

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 9 March 2021	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 0 - Strategic options assessment for the future direction of the tree service	
<b>Wards or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Catherine Rose, Leisure, Environment and Roads	

## **FOREWORD – COUNCILLOR CATHERINE ROSE, CABINET MEMBER FOR LEISURE, ENVIRONMENT AND ROADS**

The management of trees forms a key part of our broader approach to tackling the climate emergency agenda. They form a significant part of Southwark's landscape and in addition to their environmental benefit they also impact on the quality of life of local residents. We are directly responsible for 82,500 trees in our borough, this is a huge undertaking, but one we are rightly proud of. We are committed to planting 10,000 more by 2022.

Maintaining trees safely is a key priority for the council and deemed essential in maximizing public safety, ensuring Southwark meets its duty of care obligations and managing corporate exposure to risk.

For both these reasons we wish to maintain a strong in-house team in terms of strategic policy, oversight and leadership in regards to tree planting and renewal of our tree stock. We also have a responsibility to develop a long term model of tree maintenance and works that allows us to be agile and responsive to the demands and costs of our tree service. We also wish to draw upon the wide variety of skills and specialisms that the industry has to offer and develop a model of delivery and management that is good value to our residents, but also delivers an excellent service, at scale and for the long term.

Following a review of our current approach a number of options have been worked up to inform a decision around the future direction of the service. We are working closely with staff, unions and stakeholders to ensure that the process to realigning the service is done in an orderly process that allows for the retention of key skills and knowledge, either as direct employees or as TUPE personnel working in partnership with us as contractors.

Trees are some of the longest living organisms of earth and decisions concerning their on-going management have the potential to impact multiple generations of Southwark residents in the future. The option detail outlines a number of differing approaches and considers cost, benefits, risk and logistical issues.

We are proud of Southwark's commitment to the "green agenda" and aspire to delivering an innovative and a fit for purpose service in this area which is both resilient, value for money and sustainable over the long term.

## **RECOMMENDATIONS**

### **Recommendations for Cabinet**

That Cabinet;

1. Notes that there is a need to review the way in which tree services are delivered and to consider new and more effective delivery models.
2. Notes the outcomes of the tree services strategic options assessment which recommends moving to a 'mixed economy model' with in house client management and tree planting teams and an outsourced tree works service, detailed in paragraphs 61 to 64.
3. Notes that that any impact on existing council employees as a result of the recommended option will be carefully considered and appropriate consultation with staff and recognised Trade Unions will take place. More detail about the consideration of the impact on staff can be found at paragraph 85.
4. Requests that officers bring a GW1 report to Cabinet in 2021 for the procurement of the external tree works services.

## **BACKGROUND INFORMATION**

5. Trees are generally recognised and appreciated for their amenity, presence and stature in the cityscape. However, there are many other environmental benefits that positively impact those living in our towns and cities. The trees in and around our urban areas (together with shrubs, hedges, open grass, green space and wetland) are collectively known as the 'urban forest'.
6. The urban forest improves our air, protects watercourses, saves energy, and improves economic sustainability. There are also many health and well-being benefits associated with being in close proximity to trees, and there is a growing research base to support this.
7. Southwark's publicly managed trees are a crucial part of the city's urban forest. Many of the benefits that Southwark's urban forest provides are offered through its public trees. Southwark residents are very environmentally aware when it comes to tree management issues, often contributing to local decisions related to tree issues and also volunteering to both plant trees and assist with low level maintenance. Current levels of local interest are expected to significantly grow as society in general becomes more aware of global climate issues.
8. Southwark manages approximately 82,500 trees in the following areas:

- Parks & Open Spaces – 46,500
  - Housing estates – 17,000
  - Highways – 16,000
  - A small number of schools – 3,000
9. In addition to the above there are approximately an additional 30,000 trees in Southwark which are located on private land. These are not managed by the council directly. However, the council does interface on planning matters through Southwark's development management team. This team also deal with the green related elements of planning applications including consultation, planning appeals, court evidence, government guidance and legislation on natural heritage, biodiversity and green issues, Tree Preservation Orders (TPO's) and Conservation Areas.
10. There are over 400 species of tree distributed across the whole of the borough. The northern part of Southwark is densely urbanised with less open space and fewer trees, however the many parks in these parts of the borough make a significant contribution to existing canopy cover levels. In this area, the trees for which Southwark Council is responsible are concentrated along roadsides and on housing estates. The southern part of Southwark is more suburbanised and includes large open spaces, large private gardens and 74 hectares of designated woodland including Dulwich Upper Wood and Sydenham Hill Woods, One Tree Hill and parts of Peckham Rye, Nunhead Cemetery and Camberwell Cemetery.

