

VALUE AND PERFORMANCE SCRUTINY COMMITTEE

Monday 25 June 2012

COUNCILLORS PRESENT: Councillors Mills (Chair), Rowley (Vice-Chair), Canning, Fooks, Fry, Gotch, Haines, Kennedy, Malik, McCready, Simmons, Clack and Darke.

OFFICERS PRESENT: Pat Jones (Principal Scrutiny Officer), Nigel Kennedy (Head of Finance), Neil Lawrence (Performance Improvement Manager), Jane Lubbock (Head of Business Improvement), Mathew Metcalfe (Democratic and Electoral Services) and Anna Winship (Financial Accounting Manager)

1. ELECTION OF COMMITTEE CHAIR 2012/2013

The Committee agreed to elect Councillor Mark Mills as Chair for the Council Year 2012/13.

2. ELECTION OF COMMITTEE VICE-CHAIR 2012/2013

The Committee agreed to elect Councillor Mike Rowley as Vice-Chair for the Council Year 2012/13.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillors Mohammed Niaz Abbasi (councillor Beverley Clack attended as a substitute) and Oscar Van Nooijen (Councillor Roy Darke attended as a substitute).

4. DECLARATIONS OF INTEREST

There were no declarations of interest made.

5. FUSION LEISURE CONTRACT - 2011/2012 PERFORMANCE AGAINST TARGET

The Head of Leisure and Parks submitted a report (previously circulated, now appended) which provided performance updates on the City Council's Leisure Management Contract with Fusion Lifestyle between April 2011 and March 2012. A confidential appendix was also submitted (previously circulated, now appended).

With the permission of the Chair, Nigel Gibson addressed the Committee and said that he wished to make general and specific points. On a general point he said that Fusion was not a charity in the same way that Oxfam. He said that to state it as a charity was a tax scam and that tax avoidance was being used which was not appropriate and the Council should be open on this. He felt that the report did not give enough detail on the capital investment and that the

savings amounted to only £100k per year over a five year period. The report did not show the drop in attendance at the Temple Cowley Pool, which did not surprise him as he said that the facility was now dilapidated where the boiler had been out of action and the air conditioning in the gym had not been repaired. He further added that the report did not say that there were now fewer swimming courses and that Gala's were held at very short notice leading to the Pool being closed at very short notice. He further highlighted issues concerning energy efficiency which had previously been dealt with in the MACE report. Overall he felt that the report was incomplete and misleading.

Councillor Van Coulter, Board Member for Leisure attended the meeting and presented the report. He highlighted that if the annual costs of the Leisure Service were compared, these costs had reduced which was a remarkable achievement. The Ferry Sports Centre and the Ice Rink were now showing an increased surplus which would be used to make further improvements at these two facilities. With regard to the subsidy for the other facilities such as the Barton Leisure Centre, there had been a reduction in the subsidies paid. However he added that there were various maintenance costs which the Council had to bear for the Blackbird Leys Pool and the Temple Cowley Pool, while Fusion bore the maintenance costs of the other facilities. Overall he felt that the contract was working well and driving improvement in the costs of the service.

Councillor Rowley said noted that there had been a significant increase in visits to all the leisure facilities in 2010/11, but since then the number had seemed to reach a plateau. In response Councillor Coulter said that there was still more than could be done with the funds available with regard to outreach work with our target groups.

Councillor Fry made a general comment concerning the pie charts used in the report asking that rather than just the post code being show, population distribution would also help. He also asked if the Oxford Living Wage was paid to sub-contractors. He further commented that the maintenance procedures that Fusion had did not seem to be ideal with some repairs outstanding for some time and while facilities such as the Ferry Leisure Centre were well used all the time, what was Fusion doing to encourage users to use the less utilised facilities. In response to the comments from Councillor Fry, Councillor Coulter said that the Council was working with Fusion on a living wage for sub-contractors, but that staff, were already paid the living wage. On the maintenance procedures he would be raising this at a scheduled meeting with Fusion in the next few days and regarding increasing the use of under utilised facilities, the publicity was being reviewed to encourage users to use these facilities and highlighting such things as free parking.

Councillor Fooks felt that the contract had been a success and was something that the Liberal Democrat Group had promoted for sometime.

Councillor Simmons regarding the user figures asked if the figure was just Slice Card users or users as a whole. In response Councillor Coulter said that the 1.1 million users was for all users.

Councillor Simons felt that the contract should not be making a surplus. In response Councillor Coulter said that the Administration had a clear intention to cross subsidise, and as a result compared to Cherwell District Council, the City's

concession rates were 30% lower. He added that it was not the intention to make a profit, but that policies would be adjusted to encourage inclusion.

Councillor Haines asked what plans existed for the Marston area as he felt that the area lacked adequate accessibility to leisure facilities. In response Councillor Coulter said that he would take on board the concerns of Councillor Haines and raise them with Officers. Councillor Malik also encouraged Councillor Haines to provide any ideas on how the leisure facilities could be improved in the Marston area to Councillor Coulter.

