

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall,
Colliton Park, Dorchester on 15 December 2015.

Present:-

Trevor Jones (Chairman)
Mike Byatt (Vice-Chairman)
Hilary Cox, Deborah Croney, David Harris and Peter Wharf.

Robert Gould (Leader) and Robin Cook (Cabinet Member for Corporate Development) attended under Standing Order 54(1).

Spencer Flower and Daryl Turner attended as observers.

Officers:

Mark Taylor (Head of Assurance, Risk and Audit) and Helen Whitby (Principal Democratic Services Officer).

Other officers attending as appropriate:-

Mike Harries (Director for Environment and the Economy), Peter Moore (Head of Environment), Roger Sewill (Strategic Estate Manager) and Peter Scarlett (Estate and Assets Service Manager).

Richard Smith (Chairman of Public Sector PLC) and Adam Cunningham (Managing Director of Public Sector PLC) attended by invitation.

(Note: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Audit and Scrutiny Committee on **21 January 2016**)

Apologies for Absence

255.1 Apologies for absence were received from Andrew Cattaway and Lesley Dedman.

255.2 The Chairman welcomed representatives from the Public Sector PLC to the meeting.

Code of Conduct

256. There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

Minutes

257. The minutes of the meeting held on 24 November 2015 were confirmed and signed.

Matters Arising

Minute 245 - Pan-Dorset Community Safety Partnership Arrangements

258.1 It was confirmed that responsibility for Community Safety had been held by the Joint Scrutiny Review Sub-Committee, but as it no longer existed responsibility had returned to the Audit and Scrutiny Committee. The responsibility would be considered as part of the current review of scrutiny arrangements.

Minute 249 - Bidding Procedure to Manage External Funding Activity

258.2 It was noted that the recommendation would be considered by the Cabinet the following day and that an update would be provided during the first half of next year.

Progress on Matters raised at Previous Meetings

259. The Committee considered a report by the Chief Executive which updated members of progress made following discussions at previous meetings.

Noted**Public Participation**Public Speaking

260.1 There were no public questions received at the meeting in accordance with Standing Order 21(1).

260.2 There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

262. There were no petitions received in accordance with the County Council's petition scheme at this meeting.

Work Programme

263. The Committee considered its work programme for 2016.

Noted**Property Rationalisation**

264.1 The Committee considered a joint report by the Chief Executive and the Director for Environment and the Economy which set out the background to the target for the reduction in the net floor area of the Council's non-schools property estate by 50%, achievements to date and how the target would be delivered. The report also contained information about the Dorset Development Partnership (DDP) and how it could assist the Council in this.

264.2 The Estate and Assets Service Manager introduced the report explaining how the 50% reduction target had been established in order to deliver revenue savings of £3.2m by 2020. He hoped that the report provided evidence to show how this target could be achieved. The report had addressed the Committee's key lines of enquiry which the Committee then addressed individually.

What has been achieved to date?

264.3 Members were reminded that the original target established in April 2010 was for a reduction in non-schools floor space by 25% by March 2015 in order to reduce maintenance costs. Some 112 properties, which equated to 15.9% of floor space, had been disposed of since then resulting in capital receipts of £13.7m. The target had been considered ambitious at the time but no mechanisms to encourage services to give up accommodation had been put in place and there had been varying degrees of support from Directorates.

264.4 Members highlighted the previous lack of a joined up approach across directorates but recognised that this was changing with the adoption of the "one council" approach. They noted that the Council had a comprehensive asset register which was available on line, that this system was lauded nationally and it was suggested that the Cabinet

should review the asset register on at least an annual basis. It was also suggested that the Council should take advantage of any commercial opportunities in order to generate income.

264.5 In response to whether better value from disposals might be achieved if second tier authorities were involved, it was explained that the Joint Asset Management Board (JAMB) comprised representatives of all local authorities, Dorset public sector bodies and Government agencies. This had not been as effective as it could have been in identifying assets for disposal, but the process was improving. However, whereas Local Delivery Groups which supported the JAMB were working well in many local authority areas, the establishment of Groups in Weymouth and West Dorset had stalled. It was suggested that this be referred to those Councils' Senior Leadership Teams.

