

	<p><b>Policy and Resources Committee</b></p> <p><b>22 March 2016</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Street Scene Delivery Unit Management Changes</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Commissioning Director - Environment</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>Yes</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix 1 – DPR Street Scene Delivery Unit Management Changes</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Jamie Blake <a href="mailto:Jamie.Blake@barnet.gov.uk">Jamie.Blake@barnet.gov.uk</a> (020 8359 7609)                  Kitran Eastman <a href="mailto:Kitran.Eastman@barnet.gov.uk">Kitran.Eastman@barnet.gov.uk</a> (020 8359 2803)</p>

<p><b>Summary</b></p>
<p>The council carried out a strategic review of the Street Scene Delivery Unit (DU) to ensure that it is fit for purpose to address the demands of a developing Borough, and the changing nature of public service delivery. The review identified a lack of senior management capacity within the DU. The Barnet Group has been engaged to provide senior management oversight to the DU for an interim six month period. 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 KPIs (Key Performance Indicators) and to develop and deliver the Street Services ADM (Alternative Delivery Method) project. All staff (apart from two interim managers) have remained employees of the council, and remain on council terms and condition.</p>

<p><b>Recommendation</b></p>
<p><b>That the Committee notes the content of this report</b></p>

## 1. WHY THIS REPORT IS NEEDED

- 1.1 The council carried out a strategic review of the Street Scene Delivery Unit (DU) to ensure that it is fit for purpose to address the demands of a developing Borough, and the changing nature of public service delivery. Whilst this has been raised previously through the various audit processes; the DU had not taken the opportunity to invest in additional senior management capacity. As a result of this lack of response, significant change had not occurred and outcomes had not been delivered against Key Performance Indicators (KPIs).
- 1.2 This report highlights the background to the review, its findings, and the action which has been taken to rectify the situation.

### Background to Review

- 1.3 The Street Services Delivery Unit (DU) is responsible for delivering a wide range of front line universal services across the Borough. These services have generally been successful in keeping the Borough clean and making incremental improvements within the recycling service.
- 1.4 The changing nature of public service delivery has resulted in greater pressure being placed on the DU to “do more with less”, and the service has also had to adapt to the changing delivery model that has been adopted by Barnet Council in terms of the relationship between the Commissioning and Delivery Units.
- 1.5 Uncertainty in relation to the 2014/15 budget savings and the lack of senior management capacity and leadership led to the DU being placed in special intervention measures between November 2014 and June 2015. Whilst the service was reviewed and the intervention level reduced, questions remained as to the businesses ability to adapt to the rapidly changing environment, its overall control of its workforce, understanding of service metrics and budgetary control systems.

### Findings of the Review

- 1.6 A number of areas of concern were raised in regard to service pressures. Paramount amongst these were, i) Delivery of Savings ii) Achieving Recycling Targets iii) Audit Investigations iv) Commercial Waste Services growth V) Management Capacity. These issues are expanded on below.
- 1.7 **Delivery of Savings** –The proposed savings plan approved by for Environment Committee on the 11th November 2015 contains over £5 million of savings allocated directly to street scene services. There are also a further £2.6 million of savings allocated for waste disposal which are wholly reliant on transformational changes within the service area. Whilst the DU Director had been involved in the drafting of the savings plan, and signed off the previous MTFP plan, there was significant doubt that there was capacity within the DU to deliver the savings required.
- 1.8 **Achieving Recycling Targets** – The 50% recycling target is based on regional planning and waste management strategies and has been incorporated within the Council's five year Commissioning Plan, and draft Recycling and Waste Strategy. Despite the introduction of new recycling services, performance over the past

three years, whilst improving, has failed to reach agreed targets as can be seen in the table below.

Recycling Rate (Including recycling and composting)					
	2012/13	2013/14	2014/15	2015/16 (Est. from Q3)	2019/10
<b>Target</b>	34%	38%	41%	43.7%	50%
<b>Outturn</b>	33.2%	36.3%	37.9%	37.95%	N/A
<b>Status</b>	Missed	Missed	Missed	Missed	N/A

The Quarter 3 monitoring report indicates an estimated recycling performance for 2015/16 for 39.75%. It is highly unlikely therefore that the service will meet the in-year target of 43%. There is also a danger that if recycling performance continues to fall; we will fail to meet last year's outturn figure of 37.9%. An improvement plan had only recently been introduced by the DU following a request from the Performance and Contract Management Committee. The original plan supplied by the DU lacked detail and any link to potential outputs.

