

	<h2>Environment Committee</h2> <h3>11th May 2017</h3>
Title	Street Scene Alternative Delivery Model – Additional Information
Report of	Commissioning Director for Environment
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix A - Option Cost Comparison
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Summary

On 15 March 2017 the Environment Committee considered options for the alternative delivery of Street Scene services. The Committee decided not to proceed with either an outsourced model or a shared service. Furthermore the Committee requested that officers carried out further work on the options for the Streetscene ADM to ensure that most efficient, effective and economic in-house option for running the Streetscene services was found from within the Barnet Family. This report sets out information on options to deliver high quality street scene services to residents and businesses. These options are i) In-house with management support from The Barnet Group) with staff still employed by Barnet Council, ii) Local Authority Trading Company (The Barnet Group) with all street scene staff being transferred to The Barnet Group and iii) a reformed in-house model with Management oversight by LBB. These options have been assessed to find the most efficient, effective and economic option for the future delivery of Street Scene services, specifically; recycling & waste collection, street cleansing, and green spaces maintenance.

The assessment shows that based on the respective benefits, risks, opportunities and ability to contribute to the Environment Committee's Medium Term Finance Strategy (MTFS) savings targets, of each of the options, a reformed in-house model is likely to be

the most efficient, effective and economic option. This option did not form part of the public consultation which took place from the week commencing 07 November 2016 to the week ending 15 January 2017. A review of the detailed free text comments, however, indicated that this option is in line with the view expressed by many respondents. A preference was shown for in-house services due, in part to the belief that they are both high quality and the council is a trusted service provider

Recommendations

- 1. That Environment Committee approves option E as set out in section 1.15 to 1.29 for the Street Scene Delivery Unit services including; recycling and waste, street cleansing, and green spaces maintenance (Lots 1-3) to revert to a full In-House service**
- 2. That Environment Committee note and agree to the timescale, to revert to a full In-House service as set out in section 1.27, and agree that the Streetscene ADM project has concluded and that an implementation project will now commence**

1. WHY THIS REPORT IS NEEDED

Background

- 1.1 In September 2015, the council commissioned the Street Scene Alternative Delivery Model project (ADM) to assess the best way of delivering Street Scene services in the future. Its purpose is both to ensure the future delivery of high performing services against key strategic indicators, and to deliver the challenging savings targets facing the services now and over the next period of the Medium Term Financial Plan (MTFP).
- 1.2 The council has a statutory duty to maintain the urban environment and support public health via services such as; recycling and waste, street cleansing, and maintenance of green spaces. These are universal services which are highly visible to, and used by, residents.
- 1.3 As part of the Medium Term Finance Strategy approved by Environment Committee in November 2015, and an updated version approved in November 2016 by Policy and Resources Committee, a target saving of £900k by 2019/20 has been allocated to the ADM process.
- 1.4 Additionally, the ADM project must maintain the current recycling and waste, street cleansing, and maintenance of parks and open spaces service provision as expressed through the key drivers below; in line with the Commissioning Group intentions for 2020:
 - Re-use, recycle or compost 50% of all municipal waste and minimise the amount of municipal waste being sent to landfill.
 - Provide services to residents and businesses that are cost effective, easy to use, and encourage positive behaviour change.
 - Manage and maintain a high quality physical environment that contributes to the quality of life of residents and visitors, enhances local areas, and supports a thriving local economy.

- Work with partners to secure investment in public spaces.
- Implement relevant delivery models that deliver a stable and sustainable financial position.
- Build stronger local communities by promoting volunteering and other forms of community engagement.
- Relevant and targeted enforcement that promotes prevention of forms of anti-social behaviour.

Revised Outline Business Case (OBC2)

- 1.5 As part of the Street Scene Alternative Delivery Model Revised Outline Business Case (OBC2) an evaluation was carried out on four options in 2016. These included:
- **Option A:** In-house option (with management support from The Barnet Group)
 - **Option B:** Local Authority Trading Company (The Barnet Group)
 - **Option C:** Outsourced
 - **Option D:** Shared service
- 1.6 An online public consultation was held on the options put forward in OBC2 for a ten-week period; from the week commencing 07 November 2016 to the week ending 15 January 2017. The detailed results of the public consultation are available in the background papers (6.2) to this report. 506 individuals responded to the public consultation.
- 1.7 On 15 March 2017 the Environment Committee decided not to proceed with:
- **Option C:** Outsourced
 - **Option D:** Shared service
- 1.8 Furthermore the Committee requested that officers carried out further work on the options for the Streetscene ADM to ensure that most efficient, effective and economic option for running the Streetscene services was found from within the Barnet family.

