

# Revised Outline Business Case (OBC2): Street Scene ADM Project

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## 1. Introduction and Strategic Context

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The purpose of the Street Scene Alternative Delivery Model (ADM) project is to:

- Increase customer satisfaction with service delivery.
- Achieve the Medium-Term Finance Strategy (MTFS) savings targets.
- Identify opportunities to transform the service in order to most effectively delivery the Environmental Strategies actions plans; in line with Commissioning Group intentions for the borough.

This document is a Revised Outline Business Case (OBC2). It provides the strategic context to the ADM project and explains why alternative delivery is necessary. This document sets out the work that has been undertaken in order to assess the best way to deliver Street Scene services so that they will meet the objectives above. It also puts forward a shortlist of potential alternative delivery model options for review by Environment Committee.

An Initial Outline Business Case (OBC1) was submitted to Environment Committee on 29 September 2016 and approved by Full Council on 01 November 2016. The purpose of OBC1 was to put forward a longlist of seven potential delivery model options and seek approval to pursue the shortlist of four options referred to above. Full Council agreed to proceed to consult on four of those options, as well as research them in more depth. This Revised Outline Business Case (OBC2) sets out the outcomes of the further work that has been undertaken to assess the viability of each of the four options against the project objectives.

### Interim Changes to Street Scene Senior Management

Following an operational review of Street Scene in late 2015, The Barnet Group have been awarded an interim management agreement by Barnet Council to deliver transformative work required within the Delivery Unit. This decision was approved by the Policy and Resources Committee on 22 March 2016:

*“The Barnet Group has been engaged to provide senior management oversight to the Delivery Unit... They will use their internal management resources and utilise suitable specialist support to help develop and deliver the short to medium term financial and operational Key Performance Indicators and to develop and deliver the Street Services Alternative Delivery Model project”.*

This agreement was extended by Policy and Resources Committee on 01 December 2016 to allow Members time to consider the Revised Outline Business Case (OBC2) on 15 March 2017. It is not anticipated that this agreement will have any negative impact on the ADM project. However, this agreement has had an impact on the project insofar as the Delivery Unit of the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) has been coordinated by The Barnet Group, as opposed to by Street Scene senior management.

## Input from the Street Scene Delivery Unit

It should be highlighted that the Street Scene Delivery Unit staff have worked hard to prepare the proposals for Options A and B. A significant level of work has been done reviewing services, scoping potential future improvements and delivery options. Engagement with the ADM project has been done alongside delivering 2016/17 MTFs savings and business as usual service delivery.

### **1.1 Background**

The council has a statutory duty to maintain the urban environment; via services such as waste and recycling, street cleansing, and maintenance of parks and open spaces. The current Corporate Plan includes the following statements:

- *Recycling and Waste* – Barnet has amongst the highest levels of recycling and the lowest levels of waste compared with similar councils. This results in high levels of resident satisfaction and maintains the green and clean nature of the borough.
- *Street Cleansing* – 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* – It is a Commissioning Group 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.

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

The Street Scene ADM project has been commissioned to assess the best way of delivering Street Scene services in the future, in light of significant savings challenges to services and performance requirements against key strategic indicators. Also relevant is the launch of the Recycling and Waste and Parks and Open Spaces strategies approved by Environment Committee in May 2016, which were publicly consulted on from January to March 2016. The Street Cleansing framework has also been approved by Environment Committee, in July 2016, as well as other initiatives that consider demand management priorities within the future delivery of these important services.

The project needs to achieve the Medium-Term Finance Strategy (MTFS) savings target of £900k by 2019/20. Additionally, the project must maintain or improve the current waste and recycling, street cleansing, and maintenance of parks and open spaces service provision as expressed through the key drivers below.

The project has reviewed the current functions and output of the services in scope, in order to identify possible alternative models of delivery which will be used to achieve financial savings.

The key drivers for the ADM are in line with the Commissioning intentions for 2020, which include:

- 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.

## **1.2 Links to Environment Strategies**

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 will serve as a vehicle for delivering this vision at the operational level.

### *1.2.1 Recycling and Waste*

The Municipal Recycling and Waste Strategy vision is to keep the local environment clean and attractive, reduce waste, and encourage increasing levels of recycling.

It has the following aims:

- Provide services that help the community to manage environmental impact.
- Manage the rising cost of waste collection and disposal by designing services that promote recycling and reuse and are integrated, intuitive and efficient.

- Encourage Barnet residents, businesses and visitors to take responsibility for recycling the waste that they produce, using enforcement where necessary.
- Embrace new technologies and ways of working that help to deliver services that respond better to the needs of the community.

### *1.2.2 Street Cleansing Framework*

The Street Cleansing Framework sets out the policy and direction, key drivers, and overall approach for the delivery of street cleansing services. The objective being a high quality environment in streets and public places throughout the borough. The associated improvement plan will identify the short, medium and longer term actions that will deliver the strategy; these being prioritised accordingly.

The plan is expected to drive performance, thereby increasing customer satisfaction levels and enhancing the attraction and appeal of the area as a place in which to live, work and visit. This will also enhance the reputation of the council and its partners, who contribute in a significant way to achieving a high quality local environment. Priority is given to solutions that are environmentally responsible and financially sustainable in the longer term. This reflects increasing concerns about air quality, the possible impact of future climate change, natural resources, and uncertainty regarding the continued availability of adequate resources to provide core public services.

The borough cleansing framework sets out the vision of maintaining a clean street scene:

- Supporting Barnet's town centres; ensuring they are clean, litter free and welcoming (day-time and evening).
- Ensuring residential streets are litter picked and swept to a good standard.
- Recycling over 50% of waste.
- Operating in an efficient, effective and responsive manner.

To achieve this the service will:

- Be 'intelligence-led' and data driven.
- Engage with residents and businesses and enable individual and community participation.
- Use technology and mechanisation to improve efficiency.
- Follow, review, trial and implement best practice, and new ideas.

- Enforce against those who continue to degrade Barnet's street scene.
- Promote the generation of income for the service, for private works.

### *1.2.3 Parks and Open Spaces*

The Parks and Open Spaces Strategy provides a review of Barnet parks and open spaces. It has assessed the current provision of green spaces in terms of quantity and quality, public benefit or public value and accessibility. The strategy sets out details of current and future challenges including; future funding, demographics change, climate change and green infrastructure demands.

The strategy sets out the economic, social and environmental benefits of good quality parks and open spaces for Barnet and it describes the ways in which people who live and work in Barnet have contributed to the development of the strategy through an engagement process.

To help advance the parks and open spaces as community assets and be best placed to contribute to the wellbeing of the borough's residents, the draft strategy outlines a capital investment strategy identifying; investment opportunities and priorities, targeted investment themes and sites, investment programme and the revenue implications.

To meet the varying demands to be placed on these spaces, the draft strategy looks at various future funding and governance models to enable the strategy to be effectively and efficiently carried through. These include; council management, trusts, third party and / or private management, precepts and local taxation, social enterprise, and endowments.

### *1.2.4 Enforcement*

The Enforcement Strategy and Enforcement Procedures Policy meet Barnet Council's strategic objective to improve the local environment and enhance Street Scene, by providing efficient and effective enforcement. This translates into a number of key actions to improve the local environment, such as:

- Conducting education and enforcement operations which target known 'hotspots', such as transport hubs and town centres, to reduce fly-tipping and improve cleanliness.
- Issuing fixed penalty notices (FPNs) and penalty charge notices (PCNs) for waste-related offences and increasing the proportion of those paid, or successfully prosecuted.
- Regularly reviewing duty of care compliance with high street businesses. Also ensuring compliance with time band restrictions, to enable commercial waste to be collected at the designated times.

- Working with different agencies to reduce the number of illegal waste carriers operating in the borough.
- Using CCTV monitoring equipment (both overt and covert) to identify littering and fly-tipping offences.
- Supporting the Entrepreneurial Barnet programme by removing containers from busy high streets and ensuring that businesses comply with relevant legislation.

## 2. Rationale

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This section of the paper outlines the services in scope, including proposed service lots for alternative delivery, and provides an overview of the current cost of service delivery. These costs form the baseline from which opportunities for financial and operational efficiencies are identified.

It also sets out the Medium-Term Finance Strategy (MTFS) savings assigned to the Street Scene ADM project from 2015 to 2020.

