

AGENDA



For a meeting of the
SCRUTINY COMMITTEE
to be held on
TUESDAY, 21 FEBRUARY 2012
at
10.00 AM
in
WITHAM ROOM, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM. NG31 6JH
Beverly Agass, Chief Executive

Committee Members:	Councillor Paul Cosham, Councillor Alan Davidson, Councillor Reginald Howard (Chairman), Councillor Mrs Rosemary Kaberry-Brown, Councillor Michael King, Councillor David Nalson, Councillor Helen Powell, Councillor Bob Russell, Councillor Bob Sampson, Councillor Mrs Judy Smith (Vice-Chairman) and Councillor Frank Turner	
Scrutiny Support Officer:	Jo Toomey	Tel: 01476 40 61 52 E-mail: j.toomey@southkesteven.gov.uk

Members of the Committee are invited to attend the above meeting to consider the items of business listed below.

1. COMMENTS FROM MEMBERS OF THE PUBLIC

To receive comments or views from members of the public at the Committee's discretion.

2. MEMBERSHIP

The Committee to be notified of any substitute members.

3. APOLOGIES

4. DECLARATIONS OF INTEREST

Members are asked to declare an interest in matters for consideration at the meeting.

5. ACTION NOTES FROM THE MEETING HELD ON 24 JANUARY 2012

(Enclosure)

6. UPDATES FROM PREVIOUS MEETING

7. FEEDBACK FROM THE EXECUTIVE

8. PROCUREMENT LINCOLNSHIRE

The Scrutiny Committee will consider its draft report.

(Enclosure)

9. POLICE REFORM AND SOCIAL RESPONSIBILITY ACT

A briefing note providing an update on the implementation of provisions within the Police Reform and Social Responsibility Act.

(Enclosure)

10. WORK PROGRAMME

(Enclosure)

11. REPRESENTATIVES ON OUTSIDE BODIES

12. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

MINUTES

SCRUTINY COMMITTEE
TUESDAY, 24 JANUARY 2012



COMMITTEE MEMBERS PRESENT

Councillor Paul Cosham
Councillor David Higgs
Councillor Reginald Howard (Chairman)
Councillor Michael King
Councillor David Nalson

Councillor Helen Powell
Councillor Bob Sampson
Councillor Mrs Judy Smith (Vice-Chairman)
Councillor Adam Stokes
Councillor Frank Turner

OFFICERS

Head of Legal and Democratic Services (Lucy Youles)
Planning Policy and Partnerships Service Manager (Karen Sinclair)
Principal Democracy Officer (Jo Toomey)

37. MEMBERSHIP

The Committee was notified that Councillor Higgs was substituting for Councillor Russell and Councillor Adam Stokes was substituting for Councillor Mrs Kaberry-Brown for this meeting only.

38. DECLARATIONS OF INTEREST

No declarations of interest were made.

39. ACTION NOTES FROM THE MEETING HELD ON 29 NOVEMBER 2011

The action notes from the meeting held on 29 November 2011 were noted subject to the following amendments:

- Page 4, minute no. 32 – that the fifth bullet point be amended from “The shared service did not make a profit” to “the shared service recorded cashable savings for each authority, rather than profit.”
- Page 5 – minute no. 32 – that the penultimate line be amended to read: “Procurement Lincolnshire provided other benefits that could not be identified through contract costs...”

40. S.106 AGREEMENTS / COMMUNITY INFRASTRUCTURE LEVY

The Planning Policy and Partnerships Service Manager gave a presentation on Section 106 Agreements and Community Infrastructure Levy (CIL). She explained that S.106 Agreements were a legally binding agreement between the Council and any landowners with an interest in a site. There were three legal tests that needed satisfying before an Agreement was entered into.

The Committee was advised that S.106 Agreements were designed to mitigate the impact of development (both to infrastructure and amenity) in its immediate locality. Sometimes contributions could be sought for more strategic purposes. Ms Sinclair informed the Committee there were approximately 150 live S.106 Agreements and summarised the purposes for which contributions were requested.

Developments would need to reach specified trigger points before payments were due. The level of contributions received from developers since 2009 and their breakdown was provided; this included money paid by developers for affordable housing when a contribution was paid instead of the houses being built .

The Community Infrastructure Levy was a new mechanism for collecting developer contributions. It was not mandatory, however, significant changes were expected to S.106 Agreements meaning local authorities were likely to choose to introduce it. CIL could be spent over a wider area than S.106 monies. Consultation on two additional CIL elements (affordable housing and apportioning a percentage of the CIL to neighbourhoods for them to determine how it should be spent) closed in December 2011. No update had been received since the consultation deadline.

Authorities might choose to introduce CILs because of restrictions on pooling that were being applied to S.106 monies. It applied to all developments, not just residential, with the exception of buildings that people entered intermittently.

