Report to	Cabinet	**Item**
	11 July 2012	
Report of	Executive head of business relationship management	12
Subject	Future provision of grounds maintenance, street cleansing and tree services	

KEY DECISION

Purpose

To review the options for the delivery of grounds maintenance, street cleansing and arboriculture services and approve the strategy for the provision of these services from 1 March 2013 onwards.

Recommendation

To approve the strategy to seek provision for grounds maintenance, street cleansing and arboriculture services through public sector shared services provision

Corporate and service priorities

The report helps to meet the corporate priority "A safe and clean city" and the service plan priority to ensure neighbourhoods are clean, green and safe for residents and visitors.

Financial implications

£5 million p.a. to be funded from existing budget.

Ward/s: All wards

Cabinet member: Cllr Alan Waters

Contact officers

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Background documents

None

Report

Background

1. Grounds maintenance, street cleansing and tree services are currently provided as a contracted service by Biffa Municipal Limited ("Biffa"). The contract is due to expire in February 2013 and new provision will be required from 1 March 2013.

2. Around 140 staff are currently employed by Biffa to deliver these services and around half of these are in the Local Government Pension Scheme.

3. The council currently owns or has hired vehicles and equipment used in the delivery of the services.

4. Biffa currently use the Mile Cross depot as a base for the delivery of the services.

5. All of the services are key to supporting the council's priority to have a safe and clean city. Street cleansing has constantly been stated by residents as a key area where high standards should be maintained.

6. Because of the current contract timetable an OJEU notice was placed in March 2012 inviting expressions of interest. This was to protect the council from any challenge against the existing contract and does not pre-suppose that contracted provision will continue. However, if contracted provision is not the preferred option going forward the existing procurement process will need to be terminated.

Options analysis

7. The council uses a toolkit to analyse options for service delivery. The toolkit focuses on key areas and uses a scoring mechanism to assess the option most likely to meet the criteria used. The criteria mixes cost of delivering the service with customer and performance needs, deliverability within the timescale, strategic fit with the council's operating model and risk analysis.

8. The analysis is at a strategic level and consists of a mixture of objective and subjective analysis. The aim of the analysis if to identify the solution that will deliver value for money i.e. the optimum combination of economy, efficiency and effectiveness. The outcome of the analysis is to select the option that is most likely to deliver the required outcomes. Once the option is chosen it will be explored in much further depth to ensure that the assumptions made can be substantiated. In the event that they cannot or additional risks or issues arise then the second option would be explored in further detail.

9. In assessing value for money, tendering for a contract gives a clear audit trail of competition to determine the most economically advantageous tender (i.e. the balance between cost and quality). Tendering is only part of the value for money assessment and far more important is to understand the costs that drive a service and how to manage those costs and make the most efficient and effective use of those resources to deliver services. If a tender process is not conducted the council will need to demonstrate value for money in other ways. This would include techniques such as understanding costs of the service, comparing to others, comparing to existing contracted costs, market analysis and intelligence.

10. A tender exercise gives the council the opportunity to receive tenders from different suppliers. Each tender will include different information that provides further intelligence for the council. If the council does not go through a tender process this information will need to be researched in different ways such as visiting other providers.

Option 1 – Do nothing

11. The council currently has a contract to provide these services but this will expire in March 2013. The value of the work is above the thresholds of the Public Contracts Regulations 2006 and therefore requires advertising and selection of a supplier made in accordance with the requirements of the regulations if further contracts are to be awarded. Therefore doing nothing would put the council at risk of having no provision of the services. Or if the council continued with its existing contract it would be in breach of the Public Contracts Regulations 2006. This option is not included in the service delivery options analysis because it is not a legal option that the council could consider.

12. This option is **NOT** recommended.

Option 2 – In house provision

13. This would require the services to be "in-sourced". Current employees of Biffa who are eligible would transfer in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE").

