

**Report to:** Cabinet

**Date of Meeting:** November 1 2021

**Report Title:** Agreeing the way forward for the Grounds Maintenance Service from November 2022.

**Report By:** Mike Hepworth, Assistant Director Environment and Place

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### **Purpose of Report**

To agree the way forward for the Grounds Maintenance Service from November 2022

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### **Recommendation(s)**

Cabinet agrees that:

- 1) Following our successful experience with the street cleansing service, a comprehensive business case is prepared for consideration by Full Council, for the option of providing an in-house grounds maintenance service. Thereby creating an innovative service fit for the future. Better able to maximise the opportunities presented by the council's commitment to addressing climate change and bio-diversity concerns, and for adding value to projects such as the Town Deal.
- 2) A budget of up to £50,000 from the council's invest to save fund is allocated, for specialist external support to develop the service specification and comprehensive business case.

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### **Reasons for Recommendations**

1. The Council's corporate plan commitments include:
  - preparing and implementing delivery of succession arrangements following the end of the ground's maintenance, and building cleaning, and public convenience cleaning contracts ending in 2022.
  - Scope options to bring services back in house as part of contract reviews and renewals e.g. reviewing grounds maintenance
  - Review in-house staffing capacity and skill sets as a basis for progressing in-house delivery opportunities
2. Following a preliminary (but detailed) options analysis, which included soft market testing, initial officer conclusions are that an in-house grounds maintenance service is more likely to provide the flexibility needed to respond to the challenges of climate change mitigation, improving local bio-diversity, and the 'greening' of Hastings through

closer alignment with initiatives such as the Town Deal over the next 10 years, and that these opportunities need to be developed into a detailed specification and method statement, and detailed business case for Council to base its final decision.

3. As with the successful Street Cleansing DSO project, sufficient officer capacity and expertise is required to support the existing officer team to undertake the work to develop the new specification, and an operational 'method statement' together with the comprehensive business case. The costs of this are estimated at circa £50k.

4. That to capitalise on the opportunities presented in developing an in-house service option, and to provide time for mobilisation of a new service, the option to extend the current grounds maintenance contract by a year has been exercised.

## Introduction

1. Grounds Maintenance (GM) is an essential service to maintain the council's green spaces, to meet its statutory and legal obligations particularly around health and safety and waste clearance. However, GM is also essential in meeting the council's climate change, biodiversity, public health and well-being agendas.
2. Hastings Borough Council is responsible for the maintenance of areas of green space, public parks, playing fields and the cemetery and crematorium. In recent years, the maintenance of these areas has been contracted out under a partnership contract arrangement with Rother DC and Optivo (the largest local social housing provider), with an annual cost to Hastings Council of c.£950k per annum. The current contract with IdVerde was due to end on 5th November 2022.
3. As with other contracted services, this has given the council the opportunity to review the current delivery model and establish and agree whether an alternative model might be advantageous – specifically whether the service should be taken in-house and added to the in-house street cleansing service. Unfortunately, the work to complete this options analysis and implement a new service model was delayed by the re-focussing of resources during the COVID pandemic. Therefore, the option to extend the current contract for one year has been exercised to enable this work to be concluded. As a result, it is now essential that specialist external support is procured to enable this key project to proceed.
4. Other factors taken into consideration in determining the future of this service include that it is understood that due to increases in costs over the last few years (e.g. the living wage and equipment), irrespective of the delivery model used, this service will be more expensive in future years.
5. A number of business analysis methods have been carried out to provide evidence for the recommendations, including options analysis and soft market testing.

## Delivery Method Options

6. The project team have undertaken a detailed options analysis on how the service could be delivered in the future, and this is outlined below.

## **Do Nothing**

7. This option must always be considered. But in this case is not viable if the town's parks and green spaces are to be kept open to the public and safe to use.