## **Climate change**

11. In March 2019 the council declared a climate emergency and vowed to "*do all it can to make the borough carbon neutral by 2030.*" A draft report has been written which sets out the plan for the emerging Southwark Climate Strategy 2020-2030 which suggests approaches to support the Council and communities to achieve carbon neutrality by 2030.
12. Tree management and planting is part of the emerging Southwark Climate Strategy and therefore putting in place a sustainable service that can deliver against these themes becomes a material consideration for this review.
13. Southwark's tree stock provides broad ranging community benefits contributing to Southwark's wider natural capital. This was assessed in December 2019 using the i-Tree Eco Stratified approach, which is a standard industry type measurement process.
14. The tables below illustrate the significant contribution Southwark's tree stock makes towards climate change mitigation in terms of pollution removal, carbon storage (and sequestration), flood alleviation and demonstrating the importance of ensuring this valuable asset is protected, enhanced and managed effectively.

**Table 1 - Southwark public tree inventory - Headline figures**

<b>Annual Benefits</b>	<b>Volume</b>	<b>Financial Benefit</b>
Pollution Removal	19.5 tonnes airborne pollutants	£1,285,540
Carbon Sequestration	898 tonnes carbon	£220,513
Avoided Runoff	31,111m <sup>3</sup> runoff	£47,175
<b>Total Annual Benefit</b>		<b>£1,553,228</b>
Carbon Storage	50,839 tonnes	£12,490,663
<b>Total Current Benefit</b>		<b>£14,043,891</b>

**\*The carbon storage value is a total accrued value to date/carbon sequestration represents annual carbon stored. As such, this value is not included in the combined total value calculation.**

## **KEY ISSUES FOR CONSIDERATION**

### **Statutory and legal requirements**

15. Public safety is of paramount importance and needs to be balanced with the environmental and amenity benefits trees provide. Southwark has a “Duty of Care” to manage its trees responsibly. Residents and visitors to the borough have a high regard for trees and a reasonable expectation that they can enjoy the benefits of the environment assured that the associated risks presented by trees are managed to acceptable levels.
16. Risks are both financial and reputational and manifest themselves when trees cause damage to persons or property. The on-going completion of tree inspections and works within target date is considered the absolute corner stone of maintaining a “defendable system of work”, which is used as evidence to mitigate third party claims.
17. Tree Legislation – There are a number of areas of law that impact the tree service:
  - Wildlife and Countryside Act - Protection of birds during nesting season
  - Tree Preservation Order & Conservation Areas – Planning protection for trees
  - Highways Act Section 154 – trees adjacent to the highway
  - Common Law Entitlement – Trees overhanging boundaries
  - Statute Law – Case law and precedents set in court.

### **Strategic Direction**

18. At a time where the recent pace of change and development within Southwark has been having an increasing impact on the borough’s built

environment it is ever more important that the benefits that trees provide across the borough are protected and enhanced.

19. Southwark's Tree Management Policy (TMP) was adopted by Cabinet in December 2019 and focuses the efforts of all stakeholders to assist in the security, preservation and enhancement of the council's treescape and green spaces now and in to the future.
20. As part of the TMP, The Tree Risk Management Strategy (TRMS) sets out the basis and procedures required to meet statutory obligations in relation to tree risk management.
21. In addition to this is the council's current biodiversity plan which is called the Southwark Nature Action Plan (SNAP) 2020 – 2025. This policy sets out the council's plan for conservation and enhancement of the natural environment and drive for improvements in biodiversity and this is important for the following reasons:
  - To meet our legal commitments under the Natural Environment and Rural Communities Act 2006.
  - Help to enable more people to connect with the natural world for the benefit of their health and wellbeing
  - Helps to regulate our environment
  - Helps to provide a sense of place and community pride
  - Provides an education and engagement resource
  - Help conserve flora and fauna
  - Provides natural capital.
22. In light of the council's broader environment and climate change agenda capital funding of £5m was agreed in April 2020 to increase the number of trees planted annually. This is intended to reverse the current net loss of trees (more trees removed than planted) and grow the population for the benefit of future generations of Southwark residents. The current Borough Plan includes a target of planting a total of 10,000 trees from 20/21 to 21/22.
23. The timing of this capital funding enables the opportunity to consider the potential delivery of future tree planting and maintenance, as part of the wider service delivery considerations.

### **The key drivers for change**

24. The tree work service was internalised on 1 April 2014. Following an incident in 2017 it was identified that there was a significant backlog of both tree inspections and works. A systematic improvement programme was initiated that included improved reporting, collaborative working across Directorates, and clearance of the backlog of inspections and works.
25. In August 2018, following the recovery of the backlog of inspections and quantification analysis of Southwark's current inventory data, the tree stock was recalculated at 82,500 trees (previously thought to be 57,000 trees – a

45% increase). This was process was independently verified by an ecosystem services inventory report published in December 2019. In addition the clearance of the backlog of inspections generated a significant amount of new works.

