

## OVERVIEW AND SCRUTINY COMMITTEE

Tuesday 17 September 2019 at 7.00 pm

### MINUTES

PRESENT: Councillor Tim Briggs, Councillor Liz Atkins (Chair), Councillor Mary Atkins (Vice-Chair), Councillor Jonathan Bartley, Councillor Maria Kay, Councillor Marcia Cameron (Substitute), Councillor Stephen Donnelly, Councillor Marianna Masters (Substitute) and Councillor Lucy Caldicott

APOLOGIES: Councillor Danial Adilypour and Councillor Joshua Lindsey

ALSO PRESENT: Councillor Paul Gadsby and Councillor Claire Holland

*Action  
required by*

#### 1. **MINUTES OF PREVIOUS MEETING**

Cllr Liz Atkins, Chair, welcomed everyone to the meeting and all present introduced themselves.

Apologies for absence were noted.

A concern was raised regarding the date of the call in meeting held in July. The Chair noted this but stressed that such meetings had to be arranged at short notice and it was not always possible for everyone who wished to attend to do so.

A member of the public raised an issue which was not on the agenda and would therefore not be able to be heard at this meeting; however the Chair agreed to meet him outside the meeting to discuss his concerns.

**RESOLVED:** That the minutes of the meetings held on 10 July 2019 and 31 July 2019 (Call In) were agreed as accurate records of the meetings.

#### 2. **DECLARATION OF PECUNIARY INTERESTS**

There were no declarations of pecuniary interest.

#### 3. **DESIGN OF HOUSING SERVICES AFTER 2020**

The Cabinet Member for Housing, Cllr Paul Gadsby, introduced the item, making the following key points:

- Over the past eight or nine years Housing Services had delivered a £450m improvement programme affecting 23,000 homes and positively impacting tens of thousands of people as well as carrying out around 60,000 annual repairs across 32,000 homes. This was in addition to day to day management. However, it was acknowledged that the housing operation was not perfect and there were lessons to be learned
- The fact that the current contracts were coming to an end provided an opportunity to affect positive change in terms of efficiency and flexibility
- The proposals were in the design phase and were not set in stone
- There had been a great deal of consultation with residents which had already helped shape the proposals. Lambeth was going further, and consulting residents at an earlier stage in the process, than most other local authorities
- Additional engagement had taken place following the call in meeting of 31 July 2019 and this had resulted in around 60 additional residents – two thirds of whom were tenants – expressing an interest in becoming involved in the procurement process
- The Council was proposing to set up a small Direct Labour Organisation (DLO) for communal repairs, following a recommendation from a resident task and finish group. It was also felt that grounds maintenance could benefit from an in house approach
- Closer monitoring and increased transparency were key aspirations for the new contracts
- There were proposals to link profits to key performance indicators (KPIs) and also introduce break clauses to enable the Council to take action if service levels were not up to standard
- The Council planned to leverage social value, such as maximising local employment and securing investment in estates, via the new contractual arrangements
- It was important that whatever was taken forward aligned with the Council's aspirations around climate change and digital transformation

In response to a query from a member of the public, Neil Euesden, Assistant Director, Housing Repairs and Maintenance, stated that the Section 20 notices recently received by leaseholders were deliberately broader than normal to allow maximum flexibility heading into the design phase.

The Chair then invited members of the public who had registered to speak to address the committee, also noting the written submissions received. Antony Wyn, Katherine Skingsley, Richard Moore and Rashmi Kumar stated that:

- Reducing repairs and maintenance to one contract for six years was at odds with the principles of greater flexibility and competition
- When contracts were too large the number of bidders was limited to a very small number of companies, who in turn used multiple sub-contractors. Such arrangements enabled contractors to take advantage of the Council
- Contract management needed to be robust and it was queried what the budget was for this
- It was important to have appropriate integration of services and a single point of contact for residents
- Greater transparency and accountability were needed
- There were concerns that repairs had historically been done badly yet the same contractor may end up delivering the service

- Communications needed to be improved, particularly around Section 20 notices
- The proposals suggested Qualifying Long Term Agreements (QLTAs) would continue to be used despite these being problematic in the past. The Council's ability to manage contracts was questioned and it was suggested there was a need to invest in qualified contract management professionals
- The options appraisal included in the pack was not meaningful as it did not contain sufficient detail and reasoning for options other than QLTAs
- Whilst it was positive that further resident engagement had been carried out to identify more people interested in getting involved in the procurement process, only one of the 60 who had expressed an interest had attended the last meeting of the Resident Procurement Panel (RPP). This meant there was still an undue burden on the 10 or so residents who regularly attended the RPP. It was necessary to expand this – for example, by approaching Tenants' And Residents' Associations (TRAs) – also ensuring the membership was sufficiently diverse and inclusive

