

## Rother District Council

**Report to:** Cabinet

**Date:** 4 March 2024

**Title:** Procurement of Grounds Maintenance Contract

**Report of:** Deborah Kenneally, Head of Neighbourhood Services

**Cabinet Member:** Councillor Timpe

**Ward(s):** ALL

**Purpose of Report:** To procure a new contract for Rother District Council grounds maintenance.

**Decision Type:** Key

### Officer

**Recommendation(s):** It be **RESOLVED**: That:

- 1) the Director - Place and Climate Change be granted delegated authority in conjunction with the Cabinet Portfolio Holder for Neighbourhood Services to procure and appoint a contractor from 1 December 2024 to provide grounds maintenance work across the district within the agreed budget; and
- 2) the Overview and Scrutiny Committee be requested to review the draft contract specification as per Appendix 2 and subject to no suggested amendments, officers be authorised to commence the tender process without further recourse to Cabinet.

### Reasons for

**Recommendations:** To support the Council in providing a grounds maintenance service across the district within the agreed budget.

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## Introduction

1. The Grounds Maintenance (GM) contract with Idverde commenced on 1 December 2012 for 10 years and was subsequently extended for a further two years and, as the contract does not allow for a further extension, will expire on 30 November 2024.
2. The current contract includes all aspects of GM including litter picking and bin emptying, maintaining play areas, parks, open spaces, and water courses (including Egerton Park Lake), and Bexhill and Rye cemeteries.
3. The maintenance of trees is not included in the GM contract and is generally managed under a separate call-off contract with Elite Arborists or other qualified contractors as appropriate.

4. The Idverde contract is performance based and consists of 'routine work' which forms part of the contractually agreed costs, and 'non-routine work' which is often awarded to Idverde but can be awarded to another suitably qualified contractor outside of the Idverde contract.
5. 'Routine work' accounts for planned work and includes items such as play area inspections, litter picking, bin emptying; maintenance in parks (such as Egerton Park and Manor Barn Gardens), seafront gardens (such as West and East Parade in Bexhill) and rural open spaces; maintenance of cemeteries; grass cutting and hedge cutting; sports pitches and fine turf.
6. 'Non-routine work' accounts for responsive works which includes items such as grave-digging, play area repairs, health and safety work, ad hoc resident / Councillor requests, water courses, fencing/boundary work, vandalism, travellers.
7. Excluding smaller items such as car parks, churchyards and toilets, the GM contract budget for 2023/2024 'routine work' is approximately £860k (including cemeteries) and 'non-routine' is approximately £138k.
8. The maintenance of public grounds, including parks, open spaces and sports pitches is not a statutory duty for the Council and so qualifies as a discretionary service that can be withdrawn or reduced if necessary. The Council has a budget deficit of some £3.8 million in 2024/2025 and is seeking to make savings where possible across the Council to reduce this funding gap, and specifically to achieve savings in the GM contract.
9. Within the Idverde contract year (1 December to 30 November), savings of £100k from July 2023 until 31 March 2024 have already been achieved through changing various activities such as additional reductions in bedding and planting. These changes will continue to realise savings of circa £50k until the contract ends on 30 November 2024, achieving a total contract saving of circa £150K from 1 December 2023 to 30 November 2024.
10. Further savings will be made from December 2024 until 31 March 2025 with the introduction of the new contract. This brings the overall budget for the contract for 2024/2025, excluding smaller items such as car parks, churchyards and toilets, to approximately £526k for 'routine work' and approximately £122k for 'non-routine' work.
11. It should be noted that the two cemeteries Bexhill and Rye generate income through charges for burials, internments, donated seats and trees and memorials. The operation of these sites is self-financing as the charges are set at a level to cover the operational costs, including the maintenance of the grounds. Therefore, other than a few minor tweaks already completed, these sites will not experience reductions in GM going forwards.

### **New grounds maintenance contract**

12. Due to the aforementioned budget funding gap of circa £3.8 million, officers have set a budget for the new GM contract of £250k per annum for 'routine work', excluding cemeteries.
13. The maintenance of sports grounds/pitches, including bowling greens, are one of the most expensive aspects of the 'routine works' and it is therefore desirable

for their maintenance to be completed by the clubs. Officers are working with the sports clubs that use RDC grounds to agree leases and/or licences to handover the GM of sports pitches to the clubs. Individual meetings have been held with all the clubs and ongoing discussions have been largely positive to date.