Additional Information and Review of Options

- 1.9 This report sets out information on three options to deliver in-house high quality street scene services to residents and businesses.
- **Option A:** In-house option (with management support from The Barnet Group)
 - **Option B:** Local Authority Trading Company (The Barnet Group)
 - **Option E:** (Additional Option) A reformed in-house model (No support from The Barnet Group)
- 1.10 Option E - a reformed in-house model is based on the change and improvements within the Street Scene Delivery Unit (DU) over the last 12 months. In 2015 the council carried out a strategic review of the Street Scene

DU to ensure that it was fit for purpose to address the demands of a developing Borough, and the changing nature of public service delivery. Whilst this had been raised previously through the various audit processes; the DU at that time had not taken the opportunity to invest in additional senior management capacity with the attendant problems which then emerged.

- 1.11 An audit action plan was produced to monitor improvements made by the DU in all the key areas of concern. To resolve the identified issue of a lack of senior management capacity within the DU, The Barnet Group (TBG) was engaged to provide senior management oversight to the DU for an agreed period of time. They have utilised a combination of their internal management resources and suitable specialist support to help develop and deliver the short to medium term financial and operational KPIs. All staff (apart from two interim managers) have remained employees of the council, and remain on council terms and conditions.
- 1.12 Over the last 12 months the Streetscene DU has made important strides forward to becoming a more flexible, cost effective, responsive service. The street scene staff have worked hard to instigate these changes, as well as implement depot relocation projects and the changes brought about through the Unified Reward project. In addition the audit action plan are substantially completed, all issues have been addressed or are currently being delivered. The Streetscene DU has taken on the mantle of the changing nature of public service delivery, and although significant transformation still needs to be implemented, there are significant improvements between the current service and the service in 2015.
- 1.13 Based on the pre December 2015 DU model an in house delivery unit was ruled out due to the concerns surrounding it and the risks involved. Given the work carried out over the last 12 months by the DU staff with the help of TBG, the inclusion of a reformed in-house model as an option is now possible and so has been included.
- 1.14 Across all three options the affordability criteria has been adjusted to take account of the removal of the Lot 4 Green Spaces Governance, as the meeting of the Environment Committee on 15 March 2017 agreed that Green Spaces Governance would transfer to the Environment Commissioning Group.

Option E Review

- 1.15 Option E - In a reformed in-house model, staff would continue to be employed by the council. The Street Scene Delivery Unit would complete a transformation programme over the next 12 to 18 month. This will ensure the service runs in the most effective, efficient and economical way possible.
- 1.16 **Track Record** – As set out in section 1.15 to 1.29 the DU has worked hard and made important strides forward to becoming a more flexible, cost effective, responsive service, which has been shown through both the ADM process and projects such as the depot relocation. Front line services during this time have continued to be run, with little change in public satisfaction, which are some of the highest rated services in the council.

1.17 The assessment below is based on the current plans in progress to implement MTFs savings projects, and additional reforms of the service which would build on the DUs work over the last year. The service would become the responsibility of the Council's senior management team in line with the General Functions Committee paper found in 6.7 background papers. TBG would have no further role. The service would be directly managed by a Streetscene Director who would be a full time permanent employee of the council.

1.18 **Cost v Savings** – To evaluate option E it has been compared to the affordability criteria and each of the other options. The affordability criteria indicative of the services cost with the MTFs savings achieved. The headline figures for this option can be seen in the table below:

Option E: Reformed in-house model				
	2017/18	2018/19	2019/20	Cumm.
Affordability Criteria	£12,334,483	£11,222,618	£10,130,527	£33,687,628
Option E Affordability (Not including transformation cost)	£12,331,122	£11,222,342	£9,482,642	£33,036,107
Variation from Affordability (Not including transformation cost)	-£3,361	-£276	-£647,885	-£651,521
Transformation Cost	£652,912	£200,000	£300,000	£1,152,912
Option E Affordability (Including transformation cost)	£12,984,034	£11,422,342	£9,782,642	£34,189,019
Variation from Affordability (Including transformation cost)	£649,551	£199,724	-£347,885	£501,391

A comparison of the cost breakdown for each option can be seen in Appendix A.

It is believed that this option can be managed within the existing senior management current resources, without a significant incremental increase in expenditure. No additional spend has been included in the costings.

Forecast of full year figures have been used for 2017/18 to enable a clear comparison to be made. The roll out of any option, however, depends on the decision of the committee and will impact on the actual of MTFs savings for 2017/18.

1.19 Key elements where there is financial variation between the options include:

- Timing of the move to zonal recycling and waste collections
- The scale of the requirement of transformation funding

- The potential savings from 2018/19 for enhanced financial control
- Staff savings in 2017/18
- Reduction in the amount and of transformation funding which would be required
- The TBG management fee cost (£1.8m over three years)
- The TBG contingency (£0.75m over three years)
- The level of achievable specified savings
- The level of LBB client cost

1.20 **Service Improvement** – A significant amount of the future service improvement which is required both to meet the commissioning intentions and the MTFs savings set by Environment Committee are technical Streetscene based changes. This will require significant sector knowledge and background to successfully implement. Ensuring that the DU has an in-house management structure with service experience, and sits within a wider environment service, will reduce risk and issues with future service improvements, through increased knowledge and support for the street scene staff.

