Leeds
CITY COUNCIL

SCRUTINY BOARD (STRATEGY AND RESOURCES)

**Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 18th July, 2016 at 10.00 am**

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

S Bentley	Weetwood;
D Cohen	Alwoodley;
K Groves (Chair)	Middleton Park;
H Hayden	Temple Newsam;
J McKenna	Armley;
S McKenna	Garforth and Swillington;
D Nagle	Rothwell;
A Sobel	Moortown;
E Tunnicliffe	Roundhay;
T Wilford	Farnley and Wortley;
R Wood	Calverley and Farsley;

Please note: Certain or all items on this agenda may be recorded

Produced on Recycled Paper

A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			**APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS** To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded). (* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services at least 24 hours before the meeting).	
2			**EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC** 1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report. 2 To consider whether or not to accept the officers recommendation in respect of the above information. 3 If so, to formally pass the following resolution:- **RESOLVED –** That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows: **No exempt items have been identified.**	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
9			**SCRUTINY INQUIRY INTO ICT RESOURCES - RESPONSE TO SCRUTINY STATEMENT** To receive a report from the Head of Service Delivery ICT, setting out the initial response to the Scrutiny Board statement and recommendations agreed in April 2016, following the Board's ICT Resources inquiry.	33 - 50
10			**WORK SCHEDULE** To consider the Board's work schedule for the 2016/17 municipal year.	51 - 58
11			**DATE AND TIME OF NEXT MEETING** Monday, 19 September 2016 at 10.00am (Pre-meeting for all Board Members at 9.30am) **THIRD PARTY RECORDING** Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda. Use of Recordings by Third Parties – code of practice a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.	

SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 20TH JUNE, 2016

PRESENT: Councillor K Groves in the Chair

Councillors D Cohen, H Hayden,
J McKenna, D Nagle, A Sobel,
E Tunnicliffe, T Wilford and R Wood

1   **Declaration of Disclosable Pecuniary Interests**

There were no disclosable pecuniary interests declared to the meeting.

2   **Late Items**

There were no late items.

3   **Apologies for Absence and Notification of Substitutes**

Apologies for absence were submitted by Councillors S Bentley and S McKenna. Notification had been received that Councillor R Grahame was to substitute for Councillor S McKenna.

4   **Minutes - 21 March 2016**

RESOLVED – That the minutes of the meeting held on 21st March 2016 be approved as a correct record.

5   **Scrutiny Board Terms of Reference**

The Head of Scrutiny and Member Development submitted a report presenting the Board's terms of reference as agreed by Council on 19 May 2016.

RESOLVED – That the Scrutiny Board's terms of reference be noted.

6   **Co-opted Members**

The report of the head of Scrutiny and Member Development sought the Board's formal consideration for the appointment of Co-opted members.

The Board was informed that they could appoint the following:

- Up to five non-voting co-opted members for a term of office that does not go beyond the next Annual meeting of Council; and/or
- Up to two non-voting co-opted members for a term of office that relates to the duration of a particular and specific scrutiny inquiry.

Draft minutes to be approved at the meeting
to be held on Monday, 18th July, 2016

The Board discussed the options for appointing co-opted members, including that 'co-option would normally only be appropriate where the co-opted member has some specialist skill or knowledge, which would be of assistance to the Scrutiny Board'. As part of this discussion, the Principal Scrutiny Adviser also outlined other options, including the use of 'expert witnesses', to broaden input into any of the Board's agreed areas of inquiry.

RESOLVED – To appoint co-opted members on an ad-hoc basis for any inquiries where it was deemed appropriate.

7   **Sources of work for the Scrutiny Board**

The Head of Scrutiny and Member Development submitted a report which provided information and guidance on potential sources of work to be developed within the Board's Work programme for 2016/17.

Appended to the report was a copy of the Vision for Scrutiny at Leeds, the Best Council Plan update for 2016/17 and details of work previously carried out by the Scrutiny Board.

Councillor James Lewis, Executive Member, Resources and Strategy and Doug Meeson, Chief Officer (Financial Services) attended the meeting and gave a summary of the financial and organisational issues facing the Council.

In summary the main areas of discussion were:

* The governments 'four year settlement offer' 2016/17 to 2019/2020;
* The associated timetable to consider the offer and associated risks in accepting the offer;
* The role of Scrutiny in reviewing efficiency plans;
* The importance of fees and charges within the context of a reducing budget;
* The role of 'smart cities' in helping deliver efficiencies;
* Business rates and the future of local government finance;
* Retail developments in the City and the consequences for footfall patterns, and how these might impact on business rates;
* The management of the Children's services budget particularly around compensating overspends in demand led areas with efficiencies in working practices;
* The use of asset sales to support the budget;
* Strategic commissioning, the role of partners across the city and the 'Leeds Pound'.

RESOLVED –

(i)   To thank the Executive Member (Resources and Strategy) and the Chief Officer (Financial Services) for their attendance.

(ii) To use the information gathered to inform the Board's work programme.

8   Work Schedule

The Head of Scrutiny and Member Development submitted a report detailing a draft work schedule for the 2016/17 municipal year.

The following list of work was identified;

- Commissioning
- Smart cities and ICT
- Budget strategy
- Fees and Charges update

RESOLVED – To authorise the Chair and Scrutiny offer to consult with the relevant Director(s) and Executive Board Member regarding the work schedule and report back to the next meeting with an updated work schedule.

9   Date and Time of Next Meeting

Monday, 18 July 2016 at 10.00am (pre meeting for all Board Members at 9.30am).

Draft minutes to be approved at the meeting
to be held on Monday, 18th July, 2016

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Leeds
CITY COUNCIL

Report author: Steven Courtney

Tel: 247 4707

Report of the Head of Scrutiny

Report to Scrutiny Board (Strategy and Resources)

Date: 18 July 2016

Subject: Strategic Commissioning

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐	Yes	✓☐ No
Are there implications for equality and diversity and cohesion and integration?	☐	Yes	✓☐ No
Is the decision eligible for Call-In?	☐	Yes	✓☐ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐	Yes	✓☐ No

Purpose

1. The purpose of this report is to provide a summary of the Scrutiny Board's consideration of strategic commissioning, to inform a discussion with the Executive Member (Strategy and Resources), the Chief Executive and other senior officers within the Council .

Background

2. At the beginning of the previous municipal year (2015/16), the Scrutiny Board (Strategy and Resources) considered undertaking a piece of work around 'commissioning' – the focus being to look at the principles, benefits and practicalities of developing a centralised commissioning hub, which aimed to ensure services are commissioned consistently across the Council, based on the evidence of what works and what is value for money.

3. To help develop the Board's thinking around 'commissioning' a visit to Manchester City Council was undertaken, where an Integrated Commissioning Hub had been established in July 2013. A summary note of the 'Manchester model' is attached at Appendix 1.

4. The Scrutiny Board recognised the timing of work around 'commissioning' was crucial and did not wish to complicate nor duplicate work any discussions already taking place with external partners on integrated commissioning by undertaking any inquiry.

Discussions with the Executive Member (Strategy and Resources) and relevant Directors confirmed a considerable amount of work was being undertaken in this area, led by the Director of Adult Social Services. As such, the Scrutiny Board agreed to receive an update report on the work undertaken in March 2016.

<u>March 2016</u>

5. At the Scrutiny Board (Strategy and Resources) meeting in March 2016, the Director of Adult Social Services clearly outlined the direction of travel proposed by a cross-directorate working group of senior officers and sought the Board's support for its recommendation to establish a Corporate Strategic Commissioning Group, chaired by a Director. The Scrutiny Board (Strategy and Resources) was also asked to support the establishment of a cross-directorate Operational Group, to be chaired by a Head of Commissioning.

6. The Scrutiny Board (Strategy and Resources) did not give its endorsement to the proposals, largely on the grounds that it was not convinced that the model would achieve "…the best of both worlds: a good strategic overview and opportunity to think about commissioning in a different way without the fragmentation that a structural solution, .i.e. a single commissioning unit would create".

