

TLC TRANSFORMATION PROGRAMME

Report of the Director of Place Management

1. PURPOSE OF REPORT

- 1.1. This report updates member of the Communities and Housing and CRMG Scrutiny Committees on the progress to increase the resilience of the council's key public realm services through its wholly owned company Totally Local Company.

2. TLC TRANSFORMATION PROGRAMME – BACKGROUND

- 2.1. TLC provides good quality core public realm services for the borough with the majority of the workforce being from the borough. This gives the agility to respond to the needs of the borough during emergencies such as the recent flooding incidents.
- 2.2. However, the medium-term financial plan of the council means that the budget for public realm activities will be under pressure over the next few years in addition to the £500k of savings already identified for 2023/24. These pressures, coupled with a reducing capital programme as street lighting LED replacement and HIP programme reach the end of their life cycle, means it is recognised that changes are required to protect the resilience of the council's key services whilst delivering efficiencies and a sustainable financial operating model.
- 2.3. In March 2022, SMBC and TLC commissioned a jointly funded review of the business and service delivery model currently in place for the provision of the council's key public realm service. The purpose of the review was to develop a research and evidence-based report which identified a long-term sustainable delivery model within an agreed governance and management structure.
- 2.4. The review concluded that TLC should have greater focus on key public realm works for the council, cease delivering the larger capital programme work and reduce activities delivered for other organisations. The company will continue to provide services for clients other than SMBC but only in a much-reduced manner when the risk to the company is much more limited and the benefits are significant. Further details on the outcome of the review and proposed recommendations are available in the [Agenda Report Pack \(p130 – 134\)](#) presented at the February cycle of Scrutiny Committees.
- 2.5. SMBC and TLC have since developed a transformation programme needed to implement the recommendations borne out of the review and begin transitioning TLC's delivery model towards a more streamlined operation with a focus mainly on key public realm works and much-reduced activity for clients other than SMBC.

3. PROGRAMME UPDATE

- 3.1. In February 2023, a team was assembled to deliver the TLC transformation. Overall delivery is being led by a Programme Manager while delivery of individual projects under the transformation is being overseen by dedicated Project Managers.

- 3.2. A Programme Board comprising Senior Management representation from both the Council and TLC has been established to oversee and govern programme / project delivery.
- 3.3. Progress against each of the 4 projects being delivered under the Programme is provided below.

Project Zenith

- 3.4. Project Zenith will implement the changes needed to deliver a more streamlined and sustainable TLC delivery model which supports delivery of the Council's core services, maintains resilience, and aligns with the organisation's appetite for risk. TLC divisions to be transformed under the project include Civil Engineering, Building Cleaning & School Catering, Greenspaces and Environmental Services.
- 3.5. Changes delivered to date have focussed on the Civil Engineering division and has included closure of the TLC Sign Shop and ceasing all activity in the delivery of capital delivery work. The outcome of the change will deliver a new combined Civils Engineering Hub which predominantly focusses on reactive works with some limited activity in minor civils works.
- 3.6. The project will continue to focus on implementing the recommended changes to Civil Engineering division before shifting the priority to School Catering and Building Cleaning, Greenspaces and Environmental Services divisions over the course of FY23/24. The programme will also consider how SMBC and TLC back-office functions (IT, HR, Finance, H&S, etc.) which are needed to support the delivery model could be combined to form a more efficient Shared Services Hub.
- 3.7. Key project milestones over the next 6 months are provided below; a further update on milestones will be provided at the next cycle of committee meetings.
- Implementation of new Governance Arrangements – Jun 2023
 - Redesign & roll out of new Civil Engineering Hub – Sep 2023
 - Commence next phase of transition (School Catering & Building Cleaning) – Oct 2023

