

## Appendix D

### **Strategic Outline Case (SOC): Waste & Street scene review**

<b>Author:</b>	<b>Suzanne Hope</b>
<b>Service / Dept:</b>	<b>Deputy Chief Executive</b>

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## **1. Introduction**

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### **1.1 Aim of the Strategic Outline Case**

Environmental and street scene services are at an important juncture; contract end dates and organisational restructuring mean that decisions need to be made about future delivery models of this group of services. The aim of this strategic outline case (SOC) is to examine the current situation in Barnet and highlight future service delivery options which justify further exploration in a more comprehensive options appraisal.

The services in scope of this review are:

- Refuse, organic waste and recycling collections
- Waste strategy
- Street cleansing
- Greenspaces
- Highways operational team

Future delivery options are examined in the context of the three Corporate Change Programme principles:

- A new relationship with citizens
- A one public sector approach
- A relentless drive for efficiency

The SOC phase is designed to ensure the right level of strategic thinking and analysis has been applied to the options prior to any significant further investment by the council.

In parallel with the SOC, work on the Waste Behaviour Change project is being undertaken by the council to identify what collection methods should be used in the future, which will deliver the council's aspirational goals in waste and recycling services. Although work is distinct from the SOC which is concerned with delivery mechanisms for the services, it will incorporate the outcomes from the Waste Behaviour Change project into the planning for delivery of an options appraisal / business case.

## 1.2 Desired Outcomes

There are two sets of outcomes that need to be considered; firstly the outcomes of the SOC and secondly the service outcomes that the options identified in the SOC would help achieve.

- **Outcomes of SOC**
  - To provide CDG with a set of options for the future delivery of the services in scope
  - To identify the process for delivering the options to options appraisal and business case
- **Service outcomes**
  - An increase in recycling levels and reduction in residual waste
  - In the long term maintain performance levels of the services, in particular resident satisfaction in waste and recycling which is currently 81% and 72% respectively
  - An integrated street scene service that is fit for purpose and examines service efficiencies for a mixed area based approach
  - Delivery of a service that provides Barnet as a place where residents choose to live, work and play, that is clean and green
  - A customer focused service delivery model where the front-line service are also providers of customer intelligence
  - Deliver service efficiencies to realise savings set out in the Medium Term Financial Strategy.

## 1.3 Considerations and services changes

All the potential options will need to take account of a number of important changes that will affect these services:

- Integration of the Highways operational team into the Environmental services group in April 2012
- Current May Gurney contract for the collection of recycling and operation of the household waste and recycling centre which runs until October 2013
- Current Go Plant contract for all fleet vehicles to collect residual and organic waste which runs until 2018
- Current procurement by North London Waste Authority (NLWA) on behalf of seven London boroughs for waste treatment and disposal services and facilities
- Requirement to report estimated future tonnages and collection methodologies to the NLWA by 12 April 2012
- Sale of the current Mill Hill depot and the current project underway to identify a new suitable site
- Possibility of sharing some services in scope or depot site with neighbouring boroughs
- Repeal of the Refuse Disposal Amenity Act (1978) and NLWA's preference to operate the household waste and recycling centres in North London

- Review of clinical waste collection to ensure costs are paid for by GP's and hospitals
- Local initiatives such as 'adopt-a-street' and Pledgebank.

#### 1.4 Research and findings undertaken to support the SOC

The key project activities are shown below:

Activity area	Detail
Member engagement	<ul style="list-style-type: none"> <li>• Consultation with the lead Cabinet Member responsible for the Environment – Councillor Brian Coleman</li> <li>• Consultation with cross party members as part of the Waste Behaviour Change Project</li> <li>• A Member Engagement Event held on 13 February to seek views and input particularly around waste and recycling.</li> </ul>
Officer & partner engagement	<ul style="list-style-type: none"> <li>• Consultation with Managers of the services in scope</li> <li>• Detailed consultation with Senior Managers of the services in scope</li> <li>• Workshop with core service managers to ensure their examples of best practice were included</li> <li>• Discussion with Improvement and Efficiency South East Partnership (IESE) and London Waste and Recycling Board (LWARB).</li> </ul>
External engagement	<ul style="list-style-type: none"> <li>• Survey and workshops with residents to discuss their views on waste and recycling methodology.</li> </ul>
Research of best practice from other authorities & government agencies	<ul style="list-style-type: none"> <li>• Desk research of best practice examples of alternative service delivery methods.</li> <li>• Desk research and discussions with councils about lessons learned from outsourced models</li> <li>• Development and exploration of case studies to explore current approaches to service delivery.</li> <li>• Discussions with neighbouring boroughs regarding the potential for shared services.</li> </ul>

Table 2, Initial activities

#### 1.5 Key target dates

Subject to approval, the following key target dates are recommended:

- Strategic Outline Case Reviewed by Programme Board – May 2012
- Options Appraisal and outline business case work – May - November 2012
- Cabinet decision on preferred option – November 2012

## 2. Strategic Context

### 2.1 Background

The services in scope have the common aim of managing public areas to keep them safe and clean. There are interdependencies between the service areas where resource is shared. The aim of the review is to consider potential delivery methods for providing this improved service. To contextualise the review we have researched the models being employed by other local authorities for environmental and street scene services, this can be found in Appendix A.

Included in the scope of this review are analyses of:

- the current service structure covering functions, cost and resource;
- the dependencies of existing services on other teams within the council, including those in the scope of existing corporate projects;
- known ways of improving the efficiency and effectiveness of services;
- how other high-performing Councils deliver these services (looking at both organisations that successfully adapted their model of service delivery 3 to 4 years ago and also at those that have developed more innovative proposals in the last 12 months<sup>1</sup>).

This paper presents the potential methods of service delivery that have been considered by the project team and key service managers to offer both best value for money and service delivery for the customer.

### 2.2 Current Service delivery

Of the five service areas in scope for this review, some are currently provided in-house and others by a third party. The service is not constrained by any statutory requirements for the council to deliver specific elements directly. The high level functions of each service area are listed below<sup>2</sup>:

In-house	External provision
<b>Refuse:</b> <ul style="list-style-type: none"> <li>• household and schools residual waste collection</li> <li>• household and schools organic waste collection</li> <li>• skip delivery and collection</li> <li>• trade waste collection</li> <li>• bulky waste collection</li> <li>• bin delivery service</li> </ul>	<b>Recycling (May Gurney):</b> <ul style="list-style-type: none"> <li>• household and schools recycling collection (dry)</li> <li>• recycling collection from bring banks</li> <li>• management of household waste &amp; recycling centre</li> </ul>

<sup>1</sup> These two groups have been selected to learn the lessons from those who changed their delivery 3 or 4 years ago and see how they are reflected in new innovation in the service group.

<sup>2</sup> Although Leisure falls within the service area it has not been included here as it is subject to a separate SOC and business case.