- 1.9 **Audit Investigations** - A number of written accusations were made regarding recruitment and selection processes within the DU. Accusations were investigated under the authorities' whistleblowing procedure by Corporate Anti- Fraud Team (CAFT) officers. This issue was reviewed by Audit Committee on 28 January 2016
- 1.10 **Commercial Waste Services growth** - The Commercial Waste service was highlighted in 2014 as an area of potential growth and CSG produced a detailed report regarding potential options to deliver improved value from the service. Since that time there was no evidence that any of the proposed actions have been implemented. Accusations were also been made regarding "rogue collections" organised by senior managers (these have been investigated as part of the audit process outlined above).
- 1.11 **Management Capacity** - During 2014, following an audit of the management capacity and delivery functions of the DU, the DU was placed in special measures through a Tier 3 intervention. It was agreed in the Street Scene Management Agreement this gave Senior Mangers within the DU a significant period of time to turn around processes, introduce additional capacity within the organisation and demonstrate that it could adapt to the rapidly changing landscape. The DU, however, had not taken the opportunity to invest in additional senior capacity. As a result of this lack of response, significant change had not occurred and outcomes had not been delivered against Key Performance Indicators (KPIs).
- 1.12 In light of the scale of change required, the two areas of greatest concern were linked to transformation projects, both in terms of a lack of understanding of how projects were being managed, under which systems and linked change management processes they are being monitored, and a lack of understanding by managers of benefits realisation from the project profile in terms of both financial and non-financial benefits.

## **Action taken to implement Change in DU Management Arrangements**

- 1.13 To reduce the risk of service failure during the assessment of the Street Scene ADM project and to improve the support of the DU during this very important period, it was deemed to be preferable that the service to be placed within a successful, stable senior management environment that would be used to assist with the transformation projects whilst maintaining the staff on LBB terms and conditions.
- 1.14 The Barnet Group has been engaged for six months to act as an overarching senior management facility; essentially setting up an Environmental Services Unit which has suitable specialist support brought in to help develop and deliver the short to medium term financial and operational KPIs and the development and delivery of the Streetscene ADM project.
- 1.15 The aim of the change to the management of the DU is to ensure that DU is capable of implementing the changes needed to meet the saving targets agreed by Environment Committee. Namely £5 million of savings allocated directly to street scene services, and the further £2.6 million of savings allocated for waste disposal which are wholly reliant on transformational changes within the service area.
- 1.16 The Barnet Group have proved that they have the required organisational and strategic skills to drive improvement in a wide variety of services, recent successes including:
- Repairs Service – Performance increase from 67% to 75% between 2010 and 2013 (12% improvement)
  - Leasehold Services - Satisfaction increase of 7% between 2010 and 2013, and a 16% increase between 2008 and 2013
  - Housing Options – Performance increase with the number of households in emergency temporary accommodation decreased by approximately half from 682 in July 2013 to 342 as at the end of November 2015
  - Overall Satisfaction - Performance increase from 72% to 81% between 2010 and 2014 (12% improvement)

## **2. REASONS FOR RECOMMENDATION**

- 2.1 **Recommendation** - It is recommended that Policy and Resources Committee notes the content of this report. Chief Officers have delegated powers to take decisions on staffing and managerial issues and to take and implement any decision required for operational effectiveness. The Chief Executive as Head of Paid Services therefore took the decision contained in this report, having consulted with the Leader of the Council and the Chair of Environment Committee, using his delegated powers. The future decision after the six month initial period will be referred the appropriate Committee for decision.

## **3. ALTERNATIVE OPTIONS CONSIDERED**

- 3.1 **Do Nothing** - The council could have continued to operate the service with no changes. This is was not recommended as whilst the waste and recycling

collection service has always received high levels of public satisfaction, there was little evidence that the current management was capable of delivering the challenging service transformation and savings targets that are profiled for the next five year period. From the review it was clear that whilst the service can operate a valuable day to day front line operation, there are significant savings available from supervisory and back office functions that would not have been realised. Given the opportunity which had already been provided it was highly unlikely that the management culture within the business would have been able to adjust to a climate of reducing budgets and wide ranging operational change. To do nothing would have left the council open to large scale financial and reputational risk.

- 3.2 **Interim Management Team/Service Director** – Potentially a new senior management team could have been parachuted into the service, probably consisting of a Service Director and at least two additional Assistant Director Posts. This would have significantly enhanced the senior management capacity within the DU and mirrored more closely the successful DU structures that exist elsewhere within the business. It should be noted, however, that there was no guarantee that suitable senior officers were currently available and there would have been the potential to set up an “us and them” culture within the service that may fuel a view that the Council is looking to externalise the service. In addition, there is no guarantee that additional external staff will be able to break down the isolated culture within the DU and engage staff fully in the cultural change that will be required to improve services and meet future targets.
- 3.3 **Shared Services** - The council could have looked at providing a service in partnership with a neighbouring authority. Currently various discussions are underway relating to the feasibility around future shared services, both with West London Alliance (WLA) Directors and North London Waste Authority (NLWA) boroughs. These discussions are in the early stages of developing options and ideas and so the timing of some form of shared service initiative is not ideal.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1 Monitoring of the six month interim arrangement with The Barnet Group, while a long term solution is considered.