26. The backlog of tree works are in the process of being cleared. Unfortunately, due to the capacity of the existing in house team on a monthly basis the works issued are in excess of the number of jobs that can be completed by the team. This has required external contractor support to be procured to a greater and lesser degree since 2014. The backlog of works has increased this need substantially since 2017.
27. There is a known capacity shortfall of approximately 30% for the in house service, even prior to the TMP and enhanced inspections frequencies. Productivity and efficiency improvements implemented have been unable to significantly impact the shortfall.
28. With a better understanding of Southwark's tree stock we are able to predict the future demand for remedial works volume created by the surveying programme. The estimated number of monthly jobs is 777 (9,324 per annum) and the in house team currently delivers an average of 230 jobs per month. This leaves concerns about a future build up of backlog and associated risk if no changes are made to the management regime.
29. On top of the capacity issues of the current in house team there are challenges around the ability to meet the seasonal volume of work fluctuations associated with pollarding and insurance pruning programmes. This element of the service requires a concentrated 2,600 jobs in to a 5 month period, in addition to core works.
30. A new tree management operational model is now required to:
  - Respond to the need to expand current capacity to meet tree inspection and works scheduling targets
  - Provide a sustainable service to meet the needs of a growing tree asset
  - Deliver cyclical maintenance regimes to mitigate the risk of increasing tree subsidence related insurance claims and tree related health and safety issues
  - Provide the most cost effective solution to tree maintenance.

### **Current service arrangements**

31. The service is split between two teams. The strategic management of trees is undertaken by the client team, which is based in the Parks & Leisure Team (Environment and Leisure Directorate). The tree client team is responsible for tree governance, policy, strategy and tree inspections across all asset groups, specifying required works, tree planting (externally contracted), managing risk, insurance claims, enquiries and complaints, plus the procurement of external contractor support for tree works.

32. Tree maintenance work is managed in house by the Waste and Cleansing Division which is also located within Environment and Leisure directorate. Works undertaken include tree surgery, pollarding, felling, waste storage/disposal, emergency response service and stump grinding.
33. The tree works maintenance team currently has 16 posts in the core establishment. This is currently being supplemented by a further three operatives on a temporary basis to support the completion of the backlog of tree works programme.
34. The management and coordination of tree planting is undertaken by the client team. Tree planting is currently capital funded with external annually let contract arrangements facilitating planting across all asset groups with three year maintenance and aftercare. This activity is generally carried out by landscape gardeners and has differing skill set requirements to tree surgery. The work is also seasonal by nature requiring more labour in the winter for planting and less labour through the summer months for watering and maintenance. Accordingly, the works delivery is well suited to being let on a project basis externally or undertaken in conjunction with other gardening or tree service activities. Historically, planting numbers average 250 per year. The previous capital funding ended in 2019/20 and the new £5m capital programme was allocated in 2020/21.
35. There is currently significant support from external suppliers to deliver the historic and ongoing backlog of tree works due to the capacity of the in house team. This work is procured in line with Contract Standing Orders but due to the nature and length of the contracts may not be achieving best value for the council.

### **Benchmarking and soft market testing**

36. Benchmarking and soft market testing was undertaken in the early stages and periodically revisited as part of this review. Twenty-two Boroughs (including TFL) were canvassed to provide high level information relating to internal/external tree maintenance delivery, contract type and length, tree stock, inspection frequencies and annual contract budget.
37. Feedback indicated that the vast majority of London boroughs retain an internal client function but outsource tree work and planting as outlined below. The exercise also reviewed market capacity to meet the work demand and gauge interest. Multiple suppliers of differing size and specialisms were interviewed and the key themes illustrated that there was significant market interest and a wealth of experienced operators able to provide differing levels of provision.
  - 4 of the 22 organisations run an in house element, 2 of which reporting significant percentages of work processing with the need for some supporting externalisation.
  - 1 borough uses a smaller in house team (as is proposed in options 1 and 2).

- 20 organisations have formal contractual arrangements, of which 16 are term and 4 framework arrangements.
  - Contract terms vary from 2 – 10 years (including extensions).
  - Of the highest annual contract values (£600-£900k) 4 of the 6 boroughs have less than 50% of Southwark's tree stock, providing similar services.
  - The vast majority of organisations report tree work backlog issues of varying levels of significance, which was considered high risk.
38. Feedback from suppliers. All providers were experiencing difficulties with both recruiting and retaining qualified staff, this being an industry wide problem, in part due to the cost of living in London and the current economic climate.
39. Multi-disciplined contracts. There was little appetite for mixed contract provisions i.e. tree surgery and tree planting combined. Market feedback indicated that suppliers generally specialised in one or the other. It was felt that separate contracts would design out the potential of a sub-contracting environment and promote more competition within the already specialised market place.
40. Shared service delivery. During the process it was established that there are a small number of London authorities that share an external tree work provider but retain individual client management teams (cross boundary working). Feedback indicates that capacity and delivering work on time are significant issues of concern, further compounded by the current industry staff retention levels and recruitment challenges.
41. Voluntary sector/not for profit. Widely considered by the industry as not being a viable tree surgery option due to the technical and high risk nature of the work. There are no other known local authority examples of a successful working model in this regard. There is some scope for the further integration of this sector in the delivery of small scale tree planting projects, delivered primarily through volunteers.
42. Officer discussions with other authorities and the London Tree Officers Association (LTOA) from 2018 to date indicate that the arboricultural industry faces the challenges set out below. The LTOA is an organisation servicing London's public sector provision, coordinating best practice and contributing to government policy and initiatives. Benchmarking between authorities is largely undertaken through the LTOA. This organisation is well placed to identify examples of best practice.
43. Current industry challenges:
- Recruitment & retention of staff generally (London living costs reducing the pool of qualified available staff)
  - Broader economic impacts & Brexit
  - Reduced numbers of students choosing agricultural based qualifications