### 2.1 Services in Scope

Project board have agreed that all activities currently delivered by the Delivery Unit for Waste and Recycling, Fleet Management, Grounds Maintenance, and Borough Cleansing are in scope of the ADM; except for those which are undertaken by partners (such as CSG or Re), as well as those which are classed as being 'strategic' and would therefore sit with the Commissioning Group.

#### 2.1.1 Waste and Recycling

In Scope	Out of Scope
Refuse collection	Recycling centre (civic amenity and recycling centre)
Food waste collection	Call centre (CSG)
Bring Bank sites	Depots (site management)
Commercial waste collection	NLWA (strategic aspects)
Education	Enforcement
Recycling collection	
Garden waste collection	
Bulky waste collection	
Clinical waste collection	
Bin delivery (operations)	
Bin delivery (orders)	
Bin delivery (entitlement)	
Skip collections	
Haulage	
NLWA (operational aspects)	

### 2.1.2 Fleet Management

In Scope	Out of Scope
Street Scene fleet	Passenger transport brokerage (ADM)
Passenger Transport fleet*	Passenger transport service (TBA)
Other fleet(s)*	
Workshops	
Barnet Homes fleet*	

\* All items marked above may become out of scope if the decision was taken to go out to procurement.

### 2.1.3 Grounds Maintenance

In Scope	Out of Scope
Parks (locking)	Parks (strategic development)
Parks (grounds maintenance)	Tree Preservation Orders and conservation ( <i>Re</i> )
Parks (management)	Highways ( <i>Re</i> )
Parks (pavilions and changing rooms)	Highways DLO ( <i>Commissioning Group</i> )
Closed cemeteries	
Community development	
Highways grounds maintenance	
Sports and events bookings	
Infrastructure development	
Tree management	
Barnet Homes (and other existing SLAs)	
Winter gritting (re-fill of grit bins)	
Advising on planning applications	

### 2.1.4 Borough Cleansing

In Scope	Out of Scope
Road Traffic Accident clear up	Abandoned vehicles (NSL)
Post-match cleansing (events)	Emergency (out of hours)
Residential street cleansing	Street trading ( <i>Re</i> )
Town centre cleansing	Road closures ( <i>Re</i> )
Fly tipping cleansing	Gullies ( <i>Re</i> )
Seasonal (e.g. leaf)	Market licensing ( <i>Re</i> )
Fly poster removal	Carriageway gritting ( <i>Commissioning Group</i> )
Work with Transport for London	
Town team liaison	
Graffiti removal	
Chewing gum cleansing	
Weed control	
Gritting (town centres)	
Footway gritting	

### 2.1.5 Other

In Scope	Out of Scope
	Cafés ( <i>Estates</i> )
	Automatic Public Convenience (APC) toilets ( <i>Commissioning Group</i> )
	Cleaning of property ( <i>CSG</i> )
	Operational crematoriums ( <i>Re</i> )
	Mortuary ( <i>Shared Service</i> )
	Street Lighting ( <i>Commissioning Group</i> )

## 2.2 Service Lots

Project board have identified four lots in relation to the services identified as being in scope of the ADM project. These are:

- Recycling and Waste
- Street Cleansing
- Green Space Maintenance
- Green Space Governance

The diagram below illustrates how Lot 4 could function separately from Lots 1-3:



### 2.3 Medium-Term Finance Strategy (MTFS) Savings

2015-16	2016-17	2017-18	2018-19	2019-20
£0	£0	£250k	£550k	£100k

As part of the Medium-Term Finance Strategy approved by Environment Committee in November 2015, and by Policy and Resources Committee in February 2016, a target saving of £900k by 2019/20 has been allocated to the ADM project.

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.

Please refer to the Medium-Term Finance Strategy document for additional savings targets allocated to Street Scene services outside of the ADM Project.

### 2.4 Financial Case

Two different cost review methods were used to assess the financial implications of the four shortlisted options. The table below summarises the approaches used:

Options		Review Method
<b>Option A</b>	In-house (with management support from The Barnet Group)	Options evaluated by council officers and specialists.
<b>Option B</b>	Local Authority Trading Company (The Barnet Group)	
<b>Option C</b>	Outsourced	Benchmarking with other local authorities through in-depth discussion and review
<b>Option D</b>	Shared Service	

The detail of these evaluation processes can be seen in section 3.

To enable the financial evaluation of Options A and B, affordability criteria were stated alongside the Authority's Requirements. These affordability criteria were indicative of the maximum cost budget estimated for the in-house options; including MTFS savings. The maximum cost was not intended to be seen as a target and sustainable cost models that could demonstrate costs lower than those set out in the affordability criteria were both encouraged and welcomed. It was stated that it would be highly likely that cost models which were submitted above the affordability criteria would be considered to be non-compliant, unless clear and satisfactory rationale was provided. It was requested that transformation cost were included within the affordability.

The table below sets out the affordability criteria specified:

	Affordability Criteria		
Lot 1-4	2017/18	2018/19	2019/20
<b>TOTAL</b>	<b>£12,139,994</b>	<b>£11,089,994</b>	<b>£9,889,994</b>

Key savings and cost changes can be seen for each option in section 3 below.

### 3. Options

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The Initial Outline Business Case that was presented to Environment Committee on 29 September 2016, and Full Council on 01 November 2016, outlined seven potential options for the future delivery of Street Scene services. Full Council agreed to proceed to consultation on, and further review of, four of the seven options.

This section of the paper sets out the evaluation and viability of the four options shortlisted for alternative delivery.

The following four options have been considered and evaluated:

- **Option A** – In-house (with management support from The Barnet Group)
- **Option B** – Local Authority Trading Company (The Barnet Group)
- **Option C** – Outsourced
- **Option D** – Shared Service

#### 3.1 Option D: Shared Service

##### 3.1.1 Description

The council could provide services in partnership with a neighbouring local authority. Any shared service arrangement would not include The Barnet Group; either in their current role as providing management oversight or as a full service transfer model.

##### 3.1.2 Evaluation Process

At the time of writing OBC1, discussions were underway in relation to the feasibility around future shared services; both with West London Alliance (WLA) Directors and North London Waste Authority (NLWA) boroughs. Some initial shared service research was also carried out by the project manager, in order to ascertain how environmental services were being delivered by neighbouring boroughs.

Initial findings – as per the table below – revealed that the London Boroughs of Enfield, and Harrow, and also Hertsmere District Council, provided their environmental services in-house (current as of December 2015).

Council	Street Cleansing	Parks and Open Spaces	Waste & Recycling
Brent	Outsourced	Outsourced	Outsourced
Camden	Outsourced	Outsourced	Outsourced
Enfield	In-house	In-house	In-house
Haringey	Outsourced	Outsourced	Outsourced
Harrow	In-house	In-house	In-house
Hertsmere	In-house	In-house	In-house
Hounslow	Outsourced	Outsourced	Outsourced

More detailed research has since been undertaken in order to evaluate the viability of a shared service option.

The research team engaged with representatives from three partnership models across London and the South East:

- East Sussex Joint Waste Partnership
- South London Waste Partnership
- Surrey Waste Partnership

The East Sussex Joint Waste Partnership was formed in 2011 between Eastbourne, Hastings, Rother and Wealden councils. The partnership used a competitive dialogue process to procure a single joint contract to deliver waste collection, recycling, street (and beach) cleaning and other associated services. The contract was awarded to Kier and was implemented in April 2013.

The South London Waste Partnership has been formed between Croydon, Kingston, Merton and Sutton councils. This partnership model was originally formed to deliver services in-house as a joint waste disposal authority but has since moved towards a joint procurement approach. A contract is currently in the final stages of being secured; with Veolia as the preferred bidder and Amey as the reserve bidder.

The Surrey Waste Partnership is in the process of forming. Councils which have committed to the partnership to date include; Elmbridge Borough Council, Mole Valley District Council, Surrey Heath Borough Council, Woking Borough Council, and Surrey County Council (which is already a waste disposal authority). The aim of the partnership is to procure a joint contract for service delivery from an external provider. The contract is anticipated to achieve savings of up to £2 million per year.

### *3.1.3 Financial Impact*

The findings of the shared service research indicate that a partnership of two local authorities can reasonably expect to achieve operational savings of between 5% and

10%. This percentage would be expected to increase to between 10% and 20% for a partnership of four authorities (or more).

	Cost	Potential Savings
<b>2016/17 Level</b>	<b>13,636,969</b>	
Low range savings (5%)	12,955,121	681,848
Medium range savings (7.5%)	12,614,196	1,022,773
High range savings (10%)	12,273,372	1,363,697

There is likely to be a need to transform services, prior to engaging in either a joint service agreement or tender process, in order to meet MTFs savings targets for 2017/18. The cost of transformation would need to be fully scoped as part of the Full Business Case, should this option be selected.