The levy was based on a charge per metre-squared of additional floor space over 100m². This was normally paid in cash but could be paid through the transfer of land and buildings. Payment of CIL becomes due when a development commences, however the Council could agree to receive payment in instalments. CIL would cover revenue and capital costs for the infrastructure required to serve a new development. It could not be used to pay for remedial action combating pre-existing service deficiencies.

District councils would be required to produce a list of infrastructure projects it proposed should be funded by CIL and an annual report on CIL collection and spending. Calculating what the CIL rate would be needed basing on the cost of infrastructure development across the area and project viability. CILs could vary based on the type of the type of development and/or area. There was a

requirement that proposed rates were consulted on and independently examined before they were introduced.

Discussion ensued on CILs and S.106 Agreements. Councillors asked whether existing S.106 Agreements would be honoured after CILs were introduced; they would.

Concern was expressed over the proposal to include affordable housing provision within the CIL. Councillors felt it was more appropriate that developers deliver affordable housing as part of integrated developments rather than making a financial contribution for the Council to commission a Registered Social Landlord. While there was no update from the national consultation, it was hoped that if affordable housing was incorporated into CILs, provision would remain within S.106 arrangements for the Council to argue for site specific mitigation and request that the developer include affordable housing within their development proposal.

11:19-11:35 *Meeting adjourned*

41. PROCUREMENT REPORT UPDATE

The Chairman reported that a working group would be convened to consider the draft report produced on behalf of the committee by Councillor King. Councillor King was thanked for the work he had done on the report.

42. LOCALISM AND SCRUTINY

The Principal Democracy gave a presentation summarising the impact of the government's localism agenda on scrutiny through three key pieces of legislation: the Localism Act, the Police Reform and Social Responsibility Act and the Health and Social Care Bill. Broad implications from the legislation were:

- Emphasising the importance of partnership working in the delivery of public services
- The way scrutiny deals with issues across a local area would need harmonising
- Scrutiny may carry out more joint work
- Scrutiny had a key role in allowing councils to drive local improvement

Localism Act:

Scrutiny provisions were expected to formally commence in April 2012. Key provisions included greater opportunities for scrutiny committees to scrutinise partners delivering projects on behalf of local authorities. This was further bolstered by the removal of the requirement for Councillor Calls for Action to address only "local government matters". Councils would have the opportunity to change their governance structures. Increasing powers and a stronger

regulatory role for tenant scrutiny could provide opportunities for local government scrutiny committee to integrate its work more with these panels. Local people would also be able to directly influence policy and the delivery of services through neighbourhood planning and the “community right to challenge”.

Police Reform and Social Responsibility Act

District councils would retain the statutory role to scrutinise community safety partnerships, however, this could be complicated because of the countywide commissioning role of the Police and Crime Commissioner. The Police and Crime Commissioner would be held to account by the Police and Crime Panel, which could draw on local community safety scrutiny investigations to inform its scrutiny of the Police and Crime Plan. The Home Office had yet to produce regulations regarding Police and Crime Panels.

Health and Social Care Bill

The Bill was expected to receive royal assent in 2012. Powers would rest with the county authority, rather than a joint overview and scrutiny committee. They would have the power to steer healthcare, social care and public health policy through health and wellbeing boards.

Committee members discussed opportunities for returning to the Committee system. The Head of Legal and Democratic Services advised Councillors that the Council had appointed the Leader for a period of 4 years from its previous annual general meeting. Guidance on making changes to government structures and reversing these resolutions was not available.

Councillors identified that legislation gave an opportunities for scrutiny to be more proactive in its work and suggested it could provide greater opportunities to complement the work of the Cabinet.

43. SOUTH ROAD, BOURNE

Exclusion of the Public

In accordance with Section 100A(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting because of the likelihood, in view of the nature of the business to be transacted, that if members of the public were present, there would be a disclosure to them of exempt information as defined in paragraph 3 of schedule 12A of the Act (as amended).

A Scrutiny Committee member asked a number of questions relating to the sale of land at South Road, Bourne. Following extensive discussions between Planning and LCC Highways, a non-key decision was made in October 2010, AFM170, to dispose of the land in accordance with s.123 of the local

government act 1972 to obtain the best price reasonably obtainable. Best price could only be achieved by selling on the open market unfettered.

44. WORK PROGRAMME

Several Committee members had visited the CCTV control before the meeting. They complimented the arrangements and the dedication of the staff. They also commented on the high quality images the cameras captured.

45. REPRESENTATIVES ON OUTSIDE BODIES

Councillor Mrs Smith updated the Committee that the Elsea Park Community Trust hoped the community centre would shortly be opened and in use.

46. CLOSE OF MEETING

The meeting was closed at 12:24pm.

