



**Scrutiny Committee
5 April 2016**

**Report from Strategic Director-
Regeneration and Environment**

For Information

**Call-in of Report on Tackling Illegal Rubbish Dumping and
Litter with Uniformed Street Patrols**

1.0 Summary

- 1.1 This briefing has been prepared in response to the Scrutiny call in of the Cabinet decision to approve a proposal to enter into a pilot contract with Kingdom Security Limited for the delivery of a payment-by results, cost-neutral uniformed service for the enforcement of street scene and environmental offences in the borough for a period of 12 months.
- 1.2 Further information is set out below in response to the specific concerns raised in the notice of call in.
- 1.3 Officers are available ahead of the meeting and would welcome advance notice of further areas of interest in order that as much information as possible can be provided on the night.

2.0 Recommendation

That the Members of Scrutiny Committee note the information provided by officers in response to the specific reasons for call-in.

3.0 Detail

The following concerns were raised by the committee and are addressed in turn below:

- (i) That the OSC and its Task Groups has been publicly credited for the policy but have had little or no role in its development and implementation
- (ii) The terms, pay and conditions of the people who will work on patrols, and their relationships to officers working on enforcement currently working in the Council
- (iii) The lack of consideration of an in-house option
- (iv) The process by which Kingdom was chosen as a partner for the trial period
- (v) Some of the costings contained in the report

3.1 The OSC and its Task Groups has been publicly credited for the policy but have had little or no role in its development and implementation

The stated purpose of the OSC Task Group was to identify suitable means of controlling the illegal dumping problem in Brent. This was set in the context of reducing budgets, as follows:

“At a key moment in Brent’s history, when cuts to the Council’s budget are demanding extremely difficult funding decisions, the effect of issues such as fly-tipping on community spirit must not be underestimated. It is therefore vital for the Council to consider innovative and long-lasting solutions to the problem. “

The specific recommendation 14 was:

“We will look to pre-capitalise on new fly-tipping legislation, to be brought forward next year, by following a similar model to Ealing Council, as below:

‘The council has teamed up with Kingdom Security to provide dedicated teams of uniformed officers in the borough. Kingdom Security will work with the council’s environmental enforcement officers, providing a high-profile deterrent and issuing £80 fines. Operating initially on a one-year trial basis, Kingdom Security is working at no cost to the council. Instead they will take a share of the fines they issue’.

Officers have subsequently moved this work forward on the belief that the Ealing model was preferred and that it required Kingdom, specifically, to be engaged. It was not considered a requirement to fully consult the OSC through this process and officers acknowledge that may have been a misunderstanding. It was felt, admittedly, that licence had been granted through the recommendation itself.

3.2 The terms, pay and conditions of the people who will work on patrols, and their relationships to officers working on enforcement currently working in the Council

Kingdom advise that their rates of pay for an Enforcement Officer are £9.61 per hour, and that they pay their supervisors £12.00 per hour (both of which are above the 2016 London Living Wage of £9.40 per hour).

All operatives would be employed to work 8 hours per day across a 40-hour week, with evening and weekend working forming part of the weekly work pattern. There is no comparable role within the council and no internal job evaluation has been undertaken.

The Waste Enforcement roles attract a salary of Pay Scale PO1 (currently £31,368-£33,660); however, these directly employed officers undertake very different work. They use investigatory powers to administer enforcement cases through the formal process right up to and including representing the council in court, which accounts for the higher job evaluation outcome.

The work that Kingdom is being asked to do is very much intended to complement and not replace the work of the existing in house team, who do not have the capacity, and are not equipped to carry out pro-active litter enforcement patrols.

3.3 The lack of consideration of an in-house option

This is a one-year pilot project to test a concept. In order to enable quick mobilisation, at no cost and little risk to the Council, it was felt that the most appropriate course of action would be to engage an existing service provider who was already operating in the West London area.

If viewed on a like-for-like basis, an in house model would appear to have the potential to generate more net revenue, but the council would have to take on the financial risk of less than an average five valid FPNs being issued per day.

Ealing Borough Council (who now have a similar 12-month pilot in place with Kingdom) previously tried to operate the service as an in-house operation, but took the decision to outsource it because the in-house operation was not effective. Officers were regularly distracted from their core enforcement activities and re-deployed onto other work. Ealing's current position is that an in house model would not be suitable for their particular local authority. This is highly specialised work, and the council currently lacks specific expertise in this area. Since outsourcing the service to Kingdom, recovery rates in Ealing are now exceeding 70%.

When taking into account recruitment, training, procurement and provision of equipment and vehicles, an in house operation would also take longer to set up than using an established private sector specialist with an operational presence in the area. Given that the current proposals are for a 12-month pilot only, it is felt that the lead times and costs of mobilisation could not be justified.

As is set out in the Cabinet report, it is proposed that the trial will be evaluated throughout to enable a full understanding of the impact of the service, make an informed decision as to whether or not to continue with it, consider the merits of in-house provision compared with outsourced service, and (if decided to proceed with an outsourced service) expose the service to a full procurement exercise in due course.

This trial does not in any way prevent an in house service being provided in the longer term, should it be felt that there is a strong case for taking this course of action.

3.4 The process by which Kingdom was chosen as a partner for the trial period

Kingdom have been recommended as a partner for the trial in response to the specific recommendations of the OSC; and on the basis that there are good operational and financial reasons for doing so.

Kingdom are already carrying out similar trials with Ealing, Harrow and Hounslow Councils, and the proposal to use them in Brent provides the opportunity to benefit from links with established operations in these neighbouring boroughs.

It will enable the Council to test a cross-border working relationship to see the extent to which it provides greater flexibility and service resilience. Specifically, it is felt that the cross-authorisation of Enforcement Officers, reporting into a regional team leader will deliver significant operational advantages such as increased flexibility of deployment through a shared pool of authorised officers, providing adequate cover during periods of leave and sickness, shared knowledge and expertise, and the scope to carry out joined-up operations in specific areas.

The fact that Kingdom already have a strong presence in West London will also enable rapid mobilisation.

As is detailed in the Cabinet report, the proposed contract with Kingdom is a service concession contract. Service concession contracts fall outside the scope of the existing EU procurement legislation.

It is considered that the contract with Kingdom is likely to be a Medium Value Contract under the Council's Standing Orders and Financial Regulations. Contract Standing Order 96(a) provides that for contracts with an estimated value below the EU Procurement Regulations threshold, tenders shall be invited for Medium Value Contracts. However, Contract Standing Order 84(a) provides that subject to compliance with domestic and European legislation, the Cabinet may agree an exemption from the requirement to procure in accordance with Contract Standing Orders where there are "good operational and/or financial reasons".

In the Cabinet report, Members were referred to the reasons (set out in paragraph 3.5, and reiterated above) and were asked to consider whether they constituted good operational and / or financial reasons for awarding a one year pilot contract directly to Kingdom Security Limited rather than carrying out a formal tendering process.

3.5 Some of the costings contained in the report

The financial implications of this initiative are set out in Paragraph 7 of the Cabinet report.

In summary, Kingdom's business model is based on income received from the serving of fixed penalty notices (FPN's) in relation to environmental offences. For every valid £80 FPN issued Kingdom Security Limited would receive £46 as a payment from the council. For every £80 FPN paid the council will receive the income.

The modelling presented in the Cabinet report assumes that four officers would be deployed, each issuing an average of five valid FPNs per day, of which 70% would be collected (this being the level of payment reported by Ealing and others). The table below sets out the financial implications in detail:

4 Officers issuing 5 FPN's daily	5,200 FPN's issued per annum @ £46 each	Total payment to Kingdom = £239,200
70% Payment rate achieved	3,640 FPN's paid @ £80 each	Total income from the scheme = £291,200
Subtract payment to Kingdom from total income from scheme	£291,200-£239,200	Total annual income to Council = £52,000

4.0 Financial and Legal Implications

See Cabinet report

5.0 Diversity Implications

5.1 None

Background Papers

None

Contact Officers

Rob Anderton, Head of Service, Public Realm, x5001

Chris Whyte, Operational Director, Environmental Services, x 5342