

# Public Document Pack

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**Date:** Friday, 4 March 2022

## **\*\* Extraordinary Meeting**

### \* Physical Meeting

While the meeting will take place in person at the Town Hall it will also be live broadcast on YouTube (see link below).

Should you wish to attend in person we ask that you notify the Contact Officer above at least 24 hours before the meeting as this will help us to manage the numbers wishing to attend.

Dear Sir or Madam

### **The Executive – Monday, 14 March 2022, 4.00 pm – New Council Chamber - Town Hall**

A meeting of the Executive will take place as indicated above.

**Please Note** that any member of the press and public may listen in to proceedings at this meeting via the weblink below –

[https://youtu.be/sRfMzZ6\\_1LI](https://youtu.be/sRfMzZ6_1LI)

The agenda is set out overleaf.

Yours faithfully

Assistant Director Legal & Governance and Monitoring Officer

To: Members of the Executive

Councillors:

Donald Davies (Chairman), Mike Bell (Vice-Chairman), Steve Bridger, Mark Canniford, Ashley Cartman, Catherine Gibbons, Bridget Petty and Mike Solomon.

All other Members of the Council (for information)

**This document and associated papers can be made available in a different format on request.**

## Agenda

### 1. **Addresses by Members of the Public (ESO 6)**

The Executive, at the discretion of the Chairman, will hear up to four people, each of whom must be a resident or a business ratepayer or an elector, who wish to address it in accordance with the Executive Standing Orders, on matters that affect the area or its residents and over which the Executive has powers and duties. The Chairman will select the order of the matters to be heard. Each person will be limited to a period of three minutes and this part of the meeting must not exceed fifteen minutes.

Requests to speak must be submitted in writing to the Monitoring Officer, or the officer mentioned at the top of this agenda letter, by noon on the day before the meeting and the request must detail the subject matter of the address.

**Note:** This is an extraordinary meeting therefore addresses by members of the public will be limited to the business set out on the agenda.

### 2. **Apologies for absence**

### 3. **Declaration of Disclosable Pecuniary Interest (Standing Order 37)**

A Member must declare any disclosable pecuniary interest where it relates to any matter being considered at the meeting. A declaration of a disclosable pecuniary interest should indicate the interest and the agenda item to which it relates. A Member is not permitted to participate in this agenda item by law and should immediately leave the meeting before the start of any debate.

If the Member leaves the meeting in respect of a declaration, he or she should ensure that the Chairman is aware of this before he or she leaves to enable their exit from the meeting to be recorded in the minutes in accordance with Standing Order 37.

### 4. **Grounds Maintenance and Street Cleansing Contract (Pages 5 - 26)**

Report of Councillor Solomon (attached)

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### **Exempt Items**

Should the Executive wish to consider a matter as an Exempt Item, the following resolution should be passed -

“(1) That the press, public, and officers not required by the Members, the Chief Executive or the Director, to remain during the exempt session, be excluded from the meeting during consideration of the following item of business on the ground that its consideration will involve the disclosure of exempt information as defined in Section 100I of the Local Government Act 1972.”

Also, if appropriate, the following resolution should be passed –

“(2) That members of the Council who are not members of the Executive be invited to remain.”

### **Mobile phones and other mobile devices**

All persons attending the meeting are requested to ensure that these devices are switched to silent mode. The chairman may approve an exception to this request in special circumstances.

### **Filming and recording of meetings**

The proceedings of this meeting may be recorded for broadcasting purposes.

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting, focusing only on those actively participating in the meeting and having regard to the wishes of any members of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Assistant Director Legal & Governance and Monitoring Officer’s representative before the start of the meeting so that all those present may be made aware that it is happening.

Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting.

### **Emergency Evacuation Procedure**

#### **On hearing the alarm – (a continuous two tone siren)**

Leave the room by the nearest exit door. Ensure that windows are closed.

Last person out to close the door.

**Do not** stop to collect personal belongings.

**Do not** use the lifts.

**Follow** the green and white exit signs and make your way to the assembly point.

**Do not** re-enter the building until authorised to do so by the Fire Authority.

**Go to Assembly Point C – Outside the offices formerly occupied by Stephen & Co**

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## **North Somerset Council**

### **Report to the Executive**

**Date of Meeting: 14/3/22**

**Subject of Report: Grounds maintenance and street cleansing contract**

**Town or Parish: All**

**Officer/Member Presenting: Cllr Mike Solomon / Gemma Dando**

**Key Decision: Yes**

### **Reason:**

Financial value and all wards

### **Recommendations**

1. To agree to terminate the grounds maintenance and street cleansing contract with Glendale Grounds Management Ltd (Glendale) on 31<sup>st</sup> March 2023 in line with the contract extension break clause agreed by the Executive on 11<sup>th</sup> February 2021, and to notify the contractor prior to 31<sup>st</sup> March 2022 in line with the agreed contract extension terms.
2. To agree that the services within the grounds maintenance and street cleansing contract that were previously delivered by Glendale will be awarded to the council's local authority trading company North Somerset Environment Company in a legally compliant way by using the Teckal exemption.

