

# Taunton Deane Borough Council

## Full Council – 22 August 2016

### Street and Public Toilet Cleaning Service

This matter is the responsibility of Councillor Patrick Berry Portfolio holder for Environmental Services

Report Author: Chris Hall – Assistant Director - Operational Delivery

#### 1 Executive Summary / Purpose of the Report

- 1.1 This report identifies the process used to bring a compliant procurement activity to a position where a contract to deliver street and toilet cleaning for Taunton Deane Borough Council (TDBC) can be awarded.
- 1.2 If Members approve the recommendations the contract would be awarded and would see the 15 current permanent employees TUPE transfer to The Landscape Group.
- 1.3 The recommendations would deliver a budget reduction of £49,636 per annum against the current budget, with no impact on Deane DLO's delivery of £101,000 surplus to the General Fund.

#### 2 Recommendations

- 2.1 It is recommended that Full Council supports the award of an 8 + 4 year contract to The Landscape Group from 1 February 2017;  
  
and
- 2.2 It is recommended that Full Council supports the new budget and updates the Medium Term Financial Plan (MTFP) with the saving of £8,270 for 2016/2017 and £49,636 per annum from 2017/2018 and ongoing. This equates to £397,088 over the 8 year life of the contract and a further £198,544 if the extension is applied.

#### 3 Risk Assessment

- 3.1 In preparing the tender for publication great effort is taken to ensure that all aspects of the work are included in the tender but there remains an inherent risk that an element of the service is not adequately specified or is missed. To mitigate this we have used a range of officers across the One Team to pull information together, we have also used the procurement team's ability to look at other Councils tenders and compare this with our own, and as a final mitigation we have asked bidders to provide a contract price for additional works should these be necessary.
- 3.2 Affordability – when placing a tender in the open market there is a hope of producing efficiencies against the current arrangements, however there is always a risk that

bidders will not be able to improve on the current arrangements and there is a possibility of price increases. Bidders have identified that costs for a broadly comparable service are cheaper in this outsourcing arrangement.

- 3.3 Longer term affordability is also a key consideration when looking at outsourcing a service. The opportunities to reduce costs going forward are more limited when in a contractual agreement. The contract in this instance will allow for changes subject to negotiation with the contractor, there is also a requirement for then to host an annual innovation meeting to bring efficiency opportunities to the strategic management group.

### Risk Matrix

Description	Likelihood	Impact	Overall
The procurement process and award are challenged	3	4	12
<i>Depending on the nature of the challenge this may cause a delay to the contract go live, but by using a compliant process we are better protected.</i>	2	3	6
The specification does not meet the needs of the council	3	4	12
<i>Officers from across the One Team have worked on the tender and believe if fulfils our requirements as far as is reasonably practical</i>	2	3	6
Any outsourcing of a service has the potential to reduce flexibility for future changes	4	4	16
<i>Some opportunity to make changes is written into the contract</i>	4	3	12

## 4 Background and Full details of the Report

- 4.1 Taunton Deane Borough Council have their street and toilet cleaning services delivered through their own employees - an in-house arrangement.
- 4.2 West Somerset Council (WSC) have their service delivered through an outsource provider with a contract coming to its end (November 2016).
- 4.3 The Joint Management and Shared Services (JMASS) Project has been successful in joining up a number of services across the two Councils and delivering a single approach to service delivery. Street and toilet cleaning were not joined up at an operational level during this process due to the differing methods of delivery.
- 4.4 On 17 September 2015, TDBC's Corporate Scrutiny Committee heard the case for a joint tender exercise. There were no recommendations to outsource the service at this time as clarity on the benefits of doing so were not known at that stage.
- 4.5 Following the TDBC Scrutiny report the procurement activity started and a tender for a single service to cover both WSC and TDBC was published.

4.6 The tender that was put out to market covers all of the current functions of:-

Street sweeping;  
Litter picking;  
Mechanical road sweeping;  
Leaf clearance;  
Bin installation and emptying;  
Toilet cleaning;  
Toilet locking;  
Toilet consumables;  
All waste disposal relating to these services; and  
Provision and maintenance of all fleet associated with these services.

Aspects of asset maintenance are not included and will continue to be delivered through the DLO.

4.7 Flexibility is built into the contract; it not only allows for changes to be negotiated but also for employees on the contract to be used for other tasks where the contract cannot be delivered, for example in times of severe weather.

4.8 A number of operational decisions that make lines of responsibility clear under a new contract were made and placed into the tender documents. Examples of these being to place the responsibility for final waste disposal and all fleet requirements within the contract rather than contracting that they remain as a TDBC function and cost.