In addition to these savings, based on management, operations efficient and alignment, changes to policy-driven services based on the MTFs could also be achieved.

### *3.1.4 Evaluation Outcomes*

Following the evaluation process, the project team have reached the following conclusions:

- Shared services need to have strong political backing (where possible cross-party support) in each of the local authority areas.
- The complex nature of shared services can result in longer timescales for preparation and transformation before a shared service can be established.
- One (or more) of the partner authorities must be prepared for Street Scene services to be managed from another local authority area.
- There are currently no neighbouring local authorities who are able to (or wish to) enter into a shared Street Scene service within the timescales required to meet the requirements of the current ADM process.
- Longer term savings can be achieved that meet the targets required as part of the MTFs.
- However, there is a risk to the 2017/18 MTFs savings targets if the timescales needed to implement a shared service were to be adhered to.

### 3.1.5 Key Risks and Benefits

Risks	Benefits
Lack of suitable shared service partners in neighbouring boroughs.	Shared resources (e.g. depot, contracts, overheads) could result in savings and a more resilient and efficient service.
Political appetite for sharing front line services has not been tested, therefore member views are not currently known.	Operational systems and processes can be brought together by taking the best from each partner. This could result in shared learning and expertise.
Complex governance structure could compromise strategic direction.	Minimal impact on locally based Street Scene staff.
Complex link between service delivery and customer contact across partnership.	Potential for cross-borough route optimisation, resulting in a more efficient service.
Potential delay in achieving 2017/18 and 2018/19 MTFS targets.	

## 3.2 Option A: In-house (with management support from The Barnet Group)

### 3.2.1 Description

The Barnet Group is a wholly owned local authority company which is controlled by the council as a Local Authority Trading Company (LATC). The Barnet Group has been engaged to provide senior management oversight to the Delivery Unit for an interim period from March 2016 (this is the current model of service delivery).

This option would continue and formalise this senior management oversight arrangement. The Barnet Group would continue to use their internal management resources and utilise suitable specialist support to help develop and deliver the financial and operational Key Performance Indicators (KPIs).

All staff, apart from two interim managers, have remained employees of the council, and remain on council terms and conditions<sup>1</sup> and this would continue for this model. The governance structure would continue as it is at present; with The Barnet Group providing senior management oversight of, and support to, the service.

### 3.2.2 Evaluation Process

The in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) were not entered into a competitive procurement process with external companies. They were evaluated using the following process:

- Data from the 2015-16 ABC model provided a financial overview of how services were being run at the present time.
- The Commissioning Group prepared a set of Authority Requirements (ARs) as a minimum specification of how the service could be delivered in the future. Service leads were asked to demonstrate how they could achieve financial savings, deliver service efficiencies, and improve rates of customer satisfaction.
- The Delivery Unit prepared proposals for the in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) to submit in response to the Commissioning Group ARs.
- The in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) were evaluated by a panel, facilitated by the project team.

### 3.2.3 Financial Impact

The financial review of this option highlighted the key elements where changes in the current cost / budget model would be best applied, according to SSDU and TBG. Key management and operational changes are included in the table below:

Savings Description	Savings Type	2017/18	2018/19	2019/20
Management and Delivery Savings	Service management	232,877	582,192	712,607
Fleet	Vehicle usage	142,399	-18,531	192,876
Post changes and overtime review	Structure and management	1,264,828	1,416,815	1,279,064
Income generated to achieve full cost recovery	Income growth	25,000	25,000	1,360,380
Tree planting to be funded from non-budget sources	Income growth	50,000	50,000	50,000
Alternative disposal site for green waste, at reduced cost per tonne and transportation	Service delivery	50,000	100,050	100,050
Cost Description	Cost Type	2017/18	2018/19	2019/20
Increase in insurance estimate	Insurance	-10,000	-10,000	-10,000
Additional funding for senior management posts	Staffing	-13,000	-13,000	-13,000
Additional TBG management fee	TBG Payment	-600,000	-600,000	-600,000
Contingency	TBG Payment	-250,000	-250,000	-250,000
IT system improvements	IT	-62,350	-62,350	-62,350

Overall, this option did not fully achieve a cost model within the affordability criteria which had been set. It also did not include the transformation cost as requested. The table below sets out the affordability for Street Scene services and contrasts this with the proposed running costs set out in Option A: In-house (with management support from The Barnet Group).

	2017/18	2018/19	2019/20
Affordability Criteria	£12,139,994	£11,089,994	£9,889,994
Option A (In-house)	£12,612,726	£12,284,168	£10,499,059
<b>Variation</b>	<b>-£472,732</b>	<b>-£1,194,174</b>	<b>-£609,065</b>

Key areas which were not included within the option and would need further funding included the cost of transformation. A menu of costs was put forward, whereby if all transformation costs requested were funded this would require an additional £4 million of funding between 2017/18 and 2021/22. There is likely to be a need to transform services, in order to meet MTFs savings targets for 2017/18. The cost of transformation would need to be fully scoped as part of the Full Business Case, should this option be selected.

### 3.2.4 Evaluation Outcomes

Following the evaluation process, the project team have reached the following conclusions:

- Assessment of the proposal and presentation put forward by the Street Scene Delivery Unit (SSDU) and The Barnet Group (TBG) resulted in a final score of 2.49 out of 5 for Lots 1-3 and 1.69 out of 5 for Lot 4. The benchmark set for a “satisfactory” offer was a score of 3 (see below):

Score	Category	Definition
0	Unacceptable	An unacceptable response or a response that is missing.
1	Poor	Response falls <u>significantly</u> short of the required standards of the council (as per the Authority’s Requirements).
2	Unsatisfactory	Response falls short of the required standards of the council (as per the Authority’s Requirements).
3	Satisfactory	Response meets the Authority’s Requirements and would meet the goals of the relevant council targets, strategies, and customer satisfactions rates.
4	Good	Response exceeds the Authority’s Requirements and would meet the goals of the

		relevant council targets, strategies, and customer satisfactions rates. It would also demonstrate improvement on the current approach and standards.
5	Excellent	A very good response which significantly exceeds the Authority's Requirements and would surpass the goals of the relevant council targets, strategies, and customer satisfactions rates. It would also demonstrate significant improvement on the current approach and standards.

Lots 1-3

- From the initial quality assessment, it was felt that the submission in many areas had come close to achieving a “3”. Due to a lack of detail around the customer experience, managing demand and a clear vision and route to achieve the change within the timescales, the assessors felt elements just fell short.
- To ensure that these areas could be assessed fully and openly (given the close nature of the scoring) the SSDU and TBG were asked to submit an addendum highlighting their approach to the customer experience, managing demand, visions and the route to achieve the changes.
- With the inclusion of the addendum material, the lot 1-3 submission can be categorised as ‘satisfactory’.

Lot 4

- The score was deemed as being unsatisfactory due to lack of separation between lot 3 (operational green space maintenance) and lot 4 (Greenspace management) as requested. This included lack of separation activities, costs and proposals. There was an unacceptably long lead in times for change, and a lack of clear vision linking to the council’s Parks and Open Spaces Strategy. As this lot fell significantly short, and would not deliver the outcomes of the strategy, a new delivery method was proposed.
- The financial basis for four had a lack of robustness and deliverable. Although these figures have been used to place the financial assessment (see 3.2.3) in a more positive bottom line position. The deliverability risk in this area is high.
- Due to the strategic and commissioning-led nature of this lot, the assessor believed that this lot should be transferred to the commissioning group in order to ensure that the outcomes of the strategy are achieved.

### Lots 1-4

- It is anticipated that, overall, this option would cost £472,732 to £1,194,174 more than the target affordability criteria specified in the Authority’s Requirements.
- The Barnet Group annual management fee for this option was a significant amount; totalling at £850,000; including contingency funds.
- Ongoing work and oversight would still be required by the Commission Director for Environment with this option, although this has not been costed.
- There would be a risk to the MTFS savings targets.
- Significant transformation would be required, and is recommended, in order to mitigate against the financial risk. This cost has not been including in the option.
- The evaluation panel raised concerns as to the robustness of the proposal for achieving the MTFS.
- The evaluation panel raised concerns as to whether TBG has the capacity to deliver positive cultural change at ‘arms-length’ and whether this would have a negative impact on the high levels of performance currently demonstrated elsewhere in the Group.

