

 <b>Brent</b>	<b>Resources &amp; Public Realm Scrutiny Committee</b> 13 July 2021
	<b>Report from the Strategic Director of Regeneration &amp; Environment</b>
<b>Redefining Local Services: Final Delivery Model &amp; Integrated Waste Contract Procurement Strategy</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	Five:  Appendix 1: Statutory Consultation Results Appendix 2: RLS Procurement Strategy Appendix 3: Alternative RLS Delivery Model Options Appendix 4: RLS Review Findings Appendix 5: Summary of RLS Service Option Appraisals
<b>Background Papers:</b>	Decision of Cabinet Member for Environment 13 May 2021 - Redefining Local Services: Delivery Model Options for Statutory Consultation
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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 Over six weeks from 17 May to 28 June, the Council carried out consultation with representatives of persons identified under Section 3 of the Local Government Act 1999 (LGA 1999) on delivery model options for how the services in scope of RLS will be commissioned and delivered in future.
- 1.3 This report presents both the results of that consultation and the proposed final overarching RLS delivery model ahead of Cabinet approval in August.
- 1.4 The proposed final delivery model, which is supported by the results of the recent best value consultation exercise, is a “specialist contracts delivery model with low to moderate levels of insourcing” and is outlined in section 5 of this report. The decision on the final level of insourcing can be deferred until January 2022, to both allow time for the evaluation of the in house highways reactive maintenance trial and in time to inform the scope of the Invitation to Tender for the next Highways Services contract.
- 1.5 Linked to the final delivery model, the report presents the high level procurement strategy and timetable for those services which will be outsourced. This includes further information on the first and most pressing procurement process in the timetable – an Integrated Waste Collections, Street Cleansing and Winter Maintenance contract.
- 1.6 Cabinet decision on the final RLS delivery model for these services and the procurement strategy for the integrated waste contract is required in August 2021 in order to successfully re-commission services within the required timescale.
- 1.7 The key timings for the remaining RLS commissioning process are included in Table 1 below.

*Table 1: RLS commissioning strategy timetable*

<b>RLS Commissioning Strategy Timetable</b>	<b>Timing (2021 unless stated)</b>
1.Consultation and soft market engagement	
- Soft market engagement	17-May to 11-Jun
- Statutory consultation on the Delivery Model Options	17-May to 28-Jun
2.Scrutiny Committee	13-Jul

3. Cabinet report on Final RLS Delivery Model and Integrated Waste Contract Invitation to Tender (ITT)	16-Aug
4. Consultation on provisional items in the Integrated Waste Contract ITT	20-Sep to 30-Oct
5. Cabinet decision on reactive highways maintenance options and Highways Services ITT	12 Jan 2022
6. Procurement processes	Sep 21 – Aug 22
7. Contract awards	Jul – Sep 22
8. Contract mobilisations	Aug 22 – Mar 23

## 2.0 Recommendations

- 2.1 The Committee is asked to consider and comment on the content of this report.

## 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*

<b>Contract</b>	<b>Supplier</b>	<b>Annual Value (2020/21)</b>	<b>End / extension</b>
Special Needs Transport (shared service)	LB Harrow	£11m	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*

<b>Service</b>	<b>Public Realm contract value 2020-21</b>	<b>Total waste collection and waste disposal costs 2020-21</b>	<b>Combined Public Realm contract and waste disposal costs 2020-21</b>
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
<b>Total</b>	<b>£18m</b>	<b>£ 20m</b>	<b>£ 28.8m</b>

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 in future to more insourcing of direct service delivery. These opportunities will be assessed as the review progresses during summer/autumn 2021.

### **RLS review**

- 3.8 The RLS programme has conducted an extensive review over the past two years. The key elements of the review which influenced the identification and assessment of RLS delivery model options are listed below. These are summarised in Appendix 4.

- 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 – these are further detailed in Appendix 5.

