

### APPENDIX 3: ALTERNATIVE RLS DELIVERY MODEL OPTIONS

1. **'As Is'** current model for these service is not favoured as it is considered that the favoured delivery model options would provide the Council with greater strategic control, improved contract management and stakeholder engagement, and better value for money.
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 the Specialist contracts with moderate level insourcing 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.
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.
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 5. 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.

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. **“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.
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.
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
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.

### **Other options**

10. Discussions with Veolia on a potential extension for the Public Realm contract were undertaken in early 2021 and did not prove fruitful. The contract makes provision for contract extension by up to a further seven years beyond 31 March 2023, subject to satisfactory performance by the Contractor of its obligations under the Contract and with the agreement of the Contractor. The contract does not specifically establish and bind the contractor to annual pricing beyond 31<sup>st</sup> March 2023. The principal obstacle to an extension was that the cost base for the contract has shifted significantly since the contract

was let in 2014 and it was not possible to arrive at a new cost base that was acceptable to the Council and that the Council could be confident would be legally compliant in terms of procurement law.

11. An integrated 'green and clean' service combining grounds maintenance and street cleansing is not favoured on the grounds of cost and the fact that the service synergies between street cleansing and waste collections are considered to be more significant than those between grounds maintenance and street cleansing.
12. The option of an integrated street cleansing and housing estates cleansing service was considered. However, it was concluded that the external cleansing of housing estates and streets require a different mix of technical and manual resource and that the roles of staff across the two service areas differ significantly, with much broader, housing focused responsibilities included in estates cleansing posts.