264.6 The Leader added that as far back as 2008 there had been a focus on how the unaffordable maintenance backlog could be addressed. At that time Directorates had worked in silos and had been resistant to releasing properties. A significant cultural change had been brought about by the Forward Together Programme and had led to the adoption of a corporate approach to achieve asset reduction in order to achieve savings. He referred to the Government's One Public Estate Programme, which clearly demonstrated that the Council was ahead of other local authorities in property rationalisation and the role the JAMB had in involving all Dorset public sector bodies. He recognised that there was a need for more progress and hoped that today's exercise would provide suggestions as to the way forward.

264.7 The Chairman of Public Sector PLC (PSP) explained that the DDP had been created to assist the Council with its property rationalisation. A Council Consortium Group of Limited Liability Partnerships (LLPs) had been established with information and experience being shared between members and Dorset would benefit from this in future. The Managing Director of the PSP added that whereas many local authorities had limited understanding of the property market, the Council had a capable Property Team who had been constrained by services not making the necessary changes and releasing properties. This would require support from officers throughout the organisation.

What is the current property reduction target and how is it planned that this be delivered?

264.8 The Estate and Assets Service Manager reminded the Committee that a Cabinet report in November 2013 had suggested that services across the Council could be provided from 13/15 locations with only 25% of the establishment being retained. The current target was more realistic with the expectation that 50% of the establishment would be retained and this had led to the current property rationalisation strategy. The County Leadership Team had given this the highest priority and each service now had an asset reduction target. Other measures in place to support its delivery included the Council adopting the Corporate Landlord Model, assets being managed as a single entity, a review of office accommodation had been carried out and potential savings of £1m had been identified. He believed the 50% target to be achievable and that there had been a significant culture change towards property within the Council at the most senior level. He did, however, question whether this was the case in lower management tiers. The Director for Environment and the Economy stated that the only way that services could be delivered in future required the Council to change its approach and this would involve more community based services.

264.9 One member highlighted his experience of co-location of services but without the necessary rationalisation to avoid duplication. The Director explained that steps were being taken to progress the provision of fully integrated services rather than co-location.

264.10 With regard to whether the Forward Together Programme was helping to reduce the cultural issues, the Cabinet Member for Corporate Development explained that every Committee was provided with a regular Forward Together update so that cultural change could be discussed. He agreed that the property rationalisation target was

challenging but reported that the pace of Forward Together was accelerating and staff were responding to service delivery changes. He agreed that the lower level management tiers were not as responsive and could undermine the Programme but steps were being taken to counter this. The Head of Environment added that the “Way We Work” workstream focussed on innovation, the need to work differently and reduce ambivalence. He had been daunted by the 50% target initially, but progress was being made and staff were informed of this.

264.11 Whilst welcoming the whole authority approach, one member drew attention to the need for information to be collected and shared in order to support an integrated approach to service delivery in future. The Director for Environment and the Economy confirmed that technology in place enabled this to happen.

264.12 One of the observers, whilst supporting the approach being taken, questioned whether there was a lack of ambition. He suggested that the pace be quickened in view of the savings needed and the short timescale this needed to be achieved within. The Director for Environment and the Economy agreed that the pace was probably too slow but without a much more radical intervention it was deliverable and the Chief Executive held senior managers accountable for the delivery of their service asset reduction targets.

What are the property disposal mechanisms?

264.13 The Estate and Assets Service Manager explained the process that properties identified for disposal underwent and the DDP’s involvement in this.

264.14 One member highlighted a case whereby a property had been passed to the DDP for sale, yet still remained on the market five years later. The Managing Director explained that the sale of this particular property had been affected by recent changes to the planning framework and it had been leased to the Dorset Waste Partnership in the interim. The Director for Environment and the Economy confirmed that a number of sales had been delayed and it was suggested that the process of identifying properties still awaiting disposal be reviewed to speed up the process.

264.15 In response to whether there was a capital receipt target, the Estate and Assets Service Manager confirmed that the target was for £12.5m to be achieved by March 2018. Currently £3m had been achieved (with a further £3m anticipated in 2015/16) and he expected this target to be achieved by March 2017.