#### *3.2.5 Key Risks and Benefits*

Risks	Benefits
Lack of vision for service transformation.	Minimal impact on Street Scene staff.
Potential delay in achieving 2017-18 MTFS savings targets.	Integration with other council services.
The Barnet Group are not Street Scene specialists.	Good understanding of residents and locality.

### **3.3 Option B: Local Authority Trading Company (The Barnet Group)**

#### *3.3.1 Description*

As stated in section 3.2.1 above, The Barnet Group is a wholly owned local authority company which is controlled by the council. This option would involve the transfer of all services in scope to The Barnet Group. This option would also involve a TUPE

transfer of Delivery Unit staff to The Barnet Group. The Barnet Group would then be in a position to trade Street Scene services commercially and generate a shared profit.

This model would involve a contract (which may be described as a service level agreement) between the council and The Barnet Group, setting out the key performance indicators and clearly defined savings targets.

### 3.3.2 Evaluation Process

The evaluation process for this option was conducted in the same manner as, and in parallel with, the evaluation process for the in-house option (with management support from The Barnet Group) as described in section 3.2.2 above.

### 3.3.3 Financial Impact

The financial review of this option highlighted the key elements where changes in the current cost / budget model would be best applied, according to SSDU and TBG. Key management and operational changes are included in the table below:

Savings Description	Savings Type	2017/18	2018/19	2019/20
Management and Delivery Savings	Service management	232,877	582,192	712,607
Fleet	Vehicle usage	142,399	-18,531	192,876
Post changes and overtime review	Structure and management	1,264,828	1,416,815	1,279,064
Income generated to achieve full cost recovery	Income growth	25,000	25,000	1,360,380
Tree planting to be funded from non-budget sources	Income growth	50,000	50,000	50,000
Alternative disposal site for green waste, at reduced cost per tonne and transportation	Service delivery	50,000	100,050	100,050
TBG Flex contract introduction	Staff Contracts	0	200,000	200,000
Enhanced financial control & accounting policy	Management	0	374,000	374,000
Additional Income from Advertisements	Income growth	0	50,000	50,000
Savings from additional redundant post	Structure and management	0	62,500	125,000
Addition unspecified savings	Unknown	400,000	400,000	400,000
Cost Description	Cost Type	2017/18	2018/19	2019/20
Increase in insurance estimate	Insurance	-10,000	-10,000	-10,000
Additional funding for senior management posts	Staffing	-13,000	-13,000	-13,000

Additional TBG management fee	TBG Payment	-350,000	-350,000	-350,000
Contingency	TBG Payment	-250,000	-250,000	-250,000
Additional Overhead costs		-50,000	-100,000	-100,000
IT system improvements	IT	-62,350	-62,350	-62,350

\* **Shaded light blue areas indicate variation from option A**

Overall, this option did reach the affordability criteria which had been set, if transformation cost are disregarded. It should be noted that in the original criteria it was requested the transformation cost were included. The table below sets out the affordability for Street Scene services

	2017/18	2018/19	2019/20
Affordability Criteria	£12,139,994	£11,089,994	£9,889,994
Option B (TBG)	£12,012,726	£11,047,668	9,200,059
<b>Variation</b>	<b>£127,268</b>	<b>£42,326</b>	<b>£689,935</b>

As stated above a key area which were not included within the option, and would need further funding, included the cost of transformations. If all transformation costs requested were funded, this would require an additional £4 million between 2017/18 and 2021/22. There is likely to be a need to transform services in order to meet MTFs savings targets for 2017/18. The cost of transformation would need to be fully scoped as part of the Full Business Case, should this option be selected.

It should be noted that crucial areas of the TBG proposal are based on the use of TBG flex. This would mean that new staff being employed by TBG after a TUPE transfer who be on different terms and condition to those who have transferred from LBB.

### 3.3.4 Evaluation Outcomes

Following the evaluation process, the project team have reached the following conclusions:

- Assessment of the proposal and presentation put forward by the Street Scene Delivery Unit and The Barnet Group resulted in a final score of 2.53 out of 5 for Lots 1-3 and 1.69 out of 5 for Lot 4 in the panel exercise. The benchmark for a "Satisfactory" offer was set at 3 (see below).

Score	Category	Definition
0	Unacceptable	An unacceptable response or a response that is missing.

1	Poor	Response falls <u>significantly</u> short of the required standards of the council (as per the Authority's Requirements).
2	Unsatisfactory	Response falls short of the required standards of the council (as per the Authority's Requirements).
3	Satisfactory	Response meets the Authority's Requirements and would meet the goals of the relevant council targets, strategies, and customer satisfactions rates.
4	Good	Response exceeds the Authority's Requirements and would meet the goals of the relevant council targets, strategies, and customer satisfactions rates. It would also demonstrate improvement on the current approach and standards.
5	Excellent	A very good response which significantly exceeds the Authority's Requirements and would surpass the goals of the relevant council targets, strategies, and customer satisfactions rates. It would also demonstrate significant improvement on the current approach and standards.

Lots 1-3

- From the initial assessment it was felt that the submission had come close to achieving a "3" in many areas. Due to a lack of detail around the customer experience, managing demand, and a clear vision for achieving change, the assessors felt elements just fell short.
- To ensure that these areas could be assessed fully and openly (given the close nature of the scoring) the SSDU and TBG were asked to submit an addendum, highlighting their approach to; the customer experience, managing demand, visions and the route to achieve the changes.
- With the inclusion of the addendum material, the lot 1-3 submission overall can be categorised as 'satisfactory'.

Lot 4

- The score was deemed as being 'unsatisfactory' due to lack of separation between lot 3 (operational green spaces maintenance) and lot 4 (green spaces governance) as requested. There was a lack of separation activities, costs and proposals. There was an unacceptably long lead in times for change, and a lack of clear vision linking to the council's Parks and Open Spaces Strategy. As this lot would not deliver the

outcomes of the strategy, a new delivery method was proposed by the evaluation panel.

- The financial basis for four had a lack of robustness and deliverable. Although these figures have been used to place the financial assessment (see 3.2.3) in a more positive bottom line position. The deliverability risk in this area is high.
- Due to its strategic and commissioning nature, the assessor believed that this lot should be transferred to the commissioning group in order to ensure the outcomes of the strategy are achieved.

#### Lots 1-4

- It is anticipated that, overall, this option could deliver additional savings of between £42,327 and £689,935 above the affordability criteria budget specified in the Authority's Requirements. It does not include however, the transformation costs.
- A significant amount of the savings relies on the unspecified addition £400,000 offered by TBG, it is unclear however where these would be made from. As such there would be significant risk attached to them.
- There would be a risk to the 2017/18 MTFs savings targets if a contract could not be agreed that would enable the transfer of staff by 01 October 2017. Any contract would require a period of full staff consultation prior to implementation.
- Significant transformation is recommended in order to mitigate against financial risk.
- The evaluation panel raised concerns as to the robustness of the proposal for achieving the MTFs. Confirmation is still outstanding as to whether this option could operate at the target budget specified in the Authority's Requirements.
- All ownership of risk would ultimately fall to the council, however, the ability to influence change would be reduced with this option.
- The evaluation panel raised concerns as to whether TBG has the capacity to deliver positive cultural change within such a large area of service, and whether there could be a negative impact on the high levels of performance elsewhere in the group.
- There are HR implications in regards to the TBG proposal to put new starters on to The Barnet Group terms and conditions (e.g. 'TBG Flex'). Under the Transfer of Undertakings Protection of Employment Regulations 2006 (TUPE), the contracts

of employment of staff currently working in the Street Scene Delivery Unit and employed by the council would transfer to The Barnet Group should this option be pursued. According to TUPE any changes to the terms of these contracts of employment would be void if they are made because of the transfer; not for an economic organisational and technical reason related to the workforce. TBG is not proposing to change TUPE staff terms and conditions. The use of TBG Flex for new employees means that any new employees would have different terms and conditions. There may be concern that transferred staff could be on more favourable terms and conditions than those new staff employed directly employed by TBG on TBG Flex terms and conditions.