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Scrutiny of Procurement Lincolnshire

Report of Scrutiny Committee to South Kesteven District Council's Cabinet

Summary of Conclusions and Recommendations

1. The importance of procurement is only likely to increase in the future as local authorities generally move further in the direction of becoming contracting out bodies. It is clear that Procurement Lincolnshire has been a big success and should continue to be; however care needs to be taken with its pre-occupation about headlining its 'savings'. We **recommend** that the Lincolnshire Procurement Advisory Board requires Procurement Lincolnshire to set out clearly the definition of its reported 'cashable savings' to its partner local authorities and to use this definition in all reports. We suggest that the definition of present practice should be along the lines of:

'savings achieved or expected to be achieved by all current contracts (or the latest contracts to be let) compared with the costs of the previous comparable contracts'

Whilst such a definition might not mean a lot to the man in the street (or the members of Lincolnshire District authorities) it is important that in its absence people are not misled into thinking that the savings are only over the previous situation without Procurement Lincolnshire.

2. We **recommend** that Procurement Lincolnshire, with the co-operation of the Procurement Advisory Board and the Lincolnshire Finance Officers Association should investigate additional ways of measuring success apart from annual cashable savings. In the medium-term cumulative savings may be a better measure. We expect that annual cashable savings in the medium term will peak and decline as Procurement Lincolnshire comes to its second phase of procurement on contracts (as a result of making the biggest saving the first time around). This pattern could be built into forecasts. When this future point is reached, which will not indicate failure, it will be important that partners do not just view annual savings compared with annual costs – both the cumulative savings (currently £9million countywide) must be borne in mind and the protection of these by Procurement Lincolnshire.

3. We note that annual cashable savings reported by Procurement Lincolnshire, even though they are after a year-end, are frequently estimates rather than actuals. The consequence is that different figures appear in different reports and the County total for 2010/11 has a variation of over £1million between reports. This leads to three **recommendations** for the Procurement Advisory Board and Lincolnshire Finance Officers Association to consider with Procurement Lincolnshire. The first is that it should always be stated whether a figure is an estimate or an actual. The second is that there should be a cut-off date after a year end at which actual figures are reported and not changed thereafter. The third is that having both cashable savings that are estimated (even if not stated as such) **and** target savings leads to confusion and a situation which needs resolving (see recommendation 5 , below)
4. We **recommend** that the apparent anomaly of the savings recording system not recording any increases in contract prices (but only savings) should be addressed by Procurement Lincolnshire, the Procurement Advisory Board and the Lincolnshire Finance Officers Association, as this situation spoils the integrity of the system.
5. We endorse the conclusion of the Joint Lincolnshire Scrutiny Panel that the declared targets of Procurement Lincolnshire are meaningless. We agree with its recommendation that savings targets should be based on the previous year's results. These targets should not be lower than the estimated projection of savings from existing contracts (as they are at present). The forward programme of contracts to be procured should inform the uplift to be targeted over and above the forecast savings from existing contracts. We **recommend** that Procurement Lincolnshire or its management body (Procurement Advisory Board) produce a report on this for approval by the management body.
6. We **recommend** to SKDC (Cabinet and full Council) that full advantage is taken of collaborative procurement with other districts as recommended by Procurement Lincolnshire. We found no evidence of officers at SKDC dragging their feet on co-operation with Procurement Lincolnshire in broadening its scope as reported in a non-specific way in its 2010/11 annual report.
7. We note that Recommendation 2 of the Joint Lincolnshire Scrutiny Panel is that its final report should be circulated to *"the relevant scrutiny committee at each of the partner authorities."* We understand that this report was considered by the

Lincolnshire Leaders and Chief Executives Group in July 2011 but it was not received by SKDC Scrutiny Committee until November 2011 and only then after several requests. We **recommend** that future scrutiny reports are circulated promptly.

8. We regret that the recommendation of the Joint Lincolnshire Scrutiny Panel in its report to change the governance arrangements for Procurement Lincolnshire to a simpler structure and a body comprising only elected members (with officer support) rather than also officers has apparently not been implemented. We were going to **recommend** that SKDC was given the opportunity to have councillor representation on this new body. We understand that the only governance change brought about to date is that the chairman of the Procurement Advisory Board has been made accountable to the Lincolnshire Councils' Joint Leaders and Chief Executives. We observe that therefore there are only three elected members on the Procurement Advisory Board. We consider this unfortunate and **recommend** that the members of the Joint Lincolnshire Scrutiny Panel are appraised of this situation (notwithstanding its disbandment) and that the Procurement Advisory Board and the Joint Leaders and Chief Executives are invited to explain why the original recommendation of the Joint Lincolnshire Scrutiny Panel for a simpler single governance body has not been followed through.