### **Option 1 - Absolute minimum grounds maintenance, providing only statutory obligations for public access. (a) by existing contractor, (b) by undertaking a procurement exercise based on a reduced specification (c) by an in-house service.**

8. Regardless of the service provider, such a significant reduction in service levels would impact on the quality and safety of the public green spaces, potentially compromising the council's health and safety, and other statutory duty of care standards. Resulting in serious reputational damage, and possibly also legal claims against the council. In addition, this minimalistic approach to managing the borough's fantastic parks and open spaces would simply not meet the needs and expectations of residents. During the COVID19 pandemic, the value of high quality accessible well managed open spaces has been highlighted many times.
9. Whilst undoubtedly cheaper, the estimated cost of this option is unknown at this stage. Whilst contractual obligations are in place until November 2022, (and now November 2023), any renegotiation of the remaining contract period would need to define the 'minimum' to meet statutory obligations. But it is by no means certain that the current contractor would be willing to continue to provide the service on such reduced terms. Therefore, this option is not recommended.

### **Option 2 - Initiate the further one-year extension option included in the current GM contract.**

10. The current contract allows for a 1 plus 1 year extension. Whilst the first option to extend to November 2023 has already been exercised, there is an option to request a further extension of the contract until November 2024. However, this option delays the council's ability to implement a new more flexible and future proof service longer than is thought necessary.

### **Option 3 - Re-tender the GM contract for another 10 years. Review current partnership arrangements.**

11. The full cost of this option is not yet known, as it would be subject to a full-tendering exercise. However, to inform the options analysis, the project team carried out a soft market test (SMT) through the East Sussex Procurement Hub (ESPH). This resulted in four indicative costs ranging from £1.2m to £1.4m pa based on delivering a like for like service to the current specification. It should be noted that these figures will not be the final costings. But give an indication of what sort of costs an external contract could be. If this is the preferred option, the organisation will need to provide sufficient officer time to undertake the full procurement exercise, as well as potentially significant short-term client-side resources to work with the contractor on their contract mobilisation during the first 12 to 24 months of the new contract.
12. The greatest disadvantage of this option is the lack of flexibility afforded by a long-term contract to adapt and develop the service to meet future challenges, and to maximise synergies with our other services, such as the street cleansing DSO. This is explored further in the following option.

#### **Option 4 - On termination of the current GM contract in Nov 2023, bring all GM work in-house by building capacity in our in-house service**

13. The estimated operational cost of bringing the service in house based on our existing provision is £1.1m pa. However, there will be additional upfront costs for staff structure, TUPE arrangements, and considerable capital investment in new equipment. These are estimated to be in the region of £1.3m.
14. Costs aside there are clear benefits to bringing the GM service in-house including: flexibility to change service provision as demand/needs change; synergy with our in-house waste and street cleansing DSO (and other HBC service areas); development of added value benefits; strong desire for improved performance; proactive development input in the up-skilling and training of the workforce; encouragement of active community engagement; commitment to continuous improvement, and therefore best value and efficiency benefits.
15. In addition, this option provides economy of scale benefits with our in-house waste and street cleansing DSO; the potential for a stronger and more focussed contribution to HBC's carbon reduction targets; a medium for increased service user satisfaction; added value efficiency with non-contract minor works provision; alignment with corporate priorities and integration of current parks team staff to the in-house GM DSO.
16. This option would also provide the opportunity to align GM with the council's other major initiatives and strategic objectives and policies, including the potential opportunities arising from the Town Deal, such as working with organisations like Great Dixter and Groundwork South.
17. The main disadvantage would be the level of capital investment required and the set up / officer time required from several service areas including Legal, HR, IT, Transformation and Programmes, Waste and Parks and Gardens. The development of the new service specification, method statement and comprehensive business case will require the support of additional external expertise, as was the case with the street cleansing in-house service development.
18. It's recommended that this option is pursued as a major corporate project for the remainder of this year and next.

#### **POLICY IMPLICATIONS**

19. There are clearly a number of policy implications arising from these proposals, and they are outlined below under the appropriate headings.

