

# **West Wiltshire District Council**

## **Cabinet**

**2 June 2004**

### **New Cleansing and Grounds Maintenance Contract**

#### **1. Purpose**

- 1.1 To help Cabinet decide the quality of service and other issues relating to the proposed contract.

#### **2. Background**

- 2.1 Work is currently going on to prepare a new specification and contract for cleansing and grounds maintenance. It is intended that the new contract will start in January 2005 and last five years.
- 2.2 The Parks and Open Spaces PPG has considered the standard of service that should be required based on consultation results and their own views.
- 2.3 Cabinet considered this issue as part of the service planning and the budget round for the current year and had reservations about spending more on this service area. However, the Cabinet has shown some support for improving the standards of cleansing in particular. This is expressed in the new corporate priority for the regeneration of market towns.
- 2.4 In addition, the county- wide Local Strategic Partnership has identified improving street scene as a priority. Part of this would include improved cleansing and grounds maintenance in these areas. The work on this project has only recently started, and has not yet produced specific recommendations or standards.
- 2.5 In the meantime the Government has introduced a new performance indicator – BVPI 199. This is likely to require improved standards of cleansing. Currently we expect to have to reduce the proportion of land with significant deposits of litter or detritus by 15% by 2005/06.
- 2.6 Comparative statistics for our audit family of 16 local authorities for last financial year show the expenditure per head on parks and open spaces, cemeteries, and street cleansing. These are only a guide as what is included in these service areas, and what costs are included, will vary from authority to authority. This Council's expenditure per head ranks eighth for parks and open spaces, and seventh for cemeteries and street cleansing. So our expenditure in these areas appears to be average, or very slightly above average.
- 2.7 Currently we are not meeting the standards set by the specification in some of the areas some of the time. The areas of work that sometimes do not meet the

specification are shrub bed maintenance, flower bed maintenance, litter collection and sweeping. It appears that the consensus, both from our own staff and the contractor who is currently responsible for the central area of the district, is that there are insufficient resources in the budget to be able to meet the current specification.

- 2.8 The report includes options for reducing the overall cost, keeping the cost at current levels, and also picks up the options recommended by the PPG.

### **3. Key Issues**

- 3.1 ***Parks and Open Spaces PPG recommendation:*** at its meeting on 25 February 2004 the PPG agreed:

‘that both the intermediate and the higher quality specification would be tendered so that the Council could consider whether both were affordable, and would provide better value for money. It was suggested that, when inviting tenders, the Council might well indicate the maximum sum available each year for grounds maintenance and cleansing. This might be accompanied by the request that tenderers propose the level of service they could provide within this cap’.

- 3.2 ***Consultation results:*** the recent Customer Satisfaction Survey for the Office of the Deputy Prime Minister provides useful information:

- Cleansing, and Parks and Open Spaces, are only average importance – as compared with nineteen other services and facilities
- The need to improve them is average or below average, compared to the same nineteen services/facilities
- 62.5% were very or fairly satisfied with litter clearance - 19.7% were fairly or very dissatisfied
- 77.5% were very or fairly satisfied with parks and open spaces - 6.5% were fairly or very dissatisfied
- In general people thought that both service areas were much the same – little improvement or deterioration

- 3.3 ***The quality of the service:*** a better service will cost more, and the Council is not well off. So we need to consider carefully what quality of service we can afford. In the Options section, five alternative levels of service are suggested. The financial implications of these options are set out in sub section 3.6 below. Options range from a reduction in the service, and thus reduced costs, to a substantial improvement in the service which means a substantially increased cost.

The Cleansing and Grounds Maintenance team, with support and encouragement from management, have been working hard to improve the quality of the service they provide. This has already led to improvements in quality. As a result the morale within the team is good. However, given their recent efforts to improve quality, if the Council opts for a lower specification it will be difficult to maintain morale.

3.4 ***Standards, performance indicators and targets:*** the Environmental Protection Act (EPA) sets standards for cleansing. The new Best Value Performance Indicator 199 (BVPI 199) sets a higher standard again. Internally we have been setting targets in service plans to improve both cleansing and grounds maintenance. In the options section we have set out which options will, and will not, achieve the EPA standards and BVPI 199.