In response to the points raised, Cllr Paul Gadsby, Cabinet Member for Housing; Darren Levy, Director of Housing Services; Neil Euesden, Assistant Director, Housing Repairs and Maintenance; and Andrew Jacques, Head of Contract Scrutiny and Costs, stated that:

- In terms of resident engagement, emails had been sent to around 20,000 people inviting them to get involved in the process. There had been increased interest in the RPP meeting referred to but some people had had to give their apologies. It was important to note that engagement went beyond physical meetings; however, it was acknowledged that this was an ongoing process
- In terms of the contracts, there was a definite difference between repairs and maintenance, and capital works. The proposed DLO also offered a different model to the status quo
- It was noted that anything over one year was defined as a QLTA
- The suggested 6+4+4 arrangement did not mean the Council would be awarding 14 year contracts but rather a six year contract that could evolve over time
- The introduction of break clauses was a lesson learned from past experience. This was a direct result of resident feedback
- Market testing had been carried out. It was noted that there were 32 London boroughs, all of whom had similar approaches to procurement
- There were different mechanisms that could be used to drive up quality and control price
- A much stronger client and commercial team would be needed

The Chair then opened up the meeting to Members' questions, to which the Cabinet Member for Housing, the Director of Housing, the Assistant Director, Housing Repairs and Maintenance, and the Head of Contract Scrutiny and Costs responded as follows:

- There was a whole raft of options in terms of how to better manage contracts, chief among these being break clauses, a price per property approach and a strong link between profit and KPIs
- The introduction of fines for missed appointments was under consideration

- The Housing department was being reformed; this included recruiting more estate officers
- It was acknowledged that the clarity and effectiveness of communications needed to be improved
- The options appraisal in the agenda pack was originally carried out by consultants Echelon some time ago. They drew upon their experience of procuring similar contracts across London and beyond, which demonstrated that QLTAs were the most common method used
- Echelon were instructed to consider a whole range of options. The report looked at the pros and cons of each against a matrix of considerations. Only those services that could not be covered by other arrangements were recommended for QLTAs
- Recent procurements had been carried out in Hammersmith & Fulham, Westminster and Brent. Two of these opted for single contracts for the whole borough while the other chose a model similar to that of Lambeth. This demonstrated that there was no trend away from QLTAs
- There was a great deal that could be done to give the Council more control over QLTAs when the right mechanisms were in place
- The proposal to split the contracts into North and South areas was made in order to mirror the housing management operation. It would not be possible for companies to win both contracts
- It was necessary to recognise that, in order to encourage a wide range of contractors, contracts had to be of sufficient size and value
- Repairs and maintenance had been split off from major works in order to ensure contracts were in range for both large and small contractors
- It was important for the Council, residents, the Overview & Scrutiny Committee and others to work together. While the Cabinet Member was the ultimate decision maker, information and discussions with other stakeholders provided vital input and influence
- The Council was committed to making sure such input reflected the make-up of the borough. Broad statistics on demographics of the engagement mechanisms could be provided to the committee
- It was agreed that the Council needed to strengthen its contract management capability to ensure the right skills were in place. The recent appointment of the Assistant Director, Housing Repairs and Maintenance, was a step in this direction
- It would be possible to broaden the DLO if it proved to be successful
- Supporting the Council's efforts to tackle climate change was an essential principle which would need to run through the process and the Cabinet Member was keen to hear ideas as to how this could be best achieved

The Chair thanked everyone for their contributions, in particular the public speakers, and highlighted the key points raised by the committee as: ensuring customer services were front and centre (including proactive communications); learning lessons from previous contracts; the need for clarity and transparency, especially in Section 20 notices; making sure the staffing structure promoted robust contract management; and reflecting the diversity of the borough in resident engagement.