Councillor Malik asked what was in the agreement with Fusion regarding the reinvestment of any surpluses. In response Councillor Coulter said that the Council received a 4% return on capital from Fusion.

Councillor Kennedy asked what was being done to reduce the carbon footprint of the Hinksey outdoor pool. In response Councillor Coulter said that the bottom of the pool had been relined, but it was accepted that being an outdoor pool made any carbon reduction more challenging.

Councillor Mills was interested to hear more on the methodology used to achieve the 97% satisfaction rate and on the outreach work being undertaken. In response Lucy Cherry said that Fusion had an obligation to achieve a target response rate each month and actively worked to achieve this. She said that the targets were based on the Councils key target groups for inclusion in leisure facilities. The outreach work was part of the contract and as such Fusion had already been working with health professionals as part of the well-being programme.

Councillor Simmons asked if the Council was going to continue to invest in the Temple Cowley Pool. In response Councillor Coulter said that invest would continue to keep the facility going.

Committee members felt that it was beneficial to continue to receive update reports, possibly on an annual basis. Lucy Cherry said that the business planning process with Fusion would take place during September/October 2012 and would be happy to submit a report to the Committee following this.

The Committee agreed:

- (a) To thank Councillor Coulter for attending the meeting and presenting the report and to thank Lucy Cherry for answering questions on the report.
- (b) To make the following comments and recommendations to the Board Member for Leisure Services and requests responses as indicated:
 - (1) To seek confirmation via the Partnership Board that the living wage is being paid to staff and confirmation when it will also be paid to any sub-contractors working in Fusions run sites in Oxford.
 - (2) To request that the Value and Performance Scrutiny Committee see the subsidy position for each leisure centre including capital investments made.

- (3) To seek clarification of what share of the £1.3m surplus made by Fusion would be re-invested in the Oxford City Contract and how this would be used within leisure centres and/or services.
- (4) To see the ideas and proposals from the Partnership Board to further increase participation with a particular emphasis on outreach work within target groups.
- (5) To see Fusion's suggestions on encouraging better utilisation of our centres.
- (6) To request that for the future participation is also shown as a percentage of the population in each postcode area and if possible to include all visitors to allow for a more meaningful comparison of the figures.
- (7) To information is provided on the various outreach projects across:
 - Cost
 - Objectives
 - Targets
 - Outcomes
- (8) To request further information on the methodology used for measuring satisfaction and the process for auditing and checking the quality of the results.
- (9) To raise the issue of repairs and maintenance at the Partnership Board and for standards to be monitored. To report back on how monitoring is to happen.
- (10) To Request that the Board Member respond to the local Ward Member for Marston on what the Council's leisure offer for residents in his ward.

6. TREASURY MANAGEMENT ANNUAL REPORT 2011/12 AND REVISED TREASURY MANAGEMENT STRATEGY 2012/13

The Executive Director, Organisational Development and Corporate Services submitted a report (previously circulated, now appended) which set the Council's treasury management activity and performance for 2011/12 and the proposed revision to the Treasury Management Strategy for 2012/13-2015/2016 which would be recommended to the Full Council.

The report would also be submitted to the City Executive Board for consideration at its meeting on 4th July 2012.

Nigel Kennedy, Head of Finance introduced the report and highlighted that the Council had achieved all of this targets for the 2011/12 period. He further highlighted that under the Housing Revenue Account (HRA) self financing, the Council had borrowed £198m. Regarding the Council's capital finance requirement, it stood at £203m at 31st March 2012. This would have been higher

if the new competition pool had been included, but this had slipped to the 2012/13 year.

Councillor Fry asked how underspends should be interpreted. In response Nigel Kennedy said that with the capital programme, these were divided into two categories, underspend and slippage. Underspends where a project came in under budget, slippage was when the cost of the project would be moved to, for example the next year, where the spend would take place.

Anna Winship following questions concerning interest rates said that the Council had a mixture of investments, the majority were on a 3 month basis, but any that were longer would be for a maximum period of a year. All interest was paid in sterling.

Councillors McCready and Simmons asked questions concerning right to buys and loss of rental income. In response Officers explained that the Council as part of the Housing Business Plan had used a figure of 10% of Council homes being bought each year under the RTB scheme. If this figure was greater the financing would have to be looked at again. Under the new self financing arrangements, the Council still gives the discount to the tenant, but part of the sale income still has to be passed to the Government, except where the Council can invest the money in new social housing, when the Council receives the whole RTB receipt.

Councillor Fooks asked what the current position was with the Councils funds in Icelandic Banks. In response Anna Winship said that the Council had received 70% of its funds back from the Heritable Bank with 80% expected in total. Regarding the Glitnir Bank, the Council had received 4 of the 5 currency repayments totalling £1.2m and it was expected that the Council would eventually receive 100% of its holdings back.

Councillor Mills asked if there were additional risks investing in Police Authorities. In response Nigel Kennedy said that the credit rating for Police Authorities was no different to other public organisations.

Nigel Kennedy in response to questions on Money Market Fund Limits said that all of the funds were AAA rated and diversification has taken place. The Council continued to work with advisors and the Council could request any funds back with no notice period required.

