

**Minutes of the Joint Meeting  
of the Environment  
Overview and Scrutiny  
Committee and Rural and  
Communities Overview and  
Scrutiny Committee**



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

**Extraordinary Meeting**

**Tuesday, 15 November 2022, 2.00 pm**

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**Committee Members present**

Councillor Sarah Trotter  
Councillor Gloria Johnson

Councillor Richard Cleaver  
Councillor Richard Dixon-Warren  
Councillor Barry Dobson  
Councillor Gloria Johnson  
Councillor Nikki Manterfield  
Councillor Sarah Trotter  
Councillor Hilary Westropp  
Councillor Hannah Westropp  
Councillor Ashley Baxter  
Councillor Ray Wooten  
Councillor Penny Milnes  
Councillor Phil Dilks  
Councillor Kaffy Rice-Oxley

**Cabinet Members present**

Councillor Kelham Cooke (Leader of the Council)  
Councillor Adam Stokes (Deputy Leader of the Council)  
Councillor Rosemary Trollope-Bellew (Cabinet Member for Culture and Visitor Economy)  
Councillor Mark Whittington (Cabinet Member for Waste Services and Climate Change)

**Other Members present**

Councillor Virginia Moran

**Officers**

Karen Bradford (Chief Executive)  
Alan Robinson (Deputy Chief Executive)  
Nicola McCoy-Brown (Director of Growth and Culture)  
Graham Watts (Assistant Director of Governance)  
Craig Spence (Acting Director for Housing)  
Richard Wyles (Chief Finance Officer)  
Karen Whitfield (Assistant Director of Culture and Leisure)

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Patrick Astill (Communications Officer)  
Michael Chester (Team Leader – Leisure, Parks and Open Spaces)  
Amy Pryde (Democratic Services Officer)

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#### **4. Apologies for absence**

An apology for absence was received from Councillor Ben Green.

Councillor Kaffy Rice-Oxley acted as a substitute for Councillor Ben Green.

Councillor Ashley Baxter and Councillor Phil Dilks filled the two Alliance SK vacancies.

#### **5. Disclosure of interests**

There were none.

#### **6. Grounds Maintenance - Future Arrangements**

The report on future arrangements for Grounds Maintenance was to be presented by the Leader of the Council.

A Member queried whether the directors of Environment SK Ltd were to be present in the meeting or allowed to participate in the debate.

The Assistant Director of Governance informed the Committee that there was no decision to be made, only a recommendation. There was no requirement for directors of Environment SK Ltd to declare an interest at that time.

The Member asked if it would be appropriate to discuss recommendation 4 of the report with the presence of the directors of Environment SK Ltd at the meeting.

The Deputy Chief Executive clarified that the figures in exempt appendix 2 could not be discussed as they were commercially sensitive.

The Leader continued by thanking the Officers involved in the report for their integrity, honesty, and hard work. The Leader stated that as the procurement process previously undertaken did not deliver any interest, a decision could not be made at this time on the recommendation for the Grounds Maintenance Service without fully exploring the opportunity around a commercial operator. In recognition of this, the Leader suggested the following motion:

That the Committee:

Recommended the Cabinet Member for Waste requested that Officers commence a new procurement process in order to seek proposals from providers of ground

maintenance services on the new grounds maintenance specification that has been developed, to ensure that the Council has fully explored all available options.

The Leader advised that the recommendations in the report were deferred to a future meeting to provide further clarity.

A Member of the Committee proposed the suggested motion. This was seconded.

A Member requested clarification on whether it was appropriate that the report was presented by the Leader of the Council and not the Cabinet Member for Waste Services. A written copy of the amended motion was requested.

The Assistant Director of Governance informed the Committee that the Chairman had discretion to give any Members an opportunity to speak or present within the meeting. It was clarified that it was the Committee's prerogative to propose and second a motion.

The Chairman informed the Members that those on the Joint Committee would take priority over non-committee Members and any questions would then be taken.

A Member supported the request for the amended motion to be supplied to all Committee members in writing before progressing the meeting.

It was proposed, seconded, and **AGREED** that the meeting was adjourned for 10 minutes, until printed copies were supplied to Committee members.