### **1. Summary of Report**

1.1 Since the grounds maintenance and street cleansing contract with Glendale was negotiated and agreed in 2012/13, there have been some fundamental changes in the council's strategic priorities and the council's financial situation. The council's MTFP outlines that in order to narrow the gap between public expectations and what is possible to deliver within council budgets now and in coming years, services will need to be run in a very different way; we will need to work more with communities, make more money, create more partnerships, make services as efficient as possible and potentially reduce some of the things that are currently done. This can be difficult to achieve when working within long term contracts.

1.2 There is a break clause in the Glendale contract on 31<sup>st</sup> March 2023, with a 12-month notice period required, which has offered the opportunity for the council to review the delivery options for grounds maintenance and street cleansing services and assess these against the financial situation and the council's strategic priorities.

1.3 In 2021 the council set up a local authority trading company – “North Somerset Environment Company (NSEC)” which has the specific purpose of delivering environmental services on behalf of the council in a way that best aligns with the council’s strategic priorities, and also offers the opportunity of expanding into commercial models that can deliver a financial return. The emerging business plan for NSEC, which is being ratified by the company shareholder, contains the ambition to expand into the delivery of grounds maintenance and street cleansing services.

1.4 Several different options have been analysed to determine whether the 31st of March 2023 contractual break clause should be used and if so, which is the best option for the council to deliver the future grounds maintenance and street cleansing service. The options analysis shows that the option that best delivers the councils strategic priorities and has the most potential for financial benefits is to terminate the Glendale contract in March 2023 and transfer the services into the North Somerset Environment Company (NSEC).

1.5 The board of directors of NSEC have considered the business case for expanding the company to deliver grounds maintenance and street cleansing services. The board are supportive and voted in favour of the proposal being recommended to the company shareholder. The articles of association specify that expansion of the company into new business is a company shareholder decision.

1.6 The shareholder of the company has considered the business case for expanding the company and is also supportive of the recommendation. The mobilisation costs were discussed and it was agreed that these would be funded from an underspend in the mobilisation costs of setting up NSEC in 2021, and that this would be repaid to the council via efficiencies made in future years of the contract delivery through NSEC.

## **Strategic context**

### Open

1.7 The council has an ambition to work in partnership with local communities and local councils (town and parishes) to best deliver statutory and core services for residents and other local stakeholders. Delivering grounds maintenance and street cleansing services alongside waste services through NSEC offers more flexibility to pool resources and work alongside local communities to deliver these important services.

### Fair

1.8 The council is dedicated to supporting North Somerset residents to enhance their skills and benefit from economic growth. NSEC has committed to supporting the delivery of the council’s corporate plan ambitions and in the first 11 months of operation has made impressive progress in improving pay and conditions for employees and increasing the number of local people in permanent employment with the company. Expanding the company will expand the opportunity to further align with the council’s fairness agenda.

### Green

1.9 In May 2019 the council declared a **climate emergency**. Improving the way grounds maintenance and street cleansing is carried out, as well as the way that waste is handled,

can contribute to achieving a carbon neutral society. Combining the delivery of grounds maintenance, street cleansing and waste services can address the challenge of reducing the CO2 emissions associated with the service (including through transport and depots) as well as reducing the amount of waste generated.

1.10 Transferring the services to a council owned company will increase the council's ability to be flexible and responsive to the environmental challenges faced as the company and the council's environmental goals are completely aligned. The company will be able to demonstrate innovation and embrace emerging technologies to deliver the end goal of being a greener council and meeting the CO2 emissions reductions as well as addressing the Council's nature emergency.

### Financial context

1.11 The existing Glendale contractual position is delivering good value as tested in the market through procurement exercises, and currently delivers efficiencies within the grounds maintenance and street cleansing services. However, it is not set up to achieve further efficiencies as this would require maximising productivity gains and efficiencies across service areas that are not included in the Glendale contract – prime examples of this are the potential for better aligning street cleansing and waste services, the potential for delivering grounds maintenance services jointly with town and parish councils and the potential for expansion into the commercial sector.

