

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the **Environment Overview & Scrutiny Committee**
held in Committee Room 1, Woodgreen, Witney, Oxon
at 2.00pm on **Thursday 7 February 2019**

PRESENT:

Councillors: David Harvey (Chairman); Alaa Al-Yousuf (Vice-Chairman); Laetisia Carter, Richard Bishop, Andrew Coles, Pete Dorward, Harry Eaglestone, Ted Fenton, Gill Hill, Liz Leffman, Martin McBride and Carl Rylett

Also in Attendance

Gareth Edmundson – Managing Director, John Hays – Finance Director,
Beth Boughton – Operations Manager, and Terri Harvey – Finance Manager of Ubico

47 MINUTES

Councillor Al-Yousuf made reference to his suggestion that an independent benchmarking exercise be carried out to assess Ubico against its Peers to see if the service could be delivered at a better price and enquired whether this work was underway. In response, the Group Manager, Council Advisory Services, informed Members that the Council's Chief Finance Officer was looking into this request.

Councillor Coles noted that the Committee's request that the Cabinet be recommended to carry out a review of the Low Carbon and Environmental Plan to incorporate biodiversity had not appeared on a Cabinet agenda or in its Work Programme. It was **AGREED** that the Cabinet be asked to indicate when this work would be carried out.

RESOLVED: That the minutes of the meeting of the Committee held on 6 December 2018 be approved as a correct record and signed by the Chairman.

48 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from Councillors Hilary Fenton and Alex Postan.

49 DECLARATIONS OF INTEREST

There were no declarations of interest from Members or Officers in matters to be considered at the meeting at this juncture

50 PARTICIPATION OF THE PUBLIC

No submissions were received from the public in accordance with the Council's Rules of Procedure.

51 WASTE AND RECYCLING COLLECTION CONTRACT

Mr Gareth Edmundson, the Managing Director of Ubico, gave a presentation which gave a financial overview of service costs, an explanation for the growth in expenditure since the service was modelled and potential for future efficiencies. Information on the substantial improvement on site standards, working conditions and compliance at the Downs Road depot and transfer station since Ubico occupied the sites was also reported. A copy of his presentation is attached to the original copy of these minutes as Appendix A.

Councillor Harvey thanked Mr Edmundson for his presentation. He questioned the validity of the comparison between missed collections in West Oxfordshire and South Oxfordshire and Vale of White Horse districts as they had recently introduced a revised food waste collection service whilst West Oxfordshire's had been in operation for eight years. Missed collections were bound to peak when collection arrangements were changed. Councillor Harvey expressed surprise that Ubico had been unaware of so many issues impacting upon the cost of service delivery prior to tendering for the contract, suggesting that these were the basic elements of due diligence. It should have been recognised that staff costs were higher in West Oxfordshire than in the Forest of Dean. In response, Ms Boughton advised that the service had been modelled based upon Ubico's standard terms and conditions.

Councillor Hill agreed with Councillor Harvey and questioned why Ubico had not made greater use of existing local knowledge when bidding for the contract and during its initial stages of operation. In response, Mr Edmundson advised that existing staff had been party to contract discussions and that local staff had transferred to Ubico under TUPE arrangements. He suggested that the key to the increased costs had been the Company's failure to look at potential risks in sufficient detail and to test its assumptions. The service had been modelled on a best case scenario. Ubico had not been able to assess the inadequacies identified at the Downs Road depot and transfer station sites prior to taking on the contract as it had been operated by the previous contractor.

Councillor Hill noted that lack of familiarity had been a significant factor in the increased number of missed collections and questioned why Ubico had implemented a fundamental review of the collection rounds when it took on the service. She suggested that it would have been better to retain existing rounds and crew allocations whilst the contract bedded in. Mr Edmundson advised that changes to the rounds had been necessary due to the move to a co-mingled recycling collection, as the method of collection affected the number of properties that could be visited on each round. He acknowledged the difficulties that had arisen at the start of the contract and recognised that these should have been addressed much faster.

Councillor Carter advised that local representatives had received a large number of complaints from angry and frustrated residents and that the failure to address these in a timely fashion reflected on Members and the reputation of the Council more than it did on Ubico. Mr Edmundson apologised for the inconvenience experienced by Councillors.

Councillor Eaglestone considered that it was unfair that local residents should be left to pay for the lessons learned by Ubico and questioned what would occur if the Council did not agree to make additional funding available. Mr Edmundson advised that this would leave the Company having to work with the Council to establish what level of service could be provided within existing resources.

