

**MINUTES OF A MEETING OF THE SUSTAINABLE GROWTH SCRUTINY COMMITTEE
HELD AT THE BOURGES/VIERSEN ROOM - TOWN HALL ON 2 FEBRUARY 2011**

Present: Councillors M Dalton (Chairman), N Arculus, D Day, J Peach, S Lane and G Murphy

Officers Present: Mike Heath, Commercial Services Director
Richard Kay, Policy and Strategy Manager
Anne Keogh, Housing Strategy Manager
Carrie Denness, Principal Lawyer
Louise Tyers, Scrutiny Manager

1. Apologies for Absence

An apology for absence was received from Councillor Allen.

2. Declarations of Interest and Whipping Declarations

No declarations of interest were made.

3. Minutes of the Meeting held on 9 November 2010

The minutes of the meeting held on 9 November 2010 were approved as an accurate record.

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

There were no requests for call-in to consider.

5. Peterborough City Services - Update on Lot 3: Various Operational Services

The report provided an update on the Lot 3 procurement for operational services affecting Peterborough City Services.

Since the last update to the Committee in June 2010, Amey LG Limited, Enterprise Managed Services Limited, HW Martin Waste Limited and Veolia ES UK Limited had been invited to submit detailed solutions. HW Martin Waste Limited subsequently withdrew from the procurement for its own commercial reasons. From the detailed stage, Amey LG Limited and Enterprise Managed Services Limited were then shortlisted as the two final bidders for the final tender stage.

Having carefully evaluated the final tenders in line with the evaluation methodology, both final bidders submitted credible bids. However, the outcome of the evaluation revealed that Enterprise Managed Services Limited provided the final tender that was most advantageous to the Council in terms of operation and economy.

Final bidders were required to submit their final tenders on the basis of a 9 year and 23 year period and in the case of 23 years to demonstrate the benefits to the Council as opposed to a 9 year term. Having demonstrated the benefits of a 23 year term, this was determined as the optimum period for the partnership and there would be break opportunities included in the Operational Services Agreement at years 9 and 16.

The services within Lot 3 consisted of a broad range and the following were the services (including their component parts) to be included at the commencement of the partnership:-

- refuse and recycling collection;
- street cleansing;
- parks, trees and open spaces (including some ground maintenance functions at cemeteries and the crematorium);
- property design and maintenance;
- building cleaning;
- passenger and home to school transport;
- corporate and schools catering;
- travellers' site management; and
- courier services.

As with partnerships of this nature, it would evolve over time and there was potential to include other services.

As part of the governance arrangements for the partnership, a Strategic Partnership Board was to be established which would have overarching responsibility for the partnership. This Board would meet at least quarterly to give high level strategic direction on the Partnership. The Strategic Partnership Board would consist of senior representatives from the Council and the Lot 3 partner. The following were considered to be the appropriate representatives for the Council's purposes:-

- Deputy Leader and Cabinet Member for Culture, Recreation and Strategic Commissioning (as the portfolio holder) who would Chair the Board meetings at least for the first year;
- Cabinet Member for Resources;
- Executive Director of Strategic Resources.

Enterprise had put forward the following as its senior representatives to sit on the Strategic Partnership Board:-

- Martin Joyce, Managing Director – Local Government;
- David Martin, Strategic Business Development Director;
- Mike Heath, Partnership Director (designate)

The partnership was due to commence on 4 March 2011 (when PCS employees would transfer to Enterprise) with full service commencement as of 7 March 2011.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) applied to those employees in PCS who were currently engaged on the services that were to be transferred to the Lot 3 partner. In view of the timescales for the Partnership commencement, the formal consultation process was now commencing. In the meantime, employees and the Trade Unions had been kept briefed on an informal and formal (JCF) basis at each stage of the procurement.

The preferred bidder would need to become an Admitted Body to protect PCS transferring employees on a closed scheme basis as regards to the Local Government Pension Scheme. This meant that transferring employees who were active members of the LGPS and those transferring employees that subsequently joined the scheme would be protected by a Closed Admission Agreement. These arrangements would not be open to any other employees such as new recruits and other pensions arrangements would be put in place by the preferred bidder for any non-transferring employees. The preferred bidder was making its application to Cambridgeshire County Council to become an Admitted Body for the purpose of PCS transferring employees.

The Council's recent call for voluntary redundancy, as part of its measures to address the Comprehensive Spending Review, included PCS transferring employees. Bidders were put on notice that where the Council agreed to voluntary redundancy for PCS employees on the TUPE list, the Council would expect a reduction in the service fee and/or other remuneration to offset the fact there would be fewer employees on the TUPE list than at the time when bidders' financial models were submitted.