1.21 **Income Generation** – In 2016/17 the DU has expanded the commercial recycling and waste business through new collection options. This will continue in 2017/18 with the expansion of recycling services. In any of the three options there will be a need to continue to expand this service and other commercial services, therefore likelihood and risk is rated the same across all options. For this option part of the DU transformation would include the creation of a strong commercial focus, both in organisations set up and approach. This would include staff development and training, and use of partners i.e. ensuring new employees in key roles bring in specialist commercial experience; review of delivering wider commercial offer to business within Barnet; working with Capita support and experience. In addition work would be done to establish links with best practice local authorities who have successfully commercialised and expanded their commercial offer.

1.22 **Technology and Innovation** – Across all three options there will be a need to improve customer service and customer interaction through the use of new technology. Better use of innovation and technology for future service planning is rated the same across all options.

1.23 **Public Consultation** – As a new option, Option E did not form part of the public consultation. A review of the free text comments, however, has been completed, looking for information and views put forward which can be able to be related to Option E. Details of these can be found below.

1.24 For questions 11 and 12 of the consultation, we asked the public whether it mattered to them which of the shortlisted options were chosen if services were run well and, if so, to explain why. Residents in favour of Option A generally gave the following reasons in support:

- Council-run services are perceived to be cheaper or more “cost-effective”
- Council-run services are perceived to be of higher quality

- Council staff are seen to be more locally focused
- Concerns were raised about staff rights, if there were to be a move away from in-house services
- The council would be seen to be more accountable / responsible for services if they remain in-house

1.25 For question 13, we asked the public if they would like to comment on the options from the long-list which included discounted options. The majority of responses were opposed to outsourcing, rather than focusing on other options. There were, however, some comments in support of pre-December 2015 with the proviso of having effective senior management in place, other responses stated that services should be in-house but did not provide reasons why. This may have been because the respondents had previously given the comments set out in the above paragraph.

1.26 The full consultation report can be accessed in in the background papers (6.2)

1.27 **Timescale** – To implement this option a Full Business Case (FBC) would not be needed, and the ADM process would come to an end. The timescale for implementation can be seen below:

Option E Implementation Tasks	Date	Description
Environment Committee	10/05/2017	OBC2 Decision
Transfer of responsibility	15/05/17	Transfer of responsibility from TBG to LBB (in line with 6.7 background papers)
Service Transformation	15/05/17 to 30/09/2018	
<i>Street Cleansing Changes</i>	April to June 2017	
<i>Commercial Waste Service Transformation</i>	May 2017 to September 2018	
<i>Staff Restructure</i>	May to September 2017	
<i>Recycling and Waste Policy Implementation</i>	May to March 2018	
<i>Implement zero based budget restructure</i>	June 2017	
<i>Streetscene services move out of Mill Hill Depot</i>	July 2017	The final move of Streetscene services out of the Mill Hill Depot
<i>Time banded waste collections implementation</i>	August 2017	
<i>Recycling Trade waste expansion</i>	May to September 2017	
<i>Copthall Depot Relocation</i>	November 2017	<i>Move of green spaces Copthall depot</i>
<i>New IT management System Implemented</i>	January 2018	

1.28 **Option E Conclusion** - this option poses both risks and benefits to the Council

Risks	Benefits
All risk directly held by LBB	The support of a wider environment and public realm management specialists for Street Scene in service transformation
Removes savings which could be achieved through the alignment of similar services with Barnet Homes such as those for grounds maintenance	Clear vision for the service set by the Commissioning intentions and MTFS guidance by Environment Committee and the council's senior management team
	Good understanding of residents and locality
	No large impact on staff through a TUPE transfer
	Quickest timescale for commencing with 2017-18 MTFS savings targets. <ul style="list-style-type: none"> • ADM Savings - £250k • Other street scene savings - £1,245k
	In house option supported by public

1.29 In conclusion this option poses both risks and benefits to the council, but it could be a viable option to deliver Streetscene services in the future. The key benefits to this option are

- Timescale – Option E enables service change to commence sooner, giving stability to staff and clarity to enable the service to transform. This option gives the greatest ability for the Environment Committee Commissioning intentions and 2017-18 MTFS savings.
- Savings - Overall this option shows the greatest savings to 2019-20, and meets the affordability criteria in all three years (excluding transformation funding). Over the three years is also requires less transformation funding than option A and B.
- Public response – The public consultation clearly showed a preference for in-house service due, in part to the belief that they are both high quality and the council is a trusted service provider.

Option A Review

1.30 Option A - The in-house option (with management support from The Barnet Group), as per the information set out in the original OBC2 document which can be accessed in in the background papers (6.2). The information, quality score, issues and risks in the OBC2 report is still pertinent to Option A and should be considered in conjunction with the information in this section.

