

Initial Outline Business Case (OBC1): Street Scene ADM Project

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1. Introduction and Strategic Context

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

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

This Initial Outline Business Case (OBC1) provides strategic context to the ADM project and explains why alternative delivery is necessary. Additionally, the document sets out the work that has been undertaken in order to assess the best way to deliver Street Scene services so that they will meet the objectives above. It also puts forward a longlist of potential alternative delivery model options for review.

Environment Committee is asked to take note of the initial scoring of the options longlist and to approve the recommendation to further investigate a shortlist of options for the revised Outline Business Case (OBC2).

Interim Changes to Street Scene Senior Management

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

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

It is not anticipated that this agreement, effective for nine months from 01 March 2016, will have any negative impact on the ADM project. However, this agreement will have an impact on the project insofar as the Delivery Unit of the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) will now be coordinated by The Barnet Group, as opposed to by Street Scene senior management.

1.1 Background

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

- *Recycling and Waste* – Barnet has amongst the highest levels of recycling and the lowest levels of waste compared with similar councils. This results in high levels of resident satisfaction and maintains the green and clean nature of the borough.
- *Street Cleansing* – Barnet has amongst the lowest levels of littering compared with similar councils. This results in high levels of resident satisfaction and maintains the green and clean nature of the borough.
- *Parks and Open Spaces* – It is a Commissioning Group ambition that Barnet is seen as a national leader in developing attractive suburban parks with its communities that promote health and wellbeing, conserve the natural character of the area, and encourage economic growth. There are approximately 224 parks or open spaces in Barnet, including; 7 nature reserves, the Welsh Harp reservoir, 8 outdoor gyms, and over 40 play areas. Most homes in the borough are within one mile of the nearest park.

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

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

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

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

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

- Re-use, recycle or compost 50% of all municipal waste and minimise the amount of municipal waste being sent to landfill.
- Provide services to residents and businesses that are cost effective, easy to use, and encourage positive behaviour change.

- Manage and maintain a high quality physical environment that contributes to the quality of life of residents and visitors, enhances local areas, and supports a thriving local economy.
- Work with partners to secure investment in public spaces.
- Implement relevant delivery models that deliver a stable and sustainable financial position.
- Build stronger local communities by promoting volunteering and other forms of community engagement.
- Relevant and targeted enforcement that promotes prevention of forms of anti-social behaviour.

1.2 Links to Environment Strategies

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

1.2.1 Recycling and Waste

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

It has the following aims:

- Provide services that help the community to manage environmental impact.
- Manage the rising cost of waste collection and disposal by designing services that promote recycling and reuse and are integrated, intuitive and efficient.
- Encourage Barnet residents, businesses and visitors to take responsibility for recycling the waste that they produce, using enforcement where necessary.
- Embrace new technologies and ways of working that help to deliver services that respond better to the needs of the community.

1.2.2 Street Cleansing Framework

The Street Cleansing Framework sets out the policy and direction, key drivers, and overall approach for the delivery of street cleansing services. The objective being a high quality environment in streets and public places throughout the borough. The

associated improvement plan will identify the short, medium and longer term actions that will deliver the strategy; these being prioritised accordingly.

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

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

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

To achieve this the service will:

- Be 'intelligence-led' and data driven.
- Engage with residents and businesses and enable individual and community participation.
- Use technology and mechanisation to improve efficiency.
- Follow, review, trial and implement best practice, and new ideas.
- Enforce against those who continue to degrade Barnet's street scene.
- Promote the generation of income for the service, for private works.

1.2.3 Parks and Open Spaces

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

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

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

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

1.2.4 Enforcement

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

- Conducting education and enforcement operations which target known 'hotspots', such as transport hubs and town centres, to reduce fly-tipping and improve cleanliness.
- Issuing fixed penalty notices (FPNs) and penalty charge notices (PCNs) for waste-related offences and increasing the proportion of those paid, or successfully prosecuted.
- Regularly reviewing duty of care compliance with high street businesses. Also ensuring compliance with time band restrictions, to enable commercial waste to be collected at the designated times.
- Working with different agencies to reduce the number of illegal waste carriers operating in the borough.
- Using CCTV monitoring equipment (both overt and covert) to identify littering and fly-tipping offences.
- Supporting the Entrepreneurial Barnet programme by removing containers from busy high streets and ensuring that businesses comply with relevant legislation.

2. Rationale

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

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

2.1 Services in Scope

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

2.1.1 Waste and Recycling

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

2.1.2 Fleet Management

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

In Scope	Out of Scope
Barnet Homes fleet*	

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

2.1.3 Grounds Maintenance

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

2.1.4 Borough Cleansing

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

2.1.5 Other

In Scope	Out of Scope
	Cafés (<i>Estates</i>)
	Automatic Public Convenience (APC)

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

2.2 Service Lots

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

These are:

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

The table below outlines the anticipated delivery functions within each service lot:

Recycling and Waste	Street Cleansing	Green Spaces Maintenance	Green Spaces Governance
Household recycling and waste	Street sweeping	Green spaces grounds maintenance	Future funding
Commercial recycling and waste	Litter picking (and litter bins)	Highways grounds maintenance	Strategic management
Bulky waste	Town centres	Playing pitches	Income generation
Clinical waste	Residential areas	The Barnet Group works	Community engagement
Green waste	Fly tip clearance	External works	
Bin replacement and delivery	Dog fouling	Trees	
Mini recycling centres			

2.3 Financial Baseline

CSG Finance were commissioned to perform an activity based costing (ABC) exercise, in collaboration with the Delivery Unit, which analysed the output, functions and costs of running the services in scope for financial year 2015/16.

The purpose of this exercise was to obtain as much information as possible about the current operating model for each of these services, in order to inform a performance and financial baseline from which opportunities for innovation and savings can be identified.

The table below summarises the results:

Cost Type	Recycling and Waste	Street Cleansing	Green Spaces Maintenance	Green Spaces Governance
Staffing (all)	5,495,720	3,063,127	2,457,525	231,356
Supplies / equipment	217,127	170,506	191,034	
Transport	2,640,648	790,854	434,452	
Depot	92,708	63,475	71,429	
Business Improvement	173,669	86,834		
Other	10,856,878*			195,619
Total	19,476,750	4,174,796	3,154,440	426,975

* This figure includes a North London Waste Authority (NLWA) levy cost of £10,735,000.00.

The Activity-Based Costing model exercise will be updated in October 2016 with 2016/17 costs available to date.

2.4 Medium-Term Finance Plan (MTFP) Savings

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

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

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

Please refer to the Medium-Term Finance Plan (available as a background document to the OBC1 cover report) for additional savings targets allocated to Street Scene services outside of the ADM Project.

3. Options

This section of the paper provides an initial analysis of a longlist of potential alternative delivery model options. Environment Committee is asked to take note of the initial scoring of the options longlist and to approve the recommendation to further investigate a shortlist of options for the Revised Outline Business Case (OBC2).

The following seven options have been considered and evaluated by the Project Board:

- In-house (pre-December 2015)
- In-house (with management support from The Barnet Group)
- Local Authority Trading Company (The Barnet Group)
- Outsourced
- Shared Service
- Employee Mutual, Social Enterprise, and Trusts
- Joint Venture and Partnerships

The selection of these options was based on sector-wide best practice knowledge, experience of other alternative delivery models at Barnet Council, and current service arrangements.

3.1 Definition of Assessment Criteria

The following assessment criteria were identified in the Strategic Outline Case and approved by Strategic Commissioning Board on 16 February 2016.

The successful option will evidence, to the highest standard, how each of these criteria will be met.

3.1.1 Cost versus Savings

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

3.1.2 Place-Based Service

- Understands local diversity (residents and businesses) and how this impacts on service needs
- Is aware of the importance of developing the local economy

- Is aware of how local issues can influence place-based improvements, including across other council services
- Engages effectively with stakeholders and strategic partners
- Provides evidence of solution-focused partnership working

3.1.3 Technology and Innovation

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

3.1.4 Income Generation

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

3.1.5 Continual Service Improvement

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

3.1.6 Track Record

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

3.2 Definition of Options

This section defines and analyses the advantages and disadvantages of each of the seven alternative delivery models. It does not evaluate the models against the assessment criteria but, rather, offers a more general overview.

3.2.1 In-house Option (pre-December 2015)

Description

The Street Scene Delivery Unit is responsible for delivering a wide range of frontline universal services across the borough. Historically the service delivered recycling, waste and street cleansing services and a parks service. The service adapted to the delivery model that had been adopted by Barnet council in terms of the relationship between the Commissioning Group and Delivery Units¹.

In terms of governance structure, this option would involve the appointment of a permanent Street Scene Director and senior management team, which would see a return to the previous Delivery Unit service model (pre-December 2015). The council would deliver services directly and would be responsible for appointing and managing staff. The Commissioning Group would have strategic oversight of services and would consult with the Delivery Unit on service provision and strategic direction.

How Would This Option Work?

This option would involve a management structure that is similar to the structure that was in place until December 2015. A senior management team would need to be placed within the structure as there presently isn't one in house. A restructure would be required quite quickly because the budget will not support the staffing level that existed before December 2015. There could therefore be a risk of a negative impact to service delivery, in light of any transformation and the potential staff redundancies ensuing. There would also be a need to generate income, which could put further pressure on service delivery and performance. If adequate income is not generated, then this could further the risk of redundancies in order to meet required savings.

Potential Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ No cost of procurement, however there could be a cost to transform the service ▪ Minimal impact on staff (all retained in-house) ▪ Integration with other council services, as continuing to be part of the council ▪ Good existing understanding of residents and locality 	<ul style="list-style-type: none"> ▪ There is potentially less of a cost saving than with outsourcing ▪ Subject to council constraints – thus potentially limiting the capacity (and freedom) to innovate ▪ Lack of skills and capacity of the Delivery Unit in question (audit) ▪ Poor track record of delivery ▪ All delivery risk retained in-house ▪ Income growth limited

3.2.2 In-house Option (with management support from The Barnet Group)

Description

The Barnet Group has been engaged to provide senior management oversight to the Delivery Unit for an interim nine-month period from March 2016 (this is the current model of service delivery). The Barnet Group are a wholly owned local authority

company which is controlled by the council as a Local Authority Trading Company (LATC). This option would continue and formalise this senior management oversight arrangement. The Barnet Group would continue to use their internal management resources and utilise suitable specialist support to help develop and deliver the financial and operational Key Performance Indicators (KPIs) All staff, apart from two interim managers, have remained employees of the council, and remain on council terms and conditions² and this would continue for this model. The governance structure would continue as it is at present; with The Barnet Group providing senior management oversight of, and support to, the service.

How Would This Option Work?

The service would continue to operate as it currently does now, however, there is a likelihood of service transformation in order to meet budget targets. There could therefore be a risk of a negative impact to service delivery, in light of any transformation and the potential staff redundancies ensuing. There could also be a need to generate income which could put further pressure on service delivery and performance. However, The Barnet Group offers skills and expertise, which could mitigate against any potential financial and operational risks.

Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ No cost of procurement, however there could be a cost to transform the service ▪ Minimal impact on staff (most retained in-house) ▪ Integration with other council services, as continuing to be part of the council ▪ Good existing understanding of residents and locality ▪ Risks shared between the council and The Barnet Group 	<ul style="list-style-type: none"> ▪ There is potentially less of a cost saving than with outsourcing ▪ Subject to council constraints – thus potentially limiting the capacity (and freedom) to innovate ▪ The structure would involve the senior management team being employed by a different employer to the Council employees, which can lead to operational difficulties in particular in relation to staff management ▪ The Barnet Group are not Street Scene specialists

3.2.3 Local Authority Trading Company Option (The Barnet Group)

Description

As stated above, The Barnet Group are a wholly owned local authority company which is controlled by the council as an LATC. This option would involve the transfer of all services in scope to The Barnet Group. This option would also involve a TUPE transfer of Delivery Unit staff to The Barnet Group. The Barnet Group would then be in a position to trade Street Scene services commercially and generate a profit for the council.

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

How Would This Option Work?

The Barnet Group has a strong track record in delivering services for the council, in both Housing and Adult Social Care, and has been building an effective relationship with the Street Scene Delivery Unit under the current management agreement arrangements since March 2016. A full transfer of Street Scene services, including TUPE of staff, to The Barnet Group would be an added pressure in the context of the service transformation they would be asked to deliver in order to meet budget targets. There could therefore be a risk of a negative impact to service delivery, in light of any transformation and the potential staff redundancies this could entail. There could also be a need to generate income which could put further pressure on service delivery and performance but, as stated above, The Barnet Group offers skills and expertise which could mitigate against any potential financial and operational risks. Furthermore, this option would require service performance levels to be contractually assured and managed via contractual documents such as a Service Level Agreement (SLA); transferring the ownership of risks to The Barnet Group.

Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ No cost of procurement; The Barnet Group is an arms-length organisation, wholly owned by the council ▪ Risks owned by The Barnet Group ▪ As an external company there is more freedom to innovate ▪ Greater potential to generate income ▪ Governance and size of the organisation gives confidence in the ability to deliver service efficiencies and financial benefits ▪ Opportunities for staff (e.g. The Barnet Group ‘flex’) 	<ul style="list-style-type: none"> ▪ There is potentially less of a cost saving than with outsourcing ▪ TUPE required (cost) ▪ Less potential for the council to influence strategic direction of services ▪ Any profit would be retained by The Barnet Group, rather than the council, (although the council wholly owns the Barnet Group and so ultimately owns any profit). ▪ The Barnet Group are not Street Scene specialists ▪ Potentially constrained by limited procurement options

3.2.4 Outsourced

Description

A commercial provider would be procured via a competitive procurement process to run the Street Scene service. The council would take no role in the ownership of the service model and would therefore not be involved in service governance beyond the scope of what is outlined in the contract; strategic objectives would therefore be

specified in the contract. For this option, the council can choose which areas it would like to share the risk, or reward, of delivery (and any potential growth) and set the contract accordingly. This option would involve the transfer of all services and the TUPE transfer of Street Scene Delivery Unit staff to the outsourced provider(s).

