

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
CABINET

Date: 26th September 2017

1. **REPORT TITLE** **Bereavement Services Grounds Maintenance Contract**
- Submitted by:** **Streetscene Business Manager, Darren Green**
- Portfolio:** **Operational Services**
- Ward(s) affected:** **All**

Purpose of the Report

To consider options for the future procurement of the Bereavement Services Grounds Maintenance Contract

Recommendations

That Cabinet authorises the Head of Operations to undertake a procurement exercise via the ESPO Grounds Maintenance Services contract 245 framework for the provision of a grounds maintenance and burial service contract for a period of 2 years +1 year + 1 year optional extension, commencing April 1st 2018, and following consultation with the Portfolio Holder, accept the most economically advantageous tender within the existing budget provision.

Reasons

- (i) To secure continuation of the Bereavement Services burial and grounds maintenance services for the Borough Council until March 2020.

1. **Background**

1.1 Glendale Services currently provide grounds maintenance and burial works in the Council's cemeteries, crematorium and closed churchyards. The contract for these services was awarded in 2013 to Glendale Services following a competitive tendering exercise. The type of work currently undertaken as part of the contract involves grave digging and preparation, grass cutting, tree maintenance, planting and maintenance of rose and shrub beds along with ornamental flower bed displays, memorial safety and other general maintenance operations such as sweeping, leaf clearance, litter collection, ensuring water supplies, winter gritting and removal of any graffiti.

1.2 The total annual value of this work is currently £300,000. This figure has been reduced from 2006 contract value of £350,000 per annum by review with your officers and the current contractor to rationalise operations and drive out inefficiencies. There is currently no provision within the contract for an annual increase. Our communities and service users expect high standards within this sensitive and valued activity area and bereavement services has achieved this whilst reducing costs. High standards are evidenced in our achievements in attracting and sustaining

Green Flag awards, the national benchmark for quality in green spaces, at Bradwell Crematorium and Keele Cemetery. These high standards are crucial to protecting the income levels achieved in this service area.

1.3 The current contract expires on 31st March 2018 and therefore consideration is required in relation to procuring the required grounds maintenance and burial services to ensure continuation of the service beyond this date.

2. Issues

2.1 As stated in section 1.2 of this report, the specification and frequency of operations has been continually reviewed over the life of the current contract and significant efficiencies have been made which has enabled standards to be maintained at the capped expenditure level of £300,000 per annum, despite actual contractor labour and materials costs increasing annually in line with inflation.

2.2 Through a partnership arrangement with Glendale Services current service standards have been reviewed and areas where further efficiencies could be made have been explored. The efficiency areas are mainly focussed on lightly used church yards where there is little evidence of regular public access. This exercise is crucial to seeking to maintain acceptable standards whilst continuing to cap expenditure to £300,000 per annum over the next 2 – 4 years, as contractor costs have risen since the last award of contract in 2014 and it is not feasible to achieve the same service levels and frequencies for the same level of expenditure.

2.3 It is considered that further efficiencies and other benefits could be achieved by enabling the service provider to utilise the Keele Cemetery site for *office* and site facilities. It is proposed that rather than charging the service provider a market rental value for occupation of a designated area and facility, the value of this accommodation would be offset in the tender price submitted by the successful bidder.

It is intended that the occupier would pay an annual service charge to cover a proportion of the cost of utility bills relating to the site.

2.4 While Glendale have partnered the Council in reviewing the existing service standards and proposing areas for review it has been made clear that the contract will be tendered enabling other contractors to compete for this work. As part of the tender process each interested contractor would have the opportunity to meet with the Streetscene Business Manager and be offered the opportunity to review information pertinent to the current service delivery of the contract with a view to identifying further efficiency savings.

2.5 Advice has been received from procurement officers confirming that it is acceptable to stipulate a maximum value to the contract (as per the current contract) and offer the contract to the market based on the preferred option outlined below in 'Options Considered'. The advantage in taking this approach is that it gives a clear indication of the budget available while inviting potential contractors to identify and consider further efficiencies.

3. Options Considered

3.1 Your officers have scoped five general options in relation to the delivery of this service area

(i) Enter into a new contract with the existing contractor through direct negotiation following a Voluntary Ex-Ante Transparency Notice (VEAT)

The clear advice received from legal and procurement colleagues is that this is not a viable option as the council would be in breach of the Public Procurement Directives and possibly subject to remedies (ie “ineffectiveness” as a remedy for illegal direct contract awards). If subject to a challenge, alternative penalties such as the imposition of potentially substantial fines or shortening of the duration of an awarded contract, the need to tender and the likely negative publicity the council may receive. The council would not be operating in a transparent manner and as the market has not been tested since 2006 it would be difficult to evidence a value for money solution.

Therefore, this option has been discounted.

