

## 1 Purpose

- 1.1 This report is to inform Members of the Environment and Living Scrutiny Committee of the recommendation contained within this report and the attached appendices following the recent appraisal process for future service delivery.

## 2 Recommendations

- 2.1 That the Committee note the recommendation and consider whether any comments should be forwarded to the relevant Cabinet Member prior to going through Cabinet and Council in September 2018.

## 3 Executive summary

- 3.1 The existing street cleansing and horticulture contract is due to end in January 2020. Work began in January 2018 to determine how these services can be delivered when the contract expires.
- 3.2 Summary of services in scope

Street Cleansing	Horticulture
Litter Picking, emptying of litter/dog bins	Play area inspection/maintenance
Mechanical Sweeping	Maintenance of grass, shrubs, hedges (AVDC land only)
Clearance of fly tips, graffiti, dead animals	Tree Work
De-icing (AVDC land only)	Football/Cricket pitch maintenance/booking system
Seasonal leaf clearance	Management of sports grounds and facilities
Car Park cleansing	
Market erecting/dismantling	

- 3.3 The existing contract does include an extension option (for up to a period of two years). This can only be put in place with mutual agreement between AVDC and the contractor, (Suez UK and John O'Connor working in partnership) and will require extensive investment for new fleet and equipment.
- 3.4 A workshop was held in February for Cabinet Members and Officers. The purpose of this was to explore: Current service provision, its strengths and weaknesses, benchmarking in the market place and other Council services, and an appraisal of delivery options for the service. The workshop was an opportunity for Members and Officers to set out an early steer on the strategic

direction of the service and to explore the framework in which a preferred solution could be identified.

3.5 The initial discussion at the workshop indicated a preference for either a direct provision of services (in-house) or re-procurement through an OJEU compliant tender process. The following options were explored:

- Street and Horticultural Services (as is). Either in-house service or full procurement process of joint services.
- Waste, Street and Horticultural Services. Either in-house service or full procurement of joint services.
- Waste and Street Services. Either in-house service or full procurement process. With Horticultural Services delivered separately, either in-house or contracted.

The option for including the wider waste services in a procurement exercise was discounted for a number of reasons because:

- There was no political appetite for outsourcing the service.
- A preference to maintain flexibility and direct control of one of the councils' primary and highly regarded customer facing services.
- To continue to build on the commercial and transformational successes of the Waste & Recycling Service and demonstrable value for money.

A key output of the workshop was a set of strategic priorities and principles that set out the assessment methodology criteria to score the potential delivery options against.

3.6 Following the workshop the high level options document (Appendix A) was produced, along with the scoring matrix (Appendix B). Association for Public Service Excellence (APSE) also provided a state of the market survey for both services (Appendix E and F). The outline figures are as follows:

- 88% of local authorities who took part deliver their street cleansing services in-house.
- 73% of local authorities who took part delivery their parks and horticulture service in-house.
- 63% of local authorities jointly managed and delivered both street cleansing and horticulture services.

- 3.7 The documents were presented at the Waste Transformation Board in May 2018 where the weightings and scoring for each option were discussed in detail and agreed. The board consists of Tracey Aldworth (Chair) Sir Beville Stanier (Cabinet Member) and Officers.

The criteria scored includes:

• Agility	• External Income Generation
• Capacity	• Human Resource Resilience
• Control	• Innovation
• Cost	• Value for Money

The Waste Programme Board agreed:

