

Minutes

FINANCE AND CORPORATE SERVICES SELECT COMMITTEE

11 January 2023

Meeting held at Committee Room 6 - Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Committee Members Present: Councillors Richard Lewis (Vice-Chairman), Kaushik Banerjee, Kishan Bhatt, Narinder Garg, Gursharan Mand, Stuart Mathers (Opposition Lead) and Ekta Gohil</p> <p>LBH Officers Present: Anisha Teji (Demcoratic Services Manager), Andy Goodwin (Interim Financial Planning Manager), Marie Stokes (Head of Finance – CF and Finance) and Matthew Kelly (Head of Procurement and Commissioning)</p>
41.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor John Riley with Councillor Ekta Gohil substituting.</p>
42.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>There were no declarations of interest.</p>
43.	<p>MINUTES OF THE PREVIOUS MEETING (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That the minutes from the meeting on 23 November 2022 be agreed.</p>
44.	<p>TO CONFIRM THAT THE ITEMS OF BUSINESS MARKED AS PART I WILL BE CONSIDERED IN PUBLIC AND THAT THE ITEMS MARKED AS PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>It was confirmed that all items would be heard in Part I.</p>
45.	<p>2023/24 BUDGET PLANNING REPORT FOR SERVICES WITHIN THE REMIT OF THE FINANCE & CORPORATE SERVICES SELECT COMMITTEE (<i>Agenda Item 5</i>)</p> <p>The Interim Financial Planning Manager and Head of Finance – CF and Finance introduced the report detailing the draft revenue budget and capital programme for the services within the remit the Committee.</p> <p>Key points from the report were highlighted, including details of the financial pressures generated by the ongoing exceptional inflationary environment, legacy Covid–19 impacts, cost of living crisis all leading to a doubling of the Council’s saving requirement for 2023/24 from £10m to £20m. It was reported that the balanced budget was presented as part of the Consultation Budget to be achieved through a combination of efficiency savings and increases in council tax and fees and charges.</p>

Budget proposals for 2023/24 had been prepared in the context of a wider strategy addressing the five-year MTF period. The latest monitoring position for the 2022/23 financial year reported a net underspend of £61k which would leave uncommitted General Balances at £26,780k entering the 2023/24 financial year.

The Committee noted that Cabinet would consider the budget proposals on 16 February 2023 and the report would include comments from Select Committees. Members were informed that Council would meet to agree the 2023/24 budgets and Council tax levels on 23 February 2023.

Further clarity was requested on government grants and business rates income failing to match prevailing levels of inflation currently and in the medium term. It was explained that when the financial position was reviewed, funding and the costs of running services was considered. 75% of service expenditure is proposed to be funded from business rates and council tax in the Consultation Budget. The remaining 25% comes from government grants, with the provisional settlement being published on 20 December 2022, which was consistent to the Consultation Budget.

Members requested reassurance on the savings proposals and the impacts that these would have on business performance and support teams, service maintenance, service delivery and business transformation. It was noted that the Council had undergone in-depth reviews of different service areas and although the figures were substantial, service delivery and the impact on residents had been considered, with no reduction in the quality of the Council services expected from the proposals.

In terms of the capital investment plan and the requirement of 59 million pounds of extra borrowing to 2027/28, Members were informed that the capital programme had significantly reduced over the past few years and maximising resources had been considered. The items in the capital programme had been reviewed to ensure that they were fit for purpose for residents. The higher interest rates were driving significant movements on the Council's cost of borrowing.

It was noted that fees and charges was expected to generate an additional £204k in the portfolio and further information was requested on the examples of the fees and charges currently under review. Services being considered included the registrar office and blue badges incomes generated within the contact centre.

During Member questions it was noted that the Council held general and earmarked reserves and they were in place to protect the Council from risk. The Council undertook detailed monthly budget monitoring to manage risks which and this was also reported to Cabinet where savings and delivery of services were considered.

In relation to financial management and covid legacies, the Committee was informed that covid legacies resided in social care and related to additional demand during the pandemic. The main area of funding impacted by covid legacies was the council tax reduction scheme. There were two changes proposed to the council tax reduction scheme including an increased charge for non-dependents living in properties and an increase in rewards from £1 to £2.

It was expected that inflation would go up to 10% in 2022/23 and 2023/24 before returning to 4% over the remainder of the Council's budget strategy. It was queried what plans were in place to mitigate the impact if inflation did not come reduce in line

with forecasts. The Council begun to see an increase in inflation during outturn for 2021/22 and a decision was made to earmark underspends within the revenue position to increase Council reserves and resilience, with this position being monitored closely throughout 2022/23. Management of this pressure has involved close working with different service areas across Procurement, Finance and service staff, with mitigating action taken through the monthly monitoring process. There would still be some money available as earmarked reserves had not been fully used.

The Committee understood the situation over the next few years and the impacts of covid legacies. The budget adequately set out a plan and continued to put residents first whilst providing a high quality of service. The Committee noted that there were risk management mechanisms in place that need continued monitoring.

The Committee agreed the following comments to be put forward to Cabinet:

The Committee noted the report, accepted the balanced proposed budget and that the Council would continue to monitor and maintain a risk register.

RESOLVED: That the Committee noted the budget projections contained in the report and commented on the combined budget proposals affecting the relevant service areas within the Finance and Corporate Services Cabinet Portfolios, within the context of the corporate budgetary position.

