


Report of	Assistant Director of Environment	Author	Rosa Tanfield  538047
Title	Business Case for Ground Maintenance Contract Delivery Model		
Wards affected	All wards		

1. Executive Summary

- 1.1 The Council's current grounds maintenance service contract with Idverde commenced in April 2016 and is due to expire in October 2023, unless a contract extension is agreed in accordance with its terms or alternative arrangements are agreed.
- 1.2 In 2021, the Association of Public Service Excellence (APSE) was commissioned to support the development of a balanced business case, to test and assess the option of an inhouse delivery model, for the Policy Panel to consider.
- 1.3 This report summarises the recommendations from Policy Panel, including a recommendation for Cabinet to agree to extend the current contract for the reasons set out in this report.

2. Recommended Decision

- 2.1 To delegate authority to the Assistant Director of Environment to extend the contract with the existing contractor for 3 years in accordance with the existing terms.
- 2.2 To agree to the recommendations made by the Policy Panel at its meeting on 12 January 2022 and referred to in section 3 of this report.

3. Reason for Recommended Decision

- 3.1 At its meeting of Policy Panel on 12 January 2022, the following recommendations were made: -
 - a) The contract with the current contractor, Idverde, be extended on the same terms. There is provision within the current contract for an extension of 3 years (only) if the Council decides up to 72 months from the commencement date. The last date for extension notice is 1 April 2022;
 - b) Officers should continue with plans for an in-house service meeting the objectives agreed, for commencement at the end of the contract extension agreed in 2.1 above;
 - c) An annual update be provided to the Policy Panel on progress of plans towards bringing the grounds maintenance service in-house, with confidential sections to allow discussion of commercially sensitive matters, where necessary.
- 3.2 The current contract requires formal notification of an extension to be given, if this is agreed, this needs to be given by 1 April 2022 at the latest.

- 3.3 Whilst the Council has a clear ambition for an inhouse model, the decision to extend the current contract, does not preclude the option or ability for the Council to continue to develop the proposal during the extension period via a twin track approach which could provide an opportunity for the planning and strategy to take place ahead of a transition. Regular updates to the Policy Panel will ensure good and robust progress is made.

4. Alternative Options

In-house model

- 4.1 The business case sets out several significant barriers to overcome that make the transition to an in-house model unachievable by the end of the current contract period. These barriers include the cost to deliver a like for like service, capacity at the Shrub End depot, lack of a community-based approach, lack of innovation to develop a 21st century service, and capacity and resource for a successful transition and delivery of the service. Given the operational and financial risk associated with delivering an inhouse model at the end of the current term, this option is not considered viable at this time.

To retender

- 4.2 It is predicted that the rise in material prices and longer supply times resulting from both Brexit and the Covid-19 pandemic could see tender prices increase significantly during the potential retender period, giving rise to operational and financial risks to the Council during the medium term financial forecast period. This option is not therefore, considered viable at this time.

5. Background Information

- 5.1 As set out in the 12 January 2022 Policy Panel report, which is attached as an Appendix to this report.

6. Risk Management Implications

- 6.1 The extended contract will be managed using the same terms, and robust contract management will remain in place.

7. Financial implications

- 7.1 A key objective of the transition to a new model was to deliver annual savings of at least £100,000 per annum against the current contracted value. The extension to the contract will implement contractual inflationary increases which means this saving cannot be achieved, however there will be overall greater certainty and reduced risk to the Medium Term Financial Forecast when compared to the alternative options set out in the report.

8. Strategic Plan References

- 8.1 This project work is directly aligned to the Council's strategic priorities of *Tackling the climate challenge and leading sustainability* (in particular, conserving and enhancing biodiversity), and all priorities in *Creating safe, health and active communities*.

9. Environmental and Sustainability Implications

- 9.1 Officers will continue to work with the contractor to ensure that the objectives developed by Policy Panel in its ambitions for an inhouse model will be met as closely as possible during the extension, this includes the work developed through the Colchester Greening Policy.

10. Equality, Diversity and Human Rights implications

- 10.1 This report sets out to seek approval of the extension of the current contract, with no significant changes to the delivery of grounds maintenance and to that extent it does not impact on the promotion of equality and overcome discrimination in relation to gender, gender reassignment, disability, sexual orientation, religion or belief, age, and race/ethnicity.