264.16 With regard to what mechanism was used to review assets and the best time for their disposal, the Director for Environment and the Economy explained the appraisal process used by the Council in conjunction with the DDP and how disposals were dealt with as a result of this process.

264.17 Attention was drawn to the possible use of surplus accommodation to create income to support future service delivery. The Director for Environment and the Economy explained that the DDP could provide an opportunity to assist the Council to create an investment portfolio. However, the Council’s current financial framework specified how capital receipts were dealt with. A member suggested that this may not be the right approach.

264.18 The Chairman of the PSP explained that the process DDP followed was based on consensus and a tried and tested model. He drew attention to a new member reporting system which was being introduced and which CIPFA had been asked to review.

264.19 With regard to whether working with other public sector bodies slowed the process down, whilst the Managing Director referred to the availability of Government funding to support joint working through the One Public Estate Programme, it was noted that the Council was not eligible for this.

264.20 One member explained that the DDP had originally been set up so that other local authorities and partner organisations could join, but they had been slow to do this. However, the current financial pressures might improve involvement.

How is local member engagement incorporated into the programme planning and disposal process?

264.21 Whilst the importance of local member engagement was recognised, the Chairman highlighted that local members were still not being routinely involved in asset disposals at an early enough stage in the process. It was recognised that decisions reached by the DDP's Board were not routinely reported to members of the Council but the Chairman of the PSP anticipated that the new member reporting system would address this.

What is our relationship with Dorset Development Partnership (DDP) and what role(s) do they provide?

264.22 The Chairman of the PSP explained that the DDP worked with the Council to jointly develop opportunities for disposal. The Director for Environment and the Economy added that the Council had provided professional resources for the DDP (at a fee) on some occasions.

264.23 The Chairman of the PSP explained that the DDP's working capital was funded by PSP and then explained when the DDP became involved in the disposal of the Council's assets, that innovative solutions were frequently used to add value and that any uplift in value was shared. Members noted that CIPFA were being asked to help standardise the validation process across all LLPs.

What has the Council's association with the DDP delivered to date?

264.24 The Committee noted that when the DDP was established, the Council had already disposed of a number of 'easy' sites and passed five complex sites to them for disposal. These had taken time to progress and had resulted in DDP receiving £300k for their efforts over the five year period. The Chairman of the PSP agreed that his funders would not see this as financially worthwhile but, in the context of the lessons learned, it had been invaluable as this learning could now be shared with members of the Council Consortium Group. He confirmed that he would like to help the Council more with its asset disposal strategy.

Have we allowed DDP sufficient opportunity/flexibility to maximise outcomes?

264.25 The Managing Director explained that there had been delays in the legal processes involved with sales and streamlining the processes and additional resources in this area would quicken the process. The Chairman of the PSP added that this was a new legal venture and that members of the Council Consortium Group had debated how well the current system worked with Queen's Counsel and that steps were being taken to standardise governance arrangements in order to avoid delays in future.

Given the opportunity what would DDP change to increase resultant outcomes?

264.26 The Chairman of the PSP stated that he would like councils to make earlier decisions about asset disposal and for the DDP to be involved in this decision-making process as he thought this would achieve more. As PSP now had a presence in Dorset they would prioritise work in this area and members noted that the DDP could be used to buy land in order to increase the value of assets already held. The Managing Director added that the DDP had been created to support the Council in its strategic objectives and to generate income in order to support the future deliver of services.

Does the DDP include member involvement – if so who are our representatives and what are their roles?

264.27 The Committee noted that the Council's representatives on the DDP Board were the Leader and the Cabinet Members for Adult Social Care and Corporate Development.

Other than DDP what alternatives are available to help the Council's property reduction targets

264.28 The Estate and Assets Service Manager explained that although the DDP was a valuable tool, other means of disposal were considered as part of the evaluation process. He recognised the role that local members could play and the need for them to be involved from an early stage. He explained that some properties might be considered for transfer to community use, for use as extra care facilities, for economic generation and for sharing with partners. There was now more scope to fully utilise our buildings and improved technology was enabling income generation from surplus space.