## **4.0 Best Value Duty Consultation**

- 4.1 This section summarises the statutory best value duty consultation on the future delivery model for Redefining Local Services (RLS) services that was carried out over six weeks from 17 May to 28 June 2021.
- 4.2 As a “best value authority” (pursuant to Section 1(1)(a) LGA 1999), where the council is making arrangements to secure continuous improvement in the way in which its functions are exercised [...], the council has a duty to consult representatives of the categories of people identified in Section 3(2) LGA 1999 and in Best Value Guidance in respect of those arrangements.
- 4.3 It is understood that this duty applies to those arrangements being made through the RLS programme where the Council is seeking to secure

improvement in the exercise of its functions, in particular those strategic decisions on the future delivery model for key Environmental Services from April 2023 onward.

4.4 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

4.5 For the purposes of Section 3(2) LGA 1999, “representatives” in relation to a group of persons means persons who appear to the authority to be representative of that group.

4.6 We also sought 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.

4.7 The council sought to involve and engage a diverse and range of local people in the decisions about how their local services are to be delivered. In this context, feedback from residents and businesses was considered extremely valuable and would be used to aid decision makers in their considerations around the final delivery model for these services.

4.8 Best value consultation also presented an opportunity to convey the strategic benefits of the RLS programme to representative groups of local residents and businesses. Consultation questions were framed against the context of the RLS programme as a whole, its aims and objectives, to aid understanding of what the council is trying to achieve.

4.9 Officers sought feedback from representative groups on the following:

- Their priorities in relation to the optimum delivery model for local services, and their consideration on whether the RLS programme aims and objectives meet these priorities
- The suitability of the evaluation criteria used in the assessment of the delivery model options
- Their consideration on the two options recommended by the council as the favoured competing options for the RLS delivery model and whether these options are correct

- The delivery model they prefer from all the options considered, bearing in mind the context around cost and impacts to service delivery
- Their consideration on the opportunity to include in any extension to the Public Realm Contract an option to in-source certain functions after 1 April 2023, if the council's financial position were to improve.

4.10 To ensure that all representative groups were consulted and had an opportunity to participate in the consultation, we targeted groups falling into the categories listed at para 4.4 above as follows:

- Targeted small businesses (via Town Centre Managers)
- Local voluntary organisations (via the Brent CVS)
- Brent-based Residents Associations
- Brent fora, including: Brent Connects and Multi-Faith Forum

4.11 We promoted the consultation via the core Council channels and channels belonging to our partners:

- Council channels – Brent website and social media accounts, business newsletter, e-news bulletin, community toolkit newsletter, members bulletin
- Partner channels – Brent CVS newsletter, resident associations' newsletters

4.12 Two complementary methods were used:

- Online consultation, ensuring that all representative groups are invited to participate through targeted communications during the consultation period.
- Focus group meetings (online via Zoom) with a selected set of individuals chosen from those expressing an interest to be involved during the consultation period.

4.13 The methods were informed by the need to ensure that the consultation is accessible to allow for a diverse range of responses to be received, particularly from those groups who we are required to consult, balanced against the perceived complexity of the subject matter and likely level of engagement. COVID-19 restrictions were also taken into consideration and have informed the primarily online approach on the grounds of public health.

## **Consultation Results**



4.14 A summary of the headline responses received through both consultation streams is provided in the sections below. A system generated summary of the responses to the online consultation only is also provided in Appendix 1 to this report for reference.

#### Online Consultation

4.15 In total, 125 responses were received via the online consultation portal over the six week consultation period. Of these:

- 90% and 37% identified themselves as representing local taxpayers and service users, respectively. 5%, 10% and 15% identified themselves as representing local rate payers, interested parties and voluntary sector groups, respectively.
- The largest group of respondents by ethnicity were White British (32%) and Indian (19%), although 20% preferred not to state their ethnicity. There was a noted under-representation from Black British and Eastern-European groups for this consultation, with more targeted communications required for these groups in any future consultation exercises.
- The majority of respondents by age were in the 45 years and over categories, accounting for over 62% of respondents. This is compared to 23% of respondents who identified as being in the 44 and under categories.