(ii) Expose the work to a traditional competitive tendering process

This would require a time intensive significant staff time resource in preparing a Pre-Qualification Questionnaire, advertising the tender opportunity, evaluating expressions of interest, shortlisting, inviting stage 2 tenders, evaluating submissions and award of the contract. The new contract value may exceed the current budget provision and will necessitate a tight timetable for the tender process. This process would comply with Public Procurement Directives, deliver a transparent procurement process, reduces the risk of challenge from the marketplace and allow the council to evidence a value for money solution.

However, this option is burdensome in administrative terms and therefore it is not recommended as the preferred option.

(iii) Expose the work to a competitive tendering process utilising an existing framework

The advice received from procurement colleagues is that a current framework for grounds maintenance services exists (ESPO Grounds Maintenance Services contract 245-16) from which the council is eligible to procure this service. This would reduce the administrative burden on staff in managing the procurement process and reduce the timescale for completion of the procurement exercise. It should be noted however that a new and unknown contract value may be attained which may match or exceed the current budget provision. This would necessitate a set timetable for the tender process. This process would comply with Public Procurement Directives, deliver a transparent procurement process, reduce the risk of challenge from the marketplace and allow the Council to evidence a value for money solution. It is the opinion of the procurement team that any awarded contract should be less than four years in duration.

Additionally procurement colleagues have also advised that the Council would be able to stipulate a maximum amount that it is prepared to pay and identify in the specification that a successful contractor would be required to deliver and encourage a partnership approach to drive further efficiencies.

This is therefore the recommended preferred solution.

(iv) Incorporate the work within the Council’s Streetscene Business Unit

The opportunity to deliver this work using the council’s in-house Streetscene Business Unit has been examined in conjunction with the Streetscene Business Manager. Several income generating options are being explored in addition to a number of delivery models which are anticipated to support the day to day operations of the service area. The Streetscene service area is currently under review, examining and exploring options for efficiency savings to this core business area, so it is therefore not considered that this is an appropriate time to

accommodate this area of work. This option may be re-examined at a future date, depending on the outcome of the review of the Streetscene service.

(v) Procure the service in partnership with an appropriate organisation

Discussions have been held with appropriate potential partner organisations to determine the feasibility of jointly procuring this service. However, at the present time, timescales and future commitments cannot be sufficiently aligned to make this option viable. Therefore, this option has been discounted but may be re-examined at a future date.

4. **Proposal**

- 4.1 It is proposed to expose the work to a competitive tendering process utilising an existing framework and to scope into the tender documentation the potential utilisation of a landsite and office accommodation at Keele Cemetery and that a maximum budget of £300,000 per annum is set for the contract.

5. **Reasons for Preferred Solution**

- 5.1 To secure the continuation of a good quality grounds maintenance and burial service for the Bereavement Service in specified locations within Newcastle Borough until March 2020

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 A clean, safe and sustainable borough
- 6.2 Becoming a co-operative council, delivering high value, community driven services.

7. **Legal and Statutory Implications**

The council must comply with Public Procurement Directives, deliver a transparent procurement process and evidence value for money solutions

8. **Equality Impact Assessment**

- 8.1 It is considered that there are positive equality impacts for customers in seeking to deliver high quality, cost effective cemetery, crematorium and included churchyard grounds maintenance services.

9. **Financial and Resource Implications**

The cost of the works is met from within the approved General Fund Revenue Programme for Bereavement Services, which includes both cemetery and crematorium expenditure and income. The current annual cost of providing the grounds maintenance and burial service is £300,000 which has been reduced through negotiation with the current contractor from the original annual contract cost of £350,000.

The contract expires on 31st March 2018 and the recommended procurement option will obtain a cost for delivering these services for an initial 2 year contract period, with an option to extend the contract for a further 2 years beyond this time.

By stipulating the upper budget limit for the delivery of a detailed, quality service the Council is protecting, to a large degree, against attracting tender values which exceed the anticipated spend. By working closely with the current contractor it has been possible to

gauge the challenges and realism in relation to achieving a deliverable contract with an emphasis on efficiency savings and quality standards.

There is also a requirement for staff time involved in preparing and administering the procurement process which has been programmed into the Streetscene Business Unit work plan for 2017/18.

10. **Major Risks**

In respect of the recommended preferred solution

- Reduced service standards if not successfully mitigated by the measures outlined in this report.
- Committed to level of expenditure for 2 years.
- Reduced levels of competition by utilising the framework
- Need to retender if no suitable contractor.

11. **Sustainability and Climate Change Implications**

The contract has a limited impact on climate change. With a lower maintenance regime specification to several sites there will be reduced vehicular movements and less use of petrol driven machinery. The option to locate the successful contractors operations at Keele Cemetery also supports the reduction of vehicle travel.

12. **Key Decision Information**

This report is a key decision due to the level of annual expenditure involved and it is included in the Forward Plan.

13. **Earlier Cabinet/Committee Resolutions**

- 13.1 Res----- Cabinet 4th September 2002
- 13.2 Res----- Cabinet 1st December 2004
- 13.3 Res-----Cabinet – October 2007
- 13.4 Res -----Cabinet – Sept 2013

14. **List of Appendices**

None

15. **Background Papers**

None .