



**MINUTES OF A RECONVENED MEETING OF THE Sustainable Growth Scrutiny
Committee HELD AT THE Bourges/Viersen Room - Town Hall
ON 18 October 2011**

Members Present: Councillors C Burton (Chairman), N Arculus, D Day, J Peach,
E Murphy and N Sandford

Also Present: J Pusey, Peterborough Youth Council

Officers Present: Kim Sawyer, Head of Legal
Dania Castagliolo, Governance Officer
Louise Tyers, Compliance Manager

1. Apologies for Absence

Apologies for absence had been received from Councillors Allen and Fower. Councillor Sandford was in attendance as substitute.

Councillor Sandford advised that Councillor Fower had resigned as a member of the Committee and would be replaced by Councillor Sandford.

2. Declarations of Interest

Councillor Sandford declared a personal interest in item 4 – Planning Policies Development Plan Document - as he was employed by the Woodland Trust.

3. Manor Drive Managed Service

The report gave an update on the actions taken in relation with the procurement of a suitable external partner for Manor Drive Managed Service.

The Council considered that it had maintained good performance and had driven out significant savings through the business transformation programme on the services provided in Strategic Resources, and in Autumn 2010 it was decided to seek a suitable external partner to achieve further savings through adding scale to the operation and to serve as a catalyst for change to bring new work, investment and improved delivery to Manor Drive, along with new job opportunities and business to Peterborough.

The following were the services to be included in the partnership at day 1:

- Shared transactional services;
- Business support;
- Financial systems support;
- Operational procurement;
- Business transformation and strategic improvement;
- Customer Services; and
- Strategic Property.

The partnership would evolve over time and there was potential for the Council to add other services during the partnership's life.

The bidders have been provided with the Council's affordability envelope and have been instructed they would need to improve and grow the services and deliver them within the affordability envelope as well as make savings for the Council. Significant savings of nearly £2m have already been delivered internally on Manor Drive services through service efficiencies, streamlining staff and processes and income generation. The October 2010 Comprehensive Spending Review, the impact of this on the Council's Medium Term Financial Plan equating to a £25m net funding loss to the Council by 2014/15 and pressures in other service areas such as adult social care, means that the Council needs to look at alternative ways of providing services.

The Council is using the Competitive Dialogue Procedure under the EU procurement rules to procure a suitable partner for the Manor Drive services. The Competitive Dialogue Procedure is recognised as being appropriate for this type of procurement, where there is a complex range of services which require innovative solutions by the bidders, because the process enables the Council to work with the bidders to assist them in developing their solutions to meet the Council's requirements and aspirations. The Competitive Dialogue Procedure is a rigorous process and involves a number of stages as outlined below.

In October 2010, the Council advertised in the Official Journal of the European Union for interest from the market for a suitable partner.

Stage 1 – Prequalification: This involved bidders expressing their interest by submitting a prequalification questionnaire. 7 bidders submitted prequalification questionnaires in December 2010 and 4 bidders were selected to be taken forward to the next stage.

Stage 2 – Outline Solution Stage: The 4 bidders were invited to submit their outline solutions (outline proposals for the services) to take place after an intensive dialogue on the Council's requirements and the bidders' proposals to meet those requirements. Two of the bidders withdrew from the procurement for their own commercial reasons and this left Balfour Beatty Workplace Limited and Serco Limited in the competition. Outline bids were submitted by these two bidders in February 2011. Following evaluation of the two bids, both bidders were selected to go forward to the next stage.

Stage 3 – Detailed Solution Stage: The two bidders were invited to submit their detailed solutions (detailed proposals for the services) and further intensive dialogue followed between the bidders and the Council to assist bidders to develop their detailed proposals. During this stage, there were also presentations by the bidders to Councillors, senior management and Strategic Resources staff, visits to the bidder's chosen locations (paid for by the bidders) by Councillors, senior management representatives and the Trade Unions to see first hand what the bidders' operations were like elsewhere. In June 2011 the bidders submitted their detailed solutions. Following evaluation of the two bids, both bidders were selected to go forward to the next stage.