- Under the Equality Act 2010 anyone employed under a contract personally to do work is entitled to contractual terms that are as favourable as those of a comparator in the “same employment” of the other gender, if they are employed on equal work (this is; like work, work rated as equivalent, or work of equal value). The 2010 Act implies a sex equality clause into every employee’s contract of employment guaranteeing that the terms of their contract will be as favourable as those of the other gender but in the “same employment”. The sex equality clause does not operate if the employer shows that the difference in contractual terms is due to a material factor which is neither directly nor indirectly sex discriminatory. A factor that is ostensibly gender-neutral but which, in practice, has a disproportionate adverse effect on women will need to be objectively justified by the council. There is therefore a risk that employees could bring equal pay claims as a result of the two-tier workforce arising from the transfer but the council would be able to defend against such claims by relying on a gender neutral reason for the difference in pay,
  
- The Government has published “Principles of Good Employment Practice” which provides that “*where a supplier employs new entrants alongside former public sector workers, new entrants should have fair and reasonable pay, terms and conditions. Suppliers should consult with their recognised trade unions on the terms and conditions offered to new entrants*”. The Best Value Authorities Staff Transfers (Pensions) Direction 2007 requires local authorities to ensure that staff transferring from the local authority are able to acquire pension benefits that are the same as, if not broadly comparable to, the LGPS pension scheme. TBG would therefore have to permit the transferring employees to remain in the LGPS by becoming an admitted body to that scheme and paying the requisite contributions; or offer membership to an equivalent scheme certified by the Government Actuary's Department as being broadly similar to the LGPS scheme.

### 3.3.5 Key Risks and Benefits

Risks	Benefits
Potential delay in achieving 2017-18	Integration with other TBG services

Risks	Benefits
MTFS savings targets	(e.g. grounds maintenance)
The Barnet Group are not Street Scene specialists	Good understanding of residents and locality
Potential lack of appetite of TBG Board	Risks owned by TBG
Impact on staff (TUPE)	
Council would retain costs associated with managing the vehicle fleet	

### 3.4 Option C: Outsourced

#### 3.4.1 Description

A commercial provider would be procured via a competitive process to run the Street Scene services in scope. The council would take no role in the ownership of the service model and would therefore not be involved in service governance beyond the scope of what is outlined in the contract; strategic objectives would therefore be specified in the contract. For this option, the council can choose which areas it would like to share the risk, or reward, of delivery (and any potential growth) and set the contract accordingly.

This option would involve the transfer of all services and the TUPE transfer of Street Scene Delivery Unit staff to the outsourced provider(s). The TUPE transfer of staff from the Council would give rise to similar issues for the outsourced provider as for TBG as set out at 3.3.4 above.

#### 3.4.2 Evaluation Process

At the time of writing OBC1, some initial market testing was carried out to ascertain market appetite for outsourcing local authority environmental services. The results of this initial testing confirmed an active tendering landscape across London and a market that was attractive to many of the conventional service providers; including (but not limited to) Amey, Biffa, and Veolia.

This suggested that there would be a commercial appetite for this option, should the decision be made to outsource services to an external provider(s).

As the project progressed towards OBC2, some more rigorous market testing has been undertaken in order to gain a greater understanding of what other contracts are being tendered at the present time. Should the decision be taken to pursue an outsourced option, the knowledge gained from the results of market testing would help ensure that the most competitive offer could be obtained.

The research team has identified the key providers in the London market. These are:



The results of the soft-market testing also indicate that the stand-alone cost of procurement would be in the region of £450,000, comprised of; £200,000 for procurement costs, £100,000 for legal costs, and £150,000 for the cost of developing the tender documents.

In addition, there would be a recurring annual cost of £250,000 for managing the contract.

There is also likely to be a need to transform services, prior to completing the procurement process, in order to meet MTFs savings targets for 2017/18. The cost of transformation would need to be fully scoped as part of the Full Business Case, should this option be selected.

	Cost	Potential Savings
<b>2016/17 Level</b>	<b>13,636,969</b>	
Low range savings (9%)	12,409,642	1,227,327
Medium range savings (14%)	11,727,793	1,909,176
High range savings (19%)	11,045,945	2,591,024

In addition to these savings, based on management and alignment, changes to policy-driven services based on the MTFs could also be achieved.

#### *3.4.4 Evaluation Outcomes*

Following the evaluation process, the project team have reached the following conclusions:

- It is likely the outscored option would deliver savings in excess of the current MTFs target required for the ADM project.
- It is anticipated that the time needed to plan would be about two years; including planning, procurement and mobilisation. This would mean that the earlier MTFs savings would be at risk. However, the savings targets for 2019/20 and 2020/21 would be significant exceeded.
- An outsourced sector specialist would deliver economies of scale for procurement of any new fleet. The cost of the fleet could be spread as either a revenue payment or capital payment.
- The contract would need to be set at a minimum seven-year period, in line with the standard lifecycle of a recycling and waste vehicle.

- Economies of scale would be possible for back office functions, although some of this saving would be transferred to the creation of a client team to manage the contract.

#### 3.4.5 Key Risks and Benefits

Risks	Benefits
MTFS 2017/18 savings at risk	Increased potential to achieve long-term savings and generate income
Impact on staff (TUPE)	Service efficiencies and innovation
Cost of procurement process and contract management	
Political appetite	

### 3.5 Definition of Assessment Criteria

The following assessment criteria were identified in OBC1 and approved by Full Council on 01 November 2016. The successful option will evidence, to the highest standard, how each of the following assessment criteria will be met.

#### 3.5.1 Cost versus Savings

- Understands unit costs and how these impact on service budgets
- Produces service budgets which are both thematic and place-based
- Sustains a long-term financial vision underpinned by sound financial planning
- Deliver Medium-Term Finance Strategy (MTFS) savings on time and in full

#### 3.5.2 Place-Based Service

- Understands local diversity (residents and businesses) and how this impacts on service needs
- Is aware of the importance of developing the local economy
- Is aware of how local issues can influence place-based improvements, including across other council services
- Engages effectively with stakeholders and strategic partners
- Provides evidence of solution-focused partnership working

#### 3.5.3 Technology and Innovation

- Demonstrates a working culture that supports innovation and challenges staff to engage with new technologies
- Has the ability to innovate
- Draws synergy between customer contact and improving service efficiency
- Reduces hand-offs in the customer journey
- Ensures feedback from customers that can inform future solutions

### *3.5.4 Income Generation*

- Understands the council's entrepreneurial aspirations for the borough
- Understands service income streams and demonstrates the ability to develop plans to grow key business areas
- Has a track record of gaining investment
- Provides evidence of successful bids
- Demonstrates a full understanding of; asset-based control by service, maximising financial return, and adding social value

### *3.5.5 Continual Service Improvement*

- Maintains and delivers high quality services with targets based on both quality and perception
- Demonstrates effective stakeholder engagement across a spectrum of internal and external partners
- Adapts services to meet changing needs
- Engages with diverse workforce and representatives from trade unions

### *3.5.6 Track Record*

- Is known to deliver high quality, effective services
- Track record proven by:
  - Current (or previous) working relationship with the council and / or partners
  - Professional (market) reputation
  - Examples of best practice at other local authorities

## **3.6 Conclusions**

Based on the detailed evaluation of the four possible options outlined in the section above, which includes the results of the soft market testing and shared service research undertaken as a benchmarking exercise, project board has reached the following conclusions:

- The Parks and Open Spaces service can be divided into two distinct lots; Green Space Maintenance and Green Space Governance. This division is more likely to achieve greater savings and service efficiencies whilst maintaining high levels of customer satisfaction, than the current service model.
- The shared service option (**Option D**) is unlikely to meet the project objectives.
- Three options are most likely to meet the project objectives:
  - **Option A:** In-house (with management support from The Barnet Group)
  - **Option B:** Local Authority Trading Company (The Barnet Group)
  - **Option C:** Outsourced.

Each of these three options contain benefits, risk and challenges in different areas, as highlighted in the table below:

Option	Cost vs. Savings	Place-based Service	Technology and Innovation	Income Generation	Service Improvement	Track Record
In-house	A	G	R	A	A	A
LATC	A	G	A	G	A	R
Outsourced	G	R	G	A	A	G

## 4. Project Approach

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This section of the paper describes the project approach, including:

- Approach to the initial and revised Outline Business Cases (OBC1 and OBC2)
- Key project activity
- Project resources

### 4.2 Approach to the Initial and Revised Outline Business Cases

Typically, the assessment phase would involve the production of an Outline Business Case (OBC) and a Full Business Case (FBC). However, in the case of the Street Scene ADM, two OBCs have been produced in order to better ensure a robust approach to the options analysis process.