14. As it will take time for leases to be completed, and some facilities cannot be leased on account of not having a permanent physical boundary, it has been agreed with the Council's legal representative that in the short term licences will be progressed for the football and cricket pitches, and leases for the bowls greens, thereby ensuring that handover can take place before a new contract starts on 1 December 2024.
15. The clubs have been informed that if a lease/licence is not in place from the 1 December 2024 the grounds will become unfit as sports facilities and the grounds will be included in the new contract as having a basic grass cut for use as a recreation ground (with the exception of bowls greens that will have an occasional cut).
16. Limited capital funding may be available to support clubs in purchasing basic GM equipment, including lawn mowers if required, or to make other improvements such as storage provision.
17. Due to the nature of 'non-routine' works it is felt the budget for this work needs to be protected and so will remain at the current level of approximately £122k per annum, and as previously mentioned, the cemeteries fees and charges covers their GM costs and so this budget will remain at circa £120k per annum, both allowing for inflation.
18. When added together the total budget for 'routine works', 'non-routine' works and cemeteries totals £492k per annum (plus annual inflation) - a substantial saving when compared to the budget of £902,950 in 2022/2023 and £995,380 in 2023/2024. However, as the new contract will not commence until December 2024 most of the savings achieved will be delivered in the 2025/2026 financial year. It should be noted that these are the direct contract costs and do not include costs for items such as officer time, management supervision and back-office support.
19. It is proposed the new contract specification for 'routine works' would not be based on performance but rather frequency of service and numbers of contract staff allocated certain jobs to keep costs down. For example, instead of maintaining grass to an agreed height the grass would be cut fortnightly or once a month depending on the location and time of year.

### **Soft market test (SMT)**

20. In order to understand the market appetite for the new contract and what GM services could be provided within the £250k 'routine works' budget, officers have worked with the East Sussex Procurement Hub to complete a 'soft market test' (SMT), inviting GM contractors to give us an indication of what basic services they can provide and to inform the Council's decisions going forwards.
21. A copy of the SMT and accompanying specifications can be seen at Appendices 1, 1A, 1B and 1C. These include GM specifications for routine

work and both cemeteries, details of possible storage facilities and indication of task sizes.

22. The SMT was open for expressions of interest between 12 and 31 January 2024. There were 20 views of the SMT and several written responses were received.
23. The SMT returns provided useful information for consideration when drafting the final documents for the live tender due to go on the procurement hubs' portal in April 2024 and feedback included the following:
  - The ideal contract length to be for as long as possible to train and develop workforce.
  - Feedback indicates it would be most advantageous to offer 5 years with an option to extend for a further three years, then two years and finally one year.
  - Recruitment and staff retention could be challenging in the current climate.
  - Due to volatility in prices, contractors would wish an annual contract indexation linked to CPI.
  - Sufficient time should be allowed for the procurement of equipment and vehicles of at least 3 months.
  - The service delivered could cover priority tasks within the £250k such as play area inspections, litter picking and emptying of litter bins, grass cutting, Egerton Park and Bexhill seafront but at a lower frequency and reduced number of staff. The appearance of the sites would therefore suffer and may lead to complaints.
  - Depot space may be required at an additional contract cost.
  - There would be limited investment in carbon neutral initiatives due to the budget requirements.
24. It is proposed that the new contract is procured for five years, with the ability to extend for a further three years, then two years and finally one year, therefore ten years in total. Ideally the contract will allow for as much flexibility as possible for future devolvement of GM to Parish and Town Councils and changes to the annual budget.
25. Officers will seek to procure a contract that will complete as many critical services as possible such as, and in order of descending priority, play area inspections, emptying of litter bins, litter picking, grass cutting to a basic length and hopefully maintaining high visitor use at sites such as Egerton Park, Bexhill seafront, and planted areas. Cemeteries will continue to be maintained to their current specifications and ad hoc work will continue as necessary.
26. It should be noted that the changes residents will inevitably experience in the GM may generate negative feedback to the Council when implemented. This has been partly addressed by the recent budget consultation and officers will endeavour to mitigate this further through advanced communications to residents nearer the time of implementation when officers are clearer on the impact.

### **Options considered**

27. Bringing aspects of the maintenance in house has been considered and could compliment work that is contracted out by using the RDC maintenance team for

certain tasks not able to be covered in the £250k. However, the maintenance teams' resources are limited, and equipment would need to be purchased and training provided.

