



RESPONSE TO SCRUTINY REPORT IN RESPECT OF ERIMUS HOUSING, GROUNDS MAINTENANCE CONTRACT

Councillor Paul Thompson, Executive Member for Streetscene

Ian Parker, Director of Environment

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PURPOSE OF THE REPORT

1. The purpose of this report is to seek Executive approval to the response to the recommendations made by the Environment Scrutiny Panel in respect of their investigation into the loss of the Erimus Housing, Grounds Maintenance Contract.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Environment Department has carried out grounds maintenance and cleansing operations on behalf of Erimus Housing predominantly through two Service Level Agreements (SLAs), since the transfer of Council housing stock to Erimus Housing in 2004.
3. The work carried out involves general grass cutting, maintenance of qualifying tenants' gardens, tree and shrub bed maintenance, litter clearance and the removal of fly tipped waste and bonfires.
4. The value of Erimus SLAs to the Environment Department was approximately £1.1million per annum.
5. In 2007, Erimus declared their intention to go out to tender for this work. Officers prepared a bid for this contract based on the 'Virtual Contract' specification and supported by previous knowledge in certain key areas such as quantities of waste and fly tips that were not specific within the document.

6. On 17 January 2008, Erimus informed the Council that the Environment Department bid had not been successful and that the current SLAs would cease from 31 March 2008, when the work would then be carried out by the successful contractor, Vale Contracts Ltd.
7. The Environment Scrutiny Panel met on 18 April 2008 to investigate the loss of the Erimus Contracts.
8. The scrutiny panel made three recommendations from which an action plan has been formulated as attached at Appendix 1. The three recommendations and the associated actions are summarised below.

Recommendations from the Environment Scrutiny Panel

Recommendation 1

9. *“That the Council learns from this tendering process and takes steps to ensure that any tender bids which it submits in relation to virtual contracts are managed at a senior level and the implications and requirements of such contracts are fully understood, with prices being submitted accordingly. The Executive Director and the Executive Member for Environment should have a role in the process.”*

Proposed Action

10. A contract monitoring process has been introduced within the Environment Department to ensure Senior Managers and the Director of Environment overview any significant tenders or contracts. The relevant Executive member will also be included in this process.

Recommendation 2

11. *“That the Council continues discussions with Erimus Housing and Vale Contracts and works with both organisations in the future to ensure that grounds maintenance works on Erimus estates continue to be provided to the existing high standard - for example by ensuring that grass is cut by both organisations on the same day.”*

Proposed Action

12. There will need to be dialogue with Erimus and Vale Contracts in terms of performance, standards and frequencies of operations to ensure that maintenance is carried out to a standard not less than that of the Council standard for similar operations. This is a specific requirement of the original housing stock transfer agreement.
13. This dialogue will be required on an ongoing basis in order to ensure that these standards are implemented and maintained and that Erimus have adequate arrangements in place for enforcement where non-compliance is identified. This is of particular importance to the Council in terms of BV199 performance (Level of

Street Cleanliness) and in the rapid response to environmental issues such as fly tips, bonfires etc.

14. As the Council remains responsible for the adopted highway on Erimus housing estates, there will be instances where both the Council's workforce and Vale Contracts will be responsible for the maintenance of adjacent areas of land. This could lead to public confusion as such areas may be maintained by different operatives on different days, and potentially at differing frequencies.
15. Erimus, Mouchel and Middlesbrough Council have made adequate arrangements for the handling and processing of customer enquiries in order that issues in areas of their responsibility are addressed efficiently. Through the use of CRM and the 726001 contact centre number residents of Middlesbrough have a single point of contact. Area Care is administering CRM reports. For this, Erimus have agreed to pay the council £1,000 per month. This will be reviewed after three months.
16. There will also be a requirement for regular on site dialogue between Area Care Managers and the Managers from Vale Contracts, in order to address areas of overlap or omissions from the contract and to ensure areas of responsibility are clearly identified and understood. These at first will be weekly meetings.

Recommendation 3

17. *“As Erimus may continue to use a virtual contract for grounds maintenance works in the future, the Council should ensure that it is in the strongest possible position to win the contract by ensuring that appropriate training in the completion of virtual contract documentation is provided for officers.”*

Proposed Action

18. Training will be undertaken by key managers in a position to develop tender submissions in order that when the contract comes up for tender the Council is in as strong a position as possible.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

19. There are no financial or legal implications in respect of the actions within this report.
20. Good working relationships between Vale and the Council are required to ensure that high standards are maintained in those ward areas that have transferred to Vale operations.

RECOMMENDATIONS

21. That Executive agrees the actions in respect of the three recommendations made by the Environment Scrutiny Panel.

REASONS

22. To ensure that lessons are learned from this Erimus Tender process.
23. To ensure standards of environmental quality and customer service are not compromised.
24. To maximise the opportunity for future partnership working with Erimus and the contractor.

BACKGROUND PAPERS

25. The following background papers were used in the preparation of this report:

Environment Scrutiny Panel Report "Erimus Housing – Grounds Maintenance Contract"

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