

REPORT TO: BEST VALUE SUB COMMITTEE - 27 JUNE 2001
REPORT ON: BEST VALUE REVIEW OF GROUNDS MAINTENANCE
REPORT BY: CHIEF EXECUTIVE
REPORT NO: 425-2001

1 PURPOSE OF REPORT

This report is the result of the Best Value Review into Grounds Maintenance carried out by the Leisure and Parks Department for the whole of the Council.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Sub Committee agree the continuous improvement proposals as set out in Section 13 of this report and outlined below
 - 2.1.1 Note the successful implementation of changes to procedures and operations which have led to substantial efficiency savings including the review of triple grass cutting which produced a saving of £24,000 per annum; the review of the departments structure in response to the likely repeal of Compulsory Competitive Tendering legislation which has produced a saving of £46,300 per annum; and the consolidation of the existing bonus scheme which has produced a saving of £53,000 in the first year.
 - 2.1.2 Note that the restructuring proposals which may affect the Leisure and Parks, Arts and Heritage and Contracts Services Departments may result in further reductions in the overhead costs of the Grounds Maintenance Service.
 - 2.1.3 Agree to a full review of the current Schedule of Rates for Grounds Maintenance and its replacement with more effective service agreements.
 - 2.1.4 Agree to Market Testing of grounds maintenance through the ADLO/APSE Performance Network.
 - 2.1.5 Agree to maintain accreditation under the Quality System ISO 9002 for grounds maintenance activities and to extend this to outdoor leisure management activities.
 - 2.1.6 Agree to continue to provide Apprenticeships in the various disciplines of land based industries.
 - 2.1.7 Note that the Garden Maintenance Scheme has been subject to a separate Best Value Review.

3 FINANCIAL IMPLICATIONS

- 3.1 The review accounts for 36% (£4.77m) of the Department's Gross Revenue Budget in 2001/2002 and 100% of the total revenue expenditure reviewed by the Department this year.
- 3.2 In addition, the review also covered an additional £1.13m of rechargeable grounds maintenance work carried out under the SOR's system.

3.3 To date, savings of £123,300 have been achieved which will increase each year hereafter as detailed in Section 2. Through further Departmental re-organisation, and the likely end of CCT, further savings in administration costs are likely.

4 **LOCAL AGENDA 21 IMPLICATIONS**

The Best Value Review has taken cognisance of various key themes of Local Agenda 21. In particular, the review has taken account of the importance of recycling garden refuse and prunings and reduction in the use of pesticides.

5 **EQUAL OPPORTUNITIES IMPLICATIONS**

The Best Value Review has taken cognisance of various aspects of equal opportunities including employment opportunities and meeting the needs of disadvantaged groups.

6 **DEFINITION OF SERVICE REVIEWED**

6.1 The Council's grounds maintenance activities are administered and maintained by the Leisure and Parks Department through the grounds maintenance contractor (Parks Section).

6.2 The grounds maintenance activities are carried out in parks (790 ha), cemeteries (54ha), allotments, housing landscaped areas and open spaces (440 ha), playgrounds (130 ha), outdoor recreation areas and various other landscape maintenance works and leisure attendant duties for various client departments, including schools and roadside verges. The facilities service the public, visitors, groups and various other organisations.

6.3 The current staffing levels are 195 which fluctuates between winter and summer:-

Garden Labourers I and II	39
Craftsman Gardeners/Greenkeepers III + IV	72
Apprentices	5
Tractor Drivers III	18
Gravediggers III	8
Specialists:-	
Florists	1
Arboriculturalists	6
Foresters	3
Fencers	3
Gamekeeper	1
Sawmillers	2
Mechanics	5
Agriculturalists	2

Supervisory and Management Staff	<u>30</u>
Total	<u>195</u>

7 JUSTIFICATION FOR REVIEWING SERVICE

- 7.1 Grounds maintenance forms part of the defined activities under the Local Government Act 1988. The Grounds Maintenance Contract (defined activities) was subjected to Compulsory Competitive Tendering in 1989 and won in house by the former DSO of the District Council's Parks Department. An exemption period whereby the in-house DSO's would continue to provide these services is now in operation subject to the outcome of this Best Value Review.
- 7.2 It was agreed at an early stage in the review process that the best option would be to review 100% of grounds maintenance activities (defined and non-defined) rather than restrict this to certain activities.
- 7.3 The Grounds Maintenance work accounts for 36% of the Department's gross budget. Additional rechargeable works bring the total annual value of this work to £5.9m. The work is therefore a considerable expenditure for the Council and needs to be evaluated for value for money, efficiency and effectiveness in meeting the requirements of Council Tax payers, as these costs are heavily subsidised. Service levels and costs are therefore important areas for measuring performance, benchmarking comparisons and appraising alternative service options.

