

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS) held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 5th July 2017.

PRESENT: Councillor D M Tysoe – Chairman.

Councillors Mrs B E Boddington, R C Carter, S Greenall, Mrs R E Mathews, J M Palmer, Mrs D C Reynolds, M F Shellens and R J West.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors K M Baker, Mrs L A Duffy and Mrs S L Taylor.

IN ATTENDANCE: Councillor D Brown.

18. MINUTES

The Minutes of the meeting held on 14th June 2017 was approved as a correct record and signed by the Chairman.

(At 7.10pm, during the discussion of this item, Councillor D Brown entered the meeting.)

19. MEMBERS' INTERESTS

No declarations of interest were received.

20. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel received and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book) which has been prepared by the Executive Leader for the period 1st July 2017 to 31st October 2017.

21. CCTV/SECURITY SERVICES - BUSINESS CASE FOR COMMERCIALISATION

With the aid of a report by the Head of Community (a copy of which is appended in the Minute Book), the CCTV/Security Services – Business Case for Commercialisation was presented to the Panel.

The Executive Councillor for Commercialisation and Shared Services made a brief introduction of the Business Case in which he informed the Panel that the CCTV shared service with Cambridge City would not be included in the commercialisation. In addition, Members were informed that the company formed by commercialisation, HDC Ventures Ltd, would be financially self-sufficient by 2021.

In response to the question of who would be purchasing the new CCTV cameras, the Panel was informed that the Council have a

budget for the procurement of new cameras and with a partner the economies of scale would mean that there would be a 30% saving on the purchase of new cameras. However as the assets would be funded from the Council's funds, they will be the property of the Council and won't be used by the commercialised company unless the company procure services (e.g. Council staff and the network) from the shared service.

In response to a query regarding the timetables contained within the report, the Head of Community clarified that the first of the two timetables was produced by the consultant and is now out of date, which means that the latter table is correct and should be the one referred to.

A Member asked for clarity on what is happening with the existing CCTV staff. Members were informed that the existing staff would not be transferred across and would remain as Council employees. It was confirmed that the commercialised company may have its own staff.

Following a question of how would the commercialisation company raise capital, the Panel was informed that initially the shareholders would bring the capital, however the company would have the ability to raise funds through loans.

Concern was raised that the Council would find it difficult to encourage companies to join the venture however the Head of Community informed Members that soft market testing has been positive and that there are four companies who are interested in joining the venture.

In response to the question of who is carrying the majority of risk, Members were informed that commercialisation does carry risk for the Council however there are rewards that, the Executive Councillor and Head of Community believe, are worth the risk. In addition, the commercialised company would be a standalone business with the risks protected from the Council.

A Member asked about the £100k that the Council are investing in commercialisation and was informed that the £100k is funded from earmarked reserves and will be used to buy the shares in the company. The Head of Community advised that the current capital programme identified investment in the region of £400k, the Head of Resources confirmed that this capital was financed within the approved capital programme.

Concern was expressed that the business case does not contain cash flow projections and state who is guaranteeing the money for the loans the company may borrow. However it was noted that there is currently no plan to borrow money. The Executive Councillor informed Members that the cash flow projections would be contained in the Full Business Plan and the Directors would guarantee the borrowing.

In response to the question, what is the partner is getting out of it, the Panel was informed they would be getting access to a stable service. Members expressed concern that they can't see why a business would want to get involved. The Panel was given reassurance that the interested businesses know that the shared service would not be

included in the joint venture.

A Member asked at what point is there a point of no return, to which the Executive Councillor informed the Panel that once the tendering process is complete, a Full Business Case will be produced however the Council would not be committed to anything at that stage.

The Panel expressed concerned with the business case however they added that they are content that the process continue so long as Members can view the Full Business Case before it is approved.

22. DOCUMENT CENTRE - BUSINESS CASE FOR COMMERCIALISATION

With the aid of a report by the Head of Customer Service (a copy of which is appended in the Minute Book), the Document Centre – Business Case for Commercialisation was presented to the Panel.

Members were given some background on the Document Centre including that it includes two elements: printing and distributing documents and receiving the documents into the Council. The Business Case focuses on the printing and distribution element of the Document Centre and there has been soft marketing testing carried out with three companies.

A Member stated that having previously dealt with the Document Centre it was considered too expensive and had the Executive Councillor considered closing the Document Centre and getting the Council's printing done externally. The Panel was informed that it had been considered, however the consultant has recommended the Document Centre can provide the basis of a viable business.

The Panel was informed that the Council has budget to replace the printing equipment however there is a hold on procurement as some companies may have equipment which they could bring to the commercialisation agreement. In return, the Council has the building and staff. Some Council equipment is old and a company could bring new equipment which doesn't cost as much to run as the older equipment.

Following a question regarding staffing, the Panel was informed that the Document Centre has 13 staff of which the staff dedicated to printing may be transferred across to the new business, but this dependent upon a successful procurement exercise and agreement on staffing arrangements. A number of models potentially exist.

Members questioned the projected level of growth particularly as printing is in decline with the emergence of paperless working. In response, the Panel was informed that the soft market testing has predicted the level of growth stated in the report and that the testing has found that different areas of the printing market are growing.

Some Members expressed contentment with the business case for the Document Centre and added that if the right partner could be found then it would be a success.

Concern was expressed that by venturing into commercialisation the

Council could end up forcing local print businesses to close down.

In response to a comment, that the Council don't seem to be reviewing all of the options, Members were informed that the consultant advanced five options and the Council's senior officers along with the Executive Councillor decided the preferred options.

It was noted that the Council will always need printing and if it can be done cheaper in house then that would make sense, however Members were informed that the commercialised company wouldn't necessarily carry out in house work.

The Panel was content that the process continues so long as Members can view the Full Business Plan before it is approved.

(At 8.23pm, after the discussion of this item, Councillor D Brown left the meeting and did not return.)

23. RISK MANAGEMENT STRATEGY

With the aid of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book), the Risk Management Strategy was presented to the Panel.

The Panel was content with the report and the change that has been proposed to the option appraisal process which formalises the adoption of risks.

24. COMMERCIAL INVESTMENT STRATEGY - APPROVAL TO PURCHASE CIS INVESTMENT

The Panel was informed that the Chairman was asked to approve that an urgent item could be considered at Cabinet without prior Overview and Scrutiny. The Chairman confirmed that approval was given and that the urgent item considered was an investment opportunity, however the Council was unsuccessful in its bid.

25. OVERVIEW AND SCRUTINY PROGRESS

With the aid of a report by the Democratic Services Officer (Scrutiny) (a copy of which is appended in the Minute Book), the Panel reviewed all the Panels' work programmes since the last meeting.

The Panel agreed to create a Task and Finish Group to investigate the finances of One Leisure. The Group will consist of the following Members: Councillors R C Carter, M Francis, Mrs D C Reynolds and R J West. The Democratic Services Officer (Scrutiny) is to draft a scoping document with the Head of Leisure and to ask two Members from non-majority parties whether they would like to join the Group.

Chairman