Clarification was sought around deferring all 4 recommendations as set out in the report, it was suggested that the new specification be approved and debated first.

The Assistant Director for Governance confirmed that the original recommendations set out in the report had not been proposed or seconded. The motion had been proposed and seconded and was therefore acceptable to debate.

One Member queried as to whether the motion put forward assumed that the new grounds maintenance specification had been developed but not agreed and whether the Committee were accepting or reconsidering these as set out on recommendation 1 on the report.

The proposer of the motion clarified that the process of procurement be completed again.

The Chief Executive clarified that Environment SK Ltd had been delivering the original specification for a period of time. If the motion put forward supported the amendment to the specification, pricings could be sought on the original specification and the amended specification.

It was confirmed that the motion referred to the new grounds maintenance specification which was included within appendix 2 of the report.

One Member raised concerns on whether the Joint Scrutiny Committee had scrutinized the revised specification and how the Council could go out to procurement on the revised specification.

Members discussed whether procurement would be undertaken for the current specification and the new specification as the motion had not included proposals from providers on the old ground's maintenance services.

One Member questioned why certain content within the exempt appendices could not be discussed, for example, the number of cuts per year. The differences between the new specification and the old specification were queried.

The Leader of the Council confirmed that the old specification was circa to 20-25 years old. The new specification detailed every piece of land owned by the Council. It was noted that the Council could go to the market and become certain as to whether external companies were interested in the contract or not and to test the market to receive the best service for residents.

One Member raised concern on whether it was appropriate for a Non-Committee Member to be heard before a Committee Member. It was confirmed that this was the Chairman's discretion.

One Member noted that the new specification had been in operation for 3-4 months by Environment SK Ltd. Further work had been undertaken in collaboration with Environment SK Ltd to identify a range of options to amend the services due to budgeting concerns.

The Chief Executive clarified that the Council had an original specification. A significant piece of work was undertaken to develop a new specification which was comprehensive. The exempt appendix 2 outlined two levels of frequencies (original frequency and revised frequency) on the new specification, which was produced in July 2022.

Clarification was sought on whether the market had informed the Council that they were not interested in the new specification.

It was confirmed that procurement took place on the new specification with the new mapping system for contractors to access. At week four of that contract, no interest had been received other than clarity over whether the Council were seriously considering a commercial contract or were just testing the market.

One Member noted that the new specification saved money by reducing the level of service provided by reducing the number of cuts. The issue was discussed regarding whether the Council should dissolve Environment SK Ltd and bring it 'in-house' or ask commercial providers to complete the works.

It was suggested whether the Council could liaise with Environment SK Ltd and reduce the number of cuts a year and request the cost for the year.

One Member suggested that the appropriateness of the specification and the revised specification should be debated before deciding how it should be delivered.

The Chief Executive highlighted that the original specification (detailed in exempt appendix 2) was what the Council had been operating for many years. The revised frequency was based on a reduced level of service which had also been included in the original procurement exercise. The external market was asked to bid on the original frequency, a revised frequency and to suggest any other proposals where the cost could be reduced.

It was confirmed that the proposed motion was for the Council to go back out to the market with the specification and reduced frequency specification.

Several points were raised around the key considerations set out in the report:

- The report stated that insourcing the grounds maintenance service would provide the Council with full control on how the service was operated. One Member stated that this consideration inferred that the Council did not have control at present. It was queried as to how this control was lost by a wholly owned company by the Council?
- That the Environment SK Ltd as a wholly owned company could make a profit on grass cuts, however, a profit would not be received by in-house services.
- That the Council lent £500,000 to Environment SK Ltd when it was founded. It was queried whether the loan would be paid back or written off.

The Cabinet Member for Waste Services and Climate Change confirmed that a benefit of insourcing the service would be around operational control and being flexible around the number of cuts necessary for the weather.

The Leader of the Council clarified that in terms of the operational control of Environment SK Ltd, the Council set a contract for the company to deliver against the specification. Officers then assess the work undertaken.

The Chief Finance Officer confirmed that the loan was a commercial arrangement between the Council and Environment SK Ltd, it was primarily used to procure the assets that the company required to operate and manage the contract. If the company was dissolved in the future, the value of the assets would be returned to the Council. In the intervening period, Environment SK Ltd had been servicing the loan through interest payments and contributions towards the principal.