#### 4.2.1 Initial Outline Business Case (OBC1)

- Defined service lots that offer the best opportunities for financial efficiencies and service innovation.
- Defined a robust set of options appraisal criteria to be used to evaluate the options for alternative delivery.
- Defined and assessed a longlist of options for alternative delivery; including the in-house options (pre-December 2015) and (with management support from The Barnet Group), and the Local Authority Trading Company option (The Barnet Group).
- Proposed a shortlist of options for alternative delivery recommended for full evaluation in OBC2.
- Prepared the Authority Requirements (ARs) and service specifications for which the in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) were priced against.
- Initiated staff and trade union engagement on the ADM process, including project progress to date, as per the change management strategy plan.

- Prepared and agreed the approach to public consultation on the shortlist of options for alternative delivery.
- Completed initial Equality Impact Assessments (EIAs) for both staff and service users, to identify whether any protected groups could be affected by the possible changes to service delivery.

#### *4.2.2 Revised Outline Business Case (OBC2)*

- Confirms options shortlist, as recommended in the initial Outline Business Case (OBC1); the in-house option (with management support from The Barnet Group), the Local Authority Trading Company option (The Barnet Group), the shared service option, and the outsourced option\*.
- Delivers public consultation and staff engagement activity on the options shortlist (dependent on OBC1) and pays due regard to results.
- Completes revised Equality Impact Assessments (EIAs) for both staff and service users to identify whether any protected groups could be affected, should any of the shortlisted options be implemented.
- Refreshes market research and soft market testing for benchmarking against the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group).
- Refreshes shared service research and confirm the viability of a shared service option.
- Fully evaluates the options shortlist and identifies conclusions for review by Members.

The diagram below depicts the approach to OBC2 as described above:



#### 4.2.3 Key Milestones

The table below identifies target dates for the assessment phase of the project, for both OBC1 and OBC2.

Key Milestone	Deliverable	Date Due	RAG
Initial Outline Business Case (OBC1)	Development of OBC1	March to July 2016	Complete
	Agree service lots	March 2016	Complete
	Change Management Strategy to SPB	April 2016	Complete
	Develop ARs	April to June 2016	Complete
	Staff engagement on in-house option (TBG) and LATC option (TBG)	May to October 2016	Complete
	Update to SCB	May 2016	Complete
	Initial scoring of options longlist	June 2016	Complete
	Identify options shortlist	June 2016	Complete
	In-house options response time opens	June 2016	Complete
	Initial EIAs complete (staff and service users)	July 2016	Complete
	Consultation and engagement plan complete	July 2016	Complete
	Draft OBC1 to project board	August 2016	Complete
	Final OBC1 to SCB	August 2016	Complete
	Final OBC1 to Committee	September 2016	Complete

Key Milestone	Deliverable	Date Due	RAG
Revised Outline Business Case (OBC2)	Development of OBC2	October 2016 to February 2017	Complete
	Options shortlist confirmed (dependent on outcome of OBC1)	October 2016	Complete
	Refresh ABC Financial Model (2016-17)	October 2016	Complete
	In-house option and LATC option response time closes	October 2016	Complete
	Public and staff consultation period	November 2016 to January 2017	Complete
	Evaluate In-house option and LATC option	November 2016	Complete
	Refresh soft market testing	November 2016 to January 2017	Complete
	Refresh shared service research	November 2016 to January 2017	Complete
	Report on public and staff consultation findings	January 2017	Complete
	Complete refreshed EIAs (staff and service users)	January 2017	Complete
	Draft OBC2 to SCB	January 2017	Complete
	Final OBC2 to project board	February 2017	Complete
	Final OBC2 to Committee	March 2017	Green
	Final OBC2 to Full Council (tbc)	April 2017	Green

#### 4.2.4 Next Steps

The two tables below illustrate the difference in timescales between pursuing the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group), versus following a procurement process:

**Route 1: Option A – In-house (with management support from The Barnet Group) and Option B – Local Authority Trading Company (The Barnet Group)**

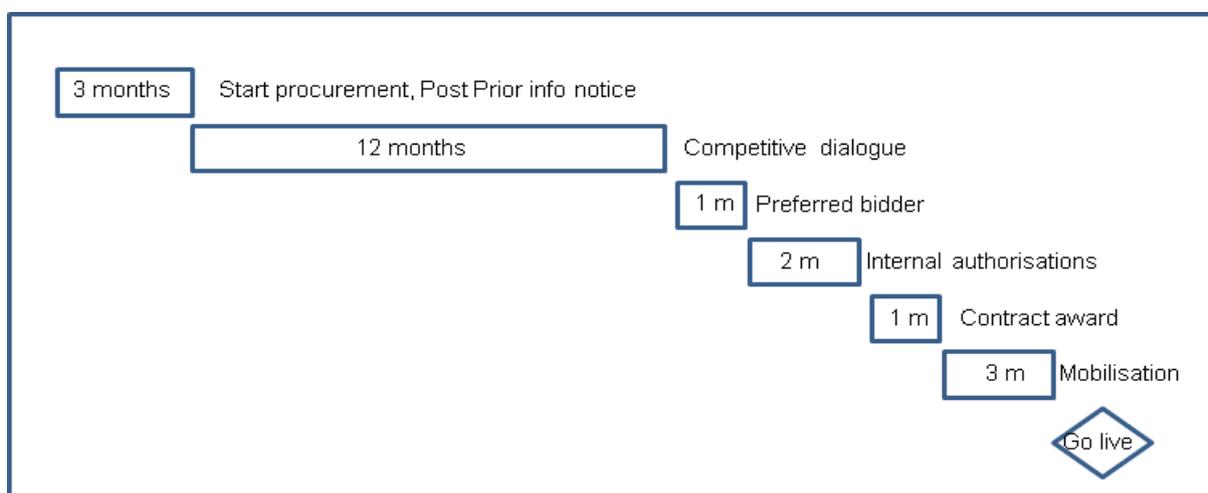
OBC1 to SCB	OBC1 to Committee	OBC2 to SCB	OBC2 to Committee	FBC	Mobilisation	Go Live
Aug-16	Sep-16	Feb-17	Mar-17	May-17	Jun-17	Oct-17

**Route 2: Option C – Outsource (Procurement Process)**

OBC1 to SCB	OBC1 to Ctte.	OBC2 to SCB	OBC2 to Ctte.	Procurement	FBC	Mobilisation	Go Live
Aug-16	Sep-16	Jan-17	Mar-17	May-17	Jun-18	Oct-18	Jan-19

Route 2 allows for a procurement process with built-in contingency around decision making. It assumes a three-month period prior to mobilisation in Oct-18 and a further three-month mobilisation period prior to 'Go Live' in Jan-19.

The graph below illustrates what a twelve-month procurement process would be expected to involve:



Any delay to implementing the chosen alternative delivery model carries the risk of not fully achieving the MTFs targets for 2017/18 and 2018/19. This is a greater risk for those models which will involve a procurement process. There are also the costs of change to be factored in, which may negate a portion of the short-term savings to be achieved.

### 4.3 Key Project Activity

The table below outlines the approach taken to key assessment phase project activities, as per the Barnet Project Management Toolkit.

These activities are in addition to the work being done towards the submission of the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group).

Activity	OBC1	OBC2	Owner	Description
Consultation and Engagement	N	Y	Project Manager	Confirm need for consultation and engagement, identify external stakeholders and agree public consultation activity. Identify opportunities to link with

Activity	OBC1	OBC2	Owner	Description
				existing consultation activity in the wider Street Scene programme.
Change Management (staff engagement)	Y	Y	The Barnet Group ( <i>previously Change Management Lead</i> )	Confirm need for change management, identify internal stakeholders, define key messages and agree staff engagement activity.
Initial Equalities Impact Assessment (staff and public)	Y	Y	Project Manager	Conduct predictive internal (employee) and external (service user / resident) equality impact assessments to identify whether the project will have any impact on groups with protected characteristics.
Market Engagement	N	Y	Procurement Lead	Requirements for market engagement: <ul style="list-style-type: none"> <li>▪ Formalities / 'due process'</li> <li>▪ Timescales</li> <li>▪ Appetite</li> </ul> This will also include shared service research and soft market testing.

#### 4.3.1 Consultation and Engagement

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 there is a requirement to consult in order to comply with the Best Value Duty to secure continuous improvement in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness in accordance with the Local Government Act 1999.
- 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.

There are currently no proposals to change service delivery, however the council should consider consulting the public regarding the aspects of service delivery that they consider to be important. In addition to senior council officers and members, the following key stakeholders may be consulted and engaged with as the project moves towards the revised Outline Business Case (OBC2):

- Key stakeholder groups, such as residents, local businesses, trusts, or 'friends of' organisations, to understand the opportunities and appetite for different levels of involvement from the community; this would be especially relevant for any potential separate Parks and Open Spaces Alternative Delivery Model.
- Employees and Trades Unions, to share challenges and issues and to inform them of the potential options and project approach.