- Low number of large tree work contractors operating in the London area (potentially impacting on a competitive market place)
- Those authorities that have single supplier works delivery report issues with backlog and getting work done on time
- A small number of authorities now moving to framework contracts to spread the risk.

### Strategic service delivery options and assessment

44. The review initially considered a broad spectrum of delivery models which included variations of the following:

- No change: Retain the current split management function and in house tree work delivery service, supplemented by external contract support let on a batched procurement basis.
- Merge the client and works teams and expand the current in house provision to undertake all of the tree work.
- Adopt a mixed economy model merging the client and works teams and providing tree works delivery through a range of 4 options with varying degrees of internal and external provision
- Externalisation of the entire service
- Consider how best to deliver the £5m capital funded tree planting programme through either internal or external suppliers. Delivery of tree planting has been built into the individual option approaches.

45. Providing no service is not an option owing to the statutory requirements protecting public safety and the council's climate change mitigation commitments.

**Table 2 - Summary of options considered**

Item No.	OPTION
1.	<b>Mixed Economy</b> - Combining client and works delivery teams under one management structure. Majority of tree work externalised utilising a framework contract.
2.	<b>Mixed Economy</b> - Client in house – works delivery outsourced, supported by the full in-house team. Combining client and works delivery teams under one management structure. Majority of tree work externalised utilising a framework contract.
3.	<b>Mixed Economy</b> - (Client in house – tree work delivery & planting outsourced) Client team as existing. Externalise tree work provision & planting. External framework contract let in 3 lots designed to meet the entire needs of the works service.
4.	<b>Mixed Economy</b> - Client in house – tree work delivery outsourced. Tree planting in-house Client team as existing. Externalise tree work delivery function. External framework contract let in 3 lots designed to meet the entire needs of the works service. In-house tree work delivery

Item No.	OPTION
	team will decrease from 16 to 9, providing tree planting in-house.
5.	<b>Do nothing</b> - Internal client team & existing In-house tree work delivery provision managed separately with supporting batched contract arrangements let via the Gateway process Client team as existing (6), plus in-house tree work delivery team of 16 as existing. External contract support (as now) to assist with the core service and mitigate the risk of future backlog.
6.	<b>Fully In-house team</b> - Combining client and works delivery teams under one management structure. In house tree work delivery team will increase from 16 to 49 to meet expected demand. No need for supporting external contract support to mitigate the risk of future backlog.
7.	<b>Fully outsource both client and works delivery</b> - External supplier provides both client and tree work functions working to KPI's and Tree Management Policy criteria through procured contract arrangements. High level outcome monitoring only by Southwark.

### Recommended option

46. The service transformation process has now reached a point where the high level risk works have been addressed and scale and scope of the resource needed to manage the tree stock fully in the future have been identified. Based on the information and details outlined in the report and associated research and analysis, the recommendation for future delivery is a mixed economy model where the client management team and tree planting function remain in house, with tree work delivery being externalised.
47. The recommended option has been selected as it is well placed to limit the risk of any future backlog developing and represents the most appropriate balance between all the competing demands. Moreover, addressing the majority of the primary drivers for this review whilst protecting the council's exposure to ongoing risk.
48. The next stage of this report sets out the other options that were explored and how they were evaluated in order to have reached this recommendation.

### The assessment process

49. The options appraisal was structured and enables the measurement of options against a set of pre-determined broad ranging service related criteria.

### Assessment criteria

- Design & scope of provision
- Accountability, governance & participation
- Financial assessment
- Quality of service
- Risk management

- Productivity
- Innovation
- Capability, management & intellectual knowledge
- Organisational arrangements
- Corporate impact on authority
- Local, regional economical & community wellbeing
- Sustainable development/climate emergency response.

