

	<p align="center">Decision of Cabinet Member for Environment 13 May 2021</p>
	<p align="center">Report from the Strategic Director of Regeneration & Environment</p>
<p align="center">Redefining Local Services: Delivery Model Options for Statutory Consultation</p>	

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Appendix 1: Local Authority Service Delivery Models Appendix 2: Outline Draft Procurement Strategy Appendix 3: Statutory Consultation Process Design Appendix 4: Summary of RLS Options Appraisals
Background Papers:	
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1.0 Introduction and overview

- 1.1 In 2018, Brent adopted a deliberate strategy to synchronise the end date for its outsourced environmental services so that they coincide for reconsideration at the same time. The Redefining Local Services (RLS) programme was subsequently initiated in May 2019 to develop and implement a commissioning strategy in time for new service arrangements to take effect from 1 April 2023.
- 1.2 The stage has now been reached where the Council needs to consult with representatives of persons identified under Section 3 of the Local Government Act 1999 (LGA 1999) on the delivery model for how the services in scope of RLS will be commissioned and delivered in future.

- 1.3 The purpose of this report is to set out the methodology that has been used to identify and assess alternative delivery models and to present the delivery model options that are considered to best meet the objectives that have been set for the RLS programme.
- 1.4 The report also outlines the proposed format and design of the statutory consultation process scheduled for May/June 2021.
- 1.5 Cabinet decision on the final delivery model for these services, which will be subject to the results of the statutory consultation, is required by August 2021 in order to successfully re-commission services within the required timescale.
- 1.6 The key timings for the full RLS commissioning process are included in Table 1 below.

Table 1: RLS commissioning strategy timetable

RLS Commissioning Strategy Timetable	Timing (2021 unless stated)
1. Consultation and soft market engagement:	
- Soft market engagement (3 weeks)	17-May to 11-Jun
- Statutory best value duty consultation on the Delivery Model Options (5 weeks)	17-May to 21-Jun
2. PCG Draft Cabinet decision report	15-Jul
3. Cabinet decision on Final RLS Delivery Model	16-Aug
4. Procurement processes	Sep 21 – Aug 22
5. Contract awards	Jul – Oct 22
6. Mobilisation	Aug 22 – Mar 23

2.0 Recommendations

- 2.1 That the Cabinet Member for Environment notes the process and methodology for identification, comparison and selection of the delivery models considered within this report.
- 2.2 That the Cabinet Member for Environment agrees that options 1 and 2, set out in Section 5 of this report, are selected as the favoured competing options for the RLS delivery model.
- 2.3 That the Cabinet Member for Environment agrees that information on RLS Delivery Model Options 1 and 2, together with the alternative options which are currently not favoured, set out in section 6 of this report, are issued for statutory consultation with representatives of persons identified under Section 3 of the Local Government Act 1999 during May and June 2021.
- 2.4 That the Cabinet Member for Environment agrees the proposed statutory consultation format and design in Appendix 3.

3.0 Context

RLS Aim and Objectives

3.1 The aim set by members for the RLS programme is to design and implement a better, more integrated and flexible local services delivery model that improves the look and feel of Brent's public realm. The following RLS programme objectives were defined by Brent's members following the launch of the programme in May 2019:

- Meet residents' and businesses' requirements for the services: fully engage with the community to understand their needs and aspirations
- A clean, green environment: place clean streets, clean air, carbon reduction, quality green spaces, trees & biodiversity at the heart of the programme
- Help the local economy: create jobs for local people and opportunities for local businesses to deliver our services
- Be bold and innovative: explore all possible delivery options and seek out best practice and innovation from other providers, from the UK and abroad
- Provide the best value possible with available council resources, in the context of post-Covid financial pressures
- Ensure services are flexible and adaptable to change: build in control, flexibility and resilience to manage future change

RLS programme scope

3.2 The RLS programme's scope covers the following functions led by the Environmental Services Directorate (these are outsourced unless indicated otherwise):

- Waste and recycling collections
- Recyclates reprocessing
- Street cleansing
- Winter maintenance
- Grounds maintenance for parks, council housing and highways verges
- Arboricultural services
- Highways services (all works outsourced, policy and projects insourced)
- Street lighting services
- Parking services
- Highways and environmental crime enforcement (insourced)
- Regulatory services (environmental health, food safety, trading standards, licensing) - (insourced)
- Commercial services (cemeteries, pest control) (insourced)
- Community protection (CCTV maintenance outsourced, anti-social behaviour insourced)
- Special Needs Transport (shared service)

- 3.3 A key element of the RLS programme is the recommissioning of functions that are currently delivered through contracts. The key contracts are included in Table 1 below.

Table 2: Contracts in scope of RLS

Contract	Supplier	Annual Value	End / extension
Special Needs Transport (shared service)	LB Harrow	£9m	2022
CCTV Maintenance	Tyco	£0.2m	2022 + 1
Highways Services	FM Conway	£8m	2023
Parking Services	Serco	£6m	2023
Arboricultural Services	Gristwood & Toms	£0.77m	2023 + 2
Street Lighting Services	FM Conway	£1.1m	2023 + 2
Public Realm	Veolia	£18 m	2023 + 7

- 3.4 The Public Realm contract included waste and recycling collections, recycles reprocessing, street cleansing, winter maintenance, grounds maintenance and burials. Burials and grounds maintenance in cemeteries were brought in house in December 2020.
- 3.5 Table 3 below shows the breakdown of the £18m Public Realm contract budget compared with the whole system waste cost (comprising waste collections and waste disposal), totalling £20m, and the combined Public Realm contract and waste disposal costs, which total £28.8m. An additional £400k for grounds maintenance on housing estates is funded from the Housing Revenue Account.

