



OVERVIEW AND SCRUTINY COMMITTEE

MINUTES of the OPEN section of the Call-in meeting of the OVERVIEW & SCRUTINY COMMITTEE held on 13 DECEMBER 2005 at the Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Kim Humphreys (Chair)
Councillor Bob Skelly (Vice-Chair)
Eliza Mann, Barrie Hargrove, Andy Simmons and Neil Watson.

OFFICER Shelley Burke – Head of Overview & Scrutiny
SUPPORT: John East – Head of Planning and Transport
Glen Egan – Assistant Borough Solicitor
Paul Evans – Director of Regeneration
Gafar Gbadamosi – Legal Team
Carina Kane – Scrutiny Project Manager
Sarah Naylor – Assistant Chief Executive (Performance and Strategy)
Tony Smedley – Interim Transport Manager
Des Waters – Head of Streetscene and Public Protection

OTHERS: Councillor Richard Thomas – Executive Member for Environment & Transport

APOLOGIES FOR ABSENCE

None.

CONFIRMATION OF VOTING MEMBERS

The Members listed as being present were confirmed as the Voting Members.

NOTIFICATION OF ANY OTHER ITEMS WHICH THE CHAIR DEEMED URGENT

There were none.

DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

RECORDING OF MEMBERS' VOTES

Council Procedure Rule 1.17(5) allows a Member to record her/his vote in respect of any motions and amendments. Such requests are detailed in the following Minutes. Should a Member's vote be recorded in respect to an amendment, a copy of the amendment may be found in the Minute File and is available for public inspection.

The Committee considered the items set out on the agenda, a copy of which has been incorporated in the Minute File. Each of the following paragraphs relates to the item bearing the same number on the agenda.

1. CALL-IN: SHORT TERM CONSULTANCY REPORT – CONTROLLED PARKING ZONES AND DEVELOPMENT PLANNING [pages 1-19]

- 1.1 Members agreed to look at both the short term consultancy reports for Controlled Parking Zones (CPZ) and for development planning simultaneously. The Chair then invited Councillor Hargrove to give his reasons for the need for the call-in.
- 1.2 Councillor Hargrove explained that he had two initial concerns with regard to the original Executive decision of the 22 November 2005: the apparent last minute nature of the arrangements, and also the way the Traffic and Transport unit was being operated, as there was a high turnover of staff and he was concerned that permanent staff were being displaced by contractors. He added that subsequent to the call-in decision, he had discovered that the extension for the contract had been signed before it went to Executive for approval.
- 1.3 Officers were then invited to respond. The Interim Transport Manager talked through the detail of letting the contracts, discussing first the development planning contract. He explained that the contract was awarded following a competitive tendering process and enabled services to be maintained during a structural re-organisation and the introduction of new partnering arrangements to address the shortage of trained staff. Service improvement targets had been set as part of the interim contract and the evidence was these had been met and there had been a good level of performance.
- 1.4 There had been delays both in completing the re-organisation and in the subsequent recruitment of staff to new posts. The loss of a further member of staff meant that additional resources were needed through the contract to maintain services. This increased the demands placed on the contract and accelerated the end-date of the contract value. Otherwise, the contract would have been fine until November.
- 1.5 Officers then explained that the problems were similar for the CPZ contract. The contract assisted in providing general service delivery, and in delivering on project work e.g. the review of a number of controlled parking zones and of the management systems for traffic orders. Again the evidence was that council targets had been met and performance was good.
- 1.6 The Head of Planning and Transport then sought to address the concerns raised about a decrease in permanent staff and posts not being filled, or displacement by contractors. He explained that there had been high levels of agency staff in the council for a considerable time. A bench-marking exercise had determined that the council was uncompetitive in the market for skilled and qualified transport staff, and lower pay rates made it difficult to recruit permanent staff.
- 1.7 The job posts had been evaluated and re-graded as part of the restructuring exercise. A recent recruitment process for assistant and trainee planners had resulted in some appointments, and the council was aiming to recruit at senior levels before Christmas. A career progression structure was now in place, and training and development arrangements were being put into place for progressing the council's own staff for more senior roles.

- 1.8 Officers summarised by saying that the contracts had delivered on what they were to deliver and had enabled more strategic work to be carried out than previous years, e.g. travel plans for walking and cycling and school travel plans. The council had a better service now than that which existed a year ago, but needed to build on this. Thus the strategy already agreed by Executive to get a partner involved to strengthen and develop the services and to take on some of the risk. Ideally, the council would like a full strength of permanent staff, but this was difficult in a competitive market with a shortage of skilled and qualified transport staff.
- 1.9 Questions were asked about the role of the Interim Transport Manager. Officers assured Members that the Interim Transport Manager was employed by the council as a consultant, and that he was in no way linked to any of the companies involved in the short-term contracts or the tendering contractors for the partnering contract.
- 1.10 Members asked questions about the timing of the restructuring. Officers confirmed this had been completed in September 2005 and emphasised the importance of getting the structure correct. This took longer than anticipated due to the need to satisfy Human Resources that the posts had been re-evaluated correctly. It was important to put together a competitive package for recruiting purposes.
- 1.11 The Executive Member for Environment and Transport was then invited to speak. He said that the problems were historic but this was a national problem rather than the direct fault of the previous administration. He added that recruitment issues were not aided by the location and conditions of work. However, the transport team had delivered, a more coherent policy framework was in place, and the borough spending bids had been delivered. He said that because long-term plans were in place, it was not correct to say that there was disorganisation within the traffic and transport sector.
- 1.12 At 6:45pm there was a request for the meeting to go into closed session. However as the content of the ensuing discussion was not of a confidential nature, the discussion has been reported below.
- 1.13 Members asked officers to explain how the rates for internal staff compared with rates for the contractor's staff in the proposed partnering contract. Officers said the rates would not compare directly. Some were lower and some were higher; exact details were not available. Overall however the rates were similar and would be lower than agency rates.
- 1.14 Officers also explained that it was not straightforward to compare the short-term contracts directly with the proposed partnering contract because the short-term contracts were let not only on staff costs but also had costs built in for undertaking specific pieces of work requiring additional management input from the consultant. The council's permanent staff would be able to deliver the council's core work, but the partnering contract allowed for flexibility in staffing resources as dictated by work demands. Officers also made the point that the contract was a call-off contract with no minimum guaranteed value, so if the council believed that they were not getting a good value for money, they would not be obliged to use their services.
- 1.15 When questioned, officers confirmed that targets and performance indicators would be in place, for example in relation to staff turnover. These would be developed and reviewed regularly in consultation with the partner.

