	Head of Service	Strategic Lead
Tues 26 March CANCELLED	South							
Thurs 28 March	Vale	Parliamentary report on scrutiny effectiveness.	To consider the report		n/a	Adrianna Partridge	Adrianna Partridge	Adrianna Partridge
		Authority Monitoring Report 2017/18	Regular Monitoring Report		Roger Cox	Ben Duffy	Adrian Duffield	
		Budget Scrutiny Task Group	To consider the Task Group report		Robert Sharp	Task Group	William Jacobs	

Dates to be identified for the following items:

South

Planning Appeals

Performance Review of Cornerstone

Air Quality Action Plan

Vale

Oxfordshire Growth Board Governance Arrangements

Abingdon Redevelopment: Charter Centre

HMO Policy and Strategy

Joint

Corporate Performance Framework

Reallocation of £295k Didcot Garden Town Grant

Unlawful encampments

The Cabinet work programmes can be accessed via the following links:

South

<http://democratic.southoxon.gov.uk/mgListPlans.aspx?RPId=121&RD=0>

Vale

<http://democratic.whitehorsedc.gov.uk/mgListPlans.aspx?RPId=507&RD=0>

Meeting Start times: Joint: 6:30; South: 6:30; Vale: 7.00;

Scrutiny Work Item Preparation

Members are invited to consider the following headings for future agenda items

Item name

Date of report to Committee

What do we want to know about? What topics should the report provider include in their report to Scrutiny?

Who to invite to Committee? (Cabinet member(s) and Head(s) of Service). Anyone from outside agencies?