

Finance and Value for Money Overview and Scrutiny Commission

9:30am – 11:15am, Friday, 18 January 2019, Room 77, The Guildhall, Alfred Gelder Street, Hull, HU1 2AA

Present:

Councillors Nicola (C), Bell, Bridges (DC), Burton, Hatcher, McMurray, Ross and Wareing.

In attendance

M. Armstrong (Assistant City Treasurer)
T Meyerhoff (Head Of Social Care And Health Integration) Minute 76
D, Sunman (Business Partner, Financial Planning Team) Minute 76
M. Armstrong (Accounting & Control Manager) Minute 78
C. Farrow (Programme Lead - Behaviour Change) Minute 79
T. Fielding (City Health & Wellbeing Manager) Minute 79
L. Platten (Highway Operations Team Leader) Minute 80
N. Howbridge (City Property and Assets Manager) Minute 82
C. Barker (Director of Building Surveying, NPS Humber) Minute 82
J. Baker (Business Services Manager, NPS Humber) Minute 82
F. Harbord (Scrutiny Officer)

Apologies:

Apologies were received from Cllr Herrera-Richmond.

Minute Number		Action to be Taken by
74	DECLARATIONS OF INTEREST	

No declarations of personal interest were received in regard to the following Agenda Items.

Recommendations:

Reasons for Recommendations:

N/A

N/A

Minute Number		Action to be Taken by
75	MINUTES OF THE MEETING HELD 14 DECEMBER 2018	Fiona Harbord

The Scrutiny Officer submitted the minutes from the meeting of Friday, 14 December, 2018, for consideration and approval.

Recommendations:

Reasons for Recommendations:

- a) That the minutes of the meeting of this Commission held on Friday 14 December, 2018, having been printed and circulated, be taken as read and correctly recorded.

N/A

Minute Number		Action to be Taken by
76	REVENUE BUDGET MONITORING 2018-19 – THIRD FORMAL REPORT	a) N/A b) Julia Weldon / Alison Barker / Dave Sunman c) David Bell / Mark Armstrong / Graeme Smith d) Graeme Smith e) Dave Richmond
<p>M. Armstrong (Assistant City Treasurer), T Meyerhoff (Head Of Social Care And Health Integration) and D, Sunman (Business Partner, Financial Planning Team) attended the Commission to update on the revenue budget monitoring position as at Period 7, with an awareness of the position as reported at Period 8, and report on the progress of savings for Service Areas and provide explanations for variations from the agreed savings.</p> <ol style="list-style-type: none"> i. With reference to point 1.4 of the report, that the £1.575m “expected” from the CCG was secured; whether it was additional to when the budget had been set in January 2018; that although the ASC budget was in line this was due to the budget being delivered rather than savings being delivered; that savings had come from where they were not expected but not made where expected; and, that officers from ASC needed to attend the Commission to discuss this within the next quarterly update. ii. The difference in wording of points 2.2 and 2.3 of the officer report; that Children’s Safeguarding was in line to overspend whilst the DSG deficit could be balanced with appropriate action; that the income that was coming to ASC from the CCG could not be expected in the future as it reflected a current excess; that it demonstrated very positive partnership working; and, planning was to take place to ensure the ASC overspend could be addressed. iii. That the overspend in Children’s was obvious, but due to the CCG funding it was not apparent in ASC; and, that the Children’s overspend was due to increased LAC, but that planned additional Council owned Children’s Homes would help to address financial issues. iv. What the on-going pressures were for ASC; that these were masked by the CCG income; the scale of the savings targets were challenging; some major changes were needed, with a long-term transformation programme being introduced; that delivery was good, but while client numbers had not increased the numbers were more challenging; and, the transforming care programme would get people out of residential care and into high care level communities. v. The need to be sure of the integrated budgets from health and social care; that the two agencies were about to agree the joint budget, 		

- followed by a local finance plan that would agree how the integrated budget would be spent; pots of funding would come from central government that were a quick spend; and, ASC had plans in place for the spend.
- vi. The £200k set aside for managing the universal Credit Debt at point 11.10; that this money was set aside for unpaid rent; the impact of UC could only be estimated; and, the impact could be better than the estimate.
 - vii. Concerns around how the HRA information was presented in the report; the underspend showing on the HRA budget and that the presentation was unclear; the need for clear narrative for laymen; and, that the information presented was for a number of different audiences.
 - viii. That the HRA underspend of £800k was massive when the Council was constantly on the edge; that the underspend could be doing good, such as funding landlord services or housing managers; whether the underspend would be carried forward; and, that issues would be addressed with the City Manager for Neighbourhoods and Housing at the Commission's budget meeting.
 - ix. That dwelling rent income was now more positive; and, what the maximum rent income could be for the Council.
 - x. That the Commission could perhaps monitor the HRA budget more closely in future, as they did with ASC and Children's budget lines.