14. This would necessitate a restructure to accommodate the staff within the council and reporting lines would need to be established. There would be no "contract" for services but a service plan would need to be developed along with a budget.

15. A full financial analysis of the in-house option has not been completed. For the purposes of this model an assumption has been made that the in-house service base costs (staff, vehicles, equipment etc) would be the same as the contracted service. There is one area where base costs may be different and that is pension costs. If staff transferred in to the council and they are not currently in the Local Government Pension Scheme they would have the option to join and this would increase pension costs. Not all staff would choose to do so but the model assumes the "worst case" scenario (from a cost perspective).

16. There would be significant implementation costs. Again these are difficult to estimate but are likely to be significant.

17. There are some concerns over deliverability of the option within the proposed timescale. However, these could be mitigated by allocating resources.

18. There are various risks identified which indicate there are some overall risks to the council.

19. This option is **NOT** recommended.

Option 3 – Arms length wholly owned company

20. This would require the council to create a company that it wholly owns to enable the company to deliver services to the council. There would be two factors here, the

running of the company (usually by appointing members as shareholders) and the second would be awarding a contract to the company to deliver services to the council. The contract would need to be managed and monitored by council officers.

21. A full financial analysis of the arms length wholly owned company option has not been completed. For the purposes of this model an assumption has been made that the wholly owned company base costs (staff, vehicles, equipment etc) would be the same as the contracted service.

22. There would be significant implementation costs. Again these are difficult to estimate but are likely to be significant.

23. There are some concerns over deliverability of the option within the proposed timescale. However, these could be mitigated by allocating resources.

24. There are various risks identified which indicate there are some overall risks to the council.

25. This option scores similarly to the in house option with the only real difference being the Local Government Pension Scheme costs. The company could employ staff who TUPE transfer on their existing terms and conditions and would therefore avoid additional costs.

26. This option is **NOT** recommended.

Option 4 – Public Sector Shared Service

27. There are various different ways to achieve shared services. In this case the assumption has been made that the shared service would take the form of a jointly owned limited company. The council and the partner would have shares in the company and would be involved in the running of the company (usually by appointing members as shareholders). The council would then award a contract to the company to deliver services to the council. The contract would need to be managed and monitored by council officers.

28. A full financial analysis of the public sector shared service company option has not been completed. For the purposes of this model an assumption has been made that the public sector shared services company base costs (staff, vehicles, equipment etc) would be the same as the contracted service.

29. There would be significant implementation costs. Again these are difficult to estimate but are likely to be significant.

30. The council has experience of deliverability of this option and the analysis is that this could be delivered within the proposed timescale.

31. There are various risks identified which indicate there are no significant overall risks to the council.

32. This option scores the highest but very similar to the private sector contracted provision. There is a slightly higher estimated cost but the main difference is in the risk analysis.

33. **This option is recommended**.

Option 5 – Private Sector Contract

34. This would replicate the current form of provision. This has been the form of provision for the last 12 years.

35. The council would award a contract to the supplier to deliver services to the council. The contract would need to be managed and monitored by council officers.

36. A full financial analysis of the private sector contract option cannot be completed at this stage as this would be determined by a tender process. For the purposes of this model an assumption has been made that the private sector contract costs would be the same as the current contracted service.

37. There would be implementation costs but again these would need to be determined as part of the tender process. However, taking on new contracts is common practice for the private sector suppliers and they are set up to achieve this.

38. The council has experience of deliverability of this option and the analysis is that this could be delivered within the proposed timescale.

39. There are various risks identified which indicate there are some overall risks to the council.

40. This option scores the second highest but very similar to the public sector shared service provision. There is a slightly lower estimated cost but the main difference is in the risk analysis.

41. This option is **not** recommended.

Conclusion

42. The analysis shows a close comparison between public sector shared services provision and private sector contracted provision. This analysis has been completed at a high level to determine the option most likely to deliver value for money including the social and environmental requirements of the council. The recommendation is to pursue the public sector shared services option to more detailed analysis.