Purpose of this report

This report is the result of a high level scrutiny review by South Kesteven District Council's (SKDC's) Scrutiny Committee (The Committee) into the level of success and value for money of Procurement Lincolnshire (PL) since its establishment in 2008/9.

The report is based upon the following information only:

- A presentation by PL to the Committee on 27 September 2011
- The Review of Procurement Lincolnshire Final Report April 2011 by the Joint Lincolnshire Scrutiny Panel (JLSP), upon which there is district as well as county council member representation , but no representation of SKDC
- The 2010/11 Annual Report/Summary of Three Year Review by PL
- Questioning of SKDC officers at The Committee's meeting on 29 November 2011
- Interviews with Richard Wyles, Chief Financial Officer of SKDC and Alina Hackney , PL
- The PL spreadsheet used for calculating savings

- The PL Partner Liaison Quarterly Review report for SKDC 19 December 2011

Essential Facts

The Committee notes the following essential facts:

- PL was set up by Lincolnshire County Council and the seven Lincolnshire district councils to provide a central procurement service for all appropriate procuring and purchasing of works, goods and services utilising economies of scale and expertise.
- PL was established in April 2008, so it has completed three years of operation and is now well through its fourth year. The first year, however can properly be regarded as a start-up year.
- PL had an establishment of 26.5 officers as at July 2011, with two posts vacant (source: 2010/11 Annual Report), although we understand that 8.5 of these are funded directly by the County Council rather than through joint arrangements
- PL reports £9,007,000 of cumulative 'cashable savings' to the County Council and seven district councils as at July 2011 with £4,125,000 of this being in 2010/11 (2010/11 Annual Report)
- PL reports £370,000 of cumulative 'cashable savings' for SKDC of which £198,000 was in 2010/11 (dated as at 05/07/2011 in the 2010/11 Annual Report).
- The current charge to SKDC is £35,000 based on a flat fee element for each district of £15,000 with the remainder based on forecast annual savings over the first five years.
- PL is not a 'tender factory' and advises on whether tendering is the best or only form of procurement, it advises on how the districts might purchase smaller items themselves (for example through Procurement Cards) and transfers knowledge to district officers on the whole procurement legislative background. It also helps with tender evaluation and forms of contract, bearing in mind that as it is not a legal entity it will always be one of the eight partner authorities that lets the contract.
- PL also has a major role in training local contractors about tendering procedures.

Reported Savings

We observe that the amount of cashable savings reported seems to vary between reports. In the PL 2010/11 Annual Report the 2010/11 savings for South Kesteven are stated as £197,615 as at 05/07/2011 whereas in the more recent (December 2011) PL Partner Liaison Quarterly Review report for South Kesteven they are stated as £183,599. The comparable County figures are given as £4,125,170 and £3,129,220, which is a rather greater discrepancy. We believe that even if the explanation is that one figure is an estimate and the other a later estimate or an 'actual' this should be clearly stated and there should be an agreed date at which actual figures are finalised.

The report of the Joint Lincolnshire Scrutiny Panel (JLSP), the 2010/11 PL Annual Report and the presentation to The Committee by PL have all focused heavily on the savings claimed by PL. However none of them explain the definition these savings.

From the start of this review we have asked ourselves the question 'savings compared with what?' You cannot have savings unless the new expenditure is compared with a clear definition of previous expenditure (the 'after' and 'before'). It must be obvious what the new level of expenditure is (although exact figures cannot be finalised until after the end of a financial year) but the 'before' expenditure definition is missing. Indeed when the JLSP wrote its report we believe it did not have any clear understanding of this either, or failed to see that it was an issue, focusing instead on savings targets being 'not ambitious enough' (we cover this matter later).

This lack of clarity of 'savings compared with what' is a pertinent matter given the scale of the savings being claimed by PL – over the three years £9m across all the local authorities and £370,000 in South Kesteven.

The reader might suppose that the savings being claimed are the savings that PL has brought about compared with what would have happened without it. However our investigations have revealed that this is not the case and that the definition would seem to be **'savings achieved or expected to be achieved by all current contracts (or the latest contracts to be let) compared with the costs of the previous comparable contracts'**. The previous comparable contracts can be either those tendered by the individual authorities or by PL, so clearly as time moves on, if the same definition is used savings can be expected to diminish substantially as current PL tendered contracts are compared with previous PL tendered contracts (rather than with local authority tendered ones).¹

At present in South Kesteven only some contracts have been re-tendered by PL or with PL's help since 2008, for example housing capital contracts. Many of the larger revenue contracts remain to be re-tendered by PL because they run for periods of five or seven years so have not come up for re-tendering yet. At present being tendered is the vehicle fleet contract; scheduled for 2012 is the audit contract; for 2013 the grounds maintenance and insurance contracts and for 2015 the leisure contract. PL's success demonstrates that as these contracts come up for re-tendering by PL substantial savings are likely to be made, at least for the first time for each because of the economies of scale (sometimes two or more districts can be joined together) and the specialist expertise of PL staff. However logically we can expect far less savings when contracts are tendered by PL for the second time, because the expertise has already been applied the first time. This expected peaking of annual savings is not likely to happen before the medium term because for some time there will be more procurement for the first time than for the second time (several major services are still to be procured by PL for the first time – see SKDC examples, above).