7. In addition the Scrutiny Board (Strategy and Resources) was concerned that the proposed model did not include Housing, Jobs and Skills and others involved in Commissioning.

8. Following that meeting, the Chair of Scrutiny Board (Strategy and Resources) wrote to the Chief Executive outlining the Scrutiny Board's concerns and inviting him to a future meeting to discuss his views on the current thinking around commissioning.

Summary of main issues

9. At its first meeting of the new municipal year (2016/17), the Scrutiny Board (Strategy and Resources) confirmed its intention to continue with its consideration of 'commissioning' as part of its work schedule for 2016/17. This was confirmed with the Executive Member (Strategy and Resources) and the Chief Executive, who were invited to attend the meeting.

10. To help with preparations for the Scrutiny Board meeting, on 29 June 2016 there was a short discussion between the Chair of the Scrutiny Board (Strategy and Resources), the Executive Member (Strategy and Resources) and members of the Council's Corporate Leadership Team, including the Chief Executive. A note produced following that meeting, highlighting some key questions and issues to consider, is attached at Appendix 2.

11. It should be noted that while it is not anticipated that all the matters/ issues highlighted in Appendix 2 will be fully addressed at the meeting, these should be regarded as an initial statement of intent to help shape the Scrutiny Board's further discussions around commissioning.

12. To further assist Scrutiny Board, a copy of the Local Government Association's report. 'Commissioning for Better Public Services (July 2012)' is attached as Appendix 3.

13. Appropriate representatives have been invited to the meeting to discuss the approach to commissioning and address issues raised by the Scrutiny Board.

Recommendations

14. That the Scrutiny Board considers the attached Executive Board and identify and agree any specific scrutiny actions that may be appropriate.

Background documents[1]

15. None.

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[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Scrutiny Board (Strategy and Resources)

Strategic Commissioning

The Manchester model – summary note

The Manchester integrated commissioning hub was established in July 2013. The hub brings together commissioning across the Council into one place. It is designed to drive the quality, innovation and impact of commissioning within the Council and with partners and commissioners in the City.

Manchester's approach to commissioning is based on integration with other commissioners in the City to achieve shared outcomes – recognising the often artificial divides between commissioners and the needs of residents.

At a practical level, the integrated commissioning function is focused on:
- Supporting the strategic role of the Council in promoting economic growth
- Targeted interventions for individuals and families
- To reduce the cost of services, i.e. better outcomes at lower cost
- To drive changes in customer behaviour
- Aligning and shaping markets across public services, working collaboratively with other commissioners
- Developing a robust evidence base on costs and benefits to inform future decisions on commissioning and decommissioning
- Involving local ward members in the process
- Deciding when to award a grant for services rather than a contract.

It is important to note that Manchester's procurement team whilst working very closely with the commissioning team is a separate and distinct function. This approach ensures that when a project or services moves to the procurement phase, there is a clear division of duties.

Scrutiny Board (Strategy and Resources)

Strategic Commissioning

The following information reflects the matters arising from a discussion about 'strategic commissioning', involving the Chair of the Scrutiny Board (Strategy and Resources), the Executive Member (Strategy and Resources) and members of the Council's Corporate Leadership Team, including the Chief Executive. The discussion took place on 29 June 2016.

During that discussion it was agreed that the Scrutiny Board's further consideration of 'strategic commissioning' would commence with a verbal update at the meeting scheduled for 18 July 2016. To aid preparation for this discussion, the following matters were highlighted and shared with the Executive Member (Strategy and Resources) and the Chief Executive:

People services:

- Some general assurance around the proposed 'people's services' commissioning model and how will this contribute to the city-wide objective of making the most of the 'Leeds £'. How will the proposed 'people services' model identify and drive efficiencies?

- An overall response to the Scrutiny Board's previous comments and details of any changes to the proposed model.

- Clarify the objectives for commissioning 'people services' – where these are set out and how progress is/ will be measured and reported? Details of any current baselines.

- Clarify where efficiencies will be made across 'people services': (a) areas of duplication? (b) how commissioning takes place? (c) decommissioning?

- How much of commissioning 'people services' could be considered to be 'specialist' and how much could be considered to be 'generalist'?

- Are there different approaches proposed for dealing with 'specialist' and 'generalist' commissioning?

Integrated commissioning:

- Clarify which CCGs are in discussion with Adult Social Services to create an integrated commissioning function and how this will sit within the proposed 'people services' model?

- If only 2 CCGs are involved in these discussions (as previously reported), how will this provide an integrated commissioning model for the City?

Other services:

It is recognised that 'people services' only represents part of the overall level of commissioning across the Council, therefore it would be useful to include some details how these 'other services' are being taken forward as part of the Council's overall approach to commissioning, including:

- The objectives of the 'other services' commissioned – where these are set out and how progress is/ will be measured and reported?

- Where efficiencies will be made across 'other services' commissioned: (a) areas of duplication? (b) how commissioning takes place? (c) decommissioning?

Scrutiny Board (Strategy and Resources)

Strategic Commissioning

- How efficiencies will be identified and driven for other services commissioned.

Financial details:

Councillor Groves is also keen to understand the financial details around 'commissioned services', including the following details:

- Overall
  - Confirmation of annual spend on commissioning services – previously suggested to be £284M.
  - Confirmation of spend on 'statutory' services – actual total and as a percentage of overall spend.

- People services spending
  - Confirmation of total spend within the scope of commissioning 'people services' – actual total and as a percentage of total overall spend.
  - Confirmation of total spend on statutory services within the scope of commissioning 'people services' – actual total and as a percentage of total spend on commissioning 'people services'

- Statutory services spending
  - Confirmation of total spend on statutory services within the scope of commissioning 'people services' – actual total and as a percentage of total overall spend on statutory services.

- Third sector spending
  - Confirmation of total spend with third sector organisations within the scope of commissioning 'people services' – actual total and as a percentage of total overall spend on commissioning 'people services'

Summary:

It is not anticipated that all these matters will be fully addressed at the meeting on 18 July 2016, and should be regarded as an initial statement of intent to help shape further discussions around 'strategic commissioning'. As such, the details should be considered as the continuation of the Scrutiny Board's work around commissioning commenced in March 2016 and are likely to inform the next steps for the Scrutiny Board. Nonetheless, the details should be considered to be indicative, which may evolve over the course of the municipal year.

Nest Steps:

Further work of the Board will largely be determined by the outcome of the discussion on 18 July 2016. Nonetheless, it should be recognised this might include discussions with other Directorates/ service areas (and the associated Exec Board members) – such as Children's Services, Public Health, Housing, Localities and the relationship with the Council's Projects, Programmes and Procurement Unit (PPPU). The Board's work might also extend to include any necessary input from external organisations / bodies – such as the Clinical Commissioning Groups.

Steven Courtney
Principal Scrutiny Adviser
July 2016

Commissioning for better public services

July 2012

1)   The context

Public services are changing because tax payers demand it; they want services to be affordable, give better value for money and put people in charge of the services they use. Furthermore, the models by which public services have been delivered for the last 50 years are no longer affordable. In large part this is due to reductions in public spending, but we are also on the brink of significant increase in demand for services and increased public expectation about the quality of services.