3.5 ***In-house bid:*** Cabinet needs to decide whether there will be an in-house bid. The union has been consulted informally on this issue and they convened a meeting. All 27 of those attending the meeting voted in favour of being allowed to submit an in-house bid.

***Advantages of an in-house team undertaking the work:***

- Flexibility – the Council will be able to change the cost of the services; or the way the service is provided if Government targets change, or the Council's priorities change.

- Corporate overheads – a proportion of the Council's overheads are paid for by the current cleansing and grounds maintenance budget. If an external contractor is used, the bulk of these overheads will have to be paid for in addition to the contract cost (see Financial Implications at 3.6 below).

- Morale – allowing an in-house bid will support and improve staff morale.

- Managing performance – if the work is undertaken in-house, some of the monitoring that ensures that the service meets the specification will be undertaken by staff who would transfer to the contractor. If we use a contractor we may need to consider employing another member of staff to monitor the contractor's performance (see Financial Implications at 3.6 below). However, we will consider putting incentives in the contract to encourage good performance.

- Other costs – if we use a contractor there are likely to be other additional costs (see Financial Implications at 3.6 below).

***Disadvantages of having an in-house bid:***

- Workload – there will be substantial amount of work required to prepare the in-house bid, although a lot of preparatory work has already been undertaken.

- Certainty on cost – with a contractor we should know our annual expenditure. The only variation would be inflation.

- Discouraging potential bidders – an in-house bid might put off potential contractors, although the Council's record of using external contractors, and a tender process which is designed to fit in with any potential contractor's requirements, should minimise this.

3.6 ***Financial Implications:*** the current revenue budget is approximately £1.2m for the combined cleansing and grounds maintenance services. The budget for grounds maintenance is insufficient for us to deliver the current specification. Additional funding has been found, on a one off basis, for such

things as the maintenance of trees and cemeteries. Additional revenue resources of £78,000 have been provided in this year's budget and this will probably enable us to meet the current specification for cleansing, but not grounds maintenance. However, £38,000 of this is a grant which may not be available in the future.

Financial Implications of each of the five options set out in section 4 headed Options:

- Option 1: reducing grass cutting from 15 to eight cuts a year would save £51,000. Reducing the visits to low maintenance shrub beds from five to two a year would save approximately £37,000.
- Option 2: the budget would be the same as currently – approximately £1.2m per year.
- Option 3: the estimated increased cost would be £160,000 per year.
- Option 4: the estimated increased cost would be £320,000 per year.
- Option 5: this will require an additional £50,000 added to the current budget.

As £38,000 of the current budget is provided by a Government grant, which may not be available in the future, we may have to add £88,000 per year to our current expenditure.

Financial implications of an in-house bid:

- The Council may be tempted to increase funding in future years.

Financial implications of using a contractor:

- The Council will have to find approximately £70,000 each year to cover corporate overheads in addition to the contract cost.
- Little opportunity to reduce the service cost during the contract period.
- Depot costs – if the contractor does not use the Depot then the Council will have to meet additional costs of approximately £14,000 p.a.
- Pension costs – if the staff transfer to a contractor we will have to meet some additional liability to the Pension Fund, although this is very difficult to estimate.
- Client monitoring – we may need additional staff to monitor the contractor's work, depending on which current members of staff TUPE across to the contractor. Until we know who will transfer we cannot give a figure for this potential cost.

Every £50,000 increase in budget will add 1% to council tax. The medium term financial plan suggests a likely council tax increase of 6% for 2005/06, based on continual progress towards our full grant entitlement. However, officers currently expect the grants settlement to be poor for 2005/06. The medium term financial plan did not take into account the £185,000 which Cabinet has recently agreed for additional recycling costs.

Alternatively an increase in expenditure can be funded by decreasing expenditure in other areas.

- 3.6 **Legal Implications:** if the contract is awarded to an external contractor there will be a contract with a specification defining the level of service required.

Work on preparing the contract documents is well on the way. Expressions of interest from potential contractors are currently being sought.