11. Consultation

- 11.1 Consultation has been undertaken as part of the review into grounds maintenance options. No further consultation on the recommendation has been undertaken.

12. Publicity Considerations

- 12.1 As the recommendation sets out no overall change to the current contract, it is not proposed to undertake any publicity.

13. Health, Wellbeing and Community Safety Implications

- 13.1 As the recommendation sets out no overall change to the current contract, there are no implications on health, wellbeing and community safety.

14. Health and Safety Implications

- 14.1 As the recommendation sets out no overall change to the current contract, there are no implications on health and safety.

Appendix – report to Policy Panel 12 January 2022



Policy Panel

Item

12 January 2022

Report of	Assistant Director Environment	Author	Rosa Tanfield ☎ 03300 538047
Title	Business case for an in-house grounds maintenance delivery model		
Wards affected	All wards		

1. Executive Summary

- 1.1 At its meeting on 13th January 2021, Policy Panel agreed to participate in the review of future options for delivery of grounds maintenance services across the borough and make recommendations to Cabinet.
- 1.2 At Cabinet on 10th March 2021, Policy Panel gave the recommendation at this pre-business case stage, of a new in-house operating model to deliver grounds maintenance, and for a detailed business case to be brought back to Policy Panel for review before final recommendations go to Cabinet for a formal decision on the operating model to be delivered at the end of the current Grounds Maintenance contract.
- 1.3 The Council's current grounds maintenance contractor is Idverde who commenced in April 2016 and the contract is due to expire in October 2023. The contract is worth approximately £10.4 million over the seven years and seven months.
- 1.4 The Council commissioned an external consultant to support the development of a balanced business case that tested and assessed several aspects of the proposal, including the objectives set and agreed by Policy Panel and Cabinet.
- 1.5 The business case sets out several significant barriers to overcome that make the transition to an inhouse model unachievable by the end of the current contract period. These barriers include the cost to deliver a like for like service, capacity at the Shrub End depot, lack of a community-based approach, lack of innovation to develop a 21st century service, and capacity and resource for a successful transition and delivery of the service.
- 1.6 It is assumed that the Council still wishes to pursue an inhouse delivery model for grounds maintenance. Should a decision be to extend the current contract, this does not preclude the option or ability for the Council to continue to pursue the option and it could provide a significant opportunity for planning and strategy to take place ahead of a transition
- 1.7 Should the decision be to extend the current contract, it would be on the current terms and conditions of the contract. There could be a risk of a fall in service performance. However, this will be robustly managed, as has been experienced in recent months. Officers also see an opportunity to work more closely with Idverde during this contract period and will look to explore such options as co-located workspaces to improve contractor relationships and more community-based projects, as alluded to above.

2. Recommended Decision

- 2.1 To recommend to Cabinet to extend the contract with the current contractor Idverde on the same terms. There is provision within the current contract for an extension of 3 years (only) if the Council decides up to 72 months from the commencement date. The last date for extension notice is 1st April 2022.
- 2.2 To recommend to Cabinet that officers should continue with plans for an inhouse service meeting the objectives agreed, for commencement at the end of the contract extension agreed in 2.1 above, if agreed.

3. Action Required

- 3.1 Review the business case and this covering report.

4. Alternative Options

Inhouse model

- 4.1 The detailed business case set out in Appendix A sets out clearly the analysis of an inhouse model. It states that an inhouse model could be achievable but at some significant risk and it would not fully achieve the objectives set. There are several significant barriers to overcome, and these are set out in section 5.42. It may not be possible to overcome these barriers in the timeframe of the current contract and therefore it not considered a viable option at this time.

To retender

- 4.2 In order to achieve the aims and objectives set out in the report, the current specification would need updating. This process would need to commence in April 2022 to cover the complexity of this large contract, including the Transfer of Undertakings (Protection of Employment) regulations (TUPE), applicable to approximately 50 staff members, and mobilisation process.
- 4.3 The business case explores the possibility of retendering the contract and sets out that tender prices are predicted to go up by 21% over the next five years, while they will increase faster than input costs due to increased demand and loss of competition (*source: Royal institute for Chartered Surveyors, October newsletter 2021*). In the immediate term, sharply rising materials prices and longer supply times resulting from both Brexit and the Covid-19 pandemic show that tender prices will rise by nearly 4% between quarter 2 2021 and quarter 2 2022.
- 4.4 Given the operational and financial risks associated with retendering, this option is therefore not considered viable at this time.