Stage 4 – Final Tender Stage: Ahead of calling for final tenders, the Council conducted a final round of dialogue with the bidders to deal with any outstanding commercial points and to assist the bidders in developing and refining their final tenders. This dialogue was closed on 26 August 2011 and the official final tender call was issued to bidders on 30 August 2011. Both bidders submitted final tenders on 7 September 2011. The executive decision on which one of the bidders should be appointed as the Council's preferred bidder (and the partner) is on the Forward Plan to be made in October 2011 and by the time this Scrutiny Committee meets it is envisaged that the Cabinet Member Decision Notice, which will identify the preferred bidder (the Council's partner), will have been published in readiness for the executive decision to be made later in the month. The Deputy Leader and Cabinet Member for Culture, Recreation and Strategic Commissioning and Cabinet Member for Resources will also have notified all Councillors of their intention to make this decision during October. Other key stakeholders (such as Trade Unions and staff) will also have been informed.

Stage 5 – Preferred Bidder Stage and Mobilisation – Going Forward: Once the preferred bidder is identified (and the executive decision has been made and the call-in period has expired) there are a number of actions which need to be taken to mobilise the partnership ready for day 1 of service commencement. The key timelines for the preferred bidder stage are set out in Appendix 1 to this report.

The Cabinet Member Decision Notice had now been published for its five day consultation period where it was being recommended that Serco be approved as the preferred bidder. It was expected that the decision would be signed off on 20 October 2011 and would be subject for the three day call-in period.

The Chairman reminded the Committee that the report was to scrutinise the process which had been followed and not the decision on which bidder should be appointed.

Questions and observations were asked around the following areas:

- To fully scrutinise the process all information was needed to be made available, the Cabinet Member Decision Notice has three exempt annexes and these needed to be available to ensure effective scrutiny.
- The Chairman confirmed that he had seen the exempt annexes and it was his view that they contained commercially sensitive information which could compromise future bids if the information was put in the public domain.
- The Compliance Manager confirmed that the Chairman and two Group Representatives of this Committee had all been sent copies of the exempt annexes as part of the consultation process.
- The Executive Director of Resources clarified that the Cabinet Member Decision Notice had been published earlier than had been required. What benefit was there to the Committee of seeing the exempt annexes. This is a significant value contract and the information was extremely sensitive.
- The Head of Legal confirmed that the Council would soon be entering a highly sensitive period when we would be open to challenge by any of the contractors for the decisions we had made. It was her advice that the exempt information was not made public. If the Committee wished to look at it then the meeting would have to go into exempt session.
- The point of tonight's meeting was to ensure a robust process had been followed. The Committee would not be able to take a view of whether a correct score had been applied in the evaluation without seeing the tender documents, which had been very large.
- Councillor Sandford advised that it was important to see how the methodology had been applied in areas such as the environmental criteria.
- NA – it would be helpful to see more details about the questions put to the bidders. Without more background it was not possible to say if the process followed was correct. What was the problem that this solution was trying to solve? *The process had started with the budget papers which were published last November. The process was looking to grow the service and identifying how it could grow.*
- The Decision Notice states that you had gone with the most economically advantageous bid, was that the lowest as it did not always mean the cheapest? Was there a split on cost and quality? *The split was 60% price and 40% quality.*
- NS – I cannot accept that the criteria for the bids was confidential. Not all information contained in exempt annexes was confidential. *The Exempt annexes are not the criteria but the bidders scores, which is exempt information. The criteria can be made public and is already in the public domain but the Committee did not ask for it.*
- NS – Look at ways to avoid this happening in the future better procedures in the future.