3.7 ***Environmental Implications:***

- Option 1 will lead to a significant reduction in the quality of our open spaces and we are unlikely to cleanse to the standard set by the Environmental Protection Act and the new Best Value Performance Indicator 199.
- Option 2 will result in a reduction in quality of our open spaces, and cleansing will remain at approximately its current standard, but will not improve to meet the standards set by BVPI 199.
- Option 3 will enable us to improve slightly the quality of our open spaces and should, at least initially, enable us to comply with BVPI 199.
- Option 4 will give us a substantial improvement in the quality of the open spaces in the district, and enable us to meet BVPI 199 as the standard set by this performance indicator increases.
- Option 5 – we will not be able to assess the environmental implications until tenders are assessed.

- 3.8 ***Requesting Multiple Tenders:*** the recommendation is that we ask for two tenders from each contractor: one for option 3 and one for option 5. Submitting tenders for option 3 will require the contractors to price the specification which the Council provides. Option 5 requires the tenderers to prepare a proposal, setting out in detail the precise level of service they can provide for a cost fixed by the Council.

We considered asking for three tenders (for option 4 as well as 3 and 5). However, some companies may be put off by asking for as many as three tenders.

- 3.9 ***Human Rights:*** the Human Right implications of this report have been assessed and are regarded as acceptable.

## 4. **Options**

4.1 ***Option 1 – reduce specification and cost:***

- Reduce grass cutting frequencies from 15 to eight.
- Reduce the maintenance of shrub beds from five to two visits a year in low priority areas.
- Reduce cleansing standards to below that required by the Environmental Protection Act and BVPI 199.
- Current failures to meet the current specification in some areas will continue, for example flowerbeds, litter collection, and sweeping.

4.2 ***Option 2 – reduced specification at current cost:***

- Grounds maintenance at a lower quality than currently, particularly sweeping, maintenance of cemeteries, weeding, litter clearance for shrubs and planted beds, grass cutting and tree care.
- Insufficient funding for adequate maintenance and replacement of plant and machinery.

- Cleansing at, or slightly below, the standards set by the Environmental Protection Act, but not at the standard required by the BVPI 199.

4.3 ***Option 3 – slightly improved specification with increased cost:***

- The specification would set an improved standard for higher profile areas and operations, for example:
- High profile grass areas would be kept between 40 millimetres and 75 millimetres between March and October (no cuts October to March).
- High profile shrub beds maintained 14 times a year, low profile seven times.
- Weed growth on beds limited to 10%.
- Cleansing to Environmental Protection Act standards and initially to BVPI 199 standard.
- Additional cleansing to high profile areas/areas that give rise to complaints – lay-bys, town centres, rivers etc.

4.4 ***Option 4 - high standard specification and substantially increased cost:***

- The specification would define the standard of service for most areas and works, for example:
- High profile grass areas to be kept between 40 millimetres and 75 millimetres all year round.
- All shrub beds to be properly maintained and litter free all year round.
- Planting and maintenance of flower beds to a higher standard.
- Cleansing improved in high profile areas such as parks, flower beds and shrub beds. We will achieve Environmental Protection Act and BVPI 199 standards.

4.5 ***Option 5 – fixed price:*** ask tenderers to submit a proposal which sets out the standard of service they can provide for a fixed sum. £1.25m per year is suggested. We will then choose whichever proposal gave us the best standard of service.

## **5. Recommendations**

5.1 We ask for two tenders from each potential contractor for option 3 and option 5.

5.2 The Council makes an in-house bid.

Councillor Richard Wiltshire  
Portfolio Holder for Environmental Services

Peter Woodcock  
Corporate Director

Statement of reasons for recommendation	To clarify how the Council will proceed with the letting of a contract for cleansing and grounds maintenance across the district.
Options considered and rejected	As set out in the options section of the report. Whether there should be an in-house bid.  How many tenders to ask each contractor to provide.
Date for implementation	Five days after the date of the Cabinet meeting.

### **Background Documents:**

Report by Trevor Askew on the work of the Parks and Open Spaces PPG  
Draft Specification for Cleansing and Grounds Maintenance  
Customer Satisfaction Survey 2004  
Comparative Statistics 2003/04 – Expenditure per head



Plain English guidance given

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