How Would This Option Work?

A transfer of Street Scene services, including a TUPE transfer of staff, to an outsourced provider(s) would be an added pressure in the context of the service transformation they would be asked to deliver, in order to meet budget targets. There could therefore be a risk of a negative impact to service delivery, in light of any transformation and the potential staff redundancies ensuing. There could also be a need to generate income which could put further pressure on service delivery and performance but the outsourced provider(s) would offer skills and expertise, which could mitigate against any potential financial and operational risks. Furthermore, this option would require for service performance levels to be assured and managed via a contract; transferring the ownership of risks to the outsourced provider(s). The risk with this option is that the outsourced provider(s) may have less focus on Barnet and could struggle to build upon the current relationships with other council services (and partner organisations) owing to a more commercial focus. There is the potential with this option to have multiple service models by dividing Street Scene into distinct lots, or packages. This could offer more flexibility in terms of selecting an outsourced provider(s), depending on the needs of the service, and could be seen to be a more attractive option for potential bidders. However, a procurement process would be a risk to achieving 2017/18 savings, owing to delays with project timescales and additional cost pressure.

Initial Market Testing

Initial market testing shows that there is a well-established market for outsourcing local authority environmental services, with an active tendering landscape across London. This market is attractive to many of the conventional service providers; including (but not limited to) Amey, Biffa, and Veolia. This would suggest that there would be a commercial appetite for this option, should the decision be made to outsource services to an external provider(s), although an understanding of what other contracts were being tendered at the time of any Barnet procurement would ensure that the most competitive offer could be obtained.

Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Risks owned by the outsourced provider(s) ▪ More freedom to innovate ▪ Greater potential to generate income ▪ Reputation and proven track record of the outsourced provider(s) gives confidence in the ability to deliver service efficiencies and financial benefits * 	<ul style="list-style-type: none"> ▪ Cost and time of procurement process (risk to achieving 2017/18 savings) ▪ TUPE required (cost) ▪ Potential for less focus on needs in Barnet (limited input to strategic direction) ▪ Potential for profit to be retained by the provider ▪ Potentially has less social value

Advantages	Disadvantages
	depending on the ethos of the provider (profit-focused)

* Having a good reputation and proven track record of similar service delivery is likely to be an essential requirement of the tender process. This will provide confidence in the contractor's ability to deliver service efficiencies and financial benefits.

3.2.5 Shared Service

Description

The council could provide services in partnership with a neighbouring local authority. Currently 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 ideas³. It is assumed that any shared service arrangement would not include The Barnet Group; either in their current role as providing management oversight or as a full service transfer model.

How Would This Option Work?

The service would, in many respects, continue to operate as it currently does now. However, there is a likely possibility of service transformation in order to adapt to a shared service governance structure and to meet budget targets. There could therefore be a risk of a negative impact to service delivery, in light of any need for service transformation and the disruption that may ensue. As with all, or most other, options there could also be a risk of potential redundancies in light of any service transformation. There could also be a need to generate income which could put further pressure on service delivery and performance. However, the assumption is that a shared service option would involve access to pooled resources (including budget) and would increase efficiencies in purchasing via economies of scale. There could also be the opportunity to share resources.

Initial Shared Service Research

Initial shared service research has been conducted via informal contact with several London boroughs, to establish how their environmental services are currently being delivered. Initial findings – as per the table below – revealed that the London Boroughs of Enfield, and Harrow, and Hertsmere District Council provide their environmental services in-house (current as of December 2015). One or more of these authorities could therefore be a potential shared service partner.

Council	Street Cleansing	Parks and Open Spaces	Waste & Recycling
Brent	Outsourced (Veolia)	Outsourced (Veolia)	Outsourced (Veolia)
Camden	Outsourced	Outsourced	Outsourced

Council	Street Cleansing	Parks and Open Spaces	Waste & Recycling
	(Veolia)	(Veolia)	(Veolia)
Enfield	In-house	In-house	In-house
Haringey	Outsourced (Veolia)	Outsourced (Veolia)	Outsourced (Veolia)
Harrow	In-house	In-house	In-house
Hertsmere	In-house	In-house	In-house
Hounslow	Outsourced (Hounslow Highways)	Outsourced (Carillion)	Outsourced (SITA UK)

Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ No cost of procurement, however there could be a cost to transform the service ▪ Minimal impact on staff (most retained in-house) *1 ▪ Good existing understanding of residents and locality – retain some Barnet focus ▪ Risks shared with partner council(s) ▪ Shared learning and expertise ▪ Potential service areas for efficiencies and joint procurements (e.g. economies of scale, reduction in staffing costs, reduction in premises costs etc.) ▪ Potential for continued use of local suppliers 	<ul style="list-style-type: none"> ▪ There is potentially less of a cost saving than with outsourcing ▪ Subject to (either) council constraints – thus potentially limiting the capacity (and freedom) to innovate ▪ Could be a requirement to create a separate legal entity (cost) *2 ▪ Potentially complex governance (risk to strategic direction) ▪ Potential difference in political preference ▪ Risk of compromised objectives

*1 Most employees would continue to be employed by a council (although it may involve a TUPE transfer from one council to another).

*2 This is dependent on whether or not this model could be established via an inter-authority agreement.

3.2.6 Employee Mutual, Social Enterprise, and Trusts

Description

The creation of an organisation which is not in the public sector (also referred to as ‘spinning out’) but delivers public services. The **employee mutual** model would involve Street Scene Delivery Unit staff at least partially owning a company that would deliver public services independently of the council. Similarly, a **trust** model

would also involve service delivery which is operationally independent of the council. The **social enterprise** model would require the establishment of a separate legal entity and may or may not be owned (or partly owned) by the council. Each of the models within this option are not-for-profit organisations; any profit generated would be reinvested in services.

How Would This Option Work?

A full TUPE transfer of Street Scene staff to the **employee mutual, trust, or social enterprise** model would be an added pressure in the context of the service transformation they would be asked to deliver, in order to meet budget targets. There could therefore be a risk of a negative impact to service delivery, in light of any transformation and the potential staff redundancies this could entail. There is also the question of where investment would come from and how income could be generated within services. As with the pre-December 2015 in-house option, there are concerns about the skill and capacity of the Street Scene Delivery Unit staff to successfully take ownership of services. Where a separate legal entity is created, it is assumed that financial and operational risk would be transferred to that entity. As a point of note, it is assumed that this option would not include The Barnet Group; either in their current role as providing management oversight or as a full service transfer model.

Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Good existing understanding of residents and locality ▪ Risks owned by the legal entity ▪ Opportunity to trade and generate income ▪ More freedom to innovate ▪ Surplus income retained by the legal entity to improve services 	<ul style="list-style-type: none"> ▪ A full procurement process may be required before proceeding with this option * (time and cost; risk to achieving 2017/18 savings) ▪ There is potentially less of a cost saving than with outsourcing ▪ TUPE required (cost) ▪ Requirement to create a separate legal entity (cost) ▪ Lack of skills and capacity of the Delivery Unit in question (audit) ▪ Poor track record of delivery ▪ Lack of commercial expertise ▪ Challenge to gain private investment

* This would be dependent on whether there is any applicable exemption such as with a Local Authority Trading Company.

