

Scrutiny Committee
12 September 2011

IRVINE, 12 September 2011 - At a Meeting of the Scrutiny Committee of North Ayrshire Council at 2.00 p.m.

Present

John Hunter, Anthea Dickson, Margaret McDougall and Pat McPhee.

In Attendance

I. Mackay, Solicitor to the Council (Corporate Services); C. Kirk, Corporate Director and R. Knox, Contract Compliance Officer (Education and Skills); I. Colvin, Corporate Director and O. Clayton, Head of Community Care and Housing (Social Services and Health); L. Friel, Corporate Director Designate, Y Baulk, Head of Finance, A. Bodie, Head of Infrastructure and Design and T. Reaney, Procurement Manager (Finance and Infrastructure); J. Montgomery, General Manager Policy and Service Reform, S. Caine, Performance Co-ordinator and A. Little, Committee Services Officer (Chief Executive's Service).

Chair

Councillor Hunter in the Chair.

Apologies for Absence

Matthew Brown, Andrew Chamberlain, Anthony Gurney, Jean Highgate and Jim Montgomerie.

1. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 16.

2. Minutes

The Minutes of the previous meetings of the Committee held on 15 August 2011 were signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Best Value 2 Improvement Plan 2011/12: Progress Report as at 30 June 2011 (Quarter 1)

Submitted report by the Chief Executive on progress in implementing the Best Value 2 Improvement Plan in the first quarter of 2011/12.

At its meeting on 16 August 2011, the Executive considered a report on progress in implementing the Best Value 2 Improvement Plan in the first quarter of 2011/12 and agreed (a) to note the progress made in implementing the Council's BV2 Improvement Plan 2011.12; and (b) that sub-actions 5.4.2 and 5.4.3 are removed from the BV2 Improvement Plan, on the basis that their achievement in 2011/12 is no longer considered feasible.

At its meeting on 13 April 2011, the Council approved an Improvement Plan to address the 8 main areas for improvement identified in the Audit of Best Value and Community Planning (BV2). Appendix 1 to the report provided an assessment by the owners of the 102 actions/sub-actions within the BV2 Improvement Plan of the expected outcome for each of the actions in the original plan. 86 (84%) are complete or on target (i.e. expected to be complete in line with the timescales in the original plan), 12 (12%) are slightly adrift of target and 4 (4%) are described as significantly adrift of target. Appendix 2, an exception report, gave more detail on each of the 16 actions assessed as slightly or significantly adrift of target.

Section 2.5 of the report provided explanations and proposals/revised completion dates for the following 4 actions/sub-actions which are described as significantly adrift of target:-

- Sub-action 5.4.2: Develop a plan to take forward an Integrated Service Delivery project for Psychological Services;
- Sub-action 5.4.3: Develop a plan to take forward an Integrated Service Delivery project for Locality Planning;
- Action 6.1: Consolidate all existing financial planning documents and develop into an overarching financial strategy; and
- Sub-action 6.2.4: Complete six themed asset management plans.

Members asked questions and were provided with information in relation to:-

- the differences in the professional training, staff roles and different levels at which support is provided on the tiered intervention approach to children and families that will prevent an Integrated Service Delivery project for Psychological Services being taken forward at this time;
- efforts to avoid duplication in services provided by NHS and Educational psychologists and to ensure waiting times are unaffected;
- work to progress the pilot PDP and PDR process for Elected Members, arrangements made for PDR interviews, initial difficulties with the online service and the retention of information for future use;
- slippage in the delivery of Phase 3 of Covalent and the variability across services in driving the use of Covalent within their service;

- work with services to implement their operational level plans on Covalent in accordance with the project plan and further work to encourage a greater take up of Covalent Updater training;
- ongoing work to implement the next stage of the Integrated Resource Framework through Integrated Children's Services Partnership, including the recruitment of staff via a national recruitment advertisement; and
- the use of the sub-actions within the Improvement Plan as milestones.

Noted.

4. Public Performance Reporting: Statutory Performance Indicators and Key Performance Indicators

As a result of the new national performance framework focusing on Single Outcome Agreements, the Accounts Commission's 2008 Direction on SPIs significantly reduced the number of SPIs to a set of 25, emphasising the Commission's commitment to ensuring that councils publish some comparable performance information. It also set out a clear expectation that Councils would, through self-determination, publish a wider range of performance information to better demonstrate best value across its services and functions.