### Scoring methodology

- Scoring system - A scale of 0 – 5 based on how well each option addressed the assessment questions.
  - Risk rating - A scale of 1 – 3 (Low, Medium & High) dependent the significance of risk to the council.
  - Scores for each assessment question are calculated for each option multiplying the allocated score by the risk rating
  - A brief explanation regarding the thought process behind how each question has been marked is included at the end of each section
50. A detailed appraisal for all options is included as appendix 1, for comparison and context.
51. It quickly became apparent through the objective evaluation process that a number of the options were not viable for the reasons set out below.

**Table 3 - Rejected options summary**

Option No.	Option	Benefit	Risks
5.	No Change	Client control Technical expertise Some commercial flexibility Consistent with council values	Resource heavy Unsustainable Capacity issues Backlog risk Higher cost Increased risk of third party claims
6.	Full In house	Merged management structure Technical expertise Consistent with council values Reduced market capacity exposure Dual tree planting options	Single in house supplier Management capacity High cost Accommodation issues, waste storage and disposal Flexibility concerns Concerns about covering risk Contingency

Option No.	Option	Benefit	Risks
7.	<b>Fully Externalise</b>	Commercial flexibility Cost Reduction in management overheads Potential for more than one supplier	22 jobs at risk Limited internal client controls Loss of internal expertise Potential conflicts between public sector and commercial values Reduced responsiveness and flexibility

52. The benefits and risks associated with the remaining four options are explored below.

**Table 4 - Options comparison summary**

No	Option Name	Benefits	Risks
1.	Mixed economy – (Client in house – tree work delivery outsourced, supported by a reduced in house team. Tree planting delivered externally)	<ul style="list-style-type: none"> <li>• Single management structure (client &amp; tree works)</li> <li>• Retention of internal technical expertise</li> <li>• Partially consistent with council values</li> <li>• Multiple suppliers (4), business resilience</li> <li>• No accommodation impacts</li> <li>• No waste storage and disposal impacts</li> <li>• Commercial flexibility to deliver works to target</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate business change required</li> <li>• Procurement of supporting contract arrangements required</li> <li>• 8 posts deleted &amp; potential risk of redundancy</li> <li>• TUPE considerations may apply in accordance with a multi supplier framework approach</li> <li>• Higher cost</li> </ul>
2.	Mixed economy - (Client in house – tree work delivery outsourced, supported by a dual function in house team supporting tree work and tree planting)	<ul style="list-style-type: none"> <li>• Single management structure (client &amp; tree works)</li> <li>• Retention of internal technical expertise</li> <li>• Consistent with council values</li> <li>• Multiple suppliers (4)</li> <li>• No accommodation impacts</li> <li>• No waste storage and disposal impacts</li> <li>• Commercial flexibility to deliver works to target</li> <li>• No jobs at risk</li> </ul>	<ul style="list-style-type: none"> <li>• A degree of business change required</li> <li>• Procurement (supporting contract)</li> <li>• Higher cost</li> </ul>

No	Option Name	Benefits	Risks
		<ul style="list-style-type: none"> <li>• Creation of additional part time seasonal tree planting roles</li> </ul>	
3.	Mixed economy - (Client in house – tree work delivery outsourced – framework contract 3 suppliers). Tree planting delivered externally.	<ul style="list-style-type: none"> <li>• Single management structure (client &amp; tree works)</li> <li>• Retention of internal technical expertise</li> <li>• Partially consistent with council values</li> <li>• Increased commercial flexibility to deliver works to target (3 suppliers)</li> <li>• Lower cost</li> <li>• No accommodation impacts</li> </ul>	<ul style="list-style-type: none"> <li>• A degree of business change required</li> <li>• Procurement of supporting contract arrangements required</li> <li>• 16 posts deleted, potential risk of redundancy</li> <li>• Potential multiple supplier TUPE considerations</li> </ul>
4.	Mixed economy - (Client in house - tree work delivery outsourced – multiple suppliers). Tree planting function delivered in house.	<ul style="list-style-type: none"> <li>• Single management structure (client &amp; tree works)</li> <li>• Retention of internal technical expertise</li> <li>• Partially consistent with council values</li> <li>• Multiple suppliers (4), business resilience</li> <li>• No accommodation impacts</li> <li>• No waste storage and disposal impacts</li> <li>• Commercial flexibility to deliver works to target</li> <li>• Lower cost</li> <li>• Creation of additional part time seasonal tree planting roles</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate business change required</li> <li>• Procurement of supporting contract arrangements required</li> <li>• 7 posts deleted, potential risk of redundancy</li> <li>• Potential TUPE considerations in accordance with a multi supplier framework approach</li> </ul>