5. Background Information

- 5.1 The grounds maintenance service is one of the Council's major externalised service areas. The current contractor is Idverde who commenced in April 2016 and the contract is due to expire in October 2023. The contract is worth approximately £10.4 million over the seven years and seven months. The annual value of the contract for 2021/22 is £1.7 million.

The Policy Panel review of options (November 2020 to March 2021)

- 5.2 At its meeting on 13th January 2021, Policy Panel agreed to participate in a review of future options for the delivery of grounds maintenance services across the borough and to make recommendations to Cabinet. In undertaking this request Leadership Board asked that the Policy Panel consider the following aims:

Community asset based

Creating an environment and the conditions to support community led action

Demonstrates exemplary management of the environment

Sustainability, biodiversity, and ecology at the heart

Ensure budget control

Robust and demonstrable savings, with cost certainty that considers the future (£100,000 per year saving assumed in midterm financial forecast)

Transformative

Match the Council's ambition in how the service can be delivered going forward; providing a service fit for the 21st Century

- 5.3 Leadership Board tasked the panel to include within its scope, works currently undertaken by the Neighbourhood Services team, including Castle Park, Countryside, tree maintenance, river, lake, and coastal maintenance, in addition to the work currently undertaken under contract by Idverde. The review would also consider future implications and opportunities on service delivery, such as legislative changes, significant changes to assets and public sector reform.
- 5.4 Officers engaged the Solutions Team at the Association for Public Service Excellence (APSE) to assist the Council in initially undertaking a review of the options available. Drawing on many years' experience of assisting local government to establish and implement excellence in public services, the Solutions Team have facilitated the process and guided Council officers through the review.
- 5.5 During the process of review, stakeholder consultation sessions and analysis of the objectives was undertaken. The Policy Panel agreed the following more detailed description of the objectives setting out a clearer interpretation of the requirements the Council wished to achieve with a new or revised operating model in the future for grounds maintenance:

Community Asset Based

Creating an environment and the conditions to support community led action:

- Increasing pride for the Borough
- Enabling community projects, community gardens, community composting
- Enabling/delivering good standards of communication and engagement
- Enabling a greater understanding of biodiversity with residents and stakeholders
- Co-producing standards and quality control (e.g., Quality Assurance Agents)
- Developing local/resident responsibility for local areas
- Linking with Parishes / community and establishing asset transfers

- Harnessing and developing local skills, through training opportunities (social value)

Exemplary Management of the Environment

Sustainability, biodiversity, and ecology at the heart

- Increasing wilderness
- Creating a diverse environment
- Reducing carbon footprint (EV equipment and fleet)
- Continue the phased chemical reduction/weed control
- Rewilding becomes the default position
- Biodiversity is relevant to the local areas
- Enabling/delivering good standards communication, engagement, education, and behaviour change
- Future generations are key to supporting and unlocking the future of a greener Borough
- Responding to the climate emergency
- Managing in a sustainable manner

Budget control

Robust and demonstrable savings, with cost certainty that considers the future

- S106 is optimised
- Ensuring value for money and robust performance management
- Additional revenue opportunities are unlocked and harnessed (e.g., taking on work through management companies)
- Social value is harnessed (e.g., apprentices, sponsorship of community projects)
- Participatory budgeting, coproduction, co-ownership, incentivisation
- Professional service is delivered
- Clean and attractive to promote the Borough and attract inward investment
- Improved quality of pitch maintenance

Transformative

Match the Council's ambition in how the service can be delivered going forward; providing a service fit for the 21st Century

- Public parks – establish and work towards what do people want
- Transparency on performance and standards being achieved
- Respond to growth in the Borough
- Learn from innovative work in other Boroughs
- Co-production of policy with communities
- Co-ownership of the delivery model
- Easier reporting and monitoring
- Consistent service delivery
- Greater integration between services
- Greater flexibility to the changing environment

5.6 In establishing more detailed objectives, reviewing, and assessing the feedback from the stakeholders, and assessing different operating models the Policy Panel determined their preferred pre-business case preference to be an in-house delivery model with focus on:

- Greater community engagement and involvement - Not only in-service delivery but also in policy especially as “Place” is becoming increasingly important to residents.
- Improvements to the quality of service delivered. Sporting body stakeholders wanted to see improvements to quality of pitches.
- Clearer reporting and transparency so that service quality can be easily measured and assessed by residents.