Questions and observations were raised around the following areas:

- It was envisaged that this process would enable PCS to become more competitive, what sort of contracts or work would be envisaged? *Enterprise had great growth plans for the service and they saw PCS as a key contact as they did not have a big presence in the East of England. They were particularly keen to get into the property design area.*
- Would the rebadging of the vehicles still include the PCC logo? *A new logo had been agreed between Enterprise and the Cabinet Member which features the Cathedral and will be called Enterprise Peterborough.*
- Will the lack of the PCC logo mean that residents will not be able to tell immediately that Enterprise are undertaking PCC work? *Press releases would be issued and we would still be using the 747474 telephone number for service issues.*
- Would the Council still be liable for pension contractual provisions for transferred staff, for example enhanced redundancy? *Enterprise had applied for Admitted Body Status to the Local Government Pension Scheme for all transferred staff and any other existing staff who wanted to the join the scheme. Enterprise had their own pension scheme and they also had life insurance cover for those staff not in a pension scheme. Pension liabilities would be addressed as part of the process.*
- There is not detail in the report about what would be happening with pensions and transferring staff. To enable proper scrutiny of the process the Committee needed to see details of any ongoing liabilities for the Council. *The Commercial Services Director will ensure the legal advisor to the process writes to members with the details.*
- Would Enterprise be taking on the agency staff who were currently employed by PCS or were we putting people out of work? *We had reduced our number of agency staff over the last year. The agency staff had all been invited to employee briefings and had been told that they would carry on as before. Enterprise had their own agency and the proposal was that it would operate in Peterborough and we would migrate our agency staff to that agency.*
- How would working with Enterprise improve how we dealt with unauthorised encampments? Had they looked at developing a transit site in the area? *Enterprise planned to follow our processes and policy. Unauthorised encampments on council land had different arrangements than private land. Some sites had been looked at for transit sites but the Government had now removed the grant. It was believed that PCC was still keen on finding a transit site and some suggestions had been put forward but it would involve significant costs.*
- Would ward councillors still be able to negotiate good deals for work through the Community Leadership Fund or would they be treated as a normal customer? *Enterprise had said to carry on as before.*

The Committee thanked the Commercial Services Director for all his work and wished him success in the new organisation.

ACTION AGREED

To note the report.

6. Affordable Housing Capital Funding Policy

The report presented the draft Affordable Housing Capital Funding Policy for scrutiny prior to being considered by the Cabinet.

The Policy set out the rules and procedures which PCC would adopt when it awarded grants to enable the continued supply of affordable housing in Peterborough by Registered Providers (RPs) (previously known as Registered Social Landlords (RSLs)). The funds were made available, mostly, from PCC's accumulated right-to-buy capital receipts and were intended to supplement other sources of funding, such as from the Homes and Communities Agency. Funds from right-to-buy capital receipts had amounted to over £10m since 2004.

The key issues addressed by the policy were:

- the processes and protocols for bidding and allocating grant funding to RSLs
- the criteria we would adopt to determine applications for funding
- who was responsible for what in signing off bids (including delegated authority to Directors / use of CMDNs)
- model 'terms and conditions' for any successful grant awards

A 10 day consultation period on the draft policy had taken place with Registered Provider (RP) partners in January 2011 and the outcome of that consultation has helped shape the policy document.

A couple of changes had been made to the document including a new section around the need for bids of exceptional quality to be considered during the period of development of the Housing Strategy and some changes around the terms and conditions of grant.

Questions and observation were raised around the following areas:

- Should the eligibility for the grants be made clearer to state that it is only for accredited RSLs as this was a recognised group and would prevent less desirable landlords accessing the funds? *Only registered providers who were on the Homes and Communities (HCA) list were eligible. Officers would expand the paragraph to include reference to the HCA.*
- Officers had talked about two policies, was the current policy not sound? *There was already a Housing Strategy in place whilst developing this Policy. We would need to ensure that the decisions made met the needs of both Strategies.*
- Were there any plans in place to replace the funding when right-to-buy ended? *S106 funding would be available but the preference for that was to provide housing on site. Affordable Housing funding from the HCA had reduced and we believed would be allocated differently. There was nothing directly to replace right-to-buy.*
- Were right-to-buy receipts declining? *We received the first £3m each year and in the remaining years would get another £3m in total.*
- How did S106 work? *There could be a monetary contribution for off site provision and the S106 would state how many units were required to be developed on site.*
- What proportion of applications had provision provided off site? *In the past few years the majority of provision was on site with one or two maximum off site. The Local Plan did allow for off site provision for example if there was already an abundance of affordable housing in an area.*
- Why did it have to be provided on site? *It was to cater for a range of needs in a community to ensure mixed and sustainable communities.*
- What would happen in an executive housing development where affordable housing would be out of place? *That would be an example when we would look for off site provision.*

