

**Agenda Item No:** **Report No:**

**Report Title:** **Feasibility Study into the Option of an In-house bid for Grounds Maintenance Services**

**Report To:** **Scrutiny Committee** **Date:** **25 April 2013**

**Cabinet Member:** **Cllr Jim Sheppard**

**Ward(s) Affected:** **All**

**Report By:** **Director of Planning and Environmental Services**

**Contact Officer(s)-**

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#### **Purpose of Report:**

To advise the Scrutiny Committee of the progress made with the Grounds Maintenance Contract and in developing an in-house bid for grounds maintenance services

#### **Officers Recommendation(s):**

- 1 To note the details of the Feasibility Report on an in-house bid for grounds maintenance services and to make recommendations as appropriate.
  - 2 That members of the Committee note that the attached "In-house bid Feasibility Report" contains commercially sensitive information that could affect the councils in-house bid. Therefore its contents should not be distributed beyond this Committee.
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#### **Reasons for Recommendations**

- 1 At the Scrutiny Committee on 22<sup>nd</sup> November 2012, a report was discussed concerning the existing Grounds Maintenance Contract. At this meeting, the Committee requested that "the Parks and Cemeteries Manager be requested to return to the Scrutiny Committee with an update on the Parks and Open Spaces Maintenance Contract". In particular, this related to the in-house bid feasibility study.
- 2 **Information**  
**The Parks and Cemeteries Service**
  - 2.1 The Parks and Cemeteries Service falls within District Services, within the Planning and Environmental Services Directorate.

- 2.2** It is responsible for looking after 185 hectares of parks, formal gardens, open spaces, sports pitches, cemeteries, closed churchyards etc, as well as a further 250 hectares of environmental and common land areas.
- 2.3** These sites are managed by a team of 8 staff consisting of a Parks and Cemeteries Manager and an Assistant Parks and Cemeteries Manager, two Parks Supervisors, two Parks Rangers, a Project Co-ordinator and a Gardener.
- 2.4** There are also two Parks Wardens who are employed by our external contractor, but who work directly with the Parks and Cemeteries Section.

### **Scope of the Grounds Maintenance Contract**

- 2.5** The main grounds maintenance contract, currently known as the Leisure Management (Outdoor) Contract (LMO), was awarded to the current contractor in March 2004. It runs until the end of February 2014.
- 2.6** The contract was awarded to Wyevale Landscapes, who have since been taken over by The Landscape Group (TLG), one of the biggest grounds maintenance companies in the UK.
- 2.7** Over the past two years £60,000 of annual savings has been made to the contract by adjustments to the specification.
- 2.8** The grounds maintenance contract has a very detailed specification covering a wide range of works including:
- Annual bedding plant displays.
  - Maintenance of fine turf such as 3 bowling greens, 5 cricket wickets and 2 grass tennis courts.
  - Day-to-day maintenance and cleaning of sports pavilions and changing rooms.
  - Grounds maintenance of car parks.
  - Grass cutting of over 92 hectares of grass.
  - Maintenance and operation of 3 cemeteries (Lewes, Newhaven and Seaford) including approximately 140 burials and 90 internment of ashes per year.
  - Maintenance and inspection of 32 children's play areas.
  - Grounds maintenance of 7 closed churchyards.
  - Sensitive grounds maintenance of Nature Reserves and environmental areas.
  - Maintenance of hard surfaced tennis courts.
  - Winter sports maintenance of football and rugby pitches.

- Maintenance of hedges and shrub beds across the district
- Managing the booking and allocation of sports pitches across the District.
- Collection of litter from over 90,000m<sup>2</sup> of parks and open spaces as well as emptying over 70 litter bins in parks and open spaces.
- Sweeping of over 50,000m<sup>2</sup> of paths every 2 weeks.

The above is a general list of the services provided. Below are some of the specific areas of work listed in more detail:

### **Annual Bedding Displays**

- 2.9** Annual bedding displays, which are replanted in the spring and autumn periods, provide a display of colour in our main garden areas and at key locations on roads and pathways. They are extremely popular with residents, but are labour intensive and expensive.
- 2.10** The provision of annual bedding on Lewes District Council owned sites is approximately £73,000 per annum, including supply of plants / bulbs and monthly maintenance.
- 2.11** Due to the annual cost of bedding displays, the areas planted have been reduced significantly over the past few years by reducing the size of bedding areas, without removing them completely. This has allowed us to maintain colourful displays whilst reducing the overall cost of provision by around £18,000 per annum.