This poses a stark challenge to those responsible for providing services to the most vulnerable in society, the everyday services that all citizens rely on and delivering value for money to the tax payer. Councils continually look for ways to make services more efficient, but efficiencies alone will not solve the conundrum of increasing demand for services at a time of reduced funding. The threat is real, but it is also driving transformational change and redesign of services, new partnerships and ways of working and the potential to break down silos to result in services that are fundamentally better – in terms of results, value for money and efficiency.
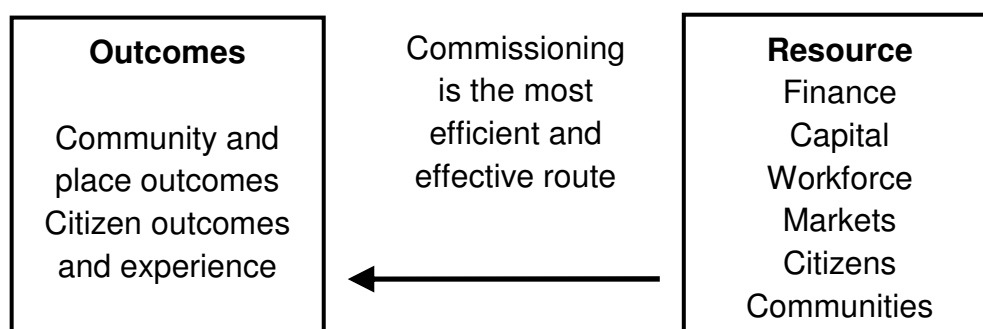
Central government has stated an ambition for a radical shift in how services are planned and delivered. The Open Public Services White Paper set out its proposals for increasing choice, opening services up to a wider range of providers, devolving decision making to the lowest appropriate level and improving transparency and accountability of public services. It also recognised that local government has made more progress towards these goals than the rest of the public sector.

2)   What is commissioning?

Commissioning is increasingly a central part of the approach to redesigning services because it offers a means of joining up resources to focus on improving outcomes for citizens in the most efficient and effective way both now and into the future.

As a concept, commissioning is not new, but in the past it has tended to focus on money and staff, procurement and performance management in individual services. However it has developed to focus on outcomes and encompass the whole system of services, the totality of resources, and different ways of achieving improved outcomes.

Commissioning can be broadly summarised by the following diagram:

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Outcomes	Commissioning is the most efficient and effective route	Resource
Community and place outcomes Citizen outcomes and experience	←	Finance Capital Workforce Markets Citizens Communities

(adapted from Outcomes & Efficiency Leadership Handbook, PIPC 2012)

Detailed interpretations of commissioning vary, but broadly speaking it involves three key activities that combine to achieve efficiency and maximise value:

- <u>understanding needs and desired outcomes</u> – that requires up to date information about risk factors, needs, trends to gain a solid understanding what people need and want and where the priority areas are.

- <u>optimising resources</u> – including money, community and user resource, assets. This could mean redesigning internal or external workforce to deliver a service or return for the end user; optimising public buildings in and area to collectively create best value for the community; or building community resilience or skills.

- <u>targeting</u> – resources at those citizens in need, services that are a priority and at the right stage to have maximum effect on outcomes.

- <u>choosing the right mechanism</u> – to best achieve the desired outcomes. The choice of mechanisms range from more traditional approaches including procurement, service level agreements, performance management to a focus on pooling budgets, market management, partnership building, enhancing choice, harnessing voluntary and community resources and capacity, influencing partner spend and users decisions and behaviours.

3)   Councils' and Councillors' role in commissioning

Changing culture and systems requires strong leadership to create an environment conducive to change both within an organisation and with the networks of agencies, services and citizens to interconnect issues, harness resources and adapt to changing environments, economics and politics.

Councillors' democratic mandate, accountability and knowledge of their place and residents mean they are uniquely placed to provide the leadership required to focus on community wide strategic outcomes and ensuring fair representation of different interests.

This accountability and closeness to communities mean councils can lead an informed public

debate about choices and decisions to be made, for example:

• Priorities and resource allocation choices – "what do we need to do and what might we stop doing?"
• How outcomes could be improved by doing things differently or working in partnership with other local agencies.
• Expectations of and capacity for the balance between public-funded activities and community self-help.
• What services might be subject to charges?

As democratically elected representatives responsible for spending of public money, councillors also provide the primary route for holding the range of service providers to account and protecting the rights of users and tax payers.

It also means that the nature of the conversation, the way in which it is conducted; the conclusions it reaches and the way outcomes are delivered will be different in different areas. Some approaches will work well in some areas but not in others. No one model will fit all circumstances.

Oldham Metropolitan Borough Council proactively commissioned its Children's centres based on need and outcomes that were specific to local communities - aligned towards a community budget approach to help achieve some of the necessary efficiencies. This enabled the council to review what the future delivery model should look like whilst at the same time underpinning the council's drive for localism through neighbourhood delivery and a co-operative ethos. The council completed this new commissioning process within 10 months including developing the business case, engaging partners and citizens, tendering and awarding contracts. A district-led workshop event was held that brought together elected members, partners and citizens from each district to work together to discuss and identify the key issues that were particular to each district, and to agree the performance measures that would be critical to improving outcomes. The tender process required bidders to demonstrate a knowledge and understanding of the locality and the needs within that community which meant they consulted and engaged with local representatives and service users at a much earlier stage in order to shape their offer. The process has resulted in a saving of £220,000 and although a different service offer, nonetheless one that was designed at a more local level and involving service users and key partners at a time when a number of councils are significantly reducing or shutting Children's Centres.

East Sussex County Council developed an outcomes-based Commissioning Grants Prospectus with the local NHS to promote the role of local communities and social capital (the non-financial value added by local knowledge, networks and action) in meeting care and support needs. The new grants-based commissioning process was implemented and evaluated during 2011 to capture the value added by social capital in delivering prevention, information, advice, advocacy and other support such as home from hospital schemes and carers' support. A local definition of social capital was created which was scored equally alongside cost and quality during the appraisal of proposals.

The desired local health, social care and wellbeing outcomes included in the Prospectus had been previously identified in five existing joint health and social care commissioning strategies, as well as the Director of Public Health Report and Joint Strategic Needs Assessment. The 'whole system' commissioning strategies were developed with service users and carers, as well as providers and commissioners of services and other local stakeholders, to set direction for the full range of services over a three to five year period in relation to local needs and demand.

Over £7million was awarded to 47 community-based organisations in one proportionate and competitive exercise. The independent evaluation judged the process to be a success in delivering a streamlined, accessible and unified funding opportunity that clearly valued social capital as part of proposals to deliver services. Other benefits identified by commissioners and organisations included getting the most out of the 'total' resource available by bringing together different funding streams and avoiding duplication, and high levels of engagement between commissioners, interested organisations and service users and carers who were involved in evaluating the proposals.

Brighton and Hove City Council has developed an 'intelligent commissioning' model and is undertaking a significant and ongoing cultural, and structural change process aimed at supporting the delivery of the city's strategic outcomes and key services using this new way of working. The development of this approach was based on learning from a number of pilot initiatives looking at drug related deaths, alcohol and domestic violence. A two year programme of work for the authority and its partners has subsequently been developed and includes both city wide strategic commissions such as Climate Change and Child Poverty and service based commissions such as Special Educational Needs and Health Watch. A wide number of benefits have been generated through this approach including better service prioritisation and outcome improvements, budget savings and stronger community participation and ownership. Measurable impacts and improvements to key city outcomes include a 20% reduction in alcohol assaults over the past 12 months.

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Suffolk County Council asked ACEVO to form a partnership with Social Finance, the Young Foundation and Equity Plus to design and deliver a programme to develop a sustainable market of public service providers across the Eastern region. This programme created a network of voluntary sector leaders and commissioners who are working together to create a shared understanding of what a functioning 'market' looks like, how a market can be shaped, the levers commissioners can use to enable the voluntary sector to compete with the private sector on an equal playing field, the skills required to operate effectively in a market and the shifting role commissioners will play in creating choice and control for service users.

4) Benefits of commissioning approach

Commissioning for a place can result in:

- The identification of new ways of delivering outcomes
- The elimination of duplication of services and effort between agencies
- Stronger and more varied partnerships
- Improved and more coherent services and the avoidance of cost shunting between organisations
- Joint assessment of need at individual and community level and greater consistency of eligibility (eg between adult and social care and NHS provision)
- Better engagement with citizens, providing opportunities for people to take more control over their lives and increasing social capital by supporting people to help each other
- Shared assets and premises
- Shared workforces and integrated teams
- Economies of scale and increased "purchasing power"
- Engagement of voluntary and community sector organisations which bring an understanding, empowerment and credibility to public service.