3.2.7 Joint Venture and Partnerships

Description

For both models in this option, the council could procure a third party provider to co-create a new organisation to manage and deliver Street Scene services. This

organisation would be jointly owned by the third party provider and the council, would have a profit making motive, but would also have clear social objectives, managed through the commissioning relationship. The council would have a role in service level commissioning and strategic commissioning. It is assumed that any joint venture and / or partnership arrangement would not include The Barnet Group; either in their current role as providing management oversight or as a full service transfer model.

How Would This Option Work?

If a full TUPE transfer of Street Scene staff to the **joint venture** and / or **partnership** organisation is required, then this would be an added pressure in the context of the service transformation they would be asked to deliver in order to meet budget targets. There could therefore be a risk of a negative impact to service delivery, in light of any transformation and the potential staff redundancies this could entail. There could also be a need to generate income which could put further pressure on service delivery and performance but the expectation would be that the partner(s) involved would offer skills and expertise, which could mitigate against any potential financial and operational risks. This option would require for service performance levels to be contractually assured and managed e.g. via a Service Level Agreement (SLA); transferring the ownership of risks to the joint venture / partner organisation. A joint venture and / or partnership would enable the third party organisation to provide much needed external funding and commercial expertise to transform existing services, identify and grow commercially viable services, and to deliver efficiencies, where applicable, in regards to existing process and practices. The council would remain a part owner in the organisation and would therefore benefit from a return on any growth, e.g. benefits from profit or increase in capital value of property. Any required procurement process would be a risk to achieving 2017/18 savings, owing to delays with project timescales and additional cost pressure.

Advantages / Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Good existing understanding of residents and locality – retain some Barnet focus ▪ Shared risks between the council and the partner organisation ▪ More freedom to innovate ▪ Opportunity to trade and generate income ▪ Shared learning and expertise 	<ul style="list-style-type: none"> ▪ Cost and time of procurement process (risk to achieving 2017/18 savings) ▪ TUPE required (cost) ▪ Could be a requirement to create a separate legal entity (cost) ▪ Potentially complex governance (risk to strategic direction) ▪ Potentially has less social value depending on the ethos of the partner organisation (profit-focused) ▪ Immature market for this service model

3.3 Initial Scoring

The table below sets out the scores from the initial options analysis, agreed by project board. The options were scored against each of the assessment criteria outlined in the section above.

Option	Cost vs Savings	Place-based Service	Innovation and Technology	Local Income Generation	Continual Service Improvement	Track Record	Total
In-house (pre-December 2015)	√	√ √ √	√	√	√	√	8
In-house (with mgt. support from TBG)	√ √	√ √ √	√	√ √	√ √	√ √	12
LATC (The Barnet Group)	√ √ √	√ √ √	√ √	√ √ √	√ √	√ √	15
Outsourced	√ √ √	√ √	√ √ √	√ √	√ √	√ √ √	15
Shared Service	√ √	√ √	√ √	√ √ √	√ √	√ √	13
Employee Mutual, Social Enterprise, and Trust(s)	√	√ √ √	√	√ √	√ √	√	10
Joint Venture and Partnership(s)	√ √	√ √	√ √	√ √	√ √	√	11

The highest possible score for an option is **18 points**; with a maximum of three points per assessment criteria (six assessment criteria in total).

Initial scores rank the seven options as follows (highest-scoring first):

- **15 points:** Local Authority Trading Company (The Barnet Group) and Outsourced
- **13 points:** Shared service
- **12 points:** In-house (with management support from The Barnet Group)
- **11 points:** Joint Venture and Partnerships
- **10 points:** Employee Mutual, Social Enterprise and Trusts
- **8 points:** In-house (pre-December 2015)

A more detailed commentary (including the assumptions taken into account by project board) for the initial scoring of each option can be found in the table in the section below.

3.4 Commentary on Initial Scoring

The table below provides a commentary on the initial scores from the table above. This commentary has been reviewed and signed off by project board.

Commentary

	Cost versus Savings	Place-based Service	Innovation and Technology	Local Income Generation	Continual Service Improvement	Track Record
In-house (pre-December 2015)	Audit (Dec-15) identified lack of understanding of how to achieve the MTFS, failure to identify savings, lack of financial forecasting, and no assurance measures in place.	Understanding of residents and locality, locally-focused delivery in Barnet, experience of key stakeholder partners, staff-focused, understanding of borough changes. Lots of employees are also Barnet residents.	Audit (Dec-15) identified no innovation, lack of investment and no understanding of how new technology can improve services.	Poor track record, lack of understanding of where income comes from (versus expenditure), lack of income planning, no understanding of customer base.	Audit (Dec-15) identified poor track record in workforce management and governance arrangements. General lack of awareness of service policies by staff.	Audit (Dec-15) findings indicate a generally poor track record of service delivery. Substantial widespread change required.
In-house (with mgt. support from TBG)	Savings programme currently in place, plans to achieve savings in line with the ADM project, deficiencies identified by the audit are currently being addressed. Concerns regarding lack of permanent senior management in place. No track record of delivering value for money.	Understanding of residents and locality, locally-focused delivery in Barnet, experience of key stakeholder partners, staff-focused, understanding of borough changes. Lots of Employees are also Barnet residents.	Audit (Dec-15) identified no innovation, lack of investment and no understanding of how new technology can improve services. Some change evidenced in the approach to new technology but too early to assess whether this can adequately address existing and future challenges.	Greater understanding of income, expenditure and future income generation (compared to pre Dec-15). Financial tracking provided by activity-based costing (ABC) and MTFS savings programme. Understanding of customer base. Temporary senior management, risk of high staff turnover.	Improved services, started to adopt change management and staff communications process. Yet to demonstrate full engagement with diverse workforce. Need to evidence how can adapt to meet needs of the service.	Evidence of building change but progress still required. Need to fully demonstrate service change.
LATC (The Barnet Group)	Have demonstrated sound financial management in challenging circumstances across local authority services. Would provide ongoing senior management oversight to deliver further efficiency savings. ADM proposal committed to long-term savings.	Understanding of residents and locality, locally-focused delivery in Barnet, experience of key stakeholder partners, staff-focused, understanding of borough changes.	Some change evidenced in the approach to new technology but too early to assess whether this can adequately address existing and future challenges. However, has a good track record of applying expertise to successfully manage the customer journey.	Track record of financial returns, asset development, social value, successful bids (council contracts), investment for development. Understands entrepreneurial Barnet and growth through business planning and processes.	Improved services, started to adopt change management and staff communications process. Yet to demonstrate full engagement with diverse workforce. Need to evidence how can adapt to meet needs of the service. Large service for The Barnet Group to take on.	Successful track record in other services but previously only a small organisation (e.g. grounds and caretaking).
Outsourced	Mature market in service area. Contractors would offer specialist expertise and better unit costs (procurement savings). Experience of transformation of other local authorities and of delivering savings programmes. Encourages better competition and options for service lots. A procurement process would be a risk to achieving 2017/18 savings, owing to delays with project timescales and additional cost pressure.	Profit-driven, staff turnover may be more likely, weak local knowledge and understanding, contracts and / or interests elsewhere.	Specialist companies bring bespoke technology, delivery through procurement, commercial drive to innovate, clear understanding of the customer journey. Wider pool to learn from other contractors.	Growing income streams, gaining investment, successful bidding. No local knowledge or asset base, no social value.	Good track record in meeting changing needs of a diverse workforce. Mixed relationship with trade unions. First generation of outsourced contract typically delivers more savings but takes longer to embed social values.	Proven track record, works well elsewhere.
Shared Service	Economies of scale, shared experience and joint resource of senior level management.	Potential difference in political bias, focus on other area ("dilution effect"), partner-dependent,	Poor track record from Delivery Unit, as per audit findings. Some change evidenced in the	Understanding of income, expenditure and future income generation, understanding of	Improved services, started to adopt change management and staff communications process. Yet	Evidence of building change but progress still required. Need to fully demonstrate service

