

Minutes of the Scrutiny Committee Meeting held on 10 February 2016 at 10:00 am in the Elisabeth Room, Endeavour House, Ipswich.

Present: Councillors Mary Evans (Chairman), John Field (Vice Chairman), Peter Beer, Kathy Bole, Jessica Fleming, Michael Gower, David Hudson, Len Jacklin, Michael Ladd, Sandy Martin and David Ritchie.

Also present: Councillors Alan Murray, Graham Newman and Bert Poole.

Supporting officers present: Theresa Harden (Business Manager, Democratic Services) and Linda Pattle (Democratic Services Officer).

40. Public Participation Session

There were no applications to speak in the Public Participation Session.

41. Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Trevor Beckwith, Councillor Stephen Burroughes (substituted by Councillor Michael Ladd), Councillor Sandra Gage (substituted by Councillor Sandy Martin) and Councillor Jane Storey (substituted by Councillor Michael Gower).

42. Declarations of Interest and Dispensations

With regard to Agenda Item 5, Procurement and Contract Management, Councillors David Hudson and Len Jacklin declared non-pecuniary interests, as they are members of the Federation of Small Businesses.

With regard to Agenda Item 6, Development of Devolution Proposals Direction of Travel, Councillor David Ritchie declared a non-pecuniary interest because, as Deputy Leader of Waveney District Council, he has attended meetings of the Public Sector Leaders Group.

43. Minutes of the Previous Meeting

The minutes of the meeting held on 26 November 2015 were confirmed as a correct record and signed by the Chairman.

44. Procurement and Contract Management

The Committee considered a report at Agenda Item 5, providing an opportunity for members to consider the extent to which the County Council had developed a more commercial approach to provision of public services, and what further work was required.

The Chairman welcomed to the meeting the following external witnesses:

Eddie Gibson, East of England Local Government Association

Stephen Singleton, Chief Executive, Suffolk Community Foundation, one of 48 community foundations in the UK, established to act as a hub to channel funds to local charities and voluntary organisations

Brian Tobin, Chief Executive, Icenis, a local charity providing a range of support to parents and families in Ipswich and Suffolk

The Chairman also welcomed the following County Council officers:

Geoff Dobson, Director of Resource Management (RM)

Aidan Dunn, Assistant Director, Procurement and Passenger Transport, RM

Richard Hall, Head of Procurement and Policy Enablement, RM

Amanda Jones, Assistant Director, Public Health

Bernadette Lawrence, Assistant Director, Adult and Community Services

Aidan Dunn introduced the report. The witnesses were invited to make comments. Committee members had an opportunity to ask questions and comment on what they had heard.

Recommendation: The Committee agreed:

- a) To recommend to the Corporate Management Team that the responsible Directorate Contract Manager should be fully involved throughout every stage of the procurement process, working in partnership with members of the Resource Management Team for commercial and technical advice and support where appropriate.
- b) To recommend to the Contract Management Board:
 - i) That it should highlight to Directorates that they needed to develop sound market intelligence as a critical step in the procurement process, particularly for larger contracts.
 - ii) That a full benefits realisation review/audit should be built into all larger contracts as a matter of course, to ascertain at an early stage whether the contract was fulfilling the original business case, and to enable the Council to take action where the contract was unsatisfactory.
- c) That the Director of Resource Management should ensure the County Council had the right skills and expertise in place, focusing on the development of in-house skills but engaging commercial expertise from the private sector if needed. If external expertise was used, to ensure that there was skills transfer to the in-house teams.
- d) To establish a Scrutiny Task and Finish Group to consider:
 - i) in what circumstances alternative methods could be used instead of undertaking a procurement process such as grant funding and service level agreements;

- ii) what reasonable steps might be taken during the procurement process to promote active engagement of local organisations in the Council's supply chain;
 - iii) the arrangements for accountability and transparency of the Council's contracting and procurement arrangements;
 - iv) councillor involvement in procurement and contracting and with the Contract Management Board;
 - v) how commercial expertise might be developed and embedded within the Council's contracting staff.
- e) To request that a link to a procurement guidance document (full and abbreviated format) which had been developed in consultation with the voluntary sector should be circulated to members of the Committee.

