



EAST STAFFORDSHIRE BOROUGH COUNCIL
REPORT COVER SHEET

Title of Report:	Scrutiny Review of Grounds Maintenance 2023	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Scrutiny (Value for Money Council) Committee	x
	Corporate Management Team	x
	Pre Cabinet	x
	Cabinet	



Scrutiny Committee Review Final Report

Title: Scrutiny Review of Grounds Maintenance 2023

Scrutiny Committee: Scrutiny (Value for Money Council) Committee

Committee Chair: Cllr Z Krupski

Sub-group Members Leading Review:

- Cllr Z Krupski
- Cllr A Bailey
- Cllr M Holton
- Cllr A Clarke

Is the Report Confidential? No

If so, please state relevant paragraph from Schedule 12A Local Government Act 1972: [insert]

SECTION 1: COMMITTEE'S REPORT

1. Background

- 1.1. The committee wanted to consider the current services provided to ESBC and residents as to whether the current Grounds Maintenance contract is achieving value for money.
- 1.2. At its meeting on the 13th July 2023, the Scrutiny (Value for Money Council) Committee agreed to review the current Grounds Maintenance contract and elected a sub committee to undertake this review.
- 1.3. The following Members were assigned to the sub group:
- Councillor Z Krupski
Councillor A Bailey
Councillor M Holton
Councillor A Clarke
- 1.4. Following the full Scrutiny meeting in January 2024, the chair requested all members be invited to subsequent meetings to support with the generation of a final report.
- 1.5. The sub group met on four occasions between July 2023 and February 2024:

Date	Attendance (Cllrs)
Weds 16/08/2023	<i>Meeting adjourned until 07/09/23</i>
Thurs 07/09/2023	Z Krupski / A Bailey / M Holton / A Clarke
Tues 24/10/2023	Z Krupski / A Bailey
Weds 07/02/2024	Z Krupski/ P Krupski/ M Shrive/ M Holton/ A Bailey
Weds 28/02/2024	Z Krupski/ P Krupski/ M Shrive/ S Sankey / A Clarke / A Bailey / M Holton

2. Scrutiny Approach

- 2.1. The Communities, Open Spaces and Facilities Manager was invited to the October sub group meeting to give a presentation on the Grounds Maintenance contract. The sub-committee were able to discuss the current provision and gain an understanding of infrastructure in place. This meeting also provided the sub-committee the opportunity to ask questions from the relevant team and appreciate the difference in responsibilities between ESBC and SCC.
- 2.2. Specific data, relating to Grounds Maintenance performance was shared with the sub group via the Member Intranet, including details on KPI's, previous year's outturns, rectifications and benchmarking contacts via CIPFA Nearest Neighbours.
- 2.3. The sub-committee utilised all these resources during their review of the current Grounds Maintenance provision.

3. Scrutiny Review Scope

3.1. The following questions were suggested and agreed by the sub group in order to provide a focus for this review:

1. Contract Performance

a. What are the current contractual terms and obligations?

i. How is the contractor performing against the contract over the past three financial years (i.e. 2020/21, 2021/22 and 2022/23)?

ii. Are required service standards being achieved in all areas or only in specific wards?

iii. If service levels are below required standards, what past / future action has been / is being taken to improve performance?

2. Contract Costs

a. What are the current contract costs?

b. What does the local / national market for grounds maintenance provision look like?

i. Could future provision be separated into smaller localities?

4. Scrutiny Review Findings

4.1. **What are the current contractual terms and obligations?**

4.2. The current contract between ESBC and ID Verde is a five-year contract, expiring on the 31st October 2026.

4.3. The contracts purpose is to provide general grounds maintenance services to specified locations within the Borough and to deliver these to agreed standards.

4.4. The contract can be extended at the conclusion of term by anywhere between one and five years, but also at a new and revised financial assessment.

4.5. Within the contract, the contractor shall provide written monthly reports with KPI's showing each month's performance against agreed targets. In addition, an annual Service Delivery report and plan covering all services will be provided by the contractor to senior ESBC managers.

4.6. **How is the contractor performing against the contract over the past three financial years (i.e. 2020/21, 2021/22 and 2022/23)?**

4.7. Having fully reviewed the two documented annual reviews (I D Verde presentation slides), it is the view of the Scrutiny Committee that these annual reviews required to take a far more formal process & format. The Committee felt the current format / content and recording of such reviews would not fulfil normal expected audit standards. From the information reviewed, it is unclear whether the contractor has

achieved the required standards & where failures have occurred that suitable remedial action has been taken to prevent reoccurrence in future years. Ref App1.

4.8. **Are required service standards being achieved in all areas or only in specific wards?**

4.9. KPI rating on contract performance rose slightly until April 2023, however from April 2023 until June 2023 the KPI rating on contract performance rose significantly which is an area of concern (as seen in Fig.1 - 310723 performance meeting Cumulative Defaults KPI).