### **Grass Cutting**

- 2.12** The grounds maintenance contract has various different levels of grass cutting, to accommodate different requirements for different sites. These include:
- Low Frequency Grass Cutting – for general parks areas.
  - Medium Frequency Grass Cutting – for sports pitches and recreation grounds.
  - High Frequency Grass Cutting – for areas such as around war memorials.
  - Wildflower grass – for annual cutting of wildflower areas.
  - Miscellaneous grass – for general areas that only require a cut 7 times per year.
- 2.13** Other than for the high frequency grass cut and wildflower grass cut areas, grass arisings are not picked up, although they are swept off paths and steps etc.

## **Litter Collection**

- 2.14** The parks, open spaces and cemeteries within the contract are litter picked three times a week all year round. A few more intensively used sites, such as Southover Grange Gardens, are litter picked five days a week during the winter and six days a week during the summer. Litter bins at the sites are emptied at the same frequencies. Pathways in main park areas are swept every two weeks.

## **Sports Provision**

- 2.15** Within the terms of the contract, the contractor is responsible for maintaining football pitches, rugby pitches, bowling greens, cricket pitches, tennis courts etc. They are also responsible for “policing” the use of these facilities, taking all the bookings, making arrangements with sports clubs, collection of fees, opening / closing and cleaning of changing rooms, provision and putting up of goal posts, goal nets, corner flags, tennis nets, cricket sight screens etc. The contractor keeps the income from these bookings. This ensures that it is in the interest of the contractor to make sure that the facilities are well-managed.

## **Children’s Play Areas**

- 2.16** As part of this contract, the contractor has to employ a qualified play area inspector to inspect the condition and safety of all of our play areas on a weekly basis. This has to be a “recorded” inspection that needs to be kept for a 20 year period.
- 2.17** As well as the inspections, the contractor is responsible for minor day-to-day repairs, as well as sweeping, grass cutting etc within the sites.

## **Cemeteries and Closed Churchyards**

- 2.18** Cemeteries are one of the most sensitive areas that are looked after within this contract. Under the terms of the current contract, the contractor has to provide a full-time, trained member of staff at each of the three cemeteries that we maintain. This is then backed up with additional staff for the digging and preparation of burial and ashes plots.
- 2.19** The contractor is also responsible for ensuring that all of the necessary paper work is completed, and for dealing with enquiries on site from members of the public.
- 2.20** Grounds maintenance of the cemeteries includes grass cutting, path sweeping, litter picking, maintenance of the Garden of Rest plots, Muslim burial area etc.

## **3 Provision of Grounds Maintenance services from March 2014**

- 3.1** The current Grounds Maintenance Contract with TLG comes to an end on 28 February 2014. Due to the size and complexity of the contract, and the fact that due to its value it has to be advertised in Europe under the OJEU regulations, work has already begun on preparations for the new contract. It is proposed to let the new contract for a period of 10 years, with a breakout

option at 5 years and an option to extend by a further 3 years (at the council's sole discretion). A shorter contract period would limit investment by the contractor and restrict long-term planning.

- 3.2** The contract was advertised to potential contractors in March 2013, with the contractor selection process due to be completed by June 2013. Contract documentation will be sent out in early July, with tenders being returned for evaluation by late August 2013. A contract award will be made in autumn 2013.

#### **4 Feasibility of an In-House bid to carry out Grounds Maintenance Services**

- 4.1** The option of putting in an in-house bid for the new Grounds Maintenance Contract was approved by Cabinet in March. Approval was given "to prepare an in-house bid for the new grounds maintenance contract and to authorise Officers to proceed with an in-house bid, so that this can be market-tested against bids from external contractors in an open bidding process."

Officers' preliminary work suggests that this may offer an attractive and competitive bid which warrants consideration against bids from external contractors.

- 4.2** The full Feasibility Report is shown as Appendix 1, however some possible advantages of an in-house bid include:

- (a)** A more responsive service, where works could be carried out faster, without the need to agree costs, issue variation orders etc.
- (b)** The opportunity to provide specialist training to develop an "up-skilled" and motivated work force to provide high standards for both LDC sites and for our partner authorities.
- (c)** The ability to provide apprenticeship schemes, possibly in partnership with Plumpton College, to provide skills opportunities to local people. There is also the opportunity to develop local supply chains for services and supplies forming part of the contract. Both these initiatives could benefit the local economy.
- (d)** A more flexible labour force to adjust to future policy changes and changes in working practices etc and a more responsive labour force for dealing with emergency incidents such as snowfall and flooding.
- (e)** The opportunity to market our services to other clients such as Town and Parish Councils, schools, Housing Associations etc., with a view to producing income for the Council.
- (f)** A reduced management structure, leading to reduced costs. Under the current contract arrangement, there are two Managers (one client, one contractor) four Supervisors (two client, two contractor) etc., subject to TUPE requirements, this level could be reduced.
- (g)** There would be significantly less contract administration, allowing officers to focus on the actual quality and organisation of the work itself.