Reason for recommendation:

- a) The Committee heard that the Council's process and accountability for contract management was devolved to individual directorates, with members of the corporate procurement team providing commercial and technical assistance at certain stages. For the letting of large contracts the process could be lengthy, from initial research through to the award and management of the contract. The Committee heard there was a "healthy tension" between directorate based contract managers and the central team. It was acknowledged that, where the central team was concerned to ensure contract management expertise was in place within directorates, directorates considered it was also important for their contract managers to have expertise in the specific service area, in order to understand what a quality service should look and feel like. The complexity of commissioning clinical services was given as an example of the need to strike the right balance between contracting and procurement experience and specialist knowledge of the service area being commissioned. The Committee considered that it was important for the person responsible for managing the contract to be involved throughout the process, in order to maintain a connection between the need for services, the procurement process and ongoing monitoring of service delivery.
- b) i) Members were aware that the Council currently spent nearly 70% of its budget on externally provided goods and services. They recognised that, in view of the Council's greater reliance on external suppliers, it was increasingly important to gain as much information as possible about the market, not only by researching standard subjects such as credit ratings, but also by examining services provided elsewhere and consulting with people in receipt of these services. The Committee discussed the issues of social value and corporate social responsibility, whilst accepting that there were legal constraints which limited the options open to the Council. Members heard that the procurement process already included some standard questions designed to evaluate a company's approach to corporate social responsibility but they wished to emphasise the importance of having a clear

understanding of these issues to help to ensure a level playing field for competition.

- ii) The Committee considered that for any large contract it was essential for the Directorate to consider at an early stage whether the contract was meeting the requirements set out in the original business case. By taking a systematic and rigorous approach to such reviews, the Directorate would have an early opportunity to resolve any problems and disseminate learning for the future.
- c) The Committee had previously highlighted the need to upskill the Council through bringing in expertise from the commercial sector. However, members were aware that, due to financial constraints, it had not been possible to recruit additional permanent staff. The Committee also heard that, for local government as a whole, it was becoming increasingly difficult to find and recruit people with the right skills and experience in contracting and procurement and there was a responsibility on councils to develop their own staff. One approach being taken by other councils was to recruit graduates and train them up in-house. The Committee was informed that where the County Council required specialist contracting expertise, the necessary commercial skills were bought in on a temporary basis. In this context, the Committee recognised that it was extremely important to invest in developing the commercial skills of the County Council officers involved in procurement and contract management, and to ensure that opportunities to learn from the private sector were taken as and when these arose.
- d) i) The Committee heard from witnesses that it was difficult for small local organisations to compete with the private sector to provide the services commissioned by the Council. Members heard that in some cases, rather than letting a large contract, there could be merit in adopting a model of grant funding or service level agreements. They therefore wished to investigate the circumstances in which such alternative methods might be used.
- ii) Members heard from witnesses that, for contracts for services currently provided by small local organisations or the voluntary and community sector, there could be benefit in existing providers being involved in early discussions about the business case for going out to contract. This would enable the Council to evaluate what was currently being provided and at what cost, before a decision was taken about whether to go to out to tender. Members heard that early market engagement had been formally introduced as a pre-cursor to formal procurement, in recent legislation [*Public Contracts Procurement Regulations 2015*].
 - iii) Councillors were aware that it was difficult for those not directly involved in the procurement and contract monitoring process to understand fully whether a contract was producing the desired outcomes, particularly when some of the information was held by the service provider and/or was subject to commercial confidentiality. The Committee therefore wished to consider how the accountability and transparency of the Council's contract management arrangements could be improved whilst continuing to protect commercial interests.

- iv) The Committee noted that no members of the Contract Management Board were councillors. The Committee was informed that after previous scrutiny, where it was recommended that an external non-executive from the private sector be appointed to the Board, no formal appointment had been possible. The Board was primarily a forum for officers to share experience and learning, rather than a decision-making body. Members heard that political accountability for the delivery of services lay with the relevant Cabinet Members, although there were stages in the tendering process when they were not involved in the discussions. They also heard there was councillor oversight of the Council's contracts through Audit and Scrutiny. However, in light of the significant amount of County Council spend on external contracts, the Committee wished to see consideration given to ways in which councillors could be more involved in future.
- v) Members recognised that efforts had been made to make directorate officers more aware of the importance of income generation, contract management, being more business-like and being more business friendly. The Committee wished to consider how further progress could be achieved in these areas.
- e) The Committee was reminded of a 50 page document providing comprehensive guidance about commissioning and procurement, which had been drawn up in collaboration with the voluntary sector. Whilst this was a good tool for training commissioners, feedback from potential bidders had been that it was too complicated. Therefore a shorter four page document had been published. Members considered that they would find it useful to receive copies of both documents.