8 REVIEW METHODOLOGY

- 8.1 The Review Team consisted of a Review Team Leader (from the Personnel and Management Services Department), Lead Officer (Parks Manager), representative from the Finance Department and officers involved in the operation of the grounds maintenance service.
- 8.2 The review identified critical success factors, and included performance review, comparison with other service providers, option appraisal and identification of proposals for continuous improvement.
- 8.3 An audit file of appendices, detailed information, minutes of meetings, data collection and analysis is available in the Parks Manager's office.

9 CRITICAL SUCCESS FACTORS

9.1 Stakeholders

The grounds maintenance services are provided for the general public, groups such as undertakers, golf clubs, sports teams, housing associations and various client departments financed through a contribution from the Council Tax and fees paid for use of the recreation facilities.

The Council itself is a key stakeholder and has a duty to ensure that good quality, accessible and effective services are delivered effectively at an acceptable cost.

9.2 Consultation

- 9.2.1 There already exists a formal dialogue/consultation with various groups and organisations using the parks services such as undertakers, golf club liaison groups, football clubs, housing associations and client departments on the level and quality of service required.
- 9.2.2 Further consultation with stakeholders has included golf user surveys, the Council's Corporate Annual Consumer Survey, consultation on Dundee's Public Open Space Strategy and Dundee's Sport and Physical Recreation Strategy, Camperdown Country Park Survey and the Garden Maintenance Scheme survey.
- 9.2.3 The results of these various surveys include a number of key findings which have been acted upon, such as:-
- 9.2.3.1 Golf User Survey (see Appendix 9) – key findings were that golfers were attracted to the courses in Caird and Camperdown Parks because of the attractiveness and quality of the courses, that users were local golfers wanting to play both courses and that facilities (i.e. club rooms, catering etc.) were of poor quality. Some layout improvements have already been carried out and further action will include increased frequencies of grass cutting, improved booking system and pricing structure.
- 9.2.3.2 General Park Users (see Appendix 20) – consultation on the Public Open Space Strategy indicated general support for the provision and quality of the city's parks. Of particular concern was dog fouling, which has been addressed through the Environmental & Consumer Protection Department purchasing specialist equipment, education and informing the public of possible prosecution of offenders.
- 9.2.3.3 Cemeteries – as a result of a report from the Ninewells Bereavement Group a dedicated area has been set aside at Birkhill Cemetery for stillborn infants. Further, a woodland burial site has been developed at Birkhill to cater for the needs of individuals concerned with environmental issues. Other issues included the opening and closing of cemeteries, condition of paths and lairs etc.
- 9.2.3.4 Recreation Areas – after discussion at the Football Liaison Group, additional 7 – a- side pitches have been provided.
- 9.2.3.5 Garden Maintenance Scheme – as a result of customer complaints, hedge cutting has been increased from one to two cuts per year and grass clippings from mowing are now being uplifted.
- 9.2.4 The Department will continue to carry out customer surveys, discuss service provision with voluntary/user groups and Neighbourhood Forums, as well as monitor improvements through the Council's customer complaints procedures and Helpline. This will assist in identifying customer needs and expectations and trends for grounds maintenance in housing landscaped areas, open spaces, play areas and parks.
- 9.2.5 Through the Quality Management System the Parks Section has been assessed and registered as meeting the requirements of ISO 9002. The system allows for the analysis of complaints from members of the public and other clients as to the quality of service provided and this is annually reviewed by management taking into account customer complaints and comments.

9.3 **Critical Success Factors**

From these consultations the critical success factors were identified as:-

Quality – customer care, quality of service provided and environmental issues.

Cost – the need to provide a reliable and efficient grounds maintenance service at an affordable price

Provision – the need to provide landscaping, open spaces and play facilities for the city's communities.

Usage – access to services for all.

10 PERFORMANCE REVIEW

10.1 DSO Revenue Accounts

The following annual DSO Revenue accounts for grounds maintenance were reviewed:-

Year ending March	Income (£1000)	Expenditure (£1000)	Surplus	Contribution to General Fund	Refunds to Client
1997	£5,304	£5,244	£60,746	£60,746	£143,000
1998	£5,434	£5,391	£43,168	£43,168	£44,000
1999	£5,308	£5,289	£19,018	£19,018	NIL
2000	£5,420	£5,232	£188,293	£188,293	£259,000

These figures show that the DSO has achieved its financial objectives and at the same time contributed increasing amounts to the Council's General Fund as well as large refunds back to the client and a 10% discount to all clients over the last three years.