	Cost versus Savings	Place-based Service	Innovation and Technology	Local Income Generation	Continual Service Improvement	Track Record
	Risk of less efficient service, dependent on experience of Delivery Unit to inform a shared service.	governance risk.	approach to new technology but too early to assess whether this can adequately address existing and future challenges. Scope for partner borough to drive forward innovation.	customer base. Temporary senior management, risk of high staff turnover. Some economies of scale, some understanding of larger businesses, assets and social value.	to demonstrate full engagement with diverse workforce. Need to evidence how can adapt to meet needs of the service. Elements of risk involved in working across larger authorities, need to align services. Dilution of strategic direction across two complex authorities.	change. No track record of delivering Street Scene services in partnership (some experience with other services).
Employee Mutual, Social Enterprise, and Trust(s)	No track record of value for money, lack of permanent senior management, inability to access monies in a competitive market place, no economies of scale (procurement).	Understanding of residents and locality, locally-focused delivery in Barnet, experience of key stakeholder partners, staff-focused, understanding of borough changes.	No innovation, lack of investment and understanding of how new technology can improve services. Council constraints.	Poor track record, lack of understanding of where income comes from versus expenditure, lack of income planning, no understanding of customer base. Greater understanding of social value, better at bidding.	Audit (Dec-15) identified poor track record in workforce management and governance arrangements. Opportunity to improve internal employee communications and engagement.	Audit (Dec-15) findings indicate a generally poor track record of service delivery. Substantial widespread change required. Unlikely to have experience in the service area, not usual for the industry to adapt this type of service model.
Joint Venture and Partnership(s)	Trade off track record and size of joint venture / partner. Not a typically model for the sector and service areas; high risk and threat to value for money. Any required procurement process would be a risk to achieving 2017/18 savings, owing to delays with project timescales and additional cost pressure.	Profit-driven, staff turnover more likely, weak local understanding, contracts and / or interests elsewhere.	Poor track record from Delivery Unit (pre Dec-15). Some change evidenced in the approach to new technology but too early to assess whether this can adequately address existing and future challenges. Scope for partner organisation to provide a different technological approach but risk of lack of experience and / or expertise.	Growing income streams, gaining investment, successful bidding. Some local knowledge and understanding of entrepreneurial Barnet. Less economies of scale, less social value.	Improved services, started to adopt change management and staff communications process. Yet to demonstrate full engagement with diverse workforce. Need to evidence how can adapt to meet needs of the service. Elements of risk involved in working across larger authorities, need to align services. Dilution of strategic direction across two complex authorities. Potentially more expertise; including from other contracts.	Little evidence of this type of business model.

3.5 Conclusions and Recommendations

3.5.1 Conclusions

Based on the detailed evaluation of the seven possible options in the section above, and taking into account initial market testing and shared service research, project board has reached the following conclusions:

- Three options are unlikely to meet the project objectives; one of the in-house options (pre-December 2015), the employee mutual, social enterprise, and trust option, and the joint venture and partnership option.
- Four options are likely to meet the project objectives; one of the in-house options (with management support from The Barnet Group), the Local Authority Trading Company option (The Barnet Group), the outsourced option, and the shared service option.
- Further work is required to confirm the commercial, financial, and strategic viability of these four potential options.

3.5.2 Recommendations

Following the conclusions in the section above, project board makes the following recommendations:

- The council should proceed with an alternative delivery model for Street Scene services.
- One of the in-house options (with management support from The Barnet Group), the Local Authority Trading Company option (The Barnet Group), the outsourced option, and the shared service option should remain open for further consideration.
- A revised Outline Business Case (OBC2) confirming the preferred option – of these four – will be submitted to Members for approval in March 2017.

4. Project Approach

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

- Approach to the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group)
- Approach to the initial and revised Outline Business Cases (OBC1 and OBC2)
- Key project activity

- Project resources

4.1 Approach to the shortlisted in-house option (i.e. with management support from The Barnet Group) and The Local Authority Trading Company option (The Barnet Group)

The shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) will not be entered into a competitive procurement process; rather, they will be evaluated first.

The proposed approach is as follows:

- Data from the ABC model has provided a financial overview of how services are being run at present.
- The Commissioning Group has prepared Authority Requirements (ARs) as a minimum specification of how the service could be delivered in order to achieve financial savings, service efficiencies and improved rates of customer satisfaction. This has involved input and specialist advice from the Delivery Unit.
- The Delivery Unit are in the process of preparing one of the in-house options (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) to submit in response to the Commissioning Group specification.
- The shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) will be evaluated by a panel, facilitated by the project team, which will then make a final recommendation in the revised Outline Business Case (OBC2) as to whether or not to proceed with either option.
- This final recommendation will be submitted to committee, for approval by Members.

The decision on whether or not to undertake a procurement exercise, or start formal discussions with possible shared service partners, will be dependent on whether Members are satisfied with the quality of either of the options put forward (as listed above).

4.2 Approach to the Initial and Revised Outline Business Cases

Typically, the assessment phase would involve the production of an Outline Business Case (OBC) and a Full Business Case (FBC). However, in the case of the Street Scene ADM, Strategic Commissioning Board requested that two OBCs are produced, followed by an FBC, to better ensure a robust approach to the options analysis process.

4.2.1 Initial Outline Business Case (OBC1)

- Define service lots that offer the best opportunities for financial efficiencies and service innovation.
- Define a robust set of options appraisal criteria to be used to evaluate the options for alternative delivery.
- Define and assess a longlist of options for alternative delivery; including the in-house options (pre-December 2015) and (with management support from The Barnet Group), and the Local Authority Trading Company option (The Barnet Group).
- Propose a shortlist of options for alternative delivery recommended for full evaluation in OBC2.
- Prepare the Authority Requirements (ARs) and service specifications for which the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) will price against.
- Begin staff and trade union engagement on the ADM process, including project progress to date, as per the change management strategy plan.
- Prepare and agree the approach to public consultation on the shortlist of options for alternative delivery. This will be dependent on whether the recommended shortlist is approved by Committee.
- Complete initial Equality Impact Assessments (EIAs) for both staff and service users to identify whether there any protected groups which could be affected by any possible changes to service delivery.