The Accounts Commission/Audit Scotland made comments in both the Annual Report to Members 2009/10 and the Best Value 2 Report about the limited range of performance information that the Council had published in 2009/10. The Council has responded through its BV2 Improvement Plan with a number of actions to improve performance management and reporting.

Appendix A detailed the full set of Performance Indicators (PIs) to be publicly reported, showing three years of performance trends, along with the target level of performance and a traffic light symbol to show whether the service believes it has achieved an acceptable level of performance. Appendix B listed the individual PIs reported as Red or Amber along with management commentary from the relevant Service.

The Committee was advised of works to eliminate a software bug in the Covalent system that has resulted in anomalies in the information provided in Appendix A compared with the web version of Covalent.

Members asked questions and received further information in relation to:-

- the development by the Improvement Service of a more relevant and robust set of performance measures that can be used for benchmarking between Councils and the benefit of a presentation by the Improvement Services on this project;
- the allocation of ownership and authorisation levels to control overwrite actions within Covalent;
- the selection of KPIs by the Corporate Management Team to meet the duties of public performance reporting and best value;
- a number of factors that has influenced the increase in the number of pupils remaining in school for S5, including tighter university entrance criteria and economic factors;
- the increased number of evictions due to anti-social behaviour in comparison to the decreased number of anti-social behaviour orders applied for and granted;
- the provision of accurate information on the population of North Ayrshire to Members;
- the improved performance in relation to the percentage of aids and adaptation jobs complete within target, the measurement of performance from the point of starting work on the job and plans to include waiting times in future measurement;
- changes to the standard that resulted in more housing stock failing to meet certain criteria within categories of the Scottish Housing Quality Standard;
- the use of service commentary to provide further information on red and amber indicators and work with services to ensure explanatory information is provided;
- the presentation of the Council's Public Performance report to the Executive and publication of this information via the North Ayrshire Performs website pages by 30 September 2011;
- how the percentage of those tenants giving up their tenancy during the year that were in rent arrears is calculated and procedures in place for tenants in arrears who give notice of giving up their tenancy.

Noted.

5. Commission on the Future Delivery of Public Services: Published Report

At its meeting on 2 August 2011, the Executive considered the report on the Commission on the Future Delivery of Public Services. The Executive agreed to (a) welcome the report; (b) endorse its findings and recommendations as being consistent with the objectives of the Council's own transformation programme; (c) reaffirm its commitment to working with citizens, communities and partner public service agencies to improve outcomes for local people; and (d) refer the report to (i) the Scrutiny Committee; and (ii) the Community Planning Partnership Board, for further consideration.

The Commission, chaired by Dr Campbell Christie (and, therefore, known as the "Christie Commission"), was established by the Scottish Government to develop recommendations for the future delivery of public services. Its report was published on 29 June 2011.

The Commission considered the responses received as a result of its initial "call for evidence" and also conducted a large number of discussion events and meetings with organisations and individuals across Scotland and across different sectors. The Commission believes that Scotland's public services are in need of urgent and sustained reform to meet unprecedented challenges, including the pressure on budgets as well as new demographic and social pressures.

The key points and recommendations of the Commission's report were summarised at Appendix 1 to the report. Section 3.1 of the report highlighted the key objectives of the proposed reform programme and criteria against which reform proposals should be assessed.

On the publication of the report, the Scottish Government announced it would consider its conclusions and recommendations in detail over the summer and that a Public Service Reform Cabinet Sub-Committee had been established to consider the Government's response. In the meantime, COSLA has welcomed the report and given its full backing to the findings and recommendations. The Improvement Service is also strongly supportive of both the report and COSLA's proposals and will continue to work with COSLA and the wider public sector to implement the recommendations of the Christie Commission report.

Members asked questions and received information on the undernoted:-

- the proposal to merge the functions of the Auditor General and the Accounts Commission to improve performance, streamline reporting and save money across all public service organisations;

Noted.

6. Implementation of Enhanced Consultation Policy

Submitted report by the Chief Executive on the operation of the Enhanced Consultation Policy.

The Council approved arrangements for Services to undertake enhanced consultation in respect of potentially sensitive changes to service delivery, and also proposals for physical developments, such as new buildings.

At its meeting on 22 February 2010, the Scrutiny Committee received an update report on the operation of the Enhanced Consultation Policy as well as information on two traffic management projects that had been subject to the policy. The Committee agreed that (a) further information be provided directly to Members in relation to the delays in the implementation of the proposed traffic management scheme at Princes Street/Harbourside, Ardrossan and the proposed traffic calming measures and speed limit extension at Barrmill; and (b) a further review of the operation of the policy be undertaken and reported to the Committee in 18 months. The further information was duly provided to Members and Services were requested to monitor the application of the policy over the next 18 months.

Services had been asked to comment on any potentially sensitive developments that had taken place since the operation of the Enhanced Consultation Policy was last reported to the Scrutiny Committee in February 2010. The responses received from Services were set out in Appendix 2 and identified only a relatively limited requirement for the Enhanced Consultation Policy to be implemented since its adoption.

Members asked questions and were provided with information in relation to:-

- proactive consultations that had taken place on changes to service delivery and physical developments;
- the benefits gained by consultation at an early stage and consultation with tenants via the Tenants Participation Strategy.

The Committee agreed to note the relatively limited extent to which the Enhanced Consultation Policy has been implemented to date.

7. Performance and Scotland Excel

Submitted report by the Corporate Director (Finance and Infrastructure) on the performance on Scotland Excel since 2008.

At its meeting on 16 August 2011, the Executive considered a report on the performance of Scotland Excel since 2008 and agreed that (a) the Council continue membership of Scotland Excel as the arrangement currently provides value for money, with benefits outweighing the cost; (b) the performance of Scotland Excel be reviewed regularly and updates provided to the Corporate Management Team, the Executive and the Scrutiny Committee every 6 months; (c) the Director of Scotland Excel be invited to deliver a presentation to the Corporate Management Team and Elected Members; (d) the Corporate Procurement Unit review options for delivering procurement training to Elected Members and appropriate staff within the Council; (e) the Corporate Procurement Unit continue to lobby Scotland Excel to ensure contract opportunities are made available for local companies and Small and Medium-Sized Enterprises (SMEs); and (f) otherwise, to note the content of the report.

Scotland Excel is the 'Centre of Procurement Expertise' for local authorities and the Council has been a member of Scotland Excel since its inception on 1 April 2008. Scotland Excel's main function is to tender and award collaborative contracts. Whilst the savings achieved through membership of Scotland Excel in years 1 and 2 have been disappointing, year 3 is moving in the right direction. In 2010/11 the fee for membership of Scotland Excel was £93,877 and Scotland Excel estimated savings of £172,776 were achieved from using their portfolio of contracts in that year. Time-efficiency savings are also achieved by the Council due to Scotland Excel tendering on the Council's behalf.

Scotland Excel aim to improve their contract management process this year, developing a more formal, well defined approach to contract management. This will involve regular supplier reviews, agreeing key performance indicators and performance reviews with customers. Scotland Excel also provide a portfolio of training courses covering all aspects of procurement and feedback from Council staff attending has been positive.

Overall, membership of Scotland Excel currently provides value for money, as the benefits outweigh the cost. Its performance will be regularly reviewed and updates will be provided to the Corporate Management Team, the Executive and the Scrutiny Committee every 6 months. In addition, the Director of Scotland Excel will be invited to deliver a presentation to the Corporate Management Team and Elected Members.

The Corporate Procurement Unit will review options for delivering procurement training to Elected Members and appropriate staff within the Council and will continue to lobby Scotland Excel to ensure contract opportunities are made available for local companies and Small and Medium Enterprises (SMEs).

The Committee noted an error at page 112, para 2.16, which should read "Scotland Excel ~~estimated~~ **actual** savings of £172,776 were achieved from using their portfolio of contracts in 201/11".

Members asked questions and received further information in respect of:-

- actual savings arising from the use of Scotland Excel in the current financial year and the provision of this information to Members;
- the increased membership costs that would be incurred as a result of any reduction in the membership of Scotland Excel;
- future 6 monthly reports to the Corporate Management Team, the Executive and Scrutiny Committee on the performance of Scotland Excel;
- the provision of information on the costs incurred by the Council for Scotland Excel training courses;

- inaccuracy in terms of the savings estimated by Scotland Excel in the past and the failure to revisit targets, particularly in the light of slippage in relation to social care and construction contracts; and
- the possibility that the Council may not be benefitting fully from its membership of the organisation.