Within the scope of this review it has not been possible for us to predict accurately when savings, as we have defined them, will peak, as this depends upon a complex web of contracts across the eight authorities with different expiry years but this could be calculated by PL itself and our best guess would be in four to five years time. One way of looking at this is that an exceptional performance by PL in a first re-tendering may be hard to beat in a second re-tendering.

When annual savings decline, possibly eventually to a level below annual running costs it will be necessary for PL to have alternative success measures than annual savings. Return on Investment (ROI) is another current measure calculated by dividing the annual 'cashable savings' for each partner by its annual financial charge) but will also be unhelpful when this point is reached as it will decline and possibly even go negative. 'Cumulative savings' on the other hand will be likely to be of key importance because PL will always carry forward its built-up success and no doubt, without PL's present activity, there would be erosion of the savings it has already achieved which would represent real extra costs to the partner authorities.

Of course while this process of accelerating and then peaking savings is going on, there will be natural market forces in play which will tend to make contracts either more or less costly. It is evident that in the early years the expertise and economies of scale applied by PL have very much outweighed such forces but after the expertise has been applied once they might have a more significant bearing.

Our comments are directed very much at the way in which performance is measured by PL and should not in any way be taken as a criticism of the concept of PL. The people we have talked to have also suggested that another way should be found of measuring PL's performance than the current single claims of (undefined) savings. We have no specific proposals for this but it should be investigated. The first step however is for the savings to be defined along the lines we have suggested so that they are not misleading.

Of course concentrating on cumulative savings, which PL already measures along with annual savings, will be likely to justify PL's existence for a long time even when annual savings fall off (paradoxically due to the very success of the organisation).

A full economic appraisal of PL, along Treasury Green Book lines, would look at the 'counter-factual' case or what would have happened anyway without PL. It is possible that the eight authorities might have made some of their own savings due to some (but more limited) expertise, collaboration and market factors but this scenario would be almost impossible to simulate. One way of looking at this hypothetical counter factual case would be to say that if the 28 staff working for PL were to be allotted to the eight authorities instead they would have 3 to 4 procurement specialists each, which is probably more than they would have had prior to PL – they could therefore expect to achieve some savings themselves. However this ignores the undoubted ability that PL has, with its critical mass, of attracting the best

procurement staff. It is also evident that with PL in operation the time of senior officers at South Kesteven and the other partner authorities is freed up for other activities including contract management.

The 'cashable' savings incurred by PL are rightly held to justify its costs. We do not know the cost of PL's 28 staff posts but logically it is far less than the £9m 'saved' over the first three years. The charges to the individual partner authorities look to be extremely good value for money when compared with the savings made (this is the Return on Investment). South Kesteven paid only £35,000 into PL per annum, in return for £183,000/£198,000 of savings in 2010/11. Even one procurement expert at SKDC would have cost at least £50,000 gross.

So at present there is no concern about the running cost of PL (largely staff costs) as it is more than justified by the 'cashable savings'. When the point is reached in the medium term that PL is no longer making major additional savings year on year (but is still achieving best value) not only might the performance measure need to change but also there is likely to be increased focus on running costs as these could begin to exceed year on year savings and become real costs requiring funding from other budgets (this is not to say that PL will become of less worth, it is just that most of its saving will be historic and must be maintained).

The Annual Report and Three Year Review states that 'savings are captured using a recording method which has been agreed with partners'. A spreadsheet model is used for this purpose (the Efficiency Savings Calculation Sheet). The crucial input to this model seems to us to be the 'Baseline Cost' (this is what we have previously referred to as the 'existing cost' of the contract) because the 'New Cost' is more factual. There is some good advice on ensuring that these two figures are comparable but the entries are left to an array of officers in the eight authorities and would naturally be subject to human variation. An audit of these entries would therefore be a good idea. The fact that chief financial officers sign these entries off does not mean that they are necessarily consistent across the County.

The savings data collection system (via the spreadsheet) is run by the Lincolnshire Finance Officers Association (LFOA) rather than PL itself. This body is due to meet in February 2012 to consider priorities for PL for the next 3 years and no doubt will take into account both the JLSP report and this report. One additional observation we have made on the method for collecting savings data is that we could not see, at individual contract level a single case of an increase in cost (or negative saving). One would naturally expect to see just one or two occurrences of this but on enquiring we were told that only cost savings are measured, not cost increases (in line with National Indicator 179, on Value for Money). This does seem bizarre and seems to counteract the integrity of the system.

