

MINUTES OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE
Thursday, 9th November 2006 at 7.30 pm

PRESENT: Councillor Dunn (Chair), Councillor Detre (Vice Chair) and Councillors Bessong, Butt, Jones, Mendoza and J Moher.

Councillor Van Colle (Lead Member for Environment, Planning and Culture) was also present.

1. Declarations of Personal and Prejudicial Interests

None declared.

2. Deputations

None.

3. Minutes of the Previous Meeting – 12th September 2006

RESOLVED:-

that the minutes of the previous meeting held on 12th September 2006 be received and approved as an accurate record.

4. Matters Arising

None.

5. Revenues Performance

Margaret Read (Head of Revenue and Benefits) introduced the report which outlined performance in relation to the Revenues (Council Tax and National Non Domestic Rate [NDR]) service collection performance up to 30th September 2006 and 31st October 2006 where available. Following a request at the previous meeting, Members heard that a comparison with the Council's performance with other London Boroughs had been incorporated in the report and had raised a number of issues, including ways in which the performance could be improved and feedback from the Select Committee was sought. Members noted that although the Council was currently ranked 31st out of 33 in London for in-year Council Tax collection, the cumulative increase of 3.2% from 2002/2003 to 2005/2007 compared favourably with the average increase of 0.8% overall for London boroughs.

Margaret Read drew Members' attention to the Council Tax collection performance for the years 2003/2004, 2004/2005, 2005/2006 and 2006/2007. At this stage, it was not possible to predict whether the in-year collection target of 94% would be achieved. This was because there had been an increase in the number of payments profiled to be

paid in the last 2 months of the financial year. At present, CAPITA had not achieved forecast collection profiles from May to September 2006 and these profiles had not taken fully into account the increase in payments profiled to be collected in February and March 2007. However, Margaret Read advised Members that a number of measures were being undertaken to improve collection rates for this year, including campaigns to encourage payment through Direct Debit and highlighting cases where suspended prison sentences had been obtained due to non payment, with such cases to be further highlighted in December 2006 and January 2007.

Margaret Read advised Members that in terms of arrears collection, a collection rate of 94.31% had been achieved to date for 2005/2006. Members heard that the monthly figure collected in October had been lower than previous months, although it was hoped that the performance until the end of year would see the contractual target of 96% achieved. In respect of the 2003/204 and 2004/2005 collection, Margaret Read reported that collection rates for these years had remained fairly static and at the present rate would not be sufficient to achieve the target of 96.5% by the end of the year 2006/2007. A number of activities were being considered in order to improve collection rates for these years.

With regard to National Non-Domestic Rates (NNDR) performance collection, Margaret Read advised that the Council had performed strongly for Revenue collection of 2006/2007 to date and that the target collection of 96.6% was expected to be comfortably exceeded, with the rate currently profiled to achieve 98.3%.

Margaret Read advised the Select Committee that the current contract with CAPITA was to be extended for a further 3 years from 2008 until 2011 and the contract documentation for the extension was being drafted. The Select Committee noted that IT Support System for annual billing was due to be received in December 2006 and Members' attention was also drawn to the Council Tax complaints and the Customer Service Update as detailed in the report.

Margaret Read advised Members that the strategy to increase collection rates continued to be developed. For example, a distinction had been made between 'can't payers' and 'won't payers.' 'Can't payers' were being assisted in a number of ways, including the promotion of a campaign to encourage Council Tax Benefit take-up through mail shots, of which pensioners were a specific target. In addition, a more flexible recovery policy was being considered and Margaret Read announced that there would be further feedback with regard to this measure when it had been more extensively developed and implemented. With regard to 'won't payers', a more robust approach was being taken, including pursuing suspended prison sentences and issuing charging orders. It was hoped by promoting a strong message that this would discourage non payment of this kind

and Members heard that a target list of 100 top debtors had been drawn up.

