



## **POLICY AND RESOURCES SCRUTINY COMMITTEE**

### **MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON TUESDAY, 20TH JULY 2010 AT 5.15 PM**

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**PRESENT:**

Councillor J. Taylor - Chairman  
Councillor Mrs M.E. Sargent - Vice Chairman

**Councillors:**

H.A. Andrews, L. Binding, Mrs A. Blackman, D. Bolter, J.B. Criddle, D.T. Davies, L. Hughes,  
Mrs V. Jenkins, G. Jones, K.V. Reynolds, A.S. Williams

**Also present:**

Cabinet Member for Finance, Resources and Sustainability - Councillor C.P. Mann

**Together with:**

N. Barnett (Director of Corporate Services), P. Evans (Head of Information, Communications, Technology and Property Services), C. Jones (Head of Performance and Policy), D. Perkins (Head of Legal Services), N. Scammell (Head of Corporate Finance), G. Hardacre (Head of Human Resources and Organisational Development), E. Lucas (Head of Procurement), K. Lambert (Procurement Business Manager), C. Forbes-Thompson (Scrutiny Research Officer), E. Sullivan (Committee Services Officer), R. Thomas (Committee Services Officer)

### **APOLOGIES**

Apologies for absence were received from Councillors D.V. Poole, J.M. Wilson

### **1. DECLARATIONS OF INTEREST**

There were no declarations of interest made at the beginning or during the meeting.

### **2. MINUTES**

RESOLVED that the following minutes be approved as correct records and signed by the Chairman:

- (1) Policy and Resources (Performance Management) Scrutiny Committee held on 3rd June 2010 (minute nos. 1 - 2, on page nos. 1 - 4); and
- (2) Policy and Resources Scrutiny Committee held on 8th June 2010 (minute nos. 1 - 13, on page nos. 1 - 6).

**3. CONSIDERATION OF ANY MATTER REFERRED TO THE SCRUTINY COMMITTEE IN ACCORDANCE WITH THE CALL-IN PROCEDURE**

There had been no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

**4. CABINET REPORTS**

None of the Cabinet reports listed on the agenda had been called forward for review at the meeting.

**5. REPORT OF THE CABINET MEMBER**

Councillor C.P. Mann, Cabinet Member for Finance, Resources and Sustainability gave a verbal report to Members and made reference to the following:

- Better Connected for Business – a survey, completed to assess access for government work through IT, had rated Caerphilly County Borough Council (CCBC) as the best in Wales. A fundamental part of the Authority's success is the collaboration and co-operation of its IT Services, the Economic Development team and Procurement Services.
- Medium Term Financial Plan Seminar – Members' poor attendance levels at the seminar were noted.
- WLGA Grants – at recent meetings in Cardiff the WLGA were promoting specific grants in an effect to promote more effective use of funds. There are plans to remove some grants, although some will still be available. Debates are continuing as to whether this is valid.
- Corporate Insurance – as part of the corporate insurance review, there is a reduction to tenant charges and savings on direct recovery. These savings will be passed on to tenants. Appreciation was given to the insurance department.

The Chairman thanked the Cabinet Member for his presentation and invited the Committee's comments. A member asked if tenants of business and industrial units have been informed of the reduction in insurance charges. Officers confirmed that the Economic Development division had been advised, but agreed to check that this information had been disseminated.

In addition, Officers were asked if the experience of the Economic Development division could be made available to the voluntary sector in view of the expected increased need for their services. Officers agreed to consider this.

**REPORTS OF OFFICERS**

Consideration was given to the following reports.

**6. PRESENTATION BY LIZ LUCAS ON SPIKES CAVELL**

The Head of Procurement advised Members that two years ago, the Welsh Assembly Government (WAG) had asked CCBC, along with other Welsh authorities, for a copy of their financial statements to enable repetitive spends to be identified. WAG hoped that these could be collaborated between authorities.

Last year, two local authorities (Gwynedd County Council and CCBC) were asked to repeat the exercise to see if the economic downturn had had an impact upon spending habits.

Members were advised that there was no change relating to Small or Medium Enterprises (SME) spend.

The Head of Procurement then gave a presentation to Members on Spikes Cavell & Co, a private organisation who specialises in data analysis and who are on contract with WAG to undertake a spend analysis with the Welsh Public Sector. However, Members were asked to note that only three LAs (Rhondda Cynon Taff CBC, Gwynedd County Council and CCBC) have available data.

The presentation also highlighted CCBC's spend of £153.6m on non-pay goods and services, and broke this down into departmental spend, categorised items, types of suppliers and average invoice values.

Members were asked to note areas of concern and the challenges faced by Officers to become more cost effective. In particular the need to consolidate little spend purchases via high numbers of contractors/suppliers.

Illustrations were given showing previous areas of improvement, such as the reduction in the number of used suppliers saving 15% following the standardisation of goods purchased, and by using one supplier to recruit agency staff that had reduced the number of invoices received and the accompanying administration burden.

