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Scrutiny & Overview Committee

Report of the Acorn Plus
Working Group

Report of the Acorn Plus Working Group

1. Membership

Councillors: Leonard Crosbie (Chairman), John Bailey, Philip Circus, George Cockman , Roy Cornell, Jim Sanson, David Skipp, Claire Vickers/

2. Terms of Reference

In reference to minute CO/54 from the Council meeting of 15th December 2010, Council considered that it was appropriate that the Scrutiny & Overview Committee should set up a working group to look at the role of Cabinet Members in respect of the Acorn Plus project:

- To examine the role of Cabinet Members in promoting and recommending to Council the adoption of a kerbside mixed dry recycling scheme
- To examine the role of Cabinet Members in promoting and recommending to Council the adoption of a new kerbside collection method (side loaders)
- To examine the role of Cabinet Members in monitoring the implementation of both the above elements of Acorn Plus
- To examine the Cabinet Members' role/accountability in relation to officers' accountability
- Make recommendations to Scrutiny & Overview Committee

3. Introduction

The Council instructed the Scrutiny and Overview Committee to set up a working group to look at the role of the Cabinet Members in respect of the Acorn Plus Project.

The first meeting of the Acorn Plus Working Group (APWG) was in February 2011 and there have been a total of 10 meetings.

This report presents to the Scrutiny and Overview Committee an assessment of the operation and financing of the Acorn Plus Project. It does so with particular reference to the control and responsibility of Executive Members (of the Cabinet) plus the interface/joint working of the Executive Member with the Director/senior management engaged in the operation of the project.

4. Background of the Acorn Plus Project

4.1 In 2009 the Council approved the launch of an innovative waste collection scheme using side loading vehicles with the capability of mechanically collecting the full range of waste (household, green waste and mixed dry recyclates) in a more economical and sustainable way, combined with a reduced carbon footprint in relation to the waste disposal process. The Acorn Plus Project (APP) operated by the Operational Services Department, was introduced throughout the District on the completion of a ward by ward launch. The APP was comprehensively planned and systematically introduced during 2009/10 and proved to be almost universally popular with the residents of the District.

Significantly improved recycling rates were achieved putting Horsham amongst the best performing councils.

4.2 The initial Budget for the APP in 2009/10 was based on a model cost structure as there was no similar operation in the UK at the time. This model proved to be deficient in terms of actual costs incurred in manpower, training and operational costs – in particular, fuel and tyres.

A revised budget was produced in autumn 2010 and this has provided the base budget used by Operational Services for the APP budgets since that time.

The actual costs occurred in the first year of operation 2009/10 (£500,000 over budget) appeared to be ignored as the basis for budgeting in subsequent years, resulting in a massive budget overspend of £790,000 in 2010/11.

Members expressed serious concern at the lack of credible financial justification for this bizarre budgeting approach.

The budget responsibility “trail” relating to these overspends appeared unclear in relation to the role of the Executive Member with Cabinet responsibility for Operational Services, as well as the Council’s Management.

Therefore the APWG has sought to provide clarification of the Executive role of the Cabinet Members in the important area of responsibility for departmental budgets, services and the relationship with management in the operation and delivery of any scheme which is in the Portfolio of an Executive Member.

5. Assessment of the Acorn Plus Project

The major aspects of the Working Group’s assessment of the APP are as follows:

5.1 Scheme

The operation of the new waste collection system has proved to be a popular and efficient collection method which combined a Tuesday to Friday weekly household collection schedule with the elimination of the requirement for adjustments for Bank Holidays. The retention of the weekly household waste collection was an important feature of the new scheme.

Residents were encouraged, and have responded enthusiastically, to recycle both green waste and a wide range of mixed dry recyclates.

5.2 Budget

This collection scheme in Horsham District offers residents one of the most comprehensive in West Sussex and at the cost of £55 per household, per annum, is in the higher cost bracket of comparable schemes. It is noteworthy that the Green waste collection in Horsham is the only free service offered in West Sussex. (Table One)

Budget overspends have been identified as £500,000 in 2009/10 and £790,000 in 2010/11. For 2011/12 the estimated budget over run is currently estimated at £279,000. This is attributable to extra costs for repairs and maintenance, tyres and fuel (Derv). (Table Two)

Operating costs (actual as distinct from budgeted) since 2010/11 of the APP are reducing year on year and are showing steady reductions in the overall costs of the scheme. (Table Two)

5.3 Control/Accountability

Members were concerned at the outturns which have resulted in consistent budget overspends for the APP to date. As they were informed that the Executive Member was not involved in the Budget preparation process, Members considered that the Member could not be held directly responsible for the financial outcomes of the scheme.

Members were concerned at the lack of engagement by the Executive Member in relation to the budget preparation and process and the lack of communication between the Directors/management responsible and the Cabinet Member.

The Members of the APWG were also concerned about the absence of a clear protocol which addresses these responsibilities for communication in relation to the Council's services and budgets.