We note that percentage confidence levels are used 'in year' to indicate the accuracy of estimates of 'cashable savings' based on 'running' contracts but these are not applied mathematically as probabilities to any of the forecasts.

Target Savings

Our brief review has not shed any light on how 'target savings' are set. We note that the JLSP said at its Recommendation No 5:

"The Group believes that the original savings targets set for Procurement Lincolnshire were not sufficiently ambitious and support the setting of more challenging but realistic targets in future. It is also recommended that the savings targets are set on an annual basis to take in to account recent performance and prevailing economic conditions."

We would agree with this sentiment although we believe it skips over the practicalities. First it skips over the whole matter of how savings are defined (see above). Second it skips over how savings targets are set. Both the Annual Report and Quarterly Review and their graphs shown to us by SKDC and PL officers continue to compare 'cashable' savings with target savings and whilst we have made recommendations about tightening up the definition of 'cashable' savings and being prepared for them to decline in the medium term we remain puzzled about how target savings can be set consistently and methodically, without being largely subjective. It seems that the JLSP was not impressed by previous target savings being greatly exceeded, perhaps to paint PL in an even better light. We agree that these targets have appeared to be meaningless. Do we really need to compare new costs with some concept of target costs as well as with existing or previous costs? How can such targets be rationally set when savings are largely a result of the complex set pattern of contract renewal by partner authorities?

The need for target savings appears to diminish when it is understood that 'cashable' savings (or actual savings) are also forecast by PL for several years ahead. In the Quarterly Review 'cashable' savings are forecast up to seven years ahead (further ahead than the spurious target savings). This forecast shows SKDC's 'cashable' savings increasing annually from £285,000 in 2011/12 to £373,000 in 2013/14, then dropping off slightly to £312,000 in 2014/15 and down to £82,000 in 2015/16 (see Appendix 1 which is taken from the Partner Liaison Quarterly Review December 2011). These forecasts are purely an analysis of contracts already running and their expenditure in all the years of their duration – this is not just factual information as many contracts whilst having fixed rates do not have fixed quantities that these rates are applied to. To take the JLSP's recommendation No 5, targets based on "recent performance" might be based on the forecast cashable savings plus a percentage uplift, say 10% or 20% (the percentages would need to reflect the number of new first time PL procurements expected in the next year, information which PL is now in an advanced state of obtaining from the Districts).

To interpret the JLSP's recommendation more simply, annual performance could (and can now) be measured simply by comparing the amount of savings made in one year compared

with previous years. Targets on this basis might be developed but they would need to relate to the complex web of the progression of first and second let contracts going through the system and reflect the fact that big savings will be less likely when all contracts have at least once been procured by PL.

Co-operation/Collaboration

PL's Summary of the Three Year Review states at page 13 in "Key Points" that:

"In order to accelerate the pace of savings delivery, there needs to be greater uptake of collaborative procurement. Accountability for savings delivery should ideally be jointly owned by partners and PL. Savings delivery cannot be achieved by PL in isolation – success requires the full cooperation and involvement of partner authorities."

We do not know what hidden message there might be in this key point nor whether it is evident in the full review but would point out that the pattern by which South Kesteven contracts, at least, come up for re-procurement by PL is largely dictated by their set expiry date (and we have already pointed out that revenue contracts can run for 5 or 7 years). It is therefore hard to accelerate the pace of retendering. That accountability for savings delivery should be "jointly owned" is an admirable objective in a partnership but the actual improvements are primarily the job of PL; that "success requires the full cooperation and involvement of partner authorities" seems obvious – does this mean that PL thinks that more procurement should come its way? Our brief investigation at SKDC only, points towards both it not being easy for large contracts to be re-procured by PL any faster and it not being sensible for smaller scale purchasing to be conducted centrally (thus remaining with the district authorities).

On page 14, the Summary states that "There is largely strong support for PL at senior levels (at the partner authorities) but that "support can sometimes become diluted at the Head of Service level and below". It goes on to say "Some officers still perceive PL as a threat to their decision making authority or status – this is recognised and needs to be managed jointly". We can only say that our brief investigation at South Kesteven District Council shows nothing but support for PL amongst officers.

Our interview with PL officers reveals that by "collaborative procurement" refers especially to joint procurement between districts which has clear potential for savings due to economy of scale. A single contract can be arranged with staggered start dates so districts' contract periods being out of line is not necessarily a reason for not partaking in such collaboration. An example was given to us of a framework contract for a single district, housing in North Kesteven, which could be applied also to other districts – including possibly SKDC.

PL have pointed out to us that sufficient data to fully explore such inter-district collaboration has only been available since summer 2011 so it can be expected that further advances and savings will now be made in this manner.