- Ability to be flexible in what work is undertaken to keep up with the changing nature of grounds maintenance and the climate emergency.
- Synergy with the 4 objectives.
- Developing an understanding of what is meant by Biodiversity and the value of green (and blue) space.
- Smaller contracted works for specialist undertakings that would hopefully support the local economy.

5.7 Policy Panel made a recommendation to Cabinet on 10 March 2021:

- To support the recommendation of the Policy Panel, at this pre-business case stage, of a new in-house operating model to deliver grounds maintenance as described in this report, subject to the outcome of the Policy Panel meeting on 3rd March 2021.
- For a detailed business case to be brought back to Policy Panel for review before final recommendations go to Cabinet for a formal decision on the operating model to be delivered at the end of the current Grounds Maintenance contract.

5.8 The business case is set out in Appendix A and the following sets out a summary.

In-house Grounds Maintenance Business Case

5.9 The Council commissioned APSE Solutions again to undertake work to develop a business case to test the theory of a Colchester in-house grounds maintenance service. Officers and the consultant have worked with colleagues across the Council to develop the business case, including finance, legal and HR. A balanced business case methodology has been used which is designed to test, as opposed to simply support, a preferred course of action. To this end the business case assesses viability according to five headings:

- **strategic case**, the proposed activity must be consistent with achieving the strategic objectives of the authority.
- **operational case**, there must be an understanding of the resources needed to provide the service and how these will be obtained.
- **financial case**, the contract price available from the market must be at least sufficient to cover the net cost of provision.
- **commercial case**, the proposed activity must, if it involves external trading, be commercially viable meaning that there must be a product that customers will choose to buy.
- **legal case**, the activity must be lawful.

5.10 In developing the business case, several assumptions have been made:

- The business case models a like for like transfer of the service. It is then proposed that 18 months after the transfer, the Council will re-evaluate the operations to ensure that it is effective and efficient as possible.
- Approximately 50 staff will transfer to the Council.
- Additional roles will be created to support a 'good' standard of service and ensure compliance (this includes at least four Apprentices, a Health, Safety and Training Coordinator, Fleet Assistant Manager, Business Improvement Officer and two Operatives)
- The service will be delivered from Shrub End depot and seven satellite sites already owned by the Council and currently used by the contractor.
- At least 29 vehicles will be required, in addition to a large number of specialist equipment and machinery

5.11 The following provides a summary of the conclusions:

Strategic Case

5.12 The report reviews the strength of an in-house delivery model against the following headings:

- Performance and governance
- Cost efficiency, flexibility and added value
- Service integration and synergy with other in-house service
- Employment considerations
- Quality of services
- Sustainability
- Local economy

5.13 In summary, by bringing in the operations within the Council's services, there will be benefits to stronger links to local policy and deliverability against the Council's strategic aims and objectives, greater flexibility and responsiveness, greater integration into services delivered across the Council, greater opportunity to up-skill and multi-skill the workforce, greater opportunity to create pride and the ability to support the local economy.

5.14 A core consideration is that of the transfer of staff delivering the existing contract and Council officers. During the setup of the new in-house service, approximately 50 employees will need support from Human Resources and cooperation with the relevant Trade Union. This is explored further under the heading Operational and Financial Case.

5.15 An assessment of the deliverability against the objectives set by Leadership and Policy Panel is discussed further in paragraph 5.41

Operational Case and Financial Case

5.16 The operational case and financial case is considered together due the intrinsic link between them.

5.17 The business case focuses on three main areas:

1. Staffing requirements
2. Fleet, plant and machinery
3. Depot and accommodation

Staffing requirements

5.18 The business case sets out how the proposed workforce, could be incorporated into the existing Neighbourhood Services team. Main points considered:

- The workshops undertaken for the initial phase of the project identified a range of issues with the current quality of service delivered by the contractor together with a lack of pride in the service. A key reason was the lack of resilience and multi trained staff delivering the service, which were well under the levels promised. The new proposal recommends extra staff to those that will transfer to the Council.
- Due to the increase in workforce and that of increased high-risk work delivered by the Council, the proposal allows for additional business improvement (administration) support and health, safety, and training coordination support.
- As the service would potentially launch in October, and as workload theoretically reduces over winter, any potential recruitment can take place over the winter period ahead of the grass cutting, spring season.

