

Feedback to the Overview and Scrutiny Performance Board
from the Corporate and Communities Overview and Scrutiny Panel meetings on
29 September and 23 November 2023

Contract Inflation

The main issue highlighted to the Panel is that while inflation is now decreasing, budget setting for 2022/23 had been based on trajectories of an earlier reducing trend.

The fact that many contracts had already been set meant the Council was not benefitting from the recent decrease in inflation, as they were set for the year. Although inflation is now coming down, prices remain high. Of interest is the West Mercia Energy contract, which has built in a link to market price, which is bringing cost benefits as it is not tied into contract rates.

The Panel asked about contract durations and was advised that good practice pointed to contracts with short-term extensions and there was a whole range of durations. The Council uses the dynamic purchasing method, although not all are open to negotiation, for example for Microsoft options. A Commercial Board meets monthly and reviews mechanisms for how contracts are structured, which is chaired by the Chief Executive or the Strategic Director of Commercial and Change.

It has been explained that in order to support service areas across the Council as a whole, the Commercial Team are endeavouring to commit more resources, time and effort into contract and supplier relationship management, although this is constrained to an extent by recruitment challenges for this skillset, which is a regional issue.

The Panel queried whether the Council has access to providers' books when negotiating contracts, and the view is that very little is hidden, and the Council has the right to request information, although the fact remains that information could be presented which may not necessarily be the full picture.

In terms of the governance and approval process for contracts, the Council's constitution does not include a financial amount to decree when a contract should be highlighted as a key decision to the Cabinet. It would not be appropriate for all contracts to be discussed by Cabinet, and the main deciding factor is whether public discussions would be involved, such as a new school.

When setting contracts, there is a scheme of delegation and financial thresholds – those with a value up to £200,000 can be signed off by Chief Officers, but those with a value from this point up to £500,000 require consultation with the Cabinet Member with Responsibility (CMR). CMR decisions need to be documented and displayed on the website. Anything over £500,000 is for Cabinet to approve unless a pre-existing delegation, from Cabinet, is in place.

It is acknowledged that there is a role for Scrutiny in looking at the performance of individual contracts where appropriate, and that the entire budget and capital programme is discussed by Cabinet and subsequently full Council. Contract information is also communicated to local members.

The main areas of particular budget pressure are packages of care for children, adults and also school transport, where numbers and therefore demand, are not fixed, and these areas are being subject to scrutiny by the appropriate Overview and Scrutiny Panels.

The Panel would like to acknowledge and pay tribute to the efforts and competence of staff in managing budgets, in the face of unprecedented budget pressures.

Pay Inflation

The Panel has expressed concern about the delay in a pay settlement being agreed for 2023, and the impact on staff income with the current increases in costs of living. The Council's Officers remain supportive of national pay bargaining, although it is understood that a handful of local authorities have opted out.

There remain two groups of staff where a pay settlement has yet to be reached between the employer/employee sides. These are education professionals employed in local authority services (Soulbury Officers) and JNC Craft Workers.

It is acknowledged that the ongoing dispute is outside the control of the Council, however the Panel has asked to be kept updated on the ongoing negotiations to reach pay settlements for these staff groups, recognising the employees' side have now requested mediation with a view to reaching an agreement.