

# Public Document Pack

**Date of meeting** Monday, 3rd September, 2012  
**Time** 7.00 pm  
**Venue** Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffs ST5 2AG  
**Contact** Louise Stevenson ext 2250

## **Transformation and Resources Overview and Scrutiny Committee**

### **AGENDA**

#### **PART 1- OPEN AGENDA**

- 1 Apologies**
- 2 DECLARATIONS OF INTEREST**  
To receive Declarations of Interest from Members on items included in the agenda.
- 3 MINUTES OF PREVIOUS MEETING (Pages 1 - 6)**  
To consider the minutes of the previous meeting of this Committee held on 25 July 2012.
- 4 KIDSGROVE CUSTOMER SERVICE CENTRE PARTNERSHIPS (Pages 7 - 16)**  
To receive a briefing note regarding Kidsgrove Customer Service Centre Partnerships and the Police move into the Kidsgrove Customer Service Centre.
- 5 BUDGET PREPARATION, SCRUTINY AND APPROVAL PROCESS 2013/14 (Pages 17 - 20)**  
To consider a report outlining the process whereby the 2013-14 budget will be prepared, scrutinised and approved.
- 6 FINANCIAL AND PERFORMANCE MANAGEMENT REPORT PERIOD 2012/13 FIRST QUARTER (Pages 21 - 32)**  
To receive the Financial and Performance Management Report for the first quarter of 2012/13.
- 7 FLEXIBLE WORKING FOR BOROUGH COUNCIL EMPLOYEES (Pages 33 - 38)**  
To receive a report updating the Committee on the current position regarding flexible working/homeworking at the Council.
- 8 PROCUREMENT OF THE REPORTER (Pages 39 - 46)**

To receive a copy of the report being considered by Cabinet on 19 September 2012 regarding the outcome of a procurement process for the distribution and printing of the Council's newspaper, the Reporter.

**9 WORK PLAN (Pages 47 - 48)**

To discuss and update the work plans to reflect current scrutiny topics.

**10 URGENT BUSINESS**

To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972.

**Members:** Councillors Mrs Burgess, Clarke, Fear, Hambleton, Mrs Hambleton, Mrs Heames (Vice-Chair), Howells, Lawton, Mrs Peers, Mrs Shenton (Chair), Stringer, Waring and White

**'Members of the Council: If you identify any personal training / development requirements from the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Committee Clerk at the close of the meeting'**

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

## **TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

Wednesday, 25th July, 2012

**Present:-** Councillor Mrs Elizabeth Shenton – in the Chair

Councillors Mrs Burgess, Clarke, Fear, Hambleton, Mrs Hambleton, Mrs Heames, Howells, Lawton, Mrs Peers, Stringer, Waring and White

### **1. DECLARATIONS OF INTEREST**

Councillor White declared an interest with regard to agenda item 5. Councillor White had signed the call-in form and therefore could not participate nor vote during agenda item 5.

### **2. APOLOGIES**

There were no apologies received.

### **3. MINUTES OF PREVIOUS MEETINGS**

The minutes of the meeting held on 12 June 2012 were agreed as a correct record.

Members were informed by the Chair that the Budget training requested at the last committee meeting had been scheduled for 13 September 2012. Members were asked to note this date.

There was a brief update on Performance Management by the Council's Head of Business Improvements and Partnerships. The Committee were informed that a report went to Cabinet on 18 July 2012 and the new performance framework had been approved. The Budget Performance Monitoring Report for 2012/13 First Quarter would be received by the committee in September and would be a new style report based on the new framework.

**RESOLVED:** (a) That the information be received.

(b) That the minutes of the meeting held on 12 June 2012 be agreed as a correct record.

### **4. URGENT BUSINESS - CALL IN REGARDING SURPLUS LAND - PROPOSED NEWCASTLE DEVELOPMENT PROGRAMME AND SITE ALLOCATIONS AND POLICIES DEVELOPMENT PLAN DOCUMENT - DRAFT ISSUES AND OPTIONS CONSULTATION PAPER**

Urgent business had been called to consider a call-in request submitted on Monday 23<sup>rd</sup> July 2012 to review the decisions of Cabinet made at its meeting on 18th July 2012, in relation to the proposed Newcastle Development Programme Disposals and the Site Allocations and Policies Development Plan Document (agenda items 6 and 7).

The Chair clarified the procedure for the consideration of the call-in at the meeting, as set out in section 1 of the report on the agenda. It was clarified to the Committee that there were three options they could consider:

- (a) Reject the call-in and note the original decision. The decision would take effect on the date of the Overview and Scrutiny Committee.
- (b) Accept the proposal set out in the call-in form and refer back to Cabinet with any comments they wished to make. The Cabinet would then reconsider at the next scheduled Cabinet meeting, amending the decision or not before adopting the final decision.
- (c) Accept the proposal set out on the call-in form and refer the matter to Full Council if the decision was deemed to be outside the budget and policy framework.

The lead call-in member gave their explanation of the reasons for the call-in and justification for the proposal set out on the call-in form. A hand-out with excerpts from various sources was distributed, which was referred to by the lead call-in member. It was asserted that the call-in members were not saying the seven sites in question should be developed and nor did the Newcastle Development Programme conclude that the seven sites should not be developed. There was a local need due to local population growth. It was felt that the process was flawed at the beginning and the decision itself was undemocratic. There would be unfair pressure on other sites if the seven sites were excluded now. There had already been representations from Madeley and Audley opposing the Cabinet's decision.

The Portfolio Holder for Regeneration, Planning and Town Centres Development was unable to attend and sent their apologies. The Leader of the Council gave their explanation of the decision taken and their views on the alternative. The six call-in members were thanked for the robust scrutiny the call-in had created. It was felt that the decision was democratic and this had been part of the party manifesto. There had been a number of recommendations from the NDP Scrutiny Task and Finish Group, of which recommendation no. 10 regarding consultation could be misleading by referring to 'all' development sites. Not 'all' development sites would be considered, only those that were suitable for housing development. The consultation process for the Site Allocations and Policies Local Plan would not prohibit comment on the seven sites. With regard to being open and transparent, the seven sites had been the most scrutinised pieces of land that the Council owned and the scrutiny for these sites had been one of the most robust scrutiny processes ever conducted at the Council. Sites could be added for consideration as a result of the consultation. It was not a one-way process and other available sites were being looked at. The Cabinet had delivered on a commitment but it did not mean the Council were more likely to develop on land elsewhere. The commitment to the Cabinet decision remained. The Leader of the Council called for the call-in to be rejected.

The Committee Members questioned the call-in member and the Cabinet decision. Members questioned what the Leader had meant by the assertion that there was no substantive difference to the final recommendations to Cabinet. The Leader considered that the original NDP scrutiny recommendations had not been copied verbatim into the Cabinet report and in particular recommendations 6 and 10 on the hand-out from the lead call-in member were not the same as on the Cabinet report. The lead call-in member confirmed that the recommendations on the said hand-out had been taken from the scrutiny review report; the wording was from the Committee. They had not been aware that Cabinet had produced a report with slightly different wording. The key point however, was what scrutiny had recommended, not Cabinet.

Members questioned the Council's Head of Central Services as to whether the Cabinet decision could be open to legal challenge and if so, on what grounds. It was considered that if the review had only been a partial review it might fall foul of section 13.1.5 of the constitution pertaining to HR and Equalities. The possibility of a successful challenge could not be excluded. Land owned by the Council was dealt with under private ownership law and local authorities were treated like other land owners. However, this Council was clearly a public authority. It was not felt that a challenge would be successful, although challenges were becoming more popular.

Members questioned that if an inspector was approving the plan and considered that only a partial survey had been conducted, would there be grounds for the inspector to view the survey as unsound. In assessing the soundness of the document an inspector would address the nature of the consultation arrangements and would want to be satisfied that the consultation was a genuine consultation. If there was a challenge at this stage due to the seven sites being excluded, but with a possibility of the sites being included again, a decision at that stage would not render the document unsound. If a private landowner indicated that sites were not available for development this would not be seen as unsound, as a landowner is entitled to do this. It would be unrealistic to include land if there was no prospect of it being developed in the future. Furthermore, if an inspector thought there were sites included in the plan that were not developable, then this could be considered as unsound.

Confirmation was sought of the Leader that the decision taken by Cabinet on 18 July 2012 was for the complete exclusion of these sites. There was a concern that the Cabinet decision could look iniquitous to the general public. It was confirmed by the Leader that the seven sites would permanently be excluded from development for as long as the current administration were in office. There was concern from Members that if an inspector deemed the list to be open in order for other sites to be added, then the permanent exclusion of the seven sites could possibly bring the Council into difficulties with the Planning Inspectorate due to a lack of a broad, totally inclusive consultation. If a consultation was to be undertaken then the results of this consultation must be considered. If the Council receives representations promoting the seven sites, then the Council must legally consider these representations. However, the views of the Council as the landowner must also be taken into account. The Local Planning Authority obligations are separate from the Council obligations as a private landowner.

