



**MINUTES OF A MEETING OF THE Sustainable Growth Scrutiny Committee HELD AT
THE Bourges/Viersen Room - Town Hall ON 21 September 2009**

Present: Councillors M Fletcher (Chairman), S Allen (Vice-Chairman), S Day, S Lane and J Peach and P Winslade

Officers Present: Ben Ticehurst – Deputy Chief Executive
Mike Heath – Commercial Services Director
Margaret Welton – Principal Lawyer
Carrie Denness – Principal Solicitor
Louise Tyers – Scrutiny Manager

1. Apologies for Absence

Apologies for absence were received from Councillors M Burton and D Day. Councillor Winslade was in attendance as substitute for Councillor M Burton.

2. Declarations of Interest and Whipping Declarations

No declarations of interest were made.

3. Minutes of the Meeting held on 20 July 2009

The minutes of the meeting held on 20 July 2009 were approved as a correct record.

4. Call In of any Cabinet, Cabinet Member or Key Officer Decisions

There were no requests for call-in to consider.

5. Response to Recommendations Made by the Committee

The Committee considered the responses made by the Executive to our recommendations from the last meeting.

The recommendations related to the disposal of land and assets.

ACTION AGREED

To note the responses to the recommendations made.

6. Peterborough City Services

Peterborough City Services (PCS) was an entity which had become increasingly vulnerable to elements of competition on parts of its service portfolio as a result of increasing costs and budgetary pressures. Whilst it was relatively simple for PCS to stop undertaking certain functions, the consequences might reduce the viability of PCS, and over the long term this could raise questions over the department as a whole.

In order to ensure that PCS maintained its competitive edge and continued to provide good value to the Council, a review of the options for the service was undertaken in 2008. The review concluded that the best way forward for PCS was to operate at arms length from the

Council with the potential for the Council to maintain some type of involvement or interest in the business. The initial thinking at that time was that the appropriate mechanism would be the creation of a framework similar to that created for some housing and other services in other Local Authorities - an Arms Length Management Organisation (ALMO). However, with the impact of the credit crunch and the management team's recognition of its own areas that needed strengthening, a Joint Venture with a private sector organisation or some other collaborative or partnership style of working or special purpose vehicle might now be the most appropriate way forward.

A view was taken that in testing the market place for the Council's future waste arrangements that we would also gauge interest in the PCS operations. The Council had held an Industry Open Day earlier this year and invited the private sector to offer views on how it felt it could work to help develop and deliver the services that PCS performed. Accordingly the Council invited interested bidders to register their interest in entering into a competitive dialogue to look at collaborative, partnership or other styles of working with the Council to provide those services. In addition, a parallel procurement exercise was underway for an anaerobic digestion facility to deal with food waste, which would be collected by PCS through its waste collection service. The Council was currently in the process of assessing the Pre Qualification Questionnaires (PQQs) submitted by interested bidders with a view to drawing up a shortlist of potential bidders with whom the Council could enter into a competitive dialogue process. In the case of Lot 3, PCS operational services, the Council was looking to invite six bidders to be taken through to the next stage – this would be made up of three bidders who were interested in a mix of all the Lots and three who were interested in Lot 3 (PCS) only. The process had been structured in this way to enable the Council to compare individual bids against combined bids with a view to getting best value and solution out of the procurement exercise for the Council. A decision on the shortlist, which would be made by the Deputy Leader and Cabinet Member for Environment Capital and Culture, was likely to be taken in October 2009 and this would determine which bidders would go forward to the competitive dialogue stage. At that point, those bidders would be asked to submit outline proposals to the Council which would be reviewed in order to develop the scope and associated requirements which would need to be worked into the detailed proposals submitted by potential partners. There would be a further reduction in the shortlist as it became apparent which bidders would be best suited and committed to working towards the Council's aims and objectives. This would result in the development of a partnership based around clear outcomes for services, a range of expectations and targets, and an appropriate financial package.

At this time there was no fixed date for the transfer of PCS operational services and of course there would continue to be appropriate engagement and consultation with the Trade Unions and other interested stakeholders throughout the process.

