

Public Document Pack

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON THURSDAY, 14 NOVEMBER 2019

COUNCILLORS

PRESENT Susan Erbil, Tolga Aramaz, Guner Aydin, Sinan Boztas, Bernadette Lappage, Achilleas Georgiou, Edward Smith and Lee David-Sanders

STATUTORY CO-OPTES: *1 vacancy (Church of England diocese representative), Mr Simon Goulden (other faiths/denominations representative), Mr Tony Murphy (Catholic diocese representative), Alicia Meniru & 1 vacancy (Parent Governor representative) - Italics Denotes absence*

OFFICERS: Mark Bradbury (Director of Property & Economy)
Jayne Middleton-Albooye (Head of Legal Services)
Stacey Gilmour (Governance & Scrutiny Officer)

Also Attending: Councillor Mary Maguire (Cabinet Member, Finance & Procurement)
Councillor Derek Levy (Call-In Lead)
Councillor James Hockney (Call-In Lead)
Councillor Daniel Anderson (Observing)
Councillor Charith Gunawardena (Observing)
Councillor Anne Brown (Observing)
Simon Allin (Press)

347 WELCOME & APOLOGIES

Councillor Erbil welcomed all attendees to the meeting. Apologies for lateness were received from Councillors Boztas and Lappage.

348 DECLARATIONS OF INTEREST

There were no declarations of interest.

349 CALL IN: QUARTERLY CORPORATE PERFORMANCE REPORT

NOTED that this item had been deferred to a meeting of OSC on Thursday 21 November 2019.

350 CALL IN: THE FUTURE DELIVERY OF CLEANING SERVICES - COUNCIL CORPORATE BUILDINGS

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

The Committee received a report from the Director of Law and Governance outlining details of the two call-ins received on the cabinet Decision taken on The Future of Cleaning Services - Council Corporate Buildings (Report No: 142).

NOTED that this report was considered in conjunction with the information in the part 2 agenda.

Councillor Erbil reminded everyone of the Purdah guidance and that discussion on the call-ins should not be a political debate. An argument would need to be made to persuade members to revert the Cabinet decision back for their reconsideration, or the decision should stand. She also advised that Councillor Gunawardena (who was in the audience observing the meeting) would be asked to leave the room for the part 2 discussions as he was a Director of Enfield Norse. The press would also be asked to leave the meeting for the part 2 agenda.

Councillor Erbil invited Councillor Levy to give an outline of the reasons for the first call-in.

NOTED

1. Councillor Levy set out the reasons for calling in the decision:
 - The reasons for call-in were very intensive, with nine questions raised, six of which would be addressed under the Part 2 agenda.
 - Councillor Levy had attended the Cabinet meeting when this report had originally been discussed and not one question had been raised. He was therefore concerned that decisions were not taking place in an open and transparent way and he questioned the robustness of the governance process.
 - The report refers to a conservative assessment of future cleaning needs. However, these detailed future cleaning needs have not been discussed with Enfield Norse to make a reasonable comparison.
 - The report wrongly assumes that the joint ventures may not terminate. The full cost of the probable termination has not been considered.
 - Although around 140 individual members of staff (up to 60 FTE) shall be considered under the TUPE process, Enfield Norse have over 300 employees. The full status and costs associated with the remaining employees have not been discussed in the report.

Councillor Boztas joined the meeting at this point.

2. Councillor Maguire, Cabinet Member, Finance & Procurement and Mark Bradbury, Director of Property & Economy responded to the reasons as follows:

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

- Councillor Maguire was surprised that this call-in was about what questions had or hadn't been asked with regards to the report and felt that this showed that it was a very clear and in-depth report which spoke for itself.
- The contract had been considered in great detail and this was evident from the information provided in the Part 1 and 2 reports.
- As an Authority we have a responsibility to set good and clear standards of employment therefore bringing this contract back in-house will entitle some of the lowest paid employees in the borough to benefit from decent employment conditions in line with existing Council staff. This is good employment practice and the right thing to do.
- This option is the only one that also allows alignment of employee terms and conditions with those of Council employees, offering staff better terms than they currently enjoy including the option to join the Local Government Pension Scheme
- The council had sought to agree new terms prior to the contract ending and had subsequently supplied a specification and provided Enfield Norse with two opportunities to bid. However, they did not respond to the tender process.
- The decision does not propose closure of the Joint Venture (JV). The future business plan for the JV is a matter for the JV Board to agree with the shareholder but is not part of this report whatsoever.
- With regards to the remaining Enfield Norse staff (referred to above) they are employed to deliver other contracts between the JV and Schools and Academies. The future of those contracts is not a matter for this decision as the staff designated to provide cleaning services to the Schools contracts will not transfer under TUPE to the Council. The eligibility of the employees to TUPE transfer will become evident once the Council has obtained and analysed the Employee Liability Information from Enfield Norse. The decision does not propose closure of the JV.

Councillor Lappage joined the meeting at this point.

3. Other issues raised by members and responded to be the Cabinet member and officer as follows:
 - Have we considered bringing the Enfield Norse School cleaning contract in-house?
 - We are not here to discuss Enfield Norse; we are here to discuss a specific contract that is coming to an end. The contract between Enfield Norse and Schools is not our contract and therefore we are not in a position to consider it at this stage.
 - The insourcing of the service will be managed within the Facilities Management function within the new Construction,

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

Maintenance and Facilities Management Team under the Director of Property & Economy. This team currently manages the contract relationship with Enfield Norse so has a detailed understanding of the properties, specification and cleaning related issues. The proposed structure includes management and supervision staff. Costs have also been allowed for additional HR resources to manage the TUPE.

- It was suggested that the whole arrangement with Enfield Norse required more scrutiny and explanations were sought as to why they hadn't tendered for the contract, bearing in mind their contractual arrangement with Enfield Council for the past ten years. It was felt that the committee needed to be persuaded that all the costs and implications of bringing this service in-house had been fully and properly considered.
- There had been various conversations with Enfield Norse prior to the contract coming to an end and they had been given opportunities to negotiate and tender. Specifications and required changes were discussed and following which Enfield Norse said they would be happy to continue with the same contract but not on the new specification that Enfield Council wanted.
- With regards to increasing salaries above the London Living Wage this forms part of the National and London Living Agreement and is not something that is agreed at local council level.
- Will the desire to reduce council buildings by 10% over the next four years result in a reduction in staff?
- The 10% reduction is an estimate not a target. Although this may result in a need for less cleaners in time, there will be no compulsory redundancies.
- By ending this contract with Enfield Norse do we know what the viability of them continuing to work with schools is?
- This report and call-in is not about the JV or the viability of Enfield Norse. When a contract comes to an end, whether a company is a JV or not all options are considered. Every decision will have an impact somewhere; however, we have to look at what is best, and it was felt that in-sourcing this service was ultimately the best decision, especially for the cleaning staff affected.
- Maximum flexibility lies when you have complete control and this option allows this and is detailed in the report.
- Although this option is not the cheapest one, all costs are covered in the budget going forward, and again all financial costs are detailed in the Cabinet report. It should also be remembered that cost is not the only consideration, it is about how we treat staff and ensuring they are offered the best employment terms, conditions and benefits.
- Comments were made regarding the costs attached to the Local Government Pension Scheme which meant that bringing this

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

service in-house would be the most expensive option. Enfield Norse employees already have the option of joining a pension scheme if they so wish. Also, low paid staff are often reluctant to join a pension scheme as it costs money. Therefore, is it fair to say that you are improving working conditions?

- Portable pensions are often very poor schemes, especially in comparison to the Local Government Pension scheme. It is wrong to start making assumptions that low paid staff won't join a pension scheme especially as contributions are based on a percentage of an individual's wage.
- Although the sentiment of what was trying to be achieved was agreed, it was felt that the process on which the decision has been made was flawed and therefore Cabinet needed to look at the process as a whole.

4. The summing up of Part 1 by Councillor Levy that:

- Good governance and good robust decision making should take place in the public domain.
- This decision generates a lack in confidence of the Cabinet to fully understand the ramifications of the decision. The lack of discussion and questions on this report at the meeting of the Cabinet indicates that they did not have the correct evidence and knowledge on which to base their decision and it was felt that this decision required a bit more time and consideration and should therefore be referred back for further discussion for the long term good.

Overview & Scrutiny considered the reasons for the call-in and the responses provided.

NOTED that Councillors Boztas and Lappage were unable to vote on this first call-in as they had not been present for the start of the discussions

Councillors Aramaz, Aydin, Erbil and Georgiou voted in favour of the above decision. Councillors David-Sanders and Smith voted against. The original cabinet decision was therefore agreed.

Councillor Erbil invited Councillor Hockney to give an outline of the reasons for the second call-in.

NOTED

1. Councillor Hockney set out the reasons for calling-in the decision.

- The decision risks increased unemployment in the borough due to the phase reduction in service requirements.
- The report relies on staff turnover for reductions in service provision but fails to evidence with actual industry information.
- There is insufficient detail on how the authority/HR will handle the lack of job security for the new staff members.