1.31 **Track Record** – Over the last year The Barnet Group have helped stabilise and refocus the Street Scene Delivery Unit (DU) following the strategic review

of the DU in 2015. One of the areas of concern was a lack of senior management capacity, resulting in a lack of response to the significant change needed to deliver against Key Performance Indicators (KPIs). To resolve the identified issues The Barnet Group was engaged to provide senior management oversight to the DU over the last year. In this time there have been important strides forward to becoming more flexible, cost effective, responsive services, without a significant dip in public satisfaction. The street scene staff have worked hard to instigate these changes, as well as depot relocation projects and the changes brought about through the Unified Reward project.

- 1.32 **Cost v Savings** – To enable the financial evaluation of Options A and B in the revised OBC, it has been compared to the affordability criteria and each of the other options. The affordability criteria below are indicative of the services cost with the MTFs savings achieved. The headline figures for this option can be seen in the table below:

Option A: In-house (with TBG)				
	2017/18	2018/19	2019/20	Cumm.
Affordability Criteria	£12,334,483	£11,222,618	£10,130,527	£33,687,628
Option A Affordability (Not including transformation cost)	£12,878,215	£12,481,792	£10,804,592	£36,158,600
Variation from Affordability (Not including transformation cost)	£537,732	£1,259,174	£674,065	£2,470,972
Transformation Cost Requested	£1,628,278	£1,798,834	£243,000	£3,670,112
Option A Affordability (Including transformation cost)	£14,500,493	£14,280,626	£11,047,592	£39,828,712
Variation from Affordability (Including transformation cost)	£2,166,010	£3,058,008	£917,065	£6,141,084

- 1.33 A comparison of the cost breakdown for each option can be seen in Appendix A.

- 1.34 This option would incur a small level of client side costs which would be additional spend, to aid the monitoring of the street scene service from within the council. This would include performance monitoring and reporting of the management agreement, ensuring health and safety reviews and checks were fit for purpose, and ensuring that the goals of the municipal recycling and waste strategy were being achieved. All other internal costs, services, and recharges would remain the same within the Council.

- 1.35 Overall, this option does not fully achieve a cost model within the affordability criteria which has been set. This is in large part due to the annual TBG management fee of £600,000 and £250,000 contingency fund which form part of this option. Between 2017/18 and 2018/19 this option is £2,470,972 over budget based on the analysis.
- 1.36 The significant level of transformation cost requested, further reduces the viability of option A. The request for £3,670,112 transformation funds would take the option to £6,141,084 over budget if no transformation funding was available.
- 1.37 **Service Improvement** - A significant amount of the future service improvements which are required both to achieve the Commissioning intentions and to reach the MTFS savings agreed by Environment Committee are technical Streetscene areas, and would need sector knowledge and background to successfully implement. The support structure provided by TBG is not specialist in either Streetscene or Environment. As such this is a risk area to the service, and short and medium term improvements and development.
- 1.38 **Technology and Innovation** – Across all three options there will be a need to improve customer service and customer interaction through the use of new technology. Better use of innovation and technology for future service planning is therefore rated the same across all options.
- 1.39 **Income Generation** – In 2016/17 the DU have expanded the commercial recycling and waste business through new collection options. This will continue in 2017/18 with the expansion of recycling services. In any of the three options there will be a need to continue to expand this service and other commercial services, therefore likelihood and risk is rated the same across all options.
- 1.40 **Public Consultation** - As part of the public consultation respondents were asked to choose, from the shortlist in OBC2, the option that they believed would deliver the best services for them. The results for option A are supplied below:

OBC2 - Shortlisted Options	Response Totals	Response %	Ranked Position
In-house (with management support from The Barnet Group)	222	55%	1 st out of 4

- 1.41 The full consultation report can be accessed in the background papers (6.2).
- 1.42 **Timescale** – To implement this option a Full Business Case (FBC) would need to be completed as the next stage of the ADM process. The Full Business Case would need to be agreed by Full Council before the ADM project could be concluded and a long term agreement with The Barnet Group be entered into. The timescale for implementation can be seen below.

Option A Implementation Task	Date	Description
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Option A Implementation Task	Date	Description
Environment Committee	10/05/2017	OBC2 Decision
FBC drafting and negotiation with TBG	15/05/17 to 01/09/17	Detailed business case, contract/agreement positions and working practices to be negotiated and agreed with TBG
TBG Board Approval	01/09/17 to 30/09/17	In principle agreement by TBG board ahead of Full Council decision
Circulation for Full Council	10/10/17	Internal circulation and checks for reports
Full Council Meeting	31/10/17	FBC Decision
New Contract Start	01/11/17	

1.43 **Option A Conclusion** - In conclusion as this option is significantly over budget, while also not reducing the risk to the Council of service transformation, it is recommended that it not be taken forward.