Please also refer to the 'Approach to Consultation' section of this report for further detail.

A full report on the consultation findings is available in Appendix B.

#### *4.3.2 Change Management*

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.

The strategy is currently being implemented by The Barnet Group. Engagement with staff, trade unions, and other senior stakeholders is ongoing. Staff engagement activities include (but are not limited to):

- Survey
- Briefings
- Newsletter
- Change champions network
- Suggestion boxes

The strategy 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). Staff are also being engaged with on service transformation and the implications of the MTFS savings targets.

Staff are actively being encouraged by The Barnet Group and the Street Scene Delivery Unit senior management team to contribute suggestions for the in-house option (with management support from The Barnet Group).

#### *4.3.3 Market Engagement*

A market research and soft testing approach has been developed by the Procurement Lead as the project moved towards OBC2. The results of the soft market testing have been used to review the viability of the outsourced option, and to provide benchmarks

against which the in-house option (with management support from The Barnet Group), and the Local Authority Trading Company (The Barnet Group) option can be compared.

Please refer to section 3.4 of this report for further detail.

#### 4.3.4 Equalities Impact Assessment

Initial equalities impact assessments (EIAs) for staff and service users have been completed for both OBC1 and OBC2, in accordance with Barnet project management good practice.

At this stage of the project, only the groups *likely* to be affected have been identified; for both the staff and service user EIAs. It is not yet known if these groups will definitely be affected and, if so, to what extent.

The results of the public and staff EIAs are available in Appendices C and D, respectively.

## 4.4 Project Resources

### 4.4.1 Project Governance

Full terms of reference for project board membership have been revised and updated in accordance with the changing needs of the project.

Project board membership is currently as follows (updated on 10/01/17):

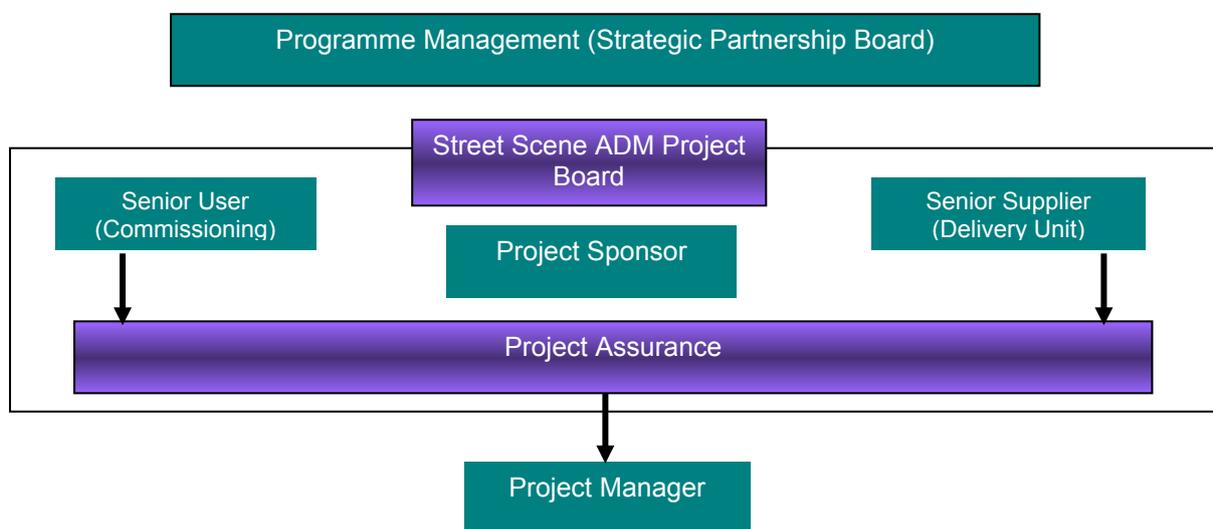
Name	Title	Project Role
Jamie Blake	Commissioning Director for Environment	Project Sponsor & Senior User
Helen Bailey	Partnership Relationship Manager	Commercial Advisor
Amy Blong	Project Manager, CSG	Project Manager
Chris Dawson	Procurement Transformation Lead, CSG	Procurement Lead
Kitran Eastman	Strategic Lead, Clean and Green	Senior User
Cara Elkins	Programmes and Resources Advisor	Project Assurance and Resources Advisor
Philip Hamberger	Partnership Relationship Manager	Commercial Advisor
Dennis Holmes	Interim Lead Commissioner, Parks and Green Spaces	Senior User
Patricia Phillipson	Interim Finance Director	Finance Advisor

Name	Title	Project Role
Andrew Stirland	Procurement Manager, CSG	Procurement Lead
James Wills-Fleming	Director of Corporate Programmes, CSG	Strategic Advisor

Subject matter experts from elsewhere in the council (and partners) attend project board as needed.

The role of the project board is to provide strategic direction for the project and to fulfil an assurance role in regards to products, timescales and costs.

The chart below depicts the role of project board in relation to senior stakeholders and the project manager:



The Programme Management function in the diagram above refers to the wider Environment Portfolio, which is managed through the Strategic Partnership Board (SPB). The ADM Project Board has a dotted line reporting function up to the Programme Level.

#### 4.4.2 Project Team

The role and function of the project team differs from that of the project board. Project team members are responsible for the operational delivery of the project; including relevant products and deliverables as approved by the board.

As the project moved into the Assessment Phase, the project team has been delivering specified activities and products. Strategic input from subject matter experts from elsewhere in the business has been made available to the Commissioning Group, The Barnet Group and the wider Street Scene Delivery Unit. Operational support has continued to be provided by the Project Manager.

#### 4.4.3 Project Budget

Project costs for the Street Scene ADM are being funded from the Street Scene Transformation budget, which is controlled by the project sponsor.

## 5. Expected Benefits

The table below summarises the anticipated financial and non-financial benefits to be realised by 2020. These benefits are in line with;

- MTFS targets
- Environmental commissioning intentions for the borough
- Increased customer satisfaction
- Transformation of services (to deliver strategy action plans)

Type	Description	Recipient	Value (£)	Deadline
Financial	MTFS targets	Council	£900k	2017/18 (£250k) 2018/19 (£550k) 2019/20 (£100k)
Non-financial	50% recycling rates across the borough	Council & Public	-	2020
Non-financial	Positive service user behaviour change	Council & Public	-	2020
Non-financial	High quality physical environment	Public	-	2020
Financial	Investment in public spaces	Council & Public	(tbc)	2020
Non-financial	Stronger local communities	Public	-	2020
Non-financial	Reduction in anti-social behaviour	Council & Public	-	2020
Non-financial	Improved customer satisfaction	Public	-	2020

These benefits are consistent with the assessment criteria outlined in the options appraisal in section 3.6 in this report.

## 6. Risks

All risks are being recorded and monitored in accordance with Barnet project management methodology.

The table below summarises the highest scoring project risks:

Description	Score	RAG	Mitigation
If the ADM project does not achieve the projected £900k savings by the timescales specified in the Commissioning Group plan, then there will be increased pressure on Street Scene to make savings elsewhere.	12	A	There will be a detailed analysis of the timescales and value of savings to be realised through the ADM. A financial model has been produced using the results from an Activity-based Costing (ABC) exercise. Opportunities for improvement will be identified as the project progresses.
If there is insufficient Member support for the project, then there is a risk of significant delay as a result of needing to re-evaluate alternative delivery options. There would also be a potential risk of project closure, if revised options are not approved.	12	A	The project sponsor will ensure regular and comprehensive Member engagement via updates to the Leader and portfolio holder for Environment.
If the proposed increased annual leave entitlement is enforced as part of the Unified Reward contractual changes, then there is a risk that staffing levels will need to increase in order to ensure consistency of service. Levels would increase either by using agency staff or by recruiting permanent staff. This will be at additional cost to the Delivery Unit and may have implications for annual savings targets.	12	A	Project board to be kept informed of any updates to the implementation of Unified Reward (UR), via standard internal council communications channels. Alternative Delivery Model (ADM) option leads to ensure that the options submitted for evaluation incorporate the Unified Reward contractual changes. Monitoring should continue until the contractual changes have been formally implemented across the council.

## 7. Project Assurance

The approach to project assurance is being managed in accordance with Barnet project management methodology.