Observations and questions were asked around the following areas:

- The report seemed to focus on the waste initiatives but there are some 41 different areas in Peterborough City Services – what was the position with the rest of them? *PCS carries out a number of functions relating to waste and environmental such as refuse collection, street cleansing, graffiti removal, recycling and there are synergies with these and the waste 2020 programme. However, the whole of PCS's services were included in the Lot 3 procurement ranging from vehicle maintenance, property design and maintenance and all the other things done by PCS – so this is not just about waste. Officers have analysed all the services: some of them are core services, others not so core and some other services that may not fit. All of these services are open for discussion with potential bidders.*
- Have you received good responses from the Open Day and the procurement process which you are looking to shortlist? *There has been a healthy response from the market and there are a range of parties and options that have been put forward and all of them are being considered. The options range from JVC and partnering where*

bidder are looking to develop the business, others where they would dismantle and rebuild and others that are straight forward externalisation. So yes, there is a broad range and all options being considered.

- You had some consultants looking at PCS with the possibility of cross border working with other Local Authorities – what has happened about that? *There have been a number of reports that have been done but none specifically on PCS/cross border working. An external lawyer's report was obtained some time ago on legal powers for working beyond out borders but PCS is already doing that. PCS is also currently working with a private partner to tender for part of another Council's work and we have already done work for Rutland and others. PCS will continue to explore working over boundaries. The Council has received reports from other external consultants about developing the business and setting out the process and the latest report is from a consultant which has been assisting with the existing proposals for PCS.*

ACTION AGREED

To note and support the proposals for taking PCS forward and to be kept informed on progress.

RECOMMENDATION

That the Cabinet Advisor for City Services be recommended that work on the development of a Joint Venture with a private sector organisation or some other collaborative or partnership style of working or special purpose vehicle should be undertaken as quickly as possible if it is a good business proposition for the Council.

7. Growth Area Funding

The Deputy Chief Executive presented a report on the current position of the Growth Area Funding (GAF) programme and the intended direction and expenditure until March 2011. The programme was delivering a variety of schemes, some of which were important enablers for the city's wider growth ambitions as laid out in the Sustainable Community Strategy. The GAF3 programme was a series of projects running between 2008/9 and 2010/11 that ranged in value from £30k to £6m.

In September 2008, a revised GAF3 bid was submitted to the Department for Communities and Local Government (DCLG) by Opportunity Peterborough on behalf of the Council. This was a necessary step in confirming funding for 09/10 and 10/11. The bid had been comprehensive in setting out the growth context for the City as well detailing thirty-one project proposals that requested a total of £25.3m. The total GAF3 award confirmed in December 2008 was £21.5m, broken down across the 2008/9 to 2010/11 period as:

- 2008/9 - £7,819,955
- 2009/10 - £6,838,274
- 2010/11 - £6,847,559

Whilst the 2008/9 money had been received, the remaining figures were only indicative. On the 15 June 2009, the 2009/10 figure was confirmed, but on the 17 July 2009, DCLG wrote to all of the GAF3 accountable bodies informing them of proposed reductions to the 2010/11 figures. For Peterborough, this meant that the 2010/11 allocation would now be £3,866,918 – a loss of £2,980,641, or about 43.5% for the year. The total GAF3 allocation had therefore dropped from £21.5m to £18.5m. The programme was then revised to ensure that it would not become overspent and so that changes to the original bid were taken into account.

The current GAF3 programme was detailed in the table below, including the total capital and revenue allocations as well as the amounts of these spent to date.

Project	Status	Capital allocation	Revenue allocation	Capital Spent	Revenue Spent
Junction 8 Access	In delivery	£4.75m	-		
Public realm works phase 1	In delivery	£4m	-		
Junction 20 Upgrade Study	Phase 1 complete, phase 2 not yet in progress	£125k	-		
Bourges Boulevard Design	In delivery	£150k	-		
Intelligent Transport System	In delivery	£580k	£20k		
Water Cycle Study	In delivery	-	£35k		
LTTS and Park & Ride Feasibility	In delivery	£50k	£100k		
South Bank Eco Settlement	In delivery	£100k	£75k		
Stanground Bypass	Completed	£1.01m	-		
London Road 4 th Arm	Completed	£750k	-		
Hampton Joint Service Centre	In delivery	£2m	-		
Green linkages	In delivery	£240k	-		
John Clare county restoration	In delivery	£156k	£18k		
Green grid explorer	In delivery	£70k	-		
Green grid officers	In delivery	£150k	£36k		
Green quarter co-ordinator	In delivery	£70k	-		
Station quarter co-ordinator	In delivery	£60k	-		
Arena feasibility study	Not yet in progress	-	£30k		
Cultural gap analysis	In progress	-	£30k		
University business school	Not yet in progress	£1.5m	-		
<i>Environmental project allocation</i>	Not yet in progress	£250k	-		
South Bank and City West Regeneration	Reports to OP Board & PCC Cabinet Autumn 2009	£2.178m			
TOTALS		£18.189m	£344k	£	£