5) What commissioning is not

- Commissioning and procurement are not the same. Procurement is the process of acquiring goods, works or services from providers and managing them through a contract. A commissioning strategy may result in procurement, but could just as easily result in a policy change or an information campaign. There are many ways to deliver outcomes.

- Commissioning is not privatisation or outsourcing. Commissioning does not start with a preconception that services should be provided by a particular sector or type of provider. Who delivers the outcome remains the choice of the council or the partner organisation based on the recommendations form the commissioning process.

- Commissioning is not just about the bottom line. It is about finding the most efficient way to deliver services, but it is also about creating value – for example, reducing inequality and

environmental degradation and improving well-being – by incorporating environmental, social and economic costs and benefits into decision making.

6)   Implications, issues and considerations for commissioning

Implementing place-based approaches

The logical conclusion of a commissioning approach is that all public resources and services in an area – across different public agencies and government departments - are brought together to focus on the citizens needs and community priorities. Councils' work on community budgets has demonstrated a clear case for how joining up budgets and effort at local level can improve outcomes and efficiency. But councils cannot achieve that alone, it will require faster progress on decentralising commissioning budgets and cross government support for pooling budgets.

Working with other Commissioners

Place-based approaches will require councils to work closely with other public sector commissioners, particularly as new governance structures evolve. For example the way in which councils work with new Police and Crime Commissioners and Health and Wellbeing Boards in the production and delivery of their commissioning plans is going to be critical to secure the best outcomes for communities.

Effective engagement and buy-in

Commissioning has to engage a wide range of stakeholders – service users, the wider community, those delivering services, third sector bodies who represent service users, local businesses and other public agencies. As a fundamentally political process about making choices and determining resource allocation, commissioning has to be inclusive, transparent and accountable.

A long-term approach to efficiency

Cuts to public spending budgets means councils urgently need to deliver cost savings in the short term. However, these decisions must be balanced against objectives, outcomes and efficiency savings in the longer term. Optimal answers from a commissioning process may require upfront investment to deliver cost savings in future. Key elements of the commissioning process, such as building markets, creating capacity within communities, changing service patterns and influencing behaviour will take time to develop and produce results.

For example, early intervention and preventative services recognise that targeting resource at an early stage will produce the best results in terms of outcome and efficiency in the long run. Whilst these approaches will result in greater cost savings overall, it is likely to take a while before a cashable return is generated and demand reduced.

Capacity and skills

Councils need to ensure they have the right skills and capability for the range of functions required for the commissioning cycle, including community engagement commercial acumen, risk management, entrepreneurial thinking, designing systems and partnership vehicles, change management, workforce development. This is especially challenging for councils in a period of budget cuts, however councils are finding ways to increase capacity without increasing team sizes, such as developing longer contracts, managing a portfolio of services, staggering investment throughout the year.

Targeting techniques

As discussed, targeting is a primary method of improving efficiency of services, but involves some challenges and risks. Practical mechanisms to increase services to those in need and reduce services to those who benefit less can result in feelings of unfair benefit cuts, frustrations and divisions within communities. Methods such as payment by results or social impact bonds that incentivise providers to focus on results rely on the ability to measure outcomes and achievements. However it can be difficult to measure long term outcomes of , for example, early intervention services, so we rely on proxy measures such as free school meals or numbers of students competing a course which can potentially lead to gaming by providers rather than better outcomes.

De-commissioning

Particularly in a period of financial pressure and shrinking public resources, commissioning approaches will inevitably involve "de-commissioning". When setting priorities some existing services and activities will no longer be appropriate to meet needs. Engaging service users in the commissioning process and choices to be made will help manage expectations, increase understanding of why difficult decisions have been made and assist in mobilising community resource to replace de-commissioned services where possible.

7)   Where next for commissioning?

Commissioning has been well established in some services for many years, particularly for example in health adult and children's services, work and training programmes. Councils have extensive experience in developing joint commissioning approaches and interventions, for example through Public Service Boards and joint needs assessments. Across the country, councils are building on this experience to extend commissioning to more services; develop markets for service and support a more diverse range of providers.

Going forward we are likely to see expansion from commissioning for specific services to commissioning across councils or on a corporate basis. A number of councils are exploring how

to embed a commissioning approach more widely, for example, the Community Budget pilot areas, Brighton and Hove's "intelligent commissioning" model, Lambeth's "Co-operative Council".

Commissioning will need to become more sophisticated to allow flexibility to respond to service requirements that change and develop over time as a result of changing policies, demand or innovation.

Further expansion of commissioning should build upon existing local initiatives and pilots that are already underway at local level and will require:

- the ability to join up services at local level – that will require more place-based community budget type approaches and decentralisation of services so that they can be joined up around local needs.

- developing skills and expertise for commissioning – we need to work with other commissioners and providers to develop skills and expertise and share learning. The LGA already has a number of initiatives to support commissioning (see below).

- better information about services - that does not require a top heavy imposed system of performance management, but locally developed approaches to gathering and managing information and evidence.

8)   Government's role in supporting local commissioning

The government has been clear that it sees commissioning as a means making services more accountable and responsive by involving communities, partners and providers in decisions about how to get the best outcomes from the resources available. It also recognises (in the Open Public Services White Paper) that commissioning is much better established in local authorities than it is in central government and that the *"wider public sector has much to learn from local authority successes in commissioning, for example in adult social care and highways services."*

To support the development of knowledge and skills for commissioning, the Cabinet Office has established a **Commissioning Academy** aimed at a senior level within the public sector. The LGA is partnering the Cabinet Office in developing the programme for the Academy and two pilot cohorts involving a number of local authorities will begin the programme in 2012.

Government can support more commissioning of local services by:

- resisting attempts to centrally specify "open commissioning" and to define which services are suitable for commissioning and how supply should be diversified. That will introduce unintended bureaucracy and stifle innovation and diversity of supply.

_____

- avoiding bureaucratic monitoring and performance management processes – We cannot afford a return to top-heavy performance management and government should not seek to duplicate councils role in holding services to account role by creating new quangoes and extending the role of ombudsmen.

- focusing on decentralising funding and decision making for services to enable councils to expand their role as strategic commissioners, joining up services, and cutting through bureaucracy and organisational incoherence to focus on results, not process.

9)   The LGA offer on commissioning

The LGA has a role to play in supporting councils in the further development of their strategic commissioning role through:

- Disseminating good practice and innovation on commissioning
- Providing training and tailored support to individual councils in developing new approaches and commissioning skills
- Brokering collaboration with providers to develop future commissioning models and contracts that are fit for purpose in a future strategic commissioning context and to develop necessary skills across all sectors.

As a partner in the Commissioning Academy being developed by the Cabinet Office, the LGA has had an active role in shaping the Academy's curriculum to emphasise the importance of a place-based approach and a focus on strategic leadership required for successful commissioning. We will continue to be closely involved as the programme develops to ensure that local government benefits from the work.

In addition we have brought together an informal network of Local Authority Chief Executives to ensure our work on commissioning is grounded in the sector's experience.

We would welcome views from councils on what more you would like the LGA to do to support its members in developing commissioning. Please send your views to localism@local.gov.uk .

There are a number of programmes of work underway or in development across the LGA aimed at supporting councils to be effective commissioners. These include:

- **Keep it REAL support programme** – supporting councils in effective commissioning with the Voluntary and Community Sector.
- **Children's Improvement Board support programme** –support to local authorities in commissioning and productivity for children's services.
- **Health commissioning work programme –** Proposal in development to support exchange of good practice on commissioning in the health sector.
- **Culture and sport commissioning support**–a programme to support for Members and Officers leading culture and sport services to exploit the opportunities presented by commissioning.
- **Workforce development and transformation LGA** / **Skills for Justice** –support councils on service transformation including workforce implications of commissioning
- **Productivity programme work on procurement**– The productivity programme's support to councils on procurement as an essential part of the commissioning process.

