

Meeting	Cabinet Resources Committee
Date	7 November 2012
<b>Subject</b>	<b>Outline Business Case and Options Appraisal for Waste and Street Scene Services</b>
Report of Summary	<p>Cabinet Member for Environment</p> <p>This report seeks approval of the outline business case for the delivery of the waste and street scene services.</p>
Officer Contributors	<p>Pam Wharfe, Interim Director for Environment, Planning and Regeneration</p> <p>Lynn Bishop, Assistant Director for Environment</p> <p>Suzanne Hope, Senior Project Manager</p>
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	Annex One: Outline Business Case for delivery of Waste and Street Scene Services
Contact for Further Information:	Suzanne Hope, Senior Project Manager, 020 8359 2684

## 1. RECOMMENDATIONS

- 1.1 That the Committee approves the Outline Business Case for the future delivery of the Waste and Street Scene Services through in-house development of services with the option of support from external specialists and the incoming provider for support and customers services;
- 1.2 That Council officers review the services in two years to assess the ability to deliver continued improvement and savings for the Council and customer and revisit the business case if considered appropriate.

## 2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and the funding strategy for its implementation.
- 2.2 Cabinet, 20 February 2012 (Decision item 6) – approved the Business Planning Report 2012/13 – 2014/15 which included within the report the five projects now being developed through strategic outline cases.

## 3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The three priority outcomes set out in the 2012/13 Corporate Plan are:
  - better services with less money
  - sharing opportunities, sharing responsibilities
  - a successful London suburb.

The three principles that underpin these priorities and the Corporate Transformation programme are:

- a new relationship with citizens;
- a one public sector approach; and
- a relentless drive for efficiency.

- 3.2 The recommendations in the Outline Business Case fit within the Corporate Transformation principles. In line with these principles the implementation and enhancement of the strategy will in respect of:

**(i) A new relationship with citizens**

- Improve communication with residents to change waste and recycling behaviour.
- Simplify recycling instructions to enable increased recycling.
- Enable greater community involvement and ownership of local parks and streets.
- Secure greater use of parks and open spaces to improve health and personal outcomes of residents thereby reducing their reliance on health and social services.

**(ii) A one public sector approach**

- Be able to work effectively with local businesses and third sector groups to provide opportunities for those looking for work to develop new skills.
- Be flexible and therefore able to rapidly respond to changing demands.

**(iii) A relentless drive for efficiency**

- Be innovative and take advantage of evolving technology, thinking and practice.
- Identify and implement income optimisation models.
- Streamline services to provide the most efficient street environment service.
- Operate as efficiently as possible to provide consistently high service delivery within a reduced budget.

**4. RISK MANAGEMENT ISSUES**

- 4.1 Risks associated with the delivery of this project are managed and reported in accordance with corporate risk and project management processes and will also be reported through existing democratic processes.
- 4.2 Key risks associated with the development of an in-house service are highlighted in the outline business case along with the respective mitigating actions.

**5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Equality Act 2010 requires all public bodies and all other organisations exercising public functions on its behalf to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a 'protected characteristic' and those without; and to promote good relations between those with a 'protected characteristic' and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity; race, religion or belief, sex and sexual orientation. In relation to eliminating discrimination, marriage and civil partnerships are, also, 'protected characteristics'.
- 5.2 Comprehensive Employee and Users equalities impact assessments will be carried out against service developments and revisited at each phase of the project and the results taken into account at all key milestones.
- 5.3 The Equalities Impact Assessment will be revisited at key milestones throughout the Project's lifecycle to assess the impact of the service developments on the Council's employees.

**6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 The table below sets out the savings in the current Medium Term Financial Strategy (MTFS) alongside the savings identified from continued in-house development.

	Current MTFS savings		In-house development	
	Additional Saving	Cumulative Saving	Additional Saving	Cumulative Saving
	£	£	£	£
2013/14	882,000	882,000	852,025	852,025
2014/15	1,211,000	2,093,000	1,492,878	2,344,903
2015/16			143,863	2,488,766

- 6.2 The up front costs of change will be funded from the Council's Transformation Reserve.
- 6.3 The Council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon staff. Where the changes are internal this process will be managed in compliance with the Councils Managing Organisational Change Procedure. Where any change results in a TUPE transfer the Council will meet all of its statutory obligations provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006, and, under the TUPE Transfer Commitments LBB implemented in the summer of 2011, all terms and conditions are protected for at least a year including pension provision. Finally the Council has implemented a Relocation Protocol which we would expect a new employer to adhere to.
- 6.4 An embargoed version of a draft of the Outline Business Case was shared with Trade Unions. Only GMB responded with an interim report on the business case which has been included as Appendix E of this report.