- Street cleaning works, such as toilet cleaning, litter picking, and litter bin emptying would transfer to the Street Care & Safety team, with additional resource.
- As a continued commitment to developing its own workforce, the proposal includes four apprentice roles, who would rotate across all areas of the service.

5.19 A core consideration and assumption is that TUPE would apply at the transfer of the contract and staff would transfer on their existing terms and conditions. It is noted that the current Idverde staff work 40-hour contracts. If Idverde staff continued to work a 40 hours per week post transfer this is equivalent to an extra 3.5 FTE when compared to a 37-hour working week.

5.20 TUPE does present some risk for continued and sustained delivery of the service at the point of transfer, and this is related specifically to those staff who transfer, who may not wish to. This risk is reduced somewhat, due to the transfer taking place at an operationally 'quieter' period.

5.21 The business case sets out that there are similarities in salary levels between public and private sectors, and so there should be very little difference between providers. The major factor in a reduction of service would be if fewer staff were employed in delivering the contract.

5.22 Another core consideration is that of seasonal work and the business case suggests that the Council should consider some form of seasonal annualised hours. This cannot be defined until the Council is clear on the existing terms and conditions of staff transferring to the Council, as to whether this is already in operation.

Fleet, plant, and machinery

5.23 To fulfil the operational work of a grounds maintenance service, a wide range of fleet, plant and machinery would need to be procured. The Council in 2020 approved a 10 year forward Fleet Transition Plan. The ambition is that by 2030 the Council will have transitioned to a fully electrified fleet. During this ten-year programme diesel vehicles will be replaced where viable with electric vehicles (EV), but other options may be considered such as hybrid alternatives.

5.24 Wherever possible, electric vehicle (EV) or battery alternatives have been costed. For some vehicles there is currently no suitable EV version available, such as tractors and ride-on mowers, although the technology around EV is evolving rapidly and there will be far greater vehicle types available in the coming years.

5.25 An allowance for a Small Plant Fitter has been made to enable maintenance to be carried out on some of the plant and machinery.

Depot and accommodation

5.26 The Council's main operational depot is located at Shrub End. It is currently working at full capacity with parking space at a premium both for fleet and staff.

5.27 Additionally, for the grounds maintenance work, secure storage space at the depot (in its current state) is not available for the small plant. In terms of welfare of staff moving to Shrub End as their new base, the facilities currently available struggle to meet the demands of the current workforce. Daily there are currently over 100 staff moving through the site, most of this number is early in the morning and then at the end of shift in the

afternoon. Approximately half this number can come and go though at tipping and break times.

- 5.28 With regard to the maintenance of the small plant there is no available workshop space to set up a dedicated small plant workshop for the ride-on mowers and power tool servicing etc.
- 5.29 There are several buildings on sites across the Borough that will remove demand for storage at Shrub End Depot. These are:
- Castle Park - two large buildings for plant storage and yard area for parking. There are also storage bays for soil and green waste. Welfare room for park-based staff.
 - Cemetery - garage/barn for storing mowers and grave digging equipment.
 - Old Heath - brick building for storing pedestrian mowers.
 - Shrub End Sports Ground - large garage suitable for storing plant.
 - West End - double garage suitable for storage mowers and plant.
 - Mile End - garage suitable for storing mowers and plant.
 - Castle Park Sports Ground - double garage suitable for storage mowers and plant.
- 5.30 However, even with the use of the satellite sites, it is unfeasible to base the grounds maintenance service within the depot Shrub End from a capacity point. Additionally, it is unlikely that the depot could be reconfigured to incorporate an extra 50 members of staff plus 25 vehicles and associated plant, equipment and storage. The business case recommends that urgent consideration is given to looking at options for an alternative location from which to base the grounds maintenance service.
- 5.31 Consideration also needs to be given to the waste generated by the in-house model. This will potentially see an increase in green waste production up, in the region of 540 to 720 tonnes per year. The Council has an existing Waste Transfer Station (WTS) licence in order to manage waste from the Shrub End depot. The Council will need to apply for a Permit Variation in order to manage the increase of green waste, and again, the location and storage of this material will have to be carefully considered. As set out above, Shrub End Depot is at capacity.

