

North Tyneside Council Report to Cabinet Date: 11th March 2013

ITEM 7(I)

Title: Contract Agreement
for the supply of a
Multiple Maintenance
Service

Portfolio(s): Environmental Services

Cabinet Member(s):
Councillor Ed
Hodson

Report from Directorate: Community Services

Report Author: Phil Scott, Head of Environmental Services (Tel: 634 7295)
Sam Dand, Senior Manager (Tel: 643 7294)
Paul Cook, Area Manager, Street Environment (Tel: 643 7296)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to seek Cabinet's approval to undertake a tendering exercise for the provision of a multiple maintenance service across the borough, which will include the following services:

- Weed Control
- Burial Service
- Royal Quays grounds maintenance service
- Cemeteries and Churchyards grounds maintenance service.

In accordance with Council Standing Order 8 (4), this report requests approval to proceed with a procurement exercise as the estimated potential total contract value to be procured will exceed £500,000.

1.2 Recommendation(s):

It is recommended that Cabinet:

- 1) Delegate authority to the Head of Environmental Services, in consultation with the Strategic Director of Finance and Resources, the Head of Law and Governance and the Cabinet Member for Transport and Environment, to undertake a procurement exercise in respect of and to appoint and award a contract for the provision of a multiple maintenance service contract across the Borough, as detailed in this report, with an initial contract period of 3 years, with an option to extend for a further two years on an annual basis.

1.3 Forward plan:

Twenty eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 13 February 2013.

1.4 Council plan and policy framework

This report is relevant to the Safer, Greener theme in the 2011-15 Council Plan.

1.5 Information:

The Authority currently has individual contracts in place with external providers for aspects of maintenance works and service provision within Environmental Services, which would form the basis of the procurement. The current contract standards will be outlined within the specifications provided as part of the procurement process, which will specifically reference industry best practice. This will ensure a high quality service which can be effectively monitored.

The decision to amalgamate four existing stand alone contracts for the respective services, into one, follows a cost review exercise undertaken by the service area. The review involved consultation with officers from the Procurement service and the existing contractors.

The review identified that better value may be achieved as a result of amalgamating the four contracts. It is recommended that any contract arrangement be for a period of three years, with an option to extend for two years, with the extension being awarded on an annual basis. This extension will be subject to value for money considerations and contractor's performance.

Authority is sought to undertake a procurement exercise and enter into a contract with an external provider, who will carry out works for all four areas listed within paragraph 1.1. There are existing financial provisions within the service budget to resource these contracts.

Current contractual arrangements expire as follows:

- Weed Control – 31st December 2012
- Burial Service (Bereavement Services) – 31st March 2014
- Royal Quays grounds maintenance service – 31st March 2014
- Cemeteries and Churchyards grounds maintenance service (Bereavement Services) – 5th March 2013.

With regard to the above expiry dates, the Authority will have to terminate both the burial service and Royal Quays grounds maintenance service early. The Authority will need to serve formal written notice on the current providers for this purpose. The current providers have been consulted on this. The weed control contract and cemeteries and churchyards grounds maintenance contracts have been extended in order to ensure continued service provision pending the proposed procurement. This approach will enable us to end and commence the contracts together in order to secure better value for money.

The procurement exercise if approved will be undertaken with the anticipation that a new provider will be in place for 1 October 2013.

1.6 Decision options:

Option 1

Cabinet does not approve the recommendation - this will mean that the Authority would not be able to undertake the procurement and enter into a new single contractual agreement for the four services and therefore the potential efficiencies would not be generated.

Option 2

Cabinet approves the recommendation - the procurement exercise will commence immediately, to ensure the Authority is ready to award a new single contract agreement to commence 1st October 2013. This will ensure continued maintenance works and service provision for these services across the borough, whilst achieving considerable service efficiencies.

1.7 Reasons for recommended option:

Option 2 is the recommended option. It is anticipated due to the economies of scale, that the amalgamation of four contracts into one will provide better value for money for the Authority.

1.8 Appendices:

N/A

1.9 Contact officers:

Mike Forrest – Procurement Officer Tel: 643 5657 (Balfour Beatty)
Phil Scott, Head of Environmental Service tel: 643 7295
Sam Dand, Senior Manager, Street Environment tel: 634 7294
Paul Cook, Area Manager, Street Environment tel: 643 7296
Alison Campbell, Finance Business Manager, tel 643 7038
Sarah Heslop, Legal services, Commercial Team Manager, tel: 643 5456

1.10 Background information:

[The Council's Contract Standing Orders](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There is provision for the purchase of maintenance works and services within the Council's existing Environmental Services budget.

The impact of an early termination of some contracts to allow them to be integrated within one large contract, have been discussed with the current providers. There are some potential minimal termination costs (approximately £5,000), which, if they cannot be avoided, could be managed within the current budget provision.

2.2 Legal

As the value of the contract as a whole exceeds the threshold of £500,000, this procurement requires Cabinet approval under the Authority's Contract Standing Orders. Any procurement process will be undertaken in accordance with these as well as with applicable EU and UK public procurement requirements.

An award will be based on the most economically advantageous tender and the successful tenderer will be appointed on terms and conditions approved by the Head of Law and Governance.

It should be noted that to allow the procurement process to proceed and a single new contract be awarded, two of the contracts with the current providers would need to be terminated early by providing written notice, while the remaining two contracts have been extended, in each case to secure co-terminus commencement of the new single contract.

TUPE may apply to current provider staff.

2.3 Consultation/community engagement

2.3.1 Internal consultation

Internal consultation has been undertaken with the Procurement service and with the Cabinet Member for Transport and the Environment, who supports of the amalgamation of the four contracts.

2.3.2 External consultation

Officers from Environmental Services and Procurement met with existing external providers in relation to the amalgamation of the four contracts. All providers were satisfied with the proposals and timescales associated with the procurement of a new contract. Feedback gained from our customers has been positive and they are happy with the services provided.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

There are no equality and diversity implications arising from this report.

2.6 Risk management

Any risk management issues will be included within the Council's risk register and managed by this process.

2.7 Crime and disorder

There are no crime and disorder implications arising from this report.

2.8 Environment and sustainability

Sense of Place - make sure our local environment and open spaces are clean, green and attractive.

PART 3 - SIGN OFF

- Chief Executive X
- Strategic Director X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Manager for Policy, Partnerships,
Performance and Communications X