#### **5. IMPLICATIONS OF DECISION**

##### **5.1 Corporate Priorities and Performance**

5.1.1 The Corporate Plan 2015-2020 is based on the core principles of fairness, responsibility and opportunity to make sure Barnet is a place:

- Of opportunity, where people can further their quality of life
- Where people are helped to help themselves, recognising that prevention is better than cure
- Where responsibility is shared, fairly
- Where services are delivered efficiently to get value for money for the taxpayer

5.1.2 The Corporate Plan 2015-2020 includes the following aims:

- We will be a Leader in London for recycling

- Over 50% of waste collected will be reused, recycled or composted in 2020

5.1.3 Changes to the DU management arrangements will help in facilitating removing any barriers or unnecessary costs to service changes. This will help ensure value for money.

5.1.4 At this stage in the development of the changes to the DU management arrangements there are no implications relating to the Health and Wellbeing Strategy and its stated priorities, or the future health and wellbeing needs of the local population as identified in Barnet's Joint Strategic Needs Assessment.

## 5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The aim of the change to the management of the DU is to ensure that DU is capable of implementing the changes needed to meet the saving targets agreed by Environment Committee. Namely £5 million of savings allocated directly to street scene services, and the further £2.6 million of savings allocated for waste disposal which are wholly reliant on transformational changes within the service area.

5.2.2 The budget for this interim arrangement is £150,000 for the period March to August. This will be provided from the £4.02m transformation budget agreed at Policy and Resources Committee on the 16<sup>th</sup> of February 2016 for the Environment Portfolio. This budget is funded from the council's transformation reserve.

5.2.3 The Barnet Group are a wholly owned local authority company which is controlled by the council as an Arm's Length Management Organisation (ALMO). As an ALMO owned and controlled by the council there would no need to be a public procurement exercise because as it would come within the "Teckal" exemption.

5.2.4 The current staff would remain in LBB employment. While secondment of the staff is legally a possibility, there is a danger that it could be found to be a TUPE transfer and would therefore result in a significant volume of work, prior to any long term agreement on the Street Scene ADM.

5.2.5 There are currently no IT, Property or suitability implications.

## 5.3 **Social Value**

5.3.1 Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. In taking forward the ADM options due regard will be paid to the Social Value Act.

## 5.4 Legal and Constitutional References

- 5.4.1 Responsibility for Functions-Annex A of the Constitution sets out the terms of reference of the Policy and Resources Committee including:
- To be the principal means by which advice on strategic policy and plans is given and co-ordinated
  - To be responsible for the overall strategic direction of the Council
- 5.4.2 Chief Officers have delegated powers to take decisions on staffing and managerial issues and to take and implement any decision required for operational effectiveness. The Chief Executive as Head of Paid Services therefore took this decision using his delegated powers. In doing so he consulted the Leader and the Chair of Environment Committee and recorded his decision in a delegated powers report which was published in the usual way. The constitution states that where this will incur costs which cannot be contained within the delivery unit's annual budget but can be contained within the Council's annual budget, this must be reported through delegated powers of the Head of Paid Service.

## 5.5 Risk Management

- 5.5.1 Initial risk rating indicates as low/medium risk as a result appropriate monitoring procedure will be put in place as part of the project steering group's monitoring programme.

	Rating Criteria	1: Low	2: Med	3: High
1	Total investment required		X	
2	Potential benefits			X
3	Return on investment			X
4	Level of risk		X	
5	Political sensitivity			X
6	Fit with corporate objectives		X	
7	Users / DU's impacted	X		
	<b>Total Score</b>		<b>16/35</b>	

- 5.5.2 The management of risk is done on a continual basis and reported as part of the Council Quarterly Performance regime and considered as part of the Performance and Contract Management Committee quarterly monitoring report.
- 5.5.3 Risks for this project will be managed through a strategic partnership board and review and revised at its meeting.

## 5.6 Equalities and Diversity

- 5.6.1 The Corporate Plan 2015-2020 sets the Strategic Equalities Objective, which is: that citizens will be treated equally, with understanding and respect, and will have equal access to quality services which provide value to the tax payer. Changes to policies and services are analysed in order to assess the potential equalities impacts and risks and identify any mitigating action possible before

final decisions are made.

- 5.6.2 The proposed management changes has been reviewed against the protected characteristics groups under the 2010 Equality Act namely age, disability, ethnicity, gender, gender reassignment, marriage and civil partnerships religion and belief, sexual orientation and transgender. There is not believed to be a negative equalities impact based on these changes

## 5.7 Consultation and Engagement

- 5.7.1 An engagement process is being carried out providing DU staff with opportunities to understand the changes and ask questions about the process and how they may be affected. This is being done with all DU staff.

## 5.8 Insight

- 5.8.1 None in the context of this report

## 6. BACKGROUND PAPERS

- 6.1 [Audit Committee Report 28 January 2016 – Item 7](#)