4.2.2 Revised Outline Business Case (OBC2)

- Confirm options shortlist as recommended in the initial Outline Business Case (OBC1). It is recommended that this will include one of the in-house options (with management support from The Barnet Group), the Local Authority Trading Company option (The Barnet Group), the shared service option, and the outsourced option*.
- Complete a refreshed Activity-Based Costing (ABC) model for 2016-17 to be used as a financial baseline for evaluating the shortlisted in-house option (with management support from The Barnet Group), and the Local Authority Trading Company option (The Barnet Group).
- Submit the shortlisted in-house option (with management support from The Barnet Group), and the Local Authority Trading Company option (The Barnet Group) for review. This review would be prior to a formal evaluation of each of the shortlisted options as part of the revised Outline Business Case (OBC2). The purpose of reviewing these options at this stage (i.e. before formal evaluation) is to ensure that either option would be viable before proceeding with OBC2.

- Deliver public consultation activity on the options shortlist (dependent on OBC1) and pay due regard to results.
- Complete revised Equality Impact Assessments (EIAs) for both staff and service users to identify whether any protected groups could be affected, should any of the shortlisted options be implemented.
- Refresh market research and soft market testing for benchmarking against the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group).
- Refresh shared service research and confirm the viability of a shared service option.
- Fully evaluate the options shortlist and identify a preferred option.
- Deliver the revised Outline Business Case (OBC2), which provides a detailed analysis and appraisal of the options shortlist; including a recommended option.
- Develop the recommended option to Full Business Case (FBC); including a complete financial case and implementation plan.

[Or]

- Move to procurement exercise.

* It is worth noting that the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group) will not be entered into a competitive procurement process. Instead these options will be evaluated first, rather than in parallel to any external bids.

The diagram below depicts the anticipated process for progress towards the revised Outline Business Case (OBC2), as described above:



4.2.3 Key Milestones

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

This summarises the approach outlined in the section above.

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

Key Milestone	Deliverable	Date Due	RAG
	board		
	Final OBC1 to SCB	August 2016	Complete
	Final OBC1 to Committee	September 2016	Green
Revised Outline Business Case (OBC2)	Development of OBC2	October 2016 to February 2017	Green
	Options shortlist confirmed (dependent on outcome of OBC1)	October 2016	Green
	Refresh ABC Financial Model (2016-17)	October 2016	Green
	In-house option (TBG) and LATC option (TBG) response time closes	October 2016	Green
	In-house option (TBG) and LATC option (TBG) reviewed	October 2016	Green
	Public consultation period	November 2016 to January 2017	Green
	Refresh market research and soft market testing	November 2016 to January 2017	Green
	Refresh shared service research	November 2016 to January 2017	Green
	Revised EIAs complete (staff and service users)	January 2017 (by end of consultation)	Green
	Fully evaluate options shortlist and identify recommended option	February 2017	Green
	Draft OBC2 to project board	February 2017	Green
	Final OBC2 to SCB	February 2017	Green
	Final OBC2 to Committee	March 2017	Green

The target dates for the Full Business Case (FBC) are dependent on the outcome of OBC2 and therefore cannot be fully scoped at this stage of the project.

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

Route 1: Shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group)

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

Route 2: Procurement Process (Outsource)

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

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

Any delay to implementing the chosen alternative delivery model carries the risk of not fully achieving the MTFP targets for 2017/18 and 2018/19. This is a greater risk for those models which will involve a procurement process. There are also the costs of change to be factored in, which may negate a portion of the short-term savings to be achieved. However, there is the potential for greater value for money to be achieved throughout the lifecycle of any external contract put in place than perhaps there would be with the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group).

4.3 Key Project Activity

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

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

Activity	OBC1	OBC2	Owner	Description
Consultation and Engagement	N	Y	Workstream Lead	Confirm need for consultation and engagement, identify external stakeholders and agree public consultation activity. Identify opportunities to link with existing consultation activity in the wider Street Scene programme.

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

4.3.1 Consultation and Engagement

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

- Where there is a statutory requirement in the relevant legislative framework.
- Where there is a requirement to consult in order to comply with the Best Value Duty to secure continuous improvement in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness in accordance with the Local Government Act 1999.
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy.
- Where the matter is so important that there is a legitimate expectation of consultation.
- Where consultation is required to complete an equalities impact assessment.

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

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

Please also refer to the ‘Approach to Consultation’ section of this report for further detail on the approach to consultation and engagement. A full consultation and engagement plan is also available in Appendix B.

4.3.2 Change Management

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

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

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

The strategy applies to all areas of Street Scene where change management is required; not just the ADM project (e.g. Unified Reward, Mill Hill Depot relocation). Staff are also being engaged with on service transformation and the implications of the Medium-Term Finance Plan savings targets.

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

4.3.3 Market Engagement

A market research and soft testing approach will be developed by the Procurement Lead as the project moves towards the revised Outline Business Case (OBC2). It is anticipated that the results of the market research and soft testing will provide benchmarks against which to review the shortlisted in-house option (with management support from The Barnet Group) and the Local Authority Trading Company option (The Barnet Group). This piece of work would be preliminary to a possible procurement process; depending on the success of either option.

4.3.4 Equalities Impact Assessment

Full initial equalities impact assessments (EIAs) for staff and service users have been included as appendices to this document, in accordance with Barnet project management methodology.

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

As the project progresses, revised EIAs will be conducted in line with project consultation requirements and in accordance with Barnet project management methodology. It is expected that the revised EIAs will show the actual scale and type of impact on both staff and service users.

Staff

Results of the initial staff EIA show that the following protected characteristics are likely to be impacted by the ADM project:

- Male
- Aged 41-65
- White
- Christian
- Heterosexual

This is owing to the relatively high proportion of Delivery Unit staff to which these characteristics are attributed, when compared to the total number of Delivery Unit staff and / or the council-wide equivalent.

4.4 Project Resources

4.4.1 Project Governance

Full terms of reference for project board were outlined in the Strategic Outline Case (SOC), approved by Strategic Commissioning Board (SCB) on 16 February 2016.

Project board membership has been revised and updated as appropriate, in accordance with the needs of the project.

The project board is in two parts and representatives from The Barnet Group are not involved in the evaluation of the proposals. The Barnet Group members of the project board are listed below under 'Part Two'.