## Conclusions

53. Tree safety and risk management are key consideration for this review. This element of the service is managed by the client team who have worked proactively and put in place the required qualified staff resource, new tree policy/risk management strategy documents, an upgraded the asset database (Confirm system) and a programme of inspections. Forward progress is also evident in the governance of the tree backlog project.
54. The remaining challenge centres on the delivery of tree work and ensuring that a future service is well placed to deliver anticipated work volumes within target date. This is largely both a capacity and managerial issue. Accordingly, with the exception of option 3 (no in-house works provision) a merger of the management teams is recommended. This will improve efficiency and design out both historic process and multi data set challenges whilst facilitating one point of service governance.
55. It is clear that the current service has had capacity issues for some time, hence the build-up of the tree work backlog. Therefore, it is important to choose an option that has both flexibility to adjust to changing work volumes and make seasonal adjustments to accommodate winter pollarding programmes and insurance mitigation work (required annually to set frequencies to limit potential claims). Accurate recording of inspections and works being completed on time puts the council in the best possible position to defend third party claims and offset the risk of any future HSE prosecution. With that in mind a broad range of options were initially considered and included a larger in-house provision, full externalisation and a range of mixed economy hybrid models. Following member feedback the range of options were refined and adjusted with mixed economy focused models demonstrating higher degrees of flexibility.
56. The cost of the progressed options does not vary significantly with (options 3&4) attracting the lowest cost, with options 1&2 more expensive. To ensure ongoing health and safety compliance and business resilience it will be important to choose an option that is financially sustainable in the future. Any reduction in the works programme in subsequent years due to budget reductions will put Southwark at risk of a future backlog of work. This appears to be a common problem for many other London based local authorities. However, the reduced ability to defend third party claims and HSE duty of care related prosecutions would be particularly sensitive for Southwark given the 2017/18 HSE investigation. Accordingly, cost and ongoing affordability are a key consideration for this review.
57. As part of the procurement strategy Southwark has a stated preference to provide services in-house. With that in mind the client team of 6 is retained in all options. From a tree work delivery perspective the retention of the existing team is wholly available in option 2 with reduced re-focused teams also available via options 1 & 4. It should be noted that options 1, 3, and 4 all

have jobs at risk, which need to be considered in balance with the necessary need for service change and wider drivers for this review.

58. Market considerations also require careful thought as there is currently an industry wide challenge in both recruiting and retaining qualified staff, which has the potential to impact both internal and external service provisions. Client officers are of the view that having multiple suppliers would design in greater business resilience, in addition to providing enhanced contingency and greater service flexibility to meet demand. This approach also maximises the potential for a competitive market place to ensure a successful value for money procurement.
59. Separate capital funding is available for tree planting and the council has ambitious plans for this growing corporate priority. Accordingly, the delivery of this aspect of work needs to consider the appropriate balance of competing issues. Option 2 & 4 facilitate the provision of tree planting in-house. With options 1 & 3 delivering tree planting through external suppliers
60. Based on the options appraisal (appendix 1) the two options with the highest scores are the mixed economy models 4 and 2, closely followed by options 1 and 3. All are advantageous in their ability to manage future risk, also balancing cost and in-house service provision to varying degrees. The primary difference between the four being the 9 posts at risk and lower overall cost associated with option 1. As opposed to, no jobs at risk in option 2 but higher overall costs (revenue & capital) and as such a reduced volume of trees planted through the capital programme. Option 3 has the lowest revenue and capital tree planting cost but has the largest impact on internal jobs with 16 posts at risk. Option 4 also attracts a low revenue cost but a higher capital tree planting cost. There are 7 jobs at risk with this option.
61. On the basis of the options appraisal outcome and rationale above officers recommend option 4.
62. Option 4 provides a mixed economy model. This means the client management team and tree planting function would remain in house with tree work delivery being externalised. The core tree work service will be provided by three external suppliers let in lots through a framework contract arrangement with opportunities to engage local arboricultural businesses. Tree planting will be carried out internally through a reduced in house team adding significant qualitative outcomes associated with this significantly important area of work.
63. This option would provide a greater element of commercial flexibility to meet seasonal workload demands and mitigate the risk of future tree work backlog, multiple supplier provision being deemed lower risk in this regard. Delivery of tree planting in house would afford the Council greater control of both planting and aftercare, maximising quality outputs. This multiple supplier option enables a bespoke blend of service responses at a cost effective price whilst retaining a significant proportion of existing staff, maximising service flexibility and efficiency.



64. Southwark's climate emergency declaration requires a shift in terms of the way tree maintenance and tree planting are delivered. The preferred option separates the two functions cleanly and will maximise opportunities for ensuring high quality service delivery, robust governance, and growing the tree stock through schemes that engage local communities and foster local ownership.

### Financial considerations

65. This paper sets out clearly the recommended direction for the council to take in order to fully and robustly manage its tree stock in accordance with law and in accordance with its own adopted strategies. The financial implications of all of the options considered was that the service requires an increase in financial resources in order meet the council's obligations. The financial implications will be considered as part of the annual budget setting processes.

### Capital implications

66. The majority of plant and equipment is being leased and paid from the revenue budget.
67. The council have committed £5m capital funding over 10 years to facilitate tree planting in line with its broader climate emergency agenda. Delivery options for planting are considered in this report.
68. The delivery of tree planting has been calculated in terms of both in house and externalised provisions to determine planting numbers. The calculation has been made using historic price detail and efficiency outputs.