46. **REVIEW OF PROCUREMENT WITHIN HILLINGDON - SECOND WITNESS SESSION** (*Agenda Item 6*)

The Head of Procurement and Commissioning introduced the report on the Review of Procurement within Hillingdon – Second Witness Session and provided a detailed overview.

The second witness session focussed on the operational perspective of how the Council delivered value for money through the procurement process.

The Committee heard that there were three broad stages as part of the procurement cycle including:

- *Pre- tender* - Strategic decision making around delivery model, route to market, required outcomes and commercial model
- *Tender* - Technical and transaction process of running a tender process including social value and local supply market.
- *Post- tender* - Management of contract during implementation and delivery phase to ensure supplier meets the agreed contractual commitments.

Pre Tender Stage

It was reported that the pre-tender process involved identifying the Council's needs and seeking the best commercial and quality outcomes.

The Committee heard that this stage required officers to engage with provider markets to better understand how Hillingdon requirements could be met. For the London Borough of Hillingdon's part, officers considered how the tender was positioned in

order to elicit the best response from providers. Engagement with suppliers also allowed the Council to look at how others were delivering services both within local government and outside. It allowed the Council to challenge how work was currently done, understand cost drivers and support the delivery of efficiencies.

As well as engagement with supplier markets, the pre-tender phase was supported by an analysis of spend to confirm the scope and benchmarking against others to validate the strategy.

Once an understanding was established of what was required and the way in which it would be tendered, this needs to be articulated clearly into a specification so that suppliers could understand and accurately respond to the Council's tender. A clear specification was key to future phases. As part of this phase, thought also needs to be given to developing a contract management framework to ensure the supplier delivers on its commitments

Tender Stage

The Committee heard that the tender stage of the process was more transactional and officers assessed the suppliers' ability to provide the required goods, works or services to Hillingdon through a formal tender process. There were various processes for tendering, all set down with the Public Contract Regulations. Areas considered within tenders included:

- Governance / Assurance - H&S, Insurance, Financial health etc.
- Capability – Experience in similar contracts, competence of teams engaged in delivery of the contract, capacity to meet LBH requirements, method statements as to how supplier will deliver the contract etc
- Financial / Commercial – Supplier response to the pricing model.

It was noted that bids were submitted by tenderers and evaluations were based on a pre-determined set of price and quality criteria.

Social Value / Environmental

The Committee was informed that social value was considered an important component of the tender process in extracting value for public money. Officers took a broad view of social value inclusion within a tender and how it might be used to improve economic, social and environmental wellbeing.

The London Borough of Hillingdon had no mandated approach and retained flexibility dependent upon the requirements. This meant that up to 10% of the overall evaluation of a tender was allocated to social value aspects. Bids were evaluated in the qualitative section of the tender using generic evaluation criteria.

Local Supply Market

The Committee heard that closely linked to social value was the desire for local authorities to play a more active role in the communities in which they operated to support community wealth building, levelling up, net carbon zero, job creation, skills & training etc.

It was noted that whilst benefits of awarding to local business were clear, there were a

number of challenges with the approach including the make up of local business, the feasibility and size to support the tender and difficulties around engagement. It was also noted that there were different interpretations to what defined a local business.

Over the past 12 months, the Council had taken steps to increase its engagement with local businesses including updating tender documents and actively identifying and seeking out local suppliers. There was work in place to develop web pages to support local businesses, support with pre-package requirements and additional support for potential local organisations.

Committee discussion

Members agreed that there was strong consideration on supporting and selecting small business as part of the tender process. However, there were some concerns raised in relation to the barriers and disadvantages in place for small businesses.

In terms of actively seeking out local suppliers and avoiding them being a disadvantage through submitting tenders, it was accepted that the bigger corporate business submitted tenders in different ways as they were experts and had full teams in place. However, as part of the tendering process, questions are shaped in a way that allows them to promote their strengths such as being more adaptive and responsive to meet Council needs. Ultimately a business needs to be in a position to deliver services and provide assurances through the tender process that they can do so. .

It was clarified that the Council ran multi-phase 'Open' tender processes however there could be 'Restricted' tender process where it was narrowed down to five – eight providers.

In terms of reverse process and local supply market, it was explained that every instance was conducted on a case by cases basis to ensure transparency and that due diligence checks were conducted. As part of the tender process questions on capability and capacity would also be asked to avoid the failure of service delivery.

In regard to improving procurement in the future around social value and the local market, it was important to get the balance right and not focus on one organisation. Officers had attended conferences at Heathrow to engage with local businesses highlighting opportunity for second tier providers. Although there was no preferred bidder register, there was a requirement to tender. In terms of the design process for carbon zero by 3035, it was explained that this was driven through the specification process and more work on this area needed to be done.

RESOLVED: That the Committee noted and commented on the information presented.

47. **CABINET FORWARD PLAN** (*Agenda Item 7*)

RESOLVED: That the Forward Plan be noted.

48. **WORK PROGRAMME** (*Agenda Item 8*)

It was requested whether the witness sessions as part of the major review could include external witnesses such as representatives from chambers of commerce.

	<p>It was also requested whether information reports could be provided on:</p> <ul style="list-style-type: none">• The digitalisation of Human Resources.• Information on customer service particularly call centre teams and how digitalisation would impact this.• An update on the new Members Enquiries system. <p>RESOLVED: That the updates and work programme be noted.</p>
	<p>The meeting, which commenced at 7.00 pm, closed at 8.13 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji on 01895 277655. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

The public part of this meeting was filmed live on the Council's YouTube Channel to increase transparency in decision-making, however these minutes remain the official and definitive record of proceedings.