Further information on these initiatives can be found on the LGA website **www.local.gov.uk**

Contact the Local Government Association

Local Government House
Smith Square
London SW1P 3HZ

Email: Localism@local.gov.uk
Telephone: 020 7664 3000
Website: www.local.gov.uk

July 2012

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Leeds
CITY COUNCIL

Report author: Steven Courtney

Tel: 247 4707

Report of Head of Scrutiny

Report to Scrutiny Board (Strategy and Resources)

Date: 18 July 2016

Subject: Financial Health Monitoring

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	✓☐ No	
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	✓☐ No	
Is the decision eligible for Call-In?	☐ Yes	✓☐ No	
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	✓☐ No	

Summary of main issues

1.   As part of the Scrutiny Board's consideration of its future work programme at the meeting in June 2016, the Board identified routine monitoring of the Council's financial health as a key activity.

2.   Attached, is the Executive Board report, '*Financial Health Monitoring 2016/17: Month 2 (May 2016)*' for consideration by the Scrutiny Board.

3.   Appropriate Finance representatives have been invited to the meeting to discuss the attached Executive Board report and address issues raised by the Scrutiny Board.

Recommendations

4.   That the Scrutiny Board considers the attached Executive Board and identify and agree any specific scrutiny actions that may be appropriate.

Background documents[1]

5.   None.

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[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report author: Alan Gay/Doug Meeson

Tel: 74250

Leeds
CITY COUNCIL

Report of the Deputy Chief Executive

Report to Executive Board

Date: 22nd June 2016

Subject: Financial Health Monitoring 2016/17 – Month 2 (May 2016)

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Is the decision eligible for Call-In?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

Summary of main issues

1.	The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of the revenue budget, and the Housing Revenue Account.

2.	The 2016/17 financial year is the first year covered by the 2015 Spending Review and again presents significant financial challenges to the Council. The Council to date has managed to achieve considerable savings in the order of £330m since 2010 and the budget for 2016/17 will require the Council to deliver a further £76m of savings.

3.	The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position is becoming more difficult to manage and it will be increasingly difficult over the coming years to maintain current levels of service provision without significant changes in the way the Council operates. For the period 2017/18 to 2019/20, the estimated budget gap is around £90m, of which some £60m is front-loaded into 2017/18.

4.	This is the first budget monitoring report of the year, and Executive Board will recall that the 2016/17 general fund revenue budget, as approved by Council provides for a variety of actions to reduce net spend by £31.5m delivering some £76m of budget action plans by March 2017. At this early stage of the financial year, it is clear that

the majority of these actions are on track to be delivered, however this report highlights a potential overall overspend/risk of £3m, although it should be noted that measures are being put into place to reduce this figure.

5.   At month 2, the Housing Revenue Account is projecting a balanced budget position.

Recommendation

6.   Executive Board are asked to note the projected financial position of the authority.

1.   Purpose of this report

1.1   This report sets out for the Executive Board the Council's projected financial health position for 2016/17 at month 2.

1.2   Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first two months of the year.

2.   Background information

2.1   Executive Board will recall that the net budget for the general fund for 2016/17 was set at £496.4m, supported by the use of £3.5m of general reserves.

2.2   Following the closure of the 2015/16 accounts, an underspend of £0.4m was achieved. This represented a marginally better position than the assumptions made when setting the 2016/17 budget.

2.3   The balance of general reserves at the end of March 2016 was £21.3m and when taking into account the budgeted use of £3.5m in 2016/17 will leave an anticipated balance at March 2017 of £17.8m.

2.4   Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

2.5   This first monitoring report in 2016/17 is intended to highlight the potential risks at an early stage in the financial year. A more detailed quarter 1 report, including financial dashboard information for all directorates, will be presented to the July meeting of the Executive Board.

2.6   Looking beyond 2016/17, the estimated funding gap for the period 2017/18 and 2019/20 is around £90m of which £60m is front-loaded into 2017/18. This estimated funding gap recognises the Government's assessment of Core Spending Power for Leeds and therefore assumes Council Tax increases of 1.99% and Adult Social Care precept increases of 2% in 2017/18, 2018/19 and 2019/20.

2.7   A report will be brought to the Executive Board in September 2016 to update the medium-term financial strategy to take into account the implications of the

government's 4-year funding offer, potential increasing funding from local taxation and income, the impact of increasing demand and cost pressures and ultimately what actions and decisions will need to be taken in order to stay within the available financial resources.

3. Main Issues

3.1 After two months of the financial year an overspend of £3m is projected, as shown in Table 1 below.

Table 1

Directorate	Director	(Under) / Over spend for the current period			
		Staffing	Total Expenditure	Income	Total (under) /overspend
		£000	£000	£000	£000
Adult Social Care	Cath Roff	(2,470)	(668)	860	192
Children's Services	Nigel Richardson	(500)	4,900	(1,300)	3,600
City Development	Martin Farrington	(100)	(140)	(70)	(210)
Environment & Housing	Neil Evans	0	0	0	0
Strategy & Resources	Alan Gay	(338)	(338)	338	0
Citizens & Communities	James Rogers	0	0	0	0
Public Health	Dr Ian Cameron	0	0	0	0
Civic Enterprise Leeds	Julie Meakin	1,185	2,392	(2,392)	0
Strategic & Central	Alan Gay	0	(114)	(487)	(601)
Total Current Month		**(2,223)**	**6,032**	**(3,051)**	**2,981**

3.2 The major variations are outlined below;

3.2.2 Adult Social Care - the directorate is currently projecting an overspend of £0.2m. Some slippage has been identified in delivering budget action plans totalling £0.5m, but at this early stage in the financial year most are projected to be achieved over the remaining months. There is some slippage in delivering specific actions for savings of £0.3m within the learning disability community care packages budget. Slippage of £0.2m relates to the ongoing Better Lives programme within older people's residential and day care services. In addition, there is a potential pressure of £1.7m (0.9%) around community care packages with the main variation relating to residential and nursing care placements which reflects the demand trends in the last quarter of 2015/16 and a higher number of residents at the start of the current financial year than was assumed when the budget was set. Also, spend on the learning disability pooled budget is higher than budgeted, which again reflects the impact of the trend in spend in the last quarter of 2015/16 and also some slippage in delivering the 2016/17 budgeted savings. These increases are partly offset by savings in the direct payments budget, which is projected to be slightly lower than budgeted.

Staffing – savings of £2.5m (around 4%) are forecast. Savings within Access and Care Delivery total some £1.3m, mainly reflecting reducing staffing numbers within the Community Support Service since the budget was set and vacancies within the care management and business support services. Savings of £1.2m are projected in commissioning services, resources and strategy and health and well-being due to ongoing vacancies.

3.2.3 Children's Services – overall at month 2 some significant pressures on the demand-led budgets means that Children's Services are projecting to spend over the budget by £3.6m. The main budget pressure is in the demand-led children in care budgets with a potential £5m risk of which £3.5m relates to externally provided residential placements and £1.5m relates to placements with Independent Fostering Agencies (IFAs). Since 2012/13 there has been a significant reduction in both numbers and costs of these placements. Currently there are 1,250 children looked after, which includes 61 external residential placements and 231 IFA placements. During the first half of 2015/16 there was a continued reduction in placements but towards the end of the year there was an increase in the number of external residential placements and so far this trend has continued into 2016/17. Part of the increase in demand results from the increased emphasis for 'Staying Put' included in the Children and Families Act which has seen an increase in the length of IFA placements. Various actions initiated by the directorate are anticipated to result in placement numbers reducing during the year although they are unlikely to fall to the level assumed in the budget.

A further pressure is around transport where a rise in the number of children and young people requiring education outside the city and in their complexity of need has resulted in a £1.7m potential pressure against the budget.

