

REPORT FOR:**CABINET**

Date of Meeting:	13 September 2012
Subject:	Public Realm Integrated Services Model: Business Case
Key Decision:	Yes
Responsible Officer:	John Edwards, Divisional Director for Environment
Portfolio Holder:	Councillor Phillip O'Dell, Portfolio Holder for Environment and Community Safety
Exempt:	No, apart from Appendix 2, which is exempt by virtue of paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 in that it contains information relating to the financial and business affairs of the authority holding that information
Decision subject to Call-in:	Yes
Enclosures:	Equality Implications – Appendix 1 Full Business Case – Appendix 2 (Part II – Exempt) – <i>Due to its size, appendix 2, it has been circulated to Cabinet Members, the Leader and Deputy Leader of the Conservative Group and key officer(s) only. A hard copy has been placed in the Members' Library and Group Offices</i>

Section 1 – Summary and Recommendations

This report sets out a summary of the full business case developed for the Public Realm Integrated Services Management transformation project which will change the arrangements for service delivery in the Environment Division of the Directorate of Environment and Enterprise. This will achieve savings for 2013-14 previously identified in the Medium Term Financial Strategy.

Recommendations:

Cabinet is requested to agree

1. The implementation of the transformation project for the Public Realm Integrated Services Model as set out in the Full Business Case
2. To delegate to the Corporate Director of Environment and Enterprise in liaison with the Portfolio Holder for Environment and Community to take the necessary actions to implement the project.

Reason: (For recommendation)

To achieve the savings targets agreed previously in the Medium Term Financial Strategy and transform the services covered by the project.

Section 2 – Report

Introduction

Forecasts show that Harrow Council faces a continuing need to make significant savings to achieve a balanced budget. The Medium Term Financial Strategy agreed at the Council meeting on 16 February 2012 included a saving of £1.5m from the Environment budgets of the 2013-2014 financial year through a transformation project looking at providing more integrated services and investigating alternative models of delivery, with further savings of £350,000 the year after. The project was named PRISM – Public Realm Integrated Services Model.

During the last three years, the Environment division and the Business Transformation Partnership (BTP) have successfully delivered cutting edge

and award winning business transformation to achieve significant improvements and savings.

In January 2012, the Environment division commissioned a Business Transformation Programme project team to develop two Business Cases that would:

1. Review how a Public Realm Integrated Service Model (PRISM), encompassing a major business redesign underpinned by technology, could deliver significant cost savings whilst delivering improved services in the areas of Community Safety Services, Highways and Public Realm Services
2. Evaluate how Alternative Delivery Methods (ADM) could deliver further transformational change and savings. The alternative models consisted of Outsourcing and a Social Enterprise Model initially for Public Realm Services, with other services to follow post the PRISM project

Developing the Full Business Case

The BTP Project Team conducted a comprehensive review of the Environment Division in scope of the project, looking at current ways of working and developing proposals for future improvements and savings. The Property Services part of the Environment Division is excluded because there is already a transformation project in progress for this area.

There have been a number of workshops with the staff of Environment, as well as advice and assistance from external sources.

The key activities have been:

- Verification of current organisational structures
- Mapping of the functions performed by the Environment Division (both statutory and discretionary)
- High level examination of business processes
- A soft market testing exercise principally focussed on the services within Public Realm through an external organisation
- Consideration of alternative organisational structures including social enterprises
- A legal assessment of alternative structures through an external organisation
- A social enterprise readiness assessment through an external organisation
- Engagement with staff and trade unions.
- Produce recommendations for a new operating model, the IT improvements to support the model, and the resources needed to implement the transformation.

Service Areas in Scope

The development of the full business case provided an overview of the current service delivery and the current issues that could be overcome through the project:

1. **Highways** - Engineering Services Traffic and Highways Network Management
2. **Community Safety Services** - Public Realm Enforcement, Commercial and Environmental Services, Private Sector Housing, and Licensing and Support Services
3. **Public Realm Services** - Waste Management, Street Cleansing and Grounds Maintenance

Highways Overview

Harrow's highway infrastructure is its largest asset, currently valued at £485m. It is the essential network that facilitates the functioning of the transport system and ultimately, the community. Its condition affects every resident, business and person living in or passing through Harrow.