Members sought the Leader's views on the perceived contradiction of removing the seven sites. It was felt that all land should be dealt with in a coherent, same-way process and the removal of the seven sites could undermine this process. It was felt that the process had not been undermined; the sites deemed developable had been included in the Site Allocations and Policies Local Plan and Cabinet had deemed that they would like these sites to be developed.

It could appear that the first tranche of sites had received special scrutiny and the rest of the sites would not be scrutinised in such a way. Members questioned whether an inspector would deem the first tranche as good scrutiny and consultation policy as an inspector would need to be satisfied with the scrutiny of the land disposal programme. The scrutiny had largely been targeted at residents in the vicinity of the seven sites, but did highlight the process to the wider community. There was a risk that an inspector would take the view that the consultation was not a holistic Borough wide consultation. It would be unlikely to be successful if that consultation was taken into account.

Members pointed out that in the last Site Allocations Report in December 2011 it had been stated that the Council had a surplus of land. However, it was now the view that there was a very limited land supply and Members questioned this change. The Council's Head of Planning Services confirmed the Council was showing a deficiency and this was because the sites included in the SHLAA had been reviewed and scrutinised. Some sites had been removed as it was unlikely they would meet the criteria to be considered developable and a more realistic approach was being taken.

In summing up, the lead call-in member considered the Cabinet decision undemocratic, with different rules applying to different sites. This would present difficulties for the Council due to being an inequitable way of dealing with matters. The task and finish group concluded that a decision at the stage the Council were at should not be made. There had been no further development since the task and finish group had made this conclusion. The Council was still at the same stage and a decision should not be made. Furthermore, decisions should not be made for particular groups of people but for the 'common good'. The Cabinet decision needed to be reconsidered and a true and fair consultation process undertaken.

The Leader of the Council highlighted there were two issues with regard to the seven sites: the Council as a landowner and the council as a planning authority. It was felt that the call-in had been a good process. The leader advised that the committee should opt for option A and reject the call-in. The consultation should be allowed to continue.

There was a vote on the options, with a move to choose option A which was seconded. There was a vote with 7 Members for option A and 4 Members against option A. The call-in proposal was therefore rejected.

The Chair thanked the lead call-in member and the Leader of the Council.

## **5. STAFFING COMMITTEE**

The Committee considered a report regarding the Staffing Committee that had been agreed in principle by Full Council on 11 July 2012. The report sought the views of the Committee in order to inform the Leader and the Chair of Transformation and Resources to finalise the details of the Committee.

It was felt that as accountable Members, Members should be making decisions. It was not intended to take away day-to-day functions from officers. The Employees Consultative Committee would remain unchanged except that reports would be received by the Staffing Committee and not the Executive Management Team.

The functions of the Committee were listed under section 2.6.1 of the report. This list was not exhaustive and it was felt that members of the Committee had the expertise to embellish the list. The list under section 2.6.1 stressed the range of policies to be reviewed.

Some Members did not agree with the decision to have a Staffing Committee and questioned the lack of scrutiny on the matter.

Members questioned whether the Staffing Committee would convene after training had been undertaken, how long this training would take, who would conduct the training and in what form the training would be. It was questioned whether the Council could be open to a legal challenge if the Staffing Committee was set up and operational without training. This question related in particular to section 2.6.3 of the

report. If policies were to be amended then this would be quasi-judicial and training would be required. It was confirmed that there would always be a solicitor present at meetings and that training could be provided by West Midlands Councils which already provided training at councils with Staffing Committees. It was confirmed that this training would be free of charge through the annual subscription the Council paid to West Midlands Councils.

Members questioned point 9.1 of the report that 'it is intended to meet the needs of this Committee out of existing resources'. They questioned whether there was risk associated with this and if a formal risk assessment was required. It was still considered that the Staffing Committee's needs would be met from existing resources but the point regarding a risk assessment would be taken on board.

The Chair asked the Committee for further comments with regard to the in principle decision to have six Members on the Staffing Committee and questioned what the frequency of the meetings should be. The Leader confirmed that they would be happy to look at the number of Members on the Committee and there could be negotiation as it was an in principle decision. With regard to the frequency of the Committee meetings, these are set down in the constitution, but had not been agreed for the new committee and would be discussed by the Transformation and Resources Scrutiny Committee. Members questioned what the frequency of the Employees Consultative Committee was. It was confirmed the Committee met quarterly and Members felt it would be appropriate for the Staffing Committee to mirror the ECC and meet quarterly too.

Some Members made clear that they had no view as they disagreed with the decision made at Full Council.

**RESOLVED:** That the Chair of Transformation and Resources Overview and Scrutiny Committee and the Leader of the Council confirm membership and meeting frequency of the Staffing Committee.

**COUNCILLOR MRS ELIZABETH SHENTON**  
**Chair**

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## **Briefing Note for submission to Overview and Scrutiny Members**

**Date: 3<sup>rd</sup> September 2012**

**Title:** Kidsgrove Customer Service Centre Partnerships  
**Submitted to:** Transformation and Resources O&S Committee  
**Submitted by:** Head of Customer & ICT Services

### 1 Background

- 1.1 At your meeting of 12<sup>th</sup> June, a request was made by Members for information regarding the proposed tenancy by the Police in the Kidsgrove Customer Service Centre and the potential effects on the Centre resulting from their occupancy; particularly with reference to the future provision of services to the Kidsgrove community.
- 1.2 This briefing note seeks to address and allay the main concerns and issues raised by Members and the public, identified as:
- Police accommodation in the Centre
  - Services provided by the Police at the Centre
  - Future accommodation in the Centre for outside agencies
  - Staff training to manage potentially difficult customers
  - Future proposals
- 1.2 Kidsgrove Customer Service Centre provides Council and partner services through a “community hub” arrangement, and it was always envisaged that where possible community partnership working would be accommodated and encouraged, and the overall aim is to fully occupy the building. Staffordshire County Council Childrens’ Services already occupy part of the first floor at the Centre, and have exclusive use of Interview Room 3 on the ground floor. Visitors to the centre also benefit from improved access to Kidsgrove Town Council through a front line service provided by Customer Services staff.

### 2 Issues

- 2.1 In addition to all main Borough Council services, together with Blue Badges, Concessionary Bus Travel cards and Senior Rail cards, Staffordshire Cares (adult social care referrals) and Registration of Births, the Centre currently provides other partner services on a booking arrangement.
- 2.2 Staffordshire Police are in the process of entering into an agreement with the Borough Council for rooms on the first floor of the Centre and exclusive use of Interview Room 4 on the ground floor, which will be let by way of a lease arrangement. The lease is anticipated to be for 15 years, dependent on both parties continuing to be satisfied with the arrangements.
- 2.3 In addition Police staff will provide an enquiry service, utilising an additional desk to be constructed at their cost, next to the three existing customer services desks in place of the current room to the left of the desks. This will mean that the existing desk allocations will not change as a result of the tenancy. Police access to the Centre will be via their Force Access Control System through a separate entrance. Floor plans showing the proposed alterations are shown as Appendix A. Details of the services to be provided by the Police on a day to day basis at the Centre are shown as Appendix B.

The Police have stated that they have reviewed the services currently being delivered at Newcastle and Kidsgrove Police Stations and have undertaken to relocate some service provision to other more suitable police station environments.

- 2.4 Occupancy is provisionally by the end of October and, subject to the legal agreement being in place, work on the upstairs rooms is anticipated to start on 17<sup>th</sup> September for 5 weeks.
- 2.5 Inevitably, an additional tenant will impact on the availability and usage of the accommodation in the centre. Although in the first instance, the Citizens Advice Bureau will have one less room available on the days they are in attendance, this could be mitigated through discussion with Childrens' Services to provide flexibility in usage of Interview Room 3 if needed and available, in the spirit of partnership working. A table of the room allocations following the Police move to the Centre is shown as Appendix C.
- 2.6 The need to provide additional services at the Centre for the community is well recognised, and approaches have already been made to the following agencies:
  - Sanctuary Housing (was Beth Johnson Housing)
  - Staffordshire Housing
  - Choices Housing Association
  - Shelter (housing, homelessness and debt advice)
  - Changes (mental health)
  - Neighbourhood Watch
  - Business Innovation Centre (business advice)
  - Samaritans
  - Addaction (drugs and alcohol addiction and recovery)
- 2.7 Customer Services are awaiting responses to gauge interest. It is anticipated, and is normal practice in other customer service centres, that these services could be provided on a 'surgery' basis, with agencies in attendance at the centre at pre-allocated day and time slots on, for example, a monthly basis. Advance notice of events could be advertised in a similar way to those at the Victoria Hall. The Police have stated that the Force Local Service Officers will also fall in line with this regime.
- 2.8 As front line staff, Customer Services Agents undertake regular training and update sessions, and procedures are in place to ensure they are capable of responding in an appropriate manner to most situations. Human Resources work with Customer Services to provide suitable training and cover such topics as:
  - Dealing with aggression
  - Complaints Handling
  - Managing personal stress and good mental health
  - Equality and Diversity (including RNIB and RNID training)
  - First Aid training
  - Fraud & Corruption
  - Information Security
- 2.9 Tenants in the Centre are guided by and subject to the Council approved health and safety procedures in place at all customer service centres,

controlled by the Senior Customer Services Agent/ Team Leader on site. CCTV and panic alarms are installed at all centres. They are also expected to adhere to Customer Service Standards and the Police have indicated interest in their staff undertaking recognised customer services training.

3. Actions

- 3.1 Following occupancy, Customer & ICT Services will continue to monitor and review processes and practices, and work with the Police to ensure that joint working benefits the local community.

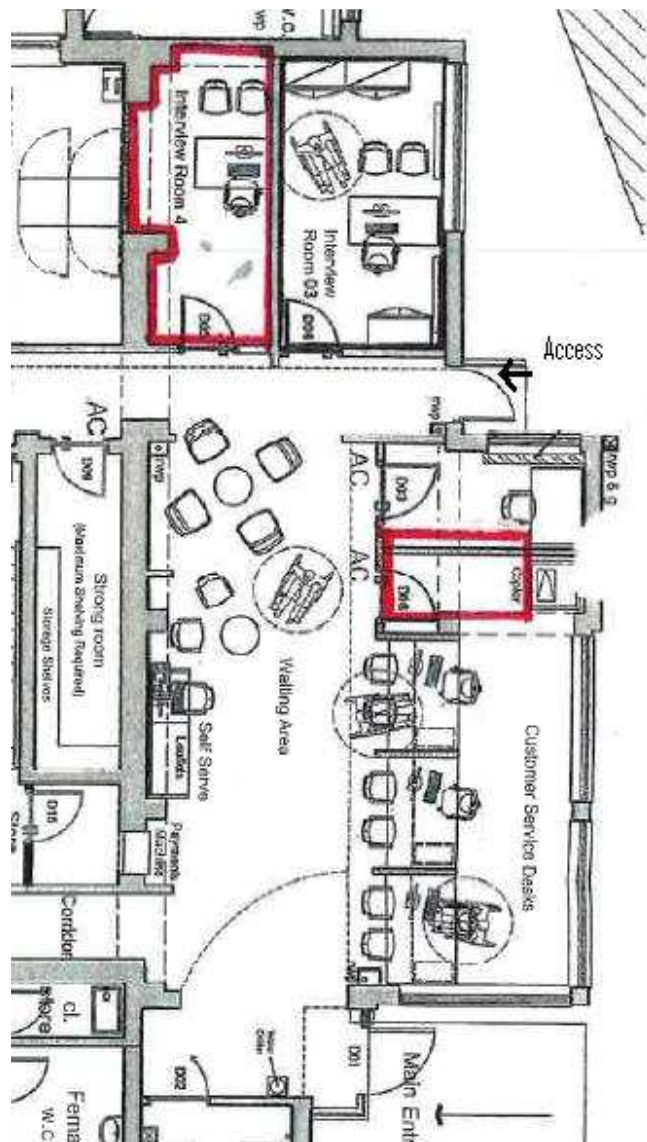
4. Comment for Members

If Members have any comments or questions on the information outlined in this briefing note, please contact the officer named above for further information.

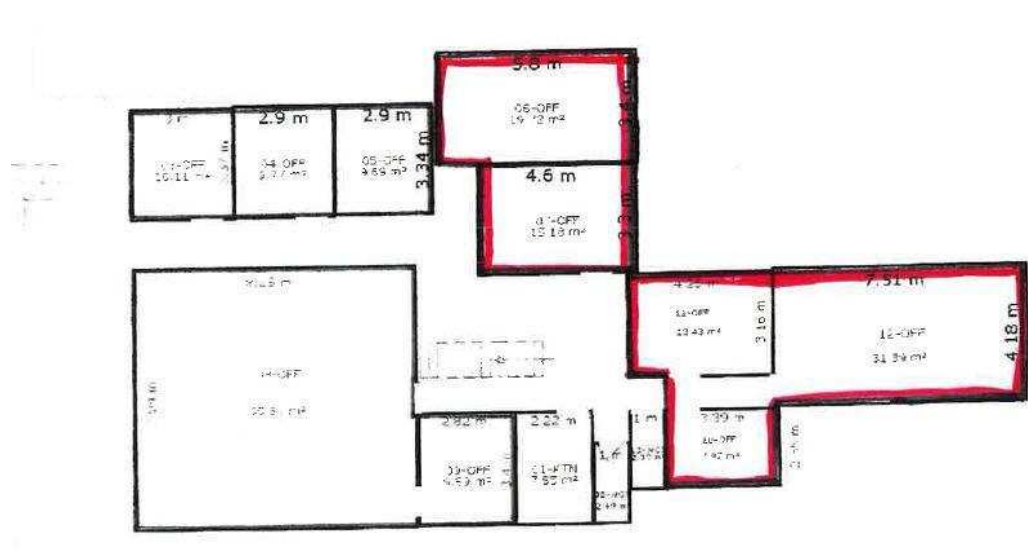
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**Appendix A**  
**Proposed Changes to Kidsgrove Customer Service Centre – Police Accommodations**

**Ground Floor**



**First Floor**



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## Appendix B

### STAFFORDSHIRE POLICE AUTHORITY SHARED CUSTOMER SERVICE CENTRES NEWCASTLE & KIDSGROVE

#### POLICE SERVICES

##### DESCRIPTION OF POLICE SERVICE

1. General enquiries regarding police services
2. Handling lost and found property i.e. take reports and investigate reports of lost property together with receiving found property
3. Crime Recording
4. Procedural matter relating to road traffic incidents
5. Handling driving documentation including seizure of vehicles
6. Recording incidents relating to summons and warrants
7. Vulnerable persons support by way of contacting partner agencies
8. Data Protection – subject access applications
9. Process Server/Courts administration
10. Managed Crime Appointment administration
11. Police Complaints
12. Freedom of Information requests

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## Appendix C Kidsgrove Customer Service Centre – Proposed Meeting Rooms Schedule

<b>ROOM 1:</b>		
<b>Day:</b>	<b>Organisation:</b>	<b>Time Booked:</b>
Monday	Citizens Advice Bureau (CAB)	2pm-4pm
Tuesday	Aspire Debt Advice Team	9am-5pm
Wednesday	CAB	10am-1pm
Thursday	Newcastle Housing Advice	9am-12.30pm
Friday	Birth Registration Appointments	1.30pm-5pm (alternate weeks)
<b>ROOM 2:</b>		
Monday	CAB	2pm-4pm
Tuesday	Generally free – subject to availability	
Wednesday	CAB	10am-1pm
	Staffordshire Cares	1.30pm-5pm
Thursday	CAB	10am-12noon
Friday	Usually free all day	
<b>ROOM 3:</b>		
	Exclusive use by Staffordshire County Council Childrens' Services	
<b>ROOM 4:</b>		
	Exclusive use by Staffordshire Police	
<b>ROOM 5:</b>		
Monday	CAB	2pm-4pm
Tuesday	Next Step	9am-5pm
Wednesday	CAB	10am-1pm
Thursday	CAB	10am-12pm
Friday	Usually free all day	
<b>CAB ROOM: (ROOM 6)</b>		
	CAB room. No other bookings	

<b>CUSTOMER SERVICE DESKS</b>		
<b>Desk 1</b>		
Monday:	CS Agent 9am-2pm CAB 2pm-4pm CS Agent 4pm-5pm	
Tuesday	CS Agent 9am-5pm	
Wednesday	CS Agent 9am-5pm	
Thursday	CS Agent 9am-10am CAB 10am-12 noon CS Agent 12 noon-5pm	
Friday	CS Agent 9am-5pm	
<b>Desk 2</b>		
Mon-Fri	CS Agent 9am-5pm	
<b>Desk 3</b>		
Mon-Fri	CS Agent 9am-5pm	
<b>Desk 4</b>		
Monday	Police 9am-2pm Senior Customer Service Agent 2pm-4pm Police 4pm-5pm	
Tuesday	Police 9am-5pm	
Wednesday	Police 9am-5pm	
Thursday	Police 9am-10am Senior Customer Services Agent 10-12 noon Police 12 noon-5pm	
Friday	Police 9am-5pm	

## **BUDGET PREPARATION, SCRUTINY AND APPROVAL PROCESS 2013/14**

**Submitted by:** Head of Finance

**Portfolio:** Finance and Budget Management

**Ward(s) affected:** All

### **Purpose of the Report**

To outline the process whereby the 2013/14 budget will be prepared, scrutinised and approved.