Project Landmark

- 3.8. Project Landmark will redevelop the TLC Adswood site to provide a more modern depot to secure key public realm services within the borough while enhancing the Council's ability to decarbonise. It will also provide an opportunity to close the TLC depot at Bird Hall Lane and free up land to develop a new Eco Business Park. Over the course of project implementation, plans will be put in place which ensure that there will be no reduction in delivery of key Council services.
- 3.9. Work carried out to date has focussed on developing a new depot operation and site clearance at Adswood in readiness for its redevelopment later this year. This has included:
- Winding down the operation of the Eco Centre by ceasing the crushing and stockpiling of recycled material
 - Taking stock of both Council and TLC owned materials that are to be retained

- Disposal of any unwanted materials
- Contingency planning which ensures a continuation of services while changes are implemented (e.g. continued access to the salt dome at Adswood during its redevelopment)

3.10. Key project milestones are as follows:

- Planning approval for redevelopment of Adswood – autumn 2023
- Clearance and exit of Adswood in readiness for its redevelopment – Sep 2023
- Completion of redevelopment at Adswood – spring / summer 2023
- Exit Bird Hall Lane / relocate TLC operations between Adswood, Endeavour House and other sites (e.g. Bruntwood Park) – spring / summer 2023

Project Evergreen

3.11. Project Evergreen is exploring changes to the domestic Refuse & Recycling service needed to maintain performance within an affordable funding envelope through improvements to the vehicle's in-cab technology and service design. This reporting and procurement timeline is in good time to implement the changes to collection services, mandated by the National Waste Strategy, in an effective and efficient way.

Project Greenfleet

3.12. Project Greenfleet is reviewing changes needed to decarbonise TLC's vehicle fleet to meet targets set out in the Council's Climate Action Now including its pledge through UK100 for a zero-emission operation by 2030. The outcome of a study on decarbonising the fleet is expected in August 2023.

4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 4.1. Delivery of the TLC transformation under Programme Genesis will incur some one-off costs for the estimated recurring MTFP savings of £0.500m to be realised. These one-off resources will be subject to reserve requests and the associated governance and will be reported as part of the portfolio performance and resource reports. This includes management resources and fees associated to effect the changes being delivered under the programme.
- 4.2. The programme will continue with an open book approach to manage costs needed to effect the changes. Joint understanding of TLC's financial position will be managed under the new governance arrangements being put in place.

5. GOVERNANCE ARRANGEMENTS

- 5.1. TLC is a private company limited by shares and its Board of Directors (comprising four non-executive directors and two executive directors, each of which is independent of the council) is responsible for the management of the company and its business in accordance with an agreed business plan and services agreement.

- 5.2. The council exercises its rights and responsibilities as the sole shareholder through the cross-party Contributors Committee.
- 5.3. In narrowing TLC's focus to core activities for the benefit of the council, the need for board independence from the council is reduced.
- 5.4. Accordingly, a new governance structure is proposed as follows:
- TLC to focus on core SMBC services and move away from external trading
 - Independent Non-executive directors to step down
 - TLC articles of association to be modified to allow for the appointment of council officers to join the Board of Directors as non-executive directors and participate in the operational and strategic management of TLC
 - Cabinet approval and quarterly performance monitoring (via CRMG) of a 3-year business plan each year with Directors being held responsible for its delivery
 - Quarterly performance monitoring of public realm services (via C&H)
 - Disestablishment of Contributors Committee
 - Council consent / approval of matters relating to TLC will be provided by any one of the following three routes:
 - it is agreed as part of the business plan that goes through Scrutiny and Cabinet;
 - it is outside of the business plan, but within certain financial or risk limits and can be agreed by the council officers who are members of the TLC Board of Directors;
 - it is outside of the business plan and outside the responsibility delegated to the TLC Board of Directors, and which must be referred to Cabinet for a decision.
- 5.5. The Council's Legal team are drafting the articles and memorandum on the above terms which will be finalised following scrutiny for sign off by the cabinet

6. RECOMMENDATIONS

- 6.1. The committees are asked to provide comment on the proposed changes to the TLC governance arrangements and management structure prior to submission to Cabinet for approval.