

# **UPDATE TO CABINET PROCUREMENT & INSOURCING COMMITTEE**

## **Insourcing Annual Briefing Report**

### **BRIEFING / INFORMATION**

Title of Report: CPIC Insourcing Gully Cleansing and Winter Maintenance

**Key Decision No:**

**CPIC meeting date:**

3rd October 2022

**Classification:**

**If exempt, the reason will be listed in the main body of this report.**

**WARD(S) AFFECTED**

All

**CABINET MEMBER**

Cllr Mete Coban

**GROUP DIRECTOR**

Rickardo Hyatt

## **1. INTRODUCTION**

- 1.1. This report updates on Gully Cleansing and Winter Maintenance following the insourcing of these two service areas on 1st April 2020 and 1st October 2020 respectively.

### Gully Cleansing

- 1.2. The contract for Gully Cleansing moved in-house on 1st April 2020. The operation of the Service is relatively simple and requires a single gully cleansing vehicle, 2 operating staff and performance management software. None of these were transferred over with the contract. As such, a new vehicle was purchased, current staff were trained up to operate the vehicle, and the existing mobile application (Alloy), used by Sustainability and Environment (S&E) was configured to manage performance. Streetscene's Highways Team (a dedicated Highways Inspector) is responsible for the gully inspections and monitoring, which contributes to wider Streetscene gully pot replacement and frame cover programmes. Streetscene also investigates any surface flooding across the Borough.

### Winter Maintenance

- 1.3. The contract for Winter Maintenance moved in-house on 1st October 2020. Again the operation of the Service is relatively simple; the Service is called out at the request of the Streetscene Highways Team based on weather reports, and the operation requires two gritting vehicles, consumables (salt) and operating staff. These were not transferred over with the contract and as such new vehicles were purchased and staff were trained to operate the vehicle.

## **2. MOBILISATION UPDATE**

### Gully Cleansing

- 2.1. Mobilisation of the Gully Cleansing contract required some very intensive data cleansing work in the first few months of the contract. The geographical data provided from the previous contract was unreliable, with the geo-location of gullies significantly inaccurate and thousands of gully points duplicated.
- 2.2. The locations of the gullies were first loaded into Alloy, then circa 14,000 gully locations were visited and the location and description data corrected on the system. This piece of work was resource intensive and took 9 months to complete. This has resulted in a very clean and accurate dataset that the cleansing crews now work with.

### Winter Maintenance

- 2.3. There were no issues with the mobilisation of the Winter Maintenance service. Vehicles and consumables are stored at Millfields Depot.

## **3. VARIATIONS**

### Gully Cleansing

- 3.1. There were no variations to the planned operation of the Service.

#### Winter Maintenance

- 3.2. There were no variations to the planned operation of the Service.

#### **4. FINANCIAL CONSIDERATIONS**

##### Gully Cleansing

- 4.1. Volker Highways Ltd subcontracted the Gully Cleansing service. The contract value for the gully cleansing was £200k prior to the Service moving in-house. That contract included:
- cleansing all gullies once per year (provided they could be accessed)
  - digging out of blocked gullies and jetting where necessary
  - revisits to inaccessible gullies (if time permitted)
  - referral of broken grates to Streetscene (budget for replacement grates and other infrastructure works held and managed by Streetscene)
  - referral of broken frames & covers to Streetscene
  - cleansing of markets gullies (minimum of once every 3 months)
  - disposal of waste
- 4.2. Emergency call outs were charged at an hourly rate and incurred a minimum 4-hour call out charge of £1,400 (often the trained operatives could take hours to attend the site). However, this service was not part of the core service within the original Volkers contract and was extremely rare; 3-5 callouts over 5 years.
- 4.3. It was forecast that moving the Service in-house could save circa. £50k (including £20k/yr depreciation costs of the new vehicle which was purchased for £100k from the capital budget). The budget for 21/22 (year 1) was therefore set at £152k. The final year outturn was £130k (although it should be noted that the staff costs of the data cleansing exercise were picked up through other S&E budgets).
- 4.4. In year 2 the budget is set at £164k to account for a pay grade adjustment and also inflation on all salary related costs related to the pay award.

##### Winter Maintenance

- 4.5. The contract with Volker Highways consisted of a £100,000 a year standby payment and then a call out charge (based on per kilometre gritted) at an agreed rate. The proposal was that a significant part of that £100k could be saved moving the Service in-house, factoring in that the service would be set up from scratch, therefore requiring initial capital outlay.
- 4.6. The budget for Year 1 was set at £60k and the final outturn was £30.5k. Given that we are only in the second year of operation and winter maintenance costs are to a large degree dictated by the weather, the budget was again set at £60k for Year 2.