##### **Equalities or community cohesiveness**

20. Access to open space and related features is a fundamental aspect of providing health and wellbeing for all.

##### **Crime and fear of crime**

21. Regular maintenance and inspection of open spaces, parks and related amenities provides assurance to users and provides a deterrence to criminal and anti-social behaviour.

## **Risk Management**

22. A risk assessment has been carried out for each option, and there are references to the potential risks, advantages, and disadvantages of the various options in earlier sections of this report. However, the largest risk to the implementation of the options will be the resources required given other council commitments, and as such this would need to be prioritised as a mission critical project within the timescales identified. The second highest risk would be the increase in costs for providing a like for like (as existing) service, and this could only be mitigated if sufficient funding is made available or the service scale/level is reviewed, and economies and efficiencies identified. This would be determined by the viability and feasibility assessments undertaken as part of the development of the detailed business case.

## **Environmental Issues**

23. With either an in-house DSO or a new external contract, this is an opportunity to consider, develop and implement a more sympathetic approach to environmental management, and contribute to the council's climate change strategy. However, we believe that an internal DSO option has the potential to create far greater flexibility to respond to climate change impacts, as technology and innovation in this field progress.

## **Economic/Financial Implications**

24. As noted earlier in the report, it is expected that the cost of providing a GM contract in the future will exceed the current budget allocated for the service whichever option is chosen. Largely this is due to natural increases in the cost of labour, fuel, and consumables. However, the proposed recommendation will enable an informed consideration of best value, both in terms of financial and social benefits, and the ability to build in flexibility of future service delivery to reduce on-going costs.

## **Organisational Consequences**

25. As with any frontline service used by a high number of customers, getting GM right is essential. Failing to do so not only gives a negative impression of the service to customers, but it could also result in the council not meeting its statutory obligations, all of which could damage the council's reputation.
26. The work carried out by officers on the options analysis, has been undertaken against the backdrop of the council's response to the pandemic, and within the capacity required for project management of the other major projects and programmes.
27. It is clear, that developing a new way of managing and maintaining our parks and open spaces requires the support of additional resources with appropriate skills and experience. However, this approach worked successfully when we developed the in-house waste and street cleansing service.

## **Financial implications**

28. The council's current financial and resource situation is a well-documented challenge. Excessive amounts of additional cost could have a dire effect on the council's ability to fulfil its functions. The development of the new specification and business case will be undertaken in this context, and will be fully cognisant of the

need to operate within the financial constraints and balance this with meeting the other strategic objectives mentioned above.

29. If the council choose to implement the in-house service option, the work to develop the specification and method statement will also aim to identify ways to reduce costs, and this option will also enable the service specification to remain flexible over time and to facilitate further efficiencies in the future. Whereas the evidence from the soft market testing suggests that if the council were to simply procure a new contract along similar lines to the existing one, the costs will increase significantly. The option suggested buys time to properly review our future needs, and the best way of delivering them.

### **Local people's views**

30. The option recommended provides an ideal opportunity and sufficient timescale, to consult with local people on what they would ideally like to see in the future management and maintenance of the town's green spaces and parks and gardens.
31. The emerging Local Plan has specific references to the work undertaken by this service – Biodiversity and Net Gain Existing & Emerging Local Plan – Biodiversity and Net Gain Policy DP6 Green Infrastructure, DP5 Biodiversity, DP4 Flood risk and water quality.

### **Anti-Poverty**

32. Access for All is a critical factor behind the need to maintain our parks and open spaces at low or no cost.

### **Timetable of Next Steps**

33. The timescale of activity and decisions were Council to accept the recommendation would be as follows:

CABINET –November 1 2021  
Commence with recommendation  
Prepare consultant brief – November/December 2021  
Tender for consultant – January/February 2022  
Appoint consultant – February/March 2022  
Review/Approve – Business Case – June/July 2022  
Develop implementation plan  
New service in place November 2023.

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### **Wards Affected**

All Wards

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### **Implications**

Relevant project tools applied? Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	Yes
Risk Management	Yes

Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	Yes
Anti-Poverty	Yes

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### **Additional Information**

### **Officer to Contact**

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