Noted.

8. Strengthening of Procurement

Submitted report by the Corporate Director (Finance and Infrastructure) on steps taken to strengthen the Council's procurement function.

At its meeting on 16 August 2011, the Executive received a report by the Corporate Director (Finance and Infrastructure) on proposals to strengthen the Council's procurement function. The Executive agreed to accept the proposal for the procurement function within the Council, as contained in Section 2 of the report.

Procurement is a major workstream in the Efficient Government initiative and is considered to have the potential to generate efficiencies without having a negative impact on service delivery. A review of the Council's procurement function was carried out by iMPower in June/July 2011 and covered four main areas, namely:-

- Strategy and organisation;
- Processes and procedures;
- Collaboration and frameworks; and
- Technology

The main recommendations for each of the four areas were set out in Section 2 of the report and include the introduction of a centralised procurement function (excluding, but with appropriate linkages to, Social Care), the development of a procurement manual and training courses for Elected Members and staff, and further collaborative working with other public sector bodies. A draft staffing structure was attached at Appendix A and the main benefits of the recommendations set out at Section 2.14 of the report. The presentation by iMPower to the Council's Change Management Group and the Corporate Management Team was appended at Appendix B.

It was proposed that meetings be arranged with Services to finalise the relative roles and responsibilities and discuss the arrangements for hand-over of procurement activity to the centralised team. It was further proposed that the Corporate Procurement Unit establish Service Level Agreements with all Services.

Members asked questions, and received clarification, on the following:-

- the increase in procurement litigation and a reduction in risk to the Council by having an efficient procurement function;
- the need to ensure that staff taking up positions within the centralised procurement team have the necessary skills set and/or access to appropriate training;
- the roll-out of PECOS as a pilot project with 2 secondary and 2 primary schools, and the review of the project in the October school holiday;
- the provision of a Contract and Contract Renewal Register;
- an increase in procurement staff through a mix of permanent and temporary staff recruited internally and externally;
- additional costs associated with the revised structure that will be met by the Change Fund;
- the measurement of savings arising from the proposals for a centralised procurement function and the build-in of these savings to future budgets;
- examination of the use of a contract template;
- implications for the Council's centralised Procurement Team as a result of any future expansion of Scotland Excel
- the use of PECOS by Social Services for all non-care procurement and plans to examine existing ICT systems used by care services to investigate procurement of these services via PECOS;
- the future provision of procurement training to Members, incorporating relevant areas of the information contained in Appendix B to the report.

Noted.

9. Bribery Act 2010: Implications for North Ayrshire Council

Submitted report by the Solicitor to the Council on the provisions of the Bribery Act 2010 and how the Council should ensure compliance.

At its meeting on 30 August 2011, the Executive considered a report on the Bribery Act 2010 and the implications for North Ayrshire Council. The Executive agreed to note (a) the terms of the Act set out in the Report and (ii) the implications in the Act for the Council; and (b) that all relevant Policies and Procedures will be reviewed to ensure compliance.

The provisions of the Bribery Act 2010, whilst not directly applicable to a local authority, should nevertheless be applied and all the relevant policy and procedures be amended to make reference to the Act in order to ensure that the Council can demonstrate compliance with adequate prevention procedures. The report considered the impact of the Bribery Act 2010 on the Council and its employees and the Council's contractual arrangements with commercial organisations.

A number of the Council's Human Resources policies and procedures which deal specifically with the Council's standards of behaviour and include advice on bribery and corruption, will require to be updated in line with the new legislation. The Act will also have implications for the Code of Conduct and Member/Officer Protocol, Contract Standing Orders and Procurement Procedures, Financial Regulations and Codes of Practice and the Scheme of Delegation to Officers.

The Council's procedures and formal policies already refer to collusion, corruption and bribery. It is, therefore, intended to update these various policies and procedures to ensure that they contain necessary arrangements which are considered fit for purpose and compliant with the 2010 Act.

Noted.

The meeting ended at 3.55 p.m.