43. In the event of a breakdown of negotiations with a public sector partner the private sector option would be pursued.

44. Breakdown of negotiations with a public sector partner and resuming with the private sector has a risk that the private sector will have lost faith in the council and may not want to contract. However, the private sector is unlikely to turn away business.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	11 July 2012
Head of service:	Adrian Akester
Report subject:	Future provision of grounds maintenance, street cleansing and tree services
Date assessed:	28 June 2012
Description:	Future provision of grounds maintenance, street cleansing and tree services

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	Service delivery toolkit assessment indicates that the optimum combination of economy, efficiency and effectiveness is most likely to be through the recommended option.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☐	☒	☐	As a shared service the council will be able to determine with its chosen partner how to ensure equality of opportunity is “business as usual” rather.
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☐	☒	☐	The service delivery toolkit assessment indicates that the chosen option exposes the council to the least risk.

Recommendations from impact assessment
Positive
Value for money, equality and risk management will need to be explored in further detail to ensure that the assumptions made are accurate. However, in a shared service the council is in a strong position to work with its chosen partner to ensure that these are delivered.
Negative
Neutral
Issues

Appendix 1
Item 12

Scoring Matrix

	Service delivery option →				
Assessment Criteria ↓	**Weighting (can be varied) ↓**	In-house provision	Arms length wholly owned company	Public sector shared services	Private sector provision
How does the option compare to the current cost of the service?	50%	46	48.5	49	50
	50% to be distributed between remaining factors				
How does the option align to the Corporate Plan and council's operating model?	12.5%	12.5	12.5	12.5	12.5
How likely is the option to deliver continuous improvement and meet the needs of the customer?	12.5%	10	10	12.5	12.5
Deliverability - can the option be delivered within the proposed timescale?	12.5%	10	10	12.5	12.5
How much risk does the option expose the council to and can these be managed?	12.5%	7.5	7.5	12.5	7.5
	Total	86	88.5	99	95

Financial analysis				
How much does the option cost?	In-house provision	Arms length wholly owned company	Public sector shared services	Private sector provision or outsourcing
Set up costs	750,000	750,000	500,000	
Cost per annum	5,250,000	5,000,000	5,000,000	5,000,000
Cost over 5 years	27000000	25750000	25500000	25000000
Difference to cheapest option	2000000	750000	500000	0
% difference from cheapest option	8%	3%	2%	0%
% of mark awarded	92%	97%	98%	100%
Marks awarded out of 50	46	48.5	49	50

Notes:

a) Current interim provision is on a cost plus basis so the council has good visibility of the costs associated with the provision of the service. Staff costs account for approx 60% of costs and these would initially be the same whichever form of provision is chosen as staff would transfer Transfer of Undertaking - Protection of Employment Regulations (TUPE). Other costs include vehicles, equipment and overheads. This assumes a baseline cost of £5million for the services.

b) The council has purchased and owns the equipment (grass mowers etc, not vehicles) used to deliver the grounds maintenance services. The council has entered in to short term hire for street sweepers and vehicles. Whichever form of provision is chosen the equipment would be used to deliver the services. There is unlikely to be any significant difference to costs resulting from equipment costs. However, different providers will opt to use staff and equipment in different ratios which could lead to differences in cost.

c) The Mile Cross Depot is currently being used to store equipment and as a base from which to deliver the services. The longer term future of the depot at Mile Cross is unlikely to be in its current form and any of the forms of service provision are likely to need to locate to new premises.

d) The private sector provision (contracting) is likely to incur the least set up costs. This is the current form of provision and can be established through the tender process.

e) For in house provision there would be a significant amount of work around the TUPE transfer of staff. It is unlikely that this could be resourced within the existing HR resources and would require additional resource to be purchased. Once the TUPE transfer is complete there would need to be a harmonisation process to ensure that the employees transferred in to the council are assessed against the council's "single status" criteria. This would be another significant initial resources requirement and set up cost.