In-house	External provision
<b>Greenspaces:</b> <ul style="list-style-type: none"> <li>• grounds maintenance of parks and open spaces</li> <li>• maintenance of highway verges and beds</li> <li>• grounds maintenance of Barnet Homes estates</li> <li>• letting of parks and open spaces</li> <li>• parks locking and unlocking</li> <li>• tree inspection</li> <li>• cleansing &amp; emptying of bins in parks</li> <li>• facilities management of park buildings</li> <li>• allotment management</li> <li>• support street cleansing with winter gritting</li> </ul>	<b>Greenspaces (various contracts):</b> <ul style="list-style-type: none"> <li>• grounds maintenance – specialist services</li> <li>• Replacement / renewal of parks assets</li> <li>• tree maintenance</li> <li>• purchasing of materials (various)</li> <li>• park buildings repair work</li> </ul>
<b>Street cleansing:</b> <ul style="list-style-type: none"> <li>• street sweeping</li> <li>• emptying of street bins</li> <li>• investigation of dumping and fly tipping reports</li> <li>• graffiti removal</li> <li>• fly tipping removal from public land</li> <li>• clinical waste collection</li> <li>• hand gritting winter maintenance</li> </ul>	<b>Street cleansing:</b> <ul style="list-style-type: none"> <li>• collection of stray animals</li> <li>• hazardous waste collection</li> <li>• purchasing of materials (various)</li> </ul>
<b>Waste strategy</b> <ul style="list-style-type: none"> <li>• management of Recycling Services (May Gurney)</li> <li>• management of office recycling services</li> <li>• education and engagement across schools and council sites</li> <li>• strategy and planning for refuse, organic, recycling service and waste prevention</li> <li>• promotion of waste services</li> <li>• performance reporting</li> <li>• liaison with NLWA</li> </ul>	<b>Waste strategy (Pearce Recycling and Paper Round):</b> <ul style="list-style-type: none"> <li>• collection of office recycling from council premises</li> <li>• purchasing of materials (various)</li> </ul>

Table 3, Service delivery

It should be noted that the contract to deliver leisure services will be out of scope of this work as it is the focus of a separate strategic outline case.

As of April 2012 the Highways operational team will also become part of the street scene services, the functions covered by this team are all delivered in house and set out below:

- winter gritting
- pot hole repairs
- footpath repairs
- reactive response works
- out of hours standby
- sign shop

The table below shows the planned spend in 2011/12 by cost centre and the planned savings for 2012/13 in the Medium Term Financial Strategy (MTFS). It should be noted that the 11/12 plan figures also take into account income generated across the services.

Cost Centre description	2012/13 Expenditure Budget	2012/13 Income Budget	*Support costs assumption (£)	Total (£)
Recycling	3,835,890	(1,102,210)	416,080	3,149,760
Civic Amenities	649,670	0	53,378	703,048
Street Cleansing	4,126,800	(40,000)	414,721	4,501,521
Domestic Refuse	5,535,975	(150,000)	532,473	5,918,448
Trade Waste	48,070	(2,163,066)	15,080	(2,099,916)
Allotments	71,624	(89,684)	6,827	(11,233)
Parks & Open Spaces	4,628,572	(957,170)	456,399	4,127,801
Sports Grounds	388,590	(311,290)	37,896	115,196
Green Belt Lands	3,810	(106,860)	988	(102,062)
Trees Mgmt	1,249,830	(8,200)	104,738	1,346,368
Highways Responsive	754,447	(647,000)	73,324	180,771
Winter Maintenance	647,600	(229,870)	52,549	470,279
Highways Stand by	92,850	(89,310)	7,996	11,536
Sign Shop	237,230	(288,930)	38,113	(13,587)
<b>Total</b>	<b>22,270,958</b>	<b>(6,183,590)</b>	<b>2,210,562</b>	<b>18,297,930</b>

Table 4, Financial Breakdown

\*Based on (Expenditure budget + recharges) x 8%.

MTFS Savings reported to Cabinet on 20<sup>th</sup> February 2012 for Street scene were as follows:

- 2013/14      £882,000
- 2014/15      £1,211,000

Relevant capital budgets associated with these services are as follows:

CAPITAL	2012/13	2013/14	2014/15	2015/16	2016/17
	£	£	£	£	£
Parks	425,000	100,000	100,000	100,000	100,000
Waste	1,453,000	1,453,000	-	-	-
Highways	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

Table 4a, Financial Breakdown

These services currently employ a significant number of staff, including many seasonal and casual workers to deal with the seasonal variations in workload. This is particularly evident in the Greenspaces Service. The table below sets out current staff number by service. These service areas are currently working with HR to cleanse the staff listing on SAP as the system currently holds some historical data. It is expected that this work will be completed by the end of March.

Team	Staff
Refuse	103
Recycling	98
Waste Strategy	6
Street Cleansing	120
Greenspaces	95
Highways	12
<b>Total</b>	<b>434</b>

Table 5, Staff numbers (Feb 12)

The services currently manage a number significant sized contracts the details of which are set out in table 6 below.

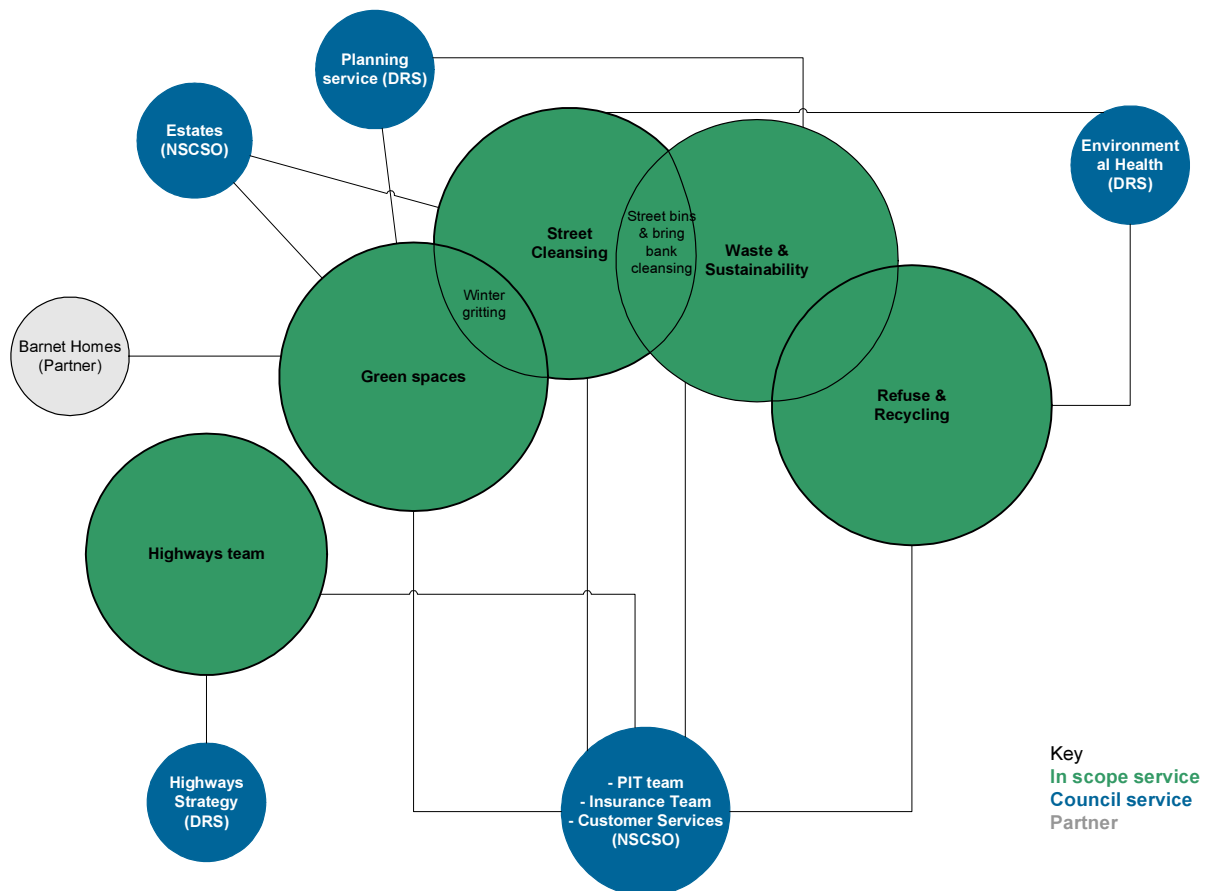
Contract	Duration	Annual cost
Provision of recycling services (May Gurney)	Oct 2008 – Oct 2013 (option for up to 2 year extension)	£4m
Public Tree Management (City Suburban)	Apr 2009 – Apr 2014	£600k
Collection & Disposal of Hazardous Waste (City of London)	Oct 2010 – Oct 2015	£23k
Supply of wheeled bins (SSI Schaefer)	Apr 2009 – Apr 2013	£37k