6. Executive Member (of the Cabinet)

6.1 In relation to the APP Members acknowledged that there was a lack of background information available to the Executive Member from the outset of the APP as the Council was one of the first of the local authorities to roll out the new side loading vehicles. Also Members understood that the Executive Member was not involved in the construction of the budget at any stage.

Members appreciated that there was a collective readiness to accept the APP by anticipating the final outcomes, namely future financial savings and reduction in residual waste. The APWG considered the business case together with the Budget for 2010/11 were flawed because the budgeting was wildly unrealistic.

In light of this experience the APWG was minded to ensure that the Executive Members take direct ownership of all future projects and programmes in their individual service areas.

6.2 Members felt strongly that this approach reflected the Executive responsibilities intended for Cabinet Members by central Government in the Local Government Act 2002 which launched the Cabinet system. Also these responsibilities are in line with the present Government's aim to identify an ever increasing range of responsibilities to be undertaken by councils/individuals, e.g. Police Commissioners.

7. Revised Responsibilities of Executive Members (Cabinet)

7.1 The APWG has proposed a revised scheme of "Member Role Profiles and Responsibilities." (Appendix A)

The key roles of the Executive Member are clearly identified, particularly in relation to accountability for the delivery of effective and quality services and ensuring that there is adequate financial provision for the implementation of all proposals and programmes. Executive Members will monitor ongoing budgets in their service areas.

It is recommended that this role profile be incorporated into the Council's Constitution. (Senior Solicitor (Monitoring & Standards))

Note: The roles include those of the Leader and Deputy Leader and it is recommended that these should also be incorporated into the Constitution. (These role profiles have been directly adopted from the Constitution of another district council).

7.2 The APWG also requests that the Executive Member presents, in person, quarterly reports to the Council on budget updates and progress on the various schemes/programmes in their service areas.

8. Directors' Contracts

8.1 Members felt that there was a direct link between the Executive Member and a Director in relation to the delivery of services and their costs/budgets. Therefore it was recommended that the following clauses be added into the section: Responsibilities/Accountabilities of Director's Contracts:

1. To work with the Executive Member to deliver the agreed level of services within the budget identified and approved by the Executive Member and the Cabinet/Council
2. To monitor continuously and identify any significant variations in service delivery and/or budget levels to the Executive Member and the Corporate Management Team.

9. Recommendations to the Scrutiny & Overview Committee

1. That the Committee recommend to Council that the revised scheme of "Member Role Profiles and Responsibilities" (Appendix A) be adopted
2. That the Committee recommend to Council that the two additional clauses to the Director's Contracts be approved

Councillor Leonard Crosbie
Chairman of the Acorn Plus Working Group
February 2012

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TABLE ONE

WEST SUSSEX	No of properties	Cost of waste collection and recycling	Cost per property	Residual Collection		Green Waste Service		
				Type	Frequency	Collections /yr	Households Cost (p/a)	Notes
		£000	£					<i>All green waste prices for current year</i>
Adur	27509	942	34.24	Wheeled Bin	Weekly	50	£70	Will also collect from sack @ 60p each
Arun	70003	2864	40.91	Black Sack	Weekly	25	£58.21 if pay online	
Chichester	53903	1719	31.89	Wheeled Bin	Fortnightly	26	£41.60	Does not operate over whole district but can purchase sack @ £1 each in these areas
Crawley	42467	2224	52.37	Black Sack	Weekly	20	£45	Service can sevice up to 5,000 properties. March - November only
Horsham	56169	3091	55.03	Wheeled Bin	Weekly	25	Free	
Mid Sussex	58104	1574	27.09	Wheeled Bin	Fortnightly	25	£55	Bin or Sack (52 sacks for £55). Does not cover whole district - currently there is a waiting list
Worthing	47918	1442	30.09	Wheeled Bin	Weekly	50	£70	Will also collect from sack @ 60p each

TABLE TWO

£140,000

Acorn Plus Budgets and Expenditure

		2009/2010 Spend	2010 / 2011 Spend		2011 / 2012 Budget		2011 / 2012 Predicted Out-turn	Actual reduction 9/10 - 11/12	2012 / 2013 Budget		Comments
Repairs and Maintenance		£418,496	£405,544		£218,340		£358,340	£60,156	£254,500		The outturn figure is overstated by approx £40,000) due to 'on off' items. Please see note below detailing issues relating to spend
Tyres		£93,012	£78,785		£40,000		£100,000	£-6,988	£88,800		This overspend is due largely to an error setting the budget. We have also identified a technical problem with the standard tyres we fit to refuse collection vehicles and our specification has now changed.
Derv		£543,938	£827,119		£668,750		£798,750	£-254,812	£836,240		Fuel cost increase of 19%+ over period (see opposite)
Licenses		£35,095	£26,025		£13,630		£14,300	£20,795	£13,700		
Contract Hire		£394,413	£134,809		£73,140		£73,000	£321,413	£73,000		
Equipment and Tools		£11,298	£32,051		£17,000		£17,000	£-5,702	£17,000		
Insurance		£146,832	£98,152		£98,150		£144,592	£2,240	£140,360		Budget was based on prior year actual (set as a result of tender) but following the introduction of sideloaders the number of claims increased and the premium went up

