

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee:	Overview & Scrutiny Committee	Date:	Thursday, 3 November 2022
Place:	Council Chamber - Civic Offices	Time:	7.00 - 8.40 pm
Members Present:	Councillors H Kane (Chairman), D Wixley (Vice-Chairman), R Balcombe, R Baldwin, R Bassett, S Heather, J Lea, J McIvor, S Murray, S Patel and J H Whitehouse		
Members Present (Virtually):	Councillors P Bhanot		
Other Councillors:	Councillors N Bedford, S Kane, A Lion, J Philip and C Whitbread		
Other Councillors (Virtually):	Councillors C McCredie		
Apologies:	I Hadley and R Jennings		
Officers Present:	A Small (Section 151 Officer), M Thompson (Interim Acting Service Director (Technical)), T Carne (Corporate Communications Team Manager), V Messenger (Democratic Services Officer) and P Seager (Chairman's Officer)		
Officers Present (Virtually):	A Hendry (Democratic Services Officer)		
Also in Attendance (Virtually):	S Jevans (Qualis Group Managing Director)		

36. WEBCASTING INTRODUCTION

The Chairman reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

37. SUBSTITUTE MEMBERS

There were no substitutions reported at the meeting.

38. DECLARATIONS OF INTEREST

- a) Pursuant to the Council's Members' Code of Conduct, Councillor R Bassett declared a non-pecuniary interest in the transfer of Grounds Maintenance service to Qualis by virtue of being a Non-Executive Director, Qualis Group Board Member. The Councillor had determined that he would remain in the meeting but would not take part in the consideration of this item.

- b) Pursuant to the Members' Code of Conduct, Councillor S Murray declared a non-pecuniary interest in the transfer of Grounds Maintenance service to Qualis as he was a member of Loughton Town Council, which had a large contract with that service.
- c) Pursuant to the Members' Code of Conduct, Councillor D Wixley declared a non-pecuniary interest in the transfer of Grounds Maintenance service to Qualis as he was a member of Loughton Town Council, which had a large contract with that service.

39. MINUTES

RESOLVED:

That the minutes of the meeting held on 27 September 2022 be taken as read and signed by the Chairman as a correct record.

40. MATTERS ARISING AND OUTSTANDING ACTIONS

It was noted that there were no matters raised or outstanding actions from the minutes of the previous meeting.

41. PUBLIC QUESTIONS & REQUESTS TO ADDRESS THE OVERVIEW AND SCRUTINY COMMITTEE

The Committee noted that no public questions or requests to address the meeting had been received.

42. EXECUTIVE DECISIONS - CALL-IN

The Committee noted that no executive decisions had been called-in for consideration since the previous meeting.

43. TRANSFER OF SERVICE TO QUALIS

The Committee scrutinised the transfer of Grounds Maintenance to Qualis ahead of the Cabinet's decision on 7 November 2022. A Small introduced the report, which proposed to transfer the service in April 2023. Qualis had established a vision for itself as a property company promoting and undertaking property development, management and maintenance. The report provided a high-level summary of the current costs of delivering the existing in-house service, including an indicative Contract Payment in the event of the transfer of the Grounds Maintenance service. The business case for the transfer represented an efficient way to deliver this service. It enabled the Council to reduce its back-office costs and offset these against the Qualis Management charge. However, members needed to be assured that there was a tangible benefit to the Council before any transfer could take place.

The Committee had many varied questions covering the following concerns.

- What was the TUPE (Transfer of Undertakings (Protection of Employment)) process for the staff involved in this service transfer and what support would be available to them? A Small (Strategic Director and Section 151 Officer) advised the Council would provide reassurance. There would be a statutory consultation phase, group meetings would be arranged and there would be provision for individual conversations, as the Council would follow best practice with support from the People (Human Resources) Team.

- Since the establishment of the current set-up, was it proving costly? The Finance Portfolio Holder, Councillor J Philip, remarked that where two organisations have structures in place, it was more efficient to use one, so back-office staffing would be rationalised and not duplicating made it more efficient. Also, the Council might get more for the same prices.
- In terms of future proofing to reduce unnecessary costs should the Council transfer services quicker because with a shorter interim period there would be less time between the duplication and non-duplication of services? The Finance Portfolio replied that it was proper to look at service transfers in a measured way and not rush this. The Council did not want to transfer too much, too quickly.
- With the net revenue budget increasing to over £1.1 million if the management fee was included, would the Council be paying just the management fee to Qualis at the start of the contract? The Finance Portfolio Holder replied that on the adjusted revenue figures, the additional management fee for Grounds Maintenance would enable Qualis to make a proportionate reduction in its charge for Housing Repairs in the first year, which benefitted the Council. It was recognised there was a movement between the Housing Revenue Account and the General Fund, but this balanced out.
- What data would be looked at to quantify and show in five years' time that it had been the right decision to transfer this service to Qualis, and how would we know? The Finance Portfolio Holder replied that scrutiny of the contract's progress and financial performance would be monitored throughout the five-year contract, much the same as any other external contractor was.
- As some members had been contacted by residents about housing repairs not being done or delayed after this transfer of service, there did not seem to be effective scrutiny in place in terms of housing repairs and Council tenants, but another service transfer was being proposed. The Finance Portfolio Holder advised that more jobs were being done on time with better scheduling of the Housing Repair workforce.
- Not convinced that the housing maintenance transfer had been a good move or that there would be any financial gain, why transfer another service? The Finance Portfolio Holder reiterated that the way Qualis was providing housing maintenance was better because more jobs were being done on time and with a significant improvement in finances, he was convinced this was good value. Qualis could run services differently. It was important to try to make the Council work more efficiently, as long as the service transferred was being delivered.
- There was no evidence of the Council working in consultation with the staff moving to Qualis under TUPE terms or with trade unions. Also, the higher turnover of the workforce in the Ground Maintenance team would lead to the development of a two-tier system as new staff joined, who were likely not to be offered the same benefits as staff transferring under TUPE terms and conditions. The Finance Portfolio holder advised that TUPE did protect those people moving across from one organisation to another.
- What was the financial benefit to the Council? The Finance Portfolio Holder added that being further forward in budget planning helped to grow that service for a better return.
- Would the management fee taper down? The Finance Portfolio Holder replied that this would be reviewed at the end of each year.
- Would Qualis have maintenance costs in running the depots? The Council would review this in a year to see what the equipment and fleet looked like, as there was no sense in selling the fleet to Qualis.
- Did Qualis have its own HR team, and would HR services become a shared service? The Finance Portfolio Holder confirmed this. A Small continued that