- KS – if wish to see reports in advance it may be that you would only get selected reports and information. This information is highly confidential at the current time but it may be that the information could be made public once the Alcatel period was over.
- MW explained that under EU regulations there were two options open to the Council, one was to accept the lowest priced tender when we would have to accept the lowest, the second option was to use the most economically advantageous tender which enabled a split between price and quality.
- Had Serco given an assurance about staff remaining in Peterborough?
- Can you elaborate on the Key Performance Indicators and Performance Indicators and why it is felt 20% is sufficient to monitor the contract? *The key performance indicators are around collection of Council Tax and Business Rates, % of invoices paid within 30 days, payroll and processing time of benefit claims. Officers can be provide details of the specific criteria for the indicators.*
- Customer Services is one of the areas going to be outsourced and they are currently based in the city centre, what guarantees are there about continuity of an accessible service and guarantees about not relocating. *Basically they are not allowed to relocated the Customer Access Centre without our permission. There is no suggestion that the call centre would be moved out of Peterborough. Serco are about building their business into Peterborough.*
- Serco currently manage our IT service and their help desk is based in Birmingham with the calls referred back to Peterborough. *The two call centres are very different including in size, Serco cannot move the call centre without our permission.*
- If the Council decided to sell Bayard Place, where the Customer Access Centre is based what would happen? *The Council would decide where it would be located.*
- How many people would be outsourced? *Approximately 450 staff would be transferred to Serco, however some of those would be short term temporary staff such as electoral canvassers.*
- Had Serco given solid assurances about keeping jobs in the city and about growth? Would the contract be able to be terminated if the jobs did not arrive? *Within their successful bid Serco had given an assurance that jobs would be coming into the City during the first 12 months of the contract. If the assurance was not guaranteed then it was not scored as part of the evaluation process. The contract could be terminated but it would need a fundamental breach of contract, for example non-delivery of services or poor performance.*
- Would it be possible to award the contract for a shorter time period for example to renegotiate more jobs coming? *That would be too late as the contract was advertised as 10 years with two five year extensions. The sector would not be interested in shorter contracts as they have to be in them for the long term. We had engaged with the market place before the process began about the length of the contract and no one would have wanted five years.*
- Would a private company be able to employ the staff for a statutory function such as electoral canvassing? *The responsibility for the Canvass would remain with the Council, all Manor Drive do is secure the people to undertake the canvass by delivering and collecting forms. Responsibility for preparing the Register of Electors would still remain with the Council.*
- What was the make up of the Strategic Partnership Board? *The Board included the Cabinet Members for Resources and Culture, Recreation & Strategic Commissioning and Executive Director or Strategic Resources. Serco would have three representatives.*
- Why were bereavement and the Register Officer not being outsourced? *The process was about back office services and those two services were too very high profile public facing services. Internal Audit, Strategic Finance and the client & commissioning side was also not part of the contract.*
- Will Serco be branded Peterborough City Council in any way? *Branding was an important issue and would be looked at in early November. At the end of the day Serco would be delivering the services and bidding for new contracts.*

- Would Serco be providing staff for the elections such as Presiding Officers and Count Assistants? *That has not been worked through yet in detail but they may run the administration in appointing staff.*
- Will this lead to confusion about who and how to complain about services, for example the experience of Enterprise. There can be three ways to complain – through the call centre (run by Serco), service delivery (through Enterprise) but the Council is responsible for the service. *It would be essential to ensure the processes are right at the start to avoid any complications, however this was not unusual in the new way local government services were delivered.*
- Are Serco and the other bidders subject to the same Code of Conduct Council staff are covered by, for example declaring interests etc. *No, as those standards do not apply to the private sector, however the principles would apply when letting contracts on our behalf.*

ACTION AGREED

- (i) To note the report.
- (ii) To ensure that when considering similar reports in the future as much information as possible is made available.
- (iii) That a report is brought to a future meeting to consider how the contract is progressing.

4. Planning Policies Development Plan Document

The report presented the proposed submission version of the Planning Policies Development Plan Document (DPD).