Table 6, Current contracts

The leisure contracts have not been included here as they have been included in the Leisure Review SOC.



The interrelationships between the services are highlighted in the diagram below:



The services also engage regularly with external partners including TfL, the Met Police, NLWA and the Environment Agency.

A holistic delivery unit covering the range of services in scope would make it easier for Barnet to adapt to seasonal variations in workload. As part of our external research we spoke to Wrexham County Borough Council and East Riding of Yorkshire Council, who deliver their services entirely in-house. East Riding brought their service back in-house approximately ten years ago whereas Wrexham have always directly provided the service.

## 2.3 The outcomes being achieved

### 2.3.1 Council wide outcomes

In considering the future delivery of these services the council will be looking at how these services can contribute to delivering a cleaner, safer place for residents to live.

- Through ensuring the streets and roads and green spaces are clean and tidy it will help to make the local environment feel a safer place.
- Through working with local communities to take ownership and pride in their local assets such as parks it could assist in improving the health of residents and reducing both the occurrence of and fear of anti-social behaviour and crime.

In reviewing the delivery of these services there is an opportunity to engage local residents further and give them a level of ownership of their locality similar to the allotment scheme. Currently the council works with local Friends Groups which are involved in cleaning up local areas and fundraising with the support of the council to deliver localised improvements. The council will look at opportunities to expand this community involved for local groups to take greater control of local parks and further encourage 'adopt-a-street' schemes. These opportunities will allow local people to have greater control of the look and feel of their communities, for example Friends Groups could be used to identify whether local parks have the most appropriate facilities e.g. if an unused park building were to be restored would the local community use it or should it be removed and replaced by a football pitch.

Parks and open spaces, and the associated leisure facilities, have a particularly key role as through ensuring they are places that local residents want to access and look after it can have a number of beneficial impacts on the community:

- Provide diversionary sports activities for young people to reduce the risk of them becoming involved in anti-social behaviour
- Provide diversionary sporting activities for offenders to help in reducing the risk of re-offending
- Improve the health of young people reducing the negative impact on health services
- Improve the health of elderly people reducing the support needed for health and social services.

The council will also look at the possibilities for apprenticeships within these service areas and how this could link with the current community coaches work. It may be possible to consider a scheme whereby those who have already been involved in local volunteer work and actively trying to improve their own outcomes could be offered apprenticeship opportunities. The service could also provide opportunities to offenders through community payback schemes which could be used to clean and improve green spaces assets.

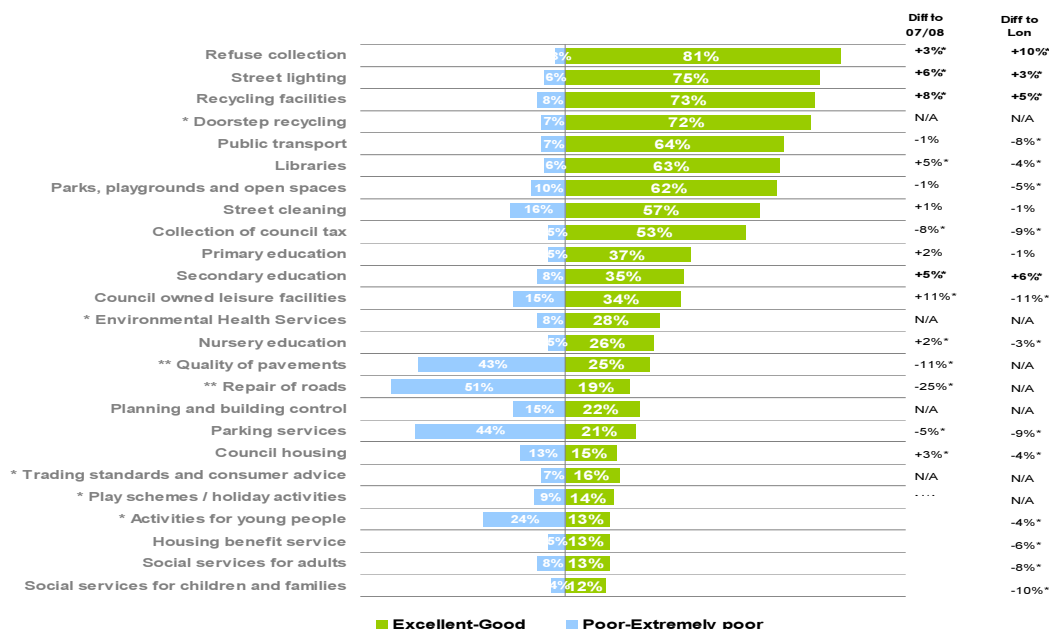
### **2.3.2 Service outcomes**

The services involved have a number of outcomes they are currently working towards which will support the council wide outcomes in 2.3.1.

The current refuse collection service has very high rates of customer satisfaction, with 81% of residents rating the service as good or excellent. Indeed, according to the 2010-11 survey, it has the highest level of customer satisfaction in the council. Satisfaction with the recycling service is also high at 73%. However, the discrepancy between the refuse collection and recycling service rates is something that should be considered.

The street cleansing service has a resident satisfaction rate of 57% which is very similar to the average rating across London. The service is aiming to increase this rate by 10% over the coming two years. This will be supported through achieving a 100% success rate in clearing litter accumulations within 24hrs and removing graffiti from town centres served by town keepers within one working day.

Satisfaction with our parks and open spaces, although in the top ten services in the graph below is still below the London average. The service will look to improve this satisfaction rating throughout 2012/13 particularly through working closely with the Leisure Review project to deliver clean and green parks and open spaces that encourage a more active and healthy lifestyle.