The directorate has committed to a number of actions to mitigate against these budget pressures including additional controls on recruitment, looking at opportunities to reduce staffing spend, opportunities for additional income, reviewing contracts and a line by line review of all areas of spend to mitigate against the projected overspend. Savings of £2m from these actions are included in the projection. There is a risk that this level of savings will not be realised but the position will be closely monitored.

3.2.4 Strategic & Central budgets – the potential £0.6m underspend highlighted at month 2 reflects a potential £0.4m saving against the levy payment to the business rates pool and also the transfer of £0.7m from the Capital Reserve to offset a potential pressure of £0.4m in respect of the debt budget.

3.3 Other Financial Performance

3.3.1 Council Tax

The Council Tax in-year collection rate at the end of April was 10.2% which is in line with the performance in 2015/16. At this early stage the forecast is to achieve the 2016/17 in-year collection target of 95.9% collecting some £299m of income.

3.3.2 Business Rates

The business rates collection rate at the end of April was 10.76% which is 0.89% ahead of the performance in 2015/16. The forecast is to achieve the 2016/17 in-year collection target of 97.7% collecting some £388m of income.

4. Housing Revenue Account (HRA)

4.1 At the end of month 2 the HRA is projecting a balanced position against the 2016/17 Budget.

5. Corporate Considerations

5.1 Consultation and Engagement

5.1.1 This is a factual report and is not subject to consultation

5.2 Equality and Diversity / Cohesion and Integration

5.2.1 The Council's revenue budget for 2016/17 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 24th February 2016.

5.3 Council Policies and Best Council Plan

5.3.1 The 2016/17 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

5.4 Resources and Value for Money

5.4.1 This is a revenue financial report and as such all financial implications are detailed in the main body of the report.

5.5 Legal Implications, Access to Information and Call In

5.5.1 There are no legal implications arising from this report.

6. Recommendations

6.1 Executive Board are asked to note the projected financial position of the authority.

7. Background documents[1]

7.1 None

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[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report of the Head of Service Delivery ICT

Report to Scrutiny Board (Strategy & Resources)

Date: 8 July 2016

Subject: Scrutiny Inquiry into ICT Resources – Response to Scrutiny Statement

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Is the decision eligible for Call-In?	☐ Yes	☒ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

1   Purpose of this report

1.1   To provide ICT''s response to the Scrutiny (Strategy & Resources) Final Statement in relation to its inquiry around ICT Capacity.

2   Background information

2.1   The purpose of the inquiry was to make an assessment of and, where appropriate, make recommendations on the following areas:

  (i)   Capacity in ICT to support both 'Lights On' maintenance and to deliver projects
  (ii)   Recruitment & retention issues
  (iii) Expectation in Council of hours of service, reliability and availability

2.2   The statement was agreed in April 2016 and is attached at Appendix 1, for information.

3   Response to the recommendations

3.1   The formal response to the Scrutiny Board recommendations is attached at Appendix 2.

4   Equality and Diversity / Cohesion and Integration

4.1   No impacts have been identified in the final inquiry report, post inquiry.

4.2   Impact assessments in relation to specific recommendations 5 and 6 are appropriate and are undertaken as part of the recruitment/selection processes.

5   Recommendations

5.1   That the Scrutiny Board (Strategy and Resources):

(a) Considers the responses provided to its recommendations and endorses the associated actions and approach.

(b) Determines future monitoring arrangements of the report and recommendations.

6   Background documents[1]

None

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[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Scrutiny Inquiry - ICT Resourcing

This statement from Scrutiny Board (Strategy and Resources) provides the Board's observations and recommendations following its consideration of ICT resourcing.

1.0 Introduction

1.1 Information and Technology and therefore ICT Services critically underpin the running of the majority of the operational services of the Council. Further resource will be required from ICT Services to deliver the technology components of projects that deliver the Best Council Plan.

1.2 Scrutiny Board (Strategy and Resources) agreed at its June meeting to examine the resources available to ICT and the capacity pressures being faced by the service and ask whether ICT has the ability to support both 'lights on' maintenance and to deliver the projects.

2.0 Scope of the inquiry

2.1 The purpose of the inquiry was to make an assessment of and, where appropriate, make recommendations on the following areas:

(i) Capacity in ICT to support both 'Lights On' maintenance and to deliver projects

(ii) Recruitment & retention issues

(iii) Expectation in Council of hours of service, reliability and availability

3.0 Observations and recommendations

3.1 With a total of 67 active major projects and 159 minor projects, ICT are clearly at the limit of capacity. We reviewed the effectiveness of governance arrangements within Directorates and concluded that whilst there is some directorate level review and prioritisation, overall they are not as robust as they could be in filtering project demand and in assessing the value of proposed projects. It is our view that there should also be provision for projects to be paused or stopped in order to direct resources to new, more important projects

> **Recommendation 1** –That corporate challenge should be carried out at CLT level and that projects are assessed/reviewed/rejected/agreed at this level. Provision should also exist for projects to be paused or stopped in order to direct resources to new, more important projects

3.2   The Board is of the view that ICT would benefit from a 'peer review' of the governance arrangements in place for project management.

> **Recommendation 2** – That ICT arrange a peer review of the governance arrangements in place for project management

3.3   The Board felt a lack of elected member involvement in ICT and bemoaned the demise of the member steering group as a way for officers and members to jointly understand ICT and its resource demands.

> **Recommendation 3 –** That a member group be established as a forum for officers to share the challenges and opportunities facing ICT. This to cover ICT, Information Governance, Digital and City agendas.

3.4   Members very much welcomed the 'place based' work being undertaken by officers with partners in the city and felt this work to be crucial to maximise the 'Leeds £'. Members would like to see greater information on the budget available to achieve this initiative and the timescales involved.

> **Recommendation 4** – That a clearer indication is given on the resources available to achieve the place based initiative and the timescales involved.

3.5   Recruitment (and retention) is an on-going issue for the service, resulting in the need to pay agency staff for both project work and for 'keeping the lights on' work. Having discussed the matter with the Chief Officer, Human Resources we agree that increasing salaries for selected critical posts, where the market is paying around £10k per annum more than Leeds City Council would not necessarily resolve the issue and would more likely have a detrimental impact of pay scales across the authority. The Board is of the view that the Council should be looking at longer terms solutions to attract staff. We acknowledge the work undertaken around apprentices, particularly for service desk staff and the developing graduate scheme. We consider that both of these schemes should be extended and developed as far as possible. We acknowledge that experienced and resourced staff would be needed to support these schemes. We also acknowledge that whilst this approach would not, in the short to medium term, resolve the on-going need to utilise agency staff whilst the issues with retaining experienced staff continue, it

would, in our view, offer a more sustainable long term approach to recruitment as long as staff can then be retained within the Council. The council should also be positively 'selling' its favourable terms and conditions 'offer' when recruiting. We note the gender imbalance of staff (In favour of males) within the ICT service. Our flexible working and family friendly working patterns should be emphasised to encourage more women to join the ICT profession.

> **Recommendation 5** – That the Council continues to develops strong graduate and apprentice schemes to resolve its long term recruitment problems within ICT

> **Recommendation 6** – That the family friendly terms and conditions of working for the Council continue to be emphasised in order to attract a more diverse workforce

3.6   In addition to be above measures we would recommend that ICT undertake an exercise in relation to the cost benefits of introducing higher grades and the potential savings this might generate if this resulted in the use of fewer agency staff.

> **Recommendation 7** – That ICT undertake an exercise in relation to the cost benefits of introducing higher grades and the potential savings this might generate if this resulted in the use of fewer agency staff.

3.7   The resilience of ICT systems was considered. Current resilience and availability levels were deemed acceptable and there was no specific need seen to extend the current service hours. Of note was the resilience of systems during the recent flooding and the former Vodafone contract. We are concerned that this contract was not managed correctly, putting the Authority at risk. We recommend that internal processes for monitoring contracts are reviewed and specifically we recommend that investigations are made, in conjunction with legal services, as to whether Vodafone was in breach of its contract and if so what remedial action could and should be taken.