At this point, Members addressed a number of questions to representatives of CAPITA. Councillor Detre sought an explanation of Brent's poor performance in relation to other London Boroughs and enquired whether there were factors that were specific to Brent which accounted for this. He also enquired whether there were any methods used by other London boroughs which could also be used in Brent. In response, Neil Smith (CAPITA Representative) stated that Brent's IT revenue system worked differently to the 2 other boroughs, Lambeth and Westminster, where CAPITA operated. He advised Members that improvements to Lambeth's revenue collection rate had taken several years to achieve and that the contract with Brent was still only in its 4th year. He stressed that demographic differences also existed, such as the rise in the proportion of those from a middle class socio-economic group in Lambeth. With regard to Brent, revenue collection had improved since the start of CAPITA's contract in 2003 and Members noted that notwithstanding Brent's league position, the contractual in year collection target for 2005/2006 had been achieved. Neil Smith asserted that CAPITA maintained a high quality service, with all correspondence replied to within 5 working days and close cooperation with Council departments was maintained to ensure good customer service. With regard to obtaining payments from outstanding debtors, he advised Members that all legal powers were being used, such as obtaining charging orders to allow the raising of revenue through the selling of debtors' property and he felt that advertising such activities would make an impression on such debtors. However, Neil Smith warned that the activities of bailiffs were restricted in certain situations. He advised Members that CAPITA was always looking at alternative ways of collecting revenue, and if a particular system was found to be more successful then consideration would be given in implementing the system in other London boroughs.

The Chair asked for further information concerning the categorising of non payers and of the factors specific to Brent which contributed to the comparatively low collection rates. The Chair also enquired about the information held by the revenue collection database, such as whether a property was privately rented, the frequency of occupancy turnover and whether CAPITA were able to identify the properties that were more likely to default in payments. Explanation was also sought as to why the overall collection rate had remained static for the past year and why Brent had performed worse than 3 other London boroughs who appeared to have higher population turnovers. In reply, Neil Smith informed Members that a monthly inactive report of non payers was run that data mapped activities involving summons and bailiffs, and that from this information it was possible to identify areas where non payment was higher. He added that the data mapping system was being developed to identify the types of housing with a greater proportion of non payers which CAPITA could subsequently target

through mail shots to encourage or remind tenants that payments were due. Sue King (CAPITA Representative) advised Members that there was a larger proportion of privately rented accommodation with high turnover in comparison to other boroughs, with tenancy agreements often only being for 6 months which made tracking of payments more difficult. However, she explained that CAPITA included diary notes on the database for such properties so that letters could subsequently be sent to verify the occupiers of these properties and there were also efforts to improve communication with housing agencies to correctly identify occupants. Internal reports were also published showing the percentage for each type of housing. Members noted that although late payers were liable for any associated court costs, they would not be subject to loss of interest charges.

Members discussed further issues for consideration. Councillor Bessong sought information on what efforts were being made to improve communications with other Council departments and agencies such as the Job Centre. The Chair commented that changes in attitudes for potential non payers could be bought about through a combination of effective publicity of successful prosecutions of non payers and of education of those who might otherwise not make payments. He also enquired on the length of time debtors were pursued and sought further details concerning the future plan. Councillor Moher acknowledged the difficulties in pursuing non payers in some situations and indicated that he was encouraged by the overall improvement in collection rates. Councillor Mendoza enquired whether consideration was given to ensure debtors were required to make payments that would be within their means. Councillor Detre requested that future reports list London boroughs in order of their performance.

In reply to the issues raised, Margaret Read advised the Select Committee that the Benefits Service communicated closely with Pensions and the Job Centre and CAPITA with the One Stop Shops over Council Tax matters. She acknowledged that publicity of prosecution of non payers could be more widespread and stated that another publicity campaign was being planned which may include announcements in the local press and Brent Magazine. Margaret Read advised that the contract with CAPITA set out targets increasing collection over the duration of the contract. However, the achievement of these targets would not necessarily improve Brent's league position in the short term.