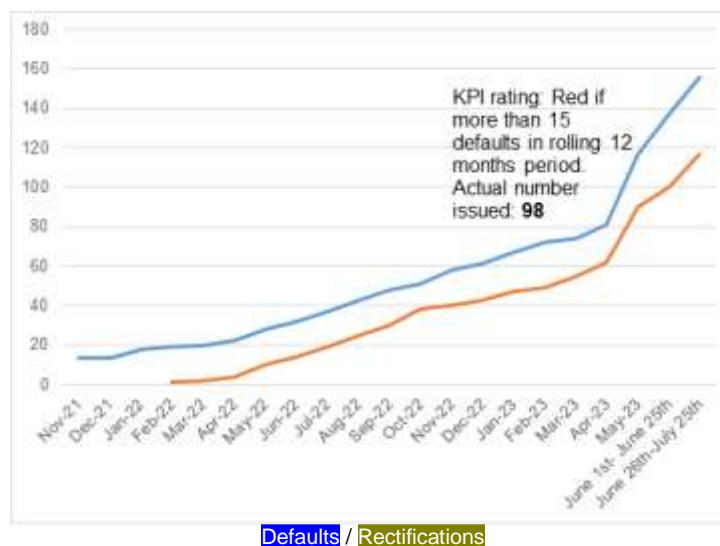


Fig.1

4.10. During May and June 2023 there were a very high number of defaults and rectifications. Whilst defaults dropped significantly in August and September 23 but rectifications were still quite high which indicates a time lag to address issues identified.

4.11. In terms of Service in specific wards, following inspections Burton South which has an FTE allocation of 0.6, had the largest number of identified defaults requiring rectifications, followed by Burton North which has an allocation of 1 FTE (as shown in Fig.2 – 310723 Rectification by Inspection Area). It is worth noting the FTE numbers referenced here relate to the ESBC officers involved in contract management and are not reflective of the ID Verde allocation completing the tasks.

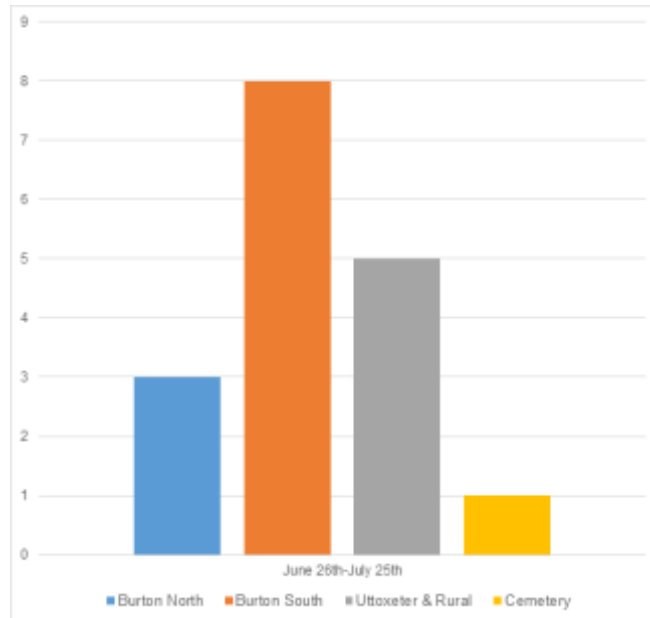


Fig.2

4.12. Whilst Uttoxeter, which has an allocation of 0.4, required a smaller number of rectifications the cemetery defaults were highest in April 2023 but fell in June 23.

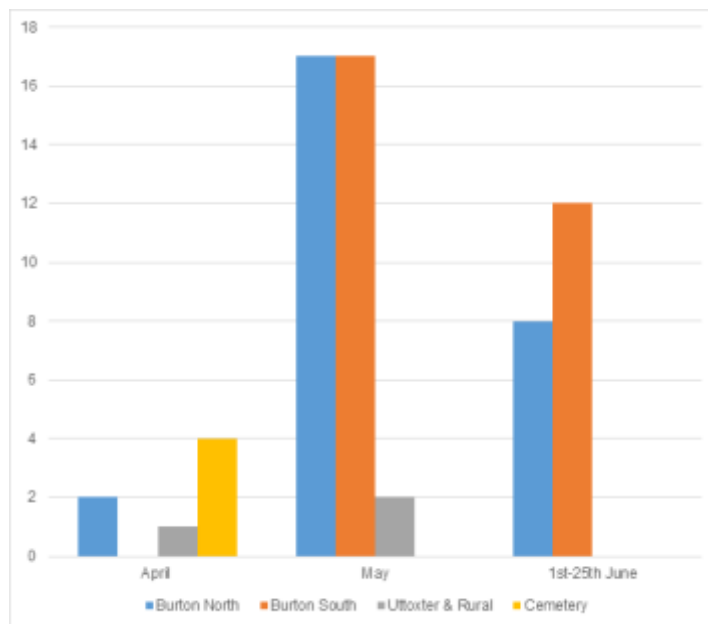


Fig. 3

4.13. During 2022 Uttoxeter was identified as the worst performing area across the borough in terms of metrics. This was primarily due to an extremely poor performing team. The team was relocated and a new team inserted which has seen services improve dramatically.