Option B Review

1.44 Option B -The Local Authority Trading Company (The Barnet Group) as per the information set out in the original OBC2 document which can be accessed in in the background papers (6.2). The information, quality score, issues and risks in the OBC2 report is still pertinent to Option B and should be considered in conjunction with the information in this section.

1.45 **Track Record** - Over the last year The Barnet Group have helped stabilise and refocus the Street Scene Delivery Unit (DU) following the strategic review of the DU in 2015. One of the areas of concern was a lack of senior management capacity, and as a resulting in a lack of response to the significant change needed to deliver against Key Performance Indicators (KPIs). To resolve the identified issues The Barnet Group was engaged to provide senior management oversight to the DU over the last year. In this time there have been important strides forward to becoming more flexible, cost effective, responsive services. The street scene staff have worked hard to instigate these changes, as well as depot relocation projects and the changes brought about through the Unified Reward project.

1.46 Option B would require a TUPE transfer of all of the Streetscene staff to TBG (or subsidiary company thereof). As a partnership the DU and TBG have shown the ability to start to implement organisation changes. Currently TBG do not, however, have a track record of technical street scene service led changes. The key areas of service change approved within the Environment Committee MTFs savings include; i) changes in street cleansing regimes - using different mechanisation, changes in frequency and new town centre regimes, ii) delivery of changes to annual bedding planting, returning areas of parks and open spaces to "natural" areas and so reduce the level of

maintenance as well as revising highway grass cutting frequencies and improving scheduling iii) challenging income generation targets across a range of chargeable services including but not limited to additional collections, and the identification of new services where charging the user in order to offset the impact of wider budget reductions is appropriate iv) a revised waste offer to increase recycling including making it easier to recycle food waste and compulsory recycling of dry and food waste and increasing recycling in flats by working with managing agents. These elements alone represent £3,250k savings within the MTFS savings, of the total of £3.870m required

- 1.47 **Cost v Savings** – To enable the financial evaluation of Options A and B in the revised OBC, affordability criteria were set. These affordability criteria were indicative of the maximum cost budget estimated for the in-house options; including MTFS savings.

Option B: LATC (TBG)				
	2017/18	2018/19	2019/20	Cumm.
Affordability Criteria	£12,334,483	£11,222,618	£10,130,527	£33,687,628
Option A Affordability (Not including transformation cost)	£12,412,215	£11,217,292	£9,477,592	£33,107,100
Variation from Affordability (Not including transformation cost)	£77,732	-£5,326	-£652,935	-£580,528
Transformation Cost Requested	£1,628,278	£1,798,834	£243,000	£3,670,112
Option A Affordability (Including transformation cost)	£14,040,493	£13,016,126	£9,720,592	£36,777,212
Variation from Affordability (Including transformation cost)	£1,706,010	£1,793,508	-£409,935	£3,089,584

- 1.48 A comparison of the cost breakdown for each option can be seen in Appendix A.
- 1.49 This option would incur a level of client side costs which would be additional spend, to enable the monitoring of the street scene service contract from within the council.
- 1.50 Overall, this option does not fully achieve a cost model within the affordability criteria which has been set, due to the significant level of transformation cost requested. The request for £3,670,112 transformation funds would take the option to £3,089,584 over budget if no transformation funding was available.

- 1.51 Without the transformation costs option B would move below the affordability criteria by 2018/19. Cumulatively between 2017/18 and 2018/19 this option is £580,528 under budget based on the analysis.
- 1.52 Additional work would need to be done to assess the impact of other areas of work such as insurance and insurance claims, communications, information management, estates etc, to ensure that the council's remaining budgets were unaffected by Option B. This work would form part of the Full Business Case, to be negotiated with TBG.
- 1.53 **Service Improvement** - As a partnership the DU and TBG have shown the ability to start to implement organisation changes. A significant amount of the future service improvements which are required both to achieve the Commissioning intentions and to reach the MTFS savings agreed by Environment Committee are technical, and would need sector knowledge and background to successfully implement. The support structure provided by TBG is not specialist in either Streetscene or Environment. As such this is a risk area to the service, and short and medium term improvements and development.
- 1.54 **Technology and Innovation** - Across all three options there will be a need to improve customer service and customer interaction through the use of new technology. Better use of innovation and technology for future service planning is therefore rated the same across all options.
- 1.55 **Income Generation** – In 2016/17 the DU have expanded the commercial recycling and waste business through new collection options. This will continue in 2017/18 with the expansion of recycling services. In any of the three options there will be a need to continue to expand this service and other commercial services, therefore likelihood and risk is rated the same across all options. TBG have a different background and portfolio of services to that currently within street scene. This wider knowledge base could provide good support for the services if there is a need for diversification and expansion of the business.
- 1.56 **Public Consultation** - As part of the public consultation respondents were asked to choose, from the shortlist in OBC2, the option that they believed would deliver the best services for them. The results for option B are supplied below:

OBC 2 - Shortlisted Options	Response Totals	Response %	Ranked Position
Local Authority Trading Company (The Barnet Group)	141	35%	2 nd out of 4