service transfers might help reduce the Council's HR service and therefore, capture efficiencies. Although the option for a shared HR service had been investigated when Qualis was set up, it had been agreed it was better to have separate HR services. However, a shared HR service with another local authority might be an option in the future. The Finance Portfolio Holder commented that the Council had a shared service for Internal Audit.

- If it was expected that back-office staff could be reduced, were wider staff cuts probable in the current economic crisis? The Finance Portfolio Holder advised that with a £30 million staff budget and a potential 5% rise in salaries, the Council was looking at redundancies hopefully in posts that were currently vacant and moving staff, as its aim was to protect Council services. Therefore, there would be some difficult decisions ahead as the Council did not want to have forced redundancies.
- The Grounds Maintenance team looked after the Roding Valley Recreation Ground for Loughton Town Council, which had received an award from the Essex Playing Fields Association for doing outstanding work. The Town Council had advised the Grounds Maintenance Team of this and expressed its gratitude, as it was their work that had resulted in the Town Council receiving the award. The Grounds Maintenance office staff were always very helpful. The Finance Portfolio Holder commented that the people working for Qualis did appreciate the opportunity to work for the company and it was important not to reduce the quality of work, which was why monitoring would be undertaken by the Council's retained Ground Maintenance Supervisor to work closely with the equivalent Qualis role. The Finance Portfolio Holder also met with the Qualis Group Managing Director once a week. Key Performance Indicators would measure Qualis' performance to ensure delivery against these KPIs was tracked, which was the same for other contractors; and would allow service delivery to be monitored.
- What effect would the transfer have on clients, would the service be better and what contingencies would the Council have? The Finance Portfolio Holder anticipated the work to be done more efficiently and cheaper with better work co-ordination. Qualis had established itself as a property company promoting and undertaking property development, management and maintenance, which grounds maintenance aligned to.
- Obviously, the Finance Portfolio Holder believed the transfer of Grounds Maintenance was the right decision for the Cabinet to take on 7 November but after the transfer, who would make the decision on the costs and terms of contracts with the parish councils? The Finance Portfolio Holder replied that the current contracts would stay in place and that Qualis would negotiate the contracts with individual clients going forwards.
- Was there a record that previous service transfers had been a success? The Finance Portfolio Holder replied that Housing Maintenance had been a success and Asset Management a resounding success. Therefore, he was convinced Qualis had achieved a positive change. There would be a £4.2 million gap in the budget, so it was important to move forward with this service transfer.

However, the Committee's recommendation to Cabinet following a lively debate was that at this stage the Committee felt unable to support the transfer of Grounds Maintenance to Qualis, as a proposed motion was carried.

RESOLVED:

That the Committee recommended to Cabinet that it felt unable at this stage to support the transfer of Grounds Maintenance to Qualis.

44. OVERVIEW AND SCRUTINY COMMITTEE - WORK PROGRAMME**(a) Current work programme**

The Committee noted its current work programme.

Councillor J H Whitehouse commented that at the recent scrutiny training, members were advised that they could look back at a past Task and Finish Panel or scrutiny committee and review the recommendations made by that committee. About five years ago a panel (or scrutiny committee) had reviewed the Older Peoples Services and one of the recommendations had been to hold a Senior Safety Day, which was implemented and had taken place today at the Civic Offices. The Councillor was of the opinion that it would be useful to review the Older Peoples Services recommendations made by that panel/committee and provide information on what services had been updated for older people. The Democratic Services Committee Officer was asked to look into this.

(b) Reserve work programme

There were no reserve work programme items.

RESOLVED:

That the Committee reviewed its current and reserve work programmes

Action:

- (1) That the Democratic Services Committee Officer would contact the Interim Strategic Director (J Gould) and the Community, Culture and Wellbeing Service Manager (G Wallis) for their advice on how to progress this request, in consultation the Chairman.

(Post meeting update: Further research established this to be the Services for Older People and Disabled People Task and Finish Panel (2006-07). For information, the final report of the Panel was agreed by the Overview and Scrutiny Committee on 5 April 2007 and can be viewed on the Council's website at this link:

<https://rds.eppingforestdc.gov.uk/ieListDocuments.aspx?CId=395&MId=4496&Ver=4>

It was subsequently approved by the Cabinet on 11 June 2007 – see weblink below:

<https://rds.eppingforestdc.gov.uk/ieListDocuments.aspx?CId=295&MId=4961&Ver=4>

The Democratic Services Committee Officer had contacted the Interim Strategic Director (J Gould), and the Community, Culture and Wellbeing Service Manager (G Wallis) for their advice on how to progress this request, in consultation with the Chairman).

CHAIRMAN