4.14. **If service levels are below required standards, what past / future action has been / is being taken to improve performance?**

4.15. We can confirm the service standards are below the required level in several areas in the borough.

4.16. There are legal provisions stated in the contract to deal with the underperformance (Clause 31 – 34), which clearly outline the process of default.

- Verbal /written rectification notice – it is raised by the supervising officer
- Official rectification notice with the details of the failure and the time specified to rectify it
- Default notice of the rectification with details as above (clause 31.3)
- Non-rectifiable default notice (31.7)
- Default notice (32.2)
- The authority has got the right to deduct from the Contractor the relevant amount of money to cover administrative costs incurred to conduct the investigation and serve rectification notices and manage default notices (32.7)
- Persistent default notice (33)
- Substituted service by the authority (in case the contractor is unable to rectify, clause 34)

4.17. It is clear that monitoring the GM contract is very time – consuming and requires plenty of resources/staffing and administrative actions from the ESBC department. The existing contract allows ID Verde too much time in terms of rectifying the issues within the persistent default process (33.1.1-33.1.3)

4.18. The performance monitoring reviews are held not annually but monthly and quarterly by the contractor’s managers, lead officers and cabinet members, notes are taken at those meetings.

4.19. We were shown the evidence of the logging system for the duration of the contract to date, where the issues requiring rectifying were noted and subsequently dealt with by issuing rectification notices as per contract.

4.20. It is the view of the Scrutiny Committee that the current penalty provisions within the contract are insufficient in monetary terms for the contractor to provide an adequate level of performance.

4.21. **What are the current contract costs?**

4.22. A breakdown of the current contract costs can be seen in Table 1 below:

Grounds Maintenance	[Redacted 1]
Variable Work	[Redacted 2]
Cemetery Maintenance	[Redacted 3]
Burials	[Redacted 4]
Tree and Arb Works	[Redacted 5]
Drains and Grill Clearance	[Redacted 6]
Tree Works	[Redacted 7]
Total	[Redacted 8]¹

4.23. **What does the local / national market for grounds maintenance provision look like?**

¹ 1-8 Redacted due to commercially sensitive information

4.24. Several local Councils have responded to our request for information as to whether they have brought back grounds maintenance in house. Several of these councils reported that by doing so it has given them a greater level of control, savings, and reduction in complaints whilst providing the multi skilled workforce with greater job satisfaction. Some of the responding councils occasionally still use external contractors for more specialised work.

4.25. The largest current negative issue raised was the ability of recruiting suitably qualified staff when existing staff retire or move on. Although the general feeling was that having high quality apprenticeship schemes would over time reduce this issue.

4.26. Could future provision be separated into smaller localities?

4.27. The choice of contractor to take on the total work schedule for the Open Spaces contract is extremely limited if not virtually non-existent; this is illustrated by the tendering process in 2021.

4.28. 31 companies viewed the tender but only 8 chose to enter the Selection Questionnaire. Of these 8, 3 companies failed the financial evaluation and 5 were invited to the ITT stage. 1 of the 5 companies did not submit a tender at the ITT stage, so the remaining 4 were evaluated in line with the methodology set out in the process, before a decision was reached to award the contract to ID Verde.

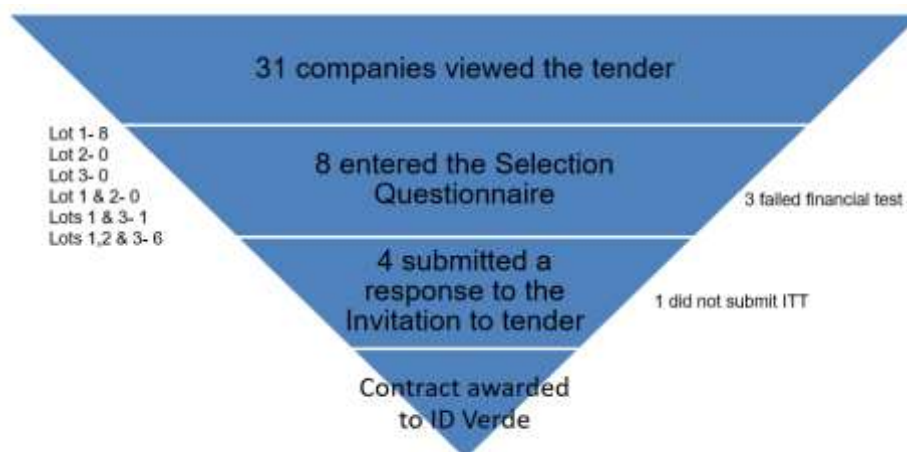


Fig.4

4.29. Cemetery – provision of a specialised provider may not be possible to outsource for all cemeteries particularly Stapenhill due to the nature of burials. However Uttoxeter Town currently uses an independent contractor after removing ID Verde.

4.30. At this stage a hybrid service would be a possible option with :-

(i) In sourcing. This can only be achieved by gradual phasing in due to the significant capital spend on equipment coupled with the cost of recruitment and training of new staff. Insourcing would be viewed as a positive action in terms of employing local manpower and reducing the carbon footprint. It is recommended that insourcing the workload should commence with the simpler contractual tasks such as litter picking, bin emptying and opening and closing the various parks in the Borough to allow performance to be monitored.

(ii) Using individual contractors for each of the six Wards and Uttoxeter would involve a more complex monitoring of performance management, but it would make it easier to identify areas of poor performance.

(iii) A separate contractor for Uttoxeter would remove travel time from Burton to Uttoxeter but the question remains whether a local contractor exists with the required manpower to undertake the contract requirements of grass cutting, litter picking and bin emptying, watering, weeding & opening and closing the local parks.

5. Summary

5.1. As previously stated, finding and appointing a grounds maintenance contractor to undertake the work on behalf of ESBC has been exceptionally difficult. Ensuring that they undertake the work to the agreed contractual terms and to a high standard can be very difficult for the Open Spaces Team with their limited resources. The view of the Communities & Open Spaces Manager, which the committee is generally in agreement with is “that we do get what we pay for, but only because our officer inspection team have to work extremely hard in monitoring IDV and holding them to account. Also how much more extra resources we have to use to monitor the contract compared to the original plan”.

6. Recommendation(s) of the Committee

- 6.1. For the current contract, continuing leveraging financial penalties on ID Verde is critical to maintaining operational performance.
- 6.2. For any future groundwork contracts, they must have greater clarity, tighter standards & appropriate and meaningful recompense to ESBC when the contractor fails to deliver on the required KPI's.
- 6.3. The committee would recommend that ESBC investigate insourcing various easier parts of the current contract in the first instance. The longer term ambition being to insource all parts of the Groundwork services with the possible exception of Burials. The use of apprenticeships, to allow the in house Team to grow and develop its core skills was viewed as paramount for the longevity of the in house provision.
- 6.4. Ensuring that all future review meetings with the contractor comply with an agreed standard format and are formally documented. It is the view of the committee that these reviews, as a minimum must include the following :-
 - a) Review of previous meetings outstanding actions
 - b) Review of all required KPI's and where a KPI has not been achieved, an agreed set of actions to correct the issue within specific timescale.
 - c) Review of current manpower to implement the contract, plus a review of churn rate.
 - d) Review of any training undertaken by the contract team since the last review & any future planned training to be undertaken
 - e) Any looming issues that may affect the performance of the contract going forward.

7. Appendices

7.1. Appendix 1: VFM Scrutiny - GM Appendix 1 - Rectifications & Defaults

7.2. Appendix 2: VFM Scrutiny - GM Appendix 2 - Contract Costs

SECTION 2: OFFICER CONSIDERATIONS

8. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: James Hopwood

8.1. The Council's payments to ID Verde, per the Council's financial ledger are as follows: £1.1m in the 2021/22 financial year; £1.03m in the 2022/23 financial year, £1.16m between 1 April 2023 and mid-March 2024.

9. Legal Considerations

This section has been approved by the following member of the Legal Team: Glen McCusker – Locum Solicitor and Deputy Monitoring Officer

- 9.1. There are no significant legal issues arising from this Report.
- 9.2. Legal Services has already provided legal advice on the performance of the Grounds Maintenance Contract, and on the in-sourcing of this Service.

10. Risk Assessment and Management

10.1. The main risks arising from this Report and the Council achieving its objectives are as follows:

10.2. **Positive** (Opportunities/Benefits):

10.2.1. ESBC could have greater control over the Grounds Maintenance standards being delivered across the borough.

10.3. **Negative** (Threats):

10.3.1. N/A

10.4. The risks do not need to be entered in the Risk Register.

10.5. Any financial implications to mitigate against these risks are considered above.

11. Equalities and Health

11.1. **Equality Impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

11.2. **Health Impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

12. Human Rights

12.1. There are no Human Rights issues arising from this Report.

13. Sustainability (including climate change and change adaptation measures)

13.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A