

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

TO: CABINET	REPORT NUMBER: BCa/19/64
FROM: Elizabeth Malvisi, Cabinet Member for the Environment	DATE OF MEETING: 28 September 2020
OFFICER: Cassandra Clements, Assistant Director for Environment and Commercial Partnerships	KEY DECISION REF NO. CAB203

FUTURE DELIVERY MODEL FOR PUBLIC REALM

1. PURPOSE OF REPORT

1.1. For Members to consider the delivery of the following public realm services:

- Countryside (grounds maintenance, cleansing, emptying litter bins, warden service, checking and maintenance of play equipment and benches etc)
- Amenity areas, parks, and open spaces (grounds maintenance, cleansing, emptying litter bins, checking and maintenance of play equipment and benches etc)
- Street scene (litter picking, emptying litter and dog bins, recovering fly-tips, mechanical sweeping, graffiti removal and recovering dead animals)
- A14, highways verges work for the county council (litter picking of verges and slip roads under a partnership agreement)
- Playgrounds (grounds maintenance, cleansing, weekly and quarterly safety checks and general maintenance)
- Public conveniences (locking and unlocking, cleansing and daily checks)
- Car parks (grounds maintenance and cleansing only).

1.2 The list in 1.1 covers services currently outsourced, as this is in direct relation to the purpose of the report. It does not cover Arboricultural services, or the roles of the Public Realm Officers as these currently work across both Districts under the Working Together management agreement.

2. OPTIONS CONSIDERED

2.1. A Transformation Options Appraisal took place in June 2020 which considered options for the future as follows:

2.2. Option One: Continue to deliver the service 'as is' meaning the services would remain outsourced in Babergh and therefore would need to go through a full tender process.

Further, that the Mid Suffolk delivery would remain inhouse. This option is not recommended as adding service developments and improvement into a new specification for Babergh would be costly and there is little to no flexibility. It is understood that tendering a contract of this size and type at this current time could lead to a significant cost to the Council.

- 2.3. Option two: Bring the services together in a single in-house operation. This option is recommended as it offers increased service standards and flexibility. It offers the most efficient response to the evolving plans for enhancing biodiversity in our district. Further, it can be achieved within current budget levels.
- 2.4. Option three: Outsource services for both Councils. This option is not recommended. The same issues apply as detailed in options one. Further to this, Mid Suffolk District Council are very happy with their in-house service and do not wish to outsource currently.
- 2.5. Option four: Establish a trading company (wholly owned LATCo) to deliver services for both Councils. This option is not recommended as it has an added level of risk that is not necessary to take on at this point. By bringing the service inhouse there is the still the ability to look at this option in the future with little cost or disruption.
- 2.6. Please see Appendix One for the full report.

3. RECOMMENDATIONS

- 3.1. That Babergh Cabinet take a decision on the future delivery model for public realm based on the recommendation and information presented within this report.
- 3.2. That Mid Suffolk Cabinet confirm that they wish to continue with an in-house delivery model.

REASON FOR DECISION

The current contract with IdVerde for public realm services in Babergh District expires in October 2021, with no further options for an extension. Therefore, a decision must be made on what the Council's wish to do in respect of the delivery of the public realm services.

4. BACKGROUND

- 4.1. The East of England Local Government Association were contracted to undertake and analysis of the public realm services, particularly in Babergh, where the work is outsourced to a contractor, in order to review the standard of service and make recommendations for the future.
- 4.2. The Transformation Options Review produced by East of England Local Government Association took place in June 2020, and which considered four possible ways forward for the service:
 - Continue to deliver the service 'as is' and tender for a new contract for Babergh.
 - Bring the services together in a single in-house operation.

- Outsource services for both Councils.
- Establish a trading company (wholly owned LATCo) to deliver services for both Councils.

4.3 Members will be aware that the current in-house service in Mid Suffolk performs effectively, offers flexibility and achieves the desired outcomes. Unfortunately, there is not a similar standard for the outsourced service in Babergh. Providing the service in-house for both Councils would ensure a consistent and high standard of work across both districts, giving further opportunity for service development and improvement.

5. Key information

5.1. Following the Transformation Options Review, the East of England Local Government Association produced a Public Realm Services Business Case, attached at Appendix Two.

5.2. The Business Case has been produced for Option Two above, as this option offers increased service standards and flexibility. It offers the most efficient response to the evolving plans for enhancing biodiversity in our district. Further, it can be achieved within current budget levels.

5.3. The HM Treasury approved 'Five Case' model was adopted, which meant that the business case had to demonstrate that bringing the services in-house would meet criteria in the following areas:

- Strategic - is the proposal needed?
- Economic - is it value for money?
- Commercial - is it viable?
- Financial - is it affordable?
- Management - is it achievable?

5.4. In respect of the strategic case, Members will be aware that the current contract in Babergh will expire in October 2021, with no option to extend further. In addition, bringing the service in-house will ensure a higher standard of service than currently provided, as demonstrated by the in-house service in Mid-Suffolk.

5.5. For the economic case, all four of the original options were evaluated against a list of Critical Success Factors and Option 2, to bring services in-house scored highest at 43. In comparison, Option 1, leave as is, scored 34. Option 3, which was to outsource services for both Councils, scored 36 and Option 4, which was to set up a Local Authority Trading Company, scored 41.