1.12 Balancing the budget while delivering vital services was becoming increasingly difficult even before Covid-19 and delivering the council's Covid-19 response has caused significant additional pressures on the budget that will be felt for many years. It is increasingly important that the council delivers its statutory and core services in a way that can best unlock current and future value for the authority, as well as maximising the opportunity to increase income into the council in the medium term to offset financial pressures.

## **2. Policy**

2.1 The recommendations within this report directly support North Somerset Council's corporate plan in the following areas:

- A thriving and sustainable place
- An open and enabling organisation

2.2 A thriving and sustainable place: The proposal to transfer grounds maintenance and street cleansing services into NSEC will enable the council to have more influence and flexibility over the services to better ensure that they contribute to North Somerset Council's corporate plan priorities of being;

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- To be a carbon neutral council and area by 2030

2.3 An open and enabling organisation: The proposal to transfer grounds maintenance and street cleansing services into NSEC contributes to North Somerset's corporate plan priorities related to innovation and efficiency which are:

- Encourage continuous improvement and innovation
- Manage our resources and invest wisely

- Provide professional, efficient and effective services
- Collaborate with partners to deliver the best outcome

### **3. Details**

3.1 In 2013 the council entered into a contract with Glendale Grounds Management Ltd (Glendale) for the provision of grounds maintenance and street cleansing services for a term of 7 years, with the option to extend the contract for a further 7 years in one or multiple extensions. Appendix C contains a description of the services delivered by the contract.

3.2 In May 2019 the council agreed to explore future contractual options for these service areas through a formal procurement process rather than automatically extend the contract for a further 7 years. This procurement process was unsuccessful as neither of the eligible bidders could deliver the specification within the available budget.

3.3 In January 2020 the existing contract with Glendale was extended by a period of 12-months with a potential further 3-months to allow for public consultation about the services as well as further exploring delivery options. During this period, in September 2020, the council also set up a Local Authority Trading company for the initial purpose of delivering the waste service and with the ability to expand into delivery of other environmental services, which started operations in March 2021. However, there was not enough time to explore the potential transfer of grounds maintenance and street cleansing in this accelerated time period, and so in February 2021 the Executive agreed a contract extension for the Glendale contract of 5 years until 31<sup>st</sup> March 2026, with a break clause possible on 31<sup>st</sup> March 2023, requiring a 12-month notice period to enable a business case to be explored.

3.4 Since summer 2021, detailed due diligence work has been undertaken which has shown that there are clear benefits of transferring grounds maintenance and street cleansing services into NSEC. These are outlined below:

#### 3.4.1 Council policy / direction

- Zero carbon – flexibility to align to council timescales and ambitions
- Fairness – enhance social value, local employment, driving growth, circular economy
- Modern and progressive service delivery – expanding council company, improved control over outputs and supply chains
- Placemaking – full flexibility of service to align to the existing and emerging placemaking agenda
- Partnership and communities – full flexibility to better align service delivery at a very local level (town and parish councils, community led activity). Residents will experience an improvement in the quality of local neighbourhoods and more flexible local services which are better aligned.

#### 3.4.2 Risk management / future proofing

- Commercial sector has fewer suppliers and is becoming more risk averse and expensive
- Contracts generally offer fewer efficiency opportunities and no opportunity to consolidate with other services

#### 3.4.3 Potential financial benefits for NSEC and NSC



- Consolidation for productivity and efficiency gains – e.g. reducing vehicle fleet, shared skills and resources like workshops, purchasing power on materials, potential increase in income from waste materials, depot strategy alignment.
- Commercial expansion opportunities
- Forward planning for cliff edge – likely to be significant increases in cost and gap in budget by 2026 – making a change now offers the opportunity to mitigate this.

3.5 The exact and quantified financial advantages are not yet as clear as the corporate and strategic advantages – determining these will require time to embed the services alongside the waste service in order to determine specific efficiencies. It should be noted that the evidence from the first 10 months of the waste service operating through NSEC has delivered efficiencies and commercial advantages that were not anticipated in the initial business case. Examples include the significant increase in the income from recyclable materials sales and productivity and efficiency gains from redesigning services such as the workshop function.

3.6 In order to enact the break clause to the contract and transfer the services into NSEC there will be some one-off costs. The process will also require significant officer time commitments from council and NSEC staff. The one-off costs have been fully calculated as part of the business case development and will be funded as described in paragraph 1.6. There are no long-term additional costs to the council for the delivery of the services through NSEC.

3.7 It should be noted that the council has a good working relationship with Glendale Grounds Management Ltd (Glendale) and the options analysis has shown that the contract provides good value for money and delivers the required outcomes. The recommendations in this report will deliver additional advantages to the council that are not possible to deliver within the existing Glendale contract rather than being as a result of an undesirable contractual situation.

3.8 The council are required to give notice to Glendale on or before 31<sup>st</sup> March 2022 in order to enact the contractual break clause. If notice is not given, the contract will continue until 31<sup>st</sup> March 2026 with no further action required by the council. There are no further break clauses available in the contract.

#### Advantages and risks of delivering services through a Local Authority Trading Company

3.9 There are some distinct advantages of the delivery of services through a Local Authority Trading Company. These are:

3.9.1. The council is the sole shareholder in a company, meaning that the company's strategic vision is set by the council – it will deliver its activities to the benefit of the council rather than for the benefit of non-local shareholders in a commercial company.

3.9.2. The council can require the company to deliver in accordance with their environmental and social value principles. Improvements to these areas have already been realised in the delivery of waste services through NSEC.

3.9.3. The council benefits from any profits made from traded services within the company and any efficiencies made by the company, as it would be taking upside and downside risk.

3.9.4. Service changes can be made cooperatively and without the financial penalties or disadvantages associated with negotiating contract changes within a commercial contract.

3.9.5. The main purpose of the company is to deliver high quality, local services within the North Somerset area and therefore service quality is likely to significantly improve in time. This has been evidenced in the first 11 months of NSEC delivering waste services.

3.10 There are also some risks associated with LATCs which need to be mitigated to ensure the success of the company and to enable the benefits to be released. These include:

3.10.1. Setting up robust company governance is extremely important. This governance is relatively straightforward when the council is the sole shareholder for a LATC and this has been developing over the last 11 months of NSEC trading.

3.10.2. It is key that the Board and senior officers of the LATC have the right skills and experience to run a trading company, and that conflicts of interest are minimised. NSEC has a full complement of senior officers and a well-established company board.

3.10.3. The service delivery agreement will be key and should be in place prior to the service transfer being implemented. This was delayed with the waste service (with no service impact) but will be in place for the proposed transfer of grounds maintenance and street cleansing.

3.10.4. There are financial risks to the council – all costs associated with the company are ultimately the council's and if costs increase the council will be liable.

## **4. Consultation**

4.1 Public consultation about grounds maintenance and street cleansing services took place as part of the Your Neighbourhood consultation between February and May 2019. 835 people responded to the street cleansing part of the consultation, and 820 people responded to the grounds maintenance part of the consultation. The summary results of this consultation are provided as Appendix D to this report and have been carefully considered to ensure that the way that service delivery and resources are apportioned takes them into account.

4.2 Scrutiny engagement has taken place for the proposed transfer of services into NSEC via a Place Scrutiny Panel waste subgroup session on 10<sup>th</sup> November 2021. Members were supportive of the proposal and specifically highlighted the importance of working more collaboratively with local groups and town and parish councils on grounds maintenance and street cleansing initiatives in the future.

## 5. Financial Implications

### 5.1 Financial Option Appraisal

The financial implications of three delivery options for the Parks and Street Cleansing contract have been analysed by some industry experts and reviewed, a summary of the outcome is included in the table below.

<b>Option</b>	<b>Estimated Annual Contract Cost 2023/24 £'000</b>
Remain with Glendale	£2,546
Tender a new contract	£2,732
North Somerset Environment Company	£2,546

The following two further options were discussed and discounted for the following reasons:

- Bring the service in-house: Discounted due to cost
- New local authority company: Discounted due to the cost of running a separate company and management structure

Further details on the option appraisal can be found in appendix a.

The financial analysis showed that the existing contract could be delivered by NSEC at the same cost to the council as the current contractor.

### 5.2 Revenue Impact – North Somerset Environment Company

The new arrangement is not expected to lead to an increase in budget requirement for the service other than annual inflation which is already built into the Parks and Street Cleansing contract and reflected within the MTFP.

There may be future opportunities to make financial efficiencies once the service is embedded and operating as expected but these are not yet confirmed or agreed with NSEC.

### 5.3 One-off Mobilisation/Transition Funding

In order facilitate the transfer of the service from the existing contractor to NSEC there will be some one-off costs in 2022/23.

These costs are estimated to be £243k and will be funded upfront by the council and repaid by NSEC to the council over an agreed period once the service is embedded.

### 5.4 Vehicles, Plant & Machinery

The council replaced some of the assets required to deliver the contract in 2022, these assets are owned by the council and will be leased to NSEC.

The remaining assets are leased by Glendale and NSEC will either take over the leases or will seek new leases for these assets for the contract start date.

## **6. Legal Powers and Implications**

6.1. North Somerset Council is a principal litter authority with a statutory duty under the provisions of the Environmental Protection Act 1990 to ensure that relevant land in its area is, so far as is practicable, kept clear of litter and refuse. Whilst the provision of parks and open spaces is not a statutory function, the council has a duty contained within Health and Safety legislation to maintain its parks and open spaces to prevent accident and injury to users – including, but not limited to, specific advice from the Health and Safety Executive about management of playgrounds.

6.2 The Council's duties can be discharged in different ways; by delivering the service in-house, by an external private contractor or by a local authority company owned wholly by the Council or with joint vehicle partners. To contract with a private sector company the Council must undertake a compliant tender process under The Public Contract Regulations 2015. However, the Council may make a direct award of contract if the Council awards to a company which has no private sector capital, where at least 80% of the turnover of the company is from a Council related activity and the Council exercises control over the company similar to that which it exercises over its own departments. This exemption is incorporated into the 2015 Regulations and is known as the 'Teckal exemption'. The conditions to satisfy the Teckal exemption are narrowly interpreted and if not followed there is a risk of a competitor bringing a procurement challenge that the contract has been awarded illegally and the contract award be set aside.

6.3 EU State aid rules currently continue to apply whilst Government progresses the replacement Subsidy Control Bill which is in its final stages in the House of Lords. Under both regimes there are restrictions on the Council providing unfair assistance, for example loans made to the company must be at market rates and land and assets must not be transferred to the company at an undervalue.

6.4 The directors of the company have a duty to promote the success of the company; a duty to exercise independent judgement; a duty to avoid conflicts of interest; a duty of confidentiality. These duties must be exercised when recommending expansion of the company to the shareholder.

6.5 A decision by the NSEC shareholder is required to approve the company taking on a contract of this financial scale as a business plan is yet to be approved as a reserved matter under the Company's articles and until such approved business plan covers any contemplated new contracts of this scale. That decision has been taken by Cllr Cartman as the shareholder representative.

## **7. Climate Change and Environmental Implications**

7.1 As detailed in the body of the report, the proposal to terminate the contract with Glendale and deliver the grounds maintenance and street cleansing service through a wholly owned council subsidiary will allow the council to ensure that climate change and environmental principles are embedded in the way that the services are delivered within the company's business model.

7.2 The recently adopted green infrastructure and waste strategies and the emerging action plans will identify key actions to ensure that these services deliver against climate and nature emergency actions; that rewilding aspirations will be delivered; that street cleansing aspirations are delivered and that all activities deliver against waste minimisation aspirations and the waste hierarchy.

7.3 The ongoing vehicle procurement and depot strategy delivery associated with grounds maintenance and street cleansing services – as well as waste services - will include significant research into the lowest emissions solutions to providing operational depots and industrial machinery and vehicles. Low emission vehicles will be prioritised for procurement where available and affordable and long-term investment high emission vehicles will be avoided where there are viable alternatives.

## **8. Risk Management**

The high-level risk matrix for the recommendations within this report is contained within appendix B.

## **9. Equality Implications**

Have you undertaken an Equality Impact Assessment? Yes

9.1 A full EIA was undertaken at the time of the contract implementation and as part of the re-procurement exercise. This has been updated and the contract extension has not highlighted any significant impacts on equalities groups or people with protected characteristics.

## **10. Corporate Implications**

10.1 Corporate services impacted by the recommendations in this report include finance, legal, communications and support services. The implications are detailed in the body of the report and the options appraisals, financial summary and other appended documents.

10.2 Detailed work will be undertaken alongside colleagues in the implementation and mobilisation of the decision to ensure that all corporate implications are adequately resourced and managed. This is an ongoing piece of work.

## **11. Options Considered**

Appendix A contains an options analysis for the delivery of grounds maintenance and street cleansing services

### **Author:**

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## Appendices:

Appendix	Title	Author
Appendix A	Options analysis	Gemma Dando, Assistant Director Neighbourhoods and Transport
Appendix B	Risk Log	Gemma Dando, Assistant Director Neighbourhoods and Transport
Appendix C	Service Context	Gemma Dando, Assistant Director Neighbourhoods and Transport
Appendix D	Headline summary of “Your Neighbourhood” consultation responses	Gemma Dando, Assistant Director Neighbourhoods and Transport

## Background Papers:

13<sup>th</sup> November 2012 – contract award executive report for contract award to Glendale  
11th February 2021 - executive report for contract extension with Glendale to 2026 with break clause  
Director’s decision DE264 2020 – contract extension April 2021  
NSC / Glendale contract documentation

**Appendix A: Overview options analysis for default option of staying with Glendale and alternative options**  
**Options analysis table**

<b>Option:</b>	<b>Default: Remain with Glendale</b>	<b>1: Bring service in-house</b>	<b>2: Tender a new contract</b>	<b>3: North Somerset Environment Company</b>	<b>4: New company</b>
<b>Potential financial efficiencies / savings April 2023 – March 2026</b>	None identified	None identified	None identified	Potential benefits identified but not yet quantified financially	None identified
<b>Financial benefits and risks</b>	Benefit: stable financial contractual position until 2026 Delays cost of change to 2025/26  Risks: council may be in a more difficult position in 25/26 – cost of change and cost of service are likely to increase with no opportunity to mitigate this.	Benefit: Offers opportunity to best align to strategic aims.  Risk: Likely to require significant increase in budget and council resource which is unachievable.	Benefit: None identified  Risks: All financial benefits / profit realised by contractor – usually 12-15% operating profit. Service quality is ultimately motivated by profit not customer satisfaction and environmental quality. Any changes required to service likely to have additional cost.	Benefit: Opportunity to find and implement productivity gains / efficiencies between 2023 and 2026 which is not available within a contract. Opportunity to use assets to generate income. NSEC initial track record supports this.  Risk: All service delivery risks sit with the company, which is ultimately the council's risk.	Benefit: None  Risk: Expensive option as requires new company set up, management and governance. Duplication as NSEC was set up to deliver environmental services not just limited to waste.
<b>Long term viability</b>	Requires retendering in 2026. No opportunity to make efficiencies – large	No further tendering work required if in house	Would require retendering or extending at end of	Company can be in place for as long as the council requires it and as long as it is financially	Same as option 3

	increase in budget likely to be required plus cost of change.	service. Requires significant service efficiencies to bring within budget by 2026 due to increased cost of service through pension costs.	initial contract term.	viable. Solely owned by NSC so decision sits with NSC. No procurement process required	
<b>Operational benefits and risks</b>	No change – contract is currently meeting performance targets within agreed budget	Likely to be challenging due to the amount of growth required to maintain existing service delivery. Risk of council processes slowing down operational decision making and potentially impacting on supply chain	Unknown – reliant on procurement process and quality of contractors available and interested in a contract with NSC.	Benefits: aligning similar operational services can enhance flexibility, ability to react to emerging needs and priorities (eg large events, weather events, strategic and political priorities). Evidence of operational improvements in waste anticipated to spread to additional services. Risks: NSEC / council liable for complex operational services with dangerous equipment – need to ensure H&S and governance is suitable.	Less beneficial to put services into a separate new company as loses opportunity to align to waste services. Same risks as NSEC but with additional challenge of having to set up new company from scratch.
<b>Reputation and customer experience</b>	No change.	Likely to be improved with in house service – but budget challenge may	This would form an important part of any new tender. Ability to deliver this will	NSEC has significantly improved customer experience and performance compared with Biffa. High	It would make more sense to build on NSEC customer experience work than start again with a new company.



		have an impact on reputation and customer experience if cuts to service are required.	depend on contractor – some contractors are good at delivering this, some are not.	confidence that this would be replicated for Street Cleansing and Grounds maintenance. Opportunity to deliver partnerships with Town and Parish Councils – more flexibility to align to customer needs.	
<b>Strategic fit</b>	Medium	Good	Medium	Good	Medium
<b>Commercial benefits and risks – income generation for council</b>	None	None	None	Benefit – 100% of any profit share and efficiency is realised by the council. Joining waste, street cleansing and parks together will enhance commercial opportunity.  Risks: North Somerset Council are new to company ownership, and it may take time to generate a profit. All investment and risk sits with the council.	Benefit: Separating SC and GM from waste is less beneficial for commercial opportunity and overheads would be higher.  Risks: high overheads, may impact on pricing and potential profits.
<b>Recommended?</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>Yes</b>	<b>No</b>

Appendix B: Risk management matrix for terminating the contract with Glendale and transferring grounds maintenance and street cleansing services into North Somerset Environment Company (North Somerset's LATC)

The table below identifies the operational and strategic risks associated with the recommendations in the report and provides an outline of how each risk will be managed. Please note that the list provided below is not exhaustive and will be reviewed on a regular basis.

<b>Legislative/Policy</b>				
<b>Identified Risk</b>	<b>Management of risk / mitigations</b>	<b>Risk Score Likelihood / severity</b>		<b>Risk owner</b>
Changes in legislation which could place restrictions on the Council's powers to trade in a commercial manner.	These changes are outside of the control of both the LATC and the council. Changes to legislation are initially consulted on and responses, with other councils impacted, lodged with Government.	M	M	NCS client team
Changes in legislation which change the delivery of the grounds maintenance and street cleansing services e.g. the Environment Act	<p>Monitoring of potential changes through trade organisations (eg LARAC), good industry knowledge and liaison with other councils, service providers LATC's and industry bodies.</p> <p>Liaison with North Somerset and other WoE MP's</p> <p>Any significant changes in legislation which realise this risk should be addressed immediately by the Managing Director to the board.</p> <p>Early impact of risk to be considered by the company board and council to minimise impact. Company business plan to be updated accordingly.</p>			
<b>Governance</b>				
Inadequate governance arrangements and lack of clarity on roles of the Council and the LATC could lead to poor decision making which could	The Articles of Association and Shareholder Agreement set out the respective roles of the Council and the LATC, together with any reserved matters (in particular matters reserved only for Council) and provides for governance of the LATC and the scrutiny arrangements through the Shareholder board.	L	H	NSC shareholder

undermine the operation of the LATC	The Council and the NSEC Managing Director will periodically monitor the practicalities of the Articles of Association and Shareholder Agreement to ensure that it is fit-for-purpose. Any necessary changes will be brought to the attention of Council within the agreed arrangement.			
As the LATC is wholly owned by the Council, the LATC will be subject to the controls and decision-making process for matters that lay outside of the Business Plan.  The speed of the decision-making process in the council may have an impact on the LATC's ability to operate effectively.	The Articles of Association and Shareholder Agreement set out the decision-making abilities of the LATC and the Council.  The Articles of Association and Shareholder Agreement provide for the ability of extraordinary meetings of the Shareholder Committee to be called to consider urgent business and make recommendations to Full Council.  In accordance with the Council's Constitution a Council meeting of the necessary Cllr group can be convened to deal with any urgent business.	L	H	NSC shareholder
Ensuring that during the transition period NSEC and the council are adequately represented and aligned	Transition plan will be jointly owned by NSEC and the council, with clearly defined roles and responsibilities, timescales and decision making process.  Consultants, NSEC staff and council staff to provide support to the transition period as outlined in the transition plan and financial analysis.	L	H	NSC client team, NSEC management
<b>Economic</b>				
Changes in taxation and inflation could have an impact on the viability and profitability of the LATC.	At present changes in taxation is not a known risk, however, the LATC should have regard to the impact of any such changes.	M	M	NSC finance

	The Section 151 Officer and Director Operations will monitor changes and factor any changes in the business planning process.			
In order to prosper cash flow for the LATC will be essential.	The LATC shall through the annual review of the Business Plan ensure that sufficient provision is made to provide cash flow to achieve the aims of the Business Plan.	L	H	NSC shareholder
Insufficient cash flow will result in the LATC being constrained in realising the objectives of the Business Plan.	Should opportunities arise that are outside of the scope of the Business Plan the LATC shall liaise with the Council and prepare a revised Business Plan, at the earliest opportunity, which will include identifying loan funding (to be approved by the required arrangement of the Council) that would enable commercial opportunities to be realised.			
<b>Operational</b>				
The LATC will benefit from the Teckal Exemption so long as the 80/20 balance is maintained. Not keeping this balance will mean that services cannot be freely transferred to the LATC and will undermine the activities of other business areas.	When bidding for contracts that are outside of the boundaries of the Council's administrative area, the Director shall have regard to the control and function test of the Teckal Exemption.  The balance of Teckal shall be reviewed and reported to the Shareholder Committee on an agreed basis.  In any event the balance of Teckal shall be reviewed prior to entering into any contract for Commercial Services that falls outside of the Council's administrative area.	L	M	NSC shareholder
Change, if not managed properly, can impact on the quality of service delivery during a period of transition and post-change establishment.	The level of resources required to deliver street cleansing and grounds maintenance services has been identified through the business planning and due diligence processes already undertaken, and further ratification work will take place during the transition period. There is a very high level of confidence	M	H	NSC client team NSEC management team

	<p>in the resource requirement identified for the future delivery of the services through NSEC.</p> <p>The change resources required are identified in the business plan and the transition plan and will be closely monitored by NSC and NSEC during the transition period.</p> <p>A detailed mobilisation plan is being produced which identifies timeline and tasks required and risk analysis of each task.</p> <p>A transitional agreement will be made with Glendale which will set out how a smooth transfer will be achieved</p>			
Not maintaining the services currently offered by the Council could lead to reputational damage for the Council.	<p>The LATC will enter into a Service Level Agreement or Memorandum of Agreement with the Council which will set out the requirements for service delivery. This will initially be based on the existing specification requirements but may change once the services are established within NSEC.</p> <p>The Managing Director shall oversee the performance of this agreement and report, where necessary, concerns to the council and make recommendations as to the course of action that is required.</p>	L	H	NSC client team NSEC management team
Risk of expanding into new service areas – lack of knowledge and expertise in the LATC of new service areas	<p>The mobilisation budget contains provision for external expert consultancy and advice to ensure all requirements will be in place for service transition.</p> <p>Directors of the company and senior staff have demonstrable experience in delivering grounds maintenance and street cleansing services in previous employment.</p>	L	H	NSC client team NSEC management team