Financial impact

- 5.32 The business case sets out that it is predicted that tender prices for contracts such as Colchester Grounds Maintenance could increase in the region of 21% over the next five years. Such an increase to the current contract price would mean an increase to around £2.1 million. This is at a time when Council budgets are already under strain. However, bringing the service back in-house would give the Council an opportunity to redesign the service to deliver savings and improvements first.
- 5.33 The financial impact of the proposal is set out in Section 7.

Commercial Case

- 5.34 The business case sets out that the emphasis at contract handover would need to be on improving (or at least, maintaining) the service in line with the specification rather than seeking out extra work. However, it is recommended that commerciality of the service can be considered in the longer term and the document sets out several options for consideration.
- 5.35 Nevertheless, the business case sets out potential work and assess the commercial potential for areas such as:

- Maintenance of open spaces
- Grass cutting
- Tree and hedge maintenance
- Weed spraying / control
- Landscape works
- Shrub bed maintenance
- Forestry works
- Pitch maintenance and marking out
- Landscape Design and consultancy

5.36 The business case recommends a more detailed analysis of potential work available and to ascertain what is available through other public bodies, such as schools or private businesses. The Council already has a strong track record of commercial trading in a range of activities that will be beneficial in developing this potential business. Helpfully, the current Neighbourhoods Service structure already incorporate a Business Development Officer, who can undertake this work. It is further recommended that a ring-fenced trading or profit and loss account is set up.

5.37 The business case sets out that the commercial case is viable and should be progressed to fully exploit potential opportunities.

Legal Case

5.38 The business case sets out that, for the avoidance of any uncertainty, nothing in the report should be construed as legal advice. The author is not a lawyer and all references to varying interpretations of the legal framework relate to positions taken by APSE member authorities and not to the legal advice they or APSE may or may not have received.

5.39 In terms of bringing the grounds maintenance service back in-house there is no legal bar to doing so and there is precedent from many Councils that have done so before.

5.40 The business case sets out the powers available to the Council to undertake and charge for any work, i.e., be commercial.

Deliverability against the strategic objectives

5.41 In considering the deliverability against the objectives set by Leadership Board:

Community asset based – whilst this can be achieved well through an inhouse model, the business case is weak in this area in terms of deliverability and suggests that this can only be delivered well after the transfer of the service.

Demonstrates exemplary management of the environment – whilst some of these ambitions are being met, it can be more strongly met with a greater community asset-based approach. The business case also sets out the financial implications in terms of increased costs associated with scaling 'greening' approaches across operations.

Ensure budget control – whilst greater control and flexibility can be achieved with budget control by delivering an inhouse model, the budget proposals demonstrate significant investment for the Council at a time when Council budgets are under significant strain. In addition, the business case cannot demonstrate a saving of £100,000 per year as

proposed, although this may be achieved in future years when the service is reviewed. This is described further in Section 7.

Transformative – the business case is weak in this area and does not demonstrate significant ambition or innovation recommending a ‘like for like’ transfer of the service to mitigate risk and sustain acceptable performance.

Conclusion

5.42 In summary the case sets out that an inhouse model could be achievable but at some significant risk and it would not fully achieve the objectives set. There are several significant barriers to overcome, and these are set out below. It may not be possible to overcome these barriers in the timeframe of the current contract and therefore it is recommended that a contract extension is put in place.

1. **Cost to deliver a like for like service** – the service is proposed to be more costly, does not provide the proposed savings and requires significant capital investment. Whilst a contract extension will implement inflationary adjustments, overall there will be greater certainty in terms of risk to the Mid-Term Financial Forecast.
 - a. **Fleet** (diesel – v – EV) – direction needs to be given on whether to work within the Fleet Transition Programme, as significant investment will be required for infrastructure, which is not currently costed and could be prohibitive.
2. **Capacity at Shrub End** – space and capacity to accommodate additional staff, provide appropriate welfare, security for fleet as well as managing additional waste is not possible. An extension will provide the opportunity to explore more options and enable planning.
3. **Community** – the current business case does not propose a strong case for meeting a community-based objective. An extension will provide the opportunity for the current team to explore the possibilities of a community-based approach, perhaps undertaking pilot schemes and greater engagement.
4. **Innovation** – the current business case does not propose a strong proposition for innovation and a service fit for the 21st century. The extension period will enable officers to explore this more and create plans for a more innovative approach at transition, rather than 18 months after transition.
5. **Capacity and resource for successful transition and delivery** – the current timeline proposes to bring inhouse a significant business operation at a time when Government changes require significant change to other high-profile areas of the service, notably the Waste & Recycling Service. This will create substantial pressure on workloads, and reduce capacity on existing staff to support successful transition of the service (see Section 6). An extension will provide the opportunity to develop more detailed plans and a considered approach to the transition, at a time where officers can be more dedicated to the delivery.