General Discussion

264.29 The Committee was reminded that one of the purposes of the meeting was to consider whether the current targets of reducing the portfolio by 50%, saving £3.2m per annum revenue, and realising capital receipts of £12.5m were achievable and whether any further actions were needed to ensure the targets were met. The Strategic Estate Manager explained that officers met fortnightly to track progress of properties identified for disposal. Targets for capital receipts of £6m and £9m for the current and following financial years had been set, including school sales. Should the situation in relation to any property change, then this was taken into account and the Disposal Tracker updated. It was anticipated that four or five properties would be disposed of by the DDP over the next financial year, with baseline capital receipts expected to be in the region of £1.6m.

264.30 The Chairman of the PSP explained that some councils put the LLP at the heart of their decision making process for all properties whilst other councils operated as Dorset did. He hoped to explore the former with the Council.

264.32 It was suggested that members of the JAMB needed to have a better understanding of what the DDP could offer and that links between the Asset Management Plan, culture change and innovative ways of working be clearer.

264.33 The Cabinet Member for Corporate Development thought that preparation and an acceleration of the process was key to the target being achieved and that the Council was now well prepared.

264.34 The Leader had found the review to be useful and welcomed the new reporting tool and CIPFA's confirmation of its effectiveness. He referred to the frustration at the lack of pace but recognised that the current property market and changes to the planning framework had impacted on delivery. The programme needed to be maintained and speeded up as service transformation would result in more properties becoming surplus and being identified for disposal.

264.35 The Chairman thanked the PSP and DDP representatives for attending the meeting and helping the Committee with the exercise. Recommendations would be drafted outside of the meeting and would be confirmed at the Committee's next meeting on 21 January for recommendation to the Cabinet on 24 February 2016.

Recommended

265.1 That the programme was an excellent example of the Council, through innovation, actively challenging the "status quo".

265.2 That the programme sought to deliver both transformation and financial savings, in pursuit of improved outcomes for the residents and communities of Dorset.

265.3 That the Committee recognised that the financial targets that have been agreed for the programme were necessary, challenging and ambitious.

265.4 That the programme sought to deliver a reduction in the non-schools estate in the shape of:-

- i) running costs by £3.2M per annum by March 2020
- ii) reducing the net floor area by 50% by March 2020
- iii) generating a further £12.5M capital receipts by March 2018, with £9M of these being delivered during 2016/17.

265.5 That a relentless focus on culture and behaviour and new ways of working across the Council was fundamental to its ultimate achievement.

265.6 That the importance of the 'One Council' programme required a clear understanding at all levels across the Council and, as such, its successful delivery was the responsibility of all managers and staff.

265.7 That increased member awareness and early engagement would help to ensure any local issues and opportunities are better understood and help inform decision-making.

265.8 That members should be involved at the earliest stages of property identification for disposal.

265.9 That the quarterly reporting against the property rationalisation programme targets to the Cabinet and the Audit and Scrutiny Committee should continue, supported by the enhanced reporting mechanisms proposed by the Dorset Development Partnership.

265.10 That whilst the importance and potential opportunities associated with joint and collaborative working was fully recognised, in order to deliver the challenging targets, the Council must not be distracted or diverted from its own clear principles and programme. The Committee recognised that this might limit access to any government grant monies for 'collaborative ventures'.

265.11 That consideration should be given to the commissioning of professional support, available through the Dorset Development Partnership, to supplement the Council's resources to maintain the required momentum.

265.12 That the announcement by the Chancellor of the Exchequer in the Autumn Statement suggesting proposed changes to the use of Capital receipts to support revenue spending on transformation required close examination.

265.13 That the Council should continue to actively explore any additional benefits that might be available through a wider association with the Dorset Development Partnership.

265.14 That it was recognised that although speeding up the pace of the programme would be welcomed, the reality of achieving this would be very difficult due to the associated disposal processes and market factors.

265.15 That feedback from those members serving on the DDP Member Board would help to raise awareness and increase member engagement.

265.16 That the Cabinet consider reviewing the asset management register on at least an annual basis.

Reason for Recommendations

266. To support the property rationalisation programme and identify whether anything further could be done to achieve the target and reduce the risk of not achieving the identified savings.

Questions from County Councillors

267. No questions were asked by councillors under Standing Order 20(2).

Meeting duration: 10.00am to 12.30pm

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