## 2.4 The wider strategic context

Local Authority waste collection has changed considerably over the last 10 years, as can be demonstrated by the change in the recycling rate – in 2000/01 average council recycling in England was 11% and in 2010/11 it was 40%. In order to deliver this step-change in performance, councils have turned to a number of different collection methodologies and delivery mechanisms including the following:

- Increased consideration of joint working;
- Increased consideration of outsourcing waste collection; and
- Dramatic increase in alternative weekly collection for residual waste.

Of the top six councils in the 2010/11 recycling performance table, five have outsourced their collection operations, a different five use alternate weekly residual waste collection and the top performer has both outsourcing and joint working with neighbouring councils. A number of councils have recently tendered their operational portfolio and there is a mixed solution provided in a number of councils. This includes all externally provided in a 'SuperGreen' contract, such as Ealing or a mix of internal and external provision such as Hackney<sup>3</sup>. In considering delivery mechanisms appropriate for Barnet the following statements can be made:

<sup>3</sup> London Waste Map, Waste collection contracts, <http://www.londonwastemap.org/en/non-mapped-data/waste-contracts>

- It is possible to be a top performing council without outsourcing or joint working; but outsourcing and joint working are characteristics shared by most top performing councils and must be considered as delivery options.

## **2.5 Summary of strategic context**

The council is currently revising its collection strategy for waste and recycling, with the aim of reducing residual waste tonnages by changing citizen behaviour. Altering collection methods could increase the recycling rates and release significant efficiencies. Moreover, the corporate restructure has resulted in the movement of the Highways operational team into street scene services, making it the appropriate time to consider the future delivery model of all services. Consideration is also being given to the current method of working and exploration of area based working between green spaces and street cleansing should enable some further efficiencies to be delivered.

### **Localism Agenda**

With the Localism agenda place-based operational services need to be delivered locally, tailored to fit local needs, within a larger scale efficient operation. The Localism agenda will also allow the council the opportunity to look at what further can be done to localise assets and give communities greater ownership. Through the agenda local budgets could be provided to communities to support improvement and management of localities. These grants would only be provided to individuals or groups who would commit to fundraising or giving a number of volunteer hours to the community such as is seen in the 'Pledgebank' model.

### **West London Alliance (WLA)**

As a member of the WLA the council has the opportunity to take advantage of a central pool of expertise in support of joint service delivery. A new joint Procurement Board and Procurement Hub have been established by the WLA and it has identified environmental projects one of their initial areas of focus. This would allow the council, with partner authorities, to access specialist procurement and legal support reducing the cost of change to the council and maximising savings that can be delivered through collaborative procurements.

The financial pressures that local government currently operates under are expected to continue in the coming years. In addition, the environmental argument for increasing recycling rates continues to grow both locally and nationally. The council review of these services aims to support the Corporate Change Programme principles:

- **A new relationship with citizens**
  - Improved communication with residents to change waste and recycling behaviour
  - Simplified recycling instructions to encourage increased recycling
  - Greater community involvement and ownership of their local parks and streets
- **A one public sector approach**
  - Best practice research from similar local authorities
  - Review opportunities for shared service agreements

- **A relentless drive for efficiency**
  - Streamlined services to provide the most efficient street environment service
  - Consistently high service delivery within a reduced budget
  - Greater use of parks and open spaces to improve health and personal outcomes of residents thereby reducing their reliance on health and social services

The key reasons that the council needs to consider different methods of delivery for these services and the opportunities that these options could bring are set out in sections 3 and 4.

### **3. Reasons for change**

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Waste, street scene and greenspaces are important universal services and a citizen's experience of them informs their relationship with the council. A number of factors outlined in this chapter make it an opportune time to examine existing service provision and evaluate options for future service delivery.

#### **Citizen / member push for higher recycling rates**

Citizen and member engagement suggests that there is significant support and ambition for higher recycling rates. There are two main agendas fuelling this: the drive for economic efficiency and environmental concern.

The Waste and Behaviour Change project conducted focus groups, which highlighted significant concern from some citizens about where waste was processed, and the positive impact of sorting on the revenue gained from selling recycling. Member interviews revealed that recycling is now in the top three priority areas of focus and that recycling in Barnet is not made easy enough for citizens.

Barnet are currently the 281<sup>st</sup> performing borough out of 358 authorities<sup>4</sup>. The recycling rate of 33% is average for London boroughs, but below the national average of 42% (2010-11):<sup>5</sup>

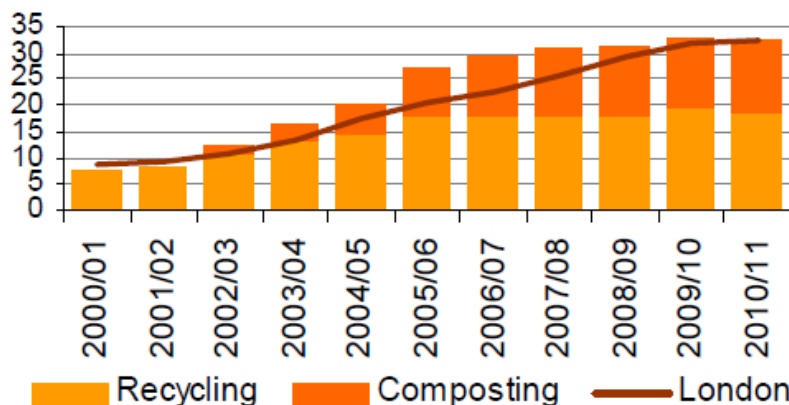
#### **Graph 1 – Household recycling in Barnet (%)<sup>6</sup>**

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<sup>4</sup> Let's recycle, *Overall performance 2010-11*, 21/2/12, (<http://www.letsrecycle.com/councils/league-tables-1/2010-11-1>)

<sup>5</sup> Defra, *Local authority collected waste for England – annual statistics*, 21/2/12 (<http://www.defra.gov.uk/statistics/environment/waste/wrfg23-wrmsannual/>)

<sup>6</sup> Environment agency, *London Borough Environmental Fact Sheet – Barnet*, 21/2/12 ([http://www.environment-agency.gov.uk/static/documents/Research/Barnet\\_2011.pdf](http://www.environment-agency.gov.uk/static/documents/Research/Barnet_2011.pdf))



Barnet are also performing poorly on NI 191 which measures the tonnage of household residual waste sent for disposal. There is significant potential to improve the recycling rates, reduce unnecessary residual waste being sent for disposal, and improve customer satisfaction with the recycling service.

### 3.1 Financial impact of not recycling

Alongside the citizen and member concern about increasing recycling levels, the council should consider the financial impact of not encouraging recycling. Recycling could generate income for the council, as well as reducing costs incurred by diverting waste away from residual disposal. The Waste Behaviour Change project modelled various scenarios and found that collecting commingled dry recycling and providing a wheeled bin for dry recycling should increase recycling rates to 42% and result in an indicative annual saving of £2.7million by 2017.

In the context of significant internal savings targets, the service cannot afford to support high levels of residual waste and must maximise recycling rates. Staffordshire Moorlands District Council, South Oxfordshire District Council and Rochford District Council all reported recycling rates in excess of 61% in 2009-10<sup>7</sup>, highlighting the significant potential for Barnet to increase recycling and realise the economic rewards. Some authorities have expressed concern that increased recycling rates will have a negative impact on customer satisfaction rates. However, the three authorities named above all have customer satisfaction levels of 80% and above, with Rochford reporting 91% customer satisfaction.<sup>8</sup> Potential to increase recycling rates must be considered when determining the future service delivery model.