Margaret Read explained that the decision as to whether to pursue long term debtors depended upon the age of the debt, the cost effectiveness in continuing to pursue and on the number of options in recovering the debt. Duncan McLeod (Director of Finance & Corporate Resources) added that recovering of debts from as long ago as 1993/1994 was continuing. Margaret Read advised the Select Committee that enquiries were undertaken to evaluate the

circumstances of debtors and agreements for repayments in instalments made according to the debtor's ability to pay were arranged. In addition, she stated that residents were being encouraged to check if they were eligible for Council Tax benefits. In reply to a query from the Chair, Margaret Read advised that the relationship between the Council and the courts had improved, with a larger number of suspended sentences acquired and the approval of electronic signatures for court summons had also contributed to improvements.

The Chair acknowledged the responses to the issues raised and commented that updates on Revenue Performance would be expected for consideration by the Select Committee on a regular basis.

RESOLVED:-

- (i) that Capita's Council Tax and NNDR collection performance against contractual targets for 2006/07 be noted;
- (ii) that the need for Council Tax and NNDR collection for arrears in the 2003/04 and 2004/05 years to improve to achieve contractual targets in 2006/07 be noted;
- (iii) that Capita's performance against the collection action plan to bring about improvements in collection in 2006/07;
- (iv) that performance in comparison to other London authorities be noted; and
- (v) that Capita's performance in providing IT support for the Revenues and Benefits service be noted.

6. Authority to Award the Council's Waste Services Contract

Councillor Van Colle (Lead Member for Environment, Planning and Culture) introduced the report that would be put before the Executive which described the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommended to whom the contract should be awarded. Councillor Van Colle stated that changes were required from the existing contract in order for improvements to be made in a number of areas that had been identified by officers. He felt that the contract as recommended offered the best balance in scoring highly in performance indicators and in meeting the performance evaluation requirements as set out at the tendering stage. In addition, the new contract as proposed would significantly increase recycling. Drawing Members' attention to appendix 1, Councillor Van Colle highlighted the proposed increase in the number of road sweeps over the existing contract as a major improvement. He stated that although the recommended contract was

costlier than the current one, this was outweighed by the benefits of a significantly more comprehensive service offering better value.

Keith Balmer (Director, StreetCare) explained in further detail the process by which the proposed contract was drawn up. Members heard that the proposed contract would combine the existing services of the 2 current contractors so that 1 operator would be responsible for waste collection, street cleansing and recycling. Keith Balmer then described the tendering process that had been conducted using the new EU Procurement Competitive Dialogue Procedure. Members heard that this procedure gave the Council greater flexibility in drawing up the contract specification as competitive dialogue was permitted with tenderers right up until final tenders were submitted. Keith Balmer then drew Members' attention to the tendering process as described in the report. Replying to a query from the Chair, Keith Balmer advised the Select Committee that the proposed contract offered an improved specification in all areas, particularly in cleansing standards and would enhance the prospects of meeting the Council's recycling objectives. It was noted that a Partnership Board would meet on a quarterly basis to monitor the contract's performance.

Irfan Malik (Assistant Director, Environment & Culture) highlighted the benefits of a combined service under 1 contractor, such as increased recycling through collection of recyclable refuse on the same day as normal refuse. He advised Members that a new fleet of vehicles with a fresh livery explaining the services offered by the contractors was proposed under the contract. There would also be regular road broom sweeping and a larger fleet of small mechanical machines to raise the profile of waste management activities in the Borough. Irfan Malik stated that recycling would also be introduced to the North Circular Road properties and improved recycling collection on estates. The Select Committee heard that considerable efforts had been made through dialogue with the contractor to identify a number of ways of keeping costs down. Irfan Malik reiterated the Council's commitment to improving standards by securing a higher specification contract such as the one proposed, citing the Council's aim to achieve a target of 19% of streets below an acceptable standard (BV199a) by 2008-09, as compared to the current level which was due to be around 30% for this year. With regard to monitoring, he advised Members that Council staff would attend the same training courses as contractor staff and photographs of areas not cleaned would be taken by the StreetCare monitoring team. Irfan Malik advised the Select Committee that a 'village approach' was proposed by the contractor which would involve setting up a satellite depot in each of 5 areas to reduce travel of contractor vehicles. Members also heard that the new contract would offer greater transparency in monitoring performance and that a stick and carrot approach had been negotiated which offered awards in exceeding, and penalties for failing to reach, performance targets. Irfan Malik also advised the Select Committee that waste management systems were studied in 3 other boroughs during the consideration of a

new contract, 2 of which, Camden and Westminster, the proposed contractor operated in.