The Head of Procurement highlighted Spikes Cavell's observatory analysis of CCBC's local and SME spend and spend distribution, in comparison with spend in the UK, all Wales and the county borough. CCBC's aggregate spend for 2008/09 is 70% of spend with Small or Medium Enterprises (compared to 48% in recent English regional study). Members noted that CCBC were doing well in comparison, but management of this was vital.

An illustration of the Authority's supply positioning, using the Kraljic portfolio purchasing model to assess risk versus profit impact, was given. Members were advised that CCBC's overall risk position is relatively strong, but there is a need to obtain a more tactical position and the need to reduce the contractor numbers in the supply chain was reiterated. Care also had to be given to CCBC's impact on local suppliers, as they tend to be smaller and more likely to be reliant on the Authority as their main customer.

In closing, the Officer confirmed the actions to be taken by procurement services following the results of the analysis.

The Chairman thanked the Officer for her informative presentation and welcomed comments from Members.

Members gave their support to the work undertaken by Procurement Services and acknowledged the hard work of the head of the department. A discussion followed in which Members sought clarification on the practicality of reducing contractor number levels and the likely effect this would have on local businesses; and the impact of the anticipated local government bill expenditure.

Members were asked to note that CCBC did more than any other LA to source and work with suppliers from within the County Borough. The officer confirmed the care service is high risk, but reducing the number of contractors should not impact on this. However, acknowledgement was given that there is a need to develop the care market.

In addition, Officers confirmed a number of reports will be brought before the Scrutiny Committee to debate future spending arrangements, following increasing budget restrictions.

**7. MANAGING UNDERPERFORMANCE PROCESS**

Members were asked to note that the report had been deferred and would be presented to the next meeting of the Scrutiny Committee.

**8. WORKFORCE STRATEGIES FOR MANAGING THE IMPACT OF THE MEDIUM TERM FINANCIAL BUDGET SAVINGS**

The Head of Human Resources and Organisational Development detailed the report that sought Members views in respect of the Workforce Strategy following feedback from the Trade Unions.

Members were advised of the actions taken by officers following consideration of the strategies by Cabinet on 30th March 2010. It was noted that the report had been subject to consultation with the recognised Trade Unions and whilst they had responded positively to the proposals, written confirmation of this was outstanding.

Trade Unions had requested the timescales of the review and implementation of the strategies be extended. This had been recognised and agreed. A further meeting is to take place with Trade Unions next week.

Members were asked for their comments, which will be feed into the consultation process.

The Scrutiny Committee noted the contents of the report and actions taken by officers to progress the strategies.

**9. TREASURY MANAGEMENT & CAPITAL FINANCING PRUDENTIAL INDICATORS OUTTURN 2009/10 REPORT**

The Head of Corporate Finance presented to Members details of treasury management activities and capital financing, together with the related prudential indicators for 2009/2010.

The officer highlighted key areas of the report and made particular reference to the reduced level of borrowing, in line with Council's decision in February to repay debt where possible. A total of some £21.45m public work loans board (PWLB) loans had been prematurely repaid and it was intended to continue this strategy for the foreseeable future.

Members were also advised that since the report was written, further monies had been received from the Heritable Bank. Additional funds were anticipated from Heritable Banks and Members were asked to note that deposits were being received faster and in greater sums than initially forecast. However, Landsbanki Bank receipts would take considerably longer to receive.

In closing, the officer advised of a change in reporting standards and accounting legislation. This resulted in an apparent increase in asset value, as detailed in Appendix 4 of the report. The change related to PFI projects and did not impact in real terms on the level of borrowing.

The Scrutiny Committee noted the contents of the report.

**10. REQUESTS FOR REPORTS TO BE INCLUDED ON THE NEXT AVAILABLE AGENDA**

The follow request for a report to be prepared for consideration at a future meeting of the Scrutiny Committee was made:-

- (1) Councillor Mrs A. Blackman asked for a report on the capital programme for the last financial year that details the sources of funding and the final outturn costs. She also asked for the capital programme priorities for the next three years. The Director of Corporate Services advised that in regard to the forecast priorities, a detailed report had been brought before Members in February. It was agreed that this would be sent again to Councillor Mrs A. Blackman.

## 11. INFORMATION ITEMS

The Committee noted the following items for information, full details of which were included within the Officers reports.

- (1) Discretionary Rate Relief Applications;
- (2) Minutes of the Corporate Health and Safety Committee meeting held on 12th May 2010;
- (3) Minutes of the Local Service Board meeting held on 18th May 2010;
- (4) Minutes of the Pensions/Compensation Committee meeting held on 5th July 2010.

The meeting closed at 6.15 pm.

Approved as a correct record, and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 5th October 2010, they were signed by the Chairman.

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CHAIRMAN