

Future Tandridge Programme Community Services - Grounds Maintenance Options Appraisal Outcome

Community Services Committee 19th September 2023

Report of: Chief Executive

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

As part of the Future Tandridge Programme ('FTP'), each service has undergone a robust service review to consider opportunities for service improvement, the potential for services to be delivered through a different delivery model and to identify savings needed to address the Council's significant budget gap in 2023/24.

This report sets out an update on the recent Grounds Maintenance Options Appraisal as well as progress to-date for the services within the scope of the Community Services Committee.

This report supports the Council's priority of: Building a better Council/
Supporting economic recovery in Tandridge

Contact officer David Ford (Chief Executive)

Recommendation to Committee:

- A. To note the progress made to date and the details of the Grounds Maintenance options appraisal.
- B. To approve the lot structure approach

- C. To note that the resources required to deliver the preferred option will be recommended to Strategy & Resources Committee to approve as part of a wider Future Tandridge Programme update.
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Reason for recommendation:

The grounds maintenance service has been subject to a thorough review as part of the Future Tandridge Programme, culminating in a detailed options appraisal to recommend a future delivery model.

The overriding aims of the options appraisal were to deliver:

- A robust, resilient and flexible Grounds Maintenance Service, focusing on creating a positive environment for residents across the Housing Revenue Account and General Fund assets,
- A service which performs to agreed schedules, frequencies and standards,
- A service which delivers value for money within the approved budget,
- A service that provides clear key performance indicators which can be tracked and robustly managed throughout the year, and
- A service which adopts the commissioning approach, based on clear data and evidence and which is based on the principle of continuous improvement.
- A service that has the flexibility to deal variables that arise at short notice.

Grounds maintenance is part of a wider savings target for Operations of £239k in 2023/24. Progress towards delivering this saving was set out in the Committee report of 9th March 2023. To-date, all but £16.5k of savings have been identified, largely through the minimisation of inflationary pressure on the current contract and efficiencies in the structure of the wider Operations service. Work to identify the remaining savings will continue.

Introduction and background

1. General update

1.1 Currently grounds maintenance activities are delivered through a mixed economy of provision, with the maintenance of general Council assets being outsourced and the maintenance of housing assets being undertaken in-house. Detailed below is a summary of the current performance of these arrangements:

- a) Outsourced Arrangements: these are through a local small to medium enterprise (SME), who deliver a proficient level of service with a focus on the employment of local people. The costs of the

current contractual arrangements have been benchmarked through external reviews and confirmed as offering the Council value for money. The current supplier has worked with the Council to reconfigure the service and to deliver savings. These have been incorporated into a 12-month contract extension.

b) In-house Arrangements: This is through a small team within Operational Services. A proficient level of service is being delivered though this and is compromised at times through the difficulty in recruiting staff and sickness absence.

- 1.2 The initial service review discovered several weaknesses within the current set up including poor data in areas and details of the assets to be maintained, poor specifications and light touch contract management.
- 1.3 Substantial work has been carried out to improve the data which has included producing the first mapping layer of all the grounds maintenance assets on the Council's mapping system.
- 1.4 As a result of long-term sickness in the in-house team, several vacancies have arisen and during 2023 temporary staff were bought in to cover the areas of work where the service was failing.
- 1.5 To deliver savings on the 2023/24 budget and to ensure sufficient time to deliver the future delivery model for these services, the contract with the external provider for grounds maintenance work has been extended until November 2024.

2. Grounds Maintenance Options appraisal

- 2.1 The Council needs to decide its preferred option for the future delivery of grounds maintenance activities by the end of October 2023 to then allow 12 months for the implementation of the preferred option to fit within the contract extension agreed with the current provider.
- 2.2 The purpose of the options appraisal is to determine the preferred option for the future delivery of grounds maintenance activities within the context of the Council's Medium Term Financial plan.
- 2.3 The description of the options in scope for appraisal are as follows:
 - a) **Option 1:** Tendering of all grounds maintenance activities, including the activities currently delivered in-house (Housing Revenue Account funded activities).
 - b) **Option 2:** Insourcing the current externalised services to an expanded in-house delivery team, including harmonising TUPE transferred staff onto Council standard terms and conditions of service.

- c) **Option 3:** Transferring all grounds maintenance activities delivered external and in-house into a Local Authority Trading Company (LATCO), to include some sub-contracting of activities using local small to medium enterprises.
- d) **Option 4:** Transferring all grounds maintenance activities to a shared services arrangement with a neighbouring council.

2.4 Senior Officers with the support of PeopleToo assessed each option in relation to the Council’s strategic priorities and objectives. This was against pre-set evaluation criteria and a scoring matrix for the following factors:

- Financial Considerations.
- Social Value/Community Wealth Benefit.
- Performance (ability to delivery specified service outputs).
- Legal & Contractual Considerations.
- Capability.
- Capacity.