5.43 It is assumed the Council still wishes to pursue an inhouse delivery model for grounds maintenance. Should a decision be to extend the current contract, this does not preclude the option or ability for the Council to continue to pursue the option and it will provide a significant opportunity for planning and strategy to take place ahead of a transition. In taking this approach, Officers see an opportunity to work more closely with Idverde during this contract period and will look to explore such options as co-located workspaces to

improve contractor relationships and more community-based projects, as alluded to above.

6. Risk Management Implications

Performance and Service Standards

- 6.1 Should the recommendation to extend the current contract be agreed, open dialogue will remain with the current contractor throughout the process to ensure effective working relationships and maintenance of standards using the existing terms of the contract.
- 6.2 Should a decision be made for an inhouse model or retender be agreed, consideration should be given to the fact that standard of service may drop at point of transfer, due to the uplift and changes impacting staff that will ultimately impact on morale and performance. In addition, significant transfer of information and data will need to be made in order that programmes of work can be initiated. However, with robust systems and processes in place, plus regular reviews, this can be managed carefully to mitigate risks.

Environment Bill Implications

- 6.3 At the time of the potential transition or retender (October 2023), changes proposed in the Environment Bill are likely to be commencing at the same time. The timetable for the consistency in collections for Household Waste is set out below. Consideration should also be given to the setting up of the Extended Producer Responsibility (EPR) scheme from 2023 and the Deposit Return Scheme (DRS) from 2024 at the earliest. Each of these schemes will impact on resource and capacity across the Neighbourhood Services team:

2023/24	Business waste changes implemented (i.e., increase material collected and separation) – impact for Colchester
	Weekly separate food collections – no change for Colchester
	Separate garden waste collection - no change for Colchester
October 2023	Dry recyclable separate waste streams - no change for Colchester
No later than end 2024/25	Business recyclable plastic films – impact for Colchester
No later than end 2026/27	Plastic film collections – impact for Colchester

7. Financial implications

- 7.1 A key objective of the transition to a new model was to deliver annual savings of at least £100,000 per annum against the current contracted value. This is set out in the Mid-Term Financial Forecast.
- 7.2 Transfer of Undertakings (Protection of Employment) regulations (TUPE) will apply, and any review needs to pick up who would be liable for any redundancy costs. There may also be pension issues which would need to be reviewed as these issues could have an impact on potential future savings. Other costs may be difficult to predict but could include buying staff out of contractual cars, pension, pay protection or redundancy costs.

Capital costs

- 7.3 Capital costs have not been allowed for improvements or upgrades to Shrub End depot, nor for the purchase of buildings or structures to support this proposal. No costs have been allowed for EV infrastructure upgrades either.
- 7.4 Capital costs have been allowed for the purchase of fleet. As per previously agreed policy, when exploring the acquisition of fleet, options around purchase and lease will be explored to determine best value. At this stage, an assumption has been made the Council will procure, based on the latest approach to fleet acquisition.
- 7.5 In terms of fleet, it is expected the Council will continue to work within the Fleet Transition Plan, however, due to the timescale for delivery, two options have been explored that provide the cost impact for a mainly electric fleet and a diesel fleet:

	2022/23 (000s)	2023/24 (000s)	2024/25 (000s)	2025/26 (000s)
Option 1 – Electric/Battery with Fossil fuel vehicles where currently no Electric version		1807		
Option 2 – Fossil fuel		1394		

Revenue one-off costs

- 7.6 There are numerous one-off costs mainly associated with the set up and transfer of the service. This includes asset management software, tools and equipment, mobile phones, PPE, project management, improvements to satellite sites and public communications.

	2022/23 (000s)	2023/24 (000s)	2024/25 (000s)	2025/26 (000s)
Revenue one-off costs	24	399	15	

Revenue impact

- 7.7 Revenue costs account for all ongoing operational costs associated with the service. Again, there are two options available and are dependent on the selection of the fleet. This is an estimate, and it is expected, as set out in the report that 18 months after the launch of the service, a review can be undertaken to re-evaluate the operation and costs associated with it.
- 7.8 Staffing costs have allowed for salaries all at mid-point and all other costs have assumed current pricing, plus 4% inflation increases in following years.

	2022/23 (000s)	2023/24 (000s)**	2024/25 (000s)	2025/26 (000s)
Staffing*		927	1853	1853
Operational costs (excluding fleet)		97	228	237
Efficiency savings and or additional income				-100
Option 1 – Electric/Battery with Fossil fuel vehicles where currently no Electric version		398	438	439
Total Option 1		1422	2519	2429

Option 2 – Fossil fuel		328	385	387
Total Option 2		1352	2466	2377

* Staffing costs include NI, pension costs and includes assumptions on TUPE staff based on 40 hours per week. It does not include GM87 increases. Staffing costs are based on current grading.

** The contract will commence from period 7 (October), mid-year and so the costs do not show for the full year.

- 7.9 It is expected that in 2025/26 a re-evaluation of the service will be undertaken and will aim to provide savings of £100,000 per year as set out in the objectives through efficiency savings and or additional income.
- 7.10 Transfer of Undertakings (Protection of Employment) regulations (TUPE) will apply, and any review needs to pick up who would be liable for any redundancy costs. There may also be pension issues which would need to be reviewed as these issues could have an impact on potential future savings. Other costs may be difficult to predict but could include buying staff out of contractual cars, pension, pay protection or redundancy costs.
- 7.11 The current cost of delivering the grounds maintenance contract through Idverde is £1.7m for 2021/22. This compares to between £2.3m and £2.5m in the options and estimates set out above.

Income

- 7.8 No assumptions have been made on additional income streams at this stage.

8. Strategic Plan References

- 8.1 This project work is directly aligned to the Council's strategic priorities of *Tackling the climate challenge and leading sustainability* (in particular, conserving and enhancing biodiversity), and all priorities in *Creating safe, health and active communities*.

9. Environmental and Sustainability Implications

- 9.1 The review has set out a clear focus on the objectives, which has included that of Exemplary Management of the Environment, and this has remained a clear outcome of the review and in the recommendation set out. The detail of implications on environment and sustainability can be further explored as the business case is progressed.

11. Equality, Diversity and Human Rights implications

- 11.1 This report sets out to seek approval of a recommendation for a future operating model for grounds maintenance. It does not propose or set out to make any service changes until such time as an assessment on the successful delivery of the service, in at least 18 months after the transition and to that extent it does not impact on the promotion of equality and overcome discrimination in relation to gender, gender reassignment, disability, sexual orientation, religion or belief, age, and race/ethnicity.

12. Consultation

- 12.1 Preliminary discussions with the Community Enabling team has taken place to explore how the objectives within the community asset-based approach can be delivered. These will be built into any plans with recommended options.

- 12.2 Stakeholders involved in this process will continue to be engaged and updated on progress of the business case and decisions.
- 12.3 The Council will work within the TUPE regulations and ensure staff are informed, updated and consulted throughout the process, including consultation with Unions and Trade Representatives.

13. Publicity Considerations

- 13.1 Dependent on the outcome of the decision, a comprehensive communication campaign will be developed to ensure that the public are properly informed of the proposals and any potential change that they expect.

14. Health, Wellbeing and Community Safety Implications

- 14.1 The proposed business case supports a community-based approach. Staff at all levels will be engaged in this objective through training and awareness, and encouraged to create greater linkages with communities, and support and promotes active lives and volunteering opportunities.

15. Health and Safety Implications

- 15.1 The proposed business case acknowledges the increase in work and high risk activities. To that end, costs have been included for a Health and Safety Coordination Officer and the revenue costs have included for training, induction and other safety measures, processes and assessments to ensure that the teams are working safely.
- 15.2 During any change, managers and officers will work closely with the Corporate Health & Safety Officer and will report into the Neighbourhood Services Health, Safety and Wellbeing Working Group, within which there are representatives of management and frontline staff. Managers and officers will also continue to consult and work with Unions and Trade Representatives.

Appendices

Appendix A – Business Case