5.6. The commercial case would usually evaluate the availability and suitability of an external provider, and whether a value-for-money arrangement could be achieved. This is less relevant for an in-house model so the East of England Local Government Association considered whether the option of bringing services in-house was viable and considered what opportunities may be available for 'selling' services to, for example, Town and Parish Councils. Without setting up a Local Authority Trading

Company, the Councils are still able to undertake work for other public sector bodies, including, in addition to towns and parishes, education establishments, health and arts.

- 5.7. The East of England Local Government Association also highlighted that local authorities have a duty to demonstrate best value. This is defined as “the duty imposed on the Councils by Part 1 of the Local Government Act 1999 under which the Councils are under a statutory duty to continuously improve the way their functions are exercised, having regard to a combination of economy, efficiency and effectiveness and to the guidance issued from time to time by the Secretary of State.”
- 5.8. In respect of the financial case, the business case states “Budgeting and modelling demonstrate that the transfer back to Babergh District Council of the public realm services is affordable within the Councils’ existing revenue budgets. Additional capital funding may require financing, which is budgeted through revenue budget savings. In addition to achieving affordability, the commercial case outlines a range of opportunities for efficiency savings and income generation which could, subject of approval, mitigate against inflationary cost pressures.”
- 5.9. Much consideration has been given to the management of such a project, and whether it is achievable. Should Members resolve the recommendations of this report a comprehensive project plan will be developed by officers and Portfolio Holders. Work on the transition will commence immediately and continue until November 2021 to ensure that changes are planned and implemented effectively, causing minimal disruption to the services provided across both Districts.
- 5.10. A transition team will be established covering a range of skills who will work with the Assistant Director for Environment and Commercial Partnerships, and the new Corporate Manager for Public Realm, to deliver this project.
- 5.11. Officers will ensure that Members are kept updated on progress with:
 - Monthly joint progress updates with Portfolio Holders
 - Monthly updates to the Environment Programme Board
 - Quarterly updates to both Cabinets.
- 5.12. It should be noted that, as part of this project, a review of the Public Realm team may be required in to ensure that the work plan truly reflects the outcomes in the Corporate Plan and that budgets are allocated accordingly. The review will also need to consider resource implications that may emerge from the Councils’ Biodiversity Working Group Action Plan, which is anticipated to be presented in late 2020.
- 5.13. Should Members resolve to proceed with the recommendations, it will be vital that close contract monitoring and management of the remainder of the contract in Babergh is prioritised.
- 5.14. One of the many benefits Option 2 would result in, is the ability for the Councils to be in a position to offer services to Town and Parish Councils. However, this should not preclude the option of the devolution of services or assets to those towns and parishes that wish to take them on in the future.

6. LINKS TO CORPORATE PLAN

- 6.1 The Joint Corporate Plan (2019-27) is designed to address the challenges and seize the opportunities facing the districts and their organisations for the foreseeable future. The Councils' vision is to have 'great communities with bright & healthy futures that everyone is proud to call home.'
- 6.2 The Joint Corporate Plan identifies six strategic priorities as set out in the visual below. Environment is one of those six, and the success of the Councils' ambition on Environmental issues is intrinsically interlinked with the strategies that underpin the other five priority areas of Housing, Communities, Well-Being, Economy and Customers. Environment plays a key part in every priority within the Corporate Plan.



7. FINANCIAL IMPLICATIONS

- 7.1 Please refer to Appendices One and Two for full details of the financial information.

8. LEGAL IMPLICATIONS

- 8.1 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) apply to a service provision change, a situation in which activities cease to be carried out by a contractor (i.e. IdVerde) and are carried out instead by the client (i.e. the Council) on its own behalf, If Cabinet opts for Option two then consideration must be given to any TUPE implications arising from bringing the service back in-house.
- 8.2 If Cabinet opts for Option one then consideration must be given to the time a full tendering process will take. It is recommended that 12 to 18 months is a reasonable period in which to undertake a full tendering process of this size. TUPE implications may also arise should Cabinet opt for Option one and a new service provider is appointed following the tendering process.

9. RISK MANAGEMENT

- a. This report is most closely linked with the Council's Corporate / Significant Business Risk No. (Insert risk number / description). Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Further decline in contract standards	5	5	Corporate manager to consider how to achieve more stringent contract monitoring and management during the transition period and to hold regular meetings with the contractor. Contract monitoring resource may be required.
That the decision be deferred.	2	5	To provide the Cabinets with all relevant information to be able to take this decision. Further to present to Overview and Scrutiny Committee so that they can offer further

			recommendations to Cabinet.
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9. CONSULTATIONS

10. EQUALITY ANALYSIS

- 10.1. Equality Impact Assessment (EIA) is not required at this stage because there will be no immediate change to the provision of services.

11. ENVIRONMENTAL IMPLICATIONS

- 11.1 It is likely that, with both Councils operating as one team, it will be possible to review routes and the work undertaken to reduce travelling for staff.
- 11.2 It is also likely that, without the constraints of a contract, and with the Biodiversity Action Plan, it will be possible to consider alternative solutions to some areas of open space, such as wildflower meadows.
- 11.3 Officers will ensure that the fleet replacement that will be necessary, will explore diesel alternatives as a priority.
- 11.4 The current contract emissions are captured within our current baseline. Therefore, if the Council decide to move forward with an in-house team in Babergh then this would not increase our baseline.

12. APPENDICES

Title	Location
1) Transformation Options Review	Attached
2) Public Realm Services Business Case	Attached
3) Public Realm Service Business Case Executive Summary	Attached

13. BACKGROUND DOCUMENTS *(Papers relied on to write the report but which are not published and do not contain exempt information)*

- a. None