### 3.2 Commitment to NLWA Inter Authority Agreement (IAA) inc. 50% recycling commitment

Barnet is one of the seven constituent authorities of the NLWA, which arranges the transport and disposal of waste collected in the seven local authorities in the region. Within this statutory framework the council have committed to signing the NLWA IAA which will govern the relationship between the eight authorities for the next 25 +

<sup>7</sup> <http://www.guardian.co.uk/news/datablog/2011/jan/07/household-waste-recycling-by-area>

<sup>8</sup> <http://www.rochford.gov.uk/rdm/index.php/2009/09/23/celebrating-a-year-of-recycling/>

years, which includes reaching a recycling rate of 50% in 2020. Failure to meet this target would have reputational and financial implications for the council. The financial consequences will depend on the outcome of the NLWA contract procurements that are currently in process.

### **3.3 Savings targets**

Financial pressures are not evenly distributed across all services in scope. Street cleaning and greenspaces are not facing the same challenges as waste collection services. However, there are significant on-going cost implications for the residual waste service.

Of the seven constituent authorities of the NLWA, Barnet has the second highest level of residual household waste and recycling levels have plateaued. The future cost of residual waste treatment and disposal will depend on the outcome of the NLWA procurement, but it is likely to be in excess of the current prices paid for waste disposal. In addition from 1 April 2016 NLWA will levy Barnet according to the tonnes of each type of waste delivered, therefore the more residual waste that is delivered, the more that we will have to pay. Options developed by the Waste Behaviour Change project highlighted opportunities to increase recycling rates and realise efficiencies. They modelled scenarios which had recycling rates ranging from 38% to 52%, and corresponding annual savings ranging from £1m to £7.2m by 2017.

Additional to the increasing costs of waste treatment and disposal the council has savings targets set out in the Medium Term Financial Strategy for the street scene services of:

- 2014/15 - £500,000
- 2015/16 - £1,000,000

### **3.4 May Gurney and Go Plant contract expiry**

The May Gurney contract for the collection of recycling and management of the Household Waste and Recycling Centre expires on 3 October 2013. Barnet can choose to extend the contract once by any period up to 2 years, as long as they give at least 3 months' notice. This would allow the council to use the contract to bridge the transition to a new delivery model.

The Go Plant contract for all fleet vehicles expires in 2018. Although the council has the option to reduce the number of vehicles hired to a pre-agreed minimum level there is no break clause in the contract. The contract also ensures an exclusive arrangement with Go Plant and the council. Any change to fleet arrangements will need to be factored in to any option developed for future service delivery.

The expiry of the May Gurney contract places Barnet in a strong position to consider new delivery models for recycling and street scene services. Initiating an options appraisal and business case now will allow the council to make an informed decision about whether to extend the May Gurney contract, and if so, for how long. In addition the impact of the Go Plant contract must be considered when evaluating future options.

### **3.5 Lack of open spaces strategy**

Despite being the second largest provider of green spaces in London, and a budget of approximately £5.4m, Barnet does not currently have an open spaces strategy. This issue has also been flagged by the Leisure strategic outline case. Open spaces help define the character of the borough, and can bring personal and community benefits by encouraging emotional and physical well-being and improving economic performance. Developing the strategy would provide the council with the opportunity to engage with local communities and understand their ambition for the service, and how they will support the delivery of it. It is imperative that the council can articulate its open spaces vision and aims before making decisions about the shape of future service provision.

## **4. Opportunities for financial and non-financial benefits**

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To achieve the service aims of increased recycling, reduced residual disposal and ensure high levels of customer satisfaction with the waste, street scene and greenspaces services, there are three main options to consider: in-house delivery, outsourcing and a shared service with another authority. However, when considering these options we need to be aware of the Barnet specific context and requirements, for example Barnet has 38km of trunk roads requiring regular cleaning and with over 135,000 households, a number that is increasing, requiring waste collections.

### **4.1 In-house delivery**

The end of the May Gurney contract and the transfer of the highways team into Environment, Planning and Regeneration presents significant opportunities to rationalise existing service arrangement. The current mix of internal and external delivery arrangements (outlined in section 2.2) make it difficult to maximise the potential benefit of a cross-skilled, flexible workforce. Rationalising existing service arrangements does not preclude the future externalisation of delivery. However, if externalisation was the preferred option it would seem sensible to time the transition to tie in with the end of the May Gurney contract.

#### **Potential benefits – evidence from external research**

A holistic delivery unit covering the range of services in scope would make it easier for Barnet to adapt to seasonal variations in workload. As part of our external research we spoke to Wrexham County Borough Council and East Riding of Yorkshire Council, who deliver their services entirely in-house. East Riding brought their service back in-house approximately ten years ago whereas Wrexham have always directly provided the service.

Both felt that retaining responsibility for delivery resulted in:



- More control over the service, resulting in a better quality for citizens and higher customer satisfaction rates (East Riding's customer satisfaction is consistently over 85%).
- The ability to consolidate multiple services and release efficiencies.

Neither authority was able to provide accurate information about the level of efficiencies achieved by in-house rationalisation. The potential benefits to Barnet would be calculated by the business case.

In-house provision is also common in London with 23% of authorities delivering their waste, street scene and/or greenspaces services internally. Bringing provision back in-house would give Barnet ultimate control over the services. Financial benefits include: the potential to re-organise services and deliver waste, street scene and greenspaces more efficiently; the control to test new, innovative ideas; and a more flexible workforce, reducing the need to employ seasonal or temporary workers. Non-financial benefits include: potential for improved customer satisfaction through greater direct control of services; and the opportunity for staff to develop new skills when working in a cross-cutting model of service delivery.

## **4.2 Private sector involvement in service delivery**

Using private sector partners in service delivery has the potential to bring economic efficiencies provided by one technical expert. 73%<sup>9</sup> of London authorities currently deliver at least part of their waste, recycling, streetscene or greenspaces services through an outsourced arrangement. Many of those authorities have multiple services delivered externally through one contract.

### **Potential benefits**

External research highlighted that the competitive dialogue route can offer the council opportunities to shape contracts with providers, resulting in tailor-made solutions. Restricted procedure tends to be the preferred route where the services are already outsourced and the authority is seeking a new, similar contract. Payment conditions in outsourcing arrangements can be based on a range of outcomes to ensure that the service helps to deliver the aims of the authority. Contracts need to be written to allow for change if the nature of the service changes in the future. The main financial benefit is cheaper service delivery.

The research showed that savings achieved from procurement vary significantly depending on existing arrangements, procurement method, recycling rates and a range of other factors. The waste and recycling service in Cheshire West and Chester Council will be delivered through a new contract from April 2012, with expected savings of £5m/year. The London Borough of Brent are expecting £1m/year savings from their recent contract re-negotiation following a change in service provision and have customer satisfaction rates of approximately 85% (having outsourced provision in 1992). A recent business case for the City of Edinburgh Council found a 25% reduction in baseline costs in 7 years through outsourcing provision.