28. At the present time there is no business plan, capital investment or revenue budgeted to bring the whole service in house. When considering the potential of bringing the whole service in-house in the future, consideration should be given to what is currently achieved through using external contractors who benefit from economies of scale and spreading fixed costs and equipment across contracts. The Council would need to consider costs to transfer staff across to local authority pay scales and pension scheme under the Transfer of Undertakings (Protection of Employment) regulations (TUPE). When a service is operating to a set fixed cost, as in this case, it is arguably more cost effective to outsource the basic service until such times as officers can investigate further what future aspirations are for grounds maintenance and what part the parish and town councils might play in providing this service.
29. Consideration has been given to what future role RDC Parks Officers can play e.g. completing in-house play area inspections. Training would be required to meet the stringent health and safety regulations and insurance requirements for this work. Depending on a review of the frequency of inspections, this work would probably require one Full Time Equivalent staff resource to complete inspections to the required standard for approximately 30 sites across the district.
30. The size of the budget deficit dictates that savings are required in the very near term and there is little evidence to suggest that savings would be made quickly, if at all, by bringing the contract in-house at this time.
31. There may be potential in the future for seeking synergies with partner authorities who have brought their GM in-house.
32. The timeline for the procurement of a new GM contract is as follows:
  - Confirm final specification February 2024
  - Obtain Cabinet approval 4 March 2024
  - Overview and Scrutiny Committee 18 March 2024
  - Issue tender April 2024
  - Evaluations of tender submissions June 2024
  - Intention to award contract letter sent July 2024
  - 10 day standstill period
  - Contract award August 2024
  - Contract mobilisation 1 September 2024
  - New contract start date 1 December 2024

## **Conclusion**

33. Although it is not a statutory requirement to maintain grounds, aspects of the service, such as our parks, play areas and seafront are important to maintain for the enjoyment and health and wellbeing of our residents, and in attracting visitors and supporting local businesses. In addition, if the play areas are to remain safe and accessible for children and young people, and our cemeteries are to continue in their current condition, it is important that a suitably qualified contractor is appointed to deliver this service.

34. It should be noted that residents will notice a significant change to much of the district's parks, grounds, and open spaces. Communication in advance to residents to explain the coming changes and reasons why will be critical to engender understanding and reduce complaints.

### **Financial Implications**

35. The council has a £3.8 million budget gap and GM is a non-statutory service that can be reduced to a more affordable level.
36. The new GM contract will support the Council's requirement to reduce the budget deficit whilst providing a basic service in priority tasks.
37. When added together the total budget for 'routine works', 'non-routine' works and cemeteries totals £492k per annum (plus annual inflation)- a substantial saving when compared to the budget of £902,950 in 2022/2023 and £995,380 in 2023/2024. However, as the new contract will not commence until December 2024 most of the savings achieved will be delivered in the 2025/2026 financial year. It should be noted that that these are the direct contract costs and do not include costs for items such as officer time, management supervision and back-office support.

### **Legal Implications**

38. The Council's legal services, provided by Wealden District Council will be required to provide appropriate terms and conditions for the new GM contract.

### **Risk Management**

39. Reputational: The new GM service provision will mean that areas of the district will not appear as well-kept and this may generate complaints from residents and visitors as well as potentially impacting negatively upon tourism and businesses. This may generate an increase in complaints to the Council.
40. Savings may not be achieved if the non-routine budget becomes overspent due to ad hoc health/safety and vandalism works.
41. There is a risk that due to the nature of the proposed new contract the Council will not receive any tenders and so be unable to appoint a contractor. In this situation the incumbent contractor would be approached to extend their services until an alternative service delivery is identified.

### **Human Resources Implications**

42. TUPE requirements will need to be considered between the outgoing and incoming contractor.

### **Environmental**

43. Areas of parks and open spaces that are less well tended will impact the environment, sometimes for the better by increasing biodiversity and other times for the worse with the potential for increasing vermin. Reducing GM can have benefits for biodiversity including increased plant and wildlife species.

Reducing the use of machinery will also reduce emissions as less fuel will be used. Long grass can however act as a litter and dog fouling trap, the clearance of which can be more costly and time-consuming.

## Communications

44. Clear and advanced communication of the changes to Parish and Town Councils, Councillors and the districts' residents will go some way to engendering understanding and reducing complaints. Officers will seek to use appropriate methods of communication including MyAlerts and social media to manage residents' expectations.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	Yes/No	Equalities and Diversity	Yes/No
Crime and Disorder	Yes/No	External Consultation	Yes/No
Environmental	Yes	Access to Information	Yes/No
Risk Management	Yes	Exempt from publication	Yes/No

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Appendices:	Appendix 1 – Soft Market Testing Appendix 1A – Cemeteries Specification Appendix 1B – GM Available Premises Appendix 1C – GM Task Totals Appendix 2 – Draft Specification
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.