4.9 During the tender exercise numerous questions were raised by potential bidders, in excess of 200. This gave further clarity for the bidders and some assurance to us that bidders understood the nature of the bid and were asking the right things.

4.10 The tender exercise led to bids being received on 15 July 2016 and an evaluation process being conducted on 21 and 22 July. A successful bidder has been identified through this process with a contract being subject to Member approval.

### **New Service**

4.11 The tender documentations set an output specification as compliance with the Code of Practice (COP) on Litter and Detritus, and whilst this is not primary legislation, compliance with this will evidence our compliance with The Environmental Protection Act 1990 for street cleansing functions. The tender also provided information on public toilet operations as there is no legislation that supports the provision of this.

4.12 Over the past two financial years Members have supported through Full Council an increase in resources within Taunton Town Centre. These have been protected in the new contract and a minimum resourcing level has been identified which takes account of these recent increases.

4.13 The documentation makes no requirements for service reductions in either service but does assume that those toilets already earmarked for transfer will be completed. These being Wellington Longforth Road, Milverton and Wiveliscombe. A requirement

within the tender was that Town or Parish Council's would be able to buy in services by utilising this contract.

- 4.14 The contractors have bid on this basis set out above and drawn up a programme of works based around the output. It is likely that there will be some changes to the existing schedules and frequencies which is legitimate but the output will be legally compliant. We provided the bidders with as much information as we could on the current arrangements in order to limit the immediate changes and they have provided us with information regarding their approach to contract delivery. The client representatives for TDBC are confident that the approach offered is not only compliant but shows enhancements in certain areas.
- 4.15 The client arrangements for any approved contract will continue to be managed through the One Team using the Open Spaces Manager and there will be no change in the way that the public will report concerns.
- 4.16 A number of Key Performance Indicators are to be used to aid monitoring the contract. These are included as Appendix 1. This will provide Members with enhanced data on service quality.
- 4.17 The tender set out the need to be able to make variations. The preferred bidder's submission acknowledges this and commits to work with officers to enhance services and identify efficiencies. This gives TDBC the opportunity to discuss changes and places some responsibility on the contract to be proactive in identifying opportunities.
- 4.18 Whilst the new contract is proposed to be for the two Council areas it will continue to make use of the DLO depot. The current employees are subject to TUPE transfer which protects their employment terms and conditions. This also provides a level of service continuity for the residents and visitors to Taunton Deane.

## **5 The Landscape Group**

- 5.1 The Landscape Group's submission scored the highest against the set criteria across the Evaluation Panel's Members. This placed them first for both the financial and quality assessments. See the table in Confidential Appendix 2.
- 5.2 The Landscape Group are the current contractors delivering services to Mendip District Council. Within their submission they also provided the detail of a number of other contracts they are currently delivering evidencing their experience.
- 5.3 They are recommended to Members as the preferred bidder on the basis of their bid being the least cost to the authority.
- 5.4 The bid for the WSC element of the service will remain the same in the event that TDBC do not support outsourcing their elements of the service. All but one other bidder increased their costs if both Council's did not buy into their services. This means that there are no financial implications for WSC of TDBC not supporting an outsource of this service.

## **6 Links to Corporate Aims / Priorities**

- 6.1 Street cleansing is a statutory function of the District Council, and it is performed in accordance with the Environmental Protection Act 1990. This new contract will ensure that TDBC meets with the requirements of The Act.

## **7 Finance / Resource Implications**

- 7.1 The budget for the public toilets in 2016/2017 is used as the comparison against the new service cost. The Executive Summary identifies a comparison of the new contract price against 2016/2017 budgets and draws Members' attention to the saving that can be created from this transfer if approved.

- 7.2 When making cost comparisons all appropriate elements have been considered and not just the employee costs. There are a number of budget spend areas such as vehicle provision and maintenance, uniforms, training, consumables etc. These areas of spend will be included in any future contract arrangements.

- 7.3 A table of costs shown in Confidential Appendix 2.

- 7.4 The table identifies the service delivery costs but does not include costs associated with asset operation and maintenance, such as utilities, insurance and National Non-Domestic Rates.

- 7.5 The table above identifies a retained budget within the comparison. This covers aspects of the street cleansing works that are currently included in the budget but were not contracted due to the likely risk costs. Some of this money would be spent with the contractor and some with other suppliers or contributions to internal salaries. Areas of spend include but are not limited to:-

Out of hours urgent works;

Client costs;

Abandoned vehicles investigations prosecutions and disposals;

Discretionary services to support Member requests;

Replacement litter bins; and

Waste investigations and prosecutions.