**RESOLVED:**

1. That the committee endorses the broad approach to the new housing contracts as set out in the papers, subject to the introduction of robust mechanisms to drive value for money and quality. This includes break

clauses, financial penalties (e.g. for missed appointments) and linking profit to performance (*Note: Cllr Bartley dissented from this recommendation*)

2. That the clarity and simplicity of communications needs to be improved, especially in relation to Section 20 notices. This should include going above and beyond legislative requirements
3. Communications to residents about processes to improve services need to be outcome focussed and include details of the process, resident involvement, time frame, contract types (to achieve flexibility and high quality) and communication
4. That the committee requests a report on lessons learned from the current contract term, particularly in relation to responsive repairs, including how it is proposed these lessons will be addressed in the new contract design
5. That efforts should be redoubled to broaden engagement and increase the diversity of residents involved, particularly on the Resident Procurement Panel (RPP) in order to widen perspectives and reduce the burden on existing RPP members. This should include proactive follow up with those residents who have expressed an interest but have not yet attended a meeting
6. That information be requested regarding the diversity of current engagement mechanisms (including demographics and tenure) and how this compares to the borough's population
7. That the committee believes a strong contract management function is essential to deliver improved outcomes and drive value over time, and suggests that consideration be given to establishing a centralised team of specialists to carry this out
8. That further information be requested regarding how the new service design will support the Council's climate change ambitions and contribute to the Council's carbon neutrality target, particularly in relation to repairs and maintenance
9. That information be requested on the housing service restructure and how this will support and complement the new contractual arrangements while ensuring staff morale is not adversely affected

#### **4. CONTRACT MANAGEMENT: WASTE AND STREET CLEANSING**

*(Second Despatch Agenda Pack, Item 5)*

The Chair introduced the item and first asked the one member of the public who had registered to speak on this issue to address the committee.

Kerry Hill, local resident and leaseholder, made the following points:

- There was no consultation with residents on estate cleansing before Echelon delivered its report to the council
- It was queried how well the three stage verification function had worked with Veolia's ECHO system
- It was necessary to take action to increase recycling on estates and introduce food waste collections
- It was queried what the rationale was for extending the scope of the new contracts to include estate cleansing
- It was important that estate cleansing, as a small part of the overall contracts, was not neglected by the contractor

Doug Perry, Assistant Director, Environmental, Community Safety and

Regulatory Services, stated that:

- The current Veolia contract was regarded as being well managed and high performing
- The paper set out the current arrangements and proposed management of the new contract
- There were five strategic outcomes: putting the customer at the centre of delivery; achieving value for money; ensuring that the contracts supported the Council's environmental ambitions, including increasing recycling and facilitating the zero emissions aspiration; harnessing the use of new technologies; and partnership working (both between the provider and council and with residents and businesses)
- The report set out the KPIs which would be used to measure how the contractor was performing as well as information on defaults
- A competitive dialogue process was underway which should result in an affordable contract with appropriate scope

### **Guillotine**

During the discussion of this item the guillotine fell at 9.00pm.

MOVED by the Chair and

RESOLVED: That the meeting continue for a further period of up to 30 minutes.

The Chair invited comments and questions from Members, in response to which Cllr Claire Holland, Deputy Leader of the Council (Environment and Clean Air) and Doug Perry, Assistant Director, Environmental, Community Safety and Regulatory Services, stated that:

- In terms of contract length, the waste industry tended to have long term (7-10 year) contracts. This was for a variety of reasons, including the cost of procurement and the fact that contracts tended to be based around the life expectancy of vehicles (noting that a great deal of investment in infrastructure was required)
- The new contract would commence from April 2021 and six months of work had already been carried out scoping the specifications
- Around £5-10m had been saved on the waste and street cleansing contract through the years of austerity while maintaining a good service. This demonstrated that contracts could evolve over time and value for money could be achieved without needing to re-procure
- Depending on how it was felt the contract was performing, an extension of a year or more could be offered
- A great deal of thought had gone into the decision to bring estate cleansing into scope. This would give rise to a more joined up, coordinated service as a single contractor would be responsible for all elements of estate cleansing
- Providers were being asked to demonstrate innovation in how they proposed to build flexibility into the contract
- Regardless of the outcome of the procurement, it was likely the same personnel would be carrying out the work. This enabled the Council to build on current relationships
- The Council was clear that estate cleansing would be a priority
- It was acknowledged that estate recycling rates lagged far behind those of street properties and again bidders would be asked to put

forward innovative solutions to tackle this. Simpler messaging was part of the solution