Recommendation 8– That that internal processes for monitoring contracts are reviewed and specifically in conjunction with legal services, a review as to whether Vodafone was in breach of its contract and if so what remedial action could and should be taken.

Scrutiny Board (Strategy and Resources) – April 2016

Scrutiny Board (Strategy and Resources)

Scrutiny Board Statement: ICT Resources

Formal Response

Scrutiny Board Recommendation	Agreed (Yes/No)	Initial Response	Recommendation Tracking
Recommendation 1 –That corporate challenge should be carried out at CLT level and that projects are assessed/ reviewed/ rejected/ agreed at this level. Provision should also exist for projects to be paused or stopped in order to direct resources to new, more important projects.	Yes	This recommendation was discussed between the Chair of Scrutiny (Strategy & Resources) and the Deputy Chief Executive in early 2016 outlining the need for Corporate challenge. This has also been incorporated into the planned peer review (Recommendation 2). In addition to the existing prioritisation at Directorate Leadership Teams and nominated IM&T steering groups, a newly constituted member/officer IM&T steering group (Recommendation 3) will also review the portfolio of projects.	

Scrutiny Board Recommendation	Agreed (Yes/No)	Initial Response	Recommendation Tracking
Recommendation 2 – That ICT arrange a peer review of the governance arrangements in place for project management.	Yes	Discussions were held with colleagues in Equalities team regarding their experience of peer reviews and contact was then made with Local Government Association in April 2016 regarding options for a peer review of our governance arrangements. The brief given to LGA was to undertake a review of our current arrangements for prioritising Council projects and for guidance on best practise approaches to: • Ensure resource is focussed on Council priorities • Make recommendations on how we review the live portfolio of work and make decisions to delay or halt projects based on changing priorities or changing requirements of existing projects. • Ensure there is specific consideration of the IT resource implications Discussions highlighted that LGA do not specifically undertake this type of review however, with a wider peer review planned for Leeds City Council in July 2016 using LGA services we have agreed with the Chief Officer Strategy & Improvement to incorporate the review of project prioritisation within this wider peer review.	

Scrutiny Board Recommendation	Agreed (Yes/No)	Initial Response	Recommendation Tracking
Recommendation 3 – That a member group be established as a forum for officers to share the challenges and opportunities facing ICT. This to cover ICT, Information Governance, Digital and City agendas.	Yes	At present there is no Members Steering group for ICT. A Cross Council IM&T Steering Group exists to consider cross cutting initiatives, overall priorities, challenges and opportunities, this is in addition to directorate specific steering groups all of which are part of the governance arrangements for ICT/IM&T. Attendance at this cross Council IM&T Steering group has dwindled and its original purpose is not being adequately fulfilled. It is therefore our plan to create a combined Member and cross Council IM&T Steering group. This will give Members the opportunity to directly comment on Directorate/cross council priorities and Member attendance is also likely to raise the profile of the group and assist in securing regular directorate senior officer attendance. Outline terms of reference and agendas are to be drafted and the new steering group will be in place by 3rd Qtr 2016/17.	
Recommendation 4 – That a clearer indication is given on the resources available to achieve the place based initiative and the timescales involved.	Yes	The scope of the place based initiative is still being developed. Once this is complete, a report will be provided by the ICT Chief Digital Officer.	

Scrutiny Board Recommendation	Agreed (Yes/No)	Initial Response	Recommendation Tracking
Recommendation 5 – That the Council continues to develop strong graduate and apprentice schemes to resolve its long term recruitment problems within ICT.	Yes	ICT continue to use graduate/trainee and apprentice schemes. Three trainees from the first two cohorts of the ICT developer scheme are now in permanent roles, the two other trainees continue to progress well (commencing their second year in Sep 2016). A third cohort of the trainee developer programme will start in September 2016 with 3 new trainees. Discussions are underway with Leeds City College to take students on under placements within our ICT Service Centre with a view to these developing the skills to then apply for permanent entry level roles.	
Recommendation 6 – That the family friendly terms and conditions of working for the Council continue to be emphasised in order to attract a more diverse workforce.	Yes	ICT continue to stress the family friendly terms and conditions however this has not increased number of applicants for positions.	

Scrutiny Board Recommendation	Agreed (Yes/No)	Initial Response	Recommendation Tracking
Recommendation 7 – That ICT undertake an exercise in relation to the cost benefits of introducing higher grades and the potential savings this might generate if this resulted in the use of fewer agency staff.	Yes	A cost comparison has been undertaken on five key posts within ICT which are hard to fill and where agency contract resources are used. This demonstrates a cost saving to the Council through employing staff on higher salaries as opposed to paying agency contract rates. Details are contained in Annex A. The Chief Officer HR provided input to the Scrutiny Board advising that potential blanket increase in salaries paid would not necessarily resolve the issue and would more likely have a detrimental impact on pay scales across the authority. ICT ask that Scrutiny acknowledge that without a salary/grade structure which allows for higher rates to be paid to staff filling technical posts, then the situation will not improve and agency staff will continue to be used.	
Recommendation 8 – That internal processes for monitoring contracts are reviewed and specifically in conjunction with legal services, a review as to whether Vodafone was in breach of its contract and if so what remedial action could and should be taken.	Yes	This review has been completed and a report was issued to the Chair of Scrutiny (Strategy & Resources) on 29 April 2016. The report was produced in conjunction with Council solicitors in the Projects, Programmes and Procurement Unit (PPPU). A copy of the report is contained in Annex B.	

Annex A – Cost Benefit analysis of higher graded posts versus cost of contractors. (Recommendation 7)

Current Permanent Market Job Rates v LCC Salaries v Contractor Costs

Role	LCC Salary	Salary based on similar roles Recruitment Agencies are working in the West Yorkshire region	Daily Contractor Cost	Annual contractor cost based on working 46 weeks per year	Cost Difference per year
Senior IT Infrastructure Officer (Solaris System Admin)	PO2 - £30,178 - £32,778	£40,000 - £45,000	£440	£101,200	£61,200
Senior IT Infrastructure Officer (SharePoint System Administrator)	PO2 - £30,178 - £32,778	£40,000 - £42,000	£350	£80,500	£40,500
Principal Technical Lead (Applications Integration)	PO4 - £35,662 - £38,405	£47,000 - £50,000	£580	£133,400	£86,400
Principal Technical Lead (MS SQL)	PO4 - £35,662 - £38,405	£45,000 - £50,000	£350 - £450	£80,500 - £103,500	£35,500
Developer (C#/.NET)	PO2 - £30,178 - £32,778	£37,000 - £42,000	£350 - £550	£80,500 - £103,500	£66,500

Appendix B - Contract management and Vodaphone report (Recommendation 8)

 Leeds CITY COUNCIL

Report author: Bev Fisher	
Tel: 07891 275318	

Report of   Head of Service Delivery (ICT)

Report to   Scrutiny Board (Strategy and Resources)

Date: 29th April 2016

Subject: ICT Contract Management

Are specific electoral wards affected? If relevant, name(s) of ward(s):	☐	Yes	☒	No
Are there implications for equality and diversity and cohesion and integration?	☐	Yes	☒	No
Is the decision eligible for call-In?	☐	Yes	☒	No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐	Yes	☒	No

Summary of main issues

1. Following the scrutiny enquiry into ICT Resourcing by Scrutiny Board (Strategy and Resources), the Board made recommendation that the internal processes for monitoring contracts are reviewed and that a review in conjunction with Legal services as to whether Vodafone was in breach of its contract (in relation to their data centre outage during the flooding) and if so what remedial action could and should be taken.

2. This report provides an update on the actions taken.

Recommendations

1. Scrutiny Board (Strategy and Resources) is asked to note the updates provided.

1   Purpose of this report

1.1   This report provides an update to Scrutiny Board (Strategy and Resources) following the Board recommendation that the internal processes for monitoring contracts are reviewed and that a review, in conjunction with Legal services be done, as to whether Vodafone was in breach of its contract in relation to their data centre outage during the flooding.