### **Recommendation**

**That Members note the content of the report.**

### **Reasons**

To keep members informed with regard to the process which will be followed, particularly since there will be some changes compared with previous years.

## **1. Background and Issues**

- 1.1 Initial work on the preparation of the 2013/14 budget has been underway for some time. In particular, the Medium Term Financial Strategy (MTFS) is being updated and service managers, in conjunction with relevant Cabinet Portfolio Holders, are carrying out work, described later, to assist in prioritising services and identifying efficiency and other savings.
- 1.2 The background against which the budget is being compiled continues to be challenging, with further reductions in grant support at the same time as many costs are likely to increase year on year, plus the effects of the economic recession continue to make themselves felt particularly on income.
- 1.3 The corporate plan is currently being revised and is likely to incorporate revised priorities consequent upon the change in political control of the Council in May this year. In order to reflect the corporate plan and the priorities expressed in it, it may be necessary to refocus some areas of the budget so that resources are put into these priority areas, with others which do not contribute as strongly to the achievement of priority outcomes seeing a reduction in resources allocated to them.
- 1.4 There is also a commitment by the Cabinet to consult widely upon budget proposals, including providing the opportunity for stakeholders to give their views concerning options being considered both to refocus on priority areas and to achieve savings to balance the budget.

## **2. Outline of the Process**

- 2.1 A Budget Review Group has been established, chaired by the Cabinet Portfolio Holder for Finance and Budget Management. The Council Leader and the Portfolio Holder for Regeneration, Planning and Town Centres are group members, together with the Chief Executive and Executive Director of Resources and Support Services and other appropriate finance and corporate support officers. The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of

feedback and seeking to deliver service models that drive improvement to front-line services whilst offering value for money. Initial work to prioritise existing services has been carried out and is now being refined.

- 2.2 A service challenge process, to be conducted by the Budget Review Group, has been initiated in which Cabinet Portfolio Holders and Heads of Service will participate. All services are potentially subject to challenge but the process will particularly concentrate on those with the potential to deliver significant improvements in the priority areas. Heads of Service have been requested to put forward options for improved service delivery and efficiency savings together with suggestions for “invest to save” proposals whereby continuing increased efficiency can be obtained in return for a proportionally modest initial outlay. Performance and benchmarking data, where available, will also be provided and considered for each service. The opportunity will also be taken to consider savings which may be made in cross-cutting areas, such as procurement.
- 2.3 When the results of the challenge process have been obtained and analysed these, together with the results of the service prioritisation exercise, will form the basis for the formulation of a range of budget options, consistent with the draft revised corporate plan which can then be subject to consultation.
- 2.4 A consultation process is being developed which will seek to gain views through a variety of means, both by face to face contact and electronically, from a broad range of stakeholders. The consultation will incorporate the Corporate Plan, to which the budget is closely linked, as well as the budget options put forward. It is intended to agree the form of consultation by early October and have considered the results by early December.
- 2.5 Members will be an important element in the scrutiny process, particularly through this committee but also as a whole. Budget documents, including the draft budget book, will be available to all members so that they are able to carry out an informed examination of the budget and its contents and thereby can provide feedback for consideration by your committee and the Cabinet on 6 February when it finalises the budget for recommendation to Full Council on 27 February. A special event styled a “scrutiny café” will be held on 17 January, to which all members will be invited, which replaces the programmed meeting of this committee that night. This will take the form of a workshop, attended by Cabinet members and appropriate officers, where members will be able to discuss and raise issues regarding the draft budget which will have been considered by Cabinet on 16 January.
- 2.6 Your Committee will have a number of opportunities to scrutinise the budget proposals and to feedback views to Cabinet, beginning with a special meeting on 30 October to consider the draft MTFs, including the assumptions made therein about price and other changes affecting 2013/14 and later years. The MTFs will identify the “gap” between projected net spend and the resources available over the five year period commencing in 2013/14 and put forward options for closing the “gap” for each of the years 2013/14 and 2014/15. At this meeting you will also be updated regarding the process of public budget consultation. There will be a special meeting of your committee on 10 December, which will consider the results of the public consultation process. At your meeting on 23 January feedback from the scrutiny café can be considered, together with the Cabinet’s budget proposals approved by it on 16 January. The arrangements outlined above have been discussed and agreed with the chair of the committee.
- 2.7 To assist members in their review of the budget, there will be a training session for all members in the evening of 13 September covering local authority finance generally, the budget process and an explanation of the contents of the budget.
- 2.8 The Budget Review Group will also consider the capital programme for 2013/14 and beyond

and the resources which may be available to finance it. There will be the opportunity for members to review and comment on this during the scrutiny process outlined above.

### 3. **Timetable**

3.1 The timetable as regards member involvement and the completion of key stages in the process is set out in the table below.

<b>Event</b>	<b>Body Affected</b>	<b>Date</b>
Budget and local authority finance training	All members	13 September
Service Challenge Process	Budget Review Group	September
Consideration of MTFS plus outline of consultation process	TROSC	30 October
Public Consultation	Stakeholders	October/ November
Review of consultation feedback	TROSC	10 December
Review of consultation feedback (Chair of TROSC to give verbal feedback at the Cabinet meeting)	Cabinet	12 December
Draft Budget proposals including options approved	Cabinet	16 January
Scrutiny Café	All members	17 January
Scrutiny of draft budget	TROSC	23 January
Budget proposals recommended for approval by Full Council	Cabinet	6 February
Full Council to approve Budget	Full Council	27 February

Note: TROSC = Transformation and Resources Overview and Scrutiny Committee

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# Agenda Item 6

## FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER ONE (JUNE) 2012

**Submitted by:** Head of Finance and Head of Business Improvement & Partnerships

**Portfolio:** Communications, Transformation & Partnerships/Finance and Budget Management

**Wards Affected:** All

### **Purpose**

To provide Transformation and Resources Overview & Scrutiny Committee with the Financial and Performance Review for the 2012/13 First Quarter (April –June).

### **Recommendations**

**(a) That Members note the contents of the report and recommend that the Council continues to monitor and scrutinise performance alongside finances.**

**(b) That Members note that the appendix is an interim performance report to be further developed as detailed in the Performance Management Framework Review. The intention is to report performance information in a new format as the work is progressed in each subsequent quarter.**

**(c) That Members feedback their views and comments to members of Cabinet prior to the September meeting.**

### **Reasons**

These monitoring reports provide information about the corporate performance of individual council services, alongside financial information.

### **1. Background, Issues and Options**

- 1.1 This report provides Members with a detailed update on how the Council has performed during the first quarter of 2012/13 by presenting performance data set in a financial context.
- 1.2 The Council approved a General Fund Revenue Budget of £14,260,980 on 22 February 2012. The actual position compared to this budget is continuously monitored by managers in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget. Regular reports are made available to members by the Portfolio Holder for Finance and Budget Management informing them of the current position, highlighting any significant factors giving rise to variances.
- 1.3 A Capital Programme totalling £18,480,100, covering the two years 2011/12 to 2012/13, was approved at the same Council meeting. Of this total, £4,457,200 was estimated to be spent in 2012/13.
- 1.4 This report also provides detailed analysis of performance in the first quarter, focusing on key performance indicators.
- 1.5 A summary of the overall picture is presented in section 5 of this report. This is a promising start, with the majority of targets currently met.

## 2. **Revenue Budget Position**

2.1 The overall position at 30 June shows an adverse variance of £19,000. At this point in the financial year, we would have expected to have spent approximately £1.894 million: we have actually spent £1.913 million. Contributing factors to the variance include:

- sources of income such as land charges, planning fees, market stall rents, commercial property rents and car park fees, continuing to yield less compared to what we would, in the past, have expected to receive up to this point in the year. Because we anticipated economic problems would continue in 2012/13 an allowance of £200,000 was included in the budget which will help to cover these shortfalls.
- A small number of service over spends have occurred, primarily Kidsgrove Sports Centre due to the part closure of the facility as repair works are being carried out to the roof of the swimming pool.
- On the positive side, there have been a small number of income sources whereby income has exceeded what we would have expected to receive up to 30 June, these include litter fines, Jubilee 2 income and burial and cremation fees.
- There are also savings on some supplies and services and employee savings arising from factors such as the time-lag in filling vacant posts.