- It was noted that increasing recycling rates significantly reduced disposal costs so there was a big incentive to achieve this
- The introduction of food waste collections on estates was being considered
- The Responsible Procurement policy outlined how contracts would achieve social value, such as providing apprenticeship opportunities and supporting the Council's equalities aspirations. Furthermore, providers were being asked to provide 1% of the contract value to invest in social value
- Regarding bulky waste which could be recycled, this would be collected if it was put out alongside recycling bins. There was no restriction on recycling
- It was necessary to increase signposting and promotion of reuse and recycling on the website, alongside information on how to dispose of a range of materials
- It was very unlikely that additional reuse and recycling facilities could be established in the borough due to cost; however, fees for bulky waste collection had been restructured so that the minimum charge had been reduced
- Dumping of waste and recycling on estates by non-residents was an enforcement issue. The Council worked with contractors to try to identify perpetrators but this was not easy
- Lambeth offered a commercial waste service but was in competition with other companies, Enforcement powers existed in cases where businesses did not dispose of waste responsibly
- One of the aspirations of the new contract would be to maximise recycling of commercial waste
- In terms of proactively collecting waste, estates would have a clear all policy under which all waste would be collected. A similar policy already existed on street, albeit restricted to around two days a week so as not to encourage a 'throw away' culture
- As part of the procurement process a selection questionnaire was used which companies would need to pass in order to proceed to the next stage. This asked a variety of questions regarding how the contract would work, one of which concerned engaging with residents. This was a key element
- The Council understood residents wanted a seamless experience and to feel proud of their environment

The Chair thanked all present, in particular the public speaker, and summed up the main issues as being: the need for an appropriate structure which would enable transparency and best value; encouraging increased recycling on estates, including via landlords; ensuring social value was built in to the contract; clarifying communications regarding bulky waste; and ensuring waste collection on estates was responsive and effective.

#### RESOLVED:

1. That the committee seeks assurance that flexibility and responsiveness in relation to estate cleansing will be maintained once such services are rolled into the broader waste contract
2. That action be taken to improve recycling rates on estates. This should include increased publicity which should focus on clarity and simplicity and should target landlords as well as residents. The

committee requests a report back on estate recycling performance within 12 months

3. That the information provided directly to residents and on the Council's website regarding reuse and recycling options (including bulky waste) be significantly enhanced as soon as practicable
4. That the committee supports efforts to leverage maximum social value from the new waste contract and requests further details of agreed social value measures once the contract is awarded

## 5. 2019-20 OVERVIEW & SCRUTINY WORK PROGRAMME

(Main Agenda Pack, Item 4)

A discussion took place regarding the focus of future meetings. The next meeting on 13 November 2019 would be the budget meeting and Members suggested funding for the voluntary and community sector and the effect on the budget of preparations for a No Deal Brexit as two areas for focus. It was also agreed that the draft Growth Strategy and the draft report of the Events Scrutiny Commission would come to the same meeting.

Members further agreed that the meeting scheduled for 30 January 2020 would be the annual scrutiny of the Safer Lambeth Partnership, but that it would fall to the Children's Services Scrutiny Sub-Committee to examine the progress being made in relation to the Tackling Violence Against Young People Strategy. This would in turn free up space on the Overview & Scrutiny Committee agenda to take the planned update on Homes for Lambeth as resolved at the meeting held on 6 June 2019.

### **RESOLVED:**

1. That the Work Programme as drafted and the status of actions be noted (Appendix 1)
2. That the responses to the recommendations made by the committee at the Call In meeting held on 31 July 2019 be noted (Appendix 2)
3. That the agenda for the meeting to be held on 13 November 2019 be confirmed as:
  - Budget
  - Draft Growth Strategy
  - Draft Report of the Events Scrutiny Commission
4. That the agenda for the meeting to be held on 30 January 2020 be provisionally confirmed as:
  - Safer Lambeth Partnership Performance and Priorities (precise areas of focus to be determined)
  - Homes for Lambeth Update

The meeting ended at 9.30 pm

CHAIR  
OVERVIEW AND SCRUTINY COMMITTEE  
Wednesday 13 November 2019

Date of Despatch: Wednesday 2 October 2019

Contact for Enquiries: Gary O'Key

Tel: 020 7926 2183

E-mail: [gokey@lambeth.gov.uk](mailto:gokey@lambeth.gov.uk)

Web: [www.lambeth.gov.uk](http://www.lambeth.gov.uk)

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