Recommendations:

Reasons for Recommendations:

- a) That the recommendations at section 2 of the officer report are supported.
- b) That the Adult Social Care finance plan, that will be drawn up following the agreement of a joint CCG and ASC budget, will be brought to this Commission for pre-agreement scrutiny.
- c) That future reports will be written in a clearer form to enable laymen and those without in-depth knowledge of the Council and its budgets to understand the processes, expenditure, variances and co-relations included in the narratives and tables.
- d) That the calculation of the maximum possible income from the Council's dwelling properties, based on the number of properties owned multiplied by the rent

- a) N/A
- b) To enable the Commission to consider the joint budgets and the plans in place for the funding of schemes and services.
- c) Concerns were raised that the HRA had rows of figures within tables, numerous areas of narrative, and had different elements included in different sections of the report, and the Commission wished to see the information laid out in a more user friendly format.
- d) So that the Commission was made aware of the maximum income possible, compared to the actual income.

<p>received if they were all let for a full year, be circulated to the Commission members in advance of the Commission's Budget meeting.</p> <p>e) That questions will be asked of the City Neighbourhoods and Housing Manager at the Commission's Budget meeting to establish what any potential HRA underspend will be spent on, or if it is likely to be carried forward across years.</p>	<p>e) It was felt that any underspend should be assigned to posts that would benefit residents, such as housing managers, rather than being carried over years to show as another underspend.</p>
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Minute Number		Action to be Taken by
77	DIRECTOR OF FINANCE AND TRANSFORMATION PRESENTATION	a) David Bell
As the Director could not be present, and the Assistant City Treasurer who was representing him did not have anything to update the Commission on, it was agreed to defer the presentation to the February meeting of the Commission.		
Recommendations:		Reasons for Recommendations:
a) That, as the Assistant City Treasurer did not have anything to update on, the presentation be deferred until the Director was available to update at a future meeting.		a) The presentation had been included on the agenda in case the Director had advised the City Manager of anything that the Commission needed to be updated on.

Minute		Action to be Taken by
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Number		
78	2018/19 CAPITAL MONITORING – THIRD FORMAL REPORT	a) N/A b) Nick Howbridge
<p>M. Armstrong (Assistant City Treasurer) and M. Armstrong (Accounting & Control Manager) attended the meeting to provide an updated overview of progress against budget and planned activity for the 2018/19 capital programme.</p> <p>The Commission did not discuss the report as members were satisfied with its content. Councillor Hatcher requested that a recommendation be made to Cabinet with regard to the pro-activeness of capital works.</p>		
Recommendations:		Reasons for Recommendations:
a) That the recommendations at section 3 of the officer report are supported. b) That consideration be given as to how the capital works process could be made more pro-active rather than re-active, as it appears to be now.		a) N/A b) It was felt that preventative works needed to be planned for rather than emergency repairs carried out.

Minute Number		Action to be Taken by
79	SPECIALIST STOP SMOKING SERVICE REPROCUREMENT	a) N/A b) Ian Anderson c) Ian Anderson / Neil Daynes
<p>C. Farrow (Programme Lead - Behaviour Change) and T. Fielding (City Health & Wellbeing Manager) attended the Commission to present a report seeking approval from Committees in Common for the proposed commissioning and procurement route for a specialist stop smoking service purchased by the Council.</p>		

The Commission discussed:

- i. Issues around the governance process which enabled a decision to award a contract with a very high value to become non-key once the going out to tender had been considered as a key decision; and, that the award decision should still be subject to pre-decision scrutiny to enable members to ask questions should they wish to do so.
- ii. With reference to point 9.1 of the report, why the financial split between lot 1 and lot 2 was so great; why marketing was being awarded to a company other than the deliverers; that perhaps the deliverers could sub-contract to a marketing company they had links with; that it was less actual marketing and more of a public health campaign; and, that marketing was included in the previous delivery contract, but it was felt that it had been lost by the deliverers.
- iii. There was a target of 1,000 quits, which meant that £5k was paid for each single quit, and this seemed a large sum; that this included the failed quits; it might take a number of times of stopping and starting before a client finally quit; and, it was still cost effective because of the cost impact on all partners.
- iv. A survey taken regarding quitting smoking had received 180 responses; and, the detail from the survey and NICE evidence was used to inform the detail within the procurement specification.
- v. The possibility of paying for vapes out of the Stop Smoking Service budget; that this may encourage people to quit; that at the start of vaping there was a divide in opinion from providers; that all providers now supported vaping as a means of quitting; and, currently it was not legal to prescribe vapes.
- vi. Whether it was correct that the performance of deliverers prior to a tender could not be considered during a procurement exercise; that past performance could not be considered, but that tender documents did ask very relevant questions; partners judged deliverers on each element during the evaluation of the tenders; and, members wanted to understand whether this was as a result of EU procurement rules or not.
- vii. Concerns that residents and some members may look at the amount to be spent on services and not see the benefits of the cost as a spend to save scheme; that it was recognised that there was a definite need for support and that the most effective way to stop was with support; and, quitters were more successful if they passed through the service.
- viii. There were areas within the City that were very high need, with high levels of illness and pregnancy; the target in those areas was to improve health; targeted groups were those most entrenched; the circumstances were better for some on the outlying estates than for others; and, data was needed for the groups who found it harder to quit.
- ix. The main aim of cessation was to improve health, but also to reduce inequalities; priority Wards were those where smoking was most prevalent, plus where rates of smoking whilst pregnant were high; targeting was taking place of specialist wards, where an 80% quit rate was needed; targeting meant that smokers were four times more likely to quit; and; if the sole target was the number of quits then it would be easier, but the more important target was the health benefits.