4.16 Respondents mostly agreed (71%) that the RLS aim and objectives aligned with their own priorities in relation to the optimum delivery model for local services.

4.17 Respondents mostly agreed (64%) that the evaluation criteria chosen to assess the delivery model options were suitable.

4.18 The majority of respondents (55%) agreed that the council's two 'favoured' delivery model options were the most suitable options.

4.19 The majority of respondents (52%) did not have a preference between the two 'favoured' options, although for those who had stated a preference there was a skew of 33% to 12% in favour of the option that included moderate insourcing (i.e. fully in-sourced highways reactive maintenance function).

4.20 Respondents were asked if they preferred any alternative delivery model to the two 'favoured' options presented. 27% responded with 'yes', with suggestions broadly favouring either a mixed economy model with varying levels of insourcing and full neighbourhood delivery, or a fully in-sourced model.

- 4.21 The majority of respondents (65%) favoured the option to in-source certain public realm functions after 1 April 2023, should the council's financial position improve.
- 4.22 Respondents were also asked to provide their comments throughout the online consultation. These comments were wide-ranging and broadly reflective of the consensus achieved in the responses to the individual questions summarised above.

### Focus Groups

- 4.23 Two online focus group sessions (via Zoom) were carried out over the consultation period with selected representatives of the various "best value duty" groups.
- 4.24 The selection of individuals for the resident and service users' session was carried out by officers in advance from a pool of individuals who had expressed an interest in being involved. The aim of the selection was to have a final group of attendees that were broadly representative of the diversity of the borough in terms of area of residence, age and ethnicity.
- 4.25 All potential attendees were incentivised to attend with a £20 voucher for the London Designer Outlet, to be provided upon confirmed attendance at their respective session.
- 4.26 Three individuals (out of 19 invited) attended the residents and service users' focus group session in the evening of 16 June 2021, which was run by officers and attended by the Cabinet Member for Environment.
- 4.27 Despite the lower than expected turn-out to the residents' session, officers felt the outcome was productive, with participants expressing their appreciation for the opportunity to share their views and wishing to be engaged in future decisions.
- 4.28 The response received through the residents' focus group reflected the consensus achieved through the online consultation – i.e. an alignment of residents' own priorities with the RLS aims and objectives, an agreement with the assessment criteria used to assess the delivery models, and an agreement with the two delivery model options chosen by the Council, with a general preference for additional insourcing where financial viable. One resident in particular commented that they understood the conclusions set out by the council and that while their "heart says everything should be delivered in-house, their head says it should only be whatever is most financially viable".

- 4.29 Five individuals (out of eight invited) attended a businesses and voluntary sector focus group session in the morning of 21 June 2021, which was run by the same officers and attended by the Cabinet Member for Environment.
- 4.30 As with the residents' session above, the outcome of the session was productive and a consensus was achieved that broadly reflected the outcomes of the online consultation.
- 4.31 The business and voluntary sector group were unsurprisingly vocal about the need to involve the local community in the upkeep of their local areas, and of the need to ensure that changes to delivery are clearly communicated to both residents and businesses to ensure an awareness of any differences in approach between certain areas.

## **5.0 The Final RLS Delivery Model**

- 5.1 Prior to the best value duty consultation, a range of options for the overarching RLS delivery model were 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 borough-wide assets and specialist services
- 5.2 These delivery model options included the two favoured competing options (specialist contracts with either low or moderate level insourcing) described in this section of the report, and the alternative options listed in section 7 of this report and summarised in Appendix 3.
- 5.3 Following the strong support received during the best value consultation for the two favoured competing options, the specialist contracts model with either low or moderate levels of insourcing will be recommended for approval by Cabinet.
- 5.4 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.
- 5.5 The decision on the precise level of insourcing (low or moderate) can be deferred until January 2021, to both allow time for the evaluation of the in

house highways reactive maintenance trial and in time to inform the scope of the Invitation to Tender for the next Highways Services contract.

Table 4: Proposed RLS Final Delivery Model

<b>Specialist contracts with either low to moderate level insourcing</b>
<b><i>Specialist contracts</i></b>
• Integrated waste collections, street cleansing and winter gritting
• Recyclates reprocessing
• Grounds maintenance
• Parking services
• Tree maintenance
• Street lighting
• Highways Services
<b><i>Insourcing (TUPE noted where applicable)</i></b>
• Education, Communication and Outreach function from waste contract (TUPE)
• Informal Parking Appeals (TUPE)
• Tree surveying, data, work orders (TUPE)
• Highways gang for 20% reactive repairs <b>OR</b> full reactive highways maintenance (TUPE)
• Park wardens function (TUPE)
<b><i>Stronger client (new posts)</i></b>
• 1 additional highways inspector
<b>Total additional cost recurring revenue: £0.2m - £0.8m</b>
Mobilisation costs can be contained within existing R&E budgets
<b>£0.02m - £0.65m</b> Capital required for tree database and highways reactive maintenance

- 5.6 Low level insourcing would require an additional £0.2m in recurring revenue and a small capital requirement of £20k to purchase the tree database.
- 5.7 Moderate level insourcing 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 the Final Delivery Model can be contained within existing RLS Programme budget.

## Service Improvements

5.9 The Final Delivery Model offers the following service benefits:

- 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 (ECO)** 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 under para 22 of Appendix 4. Total cost **£43k** per annum.

#### **Additional benefits of insourcing full highways reactive maintenance**

- 5.10 In addition to the benefits described above, insourcing the full highways reactive maintenance service would 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.

#### **Further potential for future insourcing**

- 5.11 Under the Final Delivery Model, there would be potential to insource further functions from the proposed integrated waste contract during the main contract term, as detailed in paragraph 6.5 of this report, and to insource the full grounds maintenance service after the next contract ends in 2027/28, should the council's finances improve. The council would also retain an interest in considering insourcing the full street cleansing service at the end of the main contract term of the proposed integrated waste contract.

### **6.0 RLS Procurement Strategy and arrangements for the Integrated Waste Collections, Street Cleansing and Winter Contract**

- 6.1 A high level RLS procurement strategy setting out how each specialist contract would be procured has been included in Appendix 2. The proposed outline arrangements for a new integrated waste collections, street cleansing and winter maintenance contract are summarised in this section.

## **Benefits of an integrated waste contract**

- 6.2 An integrated waste contract will provide economies of scale, operational efficiency and value for money in the following ways:
- Street cleansing can be scheduled to follow waste collections
  - Flexible resource for fast response to litter bin emptying, fly-tip removal and emergencies
  - Greater resilience to the impact of sharp reductions in driver availability and the ability to respond to surges in demand for staff
  - Improved waste handling/landfill diversion rates
  - Improved response to exceptional circumstances like snow, pandemic, extraordinary events
  - Winter gritting can be shared across HGV drivers and streets' operatives

## **Procurement procedure**

- 6.3 The procurement process for these services would use the Competitive Dialogue Procedure. This will enable dialogue on potential solutions with the market at the start of the procurement process. Through this process the Council will be able to explore potential arrangements linked to the Environment Bill and other potential specification changes.
- 6.4 The dialogue process would also enable us to test how we might optimise contract incentives, defaults and internal client side contract management and monitoring in order to achieve greater financial value and improved service performance.
- 6.5 In addition, the following lower cost functions, which are high profile and tend to be performed more effectively by direct local authority provision, could be included as provisional items, with the Council reserving the option to insource these to be based at the Depot at some point after April 2023 should the council's financial situation improve:
- graffiti and fly-poster removal service
  - public convenience service
  - pavement washing service
  - furniture and sign cleansing service
  - emergency call out for cleansing
  - a range of other health and safety and public nuisance matters affecting the public realm that are not currently included in the scope of current contracts or team responsibility.

## Soft market engagement

- 6.6 In parallel to the best value consultation exercise, the Council ran a soft market engagement exercise to discuss the potential retendering of an integrated waste collections, street cleansing and winter maintenance contract with potential bidders. The soft market engagement opportunity was advertised via the Brent e-tendering portal and four expressions of interest were received. Interviews were held with Biffa, Serco, Suez and Veolia. It was made clear in this process that any procurement was provisional and would be subject to the results of the best value duty consultation and Cabinet decision in August 2021.
- 6.7 The aims of the market engagement were to seek the views from potential bidders on our RLS priorities and objectives, the favoured RLS delivery model and outline procurement strategy, and to understand what would make any procurement exercise attractive to the market. The discussions were highly informative and can be summarised as follows:
- There was strong support for an integrated waste collections, street cleansing and winter gritting contract with separate grounds maintenance and recyclates reprocessing contracts
  - There was strong support for the use of a two stage competitive dialogue procedure for any procurement process
  - There was consensus on the length of the contract; a main term of 8 years + mutually agreeable extensions of up to a maximum of 8 years
  - All companies would require use of our depot facilities at Marsh Road and potentially satellite parks sites to deliver the services
  - All companies would prefer the council to purchase the fleet, with the contractor to specify, procure and maintain the fleet at their own risk
  - The council will need to take responsibility for reviewing capacity for and funding any electric charging infrastructure at the depots
  - The performance framework should be focused on the core service with challenging targets and a clear and streamlined monitoring regime that suits both parties
  - All companies were clear that any specification risks that they cannot control would be priced in, for instance the inclusion of a recycling target. They favoured responsibility for the recycling rate either resting with the Council or to be shared, and they were happy to include proposals to support an in house ECO team



- All companies would be prepared to accommodate the insourcing of further low cost functions (e.g. graffiti, fly poster removal etc.) during main contract term, but would like to price for this at the bidding stage
- All companies felt that potential changes to national waste collection requirements included in the Environment Bill are unlikely to be able to be fully accounted for in their bids, due to the procurement timetable proceeding the decision on any new national arrangements. Some companies suggested our seeking costed options for potential changes to waste collections as those options become clearer following the current Environment Bill consultation process, while others suggested there would need to be a clear agreement on where risks of any statutory changes to collection lay in a change in law procedure to be included in the contract
- All companies shared their experience of introducing improvements around intelligence (data)-led approaches to enable a better prioritisation and targeted resourcing of street cleansing activities
- All companies supported our Social Value policy objectives and now see social value as part of their core business.

6.8 Also in parallel to the best value consultation and soft market engagement processes, the council has commissioned a Procurement Advisor and Lead Negotiator should procurement of the integrated waste contract be agreed by Cabinet. It was made clear to bidders that the Council had not made a final decision to tender the services and the contract includes a break clause should the Council take a different approach following consideration of the results of the best value duty consultation. Officers have appointed Eunomia to this role and we have worked with them to produce an outline procurement table which is included in table 5 below. Eunomia has also begun preparing the ITT documentation with support from an internal project team and a project board comprising officers from Environmental Services, Procurement, Property, HR, Legal and Finance.

*Table 5: Integrated waste contract procurement timetable*

<b>Key stage</b>	<b>Start</b>	<b>Finish</b>
<b>Phase 1: Preparing for Procurement</b>		
ITT preparation	14-Jun	03-Sep
Consultation with the GLA on the specification	15-Jun	03-Sep
<b>Phase 2: Procurement Process</b>		
<b>Part 1: Selection Stage</b>	06-Sep	25-Oct
<b>Part 2: Detailed Stage</b>		
Invitation to Participate in Dialogue (ITPD) and to Submit Details Solutions (ISDS)	01-Nov	
Dialogue Sessions	15-Nov	17-Dec

Submission of ISDS		21-Jan-
Evaluation Process inc. Sign Off and Down Selection	24-Jan-	07-Mar-
<b>Part 3: Final Tender Stage</b>		
Publish Draft ISFT Document to Support Dialogue	21-Mar-	21-Mar-
Dialogue Sessions	28-Mar-	29-Apr-
Invitation to Submit Final Tenders (ISFT)	16-May-	10-Jun-
Evaluation Process inc. Sign Off and Award	13-Jun-	25-Jul-22
<b>Phase 3: Democratic Process</b>		
<b>Cabinet contract award</b>		<b>12-Sep-</b>
Call in ends		19-Sep-
Notification of award to bidders (10 days standstill)		12-Sep-
Standstill period ends		23-Sep-
<b>Phase 4: Mobilisation</b>		
Mobilisation (6 months)	26-Sep-	31-Mar-

6.9 Further detail on the procurement strategy for the integrated waste contract will be included in the August Cabinet report. This will include detail on the following pre-tender considerations which will need to be included in the August cabinet decision report:

- the nature of the services, supplies or works contract to be tendered
- the estimated value
- the contract term and any period of extension(s) anticipated by the contract;
- the tender procedure to be adopted including whether any part the procedure will be conducted otherwise than by electronic means and whether there will be an e-auction
- the procurement timetable
- the evaluation criteria and process
- any business risks associated with entering the contract
- the Council's Best Value duties
- The Council's duty under the Public Services (Social Value) Act 2012; any staffing implications including TUPE and pensions; sustainability
- London living wage
- contract management
- KPIs/outcomes
- the relevant financial, legal, and other considerations.

6.10 The integrated waste contract procurement strategy will aim to deliver the overarching RLS service improvement priorities listed at paras 23 and 24 of Appendix 4.

6.11 The August Cabinet report will request approval of the pre-tender considerations and to go out to tender for the integrated waste contract.

## **7.0 Alternative Options Considered**

7.1 The alternative delivery model options that were included in the best value consultation are listed below with further detail included in Appendix 3:

- The 'as is' model for current services
- Mixed economy with greater neighbourhood delivery (medium level insourcing)
- Mixed economy with full neighbourhood delivery (high level insourcing)
- Local Authority Company for all relevant services
- Internal Provision for all relevant services
- Internal Provision via shared service for Public Realm contract functions
- Multiple contracts model with multiple contractors within service areas
- The Sole Provider delivery model
- Joint Venture model

## **8.0 Financial Implications**

8.1 The proposed Final Delivery Model has 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.

8.2 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.

8.3 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.

8.4 The additional cost for the Final Delivery Model will need to be met by finding efficiencies or savings within existing Regeneration & Environment budgets.

8.5 The specific additional annual costs of Final Delivery Model are included in Table 6 below.

*Table 6: Proposed Final Delivery Model additional funding financial summary*

<b>Specialist contracts with either low to moderate level insourcing</b>	
<b><i>Insourcing (TUPE noted where applicable)</i></b>	<b>£'000</b>
• Education, Communication and Outreach function from waste contract (TUPE)	52
• Informal Parking Appeals (TUPE)	32
• Tree surveying, data, work orders (TUPE)	30
• Highways gang for 20% reactive repairs <b>OR</b> full reactive highways maintenance (TUPE)	0 to 590
• Park wardens function (TUPE)	26
• 1 additional highways inspector (new post)	43
<b>Total cost recurring revenue</b>	<b>£0.2m - £0.8m</b>
Capital required for tree database and highways reactive maintenance	<b>£0.02m - £0.65m</b>
Mobilisation costs can be contained within existing R&E budgets	

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

8.7 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.

## **9.0 Legal Implications**

9.1 The Procurement of the specialist contracts identified in the recommended 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.

9.2 It is proposed to use the Competitive Dialogue Procedure for the procurement of an integrated waste contract. The Competitive Dialogue (CD) is a specific legislative procurement route set out in the PCR 2015 which allows contracting authorities to hold dialogue with bidders on various aspects of the procurement. Use of this procedure is restricted to the circumstances set out in the PCR 2015, namely:

- Where needs cannot be met without adaptation of readily available solutions;
- Where the works, services or supplies include design or innovative solutions;
- Where the contract cannot be awarded without prior negotiation because of the nature of the requirement, the complexity of its legal and financial make-up or because of its risks;
- Where the technical specifications cannot be established with sufficient precision with reference to particular standards; and
- In the case of where only unacceptable/irregular tenders have been submitted in an open or restricted procedure.