Table 3: Public Realm contract budget and gross overall waste budget

Service	Public Realm contract value 2020-21	Total waste collection and waste disposal costs 2020-21	Combined Public Realm contract and waste disposal costs 2020-21
Waste collections and recycles reprocessing	£9.2m	£9.2m	£9.2m
Street cleansing	£6.8m	-	£6.8m
Grounds maintenance	£1.7m	-	£1.7m
Winter maintenance	£0.3m	-	£0.3m
Waste disposal costs	-	£ 10.8m	£ 10.8m
Total	£18m	£ 20m	£ 28.8m

- 3.6 An Inter-Authority Agreement (IAA) with LB Harrow is in place to provide special needs transport. The IAA commenced in 2016 and ends in July 2022. Officers have recently established a cross council project team to review current arrangements for special

needs transport and to identify opportunities for improvement in terms of governance and financial management of the service as well as opportunities for efficiencies and service improvement.

3.7 The key opportunities for aligning future provision of this service with the RLS programme relate to the opportunity to relocate buses from Harrow to Brent depots to reduce journey time and running costs, and the coordinated management of a council-owned fleet should the RLS strategy lead to more insourcing of direct service delivery. These opportunities will be assessed as the review progresses during summer 2021.

4.0 Summary of the RLS Review

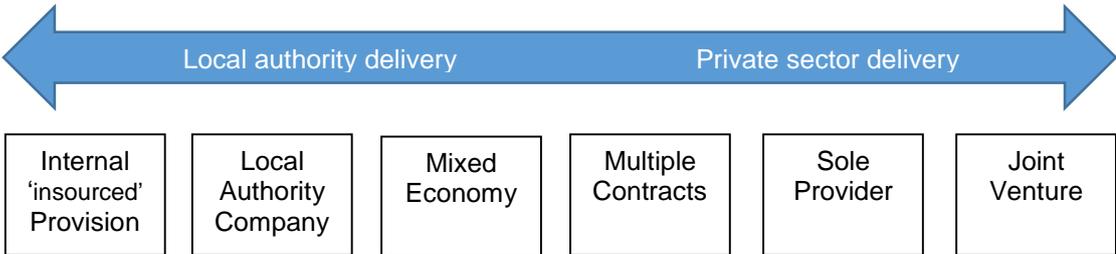
4.1 An extensive review has been undertaken for the RLS programme over the past two years. The key elements of the review which have influenced the identification and assessment of RLS delivery model options are listed below. These are further summarised in this section of the report.

- i) Potential delivery models and benchmarking with neighbouring boroughs
- ii) Council-wide, environmental services and waste contract financial pressures
- iii) Brent’s pensions costs
- iv) Depot availability and capacity
- v) RLS service improvement priorities and future vision for the Environmental Services Directorate
- vi) Key service synergies and interdependencies
- vii) Generalist versus specialist roles
- viii) Experience and learning from the Covid-19 pandemic
- ix) Options appraisals for each RLS service

i) Potential delivery models and benchmarking with neighbouring boroughs

4.2 A review of the different type of local authority delivery models and the risks and benefits of each was undertaken in 2019 (see Appendix 1). Brent’s approach to environmental services currently falls into the ‘Multiple Contracts’ category in Figure 1 below.

Figure 1: Local authority delivery models



4.3 The national trends in environmental services procurement were summarised as follows:

- No 'one size fits all' approach - the right solution will be unique to the individual authority
- Private sector is more cautious with regards to both risk and price
- Considerable move away from single supplier model post Carillion, Interserve etc.
- Attitudes to 'insourcing' have changed. Decisions are being made on what is best in each individual case
- Many councils are adopting a mixed economy model
- Collaboration between councils continues to develop nationally, particularly with regards to Highways and Waste Collection

4.4 The common pitfalls of large scale commissioning are considered to be:

- Too much focus on selection of the delivery model and not enough definition of what they want to achieve
- Lack of clarity and understanding amongst stakeholders of what the objectives should be/are
- Assumption that if it works in another council it will work in theirs
- No 'ownership' of the procurement process by those who will eventually be required to deliver the service
- Adoption of a service delivery model that does not sit well with the culture and capability of the organisation

4.5 In 2019, Brent officers researched the environmental service provision in the 10 neighbouring and/or West London Waste Authority boroughs. The key findings were as follows:

- All 10 boroughs have mixed delivery models for the environmental services in scope of Project 2023
- Most boroughs come under the "Multiple Contracts" model (Brent, Camden Westminster, Hammersmith & Fulham, Kensington & Chelsea)
- Following the withdrawal of Carillion in Hounslow, Brent's Public Realm contract had the widest scope, followed by Ealing's former contract with Amey (Waste/recycling/street cleansing/grounds maintenance/burials) (NB: Ealing has recently established a local authority company for these services)
- Two boroughs have a mainly in house model (Harrow and Hillingdon)
- Barnet is the only Joint Venture model through Regional Enterprise Ltd (51% Capita/49% Barnet ownership)
- Hounslow has expanded its housing Arm's Length Management Organisation model (Lampton 360) to incorporate some of the former Carillion services
- Both highways services & parking services are universally procured separately as individual contracts, when these services are outsourced
- There are no joint borough arrangements for environmental services
- There are limited opportunities for Brent in terms of contract renewal date alignment with neighbouring boroughs in April 2023

4.6 Officers have also reviewed local authority delivery models nationally and across other London boroughs, including discussions with Islington, Haringey, Redbridge, Waltham Forest and Lambeth, which has informed our consideration of the delivery models that can best meet the objectives of the RLS programme.

ii) Council wide, Environmental Services and waste service financial pressures

4.7 The Council as a whole is subject to significant financial uncertainties, including the expected long term financial impact of COVID-19. The situation remains ongoing and it is extremely difficult to make a full, definitive and comprehensive assessment of the financial impact. The significance of the financial challenge cannot be underestimated. The Council's Medium Term Financial Plan includes expected savings from re-procurement of major contracts, service transformations and efficiency savings.

4.8 There are other more established financial pressures in Environmental Services; a legacy of repeated cycles of cost reduction through austerity, twinned with a constant and increasing demand on front-line universal services. Overall, the financial pressures across Environmental Services remain serious and very difficult to manage.

4.9 In addition, there are likely to be significant pressures on waste collection and disposal costs upon renewal of arrangements for these services when the current public realm contract ends in March 2023. These pressures are linked to the increase in waste tonnages and the significant fall in income for recycling since the last contract was let in 2014.

iii) Brent's Pension Fund

4.10 London Borough of Brent has a high employer contribution rate into the Pension fund relative to its peers within local government. For the financial years 2020-21 – 2022-23, 35% of pensionable pay is required to be contributed to the Pension fund for employees of Brent Council. It is unlikely that this level of contribution will vary significantly in the foreseeable future.

4.11 In respect of the private sector, the legal minimum contribution that employers are required to make to a pension scheme is 3%. In the case of defined contribution schemes there is no requirement to contribute more than the legal minimum, however some employers choose to do so as part of their overall employee benefits.

4.12 Local Authority (Teckal¹) Companies can choose to introduce new defined contribution schemes for new starters with anticipated reduced costs over time. LAC employer pension contributions under such schemes are typically in the region of 5%. The LGPS can be a significant commercial disadvantage for LACs where they are set up for commercial reasons and need to compete with the private sector for market share.

¹ A "Teckal" company is the common name for a company which benefits from contracts for works, services or supply from its controlling Contracting Authority without having to go through a competitive tender process. Local authorities can undertake up to 20% trading with third parties outside of their 'Teckal' contract.

iv) Depot availability

- 4.13 A review of depot provision across the RLS services has considered future depot requirements and how greater commercial value might be achieved by managing our existing depots in a more efficient way, and identifying new depot space that could be used to deliver services which are currently delivered by contractors from sites not owned by the Council. These sites could be used either by an in house service or offered as part of re-procurement to level the playing field to enable other organisations to bid for our services.
- 4.14 The return of the council-owned depot and yard at Unit 2 Marsh Road, Alperton, (the “Depot”) into Council hands in January 2020 provided an opportunity to undertake a range of invaluable Covid-19 related functions and has since continued to be a vital resource for the Council’s own operational usage. In summer 2020, a review was completed exploring ways to offset the ongoing costs of the Council’s use of the Depot arising from the loss of commercial rent and other site costs. As a result of the review, the Depot will be used indefinitely as the base to deliver the following property and environmental services related functions:
- PPE storage and distribution
 - Document storage
 - Electoral Services – storage/transport of electoral papers/sacks/booths
 - Evidence and parking equipment storage
 - Shared Special Needs Transport bus parking/storage
 - General maintenance for parks, street furniture, public conveniences and cemeteries
 - Highways reactive repairs gang addressing defects arising from customer reports (20% of all highways repairs raised)
 - Sign fabrication and installation
 - Various ad hoc works including the provision of a traffic management function
 - Dealing with waste on private land
- 4.15 The council also owns depot and yard space at the adjacent Unit 4-7 Marsh Road, which is currently occupied by Veolia for the delivery of the public realm contract, together with a number of satellite depots in our parks used to deliver street cleansing and grounds maintenance services. These sites are all being retained indefinitely for environmental services delivery.
- 4.16 The depot review confirmed that the Depot and the satellite park depots would be sufficient to accommodate an in house highways reactive maintenance service and a grounds maintenance service, should an insourced model be selected for these services.
- 4.17 There are further depot facilities in our cemeteries which helped enable the decision to vary the existing Public Realm contract to bring in house the grave digging and cemeteries grounds maintenance function in December 2020.
- 4.18 There remains no viable depot facility in the borough to accommodate arboricultural services, be that through an insourced or outsourced model.

v) RLS service improvement priorities and the future vision for the Environmental Services Directorate

4.19 A review of existing environmental services provision has been undertaken as part of the RLS programme in order to identify areas for service improvement. The key findings from this review in relation to the Council's existing contracts were:

- The current environmental services contracts within the scope of the RLS programme are generally considered to perform satisfactorily
- Broader contracts have tended to lose focus/underperform in lower value areas (e.g. burials, grounds maintenance, reactive highways maintenance)
- There are occasions when our contractors could act more responsively to address issues and problems in the public realm
- There tends to be a lack of innovation and creativity from contractors
- There is generally a lack of a shared ethos with contractors
- There is potential to achieve greater Social Value outcomes via the Council's Social and Ethical Procurement Policy adopted in May 2020

4.20 The key findings from the review in relation to our internal 'client' services responsible for managing services in scope of RLS were:

- Services are predominantly reactive, expending significant resources on the resolution of issues and problems, with a lack of resource to focus on service development
- There is potential to make better use of digital technology and data, including automating and streamlining internal processes, sharing and analysing real time data and improving the customer interface
- There is need for a more strategic focus on identifying and realising commercial opportunities
- There is scope for further integration of enforcement services and to deliver this more consistently across the whole public realm, for instance in parks
- There is a marked lack of resource for contract management and area based monitoring and inspection
- The current organisational structure is now too stretched and may hamper rather than facilitate service delivery, relying too much on the high input and commitment of individuals

4.21 In respect of the last two points, the move to a 'lean client' over the past decade was in part a deliberate strategy to test self-monitoring approaches within our contracts and to reduce costs throughout the 'austerity' period. While it had been hoped that the impact of the £2.5m staffing reductions since 2017 could be mitigated, for instance, through restructuring and a centralisation of functions, it has not been possible to fully mitigate this impact and a more sustainable staffing structure is now considered desirable.

4.22 To inform our future approach to client side management, officers have benchmarked our client functions against other London Boroughs. Examples where this benchmarking has shown significant gaps are listed below.

- Brent has one Arboricultural Officer for our Arboricultural Services contract compared to the London average of 3.7 officers. Tree surveying is currently outsourced to the tree maintenance contractor who raises and carries out its own work orders. Undertaking inspections and raising works orders ourselves would achieve better value for our tree maintenance budget.
- Brent currently has 3 dedicated highways inspectors and utilises a reactive maintenance engineer to provide cover for leave, sickness etc. In comparison, Haringey (a similar borough) has 5 inspectors, including a team leader. With “Well Maintained Highways” specifying a review for road hierarchy, inspection risk and frequency, the number of planned inspections will increase. To ensure we can continue to efficiently deliver planned inspections (the first line of defence for insurance claims) and to provide timely reactive inspections (generated from customers including members and are considered high profile), it is essential we have increased resources in this area.

4.23 The RLS service reviews helped to identify the following overarching improvement priorities for future service provision which we would aim to deliver, as far as possible within the available budget, under whichever delivery model is selected:

- Improved contract management and monitoring for contracted services
- An intelligence-led approach to the deployment of resources
- Greater responsiveness to addressing issues and problems in the public realm
- Better digital customer interface with real-time information and issue reporting
- Additional capacity for continuous service improvement and innovation
- Focusing specialist officers where they can add the greatest value, with more triaging between generalist and specialist roles
- Deliver better Social Value outcomes via the Council’s Social and Ethical Procurement Policy (strategic themes and examples included below):
 - Strong Foundations – number of community engagements / events delivered to improve outcomes in the community
 - Every Opportunity to Succeed – number of local jobs created, including focus on disadvantaged groups
 - A Future Built for Everyone, An Economy Fit for All – number of SMEs and third sector organisations that benefit from the procurement exercise
 - A Cleaner, More Considerate Brent – strive for carbon neutrality by 2030 and enhance nature and biodiversity
 - A Borough Where We Can All Feel Safe, Secure, Happy and Healthy – support charities who encourage and enable increased physical and mental wellbeing

4.24 In support of these overarching service improvement priorities, a vision has emerged for how the Environmental Services Directorate as a whole could achieve greater integration and efficiencies aligned to the RLS objectives through a reorganisation along the following dimensions:

- A neighbourhood approach to managing localities to achieve greater integration, flexibility and control of services – comprising area monitoring, engagement, education, enforcement, regulation, contract management and day to day small scale operations/repairs (e.g. potholes, park/street furniture defects, signage etc.).
- A borough-wide approach to managing our strategic assets and infrastructure, for instance waste infrastructure and collections; highways schemes, planned maintenance and specialist services; street lighting; and, arboricultural services.
- An integrated back office supporting the delivery of both the neighbourhood and strategic asset management approaches. The vision for the integrated back office is to create a digitally and data-led, streamlined, customer focused system which supports integrated working across all services, across the wider council and provides seamless information flows with the community and our partners.

vi) Key service synergies and interdependencies

4.25 The RLS programme covers a broad range of services which all connect with each other in a myriad of ways. Service functions that will require a very close ‘partnership’ arrangement are:

- Waste collections and street cleansing
- Winter maintenance with either waste collections or street cleansing
- Cleansing across streets and parks
- Grounds maintenance in parks, at roadside verges and in cemeteries
- The control of anti-social behaviour and environmental enforcement
- Parking management and our work to manage and improve our highways and transportation

vii) Generalist versus specialist roles

4.26 Consideration has been given to the choice of whether to adopt a multi-tasked or dedicated workforce. In most cases, it is considered that the principle of ‘division of labour’ works best for environmental services. The division of labour leads to higher productivity and lower costs. However, in certain cases, it can make sense to use generic, multi-tasked roles.

viii) Experience and learning from the Covid-19 pandemic

4.27 Officers carried out an assessment of the implications of the Covid-19 pandemic for our future commissioning strategy for these services. It was concluded that there is no significant change to the fundamental service related considerations involved in decisions over whether to insource or outsource RLS services linked to the pandemic outlook. However, the following factors have been noted:

- During lockdown, our contractors have maintained good to adequate capacity, have largely performed to customary standards, have been very adaptable to new demands and requests, and have been reasonable with their contract pricing

- We do not have any evidence to suggest that tender prices will be any higher due to the pandemic and expect that competition will keep pricing keen
- A strong case remains to insource functions where we believe the Council can achieve higher quality services, for instance with the reactive highways maintenance, grounds maintenance and cemeteries functions
- There may be potential for in-out lockdowns and further waves to create a distraction and a drain on internal capacity, and costs may be better controlled in these circumstances through an outsourced approach.

ix) Service Options appraisals

4.28 Options appraisals have been undertaken for the following services, which are each summarised in Appendix 4.

- i) Highways Services
- ii) Grounds Maintenance
- iii) Street Cleansing
- iv) Arboricultural Services
- v) Parking Services
- vi) Street Lighting
- vii) Waste and recycling collections and reprocessing

4.29 These appraisals considered the following delivery models for each service:

- Outsourcing through either contract extension (if applicable) or retendering
- Direct insourced provision
- Insourcing via a Local Authority Company
- Partial insourcing

4.30 Direct insourcing and insourcing via a Local Authority Company costings were based on estimates for the following:

- Direct costs of service provision (recurring revenue costs)
- Necessary increases for central overheads – ranging from 2% to 10% per employee
- The costing of risks - 15% general contingency
- One off mobilisation costs
- Capital costs for premises, fleet and equipment

4.31 The costs for retendering options have been based on our best intelligence for current market prices.

4.32 A summary of the cost of the options considered for each of these services is included in section 8 of Appendix 4.

5.0 RLS Delivery Model Options

5.1 A number of options for the overarching RLS delivery model have been identified and these have been assessed against the following criteria which were derived from the RLS review process:

- i) Affordable solution in the context of post-Covid financial pressures
- ii) Flexibility and control of services
- iii) Neighbourhood approach to managing localities
- iv) Strategic management of boroughwide assets and specialist services

5.2 The delivery model options that are considered to best meet these criteria – Option 1 and Option 2 - are outlined in this section of the report. Alternative options which are not currently favoured are described in Section 6 of this report.

Option 1: Specialist contract providers with enhanced neighbourhood management (low level insourcing)

5.3 Option 1 is similar to the “Multiple Contracts” delivery model in figure 1 under para 4.2 above. Option 1 comprises outsourcing using discrete, specialist contracts for strategic, specialist services and the insourcing and enhancement of a small number of client functions that would provide the Council with greater strategic control and improved contract management and stakeholder engagement.

Option 2: Specialist contract providers with enhanced neighbourhood delivery (moderate level insourcing)

5.4 Option 2 is based on Option 1 with the addition of the further insourcing of the full highways reactive maintenance service rather than the one gang undertaking 20% of reactive works. This full reactive service would be integrated with the Marsh Road Depot service and would enable a more integrated and flexible approach to the delivery of neighbourhood services.

5.5 These options are considered to be the options which can best meet members’ aspirations for RLS services within available and predicted funding levels. The options offer the benefits of specialist contracts together with targeted insourcing where this can achieve the greatest improvement on service outcomes for the money invested. Table 4 below summarises the two options with the shaded rows indicating the variance between them.

Table 4: RLS Delivery Model Options

Option 1: Specialist contracts with enhanced neighbourhood management (low level insourcing)	Option 2: Specialist contracts with enhanced neighbourhood delivery (moderate level insourcing)
Specialist contracts	
Waste collections, street cleansing and winter gritting	Waste collections, street cleansing and winter gritting
Recyclates reprocessing	Recyclates reprocessing

Grounds maintenance	Grounds maintenance
Parking services	Parking services
Tree maintenance	Tree maintenance
Street lighting	Street lighting
Highways Services	Planned / specialist highways services
<i>Insourcing (TUPE noted where applicable)</i>	
Education, Communication and Outreach function from waste contract (TUPE)	Education, Communication and Outreach function from waste contract (TUPE)
Informal Parking Appeals (TUPE)	Informal Parking Appeals (TUPE)
Tree surveying, data, work orders (TUPE)	Tree surveying, data, work orders (TUPE)
Highways gang for 20% reactive repairs	Full reactive highways maintenance (TUPE)
Park wardens function (TUPE)	Park wardens function (TUPE)
<i>Stronger client (new posts)</i>	
1 additional highways inspector	1 additional highways inspector
Total additional cost recurring revenue: £0.2m	Total additional cost recurring revenue: £0.8m
Mobilisation costs can be contained within existing R&E budgets	Mobilisation costs can be contained within existing R&E budgets
£0.02m Capital required (tree database purchase)	£0.65m Capital required for tree database and highways reactive maintenance

- 5.6 Option 1 would require an additional £0.2m in recurring revenue and a small capital requirement of £20k to purchase the tree database.
- 5.7 Option 2 would require an additional £0.8m in recurring revenue and £0.63m would be required upfront for capital for highways reactive maintenance.
- 5.8 The mobilisation cost for both Options 1 and 2 can be contained within existing RLS Programme budget.
- 5.9 The additional cost of Options 1 and 2 would need to be met from within R & E budgets through a combination of the following:
- Potential additional funding for waste collections arising from the New Burdens Procedure linked to the Environment Bill
 - Potential efficiency savings arising from the Special Needs Transport review
 - Potential savings on waste disposal costs linked to a better targeted and resourced programme of community engagement linked to the climate emergency strategy
 - Potential cost savings from services 'in scope' of the review, including savings options and specification changes which will be evaluated as part of any procurement processes
 - Undertaking any procurement of services wholly within clearly set cost parameters and establishing, through negotiation, the best outcomes that are affordable.

Service Improvements

- 5.10 The following service benefits would apply under both Options 1 and 2:

- Ongoing funding for the highways reactive maintenance gang based at the Depot, tasked with 20% of reactive highways repairs which arise from customer reports, in order to provide a more flexible and responsive service than the current highways services contract. **No additional cost** as this has already been funded from within R & E budgets).
- Insourcing the **Education, Communication and Outreach** team (6 staff) would give the Council direct responsibility for communication, education and outreach to help address our considerable waste, climate emergency and circular economy objectives and challenges. 3 of these staff are already on LGPS with the **additional cost of insourcing estimated at £52k** per annum.
- Insourcing the **Head Park Warden and 4 Park Wardens** would enable better integration of education and enforcement across the whole public realm in Brent. It would also enable a more strategic and holistic approach to stakeholder management and community engagement of park interest groups and park users and help to increase participation and volunteering in parks. All these staff are on existing LGPS via an Admission Agreement with the Council but there would be **additional cost estimated at £26k** per annum to cover Brent's higher employers pension contribution (35% compared to Veolia's 20%).
- The Pre-Notice to Owner (NTO) Correspondence work-stream (**informal parking appeals**) could be incorporated back into the larger Parking back-office Notice Processing Team (formal parking appeals). The addition of these two individuals would be absorbed within the structure without any need to change either structure or management capacity. The additional cost of insourcing is estimated at **£32k** per annum. There has historically been discomfort that outsourcing this function results in a situation where the contractor is in effect "marking its own homework" as it is issuing the PCNs and then answering the challenges to those same PCNs. Moving this service back in house could provide:
 - Greater transparency on the activities of the contractor
 - More control on how policy is applied to the cancellation of PCNs
 - Improved quality of Pre-NTO correspondence
 - Greater consistency between Pre and Post NTO communications with customers
 - Greater flexibility across the wider PCN correspondence team to deal with surges in workload
- In-sourcing the **Tree Surveying** function, tree database and the raising of tree works orders would provide the Council with greater strategic and financial control of the Arboriculture Services contract, improved planning and completion of works and achieve better value for money from our tree maintenance budget. This is estimated to cost an additional **£30k** per annum, comprising £20k in staff costs and up to £10k in annual tree database license costs. Staff time required to maintain the database would be covered from existing resources, and/or as an element of the TUPE transfer to the Council of the existing surveyor post.

- Creating a stronger **highways inspection regime** - 1 additional highways inspector post would significantly address the lack of resource for highways inspections noted in section 4 of this report. Total cost **£43k** per annum.

Outline Draft Procurement Strategy

- 5.11 An outline draft procurement strategy for Option 1 & 2 is included in Appendix 2. This explains how each specialist contract would be procured if the Council were to proceed with that Delivery Model following consultation. The timetable for each contract would vary in relation to the optimal length of procurement process and mobilisation periods, and these are noted against each service area.
- 5.12 The intention would be that all contracts would, where appropriate, require staff to continue to be paid the London Living Wage as minimum.

Option 2 additional benefits – insourcing of full highways reactive maintenance

- 5.13 Under Option 2, in addition to the benefits described in para 5.10 above, the full highways reactive maintenance would be insourced. For highways, this could provide the Council with greater flexibility and control for all reactive highways maintenance defects rather than just the 20% of defects addressed by the one gang team being trialled during 2021-22. This would enable a more responsive service. The costs of insourcing the full reactive highways maintenance service would be **an additional £0.6m per annum**.

Additional Insourcing

- 5.14 With both options 1 and 2 there is potential to insource additional services either from 1 April 2023 or in future years as detailed in Paragraphs 1.3 and 1.4 of Appendix 2.

6.0 Alternative Options Considered

- 6.1 The '**As Is**' current model for these service is not favoured as it is considered that either of option 1 or option 2 would provide the Council with greater strategic control, improved contract management and stakeholder engagement, and better value for money.
- 6.2 A "**Mixed Economy model with enhanced neighbourhood delivery**" (medium level of insourcing) model was also given detailed consideration. This model was based on the same elements of Option 2 in Section 5, with the additional insourcing of grounds maintenance to enable an even more integrated and flexible approach to the delivery of neighbourhood services. The additional recurring revenue cost above current budgets was estimated at a minimum of £2.0m. This is considered unaffordable given our current and predicted finances. However, this option may be revisited in the next few years should the financial climate improve.
- 6.3 A "**Mixed economy with full neighbourhood delivery**" (high level insourcing) model was also given detailed consideration. This model adds the insourcing of waste collections, street cleansing and winter maintenance to the model at para 6.1 above. The additional recurring revenue cost above current budgets was estimated at a minimum of £7.1m. This model would enable a fully integrated neighbourhood delivery, however it is considered unaffordable given our current and predicted finances.

6.4 The “**Internal Provision**” model, i.e. for all RLS services, was estimated to cost an additional £11.3m over retendering. This model was not favoured on affordability grounds but also because, in any event, certain specialist services are considered best delivered by the private sector, such as street lighting, arboriculture and CCTV maintenance.

A breakdown of the extra costs of insourcing for all services is detailed in rows 9 to 21 of the table in section 8 of Appendix 4. The higher costs of insourcing arise principally from Brent’s pension costs (£3.7m) and a combination of increased salaries due to harmonisation with local authority pay scales and lower productivity linked to reduced working hours compared to the private sector (£1.2m). In addition, the cost for general contingency at 15% totals £5.3m.

6.5 The “**Local Authority Company**” model is not favoured. The capacity to trade commercially is not a priority that members have set for the RLS programme. An LAC would require set up costs in the region of £500k and its operation would incur higher overheads than direct insourcing, such as a company board, senior management and the management of traded accounts, while there would be no income generated through the LAC to offset these costs. An LAC paying employer pension contributions at the 5% rate would still be more expensive than outsourced delivery, and employees would not benefit from full local government terms and conditions. This option was estimated to cost an additional £7.5m for all services over retendering.

6.6 “**Internal Provision via a shared service**” with another London borough was considered over the course of financial year 2020-2021. However, ultimately we were unable to reach agreement on a mutually beneficial delivery model as the other borough was seeking to offer delivery of the services on a commercial basis, rather than in the form of a shared partnership with joint management and shared efficiencies.

6.7 A “**Multiple Contracts model with multiple contractors within service areas**” was not considered in any detail. Other than highways maintenance works where a multiple contractor framework already works well in Brent through the Footways framework contract, officers do not recommend adopting this approach for other environmental services as this would introduce significant financial, service delivery and health and safety risk. Officers are not aware of any other councils that have successfully adopted this multiple contractor approach for waste, parking enforcement, grounds, arboriculture or street lighting.

6.8 The “**Sole Provider**” delivery model (i.e. a “super contract”) was not considered in any great detail due to the following significant risks:

- The impact of the failure of a single provider is potentially very significant
- Loss of direct influence over service quality
- Risk of variability in service quality due to diverse range

6.9 The “**Joint Venture**” model was not considered in any great detail as it was not deemed relevant to the RLS objectives or services in scope; for example, we do not require private sector capital to invest in our services and there is no motive to enter into a profit share with the private sector or to share commercial risk in this way.

7.0 Financial Implications

- 7.1 The primary options being presented in the consultation have either a £0.2m or £0.8m additional annual cost above the 'as is' operating model. The Alternative Options considered have additional annual costs of up to £11.3m.
- 7.2 In addition, there are likely to be much larger pressures on waste collection and disposal costs upon renewal of arrangements for these services when the current public realm contract ends in March 2023. These pressures are linked to changes in the waste market since the current public realm contract was let in 2014. Currently, the increase in residual waste tonnages and the significant fall in income for recycling is borne by the contractor. A review is ongoing to plan for mitigations to these predicted cost increases. The exact pressure is estimated but cannot be known for certain as it is subject to the results of a competitive process.
- 7.3 Whilst the decision on the RLS delivery model relates to how services are delivered, not the scope and specification of services that are delivered, any additional funding required for the delivery model is investment that could instead be used to fund the specification of the services. This will be made clear in the information provided in statutory consultation.
- 7.4 The additional cost for the Final Delivery Model will need to be met by finding efficiencies or savings within existing Regeneration & Environment. The affordability of the Delivery Model Options will be revisited prior to Cabinet decision on a Final Delivery Model, taking into account the consultation, in August 2021 and will include detailed consideration of the following:
- Potential additional funding for waste collections arising from the New Burdens Procedure linked to the Environment Bill
 - Potential efficiency savings arising from the Special Needs Transport review
 - Potential savings on waste disposal costs linked to a better targeted and resourced programme of community engagement linked to the climate emergency strategy
 - Optional specification changes which will be evaluated as part of any procurement processes
 - Undertaking any procurement of services wholly within clearly set cost parameters and establishing, through negotiation, the best outcomes that are affordable.
- 7.5 The specific additional annual costs of Delivery Model Options 1 and 2 are included in Table 5 overleaf.

Table 5: Delivery Model Options additional funding financial summary

Option 1: Specialist contract providers with enhanced neighbourhood management		Option 2: Specialist contract providers with enhanced neighbourhood delivery	
	£'000		£'000
<i>Insourcing (TUPE noted where applicable)</i>			
Education, Communication and Outreach function from waste contract (TUPE)	52	Education, Communication and Outreach function from waste contract (TUPE)	52
Informal Parking Appeals (TUPE)	32	Informal Parking Appeals (TUPE)	32
Tree surveying, data, work orders (TUPE)	30	Tree surveying, data, work orders (TUPE)	30
Highways gang for 20% reactive repairs	0	Full reactive highways maintenance (TUPE)	590
Park wardens function (TUPE)	26	Park wardens function (TUPE)	26
1 additional highways inspector (new post)	43	1 additional highways inspector (new post)	43
Total cost recurring revenue	£0.2m	Total cost recurring revenue	£0.8m
Capital required (£20k to purchase the tree database)	£0.02m	Capital required upfront (£0.63m for highways reactive maintenance)	£ 0.65m
Mobilisation costs can be contained within existing R&E budgets			

7.6 A trial of the highways gang for 20% of reactive repairs has already been funded within R&E (£110k).

7.7 These figures are estimated using March 2021 costs and will therefore be subject to indexation/inflation by 2023. If the total services relating to RLS were subject to 2% annual indexation, this would be circa £100k per annum. Contract indexation and internal pay awards are funded corporately as part of Brent's Medium Term Financial Strategy.

8.0 Legal Implications

8.1 The Procurement of the specialist contracts identified in delivery model options 1 and 2 will need to comply with the full requirements of the Public Contracts Regulations 2015 (PCR 2015) and its requirements for advertising, tender process, evaluation and standstill.

8.2 The outline draft procurement strategy in Appendix 2 provides for potential extension of a number of contracts namely, the Arboricultural Services Contract, the CCTV Contract, the Street Lighting Contract and the Public Realm Contract. All of these contracts contain provisions which allow extension of the contract beyond 31st March 2023. If any of the contracts are to be varied on extension, such variation(s) will need to comply with the PCR 2015. Consideration of the application to the PCR 2015 to any proposed contract variation(s) will be provided in future reports relating to any decisions about extension/variation of the contracts.

- 8.3 The Redefining Local Services Programme is a high level, strategic project which encompasses a wide range of environmental services. The Council is required to comply with the best value duty to consult set out in section 3 of the Local Government Act 1999 in respect of the project. The requirement is to consult with representatives of certain groups as detailed in paragraph 11.2 of this report. The Council must also comply with the Best Value Statutory Guidance issued by the government in 2015.
- 8.4 Consultation must be carried out while proposals are at a formative stage, must give sufficient reasons for proposals and allow adequate time for consideration and response. If the Council has a preferred option it must state that in the consultation process. The decision maker must give conscientious consideration to the responses to the consultation.

9.0 Equality Implications

- 9.1 A screening assessment has been undertaken in relation to the Recommendations and no adverse equality or diversity implications have been identified at this stage. A full equalities impact assessment will be carried out for any proposed changes to service specifications in advance of Cabinet in August 2021.

10.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

- 10.1 The proposals within this report include potential TUPE transfers, a service review and recruitment requirements. These will need to be managed in partnership with Human Resources and in line with current HR Policies and Procedures. Throughout these processes, consultation will be required with relevant individuals, partners, stakeholders and Trade Unions as appropriate.
- 10.2 Property considerations are integral to the content of this report and officers from the Council's Property team have contributed to this report and are involved on the project board.
- 10.3 A clean and green environment is a key priority for the RLS programme and every opportunity is being explored to ensure that future services and depot arrangements are aligned to our commitments to tackle the climate emergency, air pollution, waste and enhance green spaces and biodiversity.

11.0 Proposed Consultation with Ward Members and Stakeholders

- 11.1 The RLS Members' Reference Group has met several times to consider the RLS programme and considered the RLS Review and Delivery Model Options at its meeting on 4 May 2021. There will be regular meetings held with the RLS Members' Reference Group throughout the remaining RLS recommissioning process, focusing on future priorities for the services.
- 11.2 Targeted consultation on the RLS commissioning strategy to comply with Section 3 LGA 1999 is being planned to take place from 17 May to 21 June 2021. An authority must consult representatives of persons:

- liable to pay any tax, precept or levy to or in respect of the authority
 - liable to pay non-domestic rates in respect of any area within which the authority carries out functions
 - who use or are likely to use services provided by the authority
 - appearing to the authority to have an interest in any area within which the authority carries out functions
- 11.3 We will also seek to include representatives of local voluntary and community organisations and small businesses in the consultation in line with the Best Value Statutory Guidance issued in 2015.
- 11.4 The proposed format and design for the consultation is included in Appendix 3. The consultation format will comprise an online questionnaire which will be widely promoted through the usual council channels and platforms. In addition, to ensure inclusivity and diversity of respondents, representatives of the groups listed at paragraphs 11.2 and 11.3 above will be selected and invited to participate in focus groups.
- 11.5 The consultation will include questions on the RLS aim and objectives, the delivery model assessment criteria, the two RLS Delivery Model Options and the alternative options which are not favoured.
- 11.6 Information will be provided in accessible and easy to understand formats.
- 11.7 A communications plan for the wider RLS commissioning strategy is being developed, focusing on the following phases.

Table 6: RLS Communications Plan

Phase	Activity	Timing
Phase 1	Updating local people on relevant council decisions and their implications via news stories & reactive press	May 21 – Aug 21
Phase 2	Open up the conversation and build support via organised groups (targeted engagement with Resident Associations, special interest groups)	Sep 21- Jul 22
Phase 3	<ul style="list-style-type: none"> • Communicating changes and supporting transition, tying into ‘Working Hard for Brent’ narrative • Education linked to the climate emergency, to support behaviour change 	Q3 – Q4 2022-23
Phase 4	Demonstrating improvements with data and case studies/imagery, tying into ‘Working Hard for Brent’ narrative	Apr 2023 onwards

Report sign off:

ALAN LUNT
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