Training

PL, in addition to providing tendering training for local businesses, which is very well praised by Lincolnshire Chamber of Commerce (see 2010/11 Annual Report) also provides extensive training to the officers of the district council partners. In 2010 there were over 300 attendees at 27 training sessions. This has covered specification writing and contract and supplier relationship management as well as electronic tendering so helps partner staff in the wider business of out-sourcing as well as the changing legislative environment to procurement. Some 40 officers from SKDC have attended these sessions so dissemination is down to middle management level and below. Feedback from lead officers at SKDC is favourable.

Administration

We note that Recommendation 2 of the JLSP is that its final report should be circulated to “the relevant scrutiny committee at each of the partner authorities”. We would point out that the report, produced in April 2011 did not reach members of SKDC’s Scrutiny Committee in this way and SKDC officers on behalf of The Committee had to ask for the report more than once before it finally arrived with Scrutiny Committee in November 2011.

Governance

We welcomed the recommendation of the Joint Lincolnshire Scrutiny Panel in its report to change the governance arrangements for Procurement Lincolnshire to a simpler structure and a body comprising only elected members (with officer support) rather than finance officers as at the time (The Lincolnshire Finance Officers Association). We were going to propose that SKDC was given the opportunity to have councillor representation on this new body. However we note that this proposal has apparently fallen by the wayside and that the previous governance structure lives on with Procurement Lincolnshire still being managed by the Procurement Advisory Board jointly with the Lincolnshire Finance Officers Association. The only change seems to be that in July 2011 it was agreed that the chairman of the Procurement Advisory Board would be held accountable to the Lincolnshire Councils Joint Chief Executives and Leaders. We observe that this means that there are only still three elected members on the Procurement Advisory Board. We consider this unfortunate and believe that the members of the Joint Lincolnshire Scrutiny Panel should be appraised of this situation (notwithstanding its disbandment) and that the Procurement Advisory Board and Chief Executives should be invited to explain why the original recommendation of the Scrutiny Panel have apparently been ignored.

1 February 2012

Note

¹ This explanation is complicated somewhat by the fact that the glossary to the PL savings calculation spreadsheet also allows the baseline comparison to be simply the contract prices in 2007/8 instead of the previous prices. Whilst these could amount to the same thing this advice to partner authorities causes some confusion as it is not clear whether the 2007/8 figures are an option or simply a default. Advice in this respect needs clarifying so that there is a simple understanding of the definition of 'cashable savings' recorded by PL that members of the partner authorities and the public can understand and so that the reported results are on a consistent basis. The fact that this advice refers to National Indicator 179 on Value for Money, does not in itself mean that it is helpful.

Scrutiny Committee Briefing Note

Topic: Police Reform and Social Responsibility Act: Update

Date: 21 February 2012

Introduction

Police and Crime Commissioners will be elected for every police force area in England and Wales on 15 November 2012. They will take up office a week later (22 November 2012) and have responsibility for:

- Appointing the Chief Constable and holding them to account
- Setting a 5-year Police and Crime Plan
- Setting the police precept and police force budget
- Making grants to organisations to deliver local community safety priorities

Legislation

A number of statutory instruments relating to the legislation were laid before Parliament in 2011. These enabled London to change arrangements ahead of elections across the rest of England and Wales. In 2012, further secondary legislation will be tabled, this includes:

- The process for nomination and appoint of local authority members to police and crime panels
- The process for the Home Secretary to establish police and crime panels where local authorities have failed to nominate or appoint members
- Regulations setting out the process for the setting of precepts in the event of a veto by the police and crime panel
- An order setting out the rules of conduct for the election of Police and Crime Commissioners
- Regulations and orders dealing with the functions, expenses, etc. of returning officers in Police and Crime Commissioner elections
- An order excepting the election of Police and Crime Commissioners from certain provisions of the Rehabilitation of Offenders Act 1974
- An order designating Police and Crime Commissioners as crown servants for the purposes of the Official Secrets Act 1989

Funding arrangements

Commissioners will have a remit to cut crime and will have commissioning powers and funding to enable them to do this. Commissioners can award grant funding to any organisation or body that will support their community safety priorities. Commissioners will also be free to pool funding with local partners.

Partnership working

The Police Reform and Social Responsibility Act provides a framework for partnership working between the Commissioner and community safety partners. The community safety duty specifies that a Commissioner must “in exercising its functions, have regard to the relevant priorities of each responsibility authority” [those named in the Crime and Disorder Act 1998]. Partners must work together to exercise functions conferred by the 1998 Act. The Commissioners will have the power to require a report from the responsible authorities on an issue of concern. This power previously sat with the Home Secretary. The duty would also provide the Commissioner with the power to amalgamate community safety partnerships.

The Commissioner would also be subject to a criminal justice duty, which states the Commissioner and criminal justice bodies (those that currently constitute Local Criminal Justice Boards) in the police area “must make arrangements (so far as it is appropriate to do so) for the exercise of functions so as to provide an efficient and effective criminal justice system for the police area.”

Timeline

November 2011	Protocol Order laid in Parliament and Shadow Strategic Policing Requirement Issued
16 January 2012	Financial Management Code of Practice laid in Parliament
Jan-Mar 2012	Partner engagement events
Jan/Feb 2012	Home Secretary writes to Local Authorities inviting them to establish Police and Crime Panels
February 2012	Regulations laid detailing powers of veto, information requirements and establishing Police and Crime Panels
March 2012	Electoral Commission guidance to candidates and returning officers
April 2012	PCP guidance including non-criminal complaints
July 2012	Deadline for local authorities to establish their own PCP
Summer 2012	Statutory Strategic Policing Requirement issued
October 2012	Last point candidates can declare
1 November 2012	Deadline for PCPs being in place
15 November 2012	Elections of PCCs
22 November 2012	PCCs take office
December 2012	Provisional Police Grant Report 2013-14 to be laid in Parliament
March 2013	Deadline for agreement of PCCs Police and Crime Plan

Getting ready for the Police and Crime Commissioner: Opportunities

Documents produced by the Home Office identify the ways local authorities can prepare the introduction of the local Police and Crime Commissioner.

- Begin early discussions with partners about the changes, seeking views and agreeing how best processes can work
- Evaluate partnership working arrangements and the need and scope for simplification or clarification
- Consider current partnership priorities and the potential involvement and interests of the Commissioner
- Gather an evidence base and value for money of current programmes to support Commissioner investment decisions
- Understand how the arrival of the Commissioner may affect your current programme and funding arrangements
- Discuss how you could support commissioning across partnerships and agencies, or across the police force area
- Consider how you can help Commissioners understand the needs of local people using existing engagement mechanisms

Agenda Item 10

SCRUTINY COMMITTEE WORK PROGRAMME

Date	Item	Outcome/recommendations
30.08.11	Performance Q4 – quality organisation	<p>Members identified those services with the greatest number of complaints and compliments were those with most public contact.</p> <p>Members recognised the importance of this theme to ensure the Council delivered a high quality service</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Future information should be presented in a format that would allow Councillors to compare progress year-on-year and show direction of travel • Include commentary to explain the context of any graphs
30.08.11	Police Reform and Social Responsibility Bill	<p>Presentation given by Community Safety and Licensing Service Manager</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Invite rep from police authority/CSP Chairman to future meeting • Invite area Chief Inspector to future meeting
27.09.11	Procurement Lincolnshire	<p>Presentation from Procurement Lincolnshire</p> <p>Background papers circulated:</p> <ul style="list-style-type: none"> • Scrutiny review: Lincolnshire County Council • Procurement Lincolnshire Annual Report • Procurement Lincolnshire structure chart <p>Recommendations:</p> <ul style="list-style-type: none"> • Invite SKDC rep to talk about procurement and answer questions on 29.11.11
27.09.11	Bourne Community Access Point	Update from the Head of Finance on progress of project with Lincolnshire County Council
27.09.11	Draft annual report	Consider the draft annual report for Council for submission on 20 Oct 2011
29.11.11	Lincolnshire Police Authority	John Atter from Lincolnshire Police Authority invited to talk to the Committee about the role of the police authority and the implementation of the Police Reform and Social Responsibility Act.
29.11.11	Lincolnshire Police	Chief Inspector Housley invited to attend the meeting to provide an update on changes to Lincolnshire Police's structure.
29.11.11	Procurement Lincolnshire	<ul style="list-style-type: none"> • Consideration of circulated background papers. • Questioning SK officers (Head of Finance and Property and Facilities Service Manager)

24.01.12	S.106 Agreements/ Community Infrastructure Levy	The Committee received a presentation on S.106 Agreements and Community infrastructure levy
24.01.12	Procurement Lincolnshire	<p>A working group was convened to discuss the Scrutiny Committee's draft report.</p> <p>The working group considered the report, which contained a number of recommendations. The report was referred to the Scrutiny Committee meeting on 21 February 2012 for formal consideration.</p>
24.01.12	Localism and Scrutiny	A presentation was given on the impact of new legislation on Scrutiny provisions. The presentation looked at the Localism Act, the Police Reform and Social Responsibility Act and the Health and Social Care Bill.
24.01.12	South Road, Bourne	Questions were answered on the use of land at South Road, Bourne relating to its sale and the use of the land.
21.02.12	Procurement Lincolnshire	The Committee considered its draft report on Procurement Lincolnshire.
21.02.12	Police Reform and Social Responsibility Act	An update was given.