- 7.6 The contract requires that an inflationary rate is paid. This rate is to be agreed annually with the client but will not exceed that of the Consumer Price Index (CPI). This fits with the inflationary assumptions built into the MTFP.

- 7.7 The driving factor in evaluating tenders was price and the assessments were made on the agreed proportion of points available for cost and quality. The contract price carried 60% of the total score with the remaining 40% being assessed against quality.

- 7.8 In the year 2015/2016 there was an underspend within the street cleansing budget of £48,030 as reported in the outturn report. This was without noticeable reduction in service standards. Whilst this is an impressive efficiency, there is no commitment at this stage for this to be a sustainable change. Currently £20,000 is committed to be removed from the budget and already assumed in the MTFP, this is identified in the

finance table above.

- 7.9 The table does not include the cost of ongoing toilet cleaning for those toilets that have been approved by Members for transfer or closure.

## **8 HR Comments**

- 8.1 Throughout the procurement activity employees have been informed of the process and the implications of Member decisions to retain or outsource the service. There have been three separate meetings with employees and Managers in advance of the tender evaluation and a further meeting to inform them of the outcome of the tender process.
- 8.2 Employee support will continue following a Member decision and support will be provided throughout a transfer if approved.
- 8.3 On 2 August 2016, the Unison Change Forum (UCF) was provided with an overview of the tender process and the recommendations that would be presented to Members. The author has not received any formal statement from UNISON.
- 8.4 The contract requires that the contractor fulfils their responsibilities for the current employees delivering the service on the day of transfer. This report does not set out to detail the requirements of TUPE but as a summary employees are protected where they are permanently employed on work that transfers to a new contractor. They would transfer on their current terms and conditions which remain protected throughout their employment and continuity of employment is also preserved.
- 8.5 The contractor is required to offer employees either access to the Local Government Pension Scheme or a broadly comparable pension scheme. An insurance based bond is also required to ensure that any employee-related liabilities are fully covered by the contractor during the lifetime of the contract.
- 8.6 15 employees are currently on the TUPE list and an additional 11 agency workers are currently working on this contract.

## **9 Legal Implications**

- 9.1 The procurement activity has brought before Councillors a contract that is compliant in terms of the process that has been undertaken.
- 9.2 Members should satisfy themselves that the contract is affordable over its lifetime, or that there is sufficient opportunity to vary it to meet with the changing financial picture of the Authority.
- 9.3 The contract is a legal document and gives a variety of means of measuring the performance and ensuring compliance.

## **10 Environmental Impact Implications**

- 10.1 The Environmental Protection Act 1990 sets out the standards that the District Council must adhere to. This is interpreted in the Code of Practice on Litter and Detritus and was previously measure by national indicator NI195. Although the data is no longer collated nationally, the standards remain the same.
- 10.2 There are a number of ways to deliver these standards and traditionally the TDBC service has adopted a preventative style, removing the litter before it reached the intervention points. This new contract would deliver along the same lines with a preventative maintenance plan being agreed.

## **11 Next Steps**

- 11.1 If approved by Members at Full Council on 22 August 2016, the Procurement Team will inform all bidders. There will then be a 14 day mandatory stand still period before an award can be made. During this time unsuccessful bidders have the opportunity to challenge the process.
- 11.2 Once this period has passed the contract award will be made and we will work with the Landscape Group to understand and support their implementation plan.
- 11.3 Contract go live for TDBC, if approved, would be 1 February 2017.

## **12 Safeguarding and/or Community Safety Implications**

- 12.1 There are no implications identified. The proposed contractor will continue to act on reports of antisocial behaviour incidents such as fly tipping and graffiti.

## **13 Equality and Diversity Implications**

- 13.1 There are no implications identified in terms of equality impacts. There are no identifiable changes to the current proactive principle of maintenance that might affect any of the protected characteristics. There are also no implications for those with protected status within our employee group.

## **14 Social Value Implications**

- 14.1 The Council has discharged its responsibilities in terms of social value by including appropriate questions within the tender exercise.
- 14.2 The Landscape Group scored highly within this area and made specific commitments to offer six work placements each year and two apprenticeships split across the two contracts (TDBC/WSC). This commitment was on the basis of being awarded both contracts.

## **15 Partnership Implications**

- 15.1 There are no new partnership implications as a result of the recommendations in this report. Somerset Waste Partnership continue to be the Waste Collection Authority and Somerset County Council the Waste Disposal Authority.