The Committee agreed:

- (a) To note the report;
- (b) To support the proposed changes to the Treasury Management Strategy for 2012/13 to:
 - (i) Increase the limit invested in Money Market Funds (MMF) to £20m;
 - (ii) To add the Police Authorities to the Councils counterparty list.
- (c) To request the City Executive Board to keep under review the effects of "Right-to-Buy" within the Housing Revenue Account (HRA) Business Plan with particular regard to income streams, and our ability to be flexible

within the funding of the capital programme so as to allow the Council to use all of the capital receipts from any sales;

- (d) To request the Head of Finance circulate the Housing Revenue Account Business Plan to all Members of the Value and Performance Scrutiny Committee.

7. FINANCIAL OUT-TURN FOR THE YEAR ENDING 31ST MARCH 2012

The Head of Finance submitted a report (previously circulated, now appended) which presented the financial out-turn for the year ending 31st March 2012.

The report would also be submitted to the City Executive Board for consideration at its meeting on 4th July 2012.

Nigel Kennedy, Head of Finance introduced the report and in response to questions explained that the Council had budgeted for employee wage inflation. However due to the freeze in pay rises etc. this money was not spent and so was placed into reserves. The Partnership Payment which was being paid to qualifying employees would come from contingencies. Councillor Rowley added that the level of contingencies would be reviewed as part of the mid term finance strategy.

Councillor Fry asked what was the Insurance Fund for, and did the Council have liabilities on the pension fund. In response Nigel Kennedy said that the Council self-insured and had to cover for hidden liabilities such as asbestos. Regarding the pension liabilities, he said that these had been factored into the Statement of Accounts, but while the fund had a deficit of £92m, there were no immediate liability issues.

Councillor Fooks said that she was concerned that when an employee left and the position was not filled for whatever reason, that the services was not being provided and the post was being labelled as an underspend.

Councillor Simmons felt that it was over prudent to place carry a contingency of £3m.

The Committee agreed to forward the following recommendations to the City Executive Board:

- (a) That all carry forward requests are supported taking into account that the Committee had noted that in some service areas, had the money been spent as planned in year, it would have placed them in a position of overspend. The most significant of these being the Museum request from Policy Culture and Communications and brings into sharper relief the under achievement of income in the Town Hall.
- (b) To request that the £0.5m surplus be placed in reserves and its use considered during the up and coming budgetary process rather than earmarking it at this stage for capital;

- (c) To request Board Members and Senior Officer consider the effects of delays in recruitment on services and plans and to allow for any “catch-up” required within future planning.

8. CORPORATE PLAN PERFORMANCE REPORT - QUARTER 4 REPORT

The Head of Business Improvement and Technology submitted a report (previously circulated, now appended) which provided a final report on the Council's progress against the 20 Corporate Plan Targets for 2011/12 and a wider perspective on performance achievements as set out in the Council's Performance Improvement Framework.

The report would also be submitted to the City Executive Board for consideration at its meeting on 4th July 2012.

Jane Lubbock, Head of Business Improvement and Technology introduced the report.

Councillor Fry asked how would risk assessments be carried out regarding benefits and the proposed changes with direct payments. In response Jane Lubbock said that Officers were working hard to sign up more people paying by direct debit and that the Department for Work and Pensions (DWP) had agreed with Tim Sadler, Executive Director for City Services to underwrite the risk part of the direct payment pilot that the Council was part of.

Neil Lawrence in response to questions concerning the indicators which were being discontinued, said that some indicators had been discontinued at a corporate level, but still remained at a service level and would be monitored and managed there.

Councillor Fooks asked how it had been decided who the top 20 employers were in Oxford with regard to the measurement of satisfaction of businesses. In response Neil Lawrence said that it had been based on the Oxford Times top employer list. Councillor Fooks responded by suggesting that more small and medium sized businesses should be included

In response to further questions from Members, Neil Lawrence said that the targets for the attendance at the Holiday Activity Programme were started a fresh each year.

The Committee agreed to note the progress made against the Corporate Plan targets for 2011/12 and performance improvements made as a result to the Council's commitment to deliver efficient and effective services.

9. WORK PROGRAMME PLANNING 2012/2013

The Head of Law and Governance submitted a report (previously circulated, now appended) which gave Committee Members the opportunity to consider suggestions made for the Work Programme and to begin to plan their work for the coming Council Year.

The Committee agreed:

- (a) To defer consideration of the Work Programme for the 2012/13 Council Year to an informal meeting on Wednesday 18th July 2012 at 6.00pm at the Town Hall;
- (b) To re-appoint the Finance and Performance Scrutiny Standing Panel with a membership consisting of Councillors Mark Mills, Mike Rowley, James Fry and Craig Simmons.

10. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 26th March 2012.

11. DATES OF FUTURE MEETINGS

The Committee agreed to note that it would meet in the Town Hall at 6.00pm on the following dates:

Wednesday 19th September 2012
Monday 5th November 2012
Monday 28th January 2013
Monday 25th March 2013

The meeting started at 6.00 pm and ended at 8.15 pm