

# Breaking New Ground with Municipal Services Delivery

by Alvin Chua



“In the early days, it was about cost reduction – can we deliver the same services for less money? As it evolved, it’s become ‘let’s look at the quality elements, am I going to get more quality, more services for the same amount of money’, which means a more positive impact for the people that pay the taxes locally in the councils,” said Mark Harris, ENGIE UK & Ireland’s Business Lead, Services Division.

At a CLC lecture in June 2017, Mark Harris and Amit Pathare from ENGIE discussed evolving trends in municipal services outsourcing, as well as the case for private sector participation and potential drawbacks.

Harris noted the drivers for services outsourcing, including reductions in local government budgets, a key driver in the United Kingdom, the different challenges of ageing and diverse populations, environmental issues as well as potential advantages offered by technology and economic growth.

“First and foremost, [any outsourcing deal] has to provide value for money for citizens of the council area. It has to be structured to meet the aims of the council. Every council has objectives, and those may change over time, but at the point of time of doing it you need to think about the structure, what are the aims and your deal needs to reflect that.



“Quite clearly, you’re handing over an awful lot of responsibility to somebody else to handle those services on your behalf, so you’ve got to have a means of making them accountable, a means of measuring them against specific service standards and you’ve got to be happy that those are accurate,” he added.

Outsourcing services may also allow local government councils to focus on strategic goals, as well as bring in investment and innovations that may be beyond their traditional resources.

“Councils often have people that are capable of doing far more than what they’re doing, but they’re actually tied down managing pretty basic services that could quite easily be outsourced,” said Harris.

“Quite often in outsourcing deals in the UK, the requirement to find innovation and continued improvement is a measure. It’s not just a few token words in the bid, it’s required that they deliver that.”

For all of the advantages offered, there are also a number of drawbacks and potential challenges to making these deals work, including the cost of negotiating the deal (negotiations may run up to two years), the council’s legal, commercial and technical resources to ensure a beneficial deal, and a long-term commitment to hand over control of services.

“I think an important thing for a council to consider is, how does it feel culturally? Does the contract meet the politics of the council? The structure of the deal has to be something that fits the council.

“When a council looks at the service providers who bid, do they have the resources and commitment to invest? Can they deliver service enhancements? Does the service provider have the critical mass and a proven track record, and do you think they’re going to show flexibility and collaboration? That’s a bit of a leap of faith, but it’s really important – there needs to be trust between the two parties to make this work.”

Harris also spoke of his experiences with the North East Lincolnshire Regeneration Project, where ENGIE took on a number of responsibilities in a contract measured against real outcomes, rather than a traditional outsourcing contract where service duties are prescribed.

“We have economic regeneration and investment responsibility, so we are measured by the number of new jobs we created in the area. If we don’t create jobs, then we pay a financial penalty,” he said. “Another part is about reduction in serious road traffic accidents. So we have a responsibility in that contract for not only managing the highways, but also the highway design, safety, and one of the outcomes is that we do that properly, we will reduce the amount of serious road traffic accidents.”

Pathare, ENGIE's Group Director of New Solutions, provided an overview of the multinational company's municipal services businesses and solutions to various urban challenges.

"A city may have different kinds of challenges, energy challenges, mobility, security, public lighting. You can't see these challenges as isolated domains, what you want to do is see these challenges collectively, in an integrated fashion," he said. "To manage these challenges in an integrated fashion requires the levers of connectivity and smart governance."



ENGIE's businesses include infrastructure such as power plants and networks, district cooling, public lighting and security systems, services including energy, building management and green mobility, as well as digital solutions as a means of ensuring efficient delivery of services.

The company utilises data to model cities at a high level of granularity, to pinpoint key challenges such as energy efficiency, various forms of pollution and network connectivity, and also simulate the impact of solutions.

"We capture all sorts of information on criminality, traffic congestion and so on, and when we engage with a city, it helps us design outcome-based contracts. For example, we can help you manage traffic congestion by x per cent, improve air quality by y per cent and so on. This paves the way towards a more intelligent management of a city and towards outcome-based contracts," said Pathare.

# About the Speakers



**SPEAKER**

**Mark Harris**

Business Unit Lead,  
Services Division,  
ENGIE UK & Ireland

Mr Mark Harris has spent the last 15 years working in business development and operational delivery within the Local Government and Utility Services outsourced sector. He is currently managing the Sector within the ENGIE UK business that provides Total Facilities Management and Project Delivery services for the power stations and corporate estates.



**SPEAKER**

**Amit Pathare**

Group Director of New Solutions;  
Director of the Key Programme for Cities  
ENGIE

Mr Amit Pathare is an energy and utilities sector executive with 20 years of experience, having held Management positions with the ENGIE Group over the past nine years. He is currently ENGIE's Programme Director for Cities, and a passionate advocate for steering ENGIE's activities into new geographies, technologies and business domains.

## About CLC

The Centre for Liveable Cities was set up in 2008 by the Ministry of National Development and the Ministry of the Environment and Water Resources, based on a strategic blueprint developed by Singapore's Inter-Ministerial Committee on Sustainable Development. Guided by its mission to distil, create and share knowledge on liveable and sustainable cities, the Centre's work spans four main areas - Research, Capability Development, Knowledge Platforms and Advisory. The CLC Lecture Series is a platform for urban experts to share their knowledge with other practitioners. For more information, please visit us at <http://www.clc.gov.sg>

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