

INFORMATION BULLETIN

Babergh and Mid Suffolk Joint Overview & Scrutiny Committee - 20th March 2023



Babergh Public Realm insourcing - a VFM review

Background, aims and objectives

Babergh District Council (BDC) had outsourced its public realm operations under contract to idverde since 2007. In May 2020, both Councils commissioned East of England Local Government Association (EELGA) to prepare a detailed Options Review of the contract, which considered the following four delivery models:

1. Continue to deliver the services 'as is'.
2. Bring the services together in a single in-house operation.
3. Outsource both services.
4. Establish a trading company (wholly owned LATCo) to deliver both services.

Following a Scrutiny session by this Committee, a Cabinet decision in September 2020 resolved that the Public Realm services be brought together in a single in-house operation, Option 2 above. It was also resolved that the LATCo be retained as an option for future consideration. Option 2 was recommended as it offered advantages including:

- could be achieved within current budget levels
- closer cost control that allows the Council to pursue cost-efficiencies and economies of scale
- direct operational control that allows the service to adapt and innovate to meet changing need
- increased service standards and flexibility
- the most efficient response to the evolving plans for enhancing biodiversity
- more 'joined up' management of Council sites and implementation of consistent quality standards
- better understanding of how to work with local partners and other key stakeholders to ensure effective community engagement
- avoided risk associated to specification, procurement and management of an enlarged outsourced contract

Financial comparison and outlook

The table below shows the historic contractual costs invoiced by idverde from 2020/21, the transition year 2021/22, forecast current year 2022/23 and budgeted year 2023/24.

		2020/21	2021/22		2022/23 Forecast	2023/24 Budget
In House Maintenance - Babergh District Council			7 months	5 months		
Operating Costs						
ID Verde	Open Spaces	360,914	242,737			
ID Verde	Public Conveniences	39,637	26,745			
ID Verde	Street Cleansing	444,894	299,308			
ID Verde	Car Parks	18,708	12,617			
ID Verde	Strategic Property	5,248	3,528			
ID Verde	HRA Estate	179,186	120,571			
Babergh District Council	Additional Staffing/TUPE Transfer			194,449	673,670	754,202
Babergh District Council	Equipment Tools & Equipment				27,140	27,140
Babergh District Council	A14 in house saving				-	36,050
Babergh District Council	Vehicle Fuel			34,057	68,756	57,256
Babergh District Council	Vehicle maintenance costs				80,280	62,500
Babergh District Council	Transformation Costs			60,822		
Babergh District Council	Vehicle depreciation costs				75,125	92,750
			705,506	289,328		
	Net Operational Service Cost	1,048,587	994,834		888,921	957,798

Financial assumptions

1. The costs include the cost of capital depreciation over an 8-year economic asset life.
2. No receipt benefit on disposals proceeds is included.
3. No central service recharges have been included.
4. No recharge to the Housing Revenue Account has been included (i.e. net operational costs before and after x-fer only).
5. CPI 'Services' approx. rate for comparison 2021/22 - 3%, 2022/23 - 5.4%, 2023/24 - 5% (estimated)

Cost comparison

The budgeted net operational service cost 2023/24 remains **£90,789 lower than idverde 2020/21 contract value**
Approx. total cost saving to BDC between 2021/22 to 2023/24 over pre-existing idverde contract terms = **£1.074m***
(*assuming CPI Services rates described in financial assumption #5. above are applied)

Resource levels

General Fund (GF)

8.64 FTE (full time equivalent) Street Cleansing Team, 8.64 FTE Grounds Maintenance Team and 0.28 FTE Cleaners transferred from idverde under TUPE. The idverde Operations Manager and Team Leader chose not to join BDC and these posts were subsequently filled through recruitment.

Housing Revenue Account (HRA)

The HRA contribution to the Public Realm service has been recalculated for the 2023/24 financial year to more accurately reflect the space under management and required specification. This has allowed recruitment to commence of an additional 2.14 FTE permanent and 1.08 FTE 12-month fixed term grounds maintenance posts to further improve standards with the HRA estate and support the Housing Services 'transition to excellence'. This will increase the contribution made from the HRA to the GF from £213,974 (2022/23) to £342,970 (2023/24).

Benefits realised since transfer

Direct control of street cleansing and grounds maintenance operatives, vehicles and equipment has allowed:

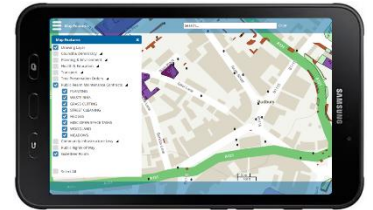
- Rapid response to reported issues, reallocation of resources possible (e.g. same afternoon collection of lorry tyre at Honey Tye, next day clearance of alleyways in Oliver's Close)
- Effective redeployment to suit weather conditions e.g. grass cutting teams transferred to path refurbishment works during summer 2022
- Reduced reliance on subcontractors, resulting in winter hedge maintenance work completed by end of January - previously this was not completed by idverde
- Large mechanical sweeper deployed BDC average 3 days a week and 2,500 miles per month, medium sweeper works in town centres 5 days per week - compared to idverde total subcontracted sweeper availability of 1 day/week
- Fly tipping collection performance improved from 96.1% to 99.7% of all fly tips cleared within 48 hours of notification.
- S1 complaints Nov 2020 – Oct 2021 = 52, Nov 2021 – Oct 2022 = 38 = -27% (with improved reporting levels)
- Grounds and Streets team regularly receiving compliments for the quality of their work.
- Biodiversity Action Plan funded objectives supported:
 - 340 Trees planted (1.8m)
 - 10,240 Hedgerow plants planted (3,400m of new hedging)
 - 23,123m² of grassland became managed as meadow to benefit plants and wildlife.
- Site surveying taking place to update mapping (GIS) system, 835 dog and litter bins mapped as part of public realm digital project.
- Mobile working using smartphones and tablets introduced to BDC streets team, increasing efficiency, allowing improved job allocation, tracking, and reporting. Phase 2 roll out to Grounds Team in progress.
- Health screening of staff including Hand / Arm Vibration carried out, resulting in reduced corporate liability and improved welfare.

- Training covering manual handling, safe use of equipment, chainsaws and working on roads completed, resulting in reduced corporate liability, improved safety and welfare.

Further service improvements planned

Over the next 12 months we will be focussed on:

- Successfully onboarding Will Burchnall's successor as Corporate Manager and continuing to build strength in team.
- Addressing historic sub-optimal grounds and cleansing standards within our HRA estate, assisting with 'transition to excellence' model.
- Continuing the public realm digital project – mapping sites on GIS, further transitioning to tablets and mobile devices for reporting and job management.
- Improving HGV Street sweeper resilience through creation of a new higher-grade role which aligns hourly rate for HGV drivers with other local authorities, allowing greater ability to retain and recruit qualified staff, with formal 'pool driver' cover arrangements and searching for a local Sudbury sweepings transfer site.
- Increasing biodiversity and habitat improvements, supporting changes to mowing regimes from amenity standard to meadow/wildflower meadow – with associated transformation of services.
- Working with Customer Services to effectively set up the Council's new website and CRM functions in respect of Public Realm.
- Contributing to the new depot working group and business case design.



Value for money conclusion

It has been demonstrated that transfer of the services took place within the 2020/21 budget levels and the Council has gained closer cost control, increased service standards and improved flexibility over how it chooses to deliver its Public Realm services. The largely unquantifiable risk associated to specification, procurement and management of an enlarged outsourced contract has been avoided for both Councils through the insourced approach.

Whilst the Babergh and Mid Suffolk services are delivered in the main independently out of different Sudbury and Stowmarket based depot locations, the client service function remains shared but has been strengthened in the process, meaning there has also been considerable benefits both in cost sharing, resiliency, and experience. As anticipated extra resource has been expended in recovering sub-optimal service standards inherited from the incumbent contractor over the first full growing season since the contract transferred. This challenge will continue into 2023/24 season as spaces within the HRA estate are also brought up to the same standards, and specific tenant needs are addressed, before expecting to be recovered by the 2024/24 season.

The service has made a promising start in delivering its Biodiversity Action Plan which at the time of transfer was only just emerging from motions declared during 2019, and this would have been difficult and likely more expensive to deliver under an outsourced contract arrangement.

Will Burchnall now departs as Corporate Manager after a highly productive and successful period of mobilising the new service, reducing a project backlog, and re-energising the Public Realm team. The service is now well placed to continue to transform and better meet challenges including budget pressures, building stronger relationships with stakeholders, take commercialisation opportunities, improve workforce age profile, adapt to changing weather, address biodiversity considerations and continue to modernise through the better use of technology, mapping and data to inform decisions.

Mark Emms, Director of Operations

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