Recommendations:	Reasons for Recommendations:
<p>a) That the recommendations at section 2 of the officer report are supported.</p> <p>b) That concerns be raised with the Town Clerk at the part of the governance process whereby a key decision becomes non-key once the pre-procurement report has been approved, meaning the award of contracts for large sums of money are not afforded pre-decision scrutiny.</p> <p>c) That concerns be raised with the Town Clerk and the Procurement Manager in regard to the inability to consider the past performance of potential contractors within tender exercises, and that the issue will be addressed within the next Procurement Policy update delivered to this Commission.</p>	<p>a) N/A</p> <p>b) As per the Minute.</p> <p>c) The Commission was concerned that, as a result of legislation, past performance was not considered and, therefore, contracts could be awarded to deliverers who on paper seemed to meet the criteria, but failed to deliver once awarded the contract.</p>

Minute Number		Action to be Taken by
80	<p>ASSESSMENT OF THE USE OF THE EAST RIDING OF YORKSHIRE FRAMEWORK FOR HIGHWAYS MATERIALS</p>	a) Neil Daynes

L. Platten (Highway Operations Team Leader) presented a briefing To respond to a recommendation from the OSMC that the Finance and Value for Money OSC receives a briefing setting out whether the option of procuring through the East Riding of Yorkshire Council framework for the supply of highways materials is the best procurement solution for Hull City Council.

The Commission thanked the officer for clarifying the situation in regard to the framework procurement, and agreed that similar clarity around quality and cost should be included in all future reports asking for approval to renew contracts.

Recommendation:

Reasons for Recommendations:

a) That, as this briefing provides the detail requested and explains that the Highways Materials Framework has provided value for money, the Commission wishes to see such information included in all future reports around the renewal of contracts and frameworks, evidencing that contracts work for the Council in terms of quality and cost.

a) Reports seeking approval to renew contracts needed to include information on value for money to reassure the Commission members that the contractors were providing the best service and deserved to have their contracts renewed.

Minute Number		Action to be Taken by
81	EXCLUSION OF THE PRESS AND PUBLIC	a) N/A

To consider the exclusion of the press and public for the item listed as exempt:

NPS Humber Ltd: 10 Year Review of Service Agreement, at agenda item 10.

The Commission discussed the exemption and agreed that the press and public should be excluded from the meeting for the duration of the consideration of the report.

Recommendation:

Reasons for Recommendations:

<p>a) That the press and public are excluded from the meeting for the duration of Agenda Item 10, NPS Humber Ltd: 10 Year Review of Service Agreement.</p>	<p>a) The Commission agreed that the report contained information relating to the business affairs of any particular person.</p>
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EXEMPT ITEM		
Minute Number		Action to be Taken by
82	NPS HUMBER LTD: 10 YEAR REVIEW OF SERVICE AGREEMENT	<p>a) Louise Hawkins / Nick Howbridge b) Louise Hawkins / Nick Howbridge c) Louise Hawkins / Nick Howbridge d) Fiona Harbord</p>
<p>N. Howbridge (City Property and Assets Manager), C. Barker (Director of Building Surveying, NPS Humber) and J. Baker (Business Services Manager, NPS Humber) attended the Commission to present a report to the Executive Commissioning Committee setting out the findings of the 10 year contract review of the Service Agreement with NPS Humber Ltd.</p> <p>The Commission fully considered the content of the report and made recommendations based upon their findings.</p>		
Recommendation:	Reasons for Recommendations:	
<p>a) That concerns are highlighted that, in part due to the report author being from within the Property and Assets team, the report fails to demonstrate robust challenge to NPS and their delivery of best value, and a recommendation is made to the Audit Committee to assist the process by supporting third</p>	<p>a) The Commission raised concerns that the Council was "marking its own homework" by evaluating its own contract and that an independent viewpoint was needed.</p>	

party challenge and supporting future planning for what is to be done with property services.

- b) That, as Hull City Council business makes up 85% of the work that NPS - Humber carries out, consideration be given to how that high percentage of business could be used as a lever for improved delivery and delivery timescales of Council projects.
- c) That it be raised with the Executive Commissioning Committee that the profits over a five year period appeared low, and rather than profit sharing this Commission would prefer to see a less expensive product based on a sliding scale according to the project cost, not at a flat rate charge.
- d) That the Scrutiny Officer circulate to the Commission the last set of NPS's accounts.

b) As per the Minute.

- c) If there was room for negotiation within the contract, the Commission members would prefer to see direct savings for those paying for projects rather than a lump sum profit share.
- d) To give some clarity to NPS's cost sharing with the Council and the percentage of income that is made through work delivered for the Council.