	Arboriculture is an area that is high risk and the company will need very specific measures in place to ensure all liabilities are discharged – this will be addressed in detail through partnership work between the client team and NSEC with the ability to draw on resources in the mobilisation budget as required.			
Glendale disengaging from service and significant services failures being experienced for remainder of contract when termination agreement is signed.	<p>The council's ability to enforce contractual obligations will remain in place until the end of the contract. The Glendale contract has a history of performing well and collaboratively with the council and there is no evidence to indicate that this will not continue.</p> <p>Existing communication with the contractor and contract monitoring will remain in place until the end of the contractual period in March 2023.</p> <p>Staff transition is key in maintaining service delivery and NSEC have an established induction process which was successful when delivering the waste service transition</p>	M	H	NSC client team
Contractual documentation not completed in time for mobilisation and service transfer	<p>Shareholder board, NSEC company board and NSC client are all aligned in the ambition to get the contract documentation in place in plenty of time for transfer of the service.</p> <p>Formal letters are in place to state intention for contractual documentation and contract price between NSC and NSEC and staff levels in both organisations are sufficient to achieve contract deadlines within the mobilisation plan.</p>			

## **Appendix C: Grounds maintenance and street cleansing services overview**

### Street cleansing

1 Keeping North Somerset clean is important to local people and crucial to preserving the natural environment. The council has a responsibility to keep land free from litter and refuse as far as reasonably practicable, and individuals have a duty to ensure that they dispose of all waste responsibly and legally.

2. The street cleansing services delivered within the contract include:

- street sweeping and litter picking in the main towns and larger villages
- mechanical road sweeping,
- litter bin emptying and maintenance,
- removal of fly tipping,
- intensive cleaning in heavily used areas,
- beach cleaning,
- weed spraying and removal,
- seasonal removal of leaf fall,
- graffiti removal
- removing dead animals, drug paraphernalia and clinical waste
- removing debris from road traffic accidents.
- 24/7 emergency call out

### Grounds maintenance

3. Providing and maintaining parks and open spaces is not a statutory function of the council (i.e., the council does not have to do it). Most councils choose to spend money on public open green space because of its importance to residents – which has been highlighted recently during the Covid pandemic.

4. The grounds maintenance services within the contract include:

- Grass cutting and strimming
- Sports pitch maintenance
- Hedge and shrub bed maintenance
- Bi- annual rural verge maintenance

- Tree surgery
- Litter and dog bin emptying
- Play area safety inspections
- Nature site maintenance

5. Maintaining and investing in parks and open spaces has been increasingly difficult as council budgets become smaller. We want to be positive and ambitious for our parks and open spaces whilst being clear that we have to work differently to maintain a much-valued service now and into the future. Our ambition is to work more with communities, make more money, create more partnerships and make services as efficient as possible as we scope out the future contract delivery for parks and grounds maintenance.



## Appendix D – headline summary of “Your Neighbourhood” consultation responses

### Parks and Open Spaces summary:

- 95% have visited a park and/or open space with over 20% daily and over 50% monthly.
- Almost 60% are ‘very satisfied or satisfied’, less than 10% not satisfied – this differs by park/open space.
- Main ways of travelling to park and/or open space was walking or private car.
- Most important aspects were mental health/well-being and being with nature/interacting with wildlife, least important were dog walking and taking part in organised sports.
- Most valued were having a welcoming, clean and tidy space safe. Least valued was water features.
- Most important maintenance was bin emptying, safe play areas and maintenance of paths. Least valued was taking care of short grass, sports pitches, flowers/shrubs.
- Over half of respondents supported stopping strimming around obstacles and reducing leaf collection to save money. There was significantly less support for having few dog and litter bins.
- About two thirds supported other options for future delivery of services.

### Street cleansing summary:

- About 40% think their area is clean with 25% thinking it is okay. 13% think it is very dirty. Main issues are dog fouling, litter and blocked drains – though these differ by area.
- Emptying dog bins, removing litter and ensuring clean drains are most important. Removal of weeds and leaf fall and graffiti are less important.
- 75% are willing to keep their area clean and 50% would take part in community led activities. There was an appetite to help.
- Over 90% said it was reasonable to use on the spot fines for fly tipping and dog fouling. Just 6% said it as reasonable for when household bins are left out at the wrong time.

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