Project board membership is currently as follows (updated on 19/07/16):

'Part One'

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

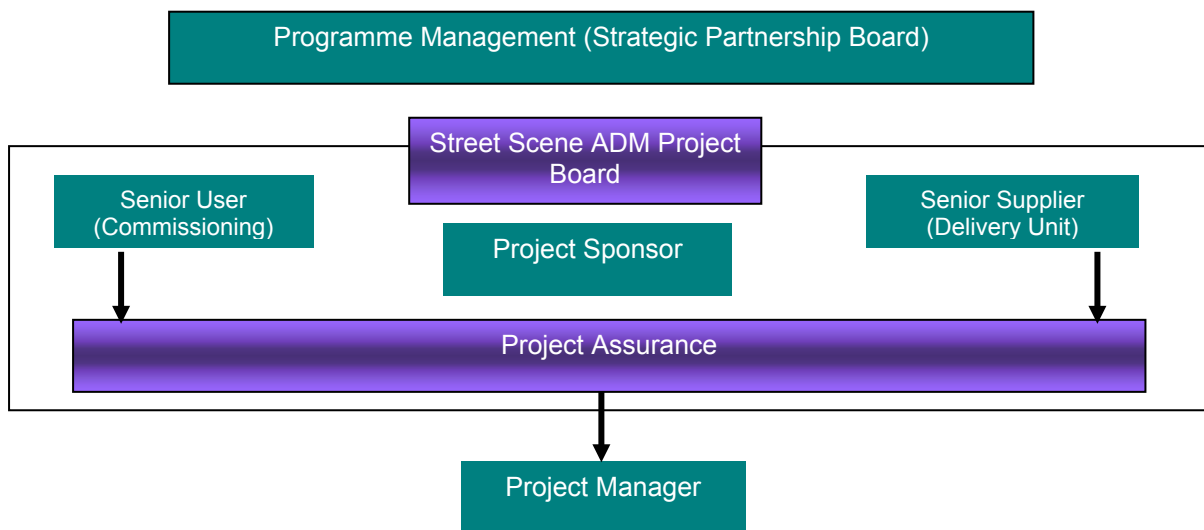
'Part Two'

Name	Title	Project Role
Troy Henshall	Chief Executive, The Barnet Group	Senior Supplier
Graeme Lawes	Interim Street Scene Director	Senior Supplier
Shaun Morley	Interim Street Scene Director	Senior User
James Yurky	Consultant, The Barnet Group	Transformation Advisor

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

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

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



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

4.4.2 Project Team

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

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

4.4.3 Project Budget

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

5. Expected Benefits

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

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

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

These benefits are consistent with the assessment criteria outlined in the options appraisal. A more detailed analysis of how the individual alternative delivery model options can demonstrate these benefits will be fully developed for the revised Outline Business Case (OBC2), as part of the evaluation process.

Benefits cards and will be developed for each shortlisted ADM option, in accordance with Barnet project management methodology.

6. Risks

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

The table below summarises the highest scoring project risks:

Description	Score	RAG	Mitigation
If the ADM project does not achieve the projected £900k savings by the timescales specified in the Commissioning Plan, then there will be increased pressure on Street	12	A	There will be a detailed analysis of the timescales and value of savings to be realised through the ADM. A financial model will be produced using the results from an Activity-

Description	Score	RAG	Mitigation
Scene to make savings elsewhere.			based Costing (ABC) exercise. Opportunities for improvement will be identified as part of the in-house options.
If one of options for alternative delivery is to procure services and there is not a market for this (i.e. little or no interest from potential bidders), then there is a risk that no bids of sufficient quality will be received. If this happens, then procurement requirements will have to be re-evaluated and the tender process repeated. This would have a significant impact on project timescales and costs. It would also delay the realisation of financial and non-financial benefits.	12	A	Market engagement and soft market testing will be carried out in order to refine requirements and to ensure a viable offer is created, which will attract a range of potential providers. There is scope to learn from the experiences of other LBB ADM procurement exercises.
If there is not Member support for the project, then there is a risk of significant delay as a result of needing to re-evaluate alternative delivery options. There would also be a potential risk of project closure, if revised options are not approved.	12	A	The project sponsor will ensure regular and comprehensive Member engagement via updates to the Leader and portfolio holder for Environment.
If the cost and legal scope of the CSG contract is not identified prior to the closure of the in-house options response period, then there is a risk that the completion of the offers could be delayed until this information is available. This could delay the submission of OBC2, which would delay project delivery timescales.	12	A	Work-stream lead to liaise with LBB's Commercial team, as a matter of urgency, for advice and guidance on the cost and legal scope of the CSG contract. Project manager to raise this delay as a risk at the next project board.
If the proposed increased annual leave entitlement is enforced as part of the Unified Reward contractual changes, then there is a risk that staffing levels will need to increase in order to ensure consistency of service. Levels would increase either by using agency staff or by recruiting permanent staff. This will be at additional cost to the Delivery Unit and may have implications for annual savings targets.	12	A	Project board to be kept informed of any updates to the implementation of Unified Reward (UR), via standard internal council communications channels. Alternative Delivery Model (ADM) option leads to ensure that the options submitted for evaluation incorporate the Unified Reward contractual changes. Monitoring should continue until the contractual changes have been formally implemented across the council.

7. Project Assurance

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

A full Project Assurance Plan will be developed as the project moves towards the revised Outline Business Case (OBC2). To date, assurance has largely been provided by project board; through the strategic direction of project activity and quality control of key products. Key products have been approved as per Barnet corporate governance procedures.

The table below summarises assurance activity thus far:

Deliverable / Product	Author	Reviewers	Acceptor
Project Initiation Document	Programmes and Resources Advisor	<ul style="list-style-type: none"> ▪ Project Sponsor ▪ Project Board 	Strategic Commissioning Board
ABC Financial Model (2015-16)	CSG Finance	<ul style="list-style-type: none"> ▪ Street Scene Delivery Unit ▪ Commissioning Group ▪ Project Sponsor ▪ Project Board 	Project Board
Strategic Outline Case	Project Manager	<ul style="list-style-type: none"> ▪ Project Sponsor ▪ Project Board 	Strategic Commissioning Board
Initial Options Analysis (longlist)	Project Manager	<ul style="list-style-type: none"> ▪ Project Sponsor ▪ Project Board 	Project Board
Change Management Strategy (staff)	Change Management Lead	<ul style="list-style-type: none"> ▪ Street Scene Delivery Unit ▪ The Barnet Group ▪ Project Sponsor 	Strategic Partnership Board
Consultation and Engagement Plan	Project Manager	<ul style="list-style-type: none"> ▪ Project Sponsor ▪ Project Board ▪ Consultation and Engagement Lead (LBB) 	Consultation and Engagement Lead (LBB)
Initial Equalities Impact Assessments x2 (staff and service user)	Project Manager	<ul style="list-style-type: none"> ▪ Project Sponsor ▪ Project Board ▪ Equalities Lead (LBB) 	Equalities Lead (LBB)
Initial Outline	Project Manager	<ul style="list-style-type: none"> ▪ Project Sponsor 	Environment

Deliverable / Product	Author	Reviewers	Acceptor
Business Case (OBC1)		<ul style="list-style-type: none"> ▪ Project Board ▪ Strategic Commissioning Board 	Committee

8. Dependencies

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

The table below summarises the project dependencies as follows:

