



OVERVIEW AND SCRUTINY COMMITTEE

MEETING : Monday, 29th June 2020

PRESENT : Cllrs. Coole (Chair), Ryall (Vice-Chair), Dee, Finnegan, Haigh, Hilton, Hyman, Lewis, Pullen, Stephens, Taylor, Tracey, Walford and Wilson

Others in Attendance

Leader of the Council and Cabinet Member for Environment

Len Attrill, Project Director at WYG

Managing Director

Transformation Programme Manager

Street Scene Strategy Officer

Policy and Governance Manager

Democratic & Electoral Services Team Leader

Democratic & Electoral Services Officer

APOLOGIES : Cllrs. Organ and Toleman

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. DECLARATION OF PARTY WHIPPING

There were no declarations of party whipping.

4. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

5. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

OVERVIEW AND SCRUTINY COMMITTEE
29.06.20

6. WASTE, STREETSCENE AND GROUNDS MAINTENANCE SERVICES OPTIONS REPORT

- 6.1 The Leader of the Council and Cabinet Member for Environment, Councillor Cook, introduced the report and highlighted key elements. He outlined that the report provided an assessment of the options available to the Council as a result of the current contract for the delivery of Waste, Street scene and Grounds Maintenance Services coming to an end in March 2022. The Chair thanked Councillor Cook and invited questions from Committee Members.
- 6.2 Councillor Wilson raised three questions in relation to the grounds maintenance aspect of the report. Firstly, he noted that Gloucester City Homes (GCH) also used Amey for their grounds maintenance and queried whether a change in service delivery would also impact them. Secondly, he questioned whether the grass cutting Social Enterprise Activity which had started in Podsmead and would be extended to Matson & Robinswood would still be feasible with a new grounds maintenance contract. Similarly, he asked whether it would be possible to continue with the Social Enterprise Activity under the UBICO option.
- 6.3 In relation to GCH, Councillor Cook advised that whilst he did not know the details of the contract they held, it was possible that a change in delivery service would make it unsustainable for GCH to maintain a contract with Amey. On the topic of the Social Enterprise Activity and whether this could carry on if one of the other options was chosen, his view was that this would only cause slight problems but nothing of significance for a future contract. Len Attrill, Project Director at WYG explained that GCH was under the contract that Gloucester City Council had with Amey, and thus if the Council opted for one of the other service delivery options, this would have a direct impact on GCH. He added that GCH had indicated that they would want to stay under the City Council's umbrella. With regard to the Social Enterprise Activity, he explained that unless the limits of this could be clearly identified, it was possible that the grounds maintenance market would see this as a risk, albeit not a huge one. More generally, he added that there were other risks associated with grounds maintenance as a result City Council 's lack of data on this which would make a separate grounds maintenance contract difficult.
- 6.4 Councillor Haigh outlined that she was confused about the ownership of vehicles. She was of the view that the City Council already owned vehicles currently used for waste services. Len Attrill advised that the City Council only owned vehicles used for recycling, and not the rest of the vehicle fleet. Councillor Haigh stated that this was because the vehicles were due for replacement, however, she believed that the Council had established that it would be preferable to buy the vehicles in order to drive costs out of the contract. Len Attrill responded to say that the report provided an update on the current position and how the Council may wish to buy the vehicles in the future may be different from when such decisions had previously been made.

OVERVIEW AND SCRUTINY COMMITTEE
29.06.20

- 6.5 Councillor Haigh also queried about the advantages and disadvantages of splitting the different aspects of service delivery. Len Attrill advised that streetcare could be split into two parts, street cleansing and grounds maintenance. Furthermore, he highlighted that if all of street cleansing and grounds maintenance was to be taken in-house, then waste on its own would not be attractive to the market. On the other hand, the waste service combined with street cleansing would be attractive to the market. Under this option, grounds maintenance could be delivered a different way, for example, in-house. Overall, his view was that the preferable option would be to keep waste collection, recycling and street cleansing together.
- 6.6 Addressing Councillor Cook, Councillor Haigh queried whether he thought it would be acceptable to the City 's residents to continue working with Amey due to what she described as a poor relationship with the company over the years, with any improvements being recent. Councillor Cook responded to say that contract with Amey had been significantly improved due to the work carried out during the last (approximately) 18 months, and currently the contract was working satisfactorily well. He welcomed the Committee 's ideas about the best way forward and outlined that the purpose of the options appraisal was to assess the advantages and disadvantages of the different options.
- 6.7 Responding to Councillor Stephens, Len Attrill advised that he was confident that the steps to let a new contract could be carried out within the timeframe set out in paragraph 2.0.3 (Appendix 1) in the event that an Amey extension or UBICO solution proved undesirable. In relation to Councillor Stephens' query regarding paragraph 6.0.3 (Appendix 1), he highlighted that including a break clause shorter than 8-10 years in the contract would increase costs. This was the standard timeframe the industry worked to with other local authorities. Thirdly, he outlined that there were several reasons beyond labour costs as to why the in-house option was not recommended in Appendix 1. This included, for example, the upfront costs associated with the in-house option. Moreover, he added that even if a living wage was stipulated in the contract if one of the other options were chosen, the cost of the Local Government Pension Scheme would cost more than other pension schemes.
- 6.8 Councillor Ryall asked Councillor Cook whether there would be a requirement for grounds maintenance staff to possess the relevant qualifications in any future contract. Councillor Cook submitted that whilst he wanted to increase the City's green credentials, he also recognised that having specialists would drive up costs and would require more resources. Thus, it was a question of balancing the green benefits and the costs as a result of having horticulturalists. Councillor Ryall noted that the report indicated that although there were higher costs associated with the Local Grass Cutting Scheme, the quality of the grounds maintenance was also of a higher quality. Councillor Cook responded to say that whilst the grounds maintenance was sometimes of a higher quality, this was not always the case. Nonetheless, the social benefits were an advantage. Councillor Ryall

