

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

5 SEPTEMBER 2018

PRESENT:

Councillors Strachan (Chairman), Mrs Barnett (Vice-Chair), Mrs Evans, Rayner, Tittley and White.

(In accordance with Council Procedure Rule No.17 Councillors Mrs Little, Spruce and Wilcox attended the meeting).

12 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Constable, Greatorex, Powell and Woodward

13 DECLARATIONS OF INTEREST

None

14 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on the 21 March 2018 were recorded and signed as a correct record by the Chairman.

15 TERMS OF REFERENCE

The Terms of reference taken Article 6 of Part of the Lichfield District Council Constitution were noted.

16 WORK PROGRAMME

The work programme was discussed and it was requested and agreed that the Property Strategy return as an item to the Committee in January to review and consider next steps.

It was also requested that the current Strategic Plan be evaluated at the last meeting of the municipal year before the new Plan is devised in the next Council.

The LEPs Government paper was discussed and it was noted that although Local Authorities may not have a choice on what the governance options were, Members may have opinions which O&S could consider.

It was noted that consideration of the corporate communications strategy had been requested and agreed to be added to the work programme.

17 DIGITAL STRATEGY

The Committee received a presentation by the Head of Corporate Services on the emerging Digital Strategy which would be considered by Cabinet in November.

It was reported that the work leading up to the strategy undertaken as part of the innovation programme had investigated the systems map for the Council, and developed a set of key

principles to improve customer experience and efficiency and support cost reduction. The Digital Strategy carried through these principles and set out our ambitions to support the services to transform and realise the power of digitalisation. A cloud readiness assessment has been undertaken and this has demonstrated that significant revenue savings could be made in migrating to cloud based systems over traditional models of upfront investment in ICT. It was also noted that bringing IT support in house has already created efficiencies within the ICT revenue budget, and further use of cloud could extend these savings further.

The Committee agreed to keep the Innovation Task Group and allow them to continue their work in testing new systems as their feedback had been invaluable especially with the implementation of the Green Waste Subscription service. It was reported that the year two subscription notifications were currently being planned.

It was discussed that it would be intended to move to Cloud based systems and this raised concerns with Committee Members around security and data protection. It was reported that the system providers had their own teams of security specialists and were providing high levels of security to other customers which include banks and government departments. This dedicated and highly trained round the clock monitoring and support would far outweigh any local protections that could be put in place. The Committee noted that security requirements were written into the contracts. When asked, it was reported that a cyber security audit had taken place for all the Council's systems and any issues raised had been addressed. Along with this, penetration testing had also taken place for key systems and any known holes had been closed. Members requested further details of the complete Strategy and security testing results.

Productivity and savings were then discussed and it was reported that the cash savings would potentially only be achieved through switching off or reducing other channels as we move to more digital means. The committee were advised that the Digital strategy provided the environment and systems to enable change and the effective management of data but the realisation of efficiencies as a result of those improvements would be made from reviewing processes as part of the fast reviews in the Fit for the Future programme as these costs sat within service budgets and not ICT spend.

It was asked if other local authorities could be invited to share the use of LDCs systems and it was reported that some current systems and contracts would have to be revised to enable this. As part of the Fit for the Future programme fundamental reviews will consider where services can be delivered and these assessments would include a review of core systems including the Revenues and Benefits processing system, which is due for procurement review in 2019. Members were advised that the introduction of online forms in Revenues and Benefits was paid for via funding from the LGA to increase digital access to the service and the roll out of the forms had gone very well.

Legacy data was then considered and it was noted that if it was on a server and not maintained, there would be a cost to access it for systems that we no longer intend to use. It was noted that this is a consideration of all projects to only retain access to information we have a right to keep and intention to use. An example was given of work being done through the IDOX project to migrate legacy planning data from the existing document management system (DMS) to the new DMS. It was also reported that as part of the ending of the ICT support contract an Information Manager post had been created to ensure the curation and effective use of all data and information in the Council going forward.

RESOLVED: That the information received be noted and points raised be noted by Cabinet.

The Committee received a report setting out proposals to meet the ambitions of the agreed Property Investment Strategy through an in-house property service to manage the council's property estate and the creation of a local government company to develop, sell or lease residential property.

As the item had been already considered by Cabinet, before the item was formally opened for consideration, the Chairman requested views on whether Members would wish for an Overview & Scrutiny Call-In. It was agreed that as the final decision would be made at Council, an amendment based on the Committees views could be made to the report before any decision was taken.

The Leader of the Council introduced the item to the Committee and noted that many other local authorities had already begun doing what was proposed in the report. He reminded the Committee that there was a continuing need to deliver services but as government funding would soon cease we need to look to create alternative income streams.

The recommendations were then introduced to the Committee and it was reported that alternative options had been considered but not deemed viable. It was noted that risks had been thought through and Brexit implications was the greatest concern.

Members asked for clarification on whether the already approved £45m borrowing for the Investment Strategy would be used for the proposed company and it was reported that the company was not part of that Strategy and so it would be funded through other routes including the use of reserves. When asked, it was confirmed that the borrowing as approved in the Investment Strategy was broken down and within the MTFS. Members were pleased to note that it was intended to start with the small target of 5 properties per annum to allow the company to grow.

It was noted that any Fit for the Future projects to modernise systems or processes to carry out the implementation of Property Management had already been budgeted for with resources already in place.

Governance arrangements were then discussed at length and the Committee had some concerns regarding the proposed delegations to the Leader of the Council and Chief Executive and in particular to allow property acquisitions of up to £2m with the oversight of the Section 151 and Monitoring Officers. The Committee were concerned that there was no scrutiny which could lead to exposing individuals to risk. It was reported that the proposal was based on other local authorities with a two stage process with due diligence being carried out before any transactions made. Members requested that the governance arrangements be made clearer and it was proposed that an amendment be made to the draft delegations to say that 'an offer' of up to £2m could be made.

Conflicts of interests of Officers also being Directors and Company Secretary was then discussed and it was confirmed that they would be subject to Section 225 of the Companies Act however deputy Statutory Officers could step in if necessary. It was also clarified that as council Officers, they make recommendations and Councillors make the final decisions and in the case of the company, the shareholder, which would be Lichfield District Council, would make any decision. The Committee accepted that this approach would allow risks of conflicts of interests to be managed and also noted that it would be short term solution and new company directors would be sought when profitable. Assurances were given that the level of commitment required from Officers to be Directors and Company Secretary was manageable.

It was asked if Directors had authority to change the Memorandum of Association and Articles of Association and it was confirmed that the council as the shareholder would retain the right to approve any changes.

When asked it was confirmed that there could be opportunities for second or third party shareholders to be invited but there could be risks of bias in council decision making.

The long term vision for the council was considered and it was noted that the Investment arm should yield quicker results regarding income and the property company would take longer to become profitable as it would require an initial period of reinvestment.

When asked it was noted that audits of the company would be done separately and published on companies' house giving transparency. This information would also be reported to the relevant cabinet member along with a proposed member scrutiny committee.

It was noted that PSP may still be utilised.

RESOLVED: That the Strategic (Overview & Scrutiny) Committee endorse the Cabinet decisions subject to the following amendment to the proposed delegation to the Leader and Chief Executive to read;

- A change to the constitution to delegate the Leader and Chief Executive to make an offer for property acquisitions of up to £2m with oversight by the S151 officer and Monitoring Officer.

(The Meeting closed at 8.00 pm)

CHAIRMAN