9.3 In order to use the CD procedure for the integrated waste contract, the Council will need to establish that the procurement of the services falls within one of the grounds above. This requirement will be addressed fully in the August 2021 Cabinet report. The same grounds apply to use of the Competitive Procedure with Negotiation (CPN) and will need to be considered for the Grounds Maintenance and Parking Contracts if CPN is the preferred procurement approach as identified in Appendix 2.

9.4 The RLS Procurement Strategy in Appendix 2 provides for potential extension of a number of contracts namely, the Aboricultural Services Contract, the Street Lighting Contract and the CCTV Contract. All of these contracts contain provisions which allow extension of the contract beyond 31<sup>st</sup> 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.

9.5 Decisions on services changes which are likely to result in a significant change or reduction in the level of services provided to residents may require consultation with residents on common law grounds. Such consultation would need to comply with the gunning principles:

- Consultation must be undertaken at a time when proposals are still at a formative stage;
- Sufficient reasons for any proposal must be provided in order to allow proper and intelligent consideration and response;
- Adequate time must be given for consideration and response
- The decision maker must give conscientious consideration to the responses.

- 9.6 Whether or not consultation is required will depend on the scale and significance of the proposed changes or reductions. Of course, the Council is also free to consult widely even if not required to do so by law.

## **10.0 Equality Implications**

- 10.1 A screening assessment was undertaken in relation to the identified RLS Delivery Model options and no adverse equality or diversity implications were identified at that stage. This screening assessment will be updated to consider any proposed changes to service specifications in advance of Cabinet in August 2021.
- 10.2 A further equality impact assessment (“EIA”) will need to be undertaken before decisions are made about changes to services to produce any savings. The EIA will need to identify if there are any adverse impacts on those with protected characteristics from the service changes and if there are, to decide what acts (if any) should be carried out to mitigate any identified adverse impacts on equalities arising from the proposal(s). Consultation with the public will assist in carrying out an EIA and identifying whether there are adverse impacts and what such impacts are.

## **11.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)**

- 11.1 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.
- 11.2 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.
- 11.3 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.

## **12.0 Proposed Consultation with Ward Members and Stakeholders**

- 12.1 The RLS Members' Reference Group has met several times to consider the RLS programme, the RLS Review, the Delivery Model Options and most recently the Final Delivery Model. 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.

- 12.2 Targeted consultation on the RLS Delivery Model Options to comply with Section 3 LGA 1999 took place from 17 May to 21 June 2021 and the results are set out in section 4 of this report and Appendix 1.
- 12.3 Officers will continue to consult with members on both the core specification for the integrated waste contract and potential provisional items that will be included in Dialogue that might be required to bring the integrated waste contract in line with the available budget. Final decision on these provisional items will need to be made at contract award in September 2022.

### **Further general consultation on potential savings options**

- 12.4 It is proposed that a further stage of consultation with the general public is undertaken on the final agreed list of potential waste contact ITT provisional items.
- 12.5 It is proposed that this consultation takes place this autumn in the 6 week window from 20 September to 31 October 2021 following the ITT advert and prior to the commencement of Dialogue sessions with bidders.
- 12.6 It is proposed that this consultation would comprise an online consultation questionnaire, Brent Connects sessions, a session with businesses and local third sector organisations and resident focus groups with randomly selected residents to reflect Brent's diverse population.
- 12.7 A communications plan for the RLS commissioning strategy is being developed, focusing on the following phases.

*Table 7: RLS Communications Plan*

<b>Phase</b>	<b>Activity</b>	<b>Timing</b>
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"> <li>• Communicating changes and supporting transition, tying into 'Working Hard for Brent' narrative</li> <li>• Education linked to the climate emergency, to support behaviour change</li> </ul>	Q3 – Q4 2022-23

Phase 4	Demonstrating improvements with data and case studies/imagery, tying into 'Working Hard for Brent' narrative	Apr 2023 onwards
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**Report sign off:**

**ALAN LUNT**

Strategic Director Regeneration & Environment