

<b>Cabinet Member for Finance and Resources and Cabinet Member for Education and Schools</b>	<b>Ref No. FR51(10.11)</b>
<b>Contractual arrangements for a grounds maintenance service in educational and non-educational establishments in West Sussex.</b>	<b>Key Decision: Yes</b>
<b>February 2011</b>	<b>Part 1</b>
<b>Report by the Executive Director Finance and Performance</b>	<b>Electoral Division(s): Arun, Worthing and Adur, Crawley and Burgess Hill, and Chichester and Horsham areas</b>

#### EXECUTIVE SUMMARY

The purpose of this report is to seek approval to extend the current grounds maintenance contracts that provide for Ground Maintenance in the Arun, Worthing and Adur, Crawley and Burgess Hill, and Chichester and Horsham areas that are due to expire on 31 December 2011. Schools are the principal users of this contract. In addition the Fire & Rescue Service, Libraries and Social & Caring Services also use the contract.

#### CONCLUSIONS

1. Subject to the development of the strategic vision of Facilities Management model for West Sussex County Council "tactical" contracts are required. Should there be a requirement for a short term tactical contract, it would need to include an appropriate break clause of at least 6 months.
2. Extending the current contracts is required to save procurement costs for both the market and County Council.
3. WSCC commence a review of sourcing options, to include the appraisal of a potential Facilities Management Solution, which will inform whether a new procurement is required.
4. An extension of the contracts is required to enable the exploration of different ways to procure the service and make savings.

#### RECOMMENDATION(S)

1. That West Sussex County Council (WSCC) extends the three current Grounds Maintenance contracts each by a period of 12 months to expire on 31<sup>st</sup> December 2012 as permitted under the Official Journal of European Union (OJEU) contract and within the scope of the existing contract terms.
2. Approval is given to commence a new procurement process should one be necessary, in consultation with the Cabinet Member, following the review of sourcing options to ensure maximum flexibility.

3. That authority is delegated to the Director Children Services to award the next generation contract and any subsequent extensions as appropriate. Any new contract(s) would commence on the 1<sup>st</sup> January 2013.

## 1. Background

- 1.1. The current Grounds Maintenance contract provides Ground Maintenance services to schools, libraries, some adults and children learning centres within the county of West Sussex.
- 1.2. The total annual value of the 3 contracts is approximately £ 990,000. The contract spend is split 90% schools, and 10% libraries, fire stations, and admin sites.
- 1.3. There are currently 10 schools out of 330 who choose not to use the contract and instead arrange their own grounds maintenance services.
- 1.4. For the purposes of grounds maintenance contract the county of West Sussex is divided into three separate geographical areas. The areas are Chichester and Horsham (Contract number: 6911), Crawley and Burgess Hill (Contract number: 6912) and Arun, Adur and Worthing (Contract number: 6910.)
- 1.5. A joint procurement was held with Mid-Sussex District Council however separate contracts were awarded due to the requirements of the district council.
- 1.6. The initial award of the contracts allocated a different contractor for each area. These were OCS Horticulture in Chichester and Horsham, Landscape Services (trading arm of Kent County Council), in Crawley and Burgess Hill and ISS Waterer in Arun, Adur and Worthing.
- 1.7. In November 2009 the contract with ISS Waterer was ended through a Deed of Agreement, in accordance within the contract and the published Cabinet Member Ref No. FR13 (09/10).
- 1.8. Following the ending of the ISS Waterer contract, the Arun, Adur and Worthing contract was split equally in value between OCS Horticulture and Landscape Services.
- 1.9. Each contractor has a different pricing structure for the same maintenance activities within the county according to which contract area the contractor is servicing.
- 1.10. Currently a 2% rebate on the total annual spend of the contract is payable by the contractor to the county council. This rebate pays for the procurement resource to run the procurement process and subsequent contract management. The client has indicated they are satisfied for this to continue in any new arrangement.

## 2. Discussion

- 2.1. Price based cost savings are not expected from a new procurement from the current sourcing model. One of the industry's major suppliers, Connaught, recently went into administration. The Connaught business model was to under price their competitors consistently, but it appears this led to a business model which was unsustainable. It

- 2.2. The current market place is a mix of large organisations that have grounds maintenance teams as part of a total Facilities Management solution (ie. a single service provider that provides all services to manage a facility ie. grounds maintenance, cleaning, front of house, security, engineering maintenance etc.) and smaller grounds maintenance specific organisations.
- 2.3. WSCC need to explore alternatives to the current service model. Consideration is being given to the process of scoping a Facilities Management solution by the Category Management team which would incorporate any grounds maintenance contracts. The alternative of bringing the grounds maintenance service in-house has been considered but is not an economic option. Ground Maintenance is a well-established outsourced service.
- 2.4. Collaboration between East Sussex and West Sussex authorities was investigated; however most appear to be pursuing the Facilities Management approach, rather than a focussed grounds maintenance contract. WSCC need to investigate alternatives, for example other Councils sourcing of Facilities Management, to be completed via the Category Management team exploring the Facilities Management category.
- 2.5. The existing three contracts are each for a period of five years with the option to extend by a further two years to a maximum of seven years. They are summarised in the following table –