- Was the policy still for 35% affordable housing? *The regional policy was for 35% but our Core Strategy stated 30%. A viability study had been undertaken which supported 30% as 35% was seen as too high for Peterborough. The 30% was the starting point for negotiations.*
- As a Local Authority we had a duty for homelessness what provision was in place? *As an authority we had certain duties around homelessness which the Housing Strategy would set out. The Choice Based Lettings process was managed through the Council's allocation policy but the building of affordable housing was the responsibility of the housing providers.*
- What policy did this new policy replace? *It did not replace an existing policy but formalised the existing officer working process. A formal policy was needed as the call on funding had increased and it was about being open and transparent.*
- Could officers give an example of a development which had accessed the funding? *The most recent was the Cross Keys Homes development in Stanground South of 80 units.*
- What was the annual budget of the fund? *The last few years had not been typical with only two bids at just under £4m. Since the fund was introduced just over £6m had been awarded. In the pot was currently £11m and £6m had been allocated so £17m in total had been received. With S106 funds £1.5m was uncommitted.*
- Was this money ringfenced? *Yes, the stock transfer agreement stated what it was used for and it was also contained in the Capital Strategy.*
- Why would we accept a bid if it had been previously rejected by the HCA? *A bid may have been rejected by the HCA if it did not meet funding priorities. Also, the HCA funding could have run out for the year.*
- Would the HCA only consider funding particular areas of the country? *There had been some concerns that some areas would fare better than others. Regional offices still looked at the bids for each region and the Eastern office would be merging with the South East. The bidding system was likely to change with recognised providers being required to provide plans for the next four years. We should know in the next few months what the HCA would fund in the next few months. We had a good reputation with the HCA and partners and last year had built over 700 affordable homes.*
- Should we be able to exercise greater control over build quality by making that multiplier higher than compared to strategic housing objectives? *The Housing Corporation's build quality was generally higher than private. Build quality was at our discretion and was detailed in the policy. Registered providers were used to the system and we had based ours on the HCA system but had kept flexibility.*
- It was important to ensure that quality was maintained so the Council should insist on a higher build quality than the HCA system before allocating funding. *The Legal Officer advised that it would be impossible to state within the Policy that we would require a higher level of quality than the HCA as their quality standards could change in the future.*
- S106 funding was time limited and clawed back if not spent. We needed to have a high quality level but not set too high.
- Peterborough's conservation zones needed to be considered if an application came in and could that be an extra way to ensure quality. *That would be picked up through the planning process, which would be the correct mechanism.*
- Stewart Jackson MP had submitted a letter where he questioned why there were no elected members on the Panel. *It was not proposed to include an elected member as the Panel was a technical appraisal of bids and was only there to advise and make recommendations.*
- In relation to the Assessment Part 2, why could not the Cabinet Member agree with the Panel even if the Director rejected the advice? *It was felt appropriate that the Director should have the responsibility to stop an application but that could be amended that it was considered by the Cabinet Member.*

- It was important to set a threshold for quality and the Cabinet should be given a number of options to consider. *If a development met the HCA standards then they were generally larger and of higher quality than private developments.*

RECOMMENDATIONS

That the Cabinet be advised of our discussion around the Affordable Housing Capital Funding Policy, particularly:

- (i) that further clarification as to who a 'registered provider' was;
- (ii) that should a Director seek to overrule and reject the recommendation of the panel to approve a bid, a Cabinet Member Decision Notice would be required to approve the rejection;
- (iii) that when considering funding requests in conservation areas the maintenance of those areas needed to be considered; and
- (iv) that a higher threshold for quality than that of the HCA should be considered and the Cabinet should be given a number of options to consider.

7. Human Resources Monitoring Report

The report provided an update on staffing and workforce matters and covered the following areas:

- Performance and Development Review (replacement of APD)
- Leadership Development Programme (Vision 2010)
- Investors in People - Corporate Recognition
- Human Resources Review
- Job Evaluation – Stage 2 Appeals
- Employee Relations
- HR Team Service Delivery
- People Report – key workforce statistics as at December 2010
- HR Benchmarker Results

Questions and observations were made around the following areas:

- The sickness within Children's Services appeared to be worsening. Were there any particular reasons?
- What was the Council's level of sickness compared to the private sector?

The Scrutiny Manager would forward these questions to the Interim Head of Human Resources for a response.

8. 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.

Questions and observations were raised around the following areas:

- The Committee would like to see the Peterborough Local Investment Plan at its next meeting.

- Councillor Arculus raised concerns about the proposed decision around Vawser Lodge. This had been on the Forward Plan for a number of months and kept being slipped back. Why was it continually slipping.

ACTION AGREED

To note the latest version of the Forward Plan.

9. Work Programme

We considered the Work Programme for 2010/11.

It was agreed that an extraordinary meeting of the Committee would be held to consider the review of consultants.

ACTION AGREED

- (i) To confirm the work programme for 2010/11.
- (ii) That an extraordinary meeting of the Committee would be held on Wednesday 23 March 2011 at 7pm

10. Date of Next Meeting

Following agreement by the Committee the next meeting would now be held on Wednesday 16 March 2011.

CHAIRMAN
7.00 - 9.16 pm

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