Alternative options: None considered.

Declarations of interest: Councillors David Hudson and Len Jacklin declared non-pecuniary interests in this Agenda Item, as set out in Minute No. 42 above.

Dispensations: None noted.

The meeting was adjourned for lunch from 12:50 to 1:30 pm.

45. Development of Devolution Proposals, Direction of Travel

The Committee considered a report at Agenda Item 6, providing information about the way in which Suffolk County Council was working with its local public service partners to influence and negotiate with Government to develop a robust proposal for devolution.

The Chairman welcomed to the meeting the following external witnesses:

Brenda Cook, Expert Adviser, Centre for Public Scrutiny
Councillor Jennie Jenkins, Chairman of Suffolk Public Sector Leaders
Chris Starkie, Chief Executive, New Anglia Local Enterprise Partnership

The Chairman also welcomed the following County Council officers:

Deborah Cadman, Chief Executive
Chris Bally, Assistant Chief Executive
Tim Ryder, Assistant Director, Scrutiny and Monitoring

Deborah Cadman introduced the report. The witnesses were invited to make comments. Committee members had an opportunity to ask questions and comment on what they had heard.

Recommendation: The Committee agreed:

- a) To note the considerable amount of work that councillors and officers from Suffolk and Norfolk had put into developing the bid to date.
- b) To note members' regret that more concrete information had not been available prior to the meeting, but to congratulate witnesses on their frank and open approach to addressing the questions raised at the meeting.
- c) To welcome the Chief Executive's commitment to keep councillors updated as new information became available about progress.
- d) To recommend that officers should develop a clear narrative about what devolution would mean for local people, using language which the public could understand and could engage with.
- e) To recommend: that Leaders and officers should start planning now the approach to be taken with regard to good quality public consultation; and that consultation should take place before any final decisions were made about future governance arrangements.
- f) That the Scrutiny Committee should be given the opportunity to comment on the planned approach to public consultation, prior to this getting underway.
- g) To encourage all Councillors to attend the Local Government Information Unit (LGIU) briefings on devolution.
- h) To request further information about what "subsidiarity" could look like, as this emerged.
- i) To approach Norfolk County Council with a view to undertaking joint scrutiny of devolution as the work progressed.

Reason for recommendation:

- a) The Committee was aware that a great deal of work had been required in a relatively short time in order to progress the local devolution bid. Members wished to formally acknowledge the commitment shown by officers and councillors.
- b) Members heard that the proposals for devolution had been subject to frequent change as the negotiations progressed, and that this had made it difficult for officers to provide written evidence as the information available was quickly becoming superseded. The Committee appreciated the information provided orally at the meeting, but would have preferred to have written evidence about what had been achieved so far.
- c) The Committee was keen to ensure that all councillors were kept informed about progress on the negotiations on devolution.
- d) The Committee was aware that many people in Suffolk did not understand what was meant by devolution, and some members reported finding it difficult to explain what the impact of devolution might be for local

residents and parish councils. The Committee considered it was important to find a way of describing proposals to local people in a way that would be meaningful to them. Members wished to see devolution explained in terms of the issues that mattered to Suffolk residents, such as houses, planning, transport, employment and skills.

- e) The Committee heard that so far there had been no public consultation about devolution because there had been no firm proposals on which to consult people. However, it was envisaged that consultation would take place as proposals for any new arrangements emerged. The Committee was informed that any changes to governance arrangements would require ratification by the councils involved. Members emphasised that the public consultation should be well planned, of good quality, and carried out at a stage when the public could have an influence on decision-making.
- f) The Committee heard that already, in preparation for public consultation, a stakeholder list was being drawn up and possible members of focus groups were being identified. As the Committee considered it extremely important to carry out good consultation on this issue, it wished to have an opportunity to comment on the approach to be adopted before the consultation started.
- g) Members heard that those councillors who had already attended LGIU information sessions on devolution had found them very useful. They therefore urged all councillors to attend such a briefing.
- h) The Committee heard that one of the principles of any devolution arrangements would be 'subsidiarity': the devolution of powers and decisions to the most appropriate level and area. As a result, the various tiers of local government could receive new responsibilities. The Committee wished to be informed about plans for subsidiarity at the earliest opportunity.
- i) The Committee was aware that the proposals for devolution were being drawn up in close collaboration with the New Anglia Local Enterprise Partnership and Norfolk County Council. Members therefore considered that in due course it might be appropriate to carry out further scrutiny jointly with Norfolk County Council.