- 1.57 The full consultation report can be accessed in the background papers (6.2).
- 1.58 **Timescale** – To implement this option a Full Business Case (FBC) would need to be completed as the next stage of the ADM process. The Full Business Case would need to be approved by Full Council before the ADM project could be concluded and a long term agreement with The Barnet Group be entered into. The timescale for implementation can be seen below

Option B Implementation Task	Date	Description
Environment Committee	10/05/2017	OBC2 Decision
FBC drafting and negotiation with TBG	15/05/17 to 01/09/17	Detailed business case, contract/agreement positions, reporting mechanisms and working practices to be negotiated and agreed with TBG
Finalising Client Team Structure	15/05/17 to 01/08/17	Review of required client resource for inclusion in the FBC
TBG Board Approval	01/09/17 to 30/09/17	In principle agreement by TBG board ahead of Full Council decision
Circulation for Full Council	10/10/17	Internal circulation and checks for reports
Full Council Meeting	31/10/17	FBC Decision
Preparation for TUPE	01/11/17 to 31/01/18	Work between LBB, CSG and TBG
Contract Mobilisation	01/11/17 to 31/03/18	Including novation of subcontracts, and agreement of working monitoring arrangements
New Contract Start	01/04/18	
New Client Team Setup	01/03/18	
TUPE transfer of Staff	01/04/18	

1.59 **Option B Conclusion** - this option poses both risks and benefits to the Council

Risks	Benefits
The Barnet Group are not Street Scene specialists, and may only provide limited support to Street Scene in service transformation	More risks transfers to TBG for delivery (although ultimately would be borne by LBB as owners of TBG)
Lack of long term vision for service transformation	TBG have a wide knowledge base including income generation providing good support for the diversification and expansion of the business.
Moves away from the core business of TBG, which may put pressure on other services	Good understanding of residents and locality
Delay in achieving 2017-18 MTFS savings targets.	Alignment of similar services with Barnet Homes such as those for grounds maintenance
Large impact on significant number of staff through TUPE transfer	

Risks	Benefits
Introduction of a two tier contract system with new staff on TBG Flex and TUPE transfer staff on LBB Terms and conditions	

1.60 The key issues which would need to be resolved in the FBC include:

- Impact of back office function with the transfer of functions to TBG
- Full contract payment mechanism
- Performance mechanism
- Contract management arrangements.

If these issues cannot be resolved then the FBC would not be able to be agreed.

1.61 In conclusion option B poses both risks and benefits to the council. The key risk relates to the finance position in 2017/18 and 2018/19 and the required £3,670K of transformation funding. The timescale for the service to transfer to TBG would now be April 2018 putting significant pressure onto 2017/18 savings, in addition to the current £92,732 shortfall. In addition the level of transformation funding requested is currently not available within the Council's budget for Environment Services. The secondary risk is the move away from the core business of TBG which could put pressure on other TBG services, which are key to Barnet residents. This may be especially pronounced given TBG (and its subsidiary's) employ approximately 550 staff, this would increase by 400 with the addition of Streetscene. As such it is recommended that option B is ruled out.

Preferred Option

1.62 Based on the additional information provided above and the information in the Outline Business Case 2, assessment shows that based on the respective benefits, risks, opportunities and ability to contribute to the Environment Committee's MTFs savings targets, of each of the options, Option E a reformed in-house model is most likely to be the most efficient, effective and economic option. This is in line with the views expressed within the public consultation which took place from the week commencing 07 November to the week ending 15 January 2017.

2. REASONS FOR RECOMMENDATIONS

2.1 **Recommendation 1** - It is recommended that Environment Committee approves Option E as set out in section 1.15 to 1.29 for the Street Scene Delivery Unit services including; recycling and waste, street cleansing, and green spaces maintenance (Lots 1-3) to revert to a full In-House service. This will provide stability and clarity to enable the service to transform, meet the Commissioning intentions and MTFs savings set by Environment Committee.

2.2 **Recommendation 2** - It is recommended that Environment Committee note and agree to the timescale, to revert to a full In–House service as set out in section 1.27, and agree that the Streetscene ADM project has concluded and that an implementation project will now commence. This will enable a clear mandate for the service to be reformed to meet the Commissioning intentions and MTFS savings set by Environment Committee. It will also enable the ADM project to be closed, outstanding risks to be transferred to implementation projects and lessons learnt sessions to be held.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Three options were evaluated as part of this paper, and the considerations given to each option can be seen in section 1. An alternative option for consideration is Option B, however, the assessment suggests that this would not be the most efficient, effective and economic option.

4. POST DECISION IMPLEMENTATION

4.1 If the recommendation is agreed then the timescales and approach set out in section 1.27 will be followed. Items for the work programme will be identified and updates will be reported to Committee as required.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Environment strategies and frameworks set out the strategic vision and future demand management for Recycling and Waste, Parks and Open Spaces, Street Cleansing and Enforcement. The Alternative Delivery Model project serves as a vehicle for delivering this vision at the operational level. The strategies have therefore shaped the service requirements of the Alternative Delivery Model.