<u>Contract Number</u>	<u>Area</u>	<u>Contract commencement</u>	<u>Maximum expiry with possible extensions</u>
6910	Arun & Worthing	01/01/2007	31/12/2013
6911	Crawley & Burgess Hill	01/01/2006	31/12/2012
6912	Chichester & Horsham	01/01/2007	31/12/2013

- 2.6. There are two options; extend the contracts by the maximum durations available within the respective OJEU notices concluding with the contracts ending on different dates, or extend all of the contracts by one year until 31 December 2012. We recommend that West Sussex County Council (WSCC) extends the three current Grounds Maintenance contracts each by a period of 12 months to expire on 31st December 2012 in accordance within the scope of the original Official Journal of European Union (OJEU) notices and existing contract terms.  
*(NB. Contract 6911 cannot be extended beyond the 31<sup>st</sup> December 2012 as the maximum contract period including extensions is 7 years)*
- 2.7. If all three contracts end on the same date, This approach will bring the following advantages;
- 2.7.1. One procurement process can take place to commence in January 2013 ensuring the most efficient and effective method of working,
- 2.7.2. Each of the contracts will start from the same point, and will not be of differing lengths.
- 2.7.3. Any potential savings across the three contracts are brought forward by one year.
- 2.7.4. The ability to explore and implement any alternative saving models in discussion with other authorities, subject to the comments in section 2.4.

- 2.8. If each of the contracts were extended by the maximum period available there would be a requirement to complete two separate procurement processes. The disadvantages of this approach would be;
- 2.8.1. At present there is no capacity for two procurement processes.
  - 2.8.2. The costs of running two separate procurements would offset any possible savings applicable to the contract.
- 2.9. Both existing contractors OCS Horticulture and Landscape Services have indicated their wish to apply for a contract extension. It is anticipated there will be no increase in costs for an extension period, and there will be value-added benefits, i.e. Landscape Services have proposed improvements supporting SLA inspections by undertaking at least 40% of all inspections, expanding the introduction of an improved data handling system and mapping of sites.
- 2.10. At present there is a lack of resource to complete the procurement requirements within the County Council in the time available in the current contract terms.

### 3. Proposals

- 3.1. It is proposed to extend the existing contracts for a further 12 months until 31<sup>st</sup> December 2012, as permitted within the scope of the original Official Journal of European Union (OJEU) notice, to permit exploration of alternative sourcing models.
- 3.2 WSCC presently has limited resources available to undertake a procurement process or a new contract to be in place by the end of this year and we need the time to identify, consult users and consider alternative methods of delivering this service. That time requirement will go beyond the 31<sup>st</sup> December 2011 and as such we should therefore extend the current arrangements and introduce any new arrangement from 1<sup>st</sup> January 2012.
- 3.3 A procurement based on the current delivery method is unlikely to deliver reduced costs and the extension provides additional benefits that would cost more if built into the contract requirements – ie. quality savings.
- 3.2. To accommodate other authorities wishing to participate in any eventual contract. It should be made available to other public bodies within the Improvement Efficiency South East (IESE) region and members of the Central Buying Consortium, subject to the comments in section 2.4.

### 4. Consultation

- 4.1. In line with the Best Value requirements a market consultation exercise will be undertaken with Client Services to include discussions with a number of Ground Maintenance and Facilities Management providers.
- 4.2. Other units will be involved in the consultation process:
- Resources Consultative Group
  - Schools Forum
  - Client Services
  - Legal Services
  - Health & Safety

- Environmental Audit
- Quality Audit
- Management Audit

#### 4.3 Customer Focus Appraisal (CFA)

A customer focus appraisal is not required for the requested extension, although the views of the customers of the service will be taken into account. However when the decision is taken to undertake a procurement process a CFA will be undertaken in consultation with the CFA Adviser.

#### 5. Resource Implications

- 5.1. This contract will provide a range of services to suit the various sizes of properties included in the tender and will allow smaller sites to have the benefit of a centrally managed service.
- 5.2. The contract will include a requirement for collaborative working; this will enable continuous improvements to be delivered thus ensuring that WSCC and the schools have contracts in place that will continue to deliver a best value for money service in the future.

#### 6. Risk Management Implications

- 6.1. The incumbent service providers will be both able to bid for this activity, however they may not win the business.
- 6.2. The successful service provider will be required to have appropriate levels of insurance in accordance with Standing orders on Procurement and Contracts.
- 6.3. The successful service provider will be required to comply with the County Council's Health and Safety requirements.
- 6.4. The contract that is entered into will prescribe the approach to be taken after implementing the proposal to manage the need for any legal or financial changes.

#### 7. Crime and Disorder Act Implications

N/A

#### 8. Human Rights Act Implications

N/A

#### Background Papers

None

Contact: Kim Medhurst – Procurement Support  
Stewart Cormack –Client Services

Ext. 52359  
Ext. 77004