## **16 Health and Wellbeing Implications**

- 16.1 There are no specific health and wellbeing implications as a result of this report. Should Members support the recommendations at Full Council then a new contract will ensure the standards of service delivery for a number of years to come.

## **17 Assets and Asset Management Implications**

- 17.1 There are a number of assets that are owned by this Council and used in the delivery of the current contract. The tender was put to market on the basis that the contractor would supply all of the necessary assets for the delivery. This includes items such as vehicles, small equipment and materials. The advantage of this is that the contract will only buy or lease what is absolutely necessary and the cost of this is passed to us through the contract. This cost is part of their competitive bid and gives some assurance they are providing best value.
- 17.2 Where the Council own assets that will not be required in the future we have a number of choices to consider. Throughout the bidder discussions we have drawn the contractor's attention to these assets and making them available for the contractor's use either on a short term basis to maintain service continuity or longer term to make use of an asset that the Council would otherwise need to dispose of.
- 17.3 The expectation is that should the contractor use TDBC assets then they will pay a reasonable charge for doing so, either by invoice or by an auditable reduction in the contract price.
- 17.4 Should the contractor opt to take the vehicles for the substantial life of the assets, TDBC would establish a finance lease. This would remove the value from the balance sheet.
- 17.5 Where the assets are not require by the contractor we will look to rotate the appropriate vehicles within the DLO fleet or dispose of them in the most economical manner.
- 17.6 Accommodation space is offered to the successful bidder at the Deane DLO Depot. Consideration was given to charging for the use of this space. It was identified during the bidder interviews that this would be a pass through cost and would increase their bid by at least the amount of any charge made by us for accommodation.

## **18. Scrutiny Comments**

- 18.1 The Corporate Scrutiny Committee considered the report on 11 August 2016 and raised a number of questions around service delivery; many of these were answered verbally on the night. One outstanding matter that Scrutiny felt was missing was a comment from UNISON. This has been requested but at the time of writing had not been received.
- 18.2 The Corporate Scrutiny Committee were supportive of the recommendations and they remain unchanged in this report.



**Democratic Path:**

- **Scrutiny – Yes**
- **Cabinet – No**
- **Full Council – Yes**

**Reporting Frequency : Once only**

**List of Appendices (delete if not applicable)**

Appendix 1	Key Performance Indicators (KPI's)
Appendix 2	Confidential Appendix – Table of Costs

**Contact Officers**

Name	Chris Hall	Name	
Direct Dial	01823 356499	Direct Dial	
Email	<a href="mailto:c.hall@tauntondeane.gov.uk">c.hall@tauntondeane.gov.uk</a>	Email	

Name		Name	
Direct Dial		Direct Dial	
Email		Email	

**Appendix 1 PROPOSED OPERATIONAL KEY INDICATORS - STREET CLEANSING  
Operational (Reported to Operational Group)**

<b>No</b>	<b>Description</b>	<b>Criteria</b>	<b>Accounting Frequency</b>	<b>Acceptable Performance</b>
1	Completion of Non-Programmed work to standard and timeframe (C2.7) (C2.8)	% of works completed within agreed timeframe	Quarterly	100% of work completed within timeframe.
2	Leaf fall (C15)	Additional Cleansing effected and completed within specified timeframe	At end of season.	No more than 2 weeks delay in completion of Cleansing Programme
3	Toilets (C12/C13)	Availability and fitness for use	Weekly	100%
4	Removed			
5	Fly tipping (C17)	Clearance within 3 working days	Quarterly	95%
6	Complaints	% valid but not satisfactorily resolved within agreed time period	Monthly	0 not resolved within agreed timeframe
7	Monthly Statement (B10)	Production of monthly statement to defined standard	Monthly	Invoice for all work within 1 calendar month – 100%
8	Removal of Graffiti (C12)	Removed (a) within 24hrs if offensive etc (b) within 48hrs (other)	Monthly	(a) 100% (b) 98 %
9	Litter bins (C20)	Availability for use i.e. not overflowing	Monthly	98%
10	Shopping trolleys (C22)	Number of shopping trolleys reported to supermarket/removed by contractor	Monthly	All trolleys not collected after 14 days to be collected within 5 working days.
11	Dead Animals (C16)	Number of animals collected/number of pets returned to owner	Quarterly	Availability of current and accurate register.
12	Community Support / Special events (C40) Support for SME's	Level and form of assistance given	Annually	Evidence of contribution to be reported.
13	Service Response Times (C7.2)	(a) Urgent matters 2 working days (b) Non urgent matters 5 working days	Monthly	(a) 100% (b) 90%