

CABINET

WEDNESDAY, 26 JUNE 2013

21. Strategic Review of Swindon Commercial Services Ltd

The Cabinet Member for Strategic Projects and Transformation, and the Chief Executive submitted a joint report outlining a number of considerations relating to Swindon Commercial Services Ltd's (SCS) future direction and subsequent financial benefit to the Council.

Councillor Mike Bawden, Cabinet Member for Strategic Projects and Transformation referred to the on-going difficulties being experienced across local government, including Swindon, as a result of the current economic climate. He emphasised that the Chancellor's ten per cent savings statement confirmed another twelve months of cost savings would be required. Councillor Bawden moved an additional recommendation to note that he would be creating a Cabinet Member Advisory Group to assist him through the transition process.

Councillor Fionuala Foley welcomed the report and in particular drew Members' attention to the timescale and structure of staff reabsorption into the Council.

Councillor Bob Wright, Central Ward Councillor, supported Councillor Fionuala Foley's comments but reminded the meeting of his concerns regarding the initial set up of Swindon Commercial Services Ltd as an arm's length organisation in 2009 given the economic environment that was becoming evident. He referred to the impact the proposals set out in the report would have on staffing levels and the ability to properly monitor work being undertaken by contractors employed on the Council's behalf.

In response, Councillor Mike Bawden, Cabinet Member for Strategic Projects and Transformation confirmed that the report was primarily concerned with identifying resources available to Swindon Borough Council and returning to a direct labour force style of operation designed to deliver the best quality of service at the best cost to the community within the current economic constraints.

Councillor Stan Pajak, Leader of the Council's Minority Opposition Group, expressed his support for the proposal but referred to the brevity of the report and its lack of detail regarding the structure of Swindon Commercial Service Ltd's future profile and viability. He welcomed the proposal to establish a cross-party Cabinet Member Advisory Group and the opportunity to restructure SCS to improve areas currently giving concern and to encourage greater locality involvement.

Councillor Des Moffatt, Western Ward Councillor, expressed his support for the report and suggested it was in the best interest of Swindon Commercial Services Ltd's staff and the people of Swindon. He suggested that the structure of the organisation should be designed to allow it to tender competitively for contracts against the private sector and referred to the benefits of utilising the Refuse Derived Fuel facility.

Councillor Brian Mattock, Deputy Leader, Vice Chair of Cabinet and Cabinet Member for Health and Adult Social Care, expressed his support for the report and emphasised the positive aspects of agreeing to the recommendations of this report.

Resolved – (1) The Council, or its Special Committee, be recommended that:

(a) Swindon Commercial Services Ltd (SCS), as the Council's wholly owned company, re-focus on Waste Treatment and Disposal, PV installations including large-scale arrays and activities of the DW Dunn brand, with a view to generating profitable external income in a small range of emerging opportunity areas where returns, if realised, will significantly outweigh the effort and cost of securing them and provide a financial return to the Council as shareholder.

(b) The remainder of the services Swindon Commercial Services Ltd provided to the Council, including the staff and infrastructure involved ('the undertaking'), be transferred back to the Council in accordance with the high-level timetable set out in Appendix 2 of the report, enabling a significant reduction in the back office costs (overheads) associated with operating a large external company as detailed in table 1 of the report;

(c) Following the transfer of the undertaking back to the Council, the current "rebate" arrangement be removed;

(d) Following the transfer of the undertaking back to the Council, the Board Director, Service Delivery carries out a detailed examination of the individual services provided currently by Swindon Commercial Services Ltd to Swindon Borough Council, with a view to streamlining and integrating processes operating both within services and between client and contractor to further reduce costs;

(e) Following the transfer of the undertaking back to the Council, robust specifications be developed for all services currently provided by SCS that meet Members' requirements, in order to enable services to be tendered in a planned way where it makes sense to do so. This to allow for the possibility that Members may determine, following a detailed market comparison, that some in-house services represent value for money that includes cost, quality and social value;

(f) The Director of Law and Democratic Services and the Head of People and Development, the Board Director Resources, in consultation with the Cabinet Member for Transformation and Strategic Projects, be authorised to progress the legal, human resources and financial steps necessary, to ensure a successful transfer of SCS staff, assets and property to the Council;

(g) The Director of Law and Democratic Services, in consultation with the Cabinet Member for Transformation and Strategic Projects and the Board Director, Resources be authorised to complete any necessary legal documentation in relation to the transfer of the undertaking on such terms as he considers appropriate to protect the Council's interests.

(2) The Council, or its Special Committee, be recommended to note that:

(a) In the event of the transfer of the undertaking proceeding, the tender timeline for services provided by SCS, previously agreed by Cabinet in June 2011 (Cabinet Minute 10, 2011/12 refers), to be reviewed.

(b) With regard to (e) above, a report to be submitted to Cabinet with a revised proposal later in this Municipal Year.

(c) Work would be continuing to implement the Cabinet decision from October 2011 (Cabinet Minute 53, 2011/12 refers) around Strategic Commissioning Partnership Agreements for non-housing related building construction and

refurbishment works and that this is unaffected by the decisions in this report.

(d) The Cabinet for Strategic Projects and Transformation to set up a cross-party Cabinet Member Advisory Group to assist him in monitoring the transition, reviewing the governance arrangements, and on-going performance of SCS.

The reasons for the decision and alternative options are as set out in the report to the meeting.