

BABERGH DISTRICT COUNCIL

TO: Council	REPORT NUMBER: BC/18/37
FROM: Chair of the Overview and Scrutiny Committee	DATE OF MEETING: 19 February 2019

BABERGH OVERVIEW & SCRUTINY COMMITTEE MET ON 17TH DECEMBER 2018

DRAFT REPORT TO CABINET - EXTENSION OF SERCO CONTRACT

Members received an extensive presentation from Emma Tilbrook of Eunomia, the research and consulting company, who had undertaken the research for the commission options for the Councils waste options. These were the recommended extension, outsource again in a new contract, bring the service in house or set up a Local Authority owned Company (LAC). All of these had been examined for costs, one-off costs, qualitative factors in terms of delivery of a service, control, and the financial, operational and reputational risks. Market intelligence analysis was also undertaken.

In summary, best value was demonstrated by the proposed extension. The previous contract had been highly advantageous to the council, with no profit for Serco. The extension would provide them with a profit, but a smaller one than industry standards would expect. The authority would have the benefit of a tried and trusted service, absorbing many risks of a change. The new contract remains financially beneficial to the council but with the addition of Key Performance Indicators. These had previously only been applied by mutual agreement.

Chris Fry, Assistant Director – Environment and Commercial Partnership provided historical background for the Serco contract, in 2007 the first joint waste contract in the county. A determination was needed to consider whether to extend this for the next seven-year period by 31 March 2019, with effect from the year 2021.

From members questioning of Emma Tilbrook, Chris Fry and Oliver Faiers, Corporate Manager for Waste Services, the following pertinent points emerged.

Although Serco had made no profits in the past, the increase would allow them a future 2% profit margin. This would not apply, after negotiation, until 2021. This compares with an industry standard of 7%. Further there would be agreed financial penalties for failed services. Serco wished to retain the contract to continue a long-term relationship which worked well and as an exemplar provided the basis for future contracts elsewhere.

Future changes in waste collection would apply with any option. These were to be expected from Central Government and over the lifetime of any arrangement. Organic waste collection, for example, would be expensive in Suffolk.

The shared cost of the report commissioned by officers had been £8,660 and was felt to be good value. Growth of new households had been included and there would be an extra round for each Council with some route optimisation.

For household recycling contamination Babergh and Mid Suffolk Districts held the best performance across the County.

Concerns over 'future proofing' were answered by terms in the contract. The Councils retained ownership of the fleet which was a considerable advantage.

After lengthy questioning, debate was short. The committee voted unanimously to endorse the recommendation of Eunomia and the Report itself.

By a unanimous vote. **It was RESOLVED:**

That the Babergh Overview and Scrutiny Committee endorse the recommendations 3.1 and 3.2 in report BOS/18/17.

BOS/18/18 INFORMATION BULLETIN ON VOIDS PERFORMANCE

This project shows a continued improvement in performance. Some void statistics had not been included because the void time had been zero days with immediate transfer. Thus, performance had been better than previously reported. A longer-term plan is in place. The Councils aim for consistent standards for 'standard' void re-let time of 21 days by March 2019 of 21 days, and 15 days by March 2020.

October 2017 to October 2018 has seen Babergh figures fall from 44 to 18, a reduction of 26 days. This is even wider in Mid Suffolk, from 66 to 12, reducing by 54 days.

BABERGH OVERVIEW & SCRUTINY COMMITTEE MET ON THE 21ST JANUARY 2019.

Draft minutes are still being prepared for this meeting, which had a very full agenda. It was appreciated by the committee that the majority of the Cabinet attended the meeting, introduced the reports and provided information throughout. With so many attending, all titles are not included for brevity.

BOS/18/22 DRAFT GENERAL BUDGET FUND BUDGET 2019/20- AND FOUR-YEAR OUTLOOK.

John Ward introduced the report, commending the proposed budget. Officers were Katherine Steel and Melissa Evans.

The Budget having been already looked at on multiple occasions, the committee focussed on some specific points.

The principal concern of many members was the inclusion of the additional £25M in CIFCO within the budget, as opposed to a separate decision of the Council. However, Katherine Steel reported that the expected receipts from this investment, within the budget year, would have an impact on achieving a balanced budget. Effectively these were a part of the budget. The Business Plan for this CIFCO investment would still be presented to council separately. Member discussion revolved around 'stress testing' and costs of borrowing before this Business Plan was presented to Full Council. No delay in the Budget process was suggested.

A question was asked about roll over of unspent Disabled Facilities Grant. The money will be retained. This is a subject the committee will receive an Information Bulletin on in the February meeting.

By a unanimous vote. **It was RESOLVED:**

- 1.1 That the Babergh Overview and Scrutiny Committee endorse Recommendations 3.1 to 3.5**
- 1.2 The Committee recommended that 'stress' testing was undertaken of the investment £25 million and the information was provided to all Members.**

BOS/18/23 DRAFT HOUSING REVENUE ACCOUNT (HRA) BUDGET AND FOUR YEAR OUTLOOK

Again, this had received extensive examination already and the committee sought to clarify some technical points on service charges, annual statements and new build within the account.

