

## Appendix 1

Mr John Barradell  
Chief Executive  
Brighton & Hove City Council

15<sup>th</sup> July 2011

Dear John

I am writing under Overview and Scrutiny Procedure Rule 16.5 to request a call-in of the decision taken by Cabinet on 14<sup>th</sup> July – Provision of the Commercial Portfolio's Estate Management Consultancy Contract.

I believe that the decision taken by Cabinet, in respect of the Council's Downland Estate, was not taken in accordance with Article 13 of the Constitution ('Decision Making').

Recommendation 2.2 of the report gave Cabinet the option of either continuing to outsource the Downland Estate management or of bringing it back in-house. The Cabinet Member for Financial & Central Services decided, at the meeting, that the contract should be brought back in-house, without being put out to tender.

Although justification for bringing the contract back in-house was given in paragraph 3.11, I don't believe there was sufficient financial information contained within the report to enable Cabinet to make such a decision. Indeed, paragraph 3.12 states clearly that: "As the Council has no experience in directly managing the Downland Estate and it is vital to attract the right calibre of staff, it is difficult to calculate the exact additional ongoing cost of in-housing." How can a sound decision be taken in the best interests of council taxpayers when the officers themselves are not able to say what impact it will have upon the Council's overall financial position?

Paragraph 3.12 goes on to conclude: "It is, therefore, proposed that if the in-housing option is agreed, further work will be carried out to decide exactly how the new system would operate." This is commonly called shutting the stable door after the horse has bolted. The implications of in-housing versus outsourcing should have been laid out in full as part of the report to enable a sound and proper decision on recommendation 2.2 to be made.

The uncertainty and risk continues in paragraph 5.2. It states: "However, further work will be required to design the most cost-effective way to manage the services in-house and therefore better identify the cost involved. An additional budget will need to be identified to meet the

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development and on-going implementation of a revised Downland Initiative strategy." So, not only are the financial implications not known, but no budget has been identified to cover the predicted additional costs.

There has also been a complete lack of consultation with affected parties which means that Cabinet was not in possession of potentially significant additional facts that could have informed their decision. Paragraph 3.11 states that under the Smith Gore contract, relationships with the Council's tenant farmers have improved from a very low base. However, there is no evidence given in the report that these farmers have been consulted about the management of their farms being taken over by the Council. Surely this should be a material consideration to a Cabinet decision?

In summary, I believe that the 2 elements of this report – the Urban Portfolio and the Downland Estate should be separated out. The reasoning and financial implications around the Urban Portfolio are sound and well-understood. However, I believe that considerably more feasibility and options appraisal work needs to be carried out on the implications and costs of bringing the Downland Estate back in-house before a sound and proportionate decision can be made by Cabinet. I strongly recommend to the Overview & Scrutiny Commission that this decision should be referred back to Cabinet when a full and proper evaluation of the options has been undertaken.

Councillor Garry Peltzer Dunn  
Deputy Leader of the Conservative Group