### Risks

**Table 5 - Identified risks for the service and recommended strategic option**

Item No.	Risks	Mitigation	Risk Rating (High, med, low)
1	The time associated with the degree of service change required to implement	Efficient project management. Dual approach with Environment & Leisure colleagues	Med
2	Unknown procurement outcomes (market availability cost & quality)	Targeted specialist arboricultural market procurement, potential use of multiple suppliers	Med
3	Changes to the broader	No direct controls but partially	

Item No.	Risks	Mitigation	Risk Rating (High, med, low)
	economy (supplier continuity)	mitigated by having the service delivered through multiple suppliers	Med
4	Current industry challenges impacting the recruitment and retention of qualified arboricultural staff	Potential to use market based supplement. Partially mitigated by having the service delivered through multiple suppliers	Med
5	Risk of supplier delivery & capacity	Multiple supplier approach	Low
6	Future impacts on local authority funding (available budget to meet on-going policy commitments)	Securing growth & a budget agreement to fund the service. Tree policy in place with stated service standards & monitoring delivery against these standards	High

### Key/Non key decisions

69. This is a key decision.

### Policy implications

70. The Borough Plan 2020-22 sets out a series of commitments:

- create a fairer and more just society
- deliver new quality, affordable homes
- tackle the climate emergency
- rebuild the local economy
- give young people in our borough the best opportunities in life.

71. An effective tree service provision is linked to a number of themes in the Borough Plan through specific commitments set out below:

72. We will:

- make Southwark carbon neutral by 2030
- plant 10,000 new trees
- halve emissions by 2022
- make council homes greener
- improve air quality.

## Next steps

**Table 6 - Service delivery project plan (Key decisions)**

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	29/11/2020
DCRB Review Gateway 0	08/01/2021
CCRB Review Gateway 0	21/01/2021
Deadline for submission to constitutional support	15/02/2021
Agenda Planning	23/02/2021
Deadline for final reports	25/02/2021
Approval of Gateway 0: Strategic Options Assessment	09/03/2021
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	24/03/2021
DCRB Review Gateway 1	Summer 2021
CCRB Review Gateway 1	Summer 2021
Approval of Gateway 1	Summer 2021

## Community impact statement

73. As set out under the Equality Act 2010 and the Public Sector Equality duty (PSED) an equalities impact assessment was considered during the development of the service options. There is no clear, detrimental impact to any group or protected characteristic as outlined in the Equalities Act or the PSED.
74. Trees benefit our communities and the environment in a number of ways: improving air quality, reducing urban temperatures through shading and evapotranspiration, mitigating climate change, reducing noise and calming traffic, managing flood risks, supporting biodiversity and improving health and wellbeing. The service options present a framework of delivery to achieve the benefits above, minimising risks to Southwark.
75. A clear determination regarding the service's future direction is likely to have a positive impact on communities. By maintaining a healthy, protected and sustainably managed tree stock the service outcomes will contribute significantly to the health, safety and wellbeing of Southwark residents and visitors.
76. It is recognised that trees must be well maintained to ensure they do not have a detrimental impact on the community. Risks and concerns include: falling trees, obstructed pavements and examples of unreasonable tree related nuisance.

## **Social value considerations**

77. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are detailed below.

## **Economic considerations**

78. This review considers an appropriate delivery model for the provision of tree services. The provision of this service already exists and therefore no significant impacts to the local economy are anticipated.
79. The procurement exercises associated with this recommendation will take into consideration how the delivery of these services can benefit the local area, for example:
80. Local contractors
- All of the options currently presented have opportunities to engage local contractors.
  - A contract let in appropriately sized geographical lots will broaden market opportunity whilst ensuring the security of supply through the potential utilisation of both larger suppliers and SME's.

## **Social considerations**

81. Social considerations are to be built into the process for delivering the recommended option and will be reported in the Gateway 1 and Gateway 2 reports.
82. However, any supplier appointed would need to:
- guarantee the London Living wage for both its own staff and any subcontractors used
  - follow all relevant standard provisions on blacklisting
  - follow the standards for financial transactions and payment windows for their entire supply chain
  - make every effort to reflect the council's fairer future principle by 'looking after every penny as if it was our own'.
83. Apprenticeships/internships
- Suppliers would need to engage with Southwark Council's apprenticeship model.
  - There are significant opportunities to introduce apprenticeship schemes in to the in house team as part of any remodelled provision.
  - Apprenticeships can be encouraged with external contractors through the quality assessment criteria of the procurement process.