## 7. LEGAL ISSUES

- 7.1 The continued provision of the service, in house, by the Council's own employees will not give rise to any, specific, legal issues.

## 8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 The Council's Constitution, in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including "approval of schemes not in performance management plans but not outside the Council's budget or policy framework".
- 8.2 This decision constitutes a key decision as it involves expenditure or savings in excess of £500,000 and has an effect on two or more wards of the borough.

## 9. BACKGROUND INFORMATION

9.1 The Council has been reviewing the options that currently exist for the future delivery of the waste and street scene services. The service groups that fall into this area are:

- Waste Strategy
- Refuse Collection
- Recycling
- Street Cleansing
- Greenspaces
- Highways operational service

9.2 An options appraisal was completed based on all the options originally set out in the Strategic Outline Case. The options appraisal was carried out in two sections with only those options able to provide savings in excess of the current MTFs progressing to a more detailed appraisal. The top six options that progressed to the second stage of appraisal are set out below:

- 1: Outsource
- 2: Outsource post internal improvement
- 3: Shared outsource with London Boroughs within the West London Alliance
- 4: Current in-house MTFs with additional support
- 5: In house service with stretch targets delivered by a mutual
- 6: In house service with stretch targets delivered with support

The evaluation of these options was based on the One Barnet Principles and a confidence rating on how achievable each option was considered to be.

9.3 The outcome of the options appraisal highlighted that two routes could be considered of most advantage that of an outsource or an in-house service with stretch targets. Given the level of change the Council is currently undergoing and the opportunities to develop the service whilst reducing the cost of delivery it is more appropriate to retain the services in-house at this time.

9.4 It should be noted that Council officers also gave considerable consideration to a shared outsource model with other three other London boroughs. Although the option presented the Council with an exciting opportunity the confidence rating, based on level of risk, was considered high. This risk level has been kept under constant review by officers and it is considered that the level was too significant to make it a viable option at this time.

9.5 Subject to approval, an implementation plan will be developed that establishes a street scene business unit that operates with a greater level autonomy. It is recognised by officers that this option carries with it risks and significant challenges but that with support from the new commissioning council and new support and customer services provider there will be skills required to deliver change.

9.6 The belief of Officers is that there is scope to develop new initiatives in-house that would enable the Council to reduce the cost of service delivery directly. It would also afford the Council time to consider transferring the responsibility for whole areas of the public realm to managing companies.

9.7 The belief of Officers is that by developing these services in-house it would be possible to achieve benefits such as:

- In-house stretch option could be implemented fairly quickly as it will not go through an extended procurement process, and hence delivering savings more quickly.
- There are greater chances that the high customer satisfaction levels that the service currently enjoys will continue as they are already delivering the high level of service.
- The opportunity to be supported by both the new support and customer services provider and service specialists will allow innovative new ideas to be absorbed by Council staff in the longer term delivery of services.
- Potential to achieve savings through more flexible use of resources.

9.6 The recommendation to the Committee is for approval of the outline business case for in-house development with stretch targets for the services. Subject to approval, in accordance with the recommendations, a detailed implementation plan will be developed to cover a two year period. It is recommended that the services are reviewed following the two year period to assess success against this business case and the ability to deliver continuous improvement and financial savings.

9.7 Development of a detailed implementation plan would begin in November and it would be expected that the services would be in a position to begin implementing changes and new initiatives from the final quarter of 2012/13. The changes and review periods will be scheduled in the implementation plan to ensure a manageable roll out. Input from the new support and customer services provider would be sought in the first quarter of 2013/14 on how they could support and potentially invest in service development.

## 10. LIST OF BACKGROUND PAPERS

None

<b>Cleared by Finance (Officer's initials)</b>	<b>JH / MC</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SS</b>