Alternative options: None considered.

Declarations of interest: Councillor David Ritchie declared a non-pecuniary interest in this Agenda Item, as set out in Minute No. 42 above.

Dispensations: None noted.

46. Information Bulletin – Part I

At Agenda Item 7 the Committee received the Information Bulletin Part I.

47. Key Decision Forward Plan and Scrutiny Forward Work Programme

At Agenda Item 7 the Committee considered the Key Decision Forward Plan and the Scrutiny Committee Forward Work Programme.

Decision: The Committee agreed:

- a) To hold the next formal meeting of the Committee on 9 March 2016 in the style of a workshop, to consider some of the issues arising from discussions between the Chairman and Vice-Chairman with members of the Corporate Management Team in late 2015, and to agree what Scrutiny Committee involvement in this work might be going forward.
- b) To request an Information Bulletin item on the application of the County Council's policies relating to fire safety standards and to energy efficiency in the Council's own new or refurbished buildings and the reporting of those policies by officers preparing papers for the Development Control Committee.
- c) With regard to the pedestrian and cycle bridge in Lowestoft, to request an Information Bulletin item to address issues raised with the Chairman of Scrutiny Committee by the Chairman of Waveney District Council's Scrutiny Committee.
- d) That the Chairman should invite County Councillor Andrew Reid, Member with Special Responsibility for Transformation, to attend the meeting on 9 March to speak about the transformation work taking place within the Council.
- e) To request Information Bulletin items from each of the other Members with Special Responsibility about the work taking place within their area of responsibility.
- f) That the scrutiny of the New Anglia Local Enterprise Partnership (NALEP) due to take place in Summer 2016 should include consideration of what difference had been made by the NALEP Capital Investment Fund in terms of outcomes, and how the development of this work was being supported within Suffolk.

Reason for decision:

- a) The Chairman and Vice-Chairman had held informal discussions with directors and senior managers in order to identify potential areas for future scrutiny. Members agreed that a "workshop" style meeting would give the Committee an opportunity to prioritise topics for future consideration.
- b) Members considered they needed to receive information about how the Council's policies relating to fire safety standards and energy efficiency in its own buildings were being implemented, as a first step in deciding whether the issue needed to be scrutinised.
- c) The Chairman had been contacted by Councillor Sonia Barker regarding concerns raised about progress of a pedestrian cycle bridge project in Lowestoft. This issue had been the subject of a call-in to Scrutiny Committee in 2013. Questions had been raised regarding how the ring-fenced funding for the project had been used, and what progress had been made with the development of the bridge, which was one part of a wider project for improvements. The Committee wished to receive information to address these questions.

- d) and e) Since May 2015 eight county councillors had been designated as have special responsibility for: business development; highways maintenance; children in care; outside bodies; property; Suffolk the greenest county; Suffolk the most active county; and transformation. As these arrangements were relatively new, the Committee wished to receive information about the work being done, particularly with regard to the ten Transformation Programmes aimed at fundamentally changing the way in which the County Council delivered its services.
- f) Members wished to be reassured that decisions about the NALEP Capital Investment Fund were resulting in positive outcomes for businesses in Suffolk.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

48. Urgent Business

There was no urgent business.

49. The Committee considered whether Agenda Item 11 should be taken without the Public (including the Press) present

Decision: The Committee agreed to exclude the public (including the press) from the meeting during consideration of Agenda Item 11.

Reason for decision: The Committee was satisfied that:

- a) the report contained information relating to the financial or business affairs of a particular person including the authority holding that information, and that
- b) in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

50. Information Bulletin Part II

At Agenda Item 11 the Committee received the Information Bulletin Part II.

The meeting closed at 3:51 pm.

Chairman

