

Appendix 3

TOTAL WEIGHTED SCORED OPTIONS APPRAISAL

Delivery option	Surety of Service Delivery 10%	Barriers to entry into marketplace 10%	Responsiveness and Control 10%	Commercial potential 10%	Social Value 10%	Cost 50%	TOTAL (out of 100%)	RANK
<i>Commercial contractor</i>	7	7	6	4	5	50.0	79.0	3
<i>In house</i>	6	6	8	7	8	48.4	83.4	1
<i>LACTo¹</i>	6	4	6	8	7	48.4	79.4	2

¹ Please note that that for the reasons set out at 8.5 within the report, the provisional scores within the table above regarding the LATCo are to be ignored at this stage as further qualitative and quantitative assessments is required for this option.

Appendix 3

Qualitative Evaluation

Delivery option	Surety of Service Delivery 10%	Barriers to entry into marketplace 10%	Responsiveness and Control 10%	Commercial potential 10%	Social Value 10%
	Who bears the delivery risk and how high is this under each option? Ability to manage delivery risk and low risk scores highly.	What barriers exist to entering and operating in this marketplace? Low barriers to entry score highly.	How is control achieved and how flexible will the model be? Is this important? High control and high flexibility scores highly	What other commercial potential exists through using this structure / approach? High potential scores highly	What wider social value (see Council's Social Value Policy here: https://lewishamcouncil.sharepoint.com/sites/Intranet/Intranet%20documents/Lewisham%20Council%20Social%20Value%20Policy.pdf) can be delivered through using this structure / approach? High potential scores highly
<i>Commercial contractor</i>	7	7	6	4	5
<i>In house</i>	6	6	8	7	8
<i>Wholly owned contractor</i>	6	4	6	8	7

Appendix 3

Qualitative Evaluation

In column B describe the nature of the delivery risk, who bears it and how manageable this risk is.

The lower the risk or the more manageable the higher the score. Insert the score in column C.

Delivery option	Surety of Service Delivery 10%	Score out of 10
	<p>Who bears the delivery risk and how high is this under each option?</p> <p>Ability to manage delivery risk and low risk scores highly.</p>	
Commercial contractor	<p><i>The allocation of risk can be determined within the conditions of a new contract. Could include similar to existing Green Space Contract. Ultimately risk remains with the council. There are also other vicarious responsibilities that cannot be passed on to a contractor e.g. those responsibilities related to the management of Health and Safety</i></p>	7
In house	<p><i>The council would be directly exposed to: financial, reputational, public liability, legislative and H&S Risk. Service could be at of risk budget cuts related to 'perma austerity' and the council's responsibility to provide other statutory services.</i></p>	6
Wholly owned contractor	<p><i>The council could be indirectly exposed to: financial, reputational, public liability, H&S risk. Service could be at lower risk of budget cuts related to 'perma austerity' and the council's responsibility to provide other statutory services than in house provision. A lack of organisational capacity and commercial astute staff to operate effectively in a competitive market environment.</i></p>	6

Appendix 3

Qualitative Evaluation

In column B describe what barriers to entry into the market place exist, e.g. lack of expertise or assets.

The lower the barriers the higher the score. Insert the score in column C.

Delivery option	Barriers to entry into marketplace 10%	Score out of 10
	<p>What barriers exist to entering and operating in this marketplace? Low barriers to entry score highly.</p>	<p>See the model, the more expensive the option the lower it will score.</p>
<p>Commercial contractor</p>	<p>Grounds maintenance industry sufficiently mature to enable other contractors to tender for a new contract offering the benefits of competitive tension.</p>	<p>7</p>
<p>In house</p>	<p>Capital expenditure presents a potential high barrier to entry if all plant and equipment is to be purchased at current market prices. However, condition 33.5 of the current contract states that the "Contractor shall ensure that there is immediately prior to the Termination Date adequate Plant and Equipment available to be used in connection with the provision of the Service so as to ensure the continuation of the Service by the Council or another person for a reasonable period thereafter and that all such items of Plant and Equipment are fit for their purpose. Legal opinion will be required to determine the scope of this condition.. This should reduce the amount time effort and requirements for capital expenditure required for mobilisation likely to be the highest barrier for the Council due to the its current financial position . Potential for 60+ staff to transfer (TUPE) into the organisation HR capacity and overheads,, possible T&C harmonisation likely to further increase cost of In house service delivery.</p>	<p>6</p>

Appendix 3

<p><i>Wholly owned contractor</i></p>	<p><i>See in house comments above. Organisations appetite for 'Municipal entrepreneurship' The council may not currently be in a position to set up and run a wholly owned Green Space management contract giving consideration to the work required over the next 12 months to either procure or insource the current service? Competition law and state aid issues and other restriction such as the Public Contracts Regulations 2006 may present further barriers (legal imps). May have to bring in-house initially enabling the council to undertake the work required to make the LACTo commercially viable</i></p>	<p>4</p>
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In column B describe how control is achieved and how flexible the model will be, but also whether this is important. If it is important then high control and high flexibility will score highly. Insert the score in column C.

Delivery option	Responsiveness and Control 10%	Score out of 10
	<p>How is control achieved and how flexible will the model be? Is this important? High control and high flexibility scores highly</p>	

Appendix 3

<p>Commercial contractor</p>	<p><i>A performance based contract model to ensure flexibility to deliver best outcomes meeting specification. Not overly prescriptive. Robust monitoring regimes, financial deductions and contract termination process in the event of or poor performance. Opportunities to negotiate changes in specification if budget cuts are required. However this may be difficult as this will impact on the contractors financial forecast. Potential for contract dispute unless this process clearly expressed within the contract conditions. This may increase costs as they build in future cuts to their tender price. There is also a downside risk that the competitive process drives down price to an unsustainable level impacting on the contractors ability to deliver to specification leading to financial defaults and the potential for the contractor to approach the council for additional revenue to support the service.</i></p>	<p>6</p>
<p>In house</p>	<p><i>Managed in such a way that service contributes to the borough moving towards the Council's Vision, reflecting its values and operating within its policies and procedures. Potential opportunities in relation to economies of scope of other council services e.g. facilities management, sports development, public health increasing the number of directly employed apprentices. Increased risk of being subject to budget cuts if the council's financial position becomes more challenging due to further central government funding cuts. would have direct control of how risk will be managed</i></p>	<p>8</p>

Appendix 3

<p><i>Wholly owned contractor</i></p>	<p>Opportunities to ensure a focused governance model via a Management Board made up of Key Stake holders e.g. Elected Members, Staff and Service Users. Managed in such a way that service contributes to the borough moving towards the Council's Vision, reflecting its values and operating within its policies and procedures. Potential opportunities in relation to economies of scope of other council services e.g. facilities management, sports development, public health. environmental services, Increased risk of being subject to budget cuts if the council's financial position becomes more challenging due to further central government funding cuts. The Teckal exemption offers flexibility with up to 20% of its services provided to other public authorities. May offer greater financial freedom to make investment and operational decisions if it meets the functional test of providing 80% of its services to the Council. Opportunity to reinvest any surplus in to the LACTo or return back to the Council</p>	<p>6</p>
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Qualitative Evaluation

In column B describe what commercial potential exists through using this structure (note some services are statutory and have very restricted commercial potential), high potential will score highly.

Insert the score in column C.

Delivery option	Commercial potential 10%	Score out of 10
	<p>What other commercial potential exists through using this structure / approach? High potential scores highly</p>	

Appendix 3

Commercial contractor	<p><i>Dependent on the conditions of the contract we could potentially structure the events and concessions specification in such a way that the council receives any income generated from events minus a administration fee or perhaps a profit share arrangement to incentivise the contractor to deliver high quality events that will be appreciated by the boroughs diverse communities.</i></p>	4
<p><i>In-house</i></p> <p><i>Wholly owned contractor (LACTo)</i></p>	<p><i>Would require a dedicated resource to develop a comprehensive business plan that will exploit the many income generating opportunities presented within our open spaces. This will also allow us to ensure that the events reflect our diverse communities. income generated would offset expenditure</i></p> <p><i>Teckal exemption would allow the LACTo to provide service to public bodies without a formal procurement process. This would reduce transaction costs. Could develop a culture for municipal entrepreneurship developing members of the team to become more commercial astute increasing the opportunity to generate up to 20% of income via shared service provision when the opportunity arises to embrace income-generation for the public purpose. Surpluses can be reinvested in to the service or returned to the Council build the capacity of local communities and institutions, creating new economic, social and political networks through policy innovations and interventions in local markets. Keep public value at the forefront of your thinking</i></p>	<p>7</p> <p>8</p>

Qualitative Evaluation

In column B describe what wider social value can be delivered through using this structure.

High levels of additional benefits and social value will score highly. Insert the score in column C.

Delivery option	Social Value 10%	Score out of 10
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Appendix 3

	<p>What wider social value (see Council's Social Value Policy here: https://lewishamcouncil.sharepoint.com/sites/Intranet/Intranet%20documents/Lewisham%20Council%20Social%20Value%20Policy.pdf) can be delivered through using this structure / approach? High potential scores highly</p>	
Commercial contractor	<p>Contractors will commit to the social value policy objectives and the KPIs if they want to be the successful bidder. However post procurement It may be a challenge to influence them to deliver the council's desired policy outcomes. Giving some consideration to 'Agency Theory' we will have no direct control of decision making and there is the risk that the contractors other organisational /financial objectives in their opinion outweigh the clients desire to deliver social value from the contract.</p>	5
In-house	<p>Real opportunities to align the service with the Council's Social Value Policy and work across the organisation and become a vehicle to deliver on all aspects of the policy as set out and measured via the recommended KPIs.</p>	8
Wholly owned contractor (LACTo)	<p>This would be dependent on the structure of the LATCo could present opportunities similar to the In-house option however being at arm's length we could lose opportunities to influence and work across the organisation top deliver desired policy outcomes</p>	7

Summary of score for costs for service delivery

	Score (out of 10)	Weighted Score
Commercial contractor November 2021	10.0	50.0
In house at point of transfer November 2021	9.7	48.4
LATCo Wholly owned contractor at point of transfer Nov 2021	9.7	48.4

Appendix 3