

30 January 2014		ITEM: 5
Housing Overview and Scrutiny Committee		
Cleaning & Caretaking and Environmental Services Review		
Report of: Councillor Val Morris Cook, Portfolio Holder		
Wards and communities affected: All	Key Decision: Non-key	
Accountable Head of Service: Dermot Moloney, Strategic Lead Housing		
Accountable Director: Barbara Brownlee, Director of Housing		
This report is Public		
Purpose of Report: To advise on the outcome of a quality and cost review of the caretaking, cleaning and ground maintenance being delivered for the Housing Directorate and to recommend that a further detailed option appraisal be carried out with full resident involvement.		

EXECUTIVE SUMMARY

In July 2013 the Housing Directorate conducted a review of its' Caretaking and Cleaning and Grounds Maintenance services. The review used the HouseMark benchmarking tool which allows social housing providers to compare the quality and cost of services being delivered. As part of this exercise the Service Level Agreement (SLA) currently in place to deliver the grounds maintenance service was assessed to determine if it represents value for money. A market testing exercise was completed on the individual elements that make up the grounds maintenance and the outcome was shared with colleagues in Environment Services.

The benchmarking exercise has determined that the delivery of caretaking and grounds maintenance services have high costs when compared to similar organisations. In terms of quality of service, there are good standards of caretaking and cleaning in evidence but the standard of grounds maintenance is judged to be poor when compared to other social landlords.

The market test review demonstrates that the Housing Directorate is paying significantly more for the services it receives than the market would expect. Taking the cost of service and quality of outcomes being delivered into account, it indicates clearly that value for money is not being achieved by through the existing SLA. An options appraisal to address this situation will now need to be undertaken.

1. RECOMMENDATIONS:

- 1.1 That the Committee agrees that officers should undertake a full option appraisal of the delivery of grounds maintenance services as outlined in paragraph 3.1 to include:**
 - a. That a new Grounds Maintenance SLA is implemented and that Environmental Services are given the opportunity to price for this work.**
 - b. That the Grounds Maintenance SLA should be tendered to a private contractor.**
 - c. That the possibility of sharing Grounds Maintenance services with adjoining boroughs is explored.**
- 1.2 That the Committee agrees that officers should undertake a more detailed review of the caretaking service to ensure better value for money is achieved.**
- 1.3 That the Committee requires officers to develop and implement a new Environmental Services SLA as described in 2.17 from April 2014.**

2. INTRODUCTION AND BACKGROUND:

- 2.1** Thurrock Council undertakes annual quality assessments of its Estate Services. This comprises cleaning and caretaking delivered and managed by housing staff, and grounds maintenance which is delivered by the council's Environmental Services department.
- 2.2** Grounds maintenance services are delivered through an SLA which has been in place for 12 months. The value of the SLA was £1,424,250 in 2012/13.
- 2.3** To ensure a consistent and independent assessment of the services being provided, an external specialist in Estate Services was asked to conduct the review.

Methodology

- 2.4** The review was made of two distinct elements. Firstly a benchmarking exercise on the quality of services being delivered. Secondly a value for money assessment of the existing grounds maintenance SLA.
- 2.5** The **quality review** involved on-site inspections of a number of housing estates; staff and management discussions; and the development of a scoring exercise for housing management areas to allow internal and national benchmarking. Benchmarking was achieved using the HouseMark Estate Services club. HouseMark is a leading provider of performance improvement services in the social housing sector.

- 2.6 HouseMark have developed a Photo Book tool to allow organisations to compare quality between estates regardless of type of social landlord, differing types of properties or location in the UK. The Photo Book is split into two sections – Cleaning, Caretaking and Estate Amenities, made up of 22 individual elements; and Grounds Maintenance with an additional 4. Each element has four photos which allow services to be graded. This detailed and transparent approach results in a meaningful assessment and comparison of standards.
- 2.7 The **review of the SLA** involved a desk top review of documents relating to the current service; examining available performance information and reports; and contacting other ground maintenance providers to determine what would be expected to be paid for services on a like for like basis.
- 2.8 The review used information and pricing from a recent procurement exercise carried out by a housing association with similar stock size to Thurrock. Six grounds maintenance contractors submitted bids based on unit prices for various individual grounds maintenance tasks and add on costs.

Quality and Cost of Service Delivery

- 2.9 The scores for the Cleaning and Caretaking service were as follows:

Estate or Area.	Cleaning and Caretaking Quality Score 2012.	Cleaning and Caretaking Quality Score 2013.
Chadwell	86%	81%
South Ockenden	84%	83%
Stanford	77%	84%
Grays	77%	90%
Tilbury	76%	75%
Purfleet	82%	82%
HouseMark Estate Services Benchmarking Score	80%	82%
Quality Benchmark Comparison	3 rd out of 14 (top quartile)	4 th out of 8 (second quartile)
Cost Benchmark Comparison	22 nd out of 23 (bottom quartile)	11 th out of 11 (bottom quartile)

- 2.10 These results represent an improvement from the previous year with some areas seeing a much better quality of service. The review did identify areas of improvement including the need to raise standards in the Tilbury and Chadwell high rise blocks and need to focus on the quality of window cleaning. The on-going challenge is to maintain high quality services whilst seeking to reduce costs.
- 2.11 The scores for the Grounds Maintenance service were as follows;

Estate or Area.	Grounds Maintenance Score 2012.	Grounds Maintenance Score 2013.
Chadwell	48%	77%
South Ockenden	76%	73%
Stanford	65%	76%
Grays	50%	82%
Tilbury	58%	75%
Purfleet	62%	65%
HouseMark Estate Services Benchmarking Score.	60%	75%
Quality Benchmark Comparison	9 th out of 14 (third quartile)	8 th out of 9 (bottom quartile)
Cost Benchmark Comparison	27 th out of 31 (bottom quartile)	15 th out of 15 (bottom quartile)

2.12 These results show that the grounds maintenance service has high costs whilst delivering bottom quartile performance.