2.2 With regard to Jubilee 2, the positive position recorded in the first few months after the centre opened up to the end of the previous financial year has continued. Last year income totalled £377,508 compared with the estimate of £340,142. Up to the end of period 4 this year, income totals £462,649, compared to the budget of £399,533, whilst expenditure totals £407,445, against expected spend at this point in the year of £373,106.

## 3. **Capital Programme Position**

3.1 The Capital Programme approved by Council in February 2012 has been updated to take account of slippage in 2011/12. Where planned expenditure did not occur last year, this has been added to the budget for 2012/13 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2012/13 totals £5,418,300. The Capital Programme Review Group has considered and agreed the revised Capital Programme at its meeting in early July and monitoring is now being carried out against this revised Programme.

3.2 £1,351,900 of the revised budget was expected to be spent by 30 June. Actual spending was £742,800. The variance of £609,100 is almost entirely accounted for by variances in relation to two projects, Beasley Place Housing Scheme (where the contribution of £300,000 is now due to be made in September) and Section 106 Works Lowlands Road (where revised environmental works remain to be agreed with Stoke on Trent City Council).

## 4. **Investment Counterparties**

4.1 Investment counterparties with whom money is invested, as at 17 August 2012 are as follows (with the parent company shown in brackets, where applicable):

Halifax Bank of Scotland (*Lloyds Banking Group*)  
Heritable Bank (*Landsbanki*)  
Royal Bank of Scotland (*Royal Bank of Scotland Group*)

4.2 With regard to the Council's frozen investment in Heritable Bank, the total amount repaid now amounts to some £1,869,521, which is around 74% of the total that was frozen. The



Administrators current prediction is that at least 90% of the £2,500,000 invested will be repaid.

## 5. **Performance**

- 5.1 The Corporate Performance ('dashboard') report is attached as Appendix A.
- 5.2 The information is presented in four sections against each priority.
- 5.3 There are measures detailing progress against our priorities and outcomes and the number of quarterly indicators is 27. This is an interim performance report which will be progressed and developed for quarter two in line with a longer term aim – to identify and focus on key measures that we consider to be of a cross cutting nature and ensure progress against our outcomes over the coming years. The measures to be used in forthcoming reports for 2012-13 will be determined at outcome-focussed workshops held with relevant officers of the council in August and September.
- 5.4 The appendix comments on individual indicators where they raise an issue or where either a target has been met, or the direction of travel is not positive.
- 5.5 The proportion of indicators which have met their targets, based on data at the time of compiling this report, was 85%.
- 5.6 Positive performance can be seen in a range of services although it must be borne in mind that that the results later in the year can be different and that some services have seasonal factors.
- 5.7 There are a very small number of areas listed in this report which are not on target, though none causes concern at present. In all cases, the management of the service is aware of the issues and are taking steps to deal with the situation. Further updates will be provided for Members in future reports.

## 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 All of these indicators link to corporate priorities.

## 7. **Legal and Statutory Implications**

- 7.1 The Council has a duty to set targets for performance of a range of functions and needs to monitor these closely.

## 8. **Equality Impact Implications**

There are no differential equality issues.

## 9. **Financial and Resource Implications**

- 9.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to cover this will have to be met from the Budget Support Fund.

## 10. **Major Risks**

- 10.1 The current economic situation represents the greatest risk to the revenue budget,

particularly with regard to the impact it may have upon income receivable in relation to services where customers may chose whether or not to use Council facilities, such as car parking and other areas directly affected by the economic downturn, such as land charges and planning applications. The situation will be monitored through the normal budget monitoring procedures.

10.2 The capital programme will require regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the Capital Programme Review Group, which meets on a monthly basis together with quarterly reports to Cabinet.

10.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

11. **List of Appendices**

Appendix A - Corporate Performance ('dashboard') Report




12. **Background Papers**



Working papers held by officers responsible for calculating indicators.

## Newcastle Borough Council – Qtr 1 Performance Report

Priority 1 - A clean, safe and sustainable borough where:




- Levels of safety will have improved, along with standards of public health:
- Vulnerable citizens and victims of crime will be provided with high quality support:
- The negative impact that the Council, residents and local businesses have on the environment will have reduced:
- Our streets and open spaces will be clean, clear and tidy:
- Town centres across the borough will be sustainable and safe:
- Working in partnership to support victims of anti-social behaviour, crime and domestic violence:
- Focus with partners on empowering local people in communities:



Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
Number of food establishments which are broadly compliant with good hygiene law	91%	85%	85%	Food Business operators have demonstrated good compliance with legal requirements, the launch of the national food hygiene rating scheme and publicising hygiene scores have assisted in improving standards across businesses.	
Violence with injury	168	N/A	N/A	Violence with injury and Serious Acquisitive Crime is down on the previous quarter, the Qtr 4 results were 222 and 185 respectively. Results for Anti-social behaviour were not available for the whole of the first quarter and at the time of report not obtainable.	N/A
Anti-social Behaviour	N/A	N/A	N/A		N/A
Serious acquisitive crime	182	N/A	N/A		N/A
The amount of residual household waste per household	107.31kgs	112.5kgs	450kgs	For the first quarter of the year the results for these indicators are well within target	
Percentage of household waste sent for reuse, recycling and composting	55.8%	52%	52%		

Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
Measure missed bin collections on all our routes	54.76	100	100	The number of missed bins continues to be well within target.	
% of investment portfolio (NBC owned) which is vacant.	10%	12%	12%	The target for 2012/13 was previously set at 14% which was 1% less than the 2011/12 target of 15% but after review the target has now been reduced to 12%. There are a total of 18 properties vacant from a total portfolio of 180 properties and the vacancy rate of 10% is well within target.	
% improvement in street and environment cleanliness	N/A	N/A		The surveys are undertaken in the second, third and fourth quarters so there are no results for this quarter.	N/A
a) litter			9		
b) detritus			9		
c) graffiti			3		
d) fly-posting			0		

Priority 2 – A borough of opportunity where:



- Levels of worklessness will have reduced:
- Local people will be able to access opportunities for personal development and growth
- Housing will be available and accessible to meet a range of diverse needs
- Key parts of the borough will have been regenerated and there will have been overall economic growth

Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
Number of cases where positive action was successful in preventing homelessness (from the P1E)	180	125	500	The NHA team have worked well this quarter, with the number of service users receiving homelessness prevention assistance from the service exceeding the target.	
Continued engagement with the Family Employment Initiative (FEI)	136	135	540	Engagement target 27 per month (Qtr 1, 79), Training target 9 per month (Qtr 1, 28), Employment target 9 per month (Qtr 1, 29).	
NI 157a Percentage of Major Planning Applications determined within time	50	75 (60)	75 (60)	The performance for major applications has not met the target this quarter with 3 decisions made out of a possible 6. Although the numbers involved are limited this is due principally to difficulties that have been experienced with the securing of planning obligations within the timeframe of the target period.	

Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
<b>NI 157b Percentage of Minor Planning Applications determined within time</b>	87.5	85 (65)	85 (65)	The performance for minor applications has met the target. For the category of "other," the performance for this quarter was marginally below the locally set target but exceeded the government target of 80%. For the sake of clarity the national performance targets set by government have been shown in brackets against our locally set targets.	
<b>NI 157c Percentage of Other Planning Applications determined within time</b>	93.4	95 (80)	95 (80)		





**Priority 3 – A healthy and active community where:**

- People who live work, visit or study in the borough will have access to high quality facilities
- Levels of cultural activity and participation in the arts will have increased
- There will be a range of healthy lifestyle choices, resulting in an increase in participation in sport and physical activity
- Local people will be more able to work together to solve local problems
- Council services will be influenced by resident engagement, enabling local communities to shape services which directly affect their lives





Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
Number of people accessing leisure and recreational facilities	131551	142500	570,000	The usage figure for the service has not met the target as forecasted. The figures for the Kidsgrove centre are lower than forecasted, due to the essential repair works underway by the County Council which are to be completed by the end of September when we will be in a position to determine how to best re-commission the pools.	
Number of people visiting the museum	13482	15750	63,000	The quarterly figure is down due to poor weather particularly during the Easter and June half term holidays which has affected the attendance figures.	

Priority 4 – Becoming a Co-operative Council delivering high quality, community-driven services where:

- The Council will have increased the capacity and skills of its workforce
- Councillors will be community champions and powerful community advocates
- The Council will have delivered further efficiencies
- High performing services will be provided for all residents and customers
- The Council will be an open, honest and transparent organisation which undertakes regular consultation with its residents and listens to their views

Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
Average number of days lost, per employee, to the Council through sickness	1.62	1.72	6.9	This indicator is on target for the first quarter.	
Percentage of invoices paid on time(within 30 days)	96.24	97	97	Slightly below the target which is set very high.	
% projected variance against full year council budget	0.1%	No variance	No variance	There was a £19,000 adverse variance as at 30 <sup>th</sup> June.	
% requests resolved at first point of contact	94.35	75	75	Our performance is well above target.	