Members then raised a number of issues with regard to the contract. Councillor Bessong enquired about the locations of the satellite depots and on what measures would be taken to ensure recycling was improved on estates. He also asked whether traders would be issued tougher penalties for litter offences. In reply, Irfan Malik advised Members that the contractor would be renting sites for the satellite depots and the locations would be identified once a contract was in effect. Members were informed that the impact upon residents close to these satellites would not be significant due to the depots' modest size, thus residents would not experience large volumes of contractor vehicle traffic. Recycling in estates would be improved through increasing the number of recycle collection staff and visiting residents to encourage participation in recycling. In addition, the type and number of bins used would be reviewed. Members heard that although penalty notices were issued to traders for litter offences, trade waste was not covered by the Waste Management Contract. However, the Council could recommend potential contractors and provide advice to businesses. Further to a query from Councillor Bessong concerning larger businesses, Irfan Malik stated that such businesses could be approached to discuss arrangements for collection of shopping trolleys and disposal of waste.

The Chair commented that the report would have benefited from a more detailed consideration of the underlying philosophy behind the Waste Management Contract and of the different options available. In addition, he felt the availability of the background papers listed in the report would have been helpful in the discussion. He sought further details with regards to monitoring the performance of the contract, in particular how the Bv199a target of 19% would be measured and delivered and if any measures had been considered should higher targets be set for the Bv199a in subsequent years. He expressed concern that there were only 2 competitors at the final tendering stage who could have exploited the Council's position. The Chair also sought information on the extent to which there was scope to make changes during the period of the contract and on what performance incentives there were for the proposed contractor. In response, Keith Balmer advised Members that performance was monitored both independently by NCAMS and internally by the Council. He confirmed that the contract had not been drawn up to take into account any tightening of Bv199a standards, although it was expected that the proposed contract would be able to achieve the Bv199a target for 2008/2009. Irfan Malik added that the NCAMS monitoring had determined that the litter performance was acceptable, although Brent's main problem was the build up of detritus which would be addressed in the new contract by increased sweeping. Members heard that NCAMS monitored performance in a number of other London boroughs and that the value of their monitoring was enhanced by their not providing any prior notice

of surveys. Irfan Malik also stated that a report on previous performances could also be made available and that there had been significant improvement in street cleaning. Councillor Van Colle advised the Select Committee that neither competitor was informed of the number of tenderers at any stage, although there was a national tendency for waste management contractors to concentrate in particular regions of the UK. However, he commented that the 2 bids received were of high standard. In addition, Irfan Malik acknowledged that a potential contractor was at a disadvantage if they did not have a depot in the borough, although the competitor to the proposed contractor had identified a depot site in the event of being awarded the contract. Other potential contractors had indicated that they had not made the necessary preparations to advance their bid further, whilst another had been bought out by the proposed contractor. Keith Balmer advised Members that during the period of the contract, there could be a re-specification if a need for change had been identified. For example, he explained that the Council had the option of adopting a co-mingling refuse collection system where recyclable and non-recyclable waste was separated at the depot. He advised Members that under the terms of the Performance Framework, small financial incentives were available to the proposed contractor where they exceeded standard thresholds, however care had been taken to ensure these thresholds were not too easily achieved or the financial incentives too high as budgetary considerations needed to be taken into account.

Councillor Jones commented that there had improvements in recent years in waste management performance as a result of more stringent monitoring. She enquired whether the existing penalty system for failing to meet required standards would be in place for the proposed contract. Councillor Jones also sought further details with regard to organic waste and winter maintenance. Keith Balmer responded that the contractor was expected to reach standards as set out in the Performance Framework which included imposing financial penalties where necessary. He advised Members that although there was a 12,000 tonne compost organic waste capacity, this could increase due to the proposed contractor's recent buyout of another operator and they were seeking alternative sites. The Select Committee heard that the proposed contractor intended to retain the existing frontline staff, many of whom lived locally.