- Control and flexibility – This is considered to be a high priority. Having both services in-house would mean Members could determine how these are delivered and would be more readily able to adapt to changing circumstances. The option for in-house would mean new processes can be implemented and efficiencies made without the need for potentially expensive contract variations.
- Quality – this was a main factor in the decision making process. Street Cleansing and Horticultural Services are vital and involve mostly statutory functions. Ensuring high standards in these areas is a crucial part to the AVDC Commercial Programme, making Aylesbury Vale more attractive to residents and organisations. During an APSE survey (Appendix E), 88% of respondents delivered services in-house, with higher standards resulting in better quality.
- Financials – either option (in-house or outsourced) would mean initial investment is needed. To bring services in-house requires expertise and set up costs and likewise the same to run a successful procurement process. Having an already established and effective in-house waste collection service means that existing resources can be utilised. Having a fully functioning depot and commercial workshop is an advantage. If the services were to be outsourced again the service provider would build the costs of providing a depot into the contracted rates (if AVDC weren't to provide for them). With the in-house option, despite higher staff costs (allowing for pension contributions) and the initial investment needed it was recognised that delivering both services in-house would maximise income generation potential in line with our Commercial Programme. Any profit would be 100% retained by AVDC and go towards offsetting the costs of the statutory duties.

It was also recognised that with the existing contract costs being well below average (APSE benchmarking exercise) (Appendix A) there is a strong likelihood that an OJEU tender exercise could return higher costs.

- Resources – already providing a successful in-house waste collection services means AVDC have internal expertise and knowledge to operate successful direct provision service. Resources that are already in place, such as a depot, workshop, fleet management, software systems, health & safety, training, personnel support, IT, and finance can support the delivery of the new services. Recruitment can be improved given our employee benefits, which are often more attractive than the private sector offering. There is also the flexibility to use procurement frameworks, one off small contracts, and local suppliers to carry out the more specialised tree surgery, meadow maintenance, and sport pitch work.

### **Outcome of scoring**

The scoring exercise identified Option 1.A (see Appendix B) as the preferred option, which provides the greatest commercial opportunities balanced with cost, flexibility and service quality. Summary of scoring as follows:

Option	Results (out of 100)
Option 1.A	82
Option 3	77.5

### **Recommendation**

The two high scoring options (Option 1.A & Option 3) and the risks/mitigation for each of the options were discussed with the Cabinet Member in June. The cost analysis (Appendix D) for the options both show potential to achieve significant savings. However, to best achieve the desired criteria, as set out above paragraph 3.4, a preference for Option 1.A was agreed.

Information regarding the risks associated with each option is reflected in the Strengths, Weaknesses, Options, Threats analysis provided in Appendix C and the risk register Appendix G.

The Average risk scoring for each option is as follows:

Option	Average Risk Score (out of 25)
Option 1.A	6.91
Option 3	8.65

The timeline for implementation of the recommended Option 1.A is achievable. However, a single unitary decision on the future arrangements of local authorities in Buckinghamshire and the subsequent direction may clash with the implementation of the councils preferred solution. Should this be the case the Council does have the option to extend the existing contract for up to a period of 2 years, until January 2022 (subject to agreement of the existing contractor).

The potential option to extend the existing contract mitigates the risk of non-service delivery in the event that any new body managing the transition to a unitary council decides to pause or cease the programme, or measures put in by Central Government have a restrictive impact.

Business Continuity is required to deliver these statutory services therefore it was discussed during the informal Cabinet Briefing that this recommendation needs to continue despite the pending unitary decision.

#### **Next Steps:**

Following the Environment and Living Scrutiny Committee meeting the final document is scheduled to go to Cabinet and Council in September.

A programme team and steering group will be formed immediately to begin work on scoping the multiple projects that will form the programme.

#### **4 Supporting information**

- 4.1 Appendix A – Options Appraisal Document
- 4.2 Appendix B – New Delivery Models Scoring Matrix
- 4.3 Appendix C – SWOT Analysis
- 4.4 Appendix D – Costing Model
- 4.5 Appendix E – APSE State of the Market, Street Cleansing
- 4.6 Appendix F – APSE State of the Market, Parks
- 4.7 Appendix G – Risk Register

#### **5 Resource implications**

- 5.1 Implementation costs and resources are to be identified once the programme team and steering group are established. It has been identified that internal expertise is available to deliver the programme, however, it is likely that some additional resource will be required depending on other prioritise/workloads.

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