f) Employing staff directly is also likely to result in an increase in pension contribution costs and increase the salary costs. This is difficult to estimate but based on £3million staff costs and half of staff not currently in the Local Government Pension Scheme this could increase staff costs by 15% of £1.5million resulting in an increase of £225k per annum (this assumes that staff pension costs are currently 6% and increase to 21% for the employees who are not currently in the scheme).

g) As part of the tender process the council assesses suppliers' ability to meet quality, environmental, health and safety and equality and diversity standards. For in house, arms length wholly owned company or public sector shared services the council would expect the organisation to achieve ISO 9001 (Quality Assurance) and ISO 14001 (Environmental Management) accreditation within the first year and there would be set up costs associated with this.

h) The private sector option requires a procurement process but this is currently within budget and no additional cost will be incurred.

Operating model principles

How does the option align?	In-house provision	Arms length wholly owned company	Public sector shared services	Private sector provision or outsourcing
Design principles - customers	5	5	5	5
Design principles - people	5	5	5	5
Design principles - organisational design	5	5	5	5
Design principles - locations	5	5	5	5
Total score (out of 20)	20	20	20	20
Marks awarded (out of 12.5)	12.5	12.5	12.5	12.5
Supporting notes to justify the assessment	In-house provision would be tailored to meet the principles	Arms length wholly owned company would have a contract awarded to it and the specification would require the principles to be adhered to.	Public sector shared serviced would most likely be via a joint venture and the contract awarded would have a specification requiring the principles to be adhered to.	Private sector provision would have a contract awarded with a specification requiring the principles to be adhered to.

Customer Notes	For all options, the council currently uses our own customer contact channels to record requests for service and the contractor uses our system to update progress. This can be replicated for any form of provision and will allow customers to access services through the most efficient means possible.			
People notes	For in house or arms length wholly owned company this could increase resilience for support services such as HR who could either provide (in house) or be contracted to provide (arms length) services. This would also allow distribution of overheads across a wider budget base.			
Organisational notes	An arms length company would require initial investment but in the medium to long term could provide services to generate income. A public sector shared service could also generate a profit share back to the council.			
Location notes	In house or arm length company would require the council to manage its own property to run the services from. Any form of provision will require a depot to run the serivces from to store equipment and vehicles.			
Each option should be scored against each of the design principles using the following methodology				
Fully meets the design principle	5			
Mainly meets the design principle	3			
Barely meets the design principle	1			
Does not meet the design principle	0			

Continuous improvement and customer analysis

What performance measures and customer needs have been identified and how well will the solution meet the targets?	In-house provision	Arms length wholly owned company	Public sector shared services
Service standards for grounds maintenance	4	4	5
Service standards for street cleansing	4	4	5
Service standards for arboricultural services	4	4	5
Total	12	12	15
Score awarded	**10**	**10**	**12.5**

Notes			
This section should clearly show the performance measures and customer needs that are used and the targets that have been set.	The above assessment assumes that in house provision would take some time to set up and "get right" and that there may be a drop in performance while the organisation gets used to running these services directly.	The above assessment assumes that in house provision would take some time to set up and "get right" and that there may be a drop in performance while the organisation gets used to running these services directly.	The above assessment assumes that the shared service partner has a good record of implementing and managing performance for these services.