- 1.16 A Member commented on the lack of records and systems management in the traffic and transport division, particularly given the high levels of staff turnover. Officers agreed that this was vital, and it was correct that there were no shared systems in the division a year ago. However, this was being addressed.
- 1.17 Members also questioned the loss of continuity and momentum with work due to high staff turnover and under the proposed partnering contract, citing the CPZ for South Camberwell as an example where this had occurred previously. Officers said the contractor's staff were expected to be of a high standard and in place long-term. There was an expectation on the partner to develop the service, and the partner would provide a maximum of half of the staff. The committee were also informed that at least two agency staff had applied for permanent roles and had been offered the positions. Loss of continuity was a greater risk if the council were to continue with a range of different contractors.
- 1.18 A question was asked about whether demands on consultants caused the delays in ending the short-term contact. Officers informed that this was partly the case. The length of time for restructuring had been a factor, plus the council had been satisfied with the work being provided so had placed more demands on the contractors.
- 1.19 Concerns were raised about the comments made by the Executive Member regarding whether many of the strategic and local plans delivered were new initiatives as a result of the contract, rather than driven by government or already in the pipeline. The Executive Member clarified that the group had delivered on all key projects and that some of the plans had already been in the pipeline (e.g. the walking and cycling plans) but there was no staff to deliver on them. Officers added that the council was now in a better position to deliver on the CPZ than it had been a year ago.
- 1.20 Concerns were also raised about whether or not the Executive had any real choice in the decision to approve the contract variation or whether they were just ratifying a decision that had already been effected by officers. The Director of Regeneration said that they were trying to manage a number of shifting timetables. They needed to seek Executive approval in a way that was timely, however the report was taken to Executive later than expected. Executive could have disagreed with the officer recommendations to vary the contract, in which case officers would have had to deal with the consequences. He also said that the extension to the contract had not been signed at the time Executive had taken the decision. The contracts were of the call-off kind, so if Executive had said no to the extension, under the terms of the contract the contractor would have had to cease its work.
- 1.21 Members queried the figures that had been presented in the Executive reports, suggesting that the funding requested for the variations implied the council had already overspent on the short-term contracts. Officers informed that it was not as simple as allowing for an increase in time, as there was also increasing project demands being placed on the contractors. At the time the report went to Executive, the council only had estimates to work from, not the contractors accounts. In reality the late accounts showed that the cost was likely to exceed the initial contract value at an earlier date.
- 1.22 Officers were not able to provide the figures for the overspend at the time the decision was called-in for the development planning contract. However, the overspend for the CPZ contract was approximately £14,000, and officers informed that this was within the officer-delegated overspend limit. Officers said that they had already written to the contractor at that point to inform them that any further extension would require Executive approval.

- 1.23 Clarification was sought around some concerns from support officers over whether the call-in for this issue was appropriate. The Head of Overview and Scrutiny explained that the issue related to the technical nature of the contract, and a member of the legal team had been concerned about whether a call-in could occur when a contract was already in place. The Assistant Borough Solicitor reminded the committee that all Executive decisions were subject to call-in.
- 1.24 The committee continued to ask questions in order to understand the justification around the timing of when the reports were taken to Executive and why the situation had not been made clearer in the reports. Officers said that the reports were not seeking to be misleading. It had not been taken to an earlier Executive because officers were trying to manage a changing sequence over time and make the best judgements as to whether it would exceed the threshold. It was not practice to seek approval to extend a contract just as a contingency in case it was needed, officers first needed to identify that the threshold might be passed at some point in the future. When asked about how often contracts were signed without seeking Executive approval, officers replied that this was unusual and they would normally try to take the decision as timely as possible. The Director of Regeneration agreed that with hindsight, the reports should have been taken to Executive earlier.
- 1.25 Officers also clarified that at the time the reports were consider by Executive on the 22 November 2005, the spending was below the 15% of tender value variation allowed. The budget was based on work done, but the invoice system traditionally fell six weeks behind. Invoices were still expected which would take the value over contract. Early tracking of the CPZ contract showed that they were heading towards the threshold for the end of October/November 2005.
- 1.26 Members then discussed recommendations. There was agreement that the explanation about the process that was followed for these reports was not satisfactory and there was a need for this to be explored in a further session. Members also voted on recommendation 1 below – Councillors Skelly, Mann and Watson were in favour, Councillors Hargrove and Simmons against, and the Chair abstained. Therefore the committee agreed that the Executive decisions of 22 November 2005 would be upheld.

- RESOLVED:**
1. That, in light of the information provided at the Overview and Scrutiny committee, the committee welcomes the Executive decisions of 22 November 2005.
 2. That officers bring a report to the January 2006 Overview and Scrutiny meeting which details the circumstances and process around the contract extensions.

The meeting closed at 7:35 p.m.

CHAIR:

DATED: