

**MINUTES of the meeting of General scrutiny committee held at
The Council Chamber - The Shire Hall, St. Peter's Square,
Hereford, HR1 2HX on Monday 13 November 2017 at 10.30 am**

Present: Councillor WLS Bowen (Chairman)
Councillor EJ Swinglehurst (Vice Chairman)

Councillors: BA Baker, JM Bartlett, JF Johnson and AJW Powers

In attendance: Councillors H Bramer (Cabinet Member) and PD Price (Cabinet Member)

Officers: V Abesamis – Senior Policy and Funding Officer, G Angove – Property Services Manager, R Gabb – Programme Director Housing and Growth, A Lovegrove – Chief Finance Officer and J Coleman – Democratic Services Manager/Statutory Scrutiny Officer.

29. APOLOGIES FOR ABSENCE

Apologies were received from Councillors PGH Cutter and A Warmington.

30. NAMED SUBSTITUTES

Councillor AJW Powers substituted for Councillor A Warmington.

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

32. MINUTES

RESOLVED: That the minutes of the meeting held on 11 September 2017 be approved as a correct record.

33. QUESTIONS FROM MEMBERS OF THE PUBLIC

None.

34. QUESTIONS FROM MEMBERS OF THE COUNCIL

None.

**35. CONSTRUCTION AND FACILITIES MANAGEMENT SERVICES TO
HEREFORDSHIRE COUNCIL**

The Committee was invited to review the short term proposals for the reprocurement of building maintenance and cleaning services, on the basis of a single contract replacing the existing two contracts, and consider if it wished to establish a task and finish group to inform the assessment of the longer term option to move to an outcome based model of procurement for these services.

The Property Services Manager (PSM) presented the report based on the slides appended to the report.

In the course of discussion the following principal points were made:

- In response to questions the PSM commented as follows:

It was asked whether asbestos assessments covered by the contract would be conducted in a way that would preclude some problematic issues recently experienced in undertaking building works from occurring and whether knowledge of the council's building stock and of previous work undertaken by the council to its buildings could inform assessments to avoid any surprises that then had an impact on costs. The PSM commented that there were two types of survey: a management survey used for managing the day to day operation within a building, and an invasive type used when carrying out works that cut into a structure. The industry practice was normally to undertake invasive works only as and when it became apparent that they were needed. The contract would give the council access to both kinds of survey. The targeting of resources did need to be taken account of but did not form part of the procurement process itself.

The proposal to move to a single contract for building and cleaning services had emerged following discussion with both current providers who had both indicated support for a combined tender. The benefit of this approach to the council was a reduction in time spent managing the contracts and simplified processes.

A number of firms provided a range of such services. There were synergies between the two contracts. This did involve sub-contracting but this was common practice. In addition as the amount of work the council could offer under separate contracts reduced the offer off a larger contract covering more services was more attractive to prospective tenderers.

A concern was expressed that a reliance on sub-contractors reduced the council's ability to insist upon the quality of services. The PSM commented that performance targets governed service quality and included targets relating to social outputs, addressing concerns about undue pressure on sub-contractors and the terms and conditions of their staff.

The PSM clarified that the reference at paragraph 4 of the report to procuring individual contracts referred to individual orders being raised for each projected piece of work. Systems were not in place to deliver such an approach and there was insufficient staff resource.

The PSM explained how an outcomes based model would operate.

- A concern was expressed about the way in which the report had been brought to the Committee without it having been considered and scheduled as part of the consideration of the Committee's work programme. The Cabinet member – finance, housing and ICT commented that he had requested the matter be brought to the committee once it had transpired that the intention was to move to an outcomes based model of procurement. He had reservations about this approach. One of his concerns related to the balance between the savings it was argued would result from increased productivity and the possible reduction in quality of service. He was also mindful of the expertise needed to ensure that performance against key performance indicators was effectively managed under such an approach. Whilst there appeared to be little option but to proceed with the short term proposal there was an opportunity to give consideration to arrangements for the longer term. He also expressed surprise that maintenance costs had not reduced to some degree given the council's disposal of property, and refurbishment work to retained stock that should mean warranties were in force.
- It was observed that Parish Councils and others had arrangements with the current contractors, whether through the council's contract or separately, and it was

requested that officers be mindful of the importance of communicating any contractual changes to those potentially affected by them.

- The Cabinet member – contracts and assets commented that in his view there were some aspects of the spend within the existing contracts that warranted the committee's consideration. In response a member suggested that this reinforced the importance of reports to the committee being clear as to what they were asking or expecting the committee to do.
- The Chief Finance Officer confirmed that it was incumbent on the council not the contractor to ensure that revenue and capital expenditure was correctly accounted for and there were mechanisms in place to ensure that this was the case.

It was requested that a further report should be brought to the committee addressing matters of concern identified during the debate.

RESOLVED:

- That
- (a) **a further report/scoping statement be presented to the Committee to enable it to decide how it wishes to be involved in any further consideration of this matter and to what timetable and to include a review of matters of concern identified during the debate; and**
 - (b) **officers be requested to be mindful of the importance of communicating any contractual changes to those potentially affected by them.**

36. TASK AND FINISH GROUP REPORT: DEVOLUTION

The Committee considered the findings of the task and finish group: devolution and was invited to recommend the report to the executive for consideration.

The report noted that the task and finish group's report had almost been finalised when the general election had been called for June 2017. It had therefore been decided to put the report on hold subject to clarification of government thinking. One of the considerations was the council's application for non-constituent membership of the West Midlands Combined Authority (WMCA). The report noted that it was now understood that a new establishment order, which would be required if Herefordshire council were to be admitted as a non-constituent member was not expected to be submitted by the WMCA in the next 4 years. It was, however, considered that there were recommendations in the group's report that could nonetheless be worth pursuing during this period.

The Programme director – housing and growth presented the report. He commented that the position on devolution was evolving and it was considered that there would be value in maintaining a watching brief. Since the election it appeared that with the demands of Brexit there had been reduced capacity within government to make progress on other areas so there were no significant updates to be made to the report. It remained the case that the council needed to engage with and seek to inform and influence regional strategies.

Clarification was sought on the references in the report to the suggested willingness on the part of government to look at other forms of governance, to the prospect that the Marches LEP would not face merger, and to whether the population threshold for forming a combined authority had been increased. In particular, noting that the authority had more in common with rural authorities than the mainly metropolitan authorities forming the WMCA, it was proposed that the council should explore the possibility of forming connections with non-contiguous areas with shared values and interests.

RESOLVED:

- That (a) the findings of the task and finish group report: devolution be approved for submission to the executive with the addition of reference to exploring the possibility of forming connections with non-contiguous areas with shared values and interests; and
- (b) the Committee be advised of the executive's response.

37. WORK PROGRAMME

The Committee reviewed its work programme.

It was proposed that a review of the introduction of on-street parking in Hereford City should be undertaken to assess amongst other things whether the economic benefits were outweighing the costs.

Members emphasised that it was important that there was clarity as to what the Committee was being asked to consider when matters were referred to it by the executive.

It was noted that it was proposed to consider a report on the council becoming the accountable body for the new University and requested that any such report address whether the council could become the accountable body for public sector funds but not for private sector funds that would appear to attract more risk.

RESOLVED: That the draft work programme as set out at appendix 1 to the report be approved with the addition of work on on-street parking and construction and facilities management, acceptance of cabinet's request that, if the application for the authority to be a business rate pool pilot for 2018/19 is accepted, the committee consider the implications for Herefordshire of operating such a pool and to make any such recommendations as it feels appropriate to inform a further decision on participation; and acceptance of cabinet's request that it consider a report on the council becoming the accountable body for the new University.

38. DATE OF NEXT MEETING

Noted.

The meeting ended at 1.00 pm

CHAIRMAN