Councillor J Moher also commented on the improvement in waste management over the last 2 years, however he expressed concern that the intensive sweep, which he felt had been successful in the current contract, was not proposed under the new contract and asked on what grounds this service had not been included. In reply, Keith Balmer advised Members that it was felt that the supplementary service, which had been offered by both tenders at the final stage, offered better value for money in combination with an increase to 3 cleansing visits per week for streets in residential areas. He stated that the extra cleansing visits would include sweeping which would be more effective in

reducing detritus and therefore there would be no requirement for intensive cleans. Responding to a further query from Councillor J Moher, Keith Balmer confirmed that the issue of whether there was a need to reintroduce intensive cleans could be reviewed during the period of the contract.

Councillor Detre enquired whether there was any aspect of the contract which would be a compromise in quality of service compared to what was currently provided and he sought further details concerning the differences in the tendering process for this particular contract. In reply, Keith Balmer advised the Select Committee that the proposed contract offered improvement in all areas and it was anticipated that this would be reflected in both refuse collection and recycling. The Legal Adviser stated that under the Competitive Dialogue Procedure, negotiation with potential contractors was permissible up until the invitation to submit a final tender. Irfan Malik added that this process had helped the Council secure a more competitive price for the services that were being sought.

Councillor Mendoza enquired whether surveillance of recycling bin use would be undertaken and he commented that the option of co-mingling refuse was worth investigating, questioning why residents were currently required to separate their refuse. He also enquired what financial arrangements were in place to accommodate the proposed Waste Management Contract considering that costs exceeded the original budget. In reply, Councillor Van Colle stated that although there would be no surveillance of bin use, penalties could be applied where there had been evidence of misuse. He added that considerable effort was being made to improve recycling rates, particularly on estates, although the high turnover of privately rented accommodation made communication with residents more difficult. However, it was hoped that the recycling target of 30% could be met or even exceeded. Councillor Van Colle advised Members that waste management was a priority area that had experienced unavoidable growth, therefore it was inevitable that the Council would need to absorb these costs. Duncan McLeod added that the additional expenditure could be accommodated through either increasing Council Tax or reducing expenditure in other areas. Irfan Malik stated that although a co-mingling system of waste collection had been observed to work well nationally, it would be prudent to not make any significant changes to the contract until a reasonable period had elapsed so that a more thorough review of activities could be undertaken. In addition, Members heard that the contractor would require sufficient time to identify a site suitable for co-mingled waste. Keith Balmer added that textiles, oil or batteries could not be collected under a co-mingle waste collection system.

The Chair expressed dissatisfaction concerning the timescale available to the Select Committee on which to consider the Waste Management Contract and also felt that there was a need for more clarity in the

report. Officers agreed to the Chair's request that regular reports providing information on the performance of the Waste Management Contract be put before the Select Committee for its consideration. Members noted that producing performance indicators on a ward basis for recycling collection would be complicated as this activity transcended ward boundaries.

The Select Committee then agreed to the Chair's recommendations that a report on the performance on the new Waste Services Contract be put before the Select Committee within 4 to 6 months of the contract's commencement and that regular performance indicator updates for each Ward be provided and made available to all Ward Councillors.

RESOLVED:-

- (i) that the information contained in the Authority to Award the Council's Waste Service Contract report be noted;
- (ii) that a report on the performance of the new Waste Services Contract be considered by this Committee within 4 to 6 months of the commencement of this contract; and
- (iii) that regular performance indicator updates of the new Waste Services Contract be provided for each Ward and be made available to all Ward Councillors.

7. Items Requested onto the Overview and Scrutiny Agenda

None

8. Recommendations from the Executive to be considered by the Performance & Finance Select Committee

None

9. Date of Next Meeting

It was noted that the next meeting would take place on Wednesday, 24th January 2007.

10. Any Other Urgent Business

None

The meeting ended at 9.50 pm

A DUNN
Chair