OVERVIEW AND SCRUTINY COMMITTEE
29.06.20

noted the importance of understanding grounds maintenance and ensuring wildlife friendly environments.

- 6.9 Len Attrill responded to Councillor Hilton's queries in turn. Firstly, with regard to the extent to which the contract with Amey could be varied, he advised that this was a legal question. He could not provide legal advice; however, his understanding was that whilst the contract could be extended, it could not be varied substantially to create what would essentially be a new contract. Doing so could lead to a potential legal challenge. Secondly, in relation to whether the in-house option could be worked up and not be dismissed at this stage, he advised that whilst it would be possible to work out the costs of this, he was unclear how this would be done. He added that the costs would be above and beyond the costs outlined in Appendix 1. WYG had worked with several local authorities and the costs outlined were based on a realistic assessment. Moreover, there were upfront costs associated with the in-house option, including health and safety considerations, legal licenses, and pensions. Thirdly, on the topic of whether varying the contract with Amey would allow the Council to deal with the potential financial impact of the Deposit Return Scheme (DRS), he noted that the launch for this was being pushed back. He stated that there would be a potential effect on the value of the recyclates, however, not all items would be covered by the DRS, and kerbside collection could still be used. Thus, it was not clear what the impact would be, and it could be that this was something which would be covered in a pricing mechanism. Finally, addressing whether the Council should opt for a separate grounds maintenance contract, he outlined that both an integrated option and a separate contact for grounds maintenance could work equally well for the Council.
- 6.10 Councillor Hilton submitted that all the service delivery options should be tested before making a final decision. Furthermore, on the issue of the DRS, he questioned whether there was a way of ensuring that the agreed service delivery contract is robust enough to deal with the DRS when and if it is introduced. Len Attrill advised that standard clauses are used in contracts to allow for any future changes such as the introduction of the DRS.
- 6.11 Councillor Lewis expressed his concern that there were areas of land in the City where it was not clear who owned them, and thus should be maintaining them. He asked if it would be possible to carry out an exercise defining which areas the City Council has to maintain and which it did not. Councillor Cook explained that whilst this was a good idea it would need to be considered as part of the contract negotiations at a later stage.
- 6.12 Responding to Councillor Hilton 's earlier comments regarding the City Council 's contract with Amey, Councillor Cook outlined that he had worked very hard with Amey to make improvements, some of which had not yet been introduced. This included improvements to the maintenance of grounds and streets, however, this also required increased spending. He added that this would need to be considered as part of future contract negotiations. It was beyond the remit of the current discussion which was about which sourcing options the Council wished to consider going forward.