Each option should be scored against the target set			
Will meet the target	5		
Highly likely to meet the target	4		
Likely to meet the target	3		
Unlikely to meet the target	1		
Will not meet the target	0		

Timescale deliverability analysis

Deliverability - can the option be delivered within the proposed timescale?	In-house provision	Arms length wholly owned company	Public sector shared services	Private sector provision or outsourcing
Can the option be delivered so that the services can be commenced when the existing contract expires on 1 March 2013?	4	4	5	5
Marks awarded (out of 12.5)	10	10	12.5	12.5
Notes	Setting this up as an in house service or arms length wholly owned company is not currently part of any service plans or has any resources identified to support this. However, the initial costs analysis mitigates this and should allow additional resources to be purchased to allow implementation within the timetable.		The NPS Norwich Limited implementation demonstrates that this option could be implemented within the timeframe.	The pre-qualification process for this option has started. If this option is chosen there is sufficient time to implement this option.
Each option should be scored against the ability to comply within the timeframe available				
Can be implemented within timeframe	5			
Highly likely to be implemented within timeframe	4			
Likely to be implemented within timeframe	3			
Unlikely to be implemented within timeframe	1			
Will not be implemented within timeframe	0			

Risk evaluation and mitigation
All services will face risks that may prevent them from achieving what they set out to deliver. By identifying these in advance, we can take steps to mitigate these, so that we are well prepared should they occur. Identify any **key** risks and locate the reference number on the risk register.

Service delivery option	In-house provision	Arms length wholly owned company	Public sector shared services	Private sector provision or outsourcing
Overall risk score	3	3	5	3

Marks awarded (out of 12.5)	7.5	7.5	12.5	7.5

Notes

Risk assessments should be carried out using the corporate risk methodology. The following overall scores will then be applied				
No significant overall risk			*5*	
Some overall risk			*3*	
Significant overall risk			*1*	
Unacceptable overall risk			*0*	

In-house provision			Key:	GREEN	AMBER	RED

Ref	Description of Risk	Comments	Likelihood	Impact	Score
IH1	Supply chain arrangements are not in place for service commencement leading to a an inability to deliver services or increased cost.	Equipment is owned/hired and the significant proportion of costs are staff costs therefore impact on cost is likely to be moderate.	2	3	6
IH2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	Existing knowledge would TUPE transfer and existing knowledge within the council would assist.	3	5	15
IH3	Increased labour costs through application of local government terms and conditions across the workforce	See also cost analysis for potential impact.	4	3	12
IH4	Service costs rise as original estimated costs are too low	Unlikely as council currently has clear view of costs.	2	3	6
IH5	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	Unlikely and could managed through retraining if necessary.	2	3	6
IH6	Community right to challenge leads to services being outsourced	Difficult to quantify and is unlikely to affect whole service in the short term.	3	3	9

IH7	Poor service delivery damages reputation of the council	Existing staff and equipment would transfer and with a good implementation programme the risk of this can be reduced.	3	3	9
IH8	Supplier is placed in administration causing disruption to services and additional costs	This is not a risk associated with in house provision	0	0	0
IH9	The provision is inflexible and unable to respond to future changes in requirements	In house provision would provide the maximum level of flexibility with direct control over the resources and the ability to change service	1	3	3
IH10	There is an under-investment in the services as a result of budget decreases e.g. not replacing vehicles and equipment leading to poor service and increased maintenance costs	The council would have a relitively small fleet and equipment and would not be able to pool resources or bring in equipment from elsehewere	3	3	9

IH11	There is insufficient resilience within the provision to deal with emergencies or to provide business continuity or disaster recovery	The service would be vulnerable to a major disaster affecting the local resources and would not have any local back up. This could be mitigated through insurance or agreements with other providers	3	3	9
IH12	A legal challenge from a supplier delays implementation and results in additional cost for the council	The council can take the service back in house and there is limited scope for challenge. The council currently has a pre-qualification questionnaire in process but the contract letting process could be terminated as no tender has been issued.	2	3	6

Arms length wholly owned company					
Ref	**Description of Risk**	**Comments**	**Likelihood**	**Impact**	**Score**
AL1	Supply chain arrangements are not in place for service commencement leading to a an inability to deliver services or increased cost.	Equipment is owned/hired and the significant proportion of costs are staff costs therefore impact on cost is likely to be moderate.	2	3	6