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										as a result
General materials		£42,116	£22,922	£32,000		£20,000	£22,116	£26,500		
Misc Income		-£44,487	-£25,793	£0		-£9,248	-£35,239	£0		
Income for tug (WSCC)		£0	-£93,000	-£100,220		-£104,834	£104,834	-£104,834		
Totals		£1,640,713	£1,506,614	£1,060,790		£1,411,900	£228,813	£1,345,266		

Wages & Salaries		2009/2010 Spend	2010 / 2011 Spend	2011 / 2012 Budget	2011 / 2012 Predicted Out-turn	Actual reduction 9/10 - 11/12	2012 / 2013 Budget	
Wages		£2,111,227	£2,114,192	£2,021,725	£2,035,003	£76,224	£2,119,308	2009/2010 Wages outturn includes all employees. All employees have been used in all comparisons
Agency		£543,856	£681,317	£209,790	£168,448	£375,408	£84,790	
Total 'Outside Workers' Wages		£2,655,083	£2,795,509	£2,231,515	£2,203,451	£451,632	£2,204,098	
Salaries		£696,832	£723,055	£699,971	£645,988	£50,844	£689,000	
Totals		£3,351,915	£3,518,564	£2,931,486	£2,849,439	£502,476	£2,893,098	
				Total Reduction from 2009/10 Spend		£731,289		
				Total Reduction from 2010/11		£763,839		

APPENDIX A

Member Role Profiles & Responsibilities

1. All Members

Role profile appears at Part 2 Article 2 of the Constitution.

2. The Chairman and Vice Chairman

Role profiles appear at Part 2 Article 5 of the Constitution.

3. The Leader

The Leader provides overall political leadership for the Council in relation to the co-ordination and delivery of Council policies, strategies and services.

Part 2 Article 6.3 of the Constitution provides details of eligibility and term of office. All decisions must be made in accordance with the Executive Scheme of Delegation which appears at Part 3A Article 6, the Financial Rules, The Procedural Rules and Contract Standing Orders of the Council.

The Leader has the following key roles:

- (a) To act as the principal spokesperson for the Council.
- (b) To appoint members to the Executive (the Cabinet).
- (c) To appoint a Deputy Leader.
- (d) To manage and lead the work of the Executive and to chair meetings of the Executive.
- (e) To delegate areas of responsibility (Portfolios) to members of the Executive in accordance with the Executive Scheme of Delegation.
- (f) To arrange for the making of executive decisions not allocated by the Executive Scheme of Delegation.
- (g) To exercise or delegate the functions of any Executive Member in the absence of that member.
- (h) To work closely with Executive Members to ensure the development of effective Council policies and the delivery of high quality services.
- (i) To ensure that working relationships between the Cabinet, non-executive councillors, officers, and the local community are effective and professional.

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- (j) To work with the Chief Executive in relation to the strategic vision and direction of the Council, the management roles of officers and the development and effective delivery of policy issues.
- (k) To appear before, and respond to reports of, the Scrutiny and Overview Committee.

4. The Deputy Leader

The Deputy Leader is appointed by the Leader. The Deputy Leader will deputise for the Leader as required. Part 2 Article 6 details eligibility and terms of office.

5. Executive Member

Each Executive Member, including the Leader and the Deputy Leader, have an area of responsibility (the Portfolio), delegated by the Leader, for which they become the Council's main representative and spokesperson.

Any decision taken by an Executive Member must be in accordance with the Executive Scheme of Delegation, the Financial Rules, the Procedural Rules and the Council's Contract Standing Orders.

The Executive Member has the following key roles:

- (a) To assume responsibility for a portfolio of services and functions of the Council, as delegated by the Leader, and in accordance with the Executive Scheme of Delegation.
- (b) Working within the Portfolio the Executive Member will be required:
 - To have full knowledge and understanding of the Portfolio and its relationship to the overall work of the Council
 - To monitor the functions of the Portfolio
 - To work with the Directors and Heads of Service to put into effect the agreed objectives within the Portfolio
 - To ensure that appropriate methods of consultation and communication are in place for liaison with Councillors, stakeholders, and members of the public.

APPENDIX A

- To act as spokesperson for the portfolio inside and outside the Council
- (c) To contribute, through the Executive, to the development and implementation of the Council's policies, strategies, budget and service deliveries.
- (d) To be accountable for the delivery of effective and quality services/functions of the Council which are within the Portfolio.
- (e) To be accountable for the adequate financial provision for the implementation of all proposals and programmes which are included in the Portfolio and/or any that are delegated by the Council; requirements for additional funding to be presented to the Cabinet and Council for approval in accordance with the Financial Rules within the Constitution.
- (f) To present in person regular reports to Council on the Portfolio e.g. quarterly.
- (g) To present in person regular budget updates to Council on the programmes in the Portfolio in the context of the overall Annual Budget of the Council.
- (h) To be accountable to Council, the Cabinet, the Scrutiny & Overview Committee and the local community for the Portfolio.
- (i) To keep the Executive Member with responsibility for efficiency and resources updated regarding the budget for the Portfolio