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<sup>9</sup> ibid

Both in-house rationalisation and outsourcing can offer significant benefits in the right circumstances. However, the complexity of the service and variations due to demographic factors mean that we need to test the options in a Barnet specific context. The options appraisal and business case stages will allow the quantification of the financial and non-financial impacts expected from in-house and private sector service delivery.

### **4.3 Options for shared delivery of services**

Shared service provision offers Barnet the opportunity to partner with a neighbouring borough to deliver waste, street scene and greenspaces services. Delivery could be in-house or outsourced, depending on which authority is involved in the partnership. Regardless of the delivery method, shared services arrangements have the potential to generate economies of scale through the procurement and the joint use of resources (e.g. depots).

There are currently two main options for shared services delivery: in-house with Harrow (refuse and recycling only) or outsourced with Brent (potentially all street scene services, discussions are on-going). The viability of either arrangement needs further discussion and would be evaluated in the options appraisal stage.

### **4.4 Impact of changes to collection methodology**

The collection methodology for waste and recycling is currently under review. The delivery model for residual waste, organics and recycling will need to anticipate these changes and be flexible enough to react to any additional changes in the future.

## **5. Project Definition**

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### **5.1 Strategic options**

Given the key reasons for change and the opportunities for financial and non-financial benefits as set out in sections 3 and 4 above, there are a number of strategic options for the council to evaluate. Each option is considered in light of the council objectives and the current financial climate, particularly the MTFs, to identify those that should proceed to a full options appraisal.

There are three broad options for the future delivery of Street scene services in Barnet:

- 1. In-house rationalisation**
- 2. Shared services with neighbouring boroughs; and**
- 3. Contracting with the private sector**

Within the three options there are a number of sub-options as set out in the table below. It is worth noting that some of these options are dependent on discussions with Harrow and Brent Councils and the contractors May Gurney and Go Plant.

<b>1. In-house Delivery and Improvement</b>	
On the expiration of the current May Gurney contract, transfer staff and services back in house and seek to deliver revised service targets and MTFS (or stretch) financial targets.	<b>Sub-options</b> <ul style="list-style-type: none"> <li>a. "Super-green" service with the following characteristics:               <ul style="list-style-type: none"> <li>i. Consolidation of recycling / organic / residual / trade into one fleet efficient service with clear functional streams</li> <li>ii. Focus on making Trade Waste a more commercial entity</li> <li>iii. Seek area based efficiencies through operational synergies between green space 'on-street' services, street cleansing and highways</li> <li>iv. Maximise the flexibilities within each service to create an inclusive response and management function.</li> </ul> </li> <li>b. Continuous improvement to current structure.</li> <li>c. In-house rationalisation incorporating elements of the above but in preparation to progress to an outsourced model in 2014.</li> </ul>
<b>2. Shared Services</b>	
Explore the potential for partnering with neighbouring boroughs to deliver part or all of the Environmental Services in-house through a shared service arrangement.	<b>Sub-options</b> <ul style="list-style-type: none"> <li>a. Harrow</li> <li>b. All services</li> <li>c. Partial service</li> </ul>
<b>3. Contract with the Private Sector</b>	
<p>Carry out a procurement process to select a provider to deliver all street scene services on behalf of the council.</p> <p>This could also include utilising the options under the IESE<sup>10</sup> Waste Management Services Framework currently in final procurement stages</p>	<b>Sub-options</b> <ul style="list-style-type: none"> <li>a. All services</li> <li>b. Waste and recycling collection only</li> <li>c. Creation of mutualised private sector entity</li> <li>d. Joint procurement with neighbouring authorities (Brent or Brent and Harrow)</li> </ul>

Table 7, Strategic options

<sup>10</sup> Improvement and Efficiency South East Partnership working with London Waste and Recycling Board

## 5.2 High level options – initial analysis

Table 6 attempts to highlight the potential impact of each of the five options could realise. It should be noted that this is currently very high level and has been produced with the aim of identifying any options that should be ruled out at this early stage. A full options appraisal and business case would be conducted if this project was progressed. This would take into account the full impact of the waste behaviour change work underway and resulting new waste and recycling collection methodology.

Strategic Options	Likely impact on priority outcomes	Likely impact on Service outcomes	Likely ability to increase recycling rate	Likely financial impact
<b>1a. In-House consolidated – “Super-green”</b>	Uncertain – but potential for improvement	Uncertain – but potential for improvement	Uncertain	Potential to lead to savings in waste and recycling service area.
<b>1b. Continuous improvement to current service</b>	Uncertain – but potential for improvement	Uncertain – but potential for improvement	Uncertain	Potential to lead to savings in waste and recycling service area.
<b>1c. In-source recycling at expiry of May Gurney contract, rationalise then outsource in 2014</b>	Improvement	Uncertain – but potential for improvement	Improvement	Likely to lead to savings in waste and recycling
<b>2a. Fully shared service with Harrow*</b>	Uncertain – requires strong partnership working	Uncertain	Uncertain	Investment may be required by partner authority
<b>2b. Partial shared service with Harrow*</b>	Uncertain – requires strong partnership working	Uncertain	Uncertain	Investment may be required by partner authority
<b>3a. Externalise all services</b>	Uncertain – but strong potential to do same for less	Uncertain – but potential for improvement	Improvement	Likely to lead to savings in waste and recycling and street cleansing service areas
<b>3b. Externalise waste collection only</b>	Improvement	Uncertain – but potential for improvement	Improvement	Potential to lead to savings from within waste and

Strategic Options	Likely impact on priority outcomes	Likely impact on Service outcomes	Likely ability to increase recycling rate	Likely financial impact
				recycling.
<b>3c. Create mutualised company</b>	Uncertain – could be potential to do same for less	Uncertain – but potential for improvement	Uncertain – but potential for improvement	Uncertain
<b>3d. Joint procurement with neighbouring borough</b>	Strong potential to do same for less	Uncertain – but potential for improvement	Improvement	Likely to lead to savings in waste and recycling and street cleansing service areas

Table 8, Initial options analysis

\* This would require strong political and operational buy in by all parties, which is still being assessed.

Table 9 below expands on the strategic options in table 8 and looks at the positives and negative considerations against each.