2.5 The table below details the scoring of the quality assessment and shows the ranking of the options:

	Option 1 Tender/Outsourced	Option 2 Insource to a DSO	Option Insource to LATCo	Option 4 Shared Service Arrangements
Score	36	40	37	32
Overall Ranking	3rd	1st	2nd	4th

*Based on a maximum score of 40

3 Costing of the Options

3.1 The costing of the options has been based on the following parameters:

- a) The costings have been prepared in accordance with the format agreed with the Council and based on a set of commercial rates and assumptions rather than the Council’s own costs.
- b) The costings are based on the confirmed quantities of work by category of work as recently measured, and the frequencies for work activities agreed by Members to reduce the cost of grounds maintenance services.
- c) The costings all assume that the same level of productivity under each option from a directly comparable resource base.

3.2 The outcome of the costing of the options is summarised below with each option being ranked in accordance with the total costs:

	Option 1 Tender/Outsourced	Option 2 Insource to a DSO	Option Insource to LATCo	Option 4 Shared Service Arrangements
Score	60	51	59	51
Rank	1 st	3 rd equal	2 nd	3 rd equal

*Based on a maximum score of 60

4 Overall Assessment of the options

4.1 This assessment has been based on bringing together the costing of the options and assessment of the options against the Council's priorities and objectives, (the quality assessment). This reflects the approach adopted by the Council regarding the procurement of other services.

4.2 The table below ranks the options considering the VFM score:

Option	Ranking
Option 1: Outsourced Service Delivery	1
Option 2: In-house Service Delivery	3
Option 3: LATCo Service Delivery	2
Option 4: Shared Service Delivery	4

5 Implementation Timeframe and Costs

5.1 Outlined below is a provisional estimate of the implementation timeframe and cost for each option:

Option	Estimated Timeframe	Projected Cost
Option 1 – Outsourced Service Delivery	12 months based on Restricted Procedures	£120,000 to £150,000 for legal and profession support for the procurement exercise
Option 2 – In-house Service Delivery	12 months for the transfer of staff, procurement of vehicles and machinery and preparatory work for the operational phase.	£100,000 for professional support and limited legal advice.

Option 3 – LATCo Service Delivery	12 months to set up the company, transfer of staff, procurement of vehicles and machinery and preparatory work for the operational phase.	£125,000 for professional support and limited legal support.
Option 4 – Shared Service Delivery	18 months for the development of the shared service arrangements to involve extended negotiations with the partner council, transfer of staff, procurement of vehicles and machinery and preparatory work for the operational phase.	£125,000 to £140,000 for professional support and limited legal support.

Note: The implementation costs have not been included in the modelling of the costs for each option because they are broadly similar and not part of the on-going revenue costs for the options.

- 5.2 In terms of the projected costs the HRA would contribute to these costs based on the % value of the cost of the services.
- 5.3 The report recommends an approach that includes elements of in-house and outsourced provision. On this basis, the cost is likely to be similar to Option 1, at £120 - £150k. Of this, approximately 35% (up to £53k) will be borne by the Housing Revenue Account with the remainder (up to £97k) to factored into the Future Tandridge Programme implementation costs, and ultimately funded from existing capital receipts. The implementation cost will form part of the wider programme update to Strategy & Resources committee.

6 Considerations

- 6.1 The options appraisal showed that outsourcing was the preferred option followed by LATCo (Local authority trading company), in-house and finally a shared service. However, this is desk top exercise and there are other factors to consider when looking at the results as detailed below.
- 6.3 The market for grounds maintenance has consolidated in recent years, both in terms of the offering and availability of contracts and the number of companies which are actively tendering.
- 6.4 There is a trend for councils to return services in-house as contracts end, especially those which were tendered in the period of competitive bids and low indexation.
- 6.5 The emerging view is that there are significant risks in putting the whole service out as there would likely not be market appetite for this work and could leave the Council in a single bidder situation. Retaining an element in-house also provides a greater degree of flexibility and preserves the opportunity to share the service with other councils in future.

6.6 However, the other options also have some issues that are detailed below:

- In house – one of the major concerns about bringing the whole service in-house are the financial implications of either employing transferred contractor staff on Council terms and condition or to have to recruit more operatives on these conditions. The issue is the impact of the Local Government Pension Scheme (LGPS).
- LATCO – whilst the LGPS impact is reduced for transferring or new staff the incumbent operatives would still be on the Council conditions. Therefore, any immediate LGPS savings would not be realised. There could also be issues with managing a two-tier workforce. In addition, there are the costs for the setup and running of the LATCO, such as Human Resources, Finance and legal implications.
- Shared Services – there is limited interest from other local authorities. Then there is the complication of finding an authority who is interested and can work to our timescales which means that this option is not feasible at this stage.

6.7 There are pros and cons with each option and there is concern about the market appetite for a full procurement. The recommended approach is to implement a hybrid option of in-house, and outsourced work based on logical lot structures. This approach does lead itself to being developed into a shared service or LATCO should the opportunity arise in the future. This approach does allow the flexibility to react to immediate service issues and to future budgetary changes.