To date, assurance has largely been provided by project board; through the strategic direction of project activity and quality control of key products. Key products have been approved as per Barnet corporate governance procedures.

The table below summarises assurance activity thus far:

Deliverable	Author	Review	Approval
Project Initiation Document	Programmes and Resources Advisor	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> </ul>	Strategic Commissioning Board

Deliverable	Author	Review	Approval
ABC Financial Model (2015-16)	CSG Finance	<ul style="list-style-type: none"> <li>▪ Street Scene Delivery Unit</li> <li>▪ Commissioning Group</li> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> </ul>	Project Board
Strategic Outline Case	Project Manager	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> </ul>	Strategic Commissioning Board
Initial Options Analysis (longlist)	Project Manager	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> </ul>	Project Board
Change Management Strategy (staff)	Change Management Lead	<ul style="list-style-type: none"> <li>▪ Street Scene Delivery Unit</li> <li>▪ The Barnet Group</li> <li>▪ Project Sponsor</li> </ul>	Strategic Partnership Board
Consultation and Engagement Plan	Project Manager	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> <li>▪ Consultation and Engagement Lead (LBB)</li> </ul>	Consultation and Engagement Lead (LBB)
Initial Equalities Impact Assessments x2 (staff and service user)	Project Manager	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> <li>▪ Equalities Lead (LBB)</li> </ul>	Equalities Lead (LBB)
Initial Outline Business Case (OBC1)	Project Manager	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> <li>▪ Strategic Commissioning Board</li> </ul>	Environment Committee
Revised Outline Business Case (OBC2)	Project Manager	<ul style="list-style-type: none"> <li>▪ Project Sponsor</li> <li>▪ Project Board</li> <li>▪ Strategic Commissioning Board</li> </ul>	Environment Committee

## 8. Dependencies

All dependencies are being recorded and monitored in accordance with Barnet project management methodology.

The table below summarises the project dependencies as follows:

Description	Monitoring Required
<p><b>Street Scene Strategies</b> The Alternative Delivery Model (ADM) will be the delivery vehicle for the following strategies:</p> <ul style="list-style-type: none"> <li>- Waste and Recycling</li> <li>- Parks and Open Spaces</li> <li>- Street Cleansing Framework</li> <li>- Playing Pitch</li> <li>- Enforcement</li> </ul> <p>The strategies will therefore shape the service requirements of the ADM. Any delay, or amendment, to implementing the strategies will have a subsequent impact on the delivery timescales, or content, of the ADM.</p>	<p>This will be monitored as needed by the project manager and Commissioning Group (author of the Street Scene strategies) until such a time as the final versions of each strategy have been formally signed off by Environment Committee.</p>
<p><b>Depot Relocation Project</b> The implementation of the Alternative Delivery Model (ADM) 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.)</p>	<p>ADM Project Manager to liaise with the Depot Relocation Project Manager (and / or the Project Sponsor) to monitor depot relocation progress. Escalate any changes project delivery to project board members as appropriate, including ADM option leads, up to the submission of the ADM options for evaluation.</p>
<p><b>Medium-Term Finance Strategy (MTFS)</b> The savings target assigned to the ADM is dependent on the MTFS targets allocated to the wider Street Scene programme. To date, the ADM has been assigned a total of £900k to be achieved by 2019/20 (£250k in 2017/18, £550k in 2018/19, and £100k in 2019/20). If there were any further changes to the MTFS allocation for the ADM, then this could have an impact on service requirements (e.g. a higher savings target could alter how services would need to be delivered).</p>	<p>Project Manager to monitor MTFS savings allocation within the wider Street Scene Programme and escalate any changes in allocation (anticipated or actual) to project board members as appropriate.</p>
<p><b>The Way We Work (Smarter Working)</b> There are two ways in which the ADM could be dependent on The Way We Work. The first is if the principle of locality-based working is adopted; whereby staff would be based in 'hubs' throughout the borough, rather than in a</p>	<p>Project board to be kept informed of any updates to the implementation of The Way We Work, via standard internal council communications channels. ADM leads to ensure that the option(s) implemented is in line with known strategic drivers.</p>

Description	Monitoring Required
<p>central office. The second is through the use of smarter technology (e.g. smartphones); whereby staff could be encouraged to adopt a more innovative to service delivery (e.g. communicating with customers and / or colleagues via an app). Any proposed ADM would need to incorporate these potential changes.</p>	
<p><b>Customer Access Strategy</b> The ADM would need to be able to incorporate any changes to customer service proposed by the strategy. The strategy will therefore shape the customer service requirements of the ADM. Any delay, or amendment, to implementing the strategy would require the ADM to adapt service plans as necessary.</p>	<p>Project board to be kept informed of any updates to the implementation of the Customer Access Strategy, via standard internal council communications channels. ADM leads to ensure that the option(s) implemented is in line with known strategic drivers.</p>
<p><b>Information Technology</b> The ADM would need to incorporate any changes to use of information technology (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 would therefore need to be consistent with, if not better than, council IT policy and best practice.</p>	<p>Project board to be kept informed of any updates to the council-wide use of IT, via standard internal council communications channels. ADM leads to ensure that the option(s) implemented incorporate IT best practice and, where possible, examples of technological innovation.</p>

## 9. Approach to Consultation

### 9.1 Legal Requirements

In most cases consultation will be necessary and will be a relevant consideration in decision-making. It is anticipated that public consultation will need to continue take place as the project progresses.

There are a variety of legal requirements to consult; firstly, a statutory duty, secondly, a common law duty of fairness and, thirdly, a legitimate expectation based on custom and practice or promise of consultation.

Findings from consultation will form a central part of the decision-makers' consideration of project proposals and any subsequent policies. In considering the findings decision-makers will consider the alternatives and all the countervailing

circumstances; including, where appropriate, any budgetary requirements when making their decision.

The project team must recognise the best value duty to consult, the best value principles, plus any other statutory consultations linked to the project. In particular, the project team will need to ensure that the consultation findings will allow decision-makers to pay due regard to any protected characteristics which could be impacted by any proposed changes.

## 9.2 Project Approach

### 9.2.1 Initial Outline Business Case (OBC1)

A full Consultation and Engagement Plan, available as an appendix to OBC1, has been used to demonstrate how the council intended to consult with citizens at various stages of the project life cycle. A library of evidence has been kept by the project team to promote transparency.

### 9.2.2 Revised Outlined Business Case (OBC2)

To date, both the staff and public have been consulted on the options shortlist identified in OBC1. The consultation period opened on 09 November and closed on 15 January.

A full report on the consultation findings is available in Appendix B.

## 10. Appendices

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This document is an appendix to the Revised Outline Business Case (OBC2) Cover Report submitted to Environment Committee for approval on 15 March 2017.

The following additional appendices are also available:

- Appendix B: Consultation and Engagement Report
- Appendix C: Revised Initial Service User EIA
- Appendix D: Revised Initial Staff EIA

## Document History

Date	Version	Reason for Change
10/01/17	DRAFT	-
17/01/17	1.0	Input from Strategic Lead
26/01/17	2.0	Input from Strategic Lead
26/01/17	3.0	Input from Strategic Lead
13/02/17	4.0	Input from Project Board
28/02/17	5.0	Input from HB Law

01/03/17	6.0	Input from Clearance
02/03/17	7.0	Input from Strategic Lead
03/03/17	8.0	Input from Project Sponsor
06/03/17	9.0	Input from the Lead Member for the Portfolio

## Distribution List

Name	Role	Version	Date
Kitran Eastman	Strategic Lead	DRAFT	16/01/17
Jamie Blake	Project Sponsor	3.0	27/01/17
Strategic Commissioning Board	Project Governance	3.0	31/01/17
Project Board	Project Governance	3.0	07/02/17
HB Public Law	Legal Advice	4.0	13/02/17
Clearance List	Clearance Process	4.0	13/02/17
Governance Lead	Corporate Governance	4.0	13/02/17
Trade Unions	Trade Unions	4.0	15/02/17
Trade Unions	Trade Unions	5.0	28/02/17
Kitran Eastman	Strategic Lead	6.0	01/03/17
Jamie Blake	Project Sponsor	6.0	01/03/17
Councillor Cohen	Lead Member for Portfolio	8.0	03/03/17
Paul Frost	Governance Champion	9.0 (FINAL)	06/03/17

<sup>1</sup> Extract taken from the Street Scene Delivery Unit Management Changes report, submitted to Policy and Resources Committee on 22 March 2016.