The removal of the Central Government borrowing cap for new Council build and the ability to have a higher debt cap even than presented were discussed, but not directly relevant to the paper

By a unanimous vote. **It was RESOLVED:**

- 1.1 That the Babergh Overview and Scrutiny Committee endorse recommendations 3.1 to 3.8**
- 1.2**

BOS/18/24 BABERGH AND MID SUFFOLK AREA PARKING PLAN

The committee were asked to provide feedback on the report to Chris Fry, the Assistant Director – Environment and Commercial Partnership prior to the plan going to Cabinet.

There was a difficulty with this request. The Plan is a Policy Document designed to address widespread concerns about parking enforcement across the area. It accords with a Suffolk wide approach and describes the considerations that we should take into account. It can be considered as a toolkit, but any actual action is dependent on the Government granting Civil Parking Enforcement powers to both Babergh and Mid Suffolk. It contains no specific proposals for any specific site, but suggests ideas for situations.

In the Chairs opinion, members were uncertain as to what we were able to provide to add any value to the process. If adopted by Cabinet, it would be subject to a 21 day period and a further 6 week consultation from May. There were a number of questions about various parts of the plan, but none that couldn't be dealt with during the consultation period(s). In effect, it remains a useful and reasoned start to deal with the problems. The Chief Executive, Arthur Charvonia, advised against any formal action plan and suggested a briefing on the issue to members would be a better approach. It remains dependent on receiving the powers.

BOS/158/25 COMMUNITY GRANT - HEALTH CHECK FOR GROUPS RECEIVING REVENUES GRANT

The Health Check process supports our Revenue Grant process. It is carried out every two years. The report was presented by Margaret Maybury and addressed by Sue Clements – Corporate Manager Strong and Safe Communities. (A candidate for longest title)

The purpose of the Health Checks is to ensure that the recipients are sustainable, financially viable and fit for purpose. Many bodies rely upon us for the majority of their funds or of their core costs. They tend to have limited reserves, with little allowance for contingencies. The council support directly, and indirectly through external funding avenues. This being public money, monitoring and helping is essential.

In questioning and discussion, it was clear that members not only supported these organisations, but in some cases were active volunteers. Non-pecuniary interests were declared in each case.

There was some focus on tourism in Sudbury and the Sudbury CAB, for which we provide 60% of the core funding. In this instance the Grant is paid quarterly. One other, The Quay Theatre is paid every 6 months rather than annually. Some specific questions for information aside, members fully supported the Health Check.

By a unanimous vote. **It was RESOLVED:**

That the Committee endorse the continuation with the Health Check process and that these be undertaken bi-annually.

INFORMATION BULLETIN

Staff Turnover and Welfare – Six months update

The overall trends in turnover continue to reduce. A greater understanding of potential mental health issues is apparent. Stress/Anxiety/Depression continues to be the main reason for absence, but at a much higher proportion than previously. The number accessing our Employee Assistance Programme is reducing however.

In the absence of a clear trend, and with partial figures for this year, the committee believe that another full year's figures would give more clarity to the situation.

It was RESOLVED:

That an update of the Staff Turnover and Welfare be presented do the committee in six months' time

CONFIDENTIAL INFORMATION BULLETIN

A Link to the Bulletin is provided for members here:

<https://babergmidssuffolkintranet.moderngov.co.uk/ieListDocuments.aspx?CId=184&Mid=2463&Ver=4>

This item was presented to the Committee under Part 2 Rules.

The bulletin was presented by Emily Attack, Assistant Director - Assets and Investments, who responded to questions together with Arthur Charvonja – Chief.

This paper provided background to and costs of the lease arrangements for the first and second floor areas of Endeavour House from November 2017. There were also a number of options through the life of the agreement. The terms of the lease regarding shared use of common areas and meeting rooms were also described, along with included Service Charges and some costs for additional staff cover. Finally, Anticipated Occupancy Costs for this year and the next two were broken down.

In questioning, the following points emerged:

Rent increases had always been expected, with negotiated and reduced initial rents. The service charge was fixed for three years, but capped. The maximum charge was the one presented, though this was a 'worst case scenario'.

Rent levels, business rates and late meeting costs were all in line with the market. This was a flexible situation, subject to the constant review and discussion expected in the course of a good landlord - tenant relationship.

Members had expressed concerns over car parking and room booking arrangements. The perception was that these were difficult. On these, and any other practical concerns, the Chief Executive suggested that any issues should be directed to Democratic Services.

Since there had been considerable speculation about this subject, the committee were pleased to have some solid information and answers to these questions. They were satisfied with the Information Bulletin.

I'm happy to take questions, either in or out of the meeting.

Alastair McCraw.

Chair of Overview & Scrutiny Committee, BDC.

11th February 2019.