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

- The report discusses the creation of a two-tier workforce however, it is unclear whether the full ramifications of this were considered. There is also insufficient detail of how proposed harmonisation of conditions will be approached.
 - Insufficient detail as to why commercial services will be insourced, yet Enfield Norse will continue other contracts with the authority. The report does not explain why this inconsistent approach was taken.
 - The report failed to detail a draw down timetable of corporate buildings.
 - The report suggests that the commercial tender did not have a flexible reduction of service team, whereas insourcing does. This approach could mean unequal consideration of options.
2. Councillor Maguire, Cabinet Member, Finance & Procurement and Mark Bradbury, Director of Property & Economy responded to the reasons as follows:
- Rationalisation of the Council's corporate operational property does not in and of itself mean there will be a reduction in services. More efficient use of buildings reduces costs and increases income enabling the continued delivery of council wide services and the safeguarding of council jobs. Reuse and/or redevelopment of surplus property should also create further employment opportunities.
 - The Cabinet Member disagreed with the assumption made that this decision will be creating unemployment. Insourcing this contract is about creating jobs, job security and affording staff better employment benefits.
 - On average, around one in seven (14.6%) of employees resigned from their jobs in 2018. The median voluntary resignation rate stood at 12.9%. In the public sector the total turnover rate for 2018 was 15.7%. The rate for semi-skilled or unskilled workers was slightly higher at 19% and the rate for the service provision category was 17.8%. The assumptions for the insourcing option assume a reduction in staff numbers of between 4 and 5% per year.
 - The report is clear in that any reduction in numbers will be managed through managing staff turnover. There should therefore be no issue around job security.
 - All staff transferring under TUPE will be offered the chance to switch on to Council T&C's. All new staff will be appointed on Council T&C's.
 - The Corporate Properties Contract has come to an end, so we have reviewed our options for future delivery. As set out in paragraph 6.2.6 of the Part 1 Cabinet report whichever option was recommended it should be noted that no immediate decision has been made to include schools within the provision as they have their separate contracts with the existing JV. The service being procured will namely be with regards to Corporate buildings.
The JV will remain in existence in order to provide cleaning services to the schools. The Council will need to review its involvement of the JV after 3 months of the services being brought in house in order to see how economical it is to have the JV running.

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

- The details of the corporate property rationalisation strategy will be the subject of a future report to Cabinet. The report assumes a reduction of approximately 10% in the space requiring cleaning over the 4-year period.
 - Different options will have different characteristics and the statement recognises that some options will offer different levels of flexibility should service requirements change. It does not say that the other options have no flexibility, however for bidders to be able to cost a bid, assumptions were made for the tender process and bids assessed against these. These assumptions may change during the contract and whilst it is always possible to include flexibility in contracts or negotiate with contractors during a contract, the council will maximise flexibility if it is delivering the service itself.
3. Other issues raised by members and responded to be the Cabinet member and officer as follows:
- How quickly will the staff transferring under TUPE be switched to Council T&C's?
 - Once the staff are in the organisation the proposal is to offer them to move from their current conditions to a Council contract. The choice will be theirs if they wish to do so.
 - We are not in favour of prolonging a two-tier workforce and therefore want to see harmonisation as soon as humanly possible.
4. The summing up of Part 1 by Councillor Hockney that:
- It was felt that there is not enough detail on harmonisation and a two-tier workforce in the report.
 - Insufficient detail in the report to support the suggestion that staff will not lose jobs as a result of this decision.
 - Concerns that no questions were raised when this report initially went to Cabinet, resulting in two call-ins to the Overview & Scrutiny Committee
 - This decision should be referred back to Cabinet to allow for a full and robust discussion to take place.

Overview & Scrutiny considered the reasons for the call-in and the responses provided.

Councillors Aramaz, Aydin, Boztas, Erbil, Georgiou and Lappage voted in favour of the above decision. Councillors David-Sanders and Smith voted against. The original cabinet decision was therefore agreed.

351

DATES OF FUTURE MEETINGS

NOTED the dates of future meetings as follows:

Business meetings of OSC

- Thursday 19 December 2019 (Budget meeting)

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

- Thursday 13 February 2020
- Thursday 2 April 2020

Call-In date

- Thursday 21 November 2019

Provisional Call-In dates

- Thursday 28 November 2019
- Thursday 30 January 2020
- Thursday 6 February 2020
- Wednesday 4 March 2020
- Thursday 26 March 2020
- Tuesday 28 April 2020

Concerns were raised regarding the recent addition to meeting dates that had not previously been scheduled in the Council calendar to accommodate individuals who had not been able to attend pre-scheduled meetings. This is not how things have been done or should be done going forward.

Members also expressed their concerns at the date of the OSC budget meeting which was now scheduled to take place very close to Christmas on the 19th December 2019 and whether this date would affect public attendance for this very important meeting. Councillor Erbil advise that all OSC members will be provided with details of how this meeting will be advertised by email very shortly.

Action: Claire Johnson, Head of Governance & Scrutiny

352

EXCLUSION OF PRESS AND PUBLIC

Resolved in accordance with the principles of Section 100A (4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of the Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

353

CALL IN OF DECISION: THE FUTURE DELIVERY OF CLEANING SERVICES - COUNCIL CORPORATE BUILDINGS

The Committee received the report on the Call-In of Decision: The Future Delivery of Cleaning Services – Council Corporate Buildings which had been included in the part 2 section of the agenda.

NOTED

The information was considered in conjunction with the report on the part 1 agenda.

OVERVIEW & SCRUTINY COMMITTEE - 14.11.2019

The Chair invited Councillor Levy to outline the reasons for the first call-in.

Councillor Levy reiterated his reasons for call-in as detailed in the Part 1 minutes above.

Other points discussed included:

- Information and details relating to the findings of the Internal Audit Report were provided.
- The share of profit and financial implications were discussed, and figures provided.
- Figures relating to rental income were discussed.

The Chair invited Councillor Hockney to outline the reasons for the second call-in.

Councillor Hockney reiterated his reasons for call-in as detailed in the Part 1 minutes above.

Other points discussed included:

- TUPE costings were provided and further details discussed.
- Discussions took place relating to the different tender options.

This page is intentionally left blank