2   Background information

2.1   Scrutiny Board (Strategy and Resources) has undertaken an inquiry into the capacity within ICT Services.

2.2   During the flooding in December 2015, the Council's main internet connection became unavailable as our providers primary and secondary data centres were both located within the affected area.

2.3   The board have made a recommendation that the internal processes for monitoring contracts are reviewed and that a review be done as to whether Vodafone was in breach of contract in relation to their data centre outage during the flooding. This review has been done in conjunction with Council solicitors in the Projects, Programmes and Procurement Unit (PPPU).

3   Main issues

Internal processes for monitoring contracts

3.1   Each contract has a named contract owner within the service area that is responsible for the management of the contract.

3.2   Within the ICT Service, each contract is also aligned to a member of the ICT Service Leadership Team and within other directorates / services each contract has an Information Management & Technology Business Partner aligned to it.

3.3   In 2014 a training course for those managing contracts was developed and this has been run four times with 42 attendees since September 2014. Further courses are planned for this financial year to ensure those managing contracts have the appropriate skills.

3.4   Contracts are managed in accordance with the overall cost and risk to the Council with those that have a lower cost / risk being managed using a light touch regime and key contracts having contract management plans and regular contract review meetings.

3.5   Additional support is available to Contract Managers when required from the ICT Strategic Sourcing team, which has staff with relevant commercial experience to provide advice, guidance and who provide a hands-on role in managing any particular issues that arise.

Vodafone potential breach of contract

3.6   At the time of the flooding, the contract with Vodafone had been allowed to expire in anticipation of the transition to Virgin Media Business.

3.7   However, having reviewed the original requirements specification and contract, there was a requirement for two diverse direct links from the Leeds City council network to two diverse points of presence.

3.8   There was no requirement as to where the points of presence (PoP) were located other than within the United Kingdom and Vodafone did provide two separate PoP's as required, albeit both within the area affected by flooding.

3.9   The contract was let under the Government Procurement Service Catalist framework and was subject to its terms and conditions. In line with most contracts, including the Council's standard terms and conditions, Force Majeure (extraordinary events beyond the control of either party and including Acts of God such as flooding) is explicitly excluded.

3.10   The contract did contain a requirement to use reasonable endeavours to continue to perform deliver the services in the event of Force Majeure. The use of "reasonable endeavours" is defined by reference to an objective standard of what an ordinary competent person might do in the same circumstances and implies a reasonable balance to be struck between a party's obligation to others and its own financial interests.[1]

3.11   Vodafone initially continued to provide the service through the use of a battery backup system and generators, however, by 8:30am on 27th December these systems also failed. Vodafone started to reconnect customers from 7:00am on 30th December although as the Council had already confirmed its intention to transition our services to Virgin Media Business we agreed for our service not to be connected.

3.12   Given the extent of the flooding, damage it caused and the cost to replace equipment and effort that was involved, it is believed that Vodafone did use reasonable endeavours to restore the service. In the circumstances, it is felt that it would be difficult to prove any breach of contract and it is unlikely any formal action would be of benefit to the Council.

3.13   The contract has been reviewed by a Senior Project Solicitor in PPPU, who has confirmed this to be the case in relation to the Contract and the likelihood of any formal action being of benefit.

4   Corporate considerations

4.1   Consultation and engagement

4.1.1   Individual service area managers, the ICT Service Leadership Team and key contract owners have been consulted as part of the review.

4.2   Equality and diversity / cohesion and integration

4.2.1   The purpose of this report is to provide an update on activity undertaken and as such has no direct impact on Equality and diversity / cohesion and integration.

4.3   Council policies and best council plan

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[1] Rhodia International Holdings v Huntsman International [2007]

4.3.1   The effective management of ICT contracts supports our objective to become a more efficient and enterprising council.

4.3.2   In addition, reliable contracts for the provision of ICT Services support delivery of wider Council policies and the best council plan.

4.4   Resources and value for money

4.4.1   The ICT Services seeks to balance the resource requirements of managing contracts with the cost and risk of the contract to ensure value for money is obtained.

4.5   Legal Implications, access to information and call In

4.5.1   This report is provided for information and as such there are no legal implications.

4.6   Risk management

4.6.1   This report is provided for information and as such there are no direct risk management issues.

4.6.2   ICT Services will continue to manage contract risk and are mindful of the overall impact such risks have on the delivery of the Council's services.

5   Conclusions

5.7   The internal processes for monitoring contracts, processes are in place and contract managers are supported by other suitably skilled officers as required.

5.8   The review of the Vodafone contract demonstrates they were not in breach of contract and there will be no benefit in pursuing costs from them.

6   Recommendations

6.1   Scrutiny Board (Strategy and Resources) is asked to note the content of this report.

7   Background documents[2]

7.1   None.

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[2] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Leeds
CITY COUNCIL

Report author: Steven Courtney

Tel: 247 4707

Report of the Head of Scrutiny

Report to Scrutiny Board (Strategy and Resources)

Date: 18 July 2016

Subject: Work Schedule

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Is the decision eligible for Call-In?	☐ Yes	☒ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

1   Purpose of this report

1.1   The purpose of this report is to consider the progress and development of the Scrutiny Board's work schedule for the current municipal year (2016/17).

2   Summary of main issues

2.1   The Board's outline work schedule, which reflects discussions at the Board's previous meeting, is attached at Appendix 1.

2.2   It is important to retain sufficient flexibility in the Board's work programme in order to react to any specific matters that may arise during the course of the year, therefore the work schedule may be subject to change and should be considered to be indicative rather than definitive.

2.3   In order to deliver the work schedule, the Board may need to take a flexible approach and undertake some activities outside the formal schedule of meetings. Adopting a flexible approach may also require additional formal meetings of the Scrutiny Board.

2.4   In considering the work schedule, the Scrutiny Board should be mindful and take account of the resources available to support its work.

3.   Recommendations

3.1   The Scrutiny Board (Strategy and Resources) is asked to:

   a) Note the content of this report and its attachments;

    b) Identify any specific matters to be incorporated into the work schedule for the remainder of the current municipal year; and,

    c) Where necessary, prioritise any competing demands and agree the work schedule for the remainder of the current municipal year.

4.   Background papers[1]

4.1   None used.

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[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

SCRUTINY BOARD
(STRATEGY RESOURCES)

APPENDIX 1

2016/17 WORK SCHEDULE

Title	July	Aug.	Sept.	Oct.	Nov.
Commissioning	Progress report				
Smart Cities					
Business Rates			Background / scoping report		
Budget	Financial Health Monitoring 2016/17			Financial Health Monitoring 2016/17	Financial Health Monitoring 2016/17
Recommendation Tracking	ICT Resources: Formal response				ICT Resources

SCRUTINY BOARD
(STRATEGY RESOURCES)

APPENDIX 1

2016/17 WORK SCHEDULE

Title	July	Aug.	Sept.	Oct.	Nov.
			Non contract spend		
			Fees and Charges		
Performance Reports					
Briefings					
Other matters identified					

SCRUTINY BOARD
(STRATEGY RESOURCES)

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Dec.	Jan.	Feb.	March	April
Commissioning					
Smart Cities					
Business Rates					
Budget			Financial Health Monitoring 2016/17		
	Initial budget proposals	Formal response to Exec. Budget proposals			
Recommendation Tracking					

SCRUTINY BOARD
(STRATEGY RESOURCES)

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Dec.	Jan.	Feb.	March	April
		Non contract spend			
	Fees and Charges				
Performance Reports					
Briefings					
Other matters identified					

2016/17 WORK SCHEDULE

Title	Unscheduled/ Carry Forward
Commissioning	
Smart Cities	Scope to be determined
Business Rates	
Budget	
Recommendation Tracking	

2016/17 WORK SCHEDULE

Title	Unscheduled/ Carry Forward
Performance Reports	
Briefings	
Other matters identified	