Councillor Leffman sought clarification of the increased contract cost for 2019/2020. Mr Edmundson advised that the original cost had been based upon a full year cost of the initial contract sum with an allowance for inflation. Accordingly, the cost of the service in 2019/2020 and future years some £500,000 higher than originally anticipated. Councillor Leffman conveyed her frustration and dissatisfaction with this position in robust fashion.

In response to a question from Councillor Rylett, Mr Edmundson advised that key performance indicators were reported to the Council's Officers on a monthly basis. These included financial information and data on operational matters such as missed collections, fleet compliance, grounds maintenance and fly tipping.

Councillor Fenton shared the concerns previously expressed by Members. He noted that insufficient provision had been made to account for risks and uncertainty and asked whether the additional funding requested would be returned to the Council if it was found that it was not required. Councillor Fenton also sought an assurance that the current budget was robust. In response, Mr Edmundson advised that, having operated the service, Ubico was now fully conversant with the associated costs. He advised that the Company was seeking to make efficiency savings through changes to the service and operational structures in consultation with service commissioners. Mr Edmundson considered that it was critical to maximise efficiencies and to assure commissioners that the Company remained financially more competitive than alternative service delivery models.

Councillor Harvey reminded Members that, as a Teckal company, Ubico's relationship with the Council differed from that of a commercial contractor in that the Council could not end the contract.

Councillor Fenton noted that one potential efficiency saving was the reduction from two operation managers to one. He praised the contribution made by Mr Bob Lightfoot but questioned whether it was wise to place so great a reliance upon a single operations manager as this gave little resilience should that post holder leave. He also drew attention to the problem of waste containers being abandoned on streets when short term tenancies came to an end and new occupiers requested replacements. Mr Edmundson advised that reported unused containers were collected, cleaned and re-issued.

Councillor Coles noted that staff would have transferred to Ubico on TUPE conditions including existing rates of pay. He considered it had been a serious failing in not accounting for realistic pay rates and taking onboard all the TUPE information.

(Councillors Dorward and Fenton left the meeting at this juncture)

Councillor Coles sought questioned whether staffing levels were now correct and indicated that the use of inadequate wheeled bins which were prone to damage had been a false economy. Councillor Coles also stated that the failure on the part of Ubico's staff to leave containers in a tidy fashion reflected badly on the Company and the Council.

In response, Mr Edmundson advised that the previous contractor had only released TUPE information at the final deadline. He indicated that it was for the Company to agree with the Council how long it continued to maintain the TUPE terms and initially changes had not been made so as to ensure stability whilst the new service settled down. Mr Edmundson cautioned that a transfer to Ubico's standard terms would equate to a pay cut for workers in West Oxfordshire.

In terms of staffing levels, he advised that most rounds now operated with a driver plus one other operator and a second collection operative had been removed from some food rounds.

The Company was now looking at the other rounds to see if efficiency savings could be made. Ms Boughton indicated that she would take Councillor Coles' concerns over tidiness forward.

Councillor McBride expressed surprise that the contract had not gone out to competitive tender and questioned whether the Council would have employed Ubico if it had. He wondered which elements of the over spend had resulted from errors on the Company's part and which had arisen through force of circumstance. Mr Edmundson indicated that it would be difficult to establish this and suggested that it was better to concentrate on ways in which the Company could improve.

The Group Manager reiterated that the Council was required to bear the increased costs as, unlike a commercial contract, the risk fell to the commissioner. She advised that the outgoing contractor had provided a significantly higher price to continue delivering the service which was still higher than the Ubico overspend. Officers considered this to be indicative of the market which generally operated at 13% to 14% above cost. The Group Manager also advised that there would have been a cost in the tendering process itself.

Councillor Bishop expressed surprise that the Council had found itself in this position as existing staff would have known how the service operated. He felt that this existing knowledge and expertise had not been fully utilised. There had been serious errors of judgement from the start and Councillor Bishop believed strongly that Ubico should deliver the service at the original price.

Mr Edmundson acknowledged that there had been a collective failure which had resulted in a loss of trust. His wish was to regain this trust by delivering an improved service and secure efficiencies so that, if the Council had the choice to test the market it would find that Ubico offered the cheapest and best value for money in terms of value and cost.

Councillor Bishop acknowledged that, since the initial difficulties, the system appeared to be working well.

Councillor St John asked for details of the outgoing contractors quote in order to provide a market comparator. He also questioned the decision to revise the collection rounds. Councillor Harvey reiterated that the change in rounds was required as a result of the changed delivery model.