Review of Service Level Agreement

2.13 As part of the Thurrock review three of these organisations were asked to submit more detailed prices so that a reasonably robust comparison could be made. Each organisation added an additional percentage to the total cost of actually carrying out those tasks. These additional costs were included to cover the unknown nature of the Thurrock stock, the lack of detailed knowledge of our specification or frequencies, and the need in some cases to obtain a depot and other factors such as unknown TUPE implications.

2.14 It is not possible to break down the current price paid by the housing department as environmental services do not split out their costs by activity.

2.15 Based on the information provided by the grounds maintenance providers, as described above, the results were as follows;

	Volume per square or linear metre	Org 1 £	Org 2 £	Org 3 £	Thurrock Environmental Services.
Tasks					
Grass cutting (unit prices include picking for arisings up which Thurrock only does in sheltered schemes)	516,400 square metres	202,682	264,345	247,872	
Hedge maintenance	20,700 linear	8,694	14,427	24,012	

	metres				
Shrub maintenance	3,900 linear metres	9,360	6,786	5,148	
Weed control (including algae & moss control) (pathways & hardstanding areas)	433,500 square metres	75,862	65,025	141,017	
Routine tree maintenance	2,167	9,318	11,051	7,151	
Task price total.		£305,921	£361,635	£425,200	
% add on to make up potential tender price		40%	20%	30%	
Reasons for % add on.		See paragraph 2.7	See paragraph 2.7	See paragraph 2.7	
Overall tender price		£428,290	£470,126	£522,200	Average of 1, 2, and 3. £ 483,725
					Average of all 6 organisations who tendered for the contract. (plus 30% add on costs). £ 547,172
Total Grounds Maintenance SLA & associated costs paid to Environmental Services in 2012/13.					£1,424,250

2.16 The outcome of the review shows that the current SLA does not represent value for money. It is recognised that the prices quoted by the contractors would be subject to movement during a formal procurement process but it clearly demonstrates the price differential that currently exists.

2.17 In addition to the cost aspect the current SLA was judged to be not fit for purpose. As part of the review a new SLA has been drafted to reflect best practice in the industry. Enhancements include:

- The move to an “output” based SLA where standards are monitored and not the frequency of actions likes grass cutting or weed control.
- Weed control – a separate section is included to outline what is required in this high profile area.

- Shrub and hedge maintenance – a significantly enhanced section on the maintenance of shrubs and hedges is included, an area residents commented on as weak.
- Tree management – the section regarding trees has been split into 3 areas:-
 - ❖ An initial tree survey
 - ❖ Major works to trees and
 - ❖ Routine day to day management of trees.
- Better responsiveness and innovation from the service provider

2.18 As a further piece of work, colleagues in Environmental Services have agreed to complete a zero based budgeting exercise by the end of January 2014. The results of this will be used to ensure that the current service is correctly charged.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 This review presents a number of options for consideration for both the grounds maintenance and the caretaking services:
- a. That a new Grounds Maintenance SLA is implemented and that Environmental Services are given the opportunity to price for this work.
 - b. That the Grounds Maintenance SLA should be tendered to a private contractor.
 - c. That the possibility of sharing Grounds Maintenance services with adjoining boroughs is explored.
 - d. That a further review of the Caretaking Service is carried out to identify efficiencies and seek to reduce costs
 - e. That service standards for **both** the caretaking and grounds maintenance services are reviewed, advertised more widely and made known to residents.
- 3.2 Given the importance of the Grounds Maintenance service to both residents and to the council as a whole it is considered appropriate to carry out a full option appraisal, including residents, of all 3 options described above rather than choosing to follow a particular route at this stage.

4. REASONS FOR RECOMMENDATION:

- 4.1 Estate Services - The recommendations are expected to mean that the true cost of delivering grounds maintenance services are reflected in the HRA going forward. The move to a more open means of assessing standards of service is beneficial for residents and it is proposed that residents are fully involved in both the option appraisal and scrutinising the service going forward.

4.2 Caretaking – Whilst it is clear that a very high standard is being delivered there is clearly an opportunity to look at the cost of delivery.

5. **CONSULTATION (including Overview and Scrutiny, if applicable)**

5.1 Not applicable

6. **IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

6.1 The outcomes of the proposed changes are to ensure value for money for tenants and an improved grounds maintenance service.

7. **IMPLICATIONS**

7.1 **Financial**

Implications verified by: **Sean Clark**
Telephone and email: **01375 652010**
sclark@thurrock.gov.uk

The current cost of the service, as provided by Thurrock Environmental Services, is already budgeted for within the HRA. Any savings on this provision, indicated through the Option Appraisal process going forward would create a surplus to redirect to other HRA services. Should Thurrock Environmental Services be not successful, or successful at a lower cost, this could impact adversely on the general fund and action would need to be taken to reduce net expenditure accordingly.

Members should remember that the figures quoted in paragraph 2.15 have been provided through benchmarking with limited knowledge of the work currently being carried out. I am unable to verify these figures.

7.2 **Legal**

Implications verified by: **Maria Oshunrinade**
Telephone and email: **0208 724 8461**
Maria.Oshunrinade@BDTLegal.org.uk

There are no legal implications other than those arising from the report.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
Telephone and email: **01375 652186**
nwarren@thurrock.gov.uk

Consideration of equalities will be considered with each of the options set out in 3.1

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

N/A

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- None

APPENDICES TO THIS REPORT:

- None

Report Author Contact Details:

Name: Dermot Moloney

Telephone: 01375 652433

E-mail: dmoloney@thurrock.gov.uk