Description	Monitoring Required
<p>Street Scene Strategies</p> <p>The Alternative Delivery Model (ADM) will be the delivery vehicle for the following strategies:</p> <ul style="list-style-type: none"> - Waste and Recycling - Parks and Open Spaces - Street Cleansing Framework - Playing Pitch - Enforcement <p>The strategies will therefore shape the service requirements of the ADM. Any delay, or amendment, to implementing the strategies will have a subsequent impact on the delivery timescales, or content, of the ADM.</p>	<p>This will be monitored as needed by the project manager and Commissioning Group (author of the Street Scene strategies) until such a time as the final versions of each strategy have been formally signed off by Environment Committee. It will then be reassessed at such a time as the Alternative Delivery Model (ADM) options are being evaluated, to ensure that they are in line with the strategic drivers for the service.</p>
<p>Depot Relocation Project</p> <p>The implementation of the Alternative Delivery Model (ADM) is operationally dependent on the relocation of the depot facilities. Any delay, or unforeseen amendment, to the depot relocation will not only have a subsequent impact on day-to-day service delivery operations ('business as usual') but could also impact the delivery of the ADM (e.g. additional fuel costs, route rationalisation etc.)</p>	<p>ADM Project Manager to liaise with the Depot Relocation Project Manager (and / or the Project Sponsor) to monitor depot relocation progress. Escalate any changes project delivery to project board members as appropriate, including ADM option leads, up to the submission of the ADM options for evaluation.</p>
<p>Medium-Term Finance Plan (MTFP)</p> <p>The savings target assigned to the Alternative Delivery Model (ADM) is dependent on the MTFP requirements within the wider Street Scene programme.</p>	<p>Project Manager to monitor MTFP savings allocation within the wider Street Scene Programme and escalate any changes in allocation (anticipated or actual) to project board members as appropriate, including</p>

Description	Monitoring Required
<p>To date, the ADM has been assigned a total of £900k to be achieved by 2019/20 (£250k in 2017/18, £550k in 2018/19, and £100k in 2019/20). If there were any changes to the MTFP allocation for the ADM, then this could have an impact on the service requirements of the ADM (e.g. a higher savings target could alter how services would need to be delivered).</p>	<p>ADM option leads, up to the submission of the ADM options for evaluation.</p>
<p>Smarter Working There are two ways in which the Alternative Delivery Model (ADM) could be dependent on Smarter Working. The first is if the principle of locality-based working is adopted; whereby staff would be based in 'hubs' throughout the borough, rather than in a central office. The second is through the use of smarter technology (e.g. smartphones); whereby staff could be encouraged to adopt a more innovative to service delivery (e.g. communicating with customers and / or colleagues via an app). Any proposed ADM would need to incorporate these potential changes, as determined by the strategic direction of Smarter Working.</p>	<p>Project board to be kept informed of any updates to the implementation of Smarter Working, via standard internal council communications channels. Alternative Delivery Model (ADM) option leads to ensure that the options submitted for evaluation are in line with known Smarter Working strategic drivers (where possible). Monitoring should continue until the ADM options have been submitted for evaluation.</p>
<p>Customer Access Strategy The Alternative Delivery Model (ADM) would need to be able to incorporate any changes to customer service proposed by the strategy. The strategy will therefore shape the customer service requirements of the ADM. Any delay, or amendment, to implementing the strategy would require the ADM to adapt service plans as necessary.</p>	<p>Project board to be kept informed of any updates to the implementation of the Customer Access Strategy, via standard internal council communications channels. Alternative Delivery Model (ADM) option leads to ensure that the options submitted for evaluation are in line with known Customer Access strategic drivers (where possible). Monitoring should continue until the ADM options have been submitted for evaluation.</p>
<p>Information Technology As with the dependency on Smarter Working, the Alternative Delivery Model (ADM) would need to incorporate any changes to use of information technology (IT) as part of wider service delivery across the council. This is also in line with one of the assessment criteria for the ADM, which requires evidence of innovation within service delivery; making best use of existing and new technologies as available. The ADM would therefore need to be consistent with, if not better</p>	<p>Project board to be kept informed of any updates to the council-wide use of IT, via standard internal council communications channels. Alternative Delivery Model (ADM) option leads to ensure that the options submitted for evaluation incorporate IT best practice and, where possible, examples of technological innovation. Monitoring should continue until the ADM options have been submitted for evaluation.</p>

Description	Monitoring Required
than, council IT policy and best practice.	

9. Approach to Consultation

In most cases consultation will be necessary and will be a relevant consideration in decision-making. It is anticipated that public consultation will need to take place as the project progresses towards the revised Outline Business Case (OBC2). The consultation will feature the options shortlist and is therefore dependent on the outcome of the recommendations in this initial Outline Business Case (OBC1).

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

Findings from consultation will form a central part of the decision-makers' consideration of project proposals and any subsequent policies. In considering the findings decision-makers will consider the alternatives and all the countervailing circumstances; including, where appropriate, any budgetary requirements when making their decision.

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

A full Consultation and Engagement Plan will be used to demonstrate how the council has consulted with its citizens at various stages of the project life cycle, and a library of evidence will also be kept by the project team to promote transparency.

A full Consultation and Engagement Plan has been included as an appendix to this document.

10. Appendices

This document is an appendix to the Initial Outline Business Case (OBC1) Cover Report submitted to Environment Committee for approval on 15 September 2016.

The following additional appendices are also available:

- Appendix B – Consultation and Engagement Plan
- Appendix C – Initial Service User Equality Impact Assessment
- Appendix D – Initial Staff Equality Impact Assessment

Document History

Date	Version	Reason for Change
13/07/16	1.0 (draft)	-
22/07/16	2.0 (draft)	Input from Project Sponsor
09/08/16	3.0 (draft)	Input from Project Board
19/08/16	4.0 (draft)	Input from Strategic Commissioning Board and HB Public Law
06/09/16	5.0 (draft)	Input from clearance process
13/09/16	6.0 (draft)	Input from HB Public Law
16/09/16	7.0 (final)	Input from Finance
20/09/16	8.0 (revised final)	Input from HB Public Law
21/09/16	9.0 (final)	Final version

Distribution List

Name	Role	Version	Date
Jamie Blake	Project Sponsor	1.0 (draft)	21/07/16
Project Board	Project Governance	2.0 (draft)	26/07/16
HB Public Law	Legal Advice	3.0 (options only)	08/08/16
Strategic Commissioning Board	Project Governance	3.0 (draft)	11/08/16
Clearance List	Clearance Process	4.0 (draft)	19/08/16
HB Public Law	Legal Advice	5.0 (draft)	09/09/16
Trade Unions	Trade Unions	6.0 (draft)	13/09/16
Governance Team	Corporate Governance	7.0 (final)	19/09/16
Governance Team	Corporate Governance	8.0 (revised final)	20/09/16
Governance Team	Corporate Governance	9.0 (final)	21/09/16

¹ Extract taken from the Delegated Powers Report from the Chief Executive, submitted to Policy and Resources Committee on 22 March 2016.

² Extract taken from the Street Scene Delivery Unit Management Changes report, submitted to Policy and Resources Committee on 22 March 2016.

³ As above.