## 5. MANAGEMENT ARRANGEMENTS AND INSOURCED KPIS

### Gully Cleansing

- 5.1. The management of the Service moved under an Area Manager within the S&E, and falls within the remit of the Borough Operations Manager. The team is further supported by a Streetscene Highway Inspector who is responsible for the gully inspections and monitoring, provides advice to the crew, coordinates the delivery of gully pot and frame replacements including replacement and additional connections, supports emergency response and investigates flooding.
- 5.2. All call outs go through the Highways Inspector via the Mayrise system. Environmental Operations complete the job and feed back to Highways for sign off.
- 5.3. In relation to performance, after a slow start (the Service initially started using a paper-based system whilst the data cleansing exercise got underway, and staff had to undertake training and gain experience in using the gully vehicle), the Service got up to speed and within 6 months has substantially improved the condition of the gullies from the previous contract. This has included cleaning every gully in the Borough; some, it would appear, hadn't been cleaned for many years due to the amount of detritus and weed growth in them.
- 5.4. The main advantages of the in-house service over the out-sourced service are:
  - The response time is much quicker; the operational element of S&E is a 24/7 service and several members of staff have been trained to use the gully equipment. Therefore there is often someone working that is able to attend to emergency call outs (and if not, many of the operational team live locally).
  - In the previous contract emergency response could be very slow at weekends. Again S&E is a 24/7 service and can respond at weekends.
  - There is no minimum call out charge with the in-house contract.
  - The response to emergency call outs can include the assistance of mechanical brooms (S&E have 7 machines), which can help remove water and allow better access to the gullies for the gully crew.
  - Markets are now cleaned more regularly by taking advantage of the crews availability in early mornings and weekends.
  - Working more flexible hours means that gullies could be accessed that are usually inaccessible (the crews reported that during the first year they were digging out many gullies that must not have been accessed for a number of years including easily accessible pots).
- 5.5. Gully cleansing schedule and performance for 2021/22 is detailed in the table below.

**Table 1 Gully Cleaning Service Schedule and Performance**

Ward	Scheduled	Completed
Lea Bridge	April	100 %
Dalston	May	100 %
London Fields	May / June	100 %
Springfield	June	100 %
Hackney Wick	July	100 %
Kings Park	July	100 %
Shacklewell	August	100 %
De Beauvoir	August	100 %
Hackney Central	September	100 %
Hoxton East and Shoreditch	September / October	100 %
Stoke Newington	October	100 %
Hoxton West	October / November	100 %
Woodberry Down	November	100 %
Brownswood	November	100 %
Cazenove	December	100 %
Stamford Hill West	December	100 %
Clissold	January	100 %
Hackney Downs	January	100 %
Victoria	February	100 %
Haggerston	February / March	100 %
Homerton	March	100 %

### Winter Maintenance

- 5.6. The management of the Service moved under an Area Manager within S&E, and now falls under the remit of the Borough Operations Manager.
- 5.7. There is a two hour response time to mobilise the Service, and by bringing the Service in house, this has been met well within that time. During the 2021/22 season, six callouts were received. The worksheets are issued with a time that the temperature is expected to cross zero degrees and the time that the crews need to be deployed. All callouts were met within that timeframe.
- 5.8. This has been significantly helped by the Service being located in the Borough and as S&E operates a 24/7 service, there are trained operatives on site to mobilise the Service quickly.
- 5.9. The added benefit of this service being brought in house is that the Service has developed a knowledge base of where there could be particular issues that fall outside of any official callout being made. An example is one Low

Traffic Neighbourhood; as the planters are not sealed units, water leaks out, and this extra layer of water freezes, causing an issue for cyclists, some of which came off their bikes. The Service is now aware of this localised issue, and in the future will be proactive and ensure that this is gritted.

## 6. SUSTAINABILITY OUTCOMES

Procuring Green	<ul style="list-style-type: none"><li>- The service is now local meaning that gully workers, particularly emergency responders, are not travelling miles to attend site</li></ul>
Procuring for Better Society	<ul style="list-style-type: none"><li>- Gullies that require more regular servicing, for example markets, are now receiving it, therefore creating more pleasant public spaces</li><li>- The gullies team can use contacts, information and data from other services and stakeholders to provide a better and more efficient service (such as targeting historically problematic sites to reduce localised flooding)</li><li>- Provision of a more localised service enables a quicker response time when called upon</li><li>- The service is based and delivered in Hackney, therefore bringing economic activity into the area, and the potential for local employment</li><li>- Payment of London Living Wage</li></ul>
Procuring for Fair Delivery	<ul style="list-style-type: none"><li>- Gully cleansing now provides work for 2 x full time equivalents (plus overtime for emergency out of hours call outs)</li><li>- Hackney can target areas of the Borough previously under cleansed (for example, working with Parking to access historically problematic sites)</li></ul>

