

West Wiltshire District Council

Cabinet

15 December 2004

Grounds Maintenance and Cleansing – Towards a Medium Term Strategy

Purpose

To recommend a medium term approach to improving the Grounds and Cleansing Service.

Background

In October it was decided not to go ahead with the tender process for grounds maintenance and street cleansing. The decision was taken under delegated powers by officers with cabinet being kept closely informed.

This means that the entirety of this work continues to be carried out in house with the exception of the central grounds maintenance contract which is undertaken by English Landscapes.

An evaluation has been undertaken into the right way forward. This has taken into account:

- Poor competition for the work when it was put out to tender earlier this year.
- Concerns expressed by potential contractors about some of the contract documents and supporting information.
- Emerging information about possible improvements to management arrangements and procurement methods.

Evaluation

A detailed study has been undertaken into the quality of records to support the bill of quantities. The existing vehicle and equipment lease arrangements have also been reviewed together with the overall management arrangements.

The conclusions are that:

- There has for some years been a paucity of management information and a need to improve management capacity and supervision.
- Improved information is needed to carry out an effective tendering process that will result in best value

- A strategic approach needs to be taken to any future procurement of these services including a full options appraisal

Recent Progress

Since the decision not to go to tender :

- an improvement programme has been drawn up
- new staff structures have been agreed and communicated to affected staff
- a review of the best method for procuring vehicles and equipment has been carried out
- work has commenced on improving management information

The English landscapes contract (for Grounds Maintenance in the central area) has also been extended for 12 months to enable further consideration of options and time to develop management capacity. This was done using the emergency procedure (as reported in the November cabinet minutes) and was the most suitable available option.

Options

The options are:

- Carry on with an in house service as now without improvement – *this will not give best value*
- Go out to tender now – *this will most likely give very poor value for money as the new contract will not be based on sound management information*
- Retain the services in house (with the exception of one of the grounds maintenance areas), invest in them and improve them, and:
 - Be ready to tender in time for new contracts to start in April 2007 – *this is a reasonable option but is most likely to be too short a period to obtain best value from new vehicle and equipment procurement – this option can be kept under review, or*
 - Be ready to tender in time for new contracts to start in January 2008 – *this is likely to be the best option if the in house service is judged to not offer best value once it has been improved.*

Further options can be evaluated as improvements take place.

The new efficiency agenda emerging from the Government backed Gershon review of public services may also soon start to influence the decisions taken. Guidance resulting from this review has yet to be received

Next Steps

The next steps involve continuing to implement the improvement programme. Some of the key actions include:

- improvements to systems & information
- improvements to management arrangements & monitoring
- re-evaluation of options

Looking at these in more detail and with timescales:

- implementing the new management arrangements – April 2005
- new vehicle and equipment procurement arrangements – April 2005
- management information fully reviewed and updated – September 2005
- new supervision arrangements in place – September 2005
- single status terms and conditions implemented – September 2005
- monitoring of performance under new arrangements – September 2005 to September 2006 and beyond
- benchmarking and consultation with the market – October 2006
- public consultation about service standards – October 2006
- decision on the best strategic procurement option for the whole service – December 2006
- earliest possible date for start of new tendering process – October 2006

If it were decided to proceed with a new tendering process the earliest start date would be April 2007. There would be two problems with this date:

- a start date in winter is preferable to enable a smooth start outside of the peak season for grounds maintenance – this minimises the implications of any ‘teething problems’ associated with starting a new contract
- a longer period is desirable to ensure value for money from any newly acquired vehicles and equipment – there are savings to be made from ending various leases now.

This suggests that the earliest available start date is:

- January 2008 start date.

It is entirely possible that by that time the Council will have satisfied itself that the existing in house provision offers best value. However, the alternative of starting a new tendering process would be available and planned for.

A further decision on the English Landscapes contract will be needed in September 2005. At that time the options will be to fully bring the service back in house or to further extend their contract.

Financial Implications

The most cost effective option is that of retaining the services in house for the time being (with the exception of the central grounds maintenance contract being carried out by English landscapes).

An analysis is provided below:

Existing Costs

The current budget for these services for this financial year is shown below.

	<u>Revenue</u> £'000	<u>Capital</u> £'000
Street Cleansing	600	13
Grounds Maintenance	539	
English Landscapes Contract	288	
Total	1,427	13

Three increases in costs are unavoidable next year:

- English Landscapes Contract - Inflationary increases - £17,000
- Vehicle & equipment maintenance costs – increases due to age - £20,000 (estimate)
- Waste removal from WWDC sites - increase in contract costs - £19,000.

The unavoidable additional costs are the same whichever option is selected.

Investment & Improvement

If the service is retained in house and improved the implications are:

- Similar spend on the service, but some optional increases in costs to facilitate improvement
- More spend on capital but less on revenue; £268,000 additional capital spend next year but a revenue saving of £44,000 which could be transferred to a vehicles and equipment replacement reserve
- *Better value for money from purchasing rather than leasing vehicles and equipment equivalent to about £25,000 each year*

Any vehicles and equipment purchased need to be retained for at least 2 years to offer value for money.

- This means that purchasing in 2005/06 will offer good value for money (if the start of any new contract is scheduled for January 2008), but
- in 2006/07 the best option would be to extend the existing leases unless a decision had been taken by that time to keep the service in house.

The additional costs that the Council may wish to support will be reviewed as part of the budget setting process for next year. There are about £50,000 of these costs.

New Tenders

The financial implications cannot be easily quantified. The aborted tendering exercise indicated that a substantial increase in costs was likely due to:

- risks perceived by contractors as a result of the paucity of some of the available management information

- the state of the market and the relatively low level of interest in this contract.

A 20% increase in costs is likely from this approach based on the information received informally from contractors.

What can be said with confidence is that the best prices would result from lowering risks for any potential contractors. That strongly suggests carrying out improvements before putting the service out to contract.

Legal Implications

None at this stage.

Human Rights

The Human Rights implications of the actions recommended in this report have been considered and are acceptable and the checklist has been addressed.

Conclusions

- We will not be in a position to tender grounds and cleansing work in the short term.
- Substantial progress can be achieved by running the service in house and implementing the emerging commercial services improvement programme.
- This progress together with improved management information will enable a well informed decision to be made about the best way of operating this service.
- If it is concluded in due course that an external provider is the way forward the earliest suitable date for a new contract to start is January 2008.

Recommendations

The cabinet is recommended to:

1. Approve the continued implementation of the improvement plan for the grounds maintenance and cleansing services which enables:
 - Good progress towards best value to be commence immediately and consequently an improved in house service
 - A strategic review of procurement options for the whole service in late 2006 with a further report to cabinet
 - New contracts commencing in January 2008 if that is later judged to be the option most likely to produce best value
2. Note the extension to the central area grounds maintenance contract with English Landscapes and the need to review this again by September 2005.

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