
EXCERPT FROM THE MINUTES OF EXECUTIVE HELD ON 6 FEBRUARY 2003

EX.027/03 COMPETITIVE TENDERING (Key Decision)

Portfolio All Portfolio Areas

Subject Matter

To consider a report from the Head of Commercial and Technical Services (CTS.3/03) indicating that, following the replacement of Compulsory Competitive Tendering (CCT) with Best Value, the Council had adopted an interim approach by extending earlier 'contractual' arrangements.

The following service 'contracts' developed through CCT had been extended to 31 March 2004:-

Grounds Maintenance;
Highway Maintenance;
Lighting Maintenance;
Car Parking and CCTV Monitoring.

The following former defined activities had been included within the Best Value Review programme:-

Street Cleaning/Refuse Collection;
Municipal Building Maintenance/Cleaning;
Cemeteries/Crematoria Maintenance.

In general terms, the reviews had identified that the Council was achieving good service and value for money. There were, however, also a number of service development and improvement issues which are considered to have a higher priority than current costs. Given the number of significant changes impacting upon the current service arrangements which had occurred over the past twelve months, there was a need to fundamentally reconsider how the Council ensures it achieves value for money services which continuously improve to meet the needs of the community. The following options were available:-

Option 1 - Subject the existing "contracts" to competitive tendering;

Option 2 - Develop a partnership with an external provider for the whole range of services provided by the Commercial and Technical Services Business Unit or other service delivery mechanisms;

Option 3 - Adopt a Best Value approach where competitiveness/market testing is undertaken as part of any review.

Whilst a great deal of work needed to be undertaken to develop the preferred option, an initial indication was sought so that the Commercial and Technical Services Business Unit could develop within the new organisational structure. The Head of Commercial and Technical Services considered that Option 3 represented the most appropriate solution in the short/medium term with Option 2 a more suitable option in the medium/long term.

He further reported that the current 'contractual' arrangements were linked to annual inflationary rises and an analysis of 2002/03 showed costs increasing at a much higher level (primarily as a result of the pay settlement) than the service cost. There was likely to be a financial impact of approximately £66,660 in 2003/04 and the options for dealing with this funding shortfall were considered to be:-

Option A - Reduce the service budgets to meet the additional employee cost. This would have an impact on service quality and may generate redundancies;

Option B - Include the increased costs in the Budget for 2003/04;

Option C - Fund the increased cost in 2003/04 from existing DSO reserves and include within the base budgets for future years.

Summary of options rejected

Service delivery options 1 and 2 were rejected.

The options suggested by the Head of Commercial and Technical Services to meet funding requirements to meet salary increases were rejected.

DECISION

1. That Option 3 be identified as the preferred option for service delivery to enable further development/preparatory work to be undertaken.
2. That the principle of increasing employee costs of the relevant services by the annual pay settlement in April be agreed and the preferred option of meeting the costs in 2003/04 be via the General Fund on a non-recurring basis pending a review of employee costs in 2003/04.

Reasons for Decision

To identify the preferred option for service delivery to enable further development/preparation work to be undertaken.

To agree the principle that the employee costs of the relevant services be increased by the annual pay settlement in April and identify the preferred option of meeting the costs.