AL2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	Existing knowledge would TUPE transfer and existing knowledge within the council would assist.	3	5	15
AL3	Increased labour costs through application of local government terms and conditions across the workforce	An arms length wholly owned company would not have to apply local government terms and conditions and could continue with existing terms and conditions unless the choice was made to apply these conditions	2	3	6
AL4	Service costs rise as original estimated costs are too low	Unlikely as council currently has clear view of costs.	2	3	6
AL5	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	Unlikely and could managed through retraining if necessary.	2	3	6
AL6	Community right to challenge leads to services being outsourced	Difficult to quantify and is unlikely to affect whole service in the short term.	3	3	9
AL7	Poor service delivery damages reputation of the council	Existing staff and equipment would transfer and with a good implementation programme the risk of this can be reduced.	3	3	9

AL8	Supplier is placed in administration causing disruption to services and additional costs	As a company this is possible but extremely unlikey as a wholly owned company	1	3	3
AL9	The provision is inflexible and unable to respond to future changes in requirements	A wholly owned company would provide a similar level of flexibility as in house provision with control over the company and the ability to change service	1	3	3
AL10	There is an under-investment in the services as a result of budget decreases e.g. not replacing vehicles and equipment leading to poor service and increased maintenance costs	The arms length company would have a relitively small fleet and equipment and would not be able to pool resources or bring in equipment from elsehwere	3	3	9
AL11	There is insufficient resilience within the provision to deal with emergencies or to provide business continuity or disaster recovery	The service would be vulnerable to a major disaster affecting the local resources and would not have any local back up. This could be mitigated through insurance or agreements with other providers	3	3	9

AL12	A legal challenge from a supplier delays implementation and results in additional cost for the council	The council create its own wholly owned company and there is limited scope for challenge. The council currently has a pre-qualification questionnaire in process but the contract letting process could be terminated as no tender has been issued.	2	3	6

Public sector shared service

Ref	Description of Risk	Comments	Likelihood	Impact	Score
PU1	Supply chain arrangements are not in place for service commencement leading to a an inability to deliver services or increased cost.	Equipment is owned/hired and the significant proportion of costs are staff costs therefore impact on cost is likely to be moderate. Choosing the right partner with existing supply chains will make this even less likely.	1	3	3

PU2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	Existing knowledge would TUPE transfer and existing knowledge within the council and the partner would assist making this less likely. Choosing the right partner with the right skills and experience would reduce the likelihood of this.	1	5	5
PU3	Increased labour costs through application of local government terms and conditions across the workforce	An arms length jointly owned company would not have to apply local government terms and conditions and could continue with existing terms and conditions unless the choice was made to apply these conditions	2	3	6
PU4	Service costs rise as original estimated costs are too low	Unlikely as council currently has clear view of costs.	2	3	6
PU5	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	Unlikely and could managed through retraining if necessary.	2	3	6
PU6	Community right to challenge leads to services being outsourced	Difficult to quantify and is unlikely to affect whole service in the short term.	3	3	9

PU7	Poor service delivery damages reputation of the council	Existing staff and equipment would transfer and with a good implementation programme the risk of this can be reduced. Choosing the right partner will further reduce the likelihood of this.	2	3	6
PU8	Supplier is placed in administration causing disruption to services and additional costs	As a company this is possible but extremely unlikey as a wholly owned company	1	3	3
PU9	The provision is inflexible and unable to respond to future changes in requirements	Shared service provision would provide a high level of flexibility with shared control over the company and the ability to change service	1	3	3
PU10	There is an under-investment in the services as a result of budget decreases e.g. not replacing vehicles and equipment leading to poor service and increased maintenance costs	The shared service with the right partner would have access to a wider pool of resources and could bring in equipment from elsehwere	2	3	6