The Planning Policies DPD sets out the detailed development control planning policies which would be used day-to-day by planning officers and the Planning and Environmental Protection Committee when considering the detailed aspects of planning applications. The Planning Policies DPD sat beneath the Peterborough Core Strategy which had been adopted in February 2011.

The Consultation Draft document had been consulted on during February and March 2011 and all the comments made at that stage had been analysed and taken into consideration when formulating the policies in the Proposed Submissions document.

The document would be considered by Cabinet on 7 November 2011 and Council on 7 December 2011. Following consultation it would undergo independent examination by a Planning Inspector and Council should adopt the final plan in December 2012.

Comments and observations were made around the following areas:

- Policy PP11 - Parking Standards. When the Peterborough Regional College was looking to expand they had great difficulty in getting more car parking at the College so a lot of cars were blocking surrounding residential roads and causing problems for local residents. *The standards in relation to residential developments were the minimum that would be expected. The current government was more relaxed on parking standards and the Council had looked to increase the standards. With Houses in Multiple Occupation (HMO) the standard had increased to one parking space for each bedroom. There were design implications around parking and officers would negotiate if it was known problems would be created. The standards for educational establishments were the maximum standards however if a clear case could be put forward then allowing more than the maximum could be considered.*

- If the Council would consider allowing more than the maximum in some cases then that needed to be made clear within the document, however would it happen in reality? *The wording of the policy at paragraph 2.11.5 did say that it could be occasionally justified when all alternatives had been explored.*
- The previous government had stated the maximum levels of parking and this was now being addressed by the current government so that residential areas had minimum requirements. This requirement did not apply to commercial or educational areas so there was a need to encourage the use of alternative modes of travel particularly in the City Centre.
- Some commercial areas of the city such as Orton Southgate did not have sufficient parking for their employees, should there be some sites where the standard was one parking space per employee? *The Council had an aspiration to be the Home of Environment Capital. There needed to be sustainable solutions in place and a pragmatic approach using a variety of tools including travel plans. Some sites would need to be looked at individually for their parking requirements.*
- What was the reasoning behind one parking space for each bedroom in HMOs as many of the residents would be students or young people who might not be able to afford a car? *The proposed standards had come following advice from transport colleagues. HMOs caused a lot of problems in some areas and the number one problem was parking and the proposed standard was looking to redress the balance. It was about looking to ensure that problems were not created in the future. Also, some forms of development did not require planning permission and this policy would only take effect when planning permission was required.*
- With regard to open space, why had Atkins undertaken the study into open space when Opportunity Peterborough had undertaken some work? *Officers were not aware of the work undertaken by Opportunity Peterborough. The open space standards had been set in line with government guidance.*
- The policy on prestigious homes (PP4) makes reference to top-of-the-range homes enabling business leaders to live locally, however it was not just business leaders who wanted prestigious homes. Also it was not clear what section (b) of the policy meant, what was reasonable? *The wording of the policy was to give some discretion but there would be guidance on what we would expect people to have done before losing a prestigious dwelling.*
- Planning Policy 4 – Prestigious Homes was there to promote the supply of prestigious homes and the Committee supported the need for more homes, however the policy appeared to be against that. *There was a mistake in the summary of comments and changes document and it should read that the policy protected existing top-of-the-range prestigious homes. Prestigious homes were important and featured in the Core Strategy. The Site Allocations document identified land which had been allocated to prestigious homes and the planning policy protected existing prestigious homes.*
- How did the planning policies fit in with the Neighbourhood agenda? Councillor Murphy declared a personal interest as he was involved in Neighbourhoods as part of his work.
- Would the planning policies be implemented retrospectively? *The policies would not be implemented retrospectively and would be effective only when applying for planning permission. Enforcement action would be taken if necessary.*