- (h) Increased opportunity to set up and work with Friends of Groups, volunteer groups, apprentices etc.

**4.3** To ensure that a fair and transparent competitive process is followed, it is essential that governance arrangements in line with the Public Contracts Regulations are put in place for the bidding / evaluation of the in-house and other bids. This will require separate “client / bid” and “Evaluation” officer teams to be set up , so that the “bid” team operates with access to the same information, and submits a bid on the same basis, as external contractors in a fair and open competitive process. These arrangements have now been agreed and will be put in place shortly. A flow chart of this arrangement is shown in Appendix 2.

## **5 Financial Appraisal**

5.1 The existing Grounds Maintenance Contract comes to an end in February 2014. It is paid for within existing budgets. However, the contract values may well change following retendering. Changes will be evaluated and reported to Cabinet in September 2013. At this stage, it is not possible to anticipate whether the process will yield savings over current costs, or what the scale of any savings might be.

5.2 Officers’ preliminary work on bringing the grounds maintenance service in house suggests that an in-house bid could be viable.

5.3 The preparation and processes involved in tendering for a specialist service are very time consuming. However, they are considered to be “Business as Usual”. The planning and preparation for an in-house bid and for the setting up of an in-house provider is also time-consuming and may need additional resource to achieve.

## **6 Legal Implications**

6.1 Whether the Council decides to award the work to the in-house team or to a new supplier, TUPE (Transfer of Undertaking and Protection of Employment Regulations) will apply and those staff who work for the existing contractor and who spend their time working on Lewes District Council’s grounds maintenance will transfer to the Council or the new supplier as appropriate. These employee costs will be taken into account in evaluating bids.

6.2 If the Council wants to sell its services to commercial concerns and/or private end users, it can do so but it must first set up the in-house team as a trading company. Legislation requires a Local Authority which wants to trade commercially to do so in accordance with the rules (and tax liabilities) of usual company law.

## **7 Sustainability Implications**

7.1 I have completed the Sustainability Implications Questionnaire (LDC25258) and there are no significant effects as a result of these recommendations.

7.2 However, there will be opportunities within the new contract to ensure that existing standards are maintained and that new opportunities are encouraged, such as:

- The reduction in pesticide use as new methods become available.
- The use of bio degradable oils in machinery such as hedge cutters and chainsaws.
- The use of electric powered strimmers and hedge cutters, increasing efficiency and reducing noise
- The production of annual bedding plants and shrubs in peat free composts
- The possible use of electric vehicles

## 8 Risk Management Implications

I have completed a risk assessment (LDC25260).

The following risks will arise if the recommendations are implemented, and I propose to mitigate these risks in the following ways:

Risk	Mitigation
There is a risk that any new contract will come in at higher costs than the existing contract.	The new contract will be written to try and reduce anticipated costs whilst maintaining a good level of service. If an in-house bid is prepared, then this will give us a good idea of what realistic tenders will be from external contractors.
The heavy drain on Legal and HR resources to facilitate a TUPE transfer in the event of a successful in house bid.	This would require additional one-off resources to facilitate a TUPE transfer and they would be attributable to the in-house bid.
Back office staff have been reduced over the years as services have transferred to the private sector and the precise impact of bringing services back in-house may be underestimated.	Ensure that any increase needed in back office support is properly costed into the in-house bid at full costs and not marginal costs.
The setting up of an in-house operation will lead to financial and resource risks.	A project team will be set up to develop any new in-house team to ensure that timescales and budgetary control are maintained. The tender for works will be competitive with external contractors to ensure strong competition. All costs of

	providing an in-house service will be covered within the tender bid.
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If an in-house bid proves to be successful, additional insurance/control costs arising from these mitigating factors will be required. All of these costs will be included within the future in house bid, which will be competing with external companies.

## **9 Equality Screening**

An Equalities Screening Report has been completed (AF25269). A full Analysis Report is required due to the size of the proposed contract. A full equality analysis will be carried out once the draft contract specification has been completed. The future contract will encourage and promote the use of apprenticeships and training to enable local young people to learn new skills. The development of encouraging more volunteers such as community groups to get involved with local parks and open spaces and supporting Adults with

## **10 Background Papers**

None

## **11 Appendices**

Appendix 1: Feasibility Report

Appendix 2: Client/ Bid team – Evaluation Team split.