Recycling and Waste

5.1.2 Barnet has amongst the highest levels of recycling compared with similar councils. This results in high levels of resident satisfaction and maintains the green and clean nature of the borough.

Street Cleansing

5.1.3 Barnet has amongst the lowest levels of littering compared with similar councils. This results in high levels of resident satisfaction and maintains the green and clean nature of the borough.

Parks and Open Spaces

5.1.4 It is a Commissioning ambition that Barnet is seen as a national leader in developing attractive suburban parks with its communities, that promote health and wellbeing, conserve the natural character of the area, and encourage economic growth. There are approximately 224 parks or open spaces in Barnet, including; 7 nature reserves, the Welsh Harp reservoir, 8 outdoor gyms, and over 40 play areas. Most homes in the borough are within

one mile of the nearest park.

5.1.5 The council has made a strategic commitment to enhancing borough infrastructure, as outlined in the Commissioning Plan for Environment (2015-20).

5.2 Health and Wellbeing

5.2.1 There are no health and wellbeing implications at this time.

5.3 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

Finance and Value for Money

5.3.1 The recommendation in this report is to proceed with Option E. A summary of the assessed options is as follows:-

	Option A	Option B	Option E
Revenue overspend against affordability criteria over 3 years	2,470,972	(580,528)	(651,521)
Transformation spend required	3,670,112	3,670,112	1,152,912

5.3.2 It can be seen that Option E is assessed as the best option, both in terms of the revenue position, and transformation spend required. Option A is projected to cost significantly more in revenue terms due largely to the annual £600k TBG management fee and £250k contingency

5.3.3 The ADM project has been assigned a total Medium-Term Finance Strategy (MTFS) savings of £900k by 2019/20. This is divided into £250k by 2017/18, £550k by 2018/19 and £100k by 2019/20. There are also additional MTFS savings outside of the ADM project, for the wider Street Scene programme, of £1,245k by 2017/18, £575k 2018/19, and £1,150k by 2019/20, a total of £2,970k.

5.3.4 It is anticipated that these savings will be achieved through the transformation of Street Scene services, in line with delivering the respective action plans for each of the environmental strategies.

5.3.5 It can be seen then that the revenue costs of recommendation of Option E is projected to be affordable within the base budget less MTFS savings, from the current year. As regards the transformation costs of £1,152k which are assessed as being required, this will be subject to internal review and transformation/capital funding approval and allocated as required.

Procurement

5.3.6 None at this time.

Staffing

5.3.7 A robust approach to change management is currently in place, following the approval of the change management strategy for Street Scene by Strategic Partnership Board on 20 April 2016.

5.3.8 The strategy is currently being implemented by The Barnet Group. Engagement with staff, trade unions, and other senior stakeholders is ongoing.

5.3.9 Staff engagement activities include (but are not limited to):

- Surveys
- Briefings
- Newsletters
- Change champions network
- Suggestion boxes

5.3.10 This approach applies to all areas of Street Scene where change management is required; not just the ADM project (e.g. Unified Reward, Mill Hill Depot relocation).

IT

5.3.11 The Alternative Delivery Model would need to incorporate any changes to use of IT as part of wider service delivery across the council. This is also in line with one of the assessment criteria for the ADM, which requires evidence of innovation within service delivery; making best use of existing and new technologies as available. The ADM will therefore need to be consistent with, if not better than, council IT policy and best practice.

Property

5.3.12 The implementation of the Alternative Delivery Model is operationally dependent on the relocation of the depot facilities. Any delay, or unforeseen amendment to the depot relocation will not only have a subsequent impact on day-to-day service delivery operations ('business as usual') but could also impact the delivery of the ADM (e.g. additional fuel costs, route rationalisation etc.).

Sustainability

5.3.13 There are no sustainability impacts at this time

5.4 Social Value

5.4.1 Section 1 (3) of the Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. This has been considered as part of the ADM process.

5.5 Legal and Constitutional References

5.5.1 The Council's Constitution (Clause 15A, Responsibility for Functions, Annex A) sets out the terms of reference of the Environment Committee. This

includes:

- Commissioning refuse and recycling, waste minimisation and street cleaning.
- Approve any non-statutory plan or strategy within the remit of the Committee that is not reserved to Full Council or Policy and Resources Committee.
- Approve fees and charges for those areas under the remit of the Committee

5.5.2 This matter is not reserved to Full Council or to the Policy and Resources Committee as the Constitution specifically allocates matters of this type to the Environment Committee, including concluding the ADM project if the recommendation to this report to adopt Option E is agreed by the Committee.