10.2 Financial Management

The Parks Section has never failed since 1989 to make a profit and rate of return on grounds maintenance activities. This has been due to strict financial management including monthly financial reviews and budget controls.

10.3 Review of Grounds Maintenance Costs

One of the major tasks identified by the review was to simplify the existing SOR's by re-organising the department's pricing mechanism and substitute the SOR's with a mechanism that is more customer focused. The review is still in progress, but agreement has been reached with the Trade Unions on the removal of a time and motion study bonus scheme which has greatly simplified the pricing and administration of the SOR ordering and billing system. This has resulted in savings in both unit rates and administration costs which will increase over the coming years, as well as greater flexibility in service delivery, benefiting all customers/clients.

The operators now all work in clearly defined teams delivering a service for specific areas of activities and clients including leisure management (outdoors). Details are given in Appendix 13. The next stage of the review is remove the SOR system and introduce a more effective and simplified contract costing system/service agreements for all works not carried out for the Leisure and Parks Department's areas of responsibilities i.e. all outside clients, departments and organisations. This will further reduce administration and overhead costs.

However, it should be pointed out that the Grounds Maintenance Contract is still providing a 10% discount on the approved rates, an additional refund of £259,000 to the client and a contribution of £188,293 to the General Fund in 1999/2000. These figures in 1997/98 were £43,168 and £44,000 respectively and in 1998/99 £19,018 and nil

In addition, there have been significant factors that have had a financial impact on the surpluses generated, such as the Landfill Tax (estimated at £100,000 in 2000/01) which had not previously been budgeted for; reduction in established staff accommodation resulting in a significant increase in transport costs; and special event rates for shows, Hogmanay events etc. which make a loss.

Further reductions over the next few years are likely with improved working conditions, single status and merging of client and contractors, resulting in improved efficiency and further savings in administration and overhead costs to those already implemented.

10.4 **Business Planning**

A Business Service Plan 1997-2000 now revised for 2000-2003 has been agreed by the Council outlining clear aims, objectives, target indicators and accountability. The plan is supplemented by an Action Plan (to be reviewed annually) and Sectional Plans have been agreed in line with the Council's Corporate Plan and policy on Investors in People and EFQM.

Once all structure reviews of the Parks Section are implemented a Business Plan for the Grounds Maintenance service will be developed. An annual self-assessment against the EFQM Excellence Model is now in its second year to build on the Department's strength and successes and to integrate all continuous improvement activities in the Departmental Performance Plan and objectives. The assessment also provides the opportunity to identify and share best practice as well as reviewing, focusing and accelerating the rate of continuous improvement in the Department.

10.5 **Quality**

The Council's Ground Maintenance Services along with other Parks Services obtained ISO 9002 registration for Quality Assurance in 1995. This requires a six monthly review by external assessors which have all been successful in maintaining registration and in December 1998 a fuller review took place by external assessors resulting in registration for a further three years. It is proposed that the service should continue to maintain ISO 9002 accreditation for grounds maintenance activities, and that the services accredited should be extended to outdoor leisure management facilities, as well as reassessment in line with the new criteria for registration.

10.6 **Benchmarking**

Benchmarking of grounds maintenance has been carried out by comparing with other organisations on both quality and cost as detailed in Section 11 and Appendices 16 a to f.

11 **RESULTS OF COMPARISON**

11.1 There are no statutory performance indicators for grounds maintenance so in order to show current competitiveness several benchmarking exercises were carried out by using information from the following sources:-

- a) Landscape Price Reference Rates for Grounds Maintenance – see Appendix 16 (a)

- b) Private Golf Clubs – see Appendix 16 (b)
- c) Former TRC Education/Social Work Contract (1993) – see Appendix 16 (c)
- d) Rates from City Engineers – see Appendix 16 (d)
- e) Private Landscape Contractors – see Appendices 16 (e) and (f).

These exercises produced the following results.

