

Delivering Differently – Future Service Delivery of Operational Services

Cabinet Lead: Tony Briggs
Lead Officer: Steve Perkins

1 Purpose of Report

- 1.1** In order to achieve further reductions in service budgets and to meet the demands of the Corporate Strategy, there is a need to review the future delivery of Operational Services. Officers have undertaken a detailed appraisal of options in an effort to determine the most cost effective method for future service delivery.
- 1.2** Havant Borough Council has to achieve £1.4 million corporate savings by 2018/19.
- 1.3** This report provides additional information to the Scrutiny Board as requested in their previous meeting on the 2nd June 2015 subject to minute number 8.

2 Recommendation

It is recommended that the Scrutiny Board endorses the Recommendations to Cabinet as set out in 3.1 - 3.3 below

3 Recommendations to Cabinet

The recommendations that will be presented for Cabinet approval in July are as follows:

- 3.1** Officers continue to explore options for increasing the efficiency and driving down costs of the current in-house core services to ensure that Operational Services are fit for commissioning, taking on board issues within the Business Plan for 2015/16.
- 3.2** That Havant Borough Council formally pursue a Joint Venture Company with Norse Commercial Services Ltd, as that they have:
- A proven track record of working with Local Authorities to develop public sector Joint Venture Companies.
 - Significant experience across the range of front line service areas proposed within the scope of the joint venture.

- A proven track record in expanding commercial opportunities with a 50/50 profit share with the Council
- Good staff and Trade Union relationships, with a track record of maintaining terms and conditions for transferred staff for the entire term of the contract
- The Teckal process is a relatively short timeframe compared to an OJEU procurement process.
- The creation of a local authority company does not in itself give rise of procurement implications. However, the arrangements entered into with the company are prima facie caught by the procurement rules. However, if the local authority satisfies the provisions of the “Teckal Exemption”, then the local authority may ‘passport’ the work to the company without following a formal procurement process, The ability to award the contract directly means that the local authority is not subject to an OJEU procurement timetable and the associated costs of such a procurement.

3.3 It is now proposed that:

3.3.1 Havant Borough Council enter into formal dialogue with Norse

3.3.2 A Project Team is set up to manage the implementation of the JVC

3.3.3 The Project Team provides regular progress reports to Members.

3.3.4 A Communication Plan will be devised

4.0 Summary

4.1 Following a presentation from Norse Commercial Services Ltd, a JVC Public / Public provider, and then the Scrutiny Board meeting on 2nd June, several issues were raised that were either dealt with at that meeting, or within this report.

4.2 In addition to the Norse Public / Public JVC, two more companies have been identified, although neither have the necessary background knowledge and experience to deliver the range of services under consideration.

4.3 Norse Commercial Services Ltd have been identified as the most suitable JVC organisation with the appropriate standing and experience. Officers are confident that they will be able to undertake our services, maintain or improve existing standards, deliver efficiencies and expand the business in order to deliver profit share.

4.4 Cost savings would come from a number of sources:

- Operational efficiencies through higher productivity, including investment in new equipment
- Review of existing management structure to develop commercial acumen
- Savings in support services costs as Norse provides HR, Payroll, Finance, ICT, Sales & Marketing, Procurement, Health and Safety (an estimated 6% charge of the budget)
- Compliance monitored by the Board rather than a large number of Council Client officers

In order to fully benefit from the savings and additional income from the Norse JVC the council should then review its Support Services to ensure they are not duplicated. Some of these costs may not be realised as there are other activities that may still require these Support Services.

5.0 Subject of Report

5.1 To provide information relating to the 4 options:

Option 1- Service as-is

Option 2- Outsource to a Private Contractor

Option 3- Local Authority Partnership/Contracting Option

Option 4- Outsource to a JVC

(a) Public/Public

(b) Public/Private

5.2 The following services are within the scope of the report:

- Household Waste
- Garden Waste Collection
- Street Cleansing
- Public Convenience Cleansing
- Open Space Maintenance (incl. Beachlands)
- Allotments
- Beach Huts
- Cemeteries
- Vehicle Maintenance Workshop
- Engineering Works Team

6.0 Implications

6.1 Resources:

Resource implications will be calculated following the set up of the Project Implementation Team.

6.2 Legal

The legal implications for Havant Borough Council are set out in the report.

6.3 Strategy

The proposal set out in the 'Future Service Delivery of Operational Services' report underpins the financial sustainability priority theme as set out in the Corporate Strategy. It also supports the theme of customer service excellence. The proposed option will generate savings for Havant Borough Council without reducing the quality of service that is currently provided to the customer.

This forms part of the Delivering Differently programme which will increase income and develop new markets as well as changing the way we deliver services to meet local needs in the most appropriate way.

6.4 Risks

There are a number of factors which will be affected and could therefore pose risks to HBC. The risks and associated mitigations are contained within the Risk Register (Appendix C)

6.5 Communications:

A Communications Plan will be devised once approval is given.

A Public Consultation for Operational Services started on 21st May and will finish on 18th June 2105. Initial top line counts and percentages from this consultation, up to 14 June;

Respondents – 207 (four respondents have made comments only)

- **Do you support the principle of outsourcing operational services in Havant Borough Council as detailed in the consultation document?**

Yes = 68 (**33.5%**)

No = 116 (**57.1%**)

Don't know = 19 (**9.4%**)

- **Are you commenting as a...**

Resident = 192 (**96.5%**)

Business / Group = 7 (**3.5%**)

The final information from the Public Consultation will be presented at the Scrutiny meeting, which will then be included in the Cabinet report for 13th July 2015.

Appendices:

- A** -Delivering Differently Report
- B** -Service Costs
- C** -Risk Register
- D** -SWOT analysis
- E**- Potential savings and growth graph
- F**- Project Plan
- G**- Example JVC governance and benefits table

Agreed and signed off by:

Legal Services: (16.06.15)

Executive Head of Governance & Logistics: (16.06.15)

Relevant Executive Head: (12.06.15)

Cabinet Lead: (14.06.15)

Contact Officer: Steve Perkins
Job Title: Executive Head – Environmental Services
Telephone: 02392 446520
E-Mail: steve.perkins@havant.gov.uk