5.5.3 If the final decision, however, if to approve options A or B will be for Full Council under paragraph 1.6 of section 15 of the constitution, responsibility for functions; “*all policy matters and new proposals relating to significant partnerships with external agencies and local authority companies*”. For Option A and B the Full Business Case (FBC) would need to be agreed by Full Council.

5.5.4 Section 3 (1) of the Local Government Act 1999 requires local authorities to make arrangement to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Section 3 (2) of the Local Government Act 1999 also provides that in order to fulfil this duty it must consult with representatives of persons liable to pay tax to the Authority and representatives of persons who use or are likely to use services provided by the Authority. In deciding on the persons consulted and the form, content and timing of consultation the must have regard to the Revised Best Value Statutory Guidance 2015. It is considered that the Council have properly complied with this duty as evidenced by the content of this report

5.5.5 The Public Contracts Regulations 2015 exempt from the application of public procurement law certain contracts between contracting authorities and entities controlled by them provided certain conditions are satisfied. These are known as the Teckal conditions and are:

- The contracting authority exercises over the contractor concerned a control which is similar to that which it exercises over its own departments.
- More than 80% of the activities of the contractor are carried out in the performance of tasks entrusted to it by the controlling contracting authority.
- There is no private sector ownership of the contractor (with certain exceptions).

5.5.6 Teckal considerations only apply to Options A and B. Officers will need to ensure appropriate due diligence is carried out to ensure compliance with

each of the Teckal conditions. It is understood that The Barnet Group is a company wholly owned by the council, EU Procurement Rules are likely to apply if the envisaged arrangements do not meet the Teckal exception.

5.5.7 If at any time the proposals under either Option A, Option B or Option E envisage either the council or The Barnet Group, trading (not recharging) a local authority ordinary function (or anything in exercise of the General Power of Competence), the council will need to put together and approve a Business case under section 95 of the Local Government Act 2003 and the 2009 Trading Order England unless the trading is with another public body. Further, all income generating options will need to be identified in order to assess the availability of the council's ability to use its trading or recharging legal powers. Proposals which will result in changes to service delivery including charging, will need to be agreed internally (scheme of delegation and any special governance structure for the wholly owned company) and may require public consultation.

5.5.8 Officers will need to ensure that whatever contractual arrangements exist between the Council and The Barnet Group in relation to current management services are properly managed to accommodate whatever decision is made by the Committee

5.6 Risk Management

5.6.1 All project risks are managed using the risk management procedure, as set out by the Corporate Risk Management Framework.

5.6.2 A full project risks table is available in the revised Business Case (OBC2), in Appendix A (See background papers 6.2)

5.7 Equalities and Diversity

5.7.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between people from different groups.
- Foster good relations between people from different groups.

5.7.2 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies, and the delivery of services. The impact of the ADM project on staff and the public is not known at this stage. The content of both EIAs is therefore predictive only.

5.7.3 The nine protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Ethnicity
- Religion or belief
- Gender
- Sexual orientation
- Marriage or civil partnership.

5.7.4 The complete updated Equalities Impact Assessments (EIAs) for both service users and staff are available as background papers (6.2)

5.7.5 As the project moves into the next phase, the EIAs will be reviewed and updated in line with project requirements and in accordance with Barnet project management methodology. It is expected that the revised EIAs will show the actual scale and type of impact of the chosen delivery model option on both staff and service users.

5.8 Consultation and Engagement

5.8.1 As a matter of public law, the duty to consult on proposals which may vary, reduce or withdraw services will arise in four circumstances:

- Where there is a statutory requirement in the relevant legislative framework.
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy.
- Where the matter is so important that there is a legitimate expectation of consultation.
- Where consultation is required to complete an equalities impact assessment.

5.8.2 A full consultation report can be seen in the background papers (6.2). As explained elsewhere in the body of this report (paragraphs 1.23 to 1.26) it is considered that the degree and extent of consultation in relation to Option E (a full in-house service) has been adequately undertaken.

6. BACKGROUND PAPERS

6.1 The Environment strategies and frameworks set out the strategic vision and future demand management for Recycling and Waste, Parks and Open Spaces, Street Cleansing and Enforcement. The ADM project serves as a vehicle for delivering this vision at the operational level.

- 6.2 [Environment Committee March 2017 Papers](#) – including the revised Outline Business Case (OBC2) for the Street Scene Alternative Delivery Model project.
- 6.3 [Environment Committee September 2016 Papers](#) – including the initial Outline Business Case (OBC1) for the Street Scene Alternative Delivery Model project.
- 6.4 [Environment Committee March 2016 Papers](#) – including Commercial Waste Transformation and Street Scene Enforcement.
- 6.5 [Environment Committee May 2016 Papers](#) – including the Parks and Open Spaces Strategy, and the Municipal Recycling and Waste Management Strategy.
- 6.6 [Environment Committee July 2016 Papers](#) – including the Street Cleansing Framework.
- 6.7 [General Function Committee May 2016 Papers](#) – including Senior Management Restructure