- 11.2 Dundee's rates are shown to be competitive with two price reference books and, in particular, with the Property Services Agency Schedule of Rates which is a similar tender to that won in competition. Out of 64 comparable rates the Department is lowest in 25 (39%). Appendix 16 (a).
- 11.3 The cost of maintaining Caird and Camperdown Golf Courses compares favourably with maintenance expenditure and quality at two private golf courses with which comparisons were made. Appendix 16 (b).
- 11.4 In 1993-96, the Parks Section was awarded the former TRC Grounds Maintenance Contract on the basis of being £8,445 per annum cheaper than a private contractor. Appendix 16(c)
- 11.5 Current rates obtained by the City Engineer from private contractors for landscape works show them to be in excess of the Parks Section's rates. Appendix 16 (d)
- 11.6 In two comparisons with rates acquired from private contractors for grounds maintenance, the Parks Section has 14 out of 34 rates lower plus 10 out of 30 rates lower. Appendices 16 (e) and (f).
- 11.7 CIPFA rating figures in 1997/98 show Dundee's cemetery costs at £2.56 per head of population - 14th lowest out of 32 Scottish authorities. The national average was £2.55 per head for Scotland (See Appendices 7 and 8).
- 11.8 Although the benchmarking exercises may be considered to be a little "crude" because of the difficulty of obtaining exact comparisons, the exercise shows that in many cases the Parks Section is comparable or cheaper than a number of private contractors and the Property Services Agency Schedule of Rates.
- 11.9 It is proposed to become involved with the ADLO/APSE Performance Networks in order to compare ourselves in family groups with other similar authorities UK wide. Both the Audit Commission and Audit Scotland accept this method as a suitable tool for best value evaluation.

12 **OPTION APPRAISAL**

- 12.1 Consultation, performance reviews and benchmarking confirmed that the Parks Section provides its clients with a high quality and efficient grounds maintenance service with a clear operational management structure with high customer satisfaction levels..
- 12.2 Consideration has been given to whether the Council's Grounds Maintenance Service should be subject to Competitive Tendering. This is a decision for the Committee, but in the light of this Best Value Review and the increasing profits being given back to the Council, joined up working, review of the bonus scheme and structure reviews still in progress it is recommended that the service be continued in house meantime along with the programme of continuous improvements detailed in Section 13 of this report to further enhance performance, improve efficiency, reduce expenditure, maximise usage and income and meet customer expectations.

12.3 Consideration was also given to whether the Council should continue to provide Apprenticeships in the various disciplines covered by the Parks Section. It was concluded that the employment of apprentices resulted in a well-trained and loyal workforce and helped ensure that the section did not suffer from skills shortages, and that the Council should therefore continue to provide Apprenticeships.

13 CONTINUOUS IMPROVEMENT PROPOSALS

13.1 A number of actions have already been taken as a result of the review, in order to achieve efficiency savings:

- review of triple grass cutting, producing a saving of £24,000 per year
- review of department's structure, producing a saving of £46,300 per year
- review of bonus scheme, producing a saving of £53,000 in the first year which will increase on staff turnover

Further reductions on overhead costs may arise from restructuring proposals affecting the Leisure and Parks, Arts and Heritage and Contract Services departments. It should also be noted that a separate review of the Garden Maintenance Scheme has been carried out.

13.2 The review has identified the following key areas for further improvement, including development of a more focused business plan on the grounds maintenance contracting activities.

13.2.1 Review of the relevant Grounds Maintenance Schedule of Rates and its replacement with more effective service agreements with various customers/clients – to be completed by April 2003.

13.2.2 Development of a business plan for grounds maintenance activities, including structure reviews and more focused delivery of services to the public to include financial targets for income and expenditure, staff training, Health & Safety and Risk Management – to be completed by April 2002.

13.2.3 Provision of service level agreements for all client departments and other initiatives to promote best practice, joined up working and team building – ongoing and dependent on further re-organisation of the department.

13.2.4 Involvement in the market testing of grounds maintenance through the ADLO/APSE Performance Networks – groundwork in progress and comparisons should be available during 2002.

13.2.5 Maintain ISO 9002 accreditation for grounds maintenance activities to show delivery of a quality service by a recognised quality system approved by an external assessor, and extend this into leisure management activities.

13.2.6 Continue to consult customers/clients and gather information from surveys, liaison groups, Annual Consumer Survey etc. in order to consider further service improvements – ongoing

13.2.7 Continue to provide Apprenticeships in the various disciplines of land based industries.

14 **CONSULTATIONS**

The Directors of Finance, Corporate Planning and Leisure and Parks have been consulted in this review and confirm the various details and figures included in the review.

15 **BACKGROUND PAPERS**

Best Value submission to the Secretary of State for Scotland
December 1997 – Policy & Resources Committee – 11 December 1997.

Chief Executive..... Date