

Minutes of a meeting of the FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE) on Thursday 6 December 2018

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Committee members:

Councillor Fry (Chair)

Councillor Altaf-Khan

Councillor Roz Smith

Councillor Corais

Officers:

Nigel Kennedy, Head of Financial Services

Amanda Durnan, Strategic Procurement and Payments Manager

Stefan Robinson, Scrutiny Officer

91. Apologies

Apologies for absence were received on behalf of Councillors Simmons and Munkonge. Apologies for lateness were received from Councillor Corais. Councillor Simmons provided comments in advance of the meeting specifically concerning the Social Value report, which the Panel addressed during its discussion.

92. Declarations of interest

There were no declarations of interest.

93. Notes of previous meeting

The Panel asked that they receive more information on the current Legal Services revenue position.

The Panel resolved to agree the notes of the previous meeting.

94. Budget Review Group Scoping Document

The Panel discussed and agreed that it did not want to consider the detail of Fusion Lifestyle's performance or financing, in light of the ongoing oversight of the issue by the Council's Scrutiny Committee, and the wish not to duplicate its work. It was noted that the Panel would have preferred to have 3 consecutive daily meetings for the Budget Review Group (instead on 2), and that other Council business had limited officer availability.

The Panel agreed the Scoping Document as presented.

95. Monitoring Social Value

Amanda Durnan, Strategic Procurement and Payments Manager, introduced the report. She explained that in preparing the report, she had looked at other best practice authorities that champion social value through the procurement process. Oxford City Council compared well to other local authorities, in terms of spend with local businesses and wider consideration of social value. Spend with local companies peaked in July 2018 at 73.6%. Another local example of social value through contracts was the prioritisation of low sugar products at the Town Hall cafe, for example.

The report also highlighted a number of ways to improve the level of influence social value had in the procurement process, including providing a scored weighting to social value outputs, and updating the Council's Environmental, Sustainability and Ethical Policies to draw attention to the requirements of the Social Value Act 2012. It was explained that the Council's current weighting in awarding contracts was 60% for quality and 40% for value / cost. The Panel was pleased to note the emphasis on quality in contracts.

The Panel discussed the challenges of monitoring whether social value had been delivered, given its subjective nature. One example of social value that the Panel wished to see in the awarding of contracts related to whether contractors paid their employees the Oxford Living Wage. However, it was recognised that as private companies, the Council had no role or right in knowing the salaries paid by an external contractor, beyond assurances that they are legally compliant. In response to questions, it was clarified that businesses were offered support by the Council to access and use the procurement portal, but there had been a low level of take up on this.

The Panel noted that social value was also delivered through the Council's Grants Programme to voluntary and community organisations, but it was not clear where these grants were scrutinised and reviewed to ensure they were delivering on the Council's objectives. The Panel wanted to understand where the transparency was in the grant awarding and review process, and asked that this question be put to the Council's Welfare Reform Manager. For example, it was not understood why Bicester Green Re-use Centre had been awarded a grant, because it was outside of the City.

The Panel supported the principle of providing a weighting to tender bids which could demonstrate social value. Whilst there were specific European Union Contract Regulations (OJEU) which set out how social value must be taken into account for contracts of more than £181,000, there was more autonomy for local authorities to give a greater social value weighting to contracts below this level of spend. Manchester City Council for example had a target of 10% of the quality score in awarding contracts (as opposed to the cost / value score) being based on social value when evaluating non OJEU tenders, and this was increased in November 2018 to 15% of the overall weighting. Bristol City Council similarly retained a 10% weighting.

The Panel were of the view that where contractors can reliably demonstrate that they can meet the tender specification; account should also be taken of what role the contract can have in delivering the Council's wider objectives. For example, where it is demonstrated that one contractor can reduce its impact on the environment over the life

of the contract, this should be given reasonable weighting in the decision to award a contract. Based on examples at other Councils, and officer advice, the Panel wished to recommend that a 5% social value weighting is given in all non OJEU contracts, which should be reviewed and potentially increased annually.

The Panel noted that the Council had a standard of paying local companies within 14 days upon request. The Panel agreed to recommend that this standard should also be extended to payments for small and medium size enterprises and voluntary community sector organisations within 14 days. The Panel believed that employing local contractors was a means of generating social value in terms of local employment, and quick payments by the Council would no doubt be a welcome benefit for local contractors.

The Panel noted that Green Public Procurement (GPP), which is championed by the European Commission, is a means of delivering social and environmental value through the awarding of public contracts. Compliance with the GPP, which is voluntary, requires the inclusion of clear and verifiable environmental criteria for products and services in the procurement process.

The Panel recognised value in the procurement of goods, services and works with a reduced environmental impact throughout their life-cycle, compared to contracts of equal quality, which did not offer the same social value. Examples of where these standards may be applied included indoor cleaning services and refurbishment contracts. It was noted that many of the Council's contractors and services already had regard to these standards, but they were not applied universally throughout the organisation.

The Panel noted that the Council's Environmental, Sustainability and Ethical Policies do not contain details about the Council's duties under the Social Value Act 2012. It was suggested that the Council should update these policies to reflect this. However, the Panel first wanted to understand more detail about how these policies would be updated, before such a change could be recommended.

Resolved

That the Finance Panel recommends to the City Executive Board:

- 1) to consider introducing a 5% social value weighting for all non OJEU procurement requirements within the Council, which should be reviewed annually (and reported to the Finance Panel) to consider whether subsequent increases are appropriate. This change should be subsequently recommended to Council for incorporation in the next Constitution review.
- 2) that the Council sets a target of making payments to small and medium size enterprises and voluntary community sector organisations within 14 days of a contract being agreed, where it is requested.
- 3) That the Council should seek to apply the Green Public Procurement Policy on all of its future contracts, and that these requirements are highlighted to all prospective companies seeking to bid for a Council contact.

96. Integrated Report for Quarter 2 2018/19

The Head of Financial Services, Nigel Kennedy, explained that there had been an adverse variance on the General Fund position of £0.154m against a net budget of £22.098m. An additional £0.300m was expected to be returned to the Council from Oxford Direct Services Limited. There was a £0.494m adverse variance arising from a decline in car parking income which was offset in part by £0.400m of favourable variance due to higher than expected business rates income from the Westgate Centre. There were only a small number of units left to receive a business rates valuation by the Valuation Office. Nigel also highlighted that 7 of the Council's eleven corporate performance targets were being met, 3 were within an acceptable tolerance limit, and 1 was at risk related to housing.

It was also noted during questions that the pedestrianisation of Queen Street (£0.500m) had slipped into 2019/20, as the Council was waiting for progress to be made by the County Council. Spending of £3.353 million for the 1-5 George Street project had also slipped into 2019/20. The issue of local government reorganisation was still considered a risk, but there was it was expected that there would be little movement on the issue in the short term.

The Panel asked about the four new risks identified in the report:

- Terrorism
- Business Continuity Planning & Disaster Recovery
- Resilience of Trading Models
- Health & Safety (Buildings)

It was clarified that these risks had not become more significant; only that it had been decided they should be added to the risks report. It was also noted that the planning permission had expired for the Council to be able to use the OxPENS decked car park. Any reapplication for planning permission would be of significant cost to the Council. There had also been a delay in the transfer of land from the Council to OxWED.

The Chair remarked that capital slippage continues to be an area that needs improvement, and that overall slippage in the capital programme was disappointing. The Panel agreed that this was an issue that needed to be focussed on. It was suggested that the new Project Management Office within the Council would be able to look at issue such as slippage, and provide better cross-council oversight to foresee possible delays and better forecast capital spend. The Panel indicated that it wanted to hear more about the work of the Project Management Office at a future meeting.

The Panel noted that there had been a minimal amount of spend against the planned Go Ultra Low budget for 2018/19, and asked that they receive more information on why this was the case. It was noted that the Pilot was on the Scrutiny Committee's work plan, but there was not yet a report timetabled for consideration. The Panel asked they receive an explanation as to the delays in the project, and reasons for the lack of spending on the project.

Councillor Corais arrived during this item.

97. Work plan

The Panel noted its Work Plan.

98. Future Meeting Dates

The Panel note the next meeting dates for the Budget Review Group on 8 and 9 January, and the combined meeting dates with the Finance Panel on 16 and 30 January 2019.

The meeting started at 7:45pm

Chair

Date: 16 January 2019

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