OVERVIEW AND SCRUTINY COMMITTEE
29.06.20

- 6.13 Councillor Haigh queried whether contracting with a Teckal company for the service delivery would allow more flexibility when compared to the current contract held with Amey, for example. Len Attrill advised that a Teckal company would allow more flexibility. However, using Teckal companies for service delivery also presented its own challenges. He outlined that the flexibility which the different options would allow would be considered in the next stage of the appraisal and would include factors such as the controls which the Council would have, the certainties, and lastly, the risks involved. Finally, responding to Councillor Haigh 's query about recycling targets, Len Attrill highlighted that the Council did not have any legal obligations regarding recycling targets, but it did have legal obligations concerning which materials could be collected, the frequency of collection, and how the items were treated. The current arrangement satisfied the Government's waste strategy, and ultimately, any future contract would be based on a design of system decided by the City Council and not the operator.
- 6.14 In answer to Councillor Haigh 's question on whether the Amey option could be rejected at this stage of the process, the Transformation Manager stated that it could be. Nonetheless, the recommendation in Appendix 1 was that the Amey option should be carried forward to the decision in October at which stage the Amey extension option would be compared to the UBICO option under the Best Value Review. Moreover, the timeline set out in Appendix 1 was such that up until March 2022, the Council could carry out a two-stage process whereby if the Amey extension and UBICO option were not deemed to be suitable, the Council could go to market. He added that the UBICO option and the In-house option would both still need to be assessed under the Best Value Review if these were the final options chosen. The Managing Director clarified that the Committee was being asked to make recommendations to Cabinet which would then make the final decision. The Street Scene Strategy Officer highlighted that the contractual changes which had been made with Amey had made considerable difference and whilst this contract remained in place until March 2022, it was important to maintain a good working relationship with Amey. Lastly, Councillor Cook stated that eliminating Amey at this stage would reduce the likelihood of the Council getting the best and most competitive deal by leaving only UBICO on the table. He added that in line with the recommendations from WYG, proceeding with an in-house option was not prudent due to the additional costs associated with this.
- 6.15 Councillor Pullen was disappointed that the in-house option was being ruled out at this stage. He stated that there was a negative perception regarding Amey amongst some residents. Furthermore, he believed that the options appraisal should also consider the quality of service and not just the cheapest option. Len Attrill reiterated that there were upfront costs and challenges associated with the in-house option, for example, the City Council did not own the majority of the vehicle fleet.
- 6.16 Councillor Stephens believed that Amey presented a significant risk. He was of the view that it had a poor history in Gloucester and other cities across the

OVERVIEW AND SCRUTINY COMMITTEE
29.06.20

country. He added that Councillor Cook had worked hard to resolve the prior dispute with Amey and to agree a Deed of Settlement, Release and Variation, and did not believe that the City Council should proceed with Amey. Rather, he believed that the Council should proceed with the UBICO option as well as an in-house option at this stage. In addition, Councillor Stephens stated that any future contract with the chosen operator should ensure that employees are paid adequately. Councillor Cook stated that he appreciated the points raised by Councillor Stephens with regard to Amey's history, however, he outlined that there had been a lot of work carried out to make improvements, and he expected these improvements to remain in place going forward under an extension option. In relation to the payment of employees in future contracts, he outlined that increasing the payment rates for future employees would require a significant increase in costs. This could be a challenge, especially as the Council financially recovered from the ongoing COVID-19 pandemic. Finally, he reiterated his view that Amey should not be dismissed as an option at this stage, as dismissing it would reduce the number of options available to the Council by October. Further, awareness of an in-house option being developed could deter some commercial companies from tendering for the contract. This was echoed by Len Attrill who outlined that an in-house option would need to be accepted or rejected by October as it was not advisable to proceed with going to market with an in-house option. He also added that it was important to be careful with the language used and stated that Amey had operated successfully in some local authorities.

- 6.17 Responding to Councillor Cook's query on whether he believed the in-house model had worked perfectly when it was previously used at Gloucester City Council, Councillor Stephens stated that it had worked equally as well as Amey if not better. Further, his view was that the in-house model afforded the City Council greater control and flexibility for example with making changes. Moreover, he responded to Len Attrill's earlier comment stating that the issues Amey had with other local authorities was a matter of public record and should inform the debate at hand on how to proceed going forward. Councillor Finnegan thanked Councillor Cook for his work carried out to improve the contract with Amey. Similarly, she commended the work of Amey staff and thanked the Street Scene Strategy Officer also.
- 6.18 In answer to a question from Councillor Taylor, Len Attrill outlined that the Best Value Review would include an appraisal of what the current market costs would be. He added this would be the expected contract costs with a private sector option. However, it would not necessarily include the option of taking services in-house unless specifically instructed. Likewise, he outlined that a Best Value Review would also assess other factors such as risk, control and flexibility. If the recommendations in the report were accepted by Cabinet, then the UBICO option would be compared against the Amey option and the market rate. Finally, he outlined that the living wage could be stipulated in a contract.

OVERVIEW AND SCRUTINY COMMITTEE
29.06.20

6.19 Councillor Tracey asked whether there was a breakdown of the costs involved with an in-house option. Councillor Cook advised that there had been a breakdown carried out regarding some of the costs involved with an in-house option including wages, hiring expertise, which were approximately £400,000 in the first year. He added that there would be approximately an additional 180 City Council employees which would lead to increased costs in different areas to ensure that there was capacity to accommodate the additional staff. Further, he highlighted that additional staff may be required if further improvements to service delivery were to be implemented in line with Councillor Hilton 's earlier proposal.

6.20 The Committee discussed possible recommendations.

6.21 **RESOLVED** that the Overview & Scrutiny Committee **RECOMMENDS** that:

- 1.) Cabinet considers three options when it undertakes a Best Value Review: Amey, UBICO and In-house Service Delivery.
- 2.) The contract with the chosen provider stipulates a requirement to pay employees the real living wage.

7. DATE OF NEXT MEETING

Monday 6th of July 2020.

Time of commencement: 6:30pm

Time of conclusion: 8:13pm

Chair