Indicator	Qtr 1 result	Qtr 1 target (if applicable)	2012/13 Target	Comments	Target Achieved
% Unmet demand (number of calls not answered as a % of total call handling volume)	4.8	10	10	Our performance is well above target. This is a reflection of the improved service now being provided since the recent telephony and process enhancements.	
Percentage of Council Tax Collected (Cumulative)	26.89	24.12	97.5	A good start with both indicators exceeding the target in the first quarter.	
Percentage of NNDR collected	25.74	25.11	96		
Time taken to process Housing Benefit/Council Tax new claims and change events	11.37 days	13 days	10 days	Progress in the first quarter has started favourably with performance on target.	

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## FLEXIBLE WORKING FOR BOROUGH COUNCIL EMPLOYEES

**Submitted by:** Head of Human Resources

**Portfolio:** Finance and Budget Management

**Ward(s) affected:** N/A

### **Purpose of the Report**

To update the Committee on the current position regarding flexible working/homeworking at the council.

### **Recommendation**

**That the report be received.**

### **Reasons**

To enable Members to consider the current arrangements for flexible working/homeworking arrangements, their cost effectiveness and the benefits both to the council and employees.

#### **1. Background**

##### **1.1 Flexible Working**

- 1.1.1 The council has operated a flexible working hours scheme for many years allowing employees to vary the times when they can arrive and leave work within certain time limits and subject to staffing levels being adequate.
- 1.1.2 The scheme is available for most office based staff but certain employees may be excluded from the scheme or may be able to participate but on a restricted basis, depending on the specific duties of their posts.
- 1.1.3 Other approaches to working flexibly are in operation for non-office based staff. For example, the Refuse Collection Service operates over a compressed four day working week, Streetscene operates under a Summer/Winter working arrangement, as does the Pest Control Service. Front of house staff at the Borough Museum and Art Gallery now also work on a seasonal basis.
- 1.1.4 The Flexible Working Hours Scheme was reviewed and enhanced in October 2009 and currently includes three options.

*Standard Flexible Working Hours as follows:*

Flexi Time	Core Time	Flexi Time	Core Time	Flexi Time
7.00am to 9.30am	9.30 am to 11.45am	11.45am to 2.15pm	2.15pm to 4.00pm	4.00pm to 7.00pm

*Enhanced Flexible Working Hours*

- 148 hours to be worked per 4 week settlement period
- No required core attendance time

- A minimum of 3 hours must be worked on any working day
- Earliest start time 7.00am, latest finish time 7.00pm
- Employees can work on Saturdays from 8.00am to 1.00pm
- Maximum time to be worked on any one day 11 hours 40 minutes

*Compressed Working Hours*

- Contractual 37 hour working week can be worked over a 4 day working week or an 8/9 day fortnight

1.1.5 The Scheme aims to give employees and managers flexibility to manage varied and fluctuating workloads. Managers are required to consider the operational viability, volume and type of work available when assessing whether flexible working is appropriate. Employees do not have a contractual right to be admitted to the Scheme.

1.1.6 There are currently 285 employees working within the scheme as follows:

- Standard Scheme - 114
- Enhanced Scheme - 147
- Compressed Working Hours - 11
- Standard Scheme (Restricted) - 13

**1.2 Homeworking**

1.2.1 Homeworking was identified as a Transformation project in 2010 on the basis that arranging for a significant number of staff to be able to work remotely with home as their base, hot-desking as needed , would be beneficial to both individuals and the council.

1.2.2 It was considered that the project had the potential to contribute to achieving financial savings, increase productivity, reduce accommodation costs, road congestion and the use of fuel, improve home and work-life balance for staff, reduce absenteeism, allow even greater flexible working and assist some people who are disabled to obtain/remain in employment with the council.

1.2.3 The broad project objectives were:-

- To implement a homeworking scheme to improve efficiency/performance;
- To find solutions to enable homeworking wherever practical;
- To reduce accommodation costs;
- To contribute to the carbon reduction initiative;
- To promote homeworking to encourage work-life balance.

1.2.4 A total of 52 employees participated in the Pathfinder Phase which took place from October 2010 to March 2011 and since then the Scheme had continued to be promoted to employees across all services on a voluntary basis via core briefings/team briefings and e-Voice.

1.2.5 There are currently 132 employees who have remote access to the council's information systems. Appropriate equipment has been issued where required and some employees are able to connect to the council's network in a secure GCSx compliant way, using their own equipment.

## 2. **Issues**

### 2.1 **Flexible Working**

2.1.1 The Flexible Working Hours Scheme has been in place for a number of years and is used by the majority of employees who occupy those posts where it can be applied.

### 2.2 **Homeworking**

2.2.1 It has emerged that the vast majority of employees homeworking are doing so on an occasional basis. Other than some initial connectivity issues, no employees have reported any problems in relation to homeworking and there has only been one performance related issue involving a homeworker. Take up is being kept under review and monitored monthly by the TWWW Programme Board and is continuing to be promoted.

2.2.2 The equipment budget allocated for the Homeworking/Blackberry Server Project was £40K and the balance remaining is around £10K. It is not anticipated that significant additional expenditure will be required, on the basis that employee participation is voluntary and all existing requests for homeworking have been accommodated. An analysis is being conducted to establish those employees who have been issued with equipment that they use only rarely, with a view to this being returned where appropriate and re-issued to employees who are more likely to homework on a more frequent basis, or to new homeworkers.

2.2.3 Feedback has indicated that employees generally tend to work from home when completing particular tasks that can be done more effectively away from the office environment and they feel that they are able to perform these more efficiently by being able to work from home.

2.2.4 To date, due to the vast majority of employees working from home on an occasional basis, there has been no opportunity to reduce accommodation costs by the introduction of hot desking. Recent office moves, where teams have had to be allocated reduced office space, have resulted in staff preferring to make more efficient use of the reduced space whilst maintaining the number of desks rather than opting for a hot-desking/homeworking solution.

2.2.5 Homeworking solutions have been particularly successful where they have been when used in conjunction with attendance management/maternity procedures. Where appropriate, homeworking solutions are now put in place to increase flexibility for employees who are either about to commence/return from maternity leave and also for employees returning to work following long-term sickness absences, often enabling an earlier return than would have otherwise have been the case. The sickness absence figures for the last five years are as follows:

<b>Year</b>	<b>Total average no. of days sickness per employee</b>
2007/08	10.12
2008/09	7.91
2009/10	7.86
2010/11	7.33
2011/12	6.73

2.2.6 The average number of days long-term absence has reduced from 6.13 days in 2007/08 to 3.74 days in 2011.12.

2.2.7 Although the implementation of homeworking undoubtedly will have made some contribution to reducing carbon output, to date, this will not have been a significant amount due to the majority of those who homework doing so on an occasional rather than a regular basis. The initial estimated reduction of 14 tonnes of CO<sub>2</sub> per annum was based on an assumption that 40% of office staff would work from home one day a week.

2.2.8 The TWWW Programme Board is continuing to consider ways of encouraging more employees to work from home on a regular basis. Further work is being conducted to identify/remove potential barriers.

### 3. **Options Considered**

3.1 Under current contractual arrangements, employees cannot unilaterally be required to work from home if they do not wish to do so.

### 4. **Proposal**

4.1 Homeworking is to continue to be promoted and implemented on a voluntary basis.

### 5. **Reasons for Preferred Solution**

5.1 See 3.1 (above).

### 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 Promotion/implementation of flexible working and homeworking contributes to the corporate priority 'transforming our council to achieve excellence'.

6.2 Promotion/implementation of homeworking also contributes to the corporate priority 'creating a cleaner, safer and sustainable Borough by the reduction of carbon output resulting from fewer work travel trips made by employees.

### 7. **Legal and Statutory Implications**

See 3.1 (above).

### 8. **Equality Impact Assessment**

8.1 An Equality Impact Assessment has been completed and no equality issues have arisen as a result of the introduction of either flexible working or homeworking. Both schemes tend to have a positive impact by enabling employees the scope to adjust their work/life balance and accommodate personal commitments.

### 9. **Financial and Resource Implications**

9.1 The estimated budget for homeworking for the purposes of the Carbon Reduction Plan was £63K (£54.6K capital and £8.5K operational). This was based on an assumption that 40% of all office staff may be set up to work from home. To date, around £30K has been spent on equipment and licences to facilitate homeworking. The actual Homeworking/Blackberry Server Project budget was £40K and the current balance remaining is around £10k. No significant further additional expenditure is envisaged at this stage. However, there will remain an ongoing annual cost in relation to renewal of licences.