- The government was currently consulting on a National Planning Policy Framework. If our Plan was not adopted by December 2012 would our Core Strategy give us enough policy without having to rely on the National Planning Policy Framework? *Officers could not give a guarantee however we were well placed in Peterborough as we had an up to date Core Strategy in place which had a number of safeguards in it.*
- Planning Policy 10 – Transport Implications of Development - makes reference to consideration of the Transport User Hierarchy, however more emphatic wording was needed as there was a need for clear policies around areas such as transport. *When considering planning applications a number of factors would be taken into account including the Core Strategy and transport. Including the Transport User Hierarchy in the policy brought it to the attention of planners.*
- Planning Policy 12 – Open Space Standards – makes reference to the Woodland Access Standard but it does not appear in the appendix, why? *The open space standards do not consider woodland as guidance was already available in Planning Policy Guidance 17.*
- Planning Policy 17 – Ancient, Semi-natural woodland and Ancient and Veteran Trees – stated that planning permission would not be granted for developments which would adversely affect an area of ancient, semi-natural woodland or an ancient or veteran tree. It had been a strong policy but now had had a clarification added that where there was a need or public benefit for the development in that location that would outweigh the loss of the woodland or tree. All developers would argue that that there was an economic benefit for the loss of woodland, however the consultation comments showed that no comments were received so why had the policy wording been changed? *The change had been proposed by the Head of Service as he felt that there needed to be some explanation of the circumstances when it may be of benefit. Developers would have to clearly demonstrate the need and public benefit of the loss and it would be a balancing act. The new wording recognised that there may be some circumstances where there was benefit in the loss of a tree. Changes to proposed policies came from a number of different sources, for example something may have been missed when pulling the policy together, case law or changes in legislation. The document would be published again for consultation and would still be open for challenge.*
- Ancient woodland was over 400 years old and could not be removed and replaced. The proposed wording is from the National Planning Policy Framework which would impose minimum standards and was not yet government planning policy.
- Members of the Committee supported the view that it was strange that even though there had been no comments on a policy it was still changed. This meant that the change could not be open to consultation.
- Planning Policy 13 – Nene Valley – was there a map showing the Nene Valley and the areas which would be promoted for development? *It was included on the Proposals Map, copies of which had been placed the Group Rooms. The policy was looking to treat the Nene Valley in a holistic way and to protect its character. It would encourage development and ensure quality development.*
- How had the list of buildings of local importance been put together as there were some noticeable omissions in some wards? *Criteria had been developed along with the Parish Councils and Peterborough Civic Society. The list did not include Grade I or II listed buildings as they were already on a national list. If members had anymore buildings they would like to be considered, please let the Principal Built Environment Officer know and he would look at them against the criteria.*

- Would the area which had been allocated as the City Centre be able to be reviewed as due to the way the various Local Development Framework documents had been put together meant that members had not been able to take a holistic view as they had all been considered individually? There were a number of anomalies in the City Centre, for example Railworld. *The City Centre boundary had already been decided however it had not been decided what to do in that area.*

RECOMMENDATION

That the Cabinet be recommended that:

- (i) Appendix B – Open Spaces Standards, be amended to include reference to the Woodland Access Standard.
- (ii) The original wording of PP17 – Ancient, Semi-Natural Woodland and Ancient and Veteran Trees, be reinstated as no comments have been received from members of the public during the public consultation and the proposed change made by the Head of Service has not been open to public consultation.

5. Forward Plan of Key Decisions

The Committee received the latest version of the Council's Forward Plan, containing key decisions that the Leader of the Council anticipated the Cabinet or individual Cabinet Members would make during the course of the following four months. Members were invited to comment on the Plan and, where appropriate, identify any relevant areas for inclusion in the Committee's work programme.

ACTION AGREED

To note the latest version of the Forward Plan.

6. Work Programme

Members considered the Committee's work programme for 2011/12.

ACTION AGREED

To confirm the work programme for 2011/12.

7. Date of Next Meeting

Tuesday 8 November 2011 at 7pm

CHAIRMAN
7.00 - 9.55 pm