Observations and questions were raised around the following areas:

- What was the Bourges Boulevard Design project? *The Administration had asked for modelling of traffic around the City Centre to take place.*
- Why was funding being provided for the Water Cycle Study when it was not a Council service? Should Anglian Water be funding it? *The funding would enable the study to be undertaken and would enable us to tell developers what work needed to be done for specific sites. Officers would get a detailed explanation as to why this decision was made.*

- Where was the funding for the redevelopment of Bridge Street coming from as it was believed it was coming from the GAF? *A project and funding were not yet ready for this project. It was not yet ready to be costed and put into the programme and it was not known when it would start. Officers would get a detailed explanation as to why Bridge Street was not included.*
- Was GAF funding ring-fenced and how was the funding allocated? *Officers would be able to provide further information outside of the meeting. Money could be moved around the programme as long as it facilitated growth.*
- What arrangements would be put in place for ward member consultation if there were delays in any projects? *Normal ward member consultation would be undertaken but officers would check whether any specific consultation would be made.*

ACTION AGREED

- (i) Officers to provide further information on how funding for the programme was allocated; and
- (ii) Officers to provide further information on the following projects:
 - Water Cycle Study
 - Redevelopment of Bridge Street

8. Contracts Process

The report detailed information which had been requested on the process for awarding a number of recent contracts. The contracts were:

- The Paddling Pool in Central Park
- The Bretton Parish Council Office
- The Pavilion/Public Toilets in Bretton Park
- The Aviary in Central Park

Officers had provided information in relation to:

- 1) Were contract details advertised or sent to preferred contractors only?
- 2) Would any enquiry be accompanied by a set of drawings and a detailed specification or would contractor be asked to actually design and build?
- 3) How many quotations were obtained and from whom?
- 4) Are quotations based on a fixed price or bill of quantities?
- 5) If a bill of quantities, what were the projected quantities and the final contract price?

The individual contracts had been awarded under the Eastern Regional Term Maintenance Contract which had been let in August 2008. The contracts commenced on 1 September 2008 and would expire on 31 August 2012. Two contracts were awarded as follows:

Building Maintenance and Installations

L Garfield Builders Ltd
 Peterborough City Services
 Bull and Company Ltd
 Kier Building Services Engineers

Electrical and Mechanical Maintenance and Installations

A G Aylward EMS Ltd

The process for awarding the Term Maintenance Contracts had been an exhaustive one but had enabled the Council to save significant amounts of resources on works to buildings. For projects up to £18,000 the work was operated on a schedule of rates and anything over that amount and up to £150,000 was awarded following a mini-tendering exercise. The purpose of this approach was to ensure value for money as work was able to get done quickly and more efficiently.

Observations and questions were raised around the following areas:

- There was concern that for the Aviary in Central Park only one quotation was requested. Could this be open to abuse if the contractor did not have to bid against others for the work? *The contractor was required to justify their price against the national schedule of rates with the appropriate discount applied.*
- Fixed price quotations from 3 or 4 contractors may be cheaper as a bill of quantities could be more expensive. *The Term Maintenance Contract had led to savings as we were not required to go through a full tendering exercise each time. The Procurement Team would be able to explain why this was the most appropriate method to use.*
- Effective use of the schedule of rates was dependent on the quality of the surveyor supervising the work. *Each bill submitted by the contractor was itemised and the surveyor was required to sign off each job. They would not sign it off if they were not satisfied. The Council had saved several thousands of pounds compared to the previous process as it had driven down costs and kept overheads to a minimum.*
- A Framework agreement was not uncommon. Contractors had already been vetted and it allowed the Council to go directly to the contractor as they had already been through the process.

ACTION AGREED

To receive further information on the decision to use a Term Maintenance Contract and information on the costs of the contracts detailed in the report.

9. Forward Plan of Key Decisions

The latest version of the Forward Plan, showing details of the key decisions that the Leader of the Council believed the Cabinet or individual Cabinet Members would be making over the next four months, was received.

The item on the Integrated Development Programme would be considered by the Committee in November.

ACTION AGREED

That the item on the Integrated Development Programme would be considered at our next meeting.

10. Work Programme

We considered the Work Programme for 2009/10.

ACTION AGREED

To confirm the work programme 2009/10, subject to the inclusion of the Integrated Development Programme.

11. Date of Next Meeting

Monday 16 November 2009 at 7pm.

CHAIRMAN
7.00 - 8.00 pm