

Name of meeting: Cabinet
Date: 8 March 2016

Title of report: Future provision of seasonal plants

| | |
|--|---|
| Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards? | No |
| Is it in the Council's Forward Plan? | No |
| Is it eligible for "call in" by Scrutiny? | Yes |
| Date signed off by <u>Director</u> & name | Jacqui Gedman - 29.02.16 |
| Is it signed off by the Director of Resources? | David Smith - 29.02.16 |
| Is it signed off by the Assistant Director - Legal, Governance & Monitoring? | Julