

AGENDA



For a meeting of the
SCRUTINY COMMITTEE
to be held on
TUESDAY, 9 APRIL 2013
at
10.00 AM
in
WITHAM ROOM, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM. NG31 6PZ
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 Panel 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. DISCLOSURE OF INTERESTS

Members are asked to disclose any interests in matters for consideration at the meeting.

5. ACTION NOTES FROM THE MEETING HELD ON 19 FEBRUARY 2013

(Enclosure)

6. UPDATES FROM PREVIOUS MEETING

7. FEEDBACK FROM THE EXECUTIVE

8. PROCUREMENT LINCOLNSHIRE

Representatives from Procurement Lincolnshire will attend the meeting to talk about the Committee's Scrutiny Review. **(Enclosure)**

9. REPORTS FROM WORKING GROUPS

The defibrillator working group will provide an update on its progress.

10. WORK PROGRAMME

(Enclosure)

11. REPRESENTATIVES ON OUTSIDE BODIES

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

ACTION NOTES

SCRUTINY COMMITTEE

TUESDAY, 19 FEBRUARY 2013



COMMITTEE MEMBERS PRESENT

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 Frank Turner

OFFICERS

Strategic Director (Tracey Blackwell)
Head of Community Assets (Paul Stokes)
Head of Environmental Services (Mark Taylor)
Head of People, Projects and Performance (Sue Griffiths)
Development Management Service Manager (Pat Reid)
Community Safety and Licensing (Mark Jones)
Community Engagement and Policy Development Officer (Carol Drury)
Principal Democracy Officer (Jo Toomey)
Administrative Assistant for Legal and Democratic Services (Alexandra Jarvis)

2 members of the public

56. COMMENTS FROM MEMBERS OF THE PUBLIC

Two members of the public were present who both put forward questions.

Sue Verel asked for the Council's view on the East Midlands Ambulance Service (EMAS) consultation and whether the Council had requested a hub be based in Grantham to increase health-related employment opportunities. She also asked whether EMAS had been asked to use medical centres as Community Ambulance Points and reinvest savings in new ambulances. The Chairman stated that the question would be circulated to all Committee members who would be invited submit a response, which would be fed back at the Committee's next meeting (9 April 2013).

Michael Worth asked for the date of the meeting at which the Cabinet was due to consider the Wind Energy Supplementary Planning Document; this had been

deferred on a number of occasions. The Schedule of Decisions indicated that the decision was due to be taken on 8 April 2013. Later in the meeting the chairman permitted Mr Worth to ask a second question. He asked whether all pre-application advice given to applicants for planning permission would be recorded and placed on public record and whether there would be a charge to the applicant for pre-application advice. Councillor King agreed to speak to the Development Management Service Manager on behalf of Mr Worth and that a written response would be sent to him.

Action Point:

- ***Committee members to submit their comments regarding the question on EMAS by Monday 25 March 2013 to report back to the Committee at its meeting on 9 April 2013.***
- ***Councillor King to speak to the Development Management Service Manager about questions in relation to pre-planning application advice.***

57. APOLOGIES

An apology for absence was received from Councillor Mrs Smith.

58. DISCLOSURE OF INTERESTS

No interests were disclosed.

59. ACTION NOTES FROM THE MEETING HELD ON 22 JANUARY 2013

The action notes from the meeting held on 22 January 2013 were noted.

60. UPDATES FROM PREVIOUS MEETING

A stakeholder newsletter produced by Peterborough and Stamford Hospitals NHS Foundation Trust on Stamford Hospital Redevelopment was circulated for the information of Committee members.

A brief statement was made in respect of previous discussion on automatic external defibrillators, including their ease of use and the risk of litigation. These issues were agreed at the previous meeting as key lines of enquiry for the working group to investigate.

61. QUARTER 3 PERFORMANCE REPORT: 'KEEP SK CLEAN, GREEN AND HEALTHY' AND 'LEISURE, ARTS AND CULTURE'

The Head of People, Projects and Performance presented the quarter 3 performance report, which had a focus on the Council priorities of 'Keep SK Clean, Green and Healthy' and 'Leisure, Culture and the Arts'. Included with the report was a summary of the council's performance against priority projects

and performance indicators and a summary document which was targeted at members of staff and the public. The Committee agreed that the leaflet was a good tool for staff and the public but felt that the performance information that sat behind it was most useful to the committee in fulfilling its role scrutinising the Council's performance.

Councillors were shown a short film, which highlighted key achievements against corporate priorities in 2012, including: Gravity Fields; improvements in Westgate/Market Place, Grantham; the green waste scheme; Olympic torch relay; well-being week for staff; the Local Authority Mortgage Scheme; Bourne Community Access Point; Bourne Core Area and Grantham Growth Point projects. Several members of the Committee congratulated the staff who had supported the successful delivery of the projects.

The video also included a brief feature on the British Racing Motors (BRM) Day in Bourne. SKDC officers had provided advice on running the event and shared lessons learned from the torch relay. Details of volunteer stewards from the torch relay were shared with organisers and barriers were loaned to them.

Councillors supported the work that was being undertaken to promote the district nationally. It was suggested that the video shown to councillors could be used to help attract people to the district. Officers advised that this external promotion would form part of the Destination SK project.

Some members asked how the success of the Gravity Fields Festival would be measured. They highlighted the importance of assessing the longer term impacts of projects. Officers advised that a full project evaluation for Gravity Fields was being produced; the committee requested that it be presented to them.

Action Point:

That the Gravity Fields project evaluation be included on the agenda for a future meeting of the Scrutiny Committee.

The Development Management Service Manager responded to questions about planning performance indicators on the length of time taken to determine applications. A number of measures to improve performance were discussed, including the scheduling of additional meetings to deal with the backlog.

Mr Reid explained that the previous customer-focused approach had been revised. Applicants were now given deadlines to submit additional information whereas previously they could reply when they wanted. The Development Control Committee received regular reports on applications awaiting determination. Mr Reid reported that the format of this report had been updated to include a precise date on which the application was scheduled to be determined and the reason it was outstanding.

A member spoke about the validation of applications and referred to a previous suggestion that only complete applications should be validated. However it was noted that the Government had begun consultation on an approach that would see the validation of applications at the earliest point possible following submission. Mr Reid responded that while awaiting the outcome of the consultation, the team would keep requesting as much information as possible before validation. He also added that applicants were encouraged to seek pre-application advice from planning officers regardless of the size of the development.

Some discussion ensued on the 'Clean, Green and Healthy' priority. Members were advised that income raised from the green bin scheme had been used to pay for additional street cleaning services. One councillor raised concerns about street-cleaning needs which were a consequence of the night-time economy. The Head of Environmental Services invited feedback on trouble spots to help target resources. Members were encouraged to report any issues to the local area office. The Committee also talked about the number of requests the council had had to remove fly-tipping. They commented that self-reporting via the website was not straightforward and that the facility should be made more easily accessible for members of the public.

Action point:

Supply a breakdown of income from the green waste scheme and how it has been spent to improve the cleanliness of the street scene.

Mr Taylor also talked about the new dry recyclables contract into which the council would enter from August 2013. The new contract included a fixed contamination rate (this was an agreed percentage). The Council would be charged for any contaminated loads above this level. Educational campaigns were planned to reduce the impact of this.

11:13-11:19 – the meeting adjourned

62. CCTV PROVISION

The Community Safety and Licensing Service Manager gave a presentation on the Council's CCTV provision:

- The CCTV control room opened on 18 June 1997 and has since provided a service 24 hours a day, seven days a week.
- The service was run by 10 members of staff and one supervisor. Arrangements were in place to provide cover for unexpected absence.
- All CCTV staff were trained and registered with the Security Industry Authority (SIA).
- Since September 2012 and the closure of the care centre, the service has also delivered the Council's out of hours service.
- The team monitored a range of cameras including town centres, car

parks, highways (on behalf of Lincolnshire County Council) and automatic number plate recognition (on behalf of Lincolnshire Police).

- There were 15 cameras in Stamford, 8 in Bourne, 4 in the Deepings and 32 in Grantham. 8 cameras were also monitored on behalf of North Kesteven District Council.
- All cameras record digital colour images, which meant footage was of a good quality. All images were retained for 28 days.
- Shopwatch and pubwatch radios enabled the team to contact businesses across the district about incidents in their area.
- When operators witnessed an offence in progress, they would inform the police and continue to monitor the situation.
- CCTV had direct contact with local police officers so were able to provide live intelligence. Major incidents were called into the Force control room.
- A feed from CCTV cameras could also be sent to Lincolnshire Police so they could monitor live incidents.
- The Community Safety Partnership had purchased a mobile CCTV unit; this had been gifted to the police and was operated by police offices and police community support officers.
- In 2012 the team reported monitoring approximately 3,500 live incidents which had led to 850 arrests.

Some members asked about the role of CCTV operators in respect of public order offences during the night time economy. Operators would report any offence they witnessed to the police, who would attend if available. The police had powers to issue fixed penalty notices for public order offences.

The service had made a number of savings included absorbing additional work, the re-tendering of the maintenance contract and reviewing and refining the shift patterns. In response to questions from Councillors, Mr Jones stated that Lincolnshire Police made no financial contribution to the provision of CCTV, although a small amount of capital investment had been made. Members suggested as the primary beneficiaries of the service, Lincolnshire Police should be asked to contribute to the running costs. It was suggested that the issue should be raised with the Police and Crime Commissioner through the Police and Crime Panel (chaired by Councillor Wootten) to establish support from other district councils.

Recommendation:

To request Councillor Wootten places an item on the Police and Crime Panel agenda to discuss opportunities for a police contribution to the funding of CCTV.

Mr Jones added that officers from South Kesteven were playing a leading role in assessing the feasibility of having one or two control rooms to provide CCTV cover for the whole county. This was a priority of the Police and Crime Commissioner which was highlighted in the Police and Crime Plan.

The Committee agreed, following the presentation, to disband the working group set up to consider CCTV. Members agreed that the group would be reinstated should any issues arise in the future.

63. WORK PROGRAMME

The work programme was noted.

Action point

In preparation for the meeting on 9 April 2013 at which representatives from Procurement Lincolnshire would be present, officers should provide those representatives with a copy of the recommendations made by the Committee.

64. REPRESENTATIVES ON OUTSIDE BODIES

Councillor Cosham gave a report on a meeting of the Welland and Deepings Internal Drainage Board held on 7 February 2013. He highlighted the additional work undertaken as a result of adverse weather over the Christmas and new year period. The dedication of the staff had been commended. A copy of the agenda and minutes had been placed in the Members' Lounge.

Councillor Mrs Kaberry-Brown gave an overview of recent meetings of the Lincolnshire health scrutiny committee. Key topics included the EMAS 'Being the Best' consultation, the suicide rate in rural areas, alcohol abuse in young people and obesity. Reports from the meeting would be placed in the Members' Lounge.

65. CLOSE OF MEETING

The meeting was closed at 12:20pm.

21 February 2012

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's Cabinet 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 apprised 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.

Agenda Item 10

SCRUTINY COMMITTEE WORK PROGRAMME 2012-15

12 June 2012	Future service provision at Grantham hospital	<i>A special meeting scheduled on 11 July 2012</i>
	Performance - Q4 report	<p>The report included a summary of measures, performance against them and direction of travel</p> <p>The Committee noted in particular, the indicators which related to: long-term sickness absence, fly-tipping, ticket sales for live events, market occupancy in Grantham and the collection of non-domestic rates.</p>
	Procurement Lincolnshire - feedback	<p>Consideration of report by Strategic Director – Corporate Focus which summarised responses to recommendations made in the Committee Scrutiny Review.</p> <p>The Committee asked for clarification of the governance structure and that representatives from Procurement Lincolnshire’s boards attend a future meeting to directly respond to the recommendations made in the Committee’s review.</p>
	Wind energy	<p>A question was received from a member of the public, which Committee members considered.</p> <p>The council was in the process of developing a supplementary planning document.</p> <p>There were concerns that parish clerks had not received consultation documents and the Committee recommended that the process to adopt an SPD should not continue until all parish council were given the opportunity to participate in consultation.</p> <p>The Committee set up a working group to scrutinise the process used to develop the SPD.</p>
11 July 2012	Future service provision at Grantham	<p>Representatives from the South West Lincolnshire Clinical Commissioning Group and Grantham Hospital gave committee members a presentation on the Shaping Health Mid Kesteven, which included information on services at Grantham hospital’s accident and emergency department. They gave a further presentation on the provision of mental health services across Lincolnshire.</p>

		<p>Councillors asked questions of the panel on subjects including: possible reasons for public concerns, service delivery models, ambulance provision, paediatric services, staff recruitment and retention, governance, customer satisfaction, stroke care and consultation.</p> <p>Committee members agreed after the meeting to produce a press release which stated they felt reassured by what they were told. Reference was made to the release in the Grantham Journal on 13 July 2012.</p>
28 August 2012	Performance - Q1 report	<p>The Head of HR, Customer Services and Performance (Sue Griffiths) summarised report number PPMO2, which provided a summary of performance and project progress during the first quarter.</p> <p>The Strategic Director – Development and Growth (Ian Yates) gave a presentation on the progress of work within the Grow the Economy priority.</p>
	Scrutiny Committee annual report 2011/12	<p>The draft annual report was approved for submission to the council meeting on 18 October 2012.</p>
	Stamford and Rutland Hospital Clinical Strategy	<p>The Medical Director for Peterborough and Stamford Hospitals NHS Foundation Trust (John Randall) gave a presentation on the proposed Clinical Strategy for Stamford and Rutland Hospital.</p> <p>Councillors asked questions on the presentation and Mr Randall explained the next stages in producing the proposed Clinical Strategy.</p>
	Procurement Lincolnshire	<p>Representatives from Procurement Lincolnshire presented their 2011/12 annual report.</p> <p>The Committee agreed that the Chief Executive should be asked to facilitate the following</p> <ol style="list-style-type: none"> 1. To take the Scrutiny Committee's recommendations to a meeting of the Procurement Advisory Board and the Strategic Procurement Board for discussion and to make resolutions 2. Request that the chairmen of the Procurement Advisory Board and the Strategic Procurement Board attend a

		future meeting of the Scrutiny Committee to go through their feedback
9 October 2012	East Midlands Ambulance Service Consultation	Resolution agreed: "This committee believes that the principle of reorganisation advocated, based on a system of dispersal, is very sound however there are a number of errors and problems with presentation. Presentation needs to be much clearer (including the feedback form and the maps) if the public is to understand it. The committee also felt that given the principle of dispersal and fast response more information on the number and types of ambulances and investment in them is required. The committee also stressed concerns about catering for major emergencies for example on the A1 road and east coast mainline railway or tourism along the coast in the summer (seasonal adjustment). The Committee expressed concern that consultation sessions may not be available to people who work because of their timings and suggested that additional events should also be scheduled to allow all interested parties to take place in the consultation exercise." Rep to be invited to the next meeting
	Procurement Lincolnshire	The Strategic Director, Corporate Focus explained that the Committee's Scrutiny Review of Procurement Lincolnshire was sent to the Procurement Advisory Board in April/May 2012. The report was resubmitted for consideration by the board at its meeting in September 2012. It was also scheduled that the Procurement Steering Board would consider the report at its meeting in October 2012. The chairmen of both boards had been invited to attend a future meeting of the Scrutiny Committee to present their feedback.
	Relationship between portfolio holders, officers and PDGs	A presentation was given by the Community Engagement and Policy Development Officer and the Principal Democracy Officer. As a result a recommendation was made that the Schedule of Decisions (which replaced the Forward Plan) should cover a 4-month period. The Strategic Director Corporate Services and the Community Engagement and Policy Development Officer were tasked to devise a feedback mechanism. It was also agreed that

		an update would be provided for the Committee in October 2013.
	Ratification of work programme	The Committee ratified the draft work programme and the membership of working groups
27 November 2012	Performance - Q2 report	<p>The Performance Management Officer (Sam Selby) summarised report number PPMO3, which provided a summary of performance and project progress during the second quarter.</p> <p>The Head of Development and Growth summarised work that had been done to improve performance within Development Management.</p> <p>The Head of Housing and Neighbourhoods (Ian Richardson) talked about work around the 'Good Housing for All' priority.</p>
	<p>Grounds maintenance – contract monitoring</p> <p><i>Issue raised by Bourne Town Council and through Resources PDG</i></p>	<p>The Team Leader for Operations from Property and Facilities and the Grounds Maintenance Supervisor outlined the current grounds maintenance contract, which was due to end in 2013.</p> <p>Over the summer officers received reports that there were occasions when the contractor had not performed the cutting of verges within the contract specification. Officers were working on developing a new, more robust and enforceable contract.</p>
	East Midlands Ambulance Service	<p>Three representatives from EMAS attended the meeting:</p> <ul style="list-style-type: none"> • Jon Sargent – Director of Finance • Lynn Rutland – Service Delivery Manager • Greg Cox – Operational Support Manager, Lincolnshire <p>They outlined their 'Being the Best' consultation which proposed changes to the way EMAS operates.</p> <p>Councillors were reassured that the changes would not see a decrease in cover in the district and that the location of Community Ambulance Posts should be based on statistical analysis of possible strategic deployment points. Members were keen that representatives should take advantage of local knowledge.</p> <p>Councillors discussed the proposals and</p>

		asked a number of questions of the representatives who attended.
22 January 2013	Presentation in preparation for first stage report of defibrillator/first aid working group	The Committee considered report number ENV578 which provided background information on first aid legislation, LIVES and defibrillators. The Committee identified key lines of enquiry for the working group to investigate and on which to report back.
	Member training	Summary of feedback of Councillor training programme run after 2011 election
	Representatives on Outside Bodies	<p>The working group presented a draft form designed to assist members who represent the council on outside bodies in reporting back.</p> <p>The Committee recommended that the draft form be presented to the annual Council meeting on 18 April 2013 with the report requesting the council make annual appointments.</p>
	Update on relationship between Cabinet, officers and PDGs	<p>The Community Engagement and Policy Development officer gave an update on the communication mechanisms introduced to improve the effectiveness of the policy development groups.</p> <p>The Committee recommended three-monthly updates for a year.</p>
19 February 2013	Performance - Q3 report	<p>The quarter 3 performance report was presented which provided a summary of performance and project progress during the reporting period. It concentrated on the priority themes: 'Keep SK Clean, Green and Healthy' and 'Promote Leisure, Arts and Culture'.</p> <p>An update was given on performance within the Development Management Team. Councillor asked about feedback from the Gravity Fields Festival and requested that the evaluation of the festival (including short-term and long-term gains) be included on a future agenda.</p> <p>There was also discussion about the cleanliness of the street scene within town centres and the funding of work by monies collected through the green waste scheme. Councillors asked for a breakdown showing the use of the funding in creating cleaner town centres.</p>
	Presentation on CCTV to scope	The Community Safety and Licensing Service

	purview of CCTV working group	<p>Manager gave a presentation on CCTV. He told the committee about the equipment, the different types of cameras the team monitored and additional services provided by the team including Shopwatch and Pubwatch schemes as well as the Council's out of hours telephone service.</p> <p>Committee members identified the key beneficiaries of CCTV as the police and felt strongly that they should make a financial contribution for the running of the service. The committee asked Councillor Wootten as chairman of the Lincolnshire Police and Crime Panel to put an item on the agenda of a future meeting to gauge support from other districts and consider putting forward a collective request.</p>
9 April 2013	Procurement Lincolnshire	Manjeet Gill, Alan Thomas and Sharon Cuff will attend the meeting and answer the Committee's questions on procurement Lincolnshire on behalf of the strategic and steering boards.
	Interim report of the defibrillator working group	Date for final report pushed back to allow continued investigation.
June 2013	Performance – Q4 report	
	Impact of the self-financing of the HRA	
	Final report of the defibrillator working group	
August 2013	Performance – Q1 report	
	Gravity Fields - evaluation	
October 2013	Update on relationship between Cabinet, officers and PDGs	
November 2013	Performance – Q2 report	
February 2014	Performance – Q3 report	

April 2014	Improving Broadband in rural areas	Review work undertaken by onLincolnshire
June 2014	Performance – Q4 report	
	Conclusion of work on Member Development	
August 2014	Performance – Q1 report	
October 2014		
November 2014	Performance – Q2 report	
January 2015		
February 2015	Performance – Q3 report	
April 2015		

Specific topics from the housing programme of work and items relating to planning matters will be programmed in as they emerge

Working Group Membership

Working Group	Members
Defibrillator/First Aid Working Group	Councillor Paul Cosham Councillor Mrs Rosemary Kaberry-Brown Councillor Mrs Judy Smith
Planning matters	Councillor Helen Powell Councillor Paul Cosham Councillor Alan Davidson Councillor David Nalson
CCTV working group DISBANDED	Councillor Helen Powell Councillor Alan Davidson Councillor Reg Howard
Representatives on Outside Bodies Working Group COMPLETED. REPORTED TO COMMITTEE ON 22/01/13	Councillor Michael King Councillor Bob Sampson