In partnership with Enterprise Mouchel (until 31 March 2012, May Gurney from 1 April 2012) the department provides a professional quality engineering service to maintain and improve 460 km of roads, 935 km of footways, 15,500 street-lights and 3,500 items of illuminated street furniture, 30,000 street furniture items such as road signs, bins and bollards, 19,600 roadside drainage gullies, 82km of watercourse, 65 flood defence structures, 150 highway structures including bridges, footbridges and subways, and, winter gritting of over 140km of main roads.

Highways - Engineering Services (ES)

The team inspects and arranges repairs for all Harrow roads and footways, and deal with all related highway items such as vehicle crossovers street lights and highway drainage. The team also delivers a substantial element of the Transport for London (TfL) programme to reduce congestion, improve road safety and undertake highway works on principal roads.

Additionally, ES deliver specialist one-off projects, e.g. Playbuilder (government-funded provision of parks play equipment), section 106 works and bridge protection for London Underground.

As lead local flood authority and land drainage authority, the department undertakes watercourse maintenance on behalf of the Environment Agency.

They also deliver engineering solutions to a number of other council services, manage and deliver the winter maintenance service, provide a 24/7 professional engineering emergency service to ensure public safety and undertake the management of estate and public roads for new developments.

Additionally there are a significant number of statutory duties that must be undertaken to ensure the continued safety of all users and that prescribed national standards are maintained.

Highways - Traffic and Highway Network Management (THNM)

The team is responsible for developing the Borough's transport Local Implementation Plan (LIP) and all related transport policies and programmes of work, and works closely with the planning authority to ensure policies are joined up with the Local Development Framework. In addition they provide the highway authority input on developments.

The team implements a wide range of traffic and parking management measures required to reduce congestion, improve road safety and improve accessibility for users of the public highway. This includes delivering a programme of transport improvements agreed with the Mayor of London and Transport for London that have been developed following local consultation and engagement and are included in the LIP.

They also provide road safety education to schools across the Borough, provide cycle training and support school walking buses, ensuring that school children develop the confidence necessary to travel independently throughout their lives to reduce the impact of travel to school and influence future travel mode choices.

They are responsible for co-ordinating and regulating over 8,000 works and activities per year affecting the Borough's highway network whilst minimising the impact of these works on all traffic, including pedestrians. The team also discharge the Council's network management duty under the Traffic Management Act.

The THNM service's main aim is to achieve the objectives set out in the Council's revised transport LIP which covers the period up to 2031 and to deliver a 3 year programme of investment up to 2013/14.

Community Safety Services

Community Safety Services deliver a combination of licensing, advisory and enforcement services delivered to residents, businesses and visitors to Harrow. While the majority of services are provided by in house teams, there are two notable exceptions: Trading Standards are outsourced to Brent Council; and Mortuaries service is delivered on a 'bought in' basis from Northwick Park Hospital. Community Safety Services also have an Anti Social Behaviour in close partnership with the Metropolitan Police.

Details of the three key teams of Community Safety Services can be seen below:

- Public Realm Enforcement - With a strong focus on enforcement, the team deals with CCTV, Parking enforcement, Envirocrime and Highways enforcement. Associated areas also dealt with include Cash in Transit and School Crossing Patrols.

- Commercial and Environmental Services - These services focus on public safety, delivering Animal, Food Safety, and Health and Safety at work services.
- Licensing and Housing Services – This team monitor Harrow's commercial premises to ensure all premises are licensed and operate to legislative standards.

Public Realm Services Overview

Public Realm Services are universal services that are provided to all sections of the community and have a major impact on the overall satisfaction levels for the Council. Departmental core services are street cleansing, waste and recycling collections, parks management and bereavement services, but also cover key areas such as playground maintenance, allotments, arboriculture council-wide fleet management, and the Neighbourhood Champion and Weeks of Action schemes.

Current Issues to be Resolved

Use of unsupported technology eg by Highways Inspectors

The running of unsupported technology presents limitations to Environment Services in moving to a fully mobile platform with integration to the third party contractor system. The time spent traveling back to the office to manually process the data reduces time that should be spent on conducting inspections.

Use of hard copy maps for inspection purposes/Inspector productivity

The use of GPS technology would support the mapping and monitoring of inspected areas and would enable Access Harrow to provide resolution of customer queries at first point of contact

Reporting of defects – duplication and repetition

The lack of appropriate technology is creating a requirement for unnecessary administrative support in the back office

Lack of 'end to end' resolution of routine tasks

Process redesign, multi-skilling staff and near real time reporting of these issues via mobile technology would remove this administrative effort, improve resolution time and increase time spent on scheduled work

Lack of 'end to end' visibility of service requests

The proposed technology solution will deliver end to end visibility of service request management, providing updates to customers via Access Harrow, the website and the Citizen Portal.

Use of Agency staff on a long term basis in some teams

There is loss of cost effectiveness of this approach as a long-term solution to staffing issues.

Lack of quantitative data

The establishment of standard metrics and targets for the full range of inspections would drive the resource required for this area of work.

Lack of staff visibility – Lone Working and completion of work schedules

The proposed technology solution and process reengineering will remove existing reactive operations and allow supervisors to monitor and review, in real-time, the location and performance of staff in order to ensure effective staff deployment and service quality.

Ineffective sharing of service request information

The proposed technology solution will enable service requests to be allocated to officers in near real time within the closest location of an incident for immediate resolution. Officers will receive real time information regarding service requests and may enable secure access to relevant case history/ additional information.

Limited use of technology for purposes of remote working

Access to back office systems via appropriate hand held devices will enable real time completion of worksheets, reduce the need for hand written notes and reduce time spent in the office thus enabling more time to be spent on-site.

Identification of location of issue

Provision of GIS mapping at the point of the incident report would allow immediate location identification and direct delivery of the service request to the officer.

Service overlap

The TOM organisational restructure and business process review will remove inter-service barriers. Grouping of low level inspections, coupled with route planning and remote access to relevant systems will increase productivity whilst reducing travel-associated costs.

Lack of ‘end to end’ visibility of service requests

The proposed technology solution will deliver end to end visibility of service request management, providing updates to customers via Access Harrow, the website and the Citizen Portal.

Considerations of the Alternative Delivery Model

Following the work done on developing the full business cases for the projects it was decided to merge the two business cases into one project, which subject to Cabinet agreement would be implemented to develop the service delivery and achieve the savings identified in the Medium Term Financial Strategy.

The key findings for the Alternative Delivery Model business case are:

- **Outsource:** The soft market test undertaken to evaluate the outsourcing PRS to an external provider has identified this will not yield significant savings beyond those achievable through other options. The evaluation also commended the service for being well run with the highest kerbside recycling rates in London, excellent revenue generation for dry recyclables, and good street cleaning standards. Outsourcing is therefore an option that should not be further explored as the majority of savings identified can be achieved through further transformation within the current delivery model
- **Social Enterprise:** Due to the ‘Type A’ services delivered by PRS, it has been confirmed that a Social Enterprise is not immediately possible from a legal standpoint. If the Council were to pursue a ‘soft externalisation’, the

legal specialists have recommended an intermediate step – the set up of a Controlled Company wholly owned by the Council (in effect, an arms length management organisation). This Controlled Company would then need to trade for a 3-year period to build up a trading history. Only after this stage could it ‘spin out’ as a Social Enterprise and competitively tender for a contract

- As part of the business case, a Social Enterprise Readiness Assessment was undertaken to identify the gaps that would stop the service from successfully ‘spinning out’ from the Council. The gaps uncovered were significant and several recommendations were made to improve service and financial planning (as part of a leadership development programme), commercial astuteness, staff engagement, and community engagement

Taking the findings into account, it is recommended the following activities are merged into the PRISM business case:

- Delivery of further Public Realm Services transformation and savings through the current ‘in house’ delivery model as recommended by the soft market test exercise.
- A change programme to bridge the gaps identified by the readiness assessment. The programme would run across Environment and focus on organisational culture, behaviours, leadership, and commercial skills.
- Only after PRISM has been completed and the change programme implemented, should options for externalisation through a Controlled company be considered – and this would be subject to further cabinet decision at that time.

PRISM Implementation

The following actions are proposed in the PRISM business case:

- **The implementation of a new Target Operating Model (TOM)** across Environment that will remove vertical ‘barriers’ that currently exist between services, and replace these with a ‘horizontally’ focussed structure, that brings together similar and related activity. This restructure will result in a significant re-shaping of the management model whilst minimising the impact on front line services. The model achieves the savings target through the reduction of the organisation by approximately 53 posts. The majority of these posts will be from management and supervisory roles, to minimise the impact on front line services, but there are some productivity gains that have been identified through the project in the refuse, street cleaning and grounds maintenance services that will for example reduce the number of refuse collection teams, and the vehicles used by the teams.
- **A re-shaping of Service Delivery to unify ‘on street’ services** increasing ‘eyes and ears’ on the street with the capability and capacity to deal with issues effectively – whether this is immediate resolution or intelligent hand-off to the team or individual best placed to fix it. The

project will create multifunctional roles to deal with information gathering, and straightforward enforcement, with the staff developing a detailed knowledge of the activities taking place at a local level.

- **A significant business process re-engineering exercise and implementation of a common technology platform** to align with the Target Operating Model. The technology will build upon back office and mobile systems already successfully implemented within Public Realm Services and will allow the service to respond to, and deal with the broad range of issues they face on a day-to-day basis. Service Delivery teams supported by an appropriate mobile device will be able to receive and update requests from the public, access and complete electronic forms and access inspection reports and other data that supports them in delivering their service
- **Greater information and transparency to residents and local businesses** by closer integration between the new back office systems and customer facing channels (face to face, telephone, web, MyHarrow).

Consultation with Staff and the Trade Unions

The GMB and UNISON were invited to provide formal comments on the Full Business Case. In addition a number of individual employees and groups of staff have provided comments on the full business case to the project team. The comments are summarised below.

Trade Union comments on the draft full business case:

- Challenging the success described for previous transformation schemes, and the processes used during implementation e.g. in placing staff into the new posts.
- Disagreement about some of the descriptions of current service arrangements.
- Questioning some of the project teams' consultations especially advice sought from professional outside bodies.
- Challenging the ability to apply fixed work planning to professional services e.g. set times for appointments.
- Noting that the income raising benefits of some of the services have not been referred to in the full business case, and risk being lost due to the reduction of posts.
- Support for services seeking new opportunities to raise income.
- Suggestion that no equalities impacts assessments have been produced, and because there has not been a new staff structure

developed yet it is not possible to comment on equalities issues with regard to workforce changes.

- Suggestion that a new structure exists but has not been disclosed.
- Suggestions made about where some functions might be better placed in the blocks of functions set out in the target operating model.
- No reference made to ongoing costs from previous transformation projects.
- Concern about future opportunities for cost savings being indicated in the proposal, on top of the significant savings set out in this project.
- Concern that the proposal reinstates some roles deleted by previous transformation projects.
- Concern about the proposal to reduce the number of refuse collection teams.
- Preference for in house services over externalised alternatives.
- Recognition that social enterprises have provided successful outcomes in some instances, but not a good solution for Harrow.
- Support for the seeking legal advice obtained by the project team on alternative delivery models.
- While recognising that there had been engagement with staff and trade unions in developing the full business case, concern expressed that information on the project has not reached all staff.
- Concern about tracking of issues raised by staff during the development of the full business case.
- Agreement with the social enterprise readiness assessment that the organisation is not ready.
- The alternative delivery model in the proposed form is not supported.
- Negative comments about of senior management and the ability of the organisation to achieve the required culture changes set out in the project.
- Support for the need to change due to financial budgetary impacts and to improve and target service delivery.
- Concern about loss of knowledge and skills that will result from the loss of posts and the restructure.

Comments from employees:

- Some very detailed suggestions for editing and amending the full business case generally in support of the current services, structures and ways of working.
- Suggestions made about where some functions might be better placed in the blocks of functions set out in the target operating model.
- Concern that the target operating model has not captured all of the service functions currently provided by Environment.
- Suggestion that the reduction of posts could be achieved without the transformation and change of roles.
- Concern about the loss of professional integrity.
- Concern about the fragmentation of some of the current roles and the subsequent redistribution of the work undertaken.
- Concern to ensure that income generation schemes are protected through the changes.

Financial Implications

The net financial benefits are evaluated in detail in the Full Business Case document.

The key highlights are as follows:

- Savings of £1.850m full year (£1.500m in 2013/14 and a further £0.350m in 2014/15)
- Total FBC & implementation costs: £4.353m (Capita £2.743m, Council £1.610m – this includes a redundancy provision of £1.150m)
- Ongoing costs (per annum): £0.047m
- Net benefit over 5 years: £4.328m.
- Net benefit over 10 years: £13.300m

The implementation costs are budgeted in the 2012/13 MTFS revenue and BTP capital programme. If the full redundancy provision is used, then an additional requirement of £0.4m will be required from contingency.

The savings put forward in the 2012-13 MTFS in autumn 2011 are based on the current employee and contractual terms and therefore does not include the savings relating to the terms and conditions (T&C) that have just recently been agreed. Based on the information available to date the T&C savings are currently estimated at £0.2m. Once the T&C savings are agreed the above savings will be adjusted accordingly.

Using the MRP model and assuming the full redundancy provision is used, the project will pay back in Year 2014/15. This is detailed in the MRP cashflow section in FBC

Performance Issues

The Environment Division provides a range of frontline services that are important to public satisfaction with the Council. The current performance of the services is mixed. Issues with performance have been identified through this project and the proposals will address a number of the current performance gaps.

Environmental Impact

The Environment division provides or leads for the Council on a number of functions concerning environmental stewardship, climate change mitigation, energy consumption, and waste management. The importance of maintaining a high standard for these functions is recognised in the model being proposed.

Risk Management Implications

The full business case includes a risk assessment.

Failure to implement this project and achieve the savings will have a significant impact on the Council's Medium Term Financial Strategy.

Equalities implications

Was an Equality Impact Assessment carried out? Yes

The project has included the production of two Equalities Impacts Assessments to date, one at the start of the project and one for the production of the full business case.

Implementation of the project will involve a further risk assessment once the business processes have been designed and once the new structures have been developed, to assess the impact on staff and external service users.

Corporate Priorities

The Environment Division contributes to all of the Council's Corporate Priorities but especially "Keeping neighbourhoods clean, green and safe". The proposal set out in this report sets out a new way of providing the services that contribute to achieving this priority while contributing annual savings of up to £1.85 million, agreed previously in the Medium Term Financial Strategy.

Section 3 - Statutory Officer Clearance

Name: Kanta Hirani	<input checked="" type="checkbox"/> on behalf of the Chief Financial Officer
Date: 31 August 2012	
Name: Stephen Dorrian	<input checked="" type="checkbox"/> on behalf of the Monitoring Officer
Date: 4 September 2012	

Section 4 – Performance Officer Clearance

Name: Liz Defries.	<input checked="" type="checkbox"/> on behalf of the Divisional Director Partnership, Development and Performance
Date: 4 September 2012	

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/> Divisional Director (Environmental Services)
Date: 31 August 2012	

Section 6 - Contact Details and Background Papers

Contact: John Edwards Divisional Director Environment Services

Background Papers: None

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call in applies]