

REPORT TITLE: Bereavement Services Grounds Maintenance Contract

Submitted by: Head of Operations – Roger Tait

Portfolio: Environment and Recycling/Culture and Leisure

Ward(s) affected: All

Purpose of the Report

- (i) To consider options for the future procurement of the Bereavement Services Grounds Maintenance Contract

Recommendations

- (i) 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 4 years, commencing April 1st 2014, and following consultation with the Portfolio Holder, accept the most economically advantageous tender, after consideration of opportunities to seek an efficiency saving from the existing budget provision if necessary.

Reasons

- (i) To secure continuation of the Bereavement Services burial and grounds maintenance services for the Borough Council until March 2024.

1. Background

1.1 Following a competitive tendering exercise a contract was awarded to Glendale Managed Services in 2007 for grounds maintenance and burial works in the council's cemeteries, crematorium and closed churchyards. 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 and litter collection.

1.2 The total budget for this work for 2013/14 is currently £330,000. This figure has been reduced from the 2012/13 contract budget of £356,790 by negotiation with the current contractor to rationalise operations and drive out efficiencies in accordance with the council's budget service review process. It has proved challenging to try to maintain the high standards expected by customers at bereavement services sites whilst reducing costs. Nevertheless, your officers have worked with the contractor to achieve this and at present, the crematorium, Keele Cemetery and Newcastle Cemetery hold Green Flag Awards; the national benchmark for quality in green spaces.

- 1.3 The current contract expires on 31st March 2014 and therefore consideration must now be given to procuring the required grounds maintenance and burial services to ensure continuation of the service beyond this date.

2 Issues

- 2.1 In order to explore the potential for further efficiencies in the provision of this service, whilst continuing to meet the expectations of our customers in terms of standards at bereavement services sites, your officers have reviewed the way in which the service is procured, managed and delivered.
- 2.2 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 savings have been made. It is considered that a further reduction in the specification and frequency of operations may have a significant adverse impact on the standards which could be achieved at the crematorium and key cemetery sites. Therefore, should members wish to seek further efficiencies via a reduced specification and standards route, it must be recognised that while every effort will be made to minimise the impact of service reductions on the appearance of the crematorium and cemeteries grounds, inevitably there will be a resultant difference in standards.
- 2.3 In addition, it is considered that some efficiencies and other benefits may potentially be achievable by offering the option for the new service provider to be based at Knutton Lane Depot, in the currently vacant baling shed. It is proposed that rather than charging the service provider a market rental value for occupation of the baling shed, the value of this accommodation would be offset in the tender price submitted by the successful bidder. The baling shed will require some repair and recommissioning work to render it fit for purpose and the cost of this would need to be met by the council otherwise the benefits from the offsetting of the tender price will not be realised. The work would need to be completed prior to the new contract commencement date of 1st April 2014. 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 depot. In addition, it is envisaged that the new service provider could be offered the option to utilise other services provided by the council at the depot, including the garage workshop for fleet servicing and repairs, the fuel pumps and the waste transfer station. The value of these services will be scoped into the tender documentation to either seek to secure an appropriate offset in tender price, or to include a service charge which the contractor would pay. Tenderers will have the option to provide a tender on the above basis and to provide an alternative tender should they not wish to take up this option.
- 2.4 There are also other benefits which may be realised through this type of partnership arrangement with the successful contractor. These include the potential to participate in the council's shared apprenticeship scheme, flexibility through "mutual aid" arrangements in relation to staff and machinery in times of increased pressure and out of hours, and the opportunity to share skills and expertise and jointly procure training or other service specific materials and equipment.

It is intended to estimate the value of the above benefits and the cost of repairs to the baling shed and to incorporate these factors into the tender documentation by setting a range of target costs for the potential contractors and asking each to

submit a proposal demonstrating the level of service which can be delivered within each cost bracket.

Tenders will then be evaluated against these criteria to seek to achieve the best value for money solution.

3. Options Considered

3.1 Your officers have scoped 3 general options for the future procurement of this contract as follows:

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

The 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 significant staff time resource to prepare a Pre Qualification Questionnaire, advertise the tender opportunity, evaluate the expressions of interest, shortlist candidates, invite stage 2 tenders, evaluate submissions and award the contract. The process may result in a new and unknown contract cost which may match or exceed current budgetary provision and will necessitate a set 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) 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 may result in a new and unknown contract cost which may match or exceed current budgetary provision and 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. 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. However, at the current time due to a number of other income generating initiatives which are in progress or being developed and the need to focus on continuing to deliver core work streams to an acceptable standard, it is considered that this area of work cannot be successfully accommodated at the present time. It is also considered that developing a partnership with an external provider for this service has the potential to bring flexibility and financial and other benefits as described in section 2.3 of this report. Therefore, this option is not recommended as the preferred solution.

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 option for utilisation of accommodation at Knutton Lane Depot and the use of other facilities and services provided by the council as described in section 2.3 of this report.

5. Reasons for Preferred Solution

- 5.1 To secure continuation of the Bereavement Services burial and grounds maintenance services for the Borough Council until March 2018.

6. Outcomes Linked to 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

- 7.1 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 closed churchyard grounds maintenance services.

9. Financial and Resource Implications

- 9.1 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 budget for providing the grounds maintenance and burial service is £330,000 which has been reduced through negotiation with the current contractor from the 2012/13 contract budget of £356,790.

The contract expires on 31st March 2014 and the recommended procurement option will obtain a cost for delivering these services for a 4 year contract period.

As described in section 2.3, a range of target costs will be set with the upper limit equating to the current annual contract value less the estimated value of the accommodation and other services which are scoped into the tender documentation.

The cost of repairing and recommissioning the baling shed to render it fit for purpose will be estimated and approval sought for the funding of these works through either the repairs and renewals budget in the general fund revenue programme for 2013/14 or the general fund capital programme.

There is also a requirement for staff time involved in preparing and administering the procurement process which has been programmed into the Community Business Unit work plan for 2013/14.

10. Major Risks

10.1 In respect of the recommended preferred solution

- Submitted tender may exceed current contract cost
- Submitted tender may exceed current budget provision and require consideration of a reduction in the service.
- Possible reduction of current service standard.
- Committed to level of expenditure for 4 years
- Cost of repairing and recommissioning depot facilities may outweigh potential offset in tender price
- No or limited savings made on existing costs

11. Key Decision Information

11.1 The decision involves major expenditure, will impact on 2 or more wards, and has been included in the forward plan.

12. Earlier Cabinet/Committee Resolutions

- 12.1 Res ----- Cabinet 4th September 2002
12.2 Res Cabinet 1st December 2004
12.3 Res.....Cabinet -- October 2007

13 List of Appendices

None

14. Background Papers

14.1 Contract Documentation