- New apprenticeships will soon be available at levels 4 and 6 (ABC) for roles in the client team which should be explored in future recruitment processes.
84. Community engagement - Opportunities for community engagement are enhanced through in house delivery of the tree planting program in terms of consultation, participation, volunteering and education. This approach is complimentary to broader Southwark employment and climate change initiatives, such as the Green New Deal.
85. Internal staff impacts
- Impacts on the existing workforce will be fully considered at each stage of the Gateway process. This will include a transparent consultation process with both staff and the unions.
  - Staff will be supported through the general process to enable individuals to make objective decisions around their future.
  - Where applicable, staff will be prepared for a potential TUPE transfer
  - Staff will have the opportunity to feed into the design of service arrangements through the transition period.
  - The recommended option creates entry level roles for staff to undertake tree planting, which provides a layer of choice for existing staff and potential new full time and seasonal part time job opportunities.

### **Environmental/Sustainability considerations**

86. Nothing additional envisaged through the contract delivery to existing arrangements.

### **Plans for the monitoring and management of project**

87. The project to put the new arrangements in place will be managed by the Parks and Leisure Team with significant input by colleagues from the Waste and Cleansing Team.
88. The project will be monitored by the Tree Project Board consisting of key stakeholders from across the council such as
- HR
  - Legal
  - Procurement
  - Finance
  - Marketing and Communications
  - Insurance.
89. The project board will be reporting progress against key milestones and updating on key risks and issues with recommendation for mitigation to the Tree Sponsorship Group which is chaired by the Strategic Director for Environment and Leisure.

## **Resource implications**

90. The recommended option will be delivered using the existing staffing resources within the Environment and Leisure Directorate drawing on technical support (such as legal, procurement and finance) from the council's existing staffing structures.
91. Existing depot facilities can accommodate the recommended option. Plant, equipment and machinery will require disposal and replacement to enable the transition from in house tree surgery team to in house tree planting team. Initial tree planting training provision will be required.

## **TUPE/Pensions implications**

92. TUPE is likely to apply if there is a change in the identity of the provider of the tree service, or any part of it. The extent of the application of TUPE and its implications will depend on a number of factors and will be considered during the next phase of the proposed procurement exercise.

## **Investment implications**

93. With the exception of tree planting and the monies already earmarked for this task there are no significant capital implications for the core service. All costs are built into the revenue estimates. Tree planting capital is considered separately.

## **Consultation**

94. This report has been progressed as a joint exercise between the Leisure and Environment teams under corporate scrutiny from the lead member. Staff and trade union consultation will be carried out in accordance with the council's appropriate human resources policies and guidance.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance**

95. This report is requesting cabinet to note the need to review the tree service and the outcome of the tree services strategic options assessment detailed in the report. The report is also requesting officers to bring a Gateway 1 report in 2021 for the procurement of the external tree service.
96. The strategic director of finance and governance notes that all of the options considered indicate an increase in the current budgetary resources for the trees service which will be confirmed in future reports for cabinet approval.
97. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

## **Head of Procurement**

- 98. This GW0 report seeks that Cabinet note the review of the tree services strategic options assessment notes that there is a need to review the way in which tree services are delivered and to consider new and more effective delivery models as summarised in paragraph 44.
- 99. The report also sets out the outcomes of the strategic options assessment for this service and recommends moving to a 'mixed economy model' with in house client management and tree planting teams and an outsourced tree works service as detailed in paragraph 45.
- 100. The next steps for the tree service would be for officers to bring a GW1 report to Cabinet in 2021 for the procurement of the external tree works services in line with the recommendations of this report.

## **Director of Law and Governance**

- 101. This report seeks the approval of the strategic options assessment for the future direction and delivery of the tree service in Southwark.
- 102. Under the council's Contract Standing Orders (CSOs) a pre-procurement/Gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or other strategically important contract for services, goods or works where requested by the relevant Cabinet Member. Although the decision to approve the report recommendations is reserved to the relevant Cabinet Member, on this occasion Cabinet is requested to take the decision.
- 103. Paragraphs 44 and 45 note that the recommended strategic delivery option is for the council to adopt and implement a mixed economy delivery model. The report further notes that the proposed procurement strategy for the external delivery of tree works will be confirmed in a Gateway 1 report which is to be presented to Cabinet during 2021.

## **Director of Exchequer (For Housing contracts only)**

- 104. N/A

## BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Southwark Tree Risk Management Strategy and Southwark Tree Management Policy 2020	Southwark Council 160 Tooley Street London SE1 2QH	<a href="mailto:Richard.diplock@southwark.gov.uk">Richard.diplock@southwark.gov.uk</a>
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=6667&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=6667&amp;Ver=4</a>		

## APPENDICES

No	Title
Appendix 1	Options appraisal



## AUDIT TRAIL

Cabinet Member	Councillor Catherine Rose, Leisure, Environment and Roads	
Lead Officer	Rebecca Towers, Director of Leisure	
Report Author	Richard Diplock, Group Manager Parks and Open Spaces	
Version	Final	
Dated	25 February 2021	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (For Housing contracts only)	N/A	N/A
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		25 February 2021