Strategic Options	Pros	Cons
<b>1a. In-House consolidated – “Super-green”</b>	<ul style="list-style-type: none"> <li>• Greatest control over service delivery</li> <li>• Consolidation should result in further savings</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to ensure savings / performance targets (not contracted)</li> <li>• Some disruption during consolidation</li> </ul>
<b>1b. Continuous improvement to current service</b>	<ul style="list-style-type: none"> <li>• Minimal disruptions</li> <li>• Greatest control over service delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Least potential for savings / service improvements</li> <li>• Difficult to ensure savings / performance targets (not contracted)</li> </ul>
<b>1c. In-source recycling at expiry of May Gurney contract, rationalise then outsource in 2014</b>	<ul style="list-style-type: none"> <li>• Brings forward efficiency savings to earliest point</li> <li>• Ensures ‘easy wins’ are not shared with commercial contractor</li> <li>• Flexibility in when collection methods are changed</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of direct control over the services once outsourced, potential impact on customer satisfaction</li> <li>• Costly and potentially contentious procurement process</li> </ul>
<b>2a. Fully shared service with Harrow*</b>	<ul style="list-style-type: none"> <li>• Economies of scale in shared services</li> <li>• Builds on existing working relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Unknown appetite from Harrow and lack of engagement so far</li> <li>• Potential synergies yet to be explored / quantified</li> </ul>

Strategic Options	Pros	Cons
<b>2b. Partial shared service with Harrow*</b>	<ul style="list-style-type: none"> <li>Economies of scale in shared services</li> <li>Builds on existing working relationships</li> </ul>	<ul style="list-style-type: none"> <li>Unknown appetite from Harrow and lack of engagement so far</li> <li>Potential synergies yet to be explored / quantified</li> <li>Partial sharing will lead to reduced savings</li> </ul>
<b>3a. Externalise all services</b>	<ul style="list-style-type: none"> <li>Ability to contractualise performance targets and savings targets – certainty of delivery</li> <li>High potential for savings with synergies exploited across services</li> </ul>	<ul style="list-style-type: none"> <li>Loss of direct control over the services, potential impact on customer satisfaction</li> <li>Costly and potentially contentious procurement process</li> <li>Lack of flexibility once operating</li> </ul>
<b>3b. Externalise waste collection only</b>	<ul style="list-style-type: none"> <li>Ability to contractualise waste performance targets and savings targets – certainty of delivery</li> </ul>	<ul style="list-style-type: none"> <li>Loss of direct control over the services, potential impact on customer satisfaction</li> <li>Costly and potentially contentious procurement process</li> <li>Reduced savings compared to full externalisation</li> </ul>
<b>3c. Create mutualised company</b>	<ul style="list-style-type: none"> <li>Ability to contractualise performance targets and savings targets – certainty of delivery</li> <li>Innovative structure – more incentive for individual staff, profits retained largely within Barnet</li> </ul>	<ul style="list-style-type: none"> <li>Innovative structure – increased risk over proven alternatives</li> <li>Legal implications not yet explored – may not be viable</li> </ul>
<b>3d. Joint procurement with neighbouring borough</b>	<ul style="list-style-type: none"> <li>Greatest potential for savings</li> <li>Large procurement will be attractive to the marketplace</li> <li>Ability to contractualise performance targets and savings targets – certainty of delivery</li> </ul>	<ul style="list-style-type: none"> <li>Complex and possibly time-consuming procurement</li> <li>Potential synergies yet to be explored / quantified</li> <li>Loss of direct control over the services, potential impact on customer satisfaction</li> </ul>

Table 9, Pros and cons of possible options

### 5.3 Costs

The costs for carrying out the options set out in table 9 vary considerably with the most expensive option being a procurement process covering all services in scope. This type of procurement process could cost up to £1m. More accurate costings for each option will be developed as part of the options appraisal / business case work.

This analysis will also ensure that only those options which meet the required MTFs savings will be put forward to Cabinet Resources Committee in autumn 2012.

#### **5.4 Critical path activity**

To enable the options above to be explored, the critical path activity is described in the sections below. This will provide the project with the information required to assess the attractiveness, costs and benefits of the respective delivery methods in the options appraisal and business case phase.

There will be a requirement for some further research and activity to ensure that the information and data available to support the options appraisal is robust. The outputs will enable the council to have a clear and robust rationale to support its decision-making.

#### **5.5 Scope of Street Service review in Options Appraisal and Business Case**

The scope of this review moving into an options appraisal and business case encompasses all the services that sit underneath the Assistant Director for Environment:

- Refuse and recycling collections
- Waste strategy
- Street cleansing
- Greenspaces
- Highways operational team

In this strategic outline case there has been less focus on the Highways Operational Team as this has yet to be formally incorporated into the directorate area. However, best practice examples would be followed up for this service on moving into an options appraisal and business case.

#### **5.6 Key dependencies**

On approval by CDG there are no key dependencies that will prevent this project moving to an options appraisal and business case. There are a number of cross project dependencies that are set out in section 8.

However there are number of dependencies that will influence the degree to which options are considered appealing.

- **May Gurney contract** for recycling services, due to expire in October 2013. The extent to which a short term in-house solution for this service is financially viable will be based on up-coming discussions between the council and provider.
- **Go Plant contract** for provision of waste collection vehicles runs until 2018 and could have financial impacts on any form of outsourced solution particularly in a joint procurement. It should also be noted that two

members of staff currently manage the daily interaction with the contractor to ensure best value for the council.

- **Collection methodology** for waste and recycling is currently under review but the financial case for each option could be quite different depending on how far the council is prepared to change.

## 5.7 Constraints that will affect the project

The options appraisal and business case will be influenced by the following constraints.

- The level of investment required to support the production of options and business case - *any future investment by the council will need to be proportionate to the potential savings and benefits which can be generated*
- Internal resource availability and capability - *the resources required to support the production of options and business case stage will require input from internal resources as well as the Implementation Partner and external expertise in the field*
- Timescales required to deliver savings - *the research recommended to progress with the options appraisal and business case will require approximately 6 months to be delivered (subject to scope and timing of commissioning).*
- Localism agenda – *the extent to which the localism agenda is adopted is currently being considered by the Environment, Planning and Regeneration Directorate, the result of which will influence the service functions to be delivered by the in scope services.*

## 5.8 Resources

To progress this work into an options appraisal and business case the Corporate Change Programme will need to provide dedicated project management support and subject matter expertise. This team would deliver the project with the support of the service area managers and Assistant Director for Environment. Additionally there is a requirement for part time support from both Human Resources and Finance. Dependent of the availability of resources it would be anticipated that an options appraisal would be completed in autumn 2012 for decision by Cabinet. Should approval be given to proceed to options appraisal a full costing to carry out this piece of work would be drawn up for approval by the Corporate Change Programme Assistant Director and Deputy Chief Executive. The fte and associated costs for the work are set out in section 6.

## 6. Project Approach

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### Project management approach



The standard council approach to project management will be adopted for the controls of this project. As part of the Corporate Change Programme, the project manager will ensure the appropriate performance framework documents are managed. The framework covers budget and resource plans, risk and issue management and benefits realisation all of which will feed a project highlight report.

It is proposed that the council carries out further work on the options considered to be of most benefit to the council (as set out in section 5). This will establish with greater accuracy the costs and benefits, both financial and non financial to the council and its residents.

On delivery of a fully costed options appraisal and business case this would be presented to Cabinet Resources Committee for final decision on the future delivery of the services.

### **Options appraisal and business case Summer - Autumn 2012**

- Development of current state of service delivery and financial baseline
- Consideration of new collection methodology for waste and recycling and anticipated impacts
- Consideration of any potential May Gurney contract extension costs
- Consideration of emerging options
- Inclusion of all anticipated costs and benefits across all options.
- All cost estimates will be based on a common pricing level.
- Costs will include:
  - Capital and revenue costs.
  - Organisational development.
  - Consideration of net present values, cash flow and indexation.
  - Consideration of VAT and tax.
  - Financial analysis will be accompanied by assessment of risks.

In order to deliver the work above it is anticipated that the following resources would be required. Resource is in full time equivalent rather than people as both service and subject matter experts could comprise of more than one officer.

- Project Manager x 1fte
- Finance Manager x 0.5fte
- HR Business Partner x 0.5fte
- Service lead x 0.5fte
- Subject matter expert x 0.5fte

An estimate of the support costs is £180,000, these cover a six month period.

### **Approaches to be used to investigate options**

The following approaches will be used to investigate options:

- Discussions with other councils' street environment services to explore alternative approaches to provision / delivery and possible partnership
- Discussion with other government agencies to look at national policy and direction of travel for service delivery
- Exploration of best practice and alternative approaches of service delivery
- Consultation with senior managers

### Project responsibilities and reporting

On approval to move to an options appraisal and business case, a project team comprised of Corporate Change project resource, service area managers, finance and human resources will be established.

Diagram 1 covers the proposed membership of the project board and their roles. Table 11 sets out the anticipated reporting controls as identified by the Corporate Change programme office that would be in place throughout the life of the project.

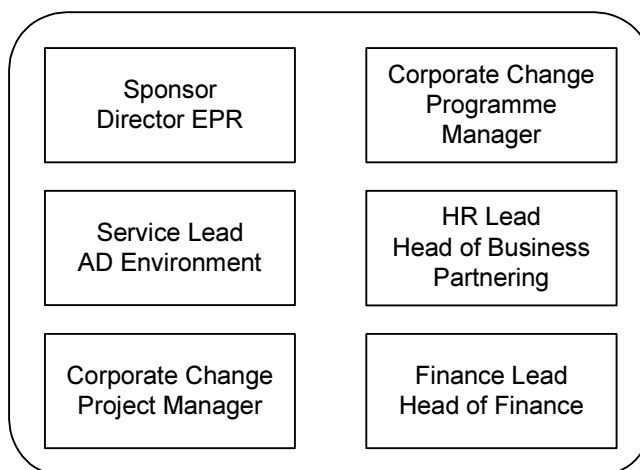


Diagram 1

Role	Responsibility
Project Sponsor	Responsibility for the project to ensure that the project is focused throughout its life on achieving its objectives and delivering to achieve the desired benefits. The key decision-maker on the project board
Service Lead	Represents those delivering the project and is accountable for the quality of what is produced and ensuring that the work of the project is resourced appropriately.
Programme Manager	Responsible for providing project assurance and link across all Corporate Change Programme projects.
Project Manager	Runs the project on a day-to-day basis on behalf of the Project Board within agreed controls and tolerances. Specifically responsible for delivering the project to the

Role	Responsibility
	agreed quality within the agreed costs and timescales
HR Lead	Responsible for protecting the council from financial penalties that could result from incorrect management of staff throughout the project.
Finance Lead	Responsible for ensuring the financial case for the project recommendations stands up to officer and public scrutiny.

Table 10, Roles and Responsibilities

Report	Frequency	Type	Circulation
Status report	Fortnightly	Project snapshot, covering progress, budget, benefits, risks and issues completed by project manager	Programme office and project board
Project board	Monthly	Standard discussion items as set by programme office. Additional items submitted on an event driven basis.	Project board
CDG programme board	Monthly	Project manager to produce any reports as requested by the board or sponsor	Corporate directors and chief executive
Council meetings	As set by Democratic Services	Reports covering all key decisions	Councillor membership of relevant committee

Table 11, Reporting Methods

## 7. Risks

Risk	Mitigating action
If services in scope continue to be run without change or rationalisation the savings as set out in the MTFS will not be realised.	Ensure that when assessing potential service delivery models they can identify better value for money than the current situation and meet the MTFS targets.
The depot relocation project could purchase or lease sites that need to be reflected within any street scene business case and may result in the council not delivering maximum value if depot location/s become no longer fit for	Common representation across both projects to ensure consistent messages and regular PM updates to ensure decisions made on either project are fed into the other and plans updated where necessary.

Risk	Mitigating action
purpose.	
The cost of waste collection and disposal increases beyond the council envelope forcing immediate change on the council and residents.	In considering models for the waste service review consider the service methodology and savings from other councils with differing strategies.
Disengaged staff could impact service delivery and the reputation of the council.	Ensure engagement of service heads in all stages of the project. Once CDG has approved a way forward robust comms plan taking into consideration remote working of many staff affected and the possibility of second generation TUPE staff from May Gurney contract.
Changing suppliers of recycling collection from May Gurney to either the council or a new supplier could impact on service performance levels.	Accept that in transferring staff from one employer to another service performance often shows a dip. Engagement at appropriate level of comms and HR to work with transferring staff and reduce any impact.
An increase in the population and / or properties in the borough could increase the cost of the waste and recycling services beyond the financial capability of the council.	When assessing options for service delivery consider the viability within each for increasing the level of service and impact on the cost to the council.

Table 12, Risks

## 8. Dependencies

Dependency	Impact
The waste behaviour change project being run with Members and residents is currently working with them to review attitudes to changing the methodology for waste and recycling collection.	Any political view on the potential waste and recycling collection methodology will impact on the design and cost of the final options.
Altering any waste and recycling collection or cleansing pattern is dependent in part on the engagement and willingness of residents to change their habits.	Lack of public engagement could impact the council's reputation negatively and put increased burden on customer services dealing with questions and complaints.
Repeal of the Refuse Disposal Amenity Act (1978) and as a result the desire by NLWA to operate all HWRCs in the North London area.	The Summers Lane HWRC could be transferred to NLWA at the end of the May Gurney contract, and not included in the scope of this work, if it was financially viable.
If a shared service solution was sort in	If both parties are not committed to the

Dependency	Impact
part or full this would be heavily dependent on the engagement and willingness of Harrow or Brent both operationally and politically.	same degree it could result in inefficient use of officer time and money. Additionally without firm commitments is liable to be subject to scope change by either side delaying delivery or financial benefits.
The review of street scene and relocation of depot are dependent upon each other.	Should the depot sites be agreed prior to a decision on the way forward for street scene this would need to be taken into consideration, particularly if street services are procured externally. Equally should the way forward for street scene impact the necessity for multiple sites be reached prior to any formal site agreements this needs to be reflected in the depot relocation project.
The trade waste service is currently under review for expansion to cover recycling.	Should the service expand this would need to be included in the service requirements and consideration given to the financial impact both revenue and income generation.
Change and development of green spaces assets is subject to review and approval of the section 106 officer currently part of the DRS to be provided externally.	Specific interface agreements will need to be put in place to ensure a smooth process for developing or removing these assets.
There are a number of dependencies across the council and other projects: All services - <ul style="list-style-type: none"> <li>• NSCSO – Estates &amp; Customer services</li> <li>• Community Safety – Priority Intervention Team</li> <li>• Safer Communities Review</li> </ul> Green Spaces & Waste Strategy - <ul style="list-style-type: none"> <li>• DRS – Planning</li> <li>• Leisure review</li> <li>• Early Intervention &amp; Prevention</li> </ul>	Interface agreements may be required dependent on the current information flows. The information flows are being picked up with the Design Authority to ensure it is captured as part of the wider council design.

Table 13, Dependencies