6.8 Whilst this is structurally similar to the current approach, there will be some key differences, including:

- An intelligent client approach (set out in section 8 below), ensuring the Council has the resources in place to actively manage the work undertaken, whether that is in-house or external, to ensure that value for money is achieved, standards are met and there is no duplication of effort.
- A data-driven approach to ensure that the correct assets are maintained to the correct standard.
- A more commercial approach taken, where all spend is properly assessed against budget before being approved.
- A continuous improvement approach where feedback is actively built into an ongoing development plan.

6.9 The intention is for there to be no additional LGPS cost as a result of the recommended approach, so the in-house element will need to be delivered within the existing staffing cost budgets.

6.10 The opportunity will be taken to review the budgeting arrangements for the service to ensure that there are clear lines of accountability and budget management for the Housing Revenue Account and the General Fund.

7 Lot Structure Approach

7.1 As part of the data improvement piece of work and analysis of the work the view is that the work is split into areas of specific activity rather than geographical approach.

7.2 The following lot approach is recommended:

Service	Delivery Option
Housing Grounds Maintenance including Hedge Cutting	In House
Parks And Open Spaces Maintenance including Sportsgrounds and specialist work	Outsource
Cemetery Maintenance and Grave Digging	Outsource
Associated Grounds Maintenance Work	Outsource / In house
Playground Inspections and Maintenance	Outsource/In House
Arboriculture	Outsource

7.3 There will be the opportunity for a provider to tender for more than one lot and therefore, we could end up with a single provider or several smaller ones, this would allow the Council to benefit from a positive response from the market but also mitigate the risks of a low interest.

8 Staffing

8.1 Currently there are 3 vacancies within the Housing Grounds Maintenance team.

8.2 These positions have been kept open during the Future Tandridge Programme work as at that time the service delivery was unknown.

8.3 Depending on market appetite for the Lots there could be an impact on the 3 staff working on General Funded Open Spaces work. However, by keeping the vacancies open there is the opportunity to transfer staff between the two functions.

9 Next steps

9.1 To support delivery of grounds maintenance and other operations services, an intelligent client model will be set up at Tandridge, this will provide the following regardless of delivery models:

- Strong contract and supplier management
- Mutually agreed service objectives and expected outcomes
- Clearly defined service specifications and expected outcomes
- Trust and good working relationship
- SMART Key Performance Indicators built into the service
- Regular performance reviews
- Actively monitoring work whether internal or externally delivered
- Expectation of check and challenge with supplier
- All above form part of the commissioning and continuous approach being developed by officers.

9.3 Subject to approval regarding the lot approach further market testing will be carried out to assess the market appetite for the suggested way forward. An update report will be taken to the November Committee including a detailed procurement timetable and project plan.

9.4 Work will also comment on setting out the various specifications, developing the key performance indicators and investigating cloud-based monitoring systems.

Key implications

Comments of the Chief Finance Officer

Grounds maintenance is part of a wider savings target of £239k for Operations. Progress against this was set out in detail to Community Services Committee on the 9th March 2023.

The proposals set out in this report are based on the principle of adhering to the approved budget for the service, continuing to deliver value for money and strengthening the commercial, contractual and budget management arrangements.

Whilst there are weaknesses in the Council's current approach, external review of the current contractual arrangements demonstrate that they deliver good value for money overall. The proposal to re-design the service based on the lot structure, building on the principles of strong commissioning and an intelligent client model should ensure that the service continues to deliver value for money in a more robust and evidenced manner.

The implementation costs will be reviewed and managed as part of the wider FTP resourcing, to be reported to Strategy & Resources Committee on the 28th September 2023.

Comments of the Head of Legal Services

Members have to make difficult decisions on where to focus the Council's resources. They need to be confident that the Council is providing the right services in the right way and investing or disinvesting appropriately. This report has set out a range of options for delivering the ground maintenance service and the opportunities for improvement and change and has also assessed the merits of these options. A robust options appraisal process helps provide assurance to Members and the public that these decisions are being made on a sound basis and by considering all the relevant information.

Some aspects of the legal and procurement issues are described in the report. A greater level of detail may be required subject to the decision Members take. In the event of an external partner taking over the grounds staff, any transferring employees would be protected under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations.

Equality

- 12.1 The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equality's legislation are considered prior to any decision being made.
- 12.2 Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
 - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the Equality Act) and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 12.3 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 12.4 Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.
- 12.5 Officers will continue to monitor the impact of proposals and undertake an Equality Impact Assessment where this is found to be appropriate.

Climate change

- 13.1 Reducing the number of grass and hedge cuts will help increase the biodiversity of the areas. Less frequent or intensive cutting will enable bees, butterflies, and other such wildlife to take up residence.

Background papers

2022/23 overall S&R paper – 30th June 2022

Future Tandridge Programme Community Services - Service Review Update
Community Services Committee - 18 October 2022

Community Services Committee - Future Tandridge Programme Update - March
2023 – 9th March 2023