Councillor Leffman acknowledged that the service appeared to be performing well now and indicated that an idea of future costs would be helpful.

Mr Edmundson recognised that the Company's financial support service had been inadequate and advised that this had now been strengthened and improved. Whilst the Company had budgeted on an annual basis it was now looking to introduce longer term financial planning to identify potential future cost volatility such as that occasioned by an aging vehicle fleet. Going forward to 2021 he expressed the hope that efficiency savings would equate to the cost of inflation.

Councillor Al-Yousuf indicated that the Council was a stakeholder in the Company's success and reiterated his request for the Company to be subject to a peer review/benchmarking exercise conducted by an independent consultant.

This would be beneficial to the entire partnership and go some way towards answering the questions that had been raised. Such a review would assess the appropriateness of a Teckal model against an outsourced service. Councillor Al-Yousuf noted that no representatives of the Ubico Board were present but acknowledged that their role was not the day to day management of the Company. A consultancy report would identify any management weakness and the adequacy of the Management Team.

Mr Edmundson advised that current market trends had seen services being taken back in-house and noted that different authorities had found differing levels of success with either model. Ubico had already been benchmarked at Stroud where its operational model had compared favourably. As a Teckal Company, Ubico had nothing to hide.

Councillor Harvey thanked Mr Edmundson and his colleagues for attending the meeting and recognised that all partner councils were facing similar difficulties.

Mr Edmundson indicated that he would be happy to attend a future meeting to report on what the Company had achieved in terms of change and improvement. He would welcome the opportunity to discuss the wider benefits, efficiencies and income and the longer term ambitions set out in Ubico's business plan.

52 COMMITTEE WORK PROGRAMME 2018/2019

The Committee received and considered the report of the Head of Democratic Services which gave an update on progress in relation to its Work Programme for 2018/2019.

52.1 Implementation of Car Parking Strategy

The Group Manager, Council Advisory Services, informed Members that the decisions taken by the Cabinet at its meeting held in November 2018 in light of the responses received to the public consultation on parking in Corn Street and Church Green, Witney, had been conveyed to the County Council. The requests made were under consideration and the District Council had recently contacted the County Council again to seek to establish a timescale.

She advised that work had now commenced on a review of car parking in Woodstock. The review would cover the entire town centre where many of the problems were similar to those encountered in Corn Street and Market Square.

In addition to issues relating to competing demands for parking and demand outstripping the amount of parking available due to the number of residential and commercial properties in the town centre, problems in Woodstock were exacerbated by its immediate proximity to Blenheim Palace and, in particular, to the number of coaches visiting the town.

A questionnaire had been drafted and this was to be the subject of discussion with local community groups prior to wider public consultation. The Group Manager undertook to keep Members advised of progress.

52.2 Single Use Plastics

Councillor Harvey advised that provisional arrangements had been made for the initial meeting of the Working Group to take place at 2:00 on Thursday 14 February.

52.3 Fly-tipping at Bring Sites

Councillor Carter stated that instances of fly-tipping were on the increase in Chipping Norton with numerous unsightly items having been deposited in various locations around the town. Councillor Harvey asked Councillor Carter to inform Officers of the specific locations in order that these items could be removed.

Councillor Leffman expressed concern over the quantity of litter on roadside verges and, in particular, on those between Charlbury and Woodstock. The Group Manager undertook to take steps to ensure that this was addressed.

RESOLVED: That progress on the Committee's Work Programme for 2018/2019 be noted.

53 CABINET WORK PROGRAMME

The Committee received and considered the report of the Head of Democratic Services, which gave Members the opportunity to comment on the Cabinet Work Programme published on 15 January 2019.

RESOLVED: That the Cabinet Work Programme published on 15 January 2019 be noted.

54 MEMBERS' QUESTIONS

Councillor Coles noted that the Committee had not reviewed the Council's Air Quality Measures for some time, the last annual update from DEFRA being from data collected in 2017. Given that there were two Air Quality Management Areas in the District; Bridge Street in Witney and Horsefair in Chipping Norton, he questioned whether the Committee could have an update on the current situation and on the actions taken to reduce the levels of pollution in these two areas and across the District.

In response, the Group Manager stated that an update could be obtained from the Council's Environmental and Regulatory Service for the next meeting . Councillor Carter suggested that the need to improve air quality was a vitally important issue which should be included in the Committee's Work Programme.

The meeting closed at 3.40pm

Chairman