

# Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Monday 2 August 2021

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## Committee members present:

Councillor Fry (Chair)

Councillor Gant

Councillor Jarvis

## Officers present for all or part of the meeting:

Paul Leo, Executive Director of Housing

Nigel Kennedy, Head of Financial Services

Anna Winship, Management Accountancy Manager

Phil McGaskill, Revenues Manager

Tom Hudson, Scrutiny Officer

## 8. Apologies

Councillor Duncan Hall tendered apologies for the meeting

## 9. Declarations of Interest

None

## 10. Finance and Performance Work Plan

The Panel **NOTED** the forthcoming work plan.

## 11. Notes of Previous Meeting

The notes of the meeting held on 08 July 2021 were **AGREED** as a correct record subject to a number of minor amendments.

## 12. Scrutiny-selected Performance Monitoring

The Panel considered the suite of performance monitoring KPIs. The Scrutiny Officer informed the Panel that contrary to the written recommendation, that suitable officers be invited to the September meeting to explain how individual KPIs were set, that even the officers best placed to answer this would not be in a position to answer with the granularity required by the Panel. Instead, written questions should be submitted and responses requested for all the KPIs. This recommendation was not agreed, but it was instead **AGREED** that Panel members should submit questions to the Scrutiny Officer outside the meeting, that the responses be shared, and subject to those responses the

Panel should agree outside the meeting any officers they wishes to invite to the next meeting.

### **13. Social Value in Procurement**

Annette Osborne, Procurement Manager, presented an update report on the Council's activities relating to social value in procurement, including possible changes from central government.

Scrutiny had previously recommended that an event with neighbouring councils, the private sector and providers of support infrastructure to take place. This meeting had not taken place. Primarily the cause was Covid, but in addition there are a lot of national events which are hosted, making a local event less necessary.

Scrutiny's second previous recommendation was that the Council benchmark itself against other similar councils. This had been undertaken, although owing to differences in record keeping by councils from whom data had been sought, only four of the eleven chosen as suitable comparators were usable as such: Croydon, Stoke, Southampton and Birmingham. Oxford outperformed or equalled those comparators, with 62.5% being spent locally, well above central government's target of 33%.

Although the Procurement Manager had only been technically in post since December 2020, a lot had been achieved to develop social value through the Council's procurement. The constitution had been amended, making it easier for the voluntary sector and cooperatives to deliver goods and services. A 'one quote' mechanism for work up to £10,000 had been implemented, and organisations which had tended not to engage with the procurement portal – SMEs and the voluntary sector – had been given greater opportunity to bid for work outside it. Within the Council's procurement templates the weighting of social value issues had been increased from 5% to 10%. The treatment of the Living Wage had been extended to include the national Living Wage, thereby helping companies who did not employ people within Oxford. Council staff had been appraising the usefulness of the national social value calculator of Themes, Outcomes and Measures (TOMs) and multiple meetings had been held locally with other councils to explore finessing it to create a locally-focused OxTOMs calculator instead. It was suggested to the Panel that rather than putting effort into Scrutiny's previous recommendation of an event, a better suggestion would be to work with other local institutions – the universities and hospital trusts, for example – to standardise social value approaches. This would have the benefit of giving greater clarity to local businesses.

The Panel was updated on the government's proposals about Transforming Public Procurement. The proposals included much which was worthwhile, but making the necessary changes to implement them would be resource-intensive. Simplification of regulations would be of benefit for all, but there were fears that moving focus from identifying the most economically advantageous tender to the most advantageous tender could lead to gold plating. Being able to check whether suppliers of the Council were paying their subcontractors in a timely manner would be very welcome.

The Panel was also presented with a digest of the likely impacts of the government's Procurement Policy Statement. It was unclear for the Council when it would need to implement the new rules in the Statement, the lack of certainty arising from whether spending through OCHL and ODS should be included. The Council was well placed to meet the requirements about considering new businesses and skills, and market health and capability assessments, and would be able to report its pipeline. These would nevertheless slow the speed of procurement. However, the rules could put pressure on the Council to improve its reporting, and greater resource (and training particularly) would have to be devoted across the Council to contract management.

In response the Panel recognised the challenge that the uncertainty emanating from central government caused officers.

Discussion was held over the role of procurement in establishing and maturing new supply chains and skills for products and services which would be needed in the future. There was

indeed a role for procurement, and indeed the team had been doing so in regards to passivhaus and low-carbon housing recently, but it did require notice to communicate with the different stakeholders.

The Panel explored the tension between public accountability for spending and the need for commercial sensitivity. Oversight of the value for money of procurement spending was located on multiple levels. Depending on the value these could include pre-tender review groups, recommendation to award reports containing the details of the tender, performance management of the contracts, Greater value contracts would attract more direct oversight by elected members, whether individually or through Cabinet.

More information was sought about the mechanics by which the Council balanced desirable characteristics and undesirable characteristics in a bidder, for example a large business which paid its staff fairly vs an SME which did not. The balance of outcomes against key criteria were determined through the weightings in the tender document, not all of which resided within the social value section. When purchasing through national frameworks the Council had to follow the weightings of the framework and could not alter them to fit its own priorities.

The definition of 'local' was recognised to be of importance and discussed. Local firms were classified as such if they had an OX postcode, a corollary of which was that larger companies could be considered local if they had a local subsidiary.

The Panel **AGREED** to make the following recommendations to Council on the basis of the report and discussions;

- 1) That the Council works with other local authorities and institutions to develop a shared OXTOMs framework and approach to social value in procurement
- 2) That the Council requests from its internal auditor data to allow it to benchmark the social value generated through its procurement against a wider pool of comparators

## 14. Confidential Session

The Panel **AGREED** in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 to exclude the press and members of the public during discussion of this item on the grounds that it might involve disclosure of exempt information as described in the relevant paragraphs of Schedule 12A of the Local Government Act 1972.

## 15. Aareon QL Implementation Update

Paul Leo, Interim Executive Director of Housing, provided an update on the implementation of the Aareon QL system to the Panel.

The Panel **AGREED** to make the following recommendations to Cabinet:

- 1) That the Council, in a future lessons learnt exercise, should seek to include within its audit of the cost the indirect costs arising from the implementation of the QL system
- 2) That the Council recognises the exemplary commitment of staff across multiple functions in managing and mitigating the challenges posed by the implementation and finds suitable means of recompense.

NB There are confidential minutes relating to this item.

## 16. Dates of next meeting

The dates of the next meetings were **NOTED**.

**The meeting started at 6.00 pm and ended at 7.35 pm**

**Chair .....**

**Date: Monday 6 September 2021**