## 7. LESSONS LEARNT

- 7.1. The level of work required to cleanse the gully data was not anticipated, but fortunately resources were able to be reallocated to this project for the required 9 months. Without this resource the service would have been relying on the crews to correct the data; this would have slowed them down significantly and the mobilisation would have taken much longer.
- 7.2. There were concerns initially as to whether to move the service onto the digital management tool, Alloy, at the beginning of the in-house contract, or to use a paper-based system until the crews were up-to-speed. The data cleanse was started and once the concept of using Alloy was demonstrated with clean data, any concerns were alleviated, and all were confident Alloy was the best approach to take.

## 8. NEXT STEPS

- 8.1. Officers are considering how the Service can be more proactive in terms of preventing issues from occurring in the first instance. Officers are currently

working on setting up an automated data transfer from Alloy to Qlik, the corporate business data analysis tool. It is hoped that visualisation of the data may help with the following benefits:

- Identify when productivity is at its lowest and establish the reason behind this;
- Map the emergency call-outs and schedule routine cleans of gullies in areas more prone to flood;
- Map missed gullies and work with parking to gain access to gullies in most need of cleaning.

## **9. FINANCE COMMENTS**

### Gully Cleansing

- 9.1. In the first 2 years of operation the costs have been well within the allocated budgets set. Based on current performance and service needs this is unlikely to change. However, with the cost of living crisis and high fuel costs all Council services will be impacted and as such careful monitoring is essential going forward.

### Winter Maintenance

- 9.2. The Service has run within the operating budget set, and has run smoothly over the past 18 months. A budget of £60k was transferred over after taking into account a provision of £40k towards replacing the vehicle. There has however, been very mild winters since the Service has been insourced, and should this continue then it is not anticipated that there will be any overspends in the service budget. A severe winter, as well as the points mentioned above around cost of living and fuel costs increasing, may impact on the current operating budget. However, there is a winter maintenance reserve to cover additional expenses in that instance, and additional funding with regards to the fuel costs is being discussed corporately.

## **10. HR COMMENTS**

- 10.1. Other than to thank those staff involved not only at the earlier stages of bringing the services in house but also those staff currently involved in delivering these services, there are no other HR comments for the purposes of this report.

## **11. PROCUREMENT COMMENTS**

- 11.1. The mobilisation of the Winter Maintenance service was successfully completed as planned. The mobilisation of the Gully Cleansing service was also successfully completed. Additional data cleansing work was required but this was completed from within existing resources and has resulted in service delivery improvements.
- 11.2. Both services are currently achieving their performance targets. The insourcing of the Gully Cleansing service has led to a number of performance improvements such as the more frequent cleaning of markets and quicker

response times to emergency call outs. The Winter Maintenance service has benefited from being located within the Borough. Further improvements are planned as part of next steps.

- 11.3. Both services have successfully been delivered from within their operational budgets to date. However, additional financial pressures have been identified in relation to the cost of living, fuel costs and for the Winter Maintenance service, the impact of a severe winter.

#### **APPENDICES**

None.

#### **EXEMPT APPENDICES**

None.

#### **CONFIDENTIAL**

N/a.

#### **BACKGROUND PAPERS**

None.

#### **Description of document (or None)**

None.

<b>Report Author</b>	<i>Sam Kirk, Head of Sustainability &amp; Environment, <a href="mailto:sam.kirk@hackney.gov.uk">sam.kirk@hackney.gov.uk</a> Paul Dobbs, Waste &amp; Environment Manager, <a href="mailto:paul.dobbs@hackney.gov.uk">paul.dobbs@hackney.gov.uk</a></i>
<b>Finance Comments</b>	<i>Nurur Rahman, Group Accountant, <a href="mailto:nurur.rahman@hackney.gov.uk">nurur.rahman@hackney.gov.uk</a></i>
<b>HR Comments</b>	<i>Steve Swain, Senior HR Business Partner, <a href="mailto:steve.swain@hackney.gov.uk">steve.swain@hackney.gov.uk</a></i>
<b>Procurement Comments</b>	<i>Timothy Lee, Category Lead for Health and Social Care, <a href="mailto:timothy.lee@hackney.gov.uk">timothy.lee@hackney.gov.uk</a></i>