PU11	There is insufficient resilience within the provision to deal with emergencies or to provide business continuity or disaster recovery	The service would be vulnerable to a major disaster affecting the local resources. However, with the right partner they would have a wider resource pool to assist in such an event. This could be further mitigated through insurance or agreements with other providers	2	3	6
PU12	A legal challenge from a supplier delays implementation and results in additional cost for the council	The council create a jointly owned company with another public sector provider under the "Teckal" rules and there is limited scope for challenge. The council currently has a pre-qualification questionnaire in process but the contract letting process could be terminated as no tender has been issued.	2	3	6

Private sector provision or outsourcing

Ref	Description of Risk	Comments	Likelihood	Impact	Score
PR1	Supply chain arrangements are not in place for service commencement leading to a an inability to deliver services or increased cost.	Equipment is owned/hired and the significant proportion of costs are staff costs therefore impact on cost is likely to be moderate. Choosing the right supplier with existing supply chains will make this even less likely.	1	3	3
PR2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	Pre-qualification will eliminate suppliers without sufficient experience and existing knowledge would TUPE transfer.	1	5	5
PR3	Increased labour costs through application of local government terms and conditions across the workforce	An private company would not apply local government terms and conditions and could continue with existing terms and conditions.	1	3	3

PR4	Service costs rise as original estimated costs are too low	A tender exercise would establish the supplier who submits the most economically advantageous tender. Depending on the evaluation weightings between quality and price the lowest price tender may not win. Also, future cost will be linked to contractual inflation clauses. However, this can be mitigated through ensure the right contractual clauses protect the council and maintain flexibility.	2	3	6
PR5	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	Unlikely and could managed through retraining if necessary.	2	3	6
PR6	Community right to challenge leads to services being outsourced	This would be an outsourced service and the implications on existing contracts is not yet clear.	3	3	9

PR7	Poor service delivery damages reputation of the council	Existing staff and equipment would transfer and with a good implementation programme the risk of this can be reduced. Choosing the right supplier will further reduce the likelihood of this.	2	3	6
PR8	Supplier is placed in administration causing disruption to services and additional costs	Recent experience and market conditions suggest that this is possible.	3	3	9
PR9	The provision is inflexible and unable to respond to future changes in requirements	Private sector contracted provision would provide the least level of flexibility as the basis of the agreement is contractual. Any changes would need agreement through change control. The council has experiences at either end of the spectrum across a range of different services. Some suppliers are very flexible while others are not. This can be mitigated through the specification and contract clauses to maintain flexibility	3	3	9

PR10	There is an under-investment in the services as a result of budget decreases e.g. not replacing vehicles and equipment leading to poor service and increased maintenance costs	The right supplier would have access to a wider pool of resources and could bring in equipment from elsehwere. This would be tested by the pre-qualification and tender process	2	3	6
PR11	There is insufficient resilience within the provision to deal with emergencies or to provide business continuity or disaster recovery	The service would be vulnerable to a major disaster affecting the local resources. However, with the right supplier they would have a wider resource pool to assist in such an event. This could be further mitigated through insurance or agreements with other providers	2	3	6
PR12	A legal challenge from a supplier delays implementation and results in additional cost for the council	A supplier could challenge the decision to award the contract.	2	3	6

In-house provision

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely			IH3,		
	3 Possible			IH6, IH7, IH11	IH2, IH10	
	2 Unlikely			IH1, IH4, IH5, IH12		
	1 Rare			IH9		

Arms length wholly owned company

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible			AL6, AL7, AL11	AL2, AL10	
	2 Unlikely			AL1, AL3, AL4, AL5, AL12		
	1 Rare			AL8, AL9		

Public sector shared services

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible			PU6,		
	2 Unlikely			PU3, PU4, PU5, PU7, PU10, PU11, PU12		
	1 Rare			PU1, PU8, PU9	PU2,	

Private sector provision or outsourcing

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible			PR6, PR8, PR9		
	2 Unlikely			PR4, PR5, PR7, PR10, PR11, PR12		
	1 Rare			PR1, PR3,	PR2,	