9.2 Although accommodation cost savings have not been made as a result of hot-desking, it is considered that homeworking does enable employees to work more efficiently and has contributed to reduction in carbon output and to reducing sickness absence rates.

10. **Major Risks**

10.1 No major risks identified. Promotion of homeworking has a beneficial impact in relation to business continuity risks and appropriate GCSx compliant information security arrangements are in place. There is a positive risk in that there is evidence of improved morale of employees who are able to incorporate home working as part of a phased return to work following long term illness. In turn, this can shorten the time taken to return to full-time working.

11. **Sustainability and Climate Change Implications**

11.1 Promotion of homeworking has a positive impact on climate change due to the potential to reduce the number of vehicle journeys required for travel to/from work, thereby reducing carbon output and traffic congestion.

12. **Key Decision Information**

Not applicable.

13. **Earlier Cabinet/Committee Resolutions**

None.

14. **List of Appendices**

None.

15. **Background Papers**

None.

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## PROCUREMENT OF THE REPORTER

**Submitted by:** Head of Communications

**Portfolio:** Customer Service and Transformation

**Ward(s) affected:** All

**This is a copy of a report to be submitted for Cabinet approval on 19 September 2012. It is being presented to the members of this committee for review in order to allow any comments to be considered and forwarded to cabinet as part of the process.**

### **Purpose of the Report**

To inform Cabinet of the outcome of a procurement process for the distribution and printing of the council's newspaper the Reporter.

### **Recommendations**

- (a) That Cabinet notes the outcome of the Reporter procurement process.**
- (b) That Cabinet endorses proposals to run a second procurement process to appoint a company to carry out the Reporter print contract and for the outcome of that process to be reported back to Cabinet.**

### **Reasons**

The outcome of the tender process has to be reported to Cabinet in line with the borough council's Standing Orders in Relation to Contracts' section 10 (Standards and Award Criteria) paragraphs (e) and (h).

## **1. Background**

- 1.1 In May 2009, Cabinet received a report outlining the results of a procurement process for the print and distribution of the borough council's newspaper The Reporter.
- 1.2 Contracts were awarded to two separate companies – one to provide print services and the other to provide distribution services. These contracts were for an initial two-year period with the option for negotiations with the contract providers for two separate 12-month extensions.
- 1.3 These options were exercised with both providers and this has therefore meant that the same print and distribution companies have been involved with the borough council for the last four years.
- 1.4 The contracts with both service providers – Harmsworth Printing (Staffordshire Sentinel Newspapers) for print and The National Leaflet Company for distribution - expire when the March edition of the Reporter is printed and distributed in 2013.
- 1.5 With distribution providers in particular, bookings need to be secured significantly in advance of the dates required and therefore to ensure the council could secure appropriate bookings both for 2013/14 and also for the following financial year, it was decided to carry out this procurement process well in advance.
- 1.6 There are some companies which provide both distribution and print services and it was therefore decided that for the purposes of this procurement process both elements would be

advertised at the same time. However, the council made it clear that companies could put forward tenders for either print or distribution or bid to provide both.

## 2. **Issues**

- 2.1 The Reporter is one of the main communication channels which the borough council uses to involve and engage residents with its services, decisions, policies and activities. Annual surveys carried out by the Communications Department show that it is still the single most popular mechanism for residents to get information about the council. It is not the sole means of communicating with residents but is an integral ingredient in the “communications mix” which the council currently uses and includes its website, social media (Twitter and Facebook), elected members, leaflets, posters, brochures and documents, press and public relations, face-to-face.
- 2.2 In 2011, the Secretary of State for Communities and Local Government revised the Recommended Code of Practice on Local Authority Publicity. The revised Code makes it clear that local authorities are not expected to produce more than four editions of their publications each year and content should be focused on council news, information and events.
- 2.3 Prior to the revision of the Code by the Secretary of State, the borough council had produced 10 editions each year of the Reporter. In 2011/12 and also in the current financial year the council is following the guidelines in the Code. In the current financial year four editions will be produced – May, July, November 2012 and finally February/March 2013.
- 2.4 Specifications sent out as part of the current procurement process have continued to follow the frequency guidelines for local authority publications as outlined in the Code.
- 2.5 Officers from the council’s Business Improvement and Partnerships Department and also the Audit Department have worked alongside and supported officers in the Communications Department to ensure the procurement process for the print and distribution of the Reporter has complied with all financial and procedural regulations and followed due process.
- 2.6 It was agreed to place a notice on the MyTenders website and this also feeds through to “Contracts Finder” which is the Government’s recommended portal for advertising all contracts which are below the Official Journal of the European Union (OJEU) thresholds for procuring public sector services.
- 2.7 Ten companies responded to the first part of the procurement process – five were interested in print, three in distribution and two in both print and distribution – and they were all sent a Pre-Qualification Questionnaire (PQQ). This process is used to gauge whether a company is capable of meeting the council’s contract requirements.
- 2.8 Five PQQs were returned and as a result of the reduced interest, the Head of Central Services, officers from the council’s Business Improvement and Partnerships Department and also the Audit Department were approached for advice by the Head of Communications.
- 2.9 It was agreed that the contracts had been advertised appropriately and due process had been followed therefore it was appropriate to continue with the procurement process. All five companies who had returned the PQQs were sent formal “Invitation to Tender” documents.
- 2.10 Only three tenders were received back by the council by the specified deadline date of Friday, 22 July and one was received after that date.

2.11 Two of the tenders returned to the council were for distribution services. Another tender for distribution services arrived after the deadline and this late submission was dealt with according to Section 19 (parts A and B of the council's Standing Orders). This tender was opened and noted but was not included in the process. Only one tender for print services was returned to the council.

### 3. **Options Considered**

3.1 An evaluation of the returned tenders has taken place within the Communications Department in line with the details outlined in the specification documentation – *“The tender evaluation will involve a single stage process which will be a desk-based evaluation of the ITT responses using a balance of 50 per cent price: Compliance with specification – 30 per cent; Customer support – 10 per cent; Environmental factors - five per cent; References – five per cent.*

3.2 As far as the distribution element of this process is concerned, the return of two tender documents combined with a third out-of-time document – which was still noted – means the council can feel confident it has sufficient evidence to justifiably appoint a service provider.

3.3 With regard to print services, an evaluation process has been carried out on the returned tender documentation, however, a single return raises concerns over value-for-money.

3.4 There are a number of options which have been considered with regard to the Reporter in light of the results of the procurement process. These are:-

- (a) Appoint print and distribution providers for the Reporter in line with the results of the evaluation process which has been carried out. The newspaper will be produced with the current revised Recommended Code of Practice on Local Authority Publicity in mind which suggests four editions each year.
- (b) Only appoint a distribution provider for the Reporter at this stage for a minimum of two years with the option of two potential 12-month extensions and carry out a further procurement process to ensure value-for-money with regards to the print element.
- (c) Carry out a complete new process for both distribution and print procurement services.

#### 3.5 **Option A**

- (i) Produce four editions each calendar year – February, May, July and November.
- (ii) Appoint the preferred distributor and the single responder to the print procurement. Scaling back the number of pages in the Reporter by around 10 per cent to 40 per year - two x eight page editions and two x 12 page editions - would enable the council to keep expenditure within existing Reporter budgets.
- (iii) The responder to the print contract has indicated it would be seeking six-monthly price reviews of paper costs during the contract. This is a reflection of the very volatile nature of the paper market. At this stage it is impossible to say how this would impact on budgets but there is little room for manoeuvre in the Reporter budgets as they stand and additional pressures may result in an overspend.
- (iv) An external typesetter is used for the Reporter and at proposed pagination rates this would add up to £2,800 per year. The external typesetter is used as there is no newspaper typesetting experience in-house and reduced staffing levels in the design service means it would be unable to cope with additional demands on its resources.

- (v) There is currently £31,120 allocated in the council's budgets for producing the Reporter and the proposals outlined above would mean expenditure would be kept marginally within existing budgets at the outset of the contracts.
- (vi) Proposed pagination levels outlined in (ii) would result in 40 pages of Reporter information produced each year compared to a proposed 44 in the current financial year and 48 produced in the previous financial year.
- (vii) Pagination figures for previous years cannot be compared as at that time the council produced 10 editions each year.

### 3.6 Option B

- (i) Four editions produced each calendar year – February, May, July, November.
- (ii) Many distribution companies have long lead-in times for their work programmes and this means bookings very often have to be placed around 8-12 months before a distribution is actually required. With this in mind any delay in pressing ahead with appointing a suitable distributor could cause the council difficulties in the long-term.
- (iii) Print companies have a shorter requirement for booking in work and as a result a delay in this part of the procurement process would not have such serious implications for the council and the additional time would allow the council more time to satisfy itself it is getting best value-for-money for local Council Taxpayers.

### 3.7 Option C

- (i) As highlighted in points 2.5 and 2.6, due process has been followed and expert advice taken as the process has moved forward.
- (ii) Organising and running another complete process would be time-consuming and would cost the borough council – and tenderers – in terms of human resources. In light of the earlier comments about distribution contract lead-in times it may solve one problem – surrounding print – but create another around distribution.

## 4. **Proposal and Reasons for Preferred Option**

- 4.1 It is proposed that the National Leaflet Company be awarded the contract for the distribution of the Reporter under the terms outlined in the respective tender documents and schedules. Their pricing proposals for eight, 12 and 16 page editions can be delivered within the proposed Reporter budget for distribution services from 2013/14 which is £15,800.
- 4.2 The National Leaflet Company is the current service provider for distribution of the Reporter and they have provided a consistently efficient and effective service for the borough council. They also scored highest in the evaluation process.
- 4.3 The company is the market leader in door-to-door distribution within the public sector with 120 public sector clients.
- 4.4 They use the Royal Mail door-to-door service to deliver the Reporter and offer a minimum coverage of 96 per cent across the borough. Some councils do improve on this figure by sending every one of their publications using second class post. This does guarantee a 100 per cent penetration rate but would cost around 95p per unit and with current budgets this simply cannot be afforded in Newcastle-under-Lyme four times a year.
- 4.5 Agreed monitoring and complaints procedures are in place for non-delivery but because door-to-door does not guarantee a 100 per cent penetration rate, single complaints cannot be investigated. Additional telephone back-checks are available but they cost 40p per check.

- 4.6 It is also proposed that the Head of Communications carry out a second procurement process for the print requirement of the Reporter and the outcome of this process be reported back to Cabinet at the earliest opportunity. This will be done in conjunction with procurement staff in the council's Business Improvement and Partnerships Department.
- 4.7 To stimulate more market interest, this second process will involve talking to other local authorities about their print providers and then contacting them to discuss this council's requirements as well as exploring new advertising opportunities within the trade press.
- 4.8 The company which was the sole responder to the first procurement effort will also be contacted to take part in the second process.
- 4.9 Research by the Local Government Association has found that where residents feel they are kept informed by their council they are far more likely to be satisfied with their council.
- 4.10 There have been significant changes in the local media landscape in recent times which has resulted in less coverage of the council, its policies, services and activities. There is little sign of this changing and for that reason it is vital the council retains channels which allow it to inform and involve residents with the services and activities their Council Tax pays for.
- 4.11 The borough council's website continues to develop and improve and the council is also reaching more people than ever before through social media and face-to-face engagement. However, evidence suggests the Reporter continues to be an extremely important part of the communications mix for the council.

## **5. Outcomes linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The Reporter is a key communications channel which engages, involves and informs stakeholders about policies, services, events and activities delivered in support of the Sustainable Community Strategy and the borough council's corporate priorities.
- 5.2 Not sharing this information could have a detrimental impact on delivery of the Strategy and the corporate priorities.

## **6. Legal and Statutory Implications**

- 6.1 There is no legal or statutory duty on the council to produce a civic newspaper.

## **7. Equality Impact Assessment**

- 7.1 An Equality Impact Assessment which covers the Reporter has been produced as part of the council's Communications Strategy which was approved by Cabinet in March 2012.

## **8. Financial and Resource Implications**

- 8.1 It is four years since the appointment of the National Leaflet Company to the Reporter distribution contract.
- 8.2 Price proposals submitted as part of their tender documentation suggests increases of below 10 per cent on all paginations which when one considers inflation has risen by an average of around four per cent a year during the term of the contract, that represents good value-for-money for the council.
- 8.3 The current annual Reporter budget is £31,120 and it is important in the current difficult financial situation that distribution, print and typesetting services stay within that financial

envelope if at all possible. This factor will be taken into consideration when the second procurement process involving print is undertaken.

- 8.4 Cabinet should note though that additional financial pressures may need to be responded to during the two-year initial agreement with the National Leaflet Company although it is impossible to gauge what these pressures may be at this moment in time.
- 8.5 The National Leaflet Company will be subject to price pressures from the Royal Mail although processes will be put in place for negotiation and discussion before any price changes are implemented.
- 8.6 One of the key changes to the Reporter in recent times has been the introduction of some paid-for commercial advertising from local businesses as well as some paid-for content from partner organisations.
- 8.7 Together these two areas generated £16,834 in external income during the financial year 2011/12 – more than half the total Reporter costs for the year. Another £3,992 in internal income was generated.
- 8.8 Deducting the external income generated by the Reporter of £16,834 from the £32,125 spent in the last financial year on print, distribution and typesetting leaves a total of £15,291. This means the net cost to each household in the borough for each edition of the Reporter during the last year was around seven pence.

## 9. **Major Risks**

- 9.1 There are no major risks associated with the proposals included in this report at this stage. However, the potential risks associated with progressing or not progressing the proposals are:-

### Risks if not progressed

- Resident “satisfaction and informed” levels throughout the borough could be adversely affected if the Reporter is not produced and distributed free of charge to the majority of households in Newcastle-under-Lyme.
- Involvement and engagement with council services and activities could be impaired.
- Key information is not widely distributed among residents.

### 9.2 Risks if progressed

- Pressure on Reporter budgets from service providers.
- Reputation damage to the council if – in the current difficult economic times – service providers succumb to pressures and go out of business resulting in no production of the Reporter.
- Qualified and trained council staff leave and are not replaced resulting in a skills gap around Reporter production.

## 10. **Earlier Cabinet/Committee Resolutions**

- 10.1 There are no earlier Cabinet/Committee resolutions relevant to this report.

## 11. **Background Papers**

- 11.1 The Pre-Qualification Questionnaire distributed to interested parties is available on request from the Head of Communications

- 11.2 The Invitation to Tender documents (Part One and Part Two) are also available on request from the Head of Communications.
- 11.3 The evaluation report is confidential as it contains commercially sensitive information. However, it is available for Cabinet members on request from the Head of Communications.

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## TRANSFORMATION AND RESOURCES

Title	Method of Scrutiny	Progress to Date/Actions from last Meeting
Revenue and Capital Budget	Full Committee	<ul style="list-style-type: none"> <li>Report to be provided at Sept meeting - timetable and process of budget scrutiny to be explained.</li> <li>Finance &amp; budget training session arranged for 13<sup>th</sup> Sept 2012. Additional dates added: Thurs 20.09.2012, 7-9pm &amp; Mon 24.09.2012, 11am-1pm</li> </ul>
Capital Strategy	Full Committee	Scrutiny Brief to be provided at the earliest possible date.
Treasury Management Strategy	Full Committee	Scrutiny Brief to be provided at the earliest possible date – expected at November meeting.
Scale of Fees and Charges	Full Committee	Scrutiny Brief to be provided at the earliest possible date – expected in January.
Financial and Performance Management Report	Full Committee	<ul style="list-style-type: none"> <li>Continue to monitor &amp; scrutinise performance alongside finances &amp; that quarterly reports are provided to Committee.</li> <li>The Budget Performance Monitoring Report for 2012/13 First Quarter to be received by Committee in September.</li> </ul>
Flexible Working for NBC Employees	Full Committee	Committee to receive regular updates. Update to be provided at September meeting.
Review of the Constitution	<b>Working Group:</b> Cllr Shenton, Cllr Holland Cllr Cairns, Cllr Snell 3 independent members	<ul style="list-style-type: none"> <li>Remain as living doc to be kept under review - still areas to review.</li> <li>Request that doc be put on website as PDF with search facilities.</li> <li>Report to go to full Council in July.</li> </ul>
Civic Hubs/One Stop Shops Kidsgrove Customer Service Centre	tbc	Update report at Sept 3 <sup>rd</sup> meeting.
Jubilee 2	Full Committee	Updates requested for each meeting regarding income over target – to be included in Finance and Performance Management Report.

Procurement of the Reporter	To be received at the September meeting – Committee to consider report prior to Cabinet.
<b>MEMBERS SUGGESTIONS FOR SCRUTINY TOPICS</b>	
<b>Suggested by:</b>	<b>Suggestion for Scrutiny Topic:</b>
Cllr Stringer	<p>Scrutiny of Home working - consider the money being spent on home working – is this cost effective? At 7<sup>th</sup> June meeting Members noted the home working project on the Carbon Management Plan update. Home working would cost approx. £63,000 to implement with no figure to be repaid - partners moving into the Civic Offices would offset the cost of implementation. There are three questions:</p> <p>(1) Is efficient use being made of the income generated from letting out space at the Civic Offices? (2) Will there be a reduction in efficiency from those who work from home? (3) What's the value as a % of the carbon output saving?</p> <p><b>These questions have been considered as part of the Flexible Working for Borough Council Employees update.</b></p>