One Member raised the following queries:

- Whether the current Environment SK Ltd depot had capacity to bring the service 'in-house, or whether this would require operating from the new depot. The cost and timescale of a new depot was also queried.
- Concern was raised on whether Environment SK Ltd staff would be consulted and transferred to a new company if it were outsourced.
- Whether options were being explored to introduce charging for HRA assisted gardens which may have significant impact on the budgeting and procurement process.

Clarification was sought that if the Council were to go back out to tender, where the process would be completed to the tender deadline to prevent taking away any opportunities.

The Leader of the Council confirmed that the existing depot had capacity to bring the service 'in-house' if the decision was made to do so. The depot project was being progressed. It was clarified that staff would be consulted and transferred to a new company if it were outsourced.

It was assured that the repeated tender would run for the full process. The previous tender process was closed early with the advice of the Council's Senior Procurement Officer.

A query was raised on why it would be necessary for the procurement process to be repeated following the previous recommendation to Cabinet. Concern was raised regarding whether the market would be any more interested than the first round of procurement for less cuts per year.

Further clarification was sought on what would occur to the loan given to Environment SK Ltd if the service was outsourced or insourced.

Concern was raised that Environment SK Ltd had a moratorium on paying back the loan. It was queried as to how much of the £570,000 commercial loan had been paid back and how much the equipment utilised by Environment SK Ltd was worth.

The Leader of the Council reminded the Committee not to make any pre-determining comments to protect colleagues of Environment SK Ltd. It was confirmed that the market was challenging regarding grounds maintenance and the recommendation was to test the market to review options in order to make savings.

The Committee raised the queries in relation to maintenance cuts:

- When was it agreed to reduce hedge cutting from 2 cuts a year to 1 cut a year?
- When was it agreed to cut the shrub bed maintenance from 4 cuts a year to 2 cuts a year?

- When was it agreed to change the hard surface sweeping from weekly to monthly?

The Chief Executive referred the Committee to exempt appendix two. It was assured that the original specification and frequency was what the Council were working towards already. Environment SK Ltd were currently doing 1 hedge cut, however, it was considered and appropriate for 2 hedge cuts meaning there had been an improvement to the frequency.

It was confirmed that during procurement, prices would be sought from the original and revised frequency specification and contractors would be encouraged to put forward any other options that would reduce the cost of the contract. The price received would be brought back to Committee alongside the price of the insourcing model. A recommendation would then be taken to Cabinet on options predicated on cost and benefit of the options.

One Member queried as to where any information had been provided justifying the 'pros and cons' of the reduction proposed in the number of cuts.

It was further questioned as to whether a timescale was in place and how long the review of options would take and when it would return to the Committee.

The Leader of the Council noted that the Council would go back out to procurement during w/c 28 November 2022. This would be the start of a 6-week period and the options would return to the Committee in January 2023.

The status of the loan was queried again and how much of the loan had been paid back and whether Environment SK Ltd were still paying off the loan as agreed or with a moratorium.

One Member requested the current estimated value of the assets if Environment SK Ltd was devolved.

The Chief Executive informed the Committee that detail of the loan and repayment would need to be discussed in private session due to valuations of the retained equipment.

It was confirmed that Environment SK Ltd's contract included an amount paid from Lincolnshire County Council for cutting the verges, which had now been mapped. Lincolnshire County Council paid for three cuts a year, but a flailing machine was not used as the verges were being cut at the same level as open spaces.

In addition, Lincolnshire County Council operated a scheme with Parish Council's which included two extra cuts.

**It was proposed, seconded and AGREED that the Committee:**

- a) **Recommended the Cabinet Member for Waste requested that Officers commence a new procurement process in order to seek proposals from providers of ground maintenance services on the new grounds maintenance specification that has been developed, to ensure that the Council has fully explored all available options and to follow specifications that have been recommended.**

*(Councillor Ashley Baxter and Councillor Phil Dilks voted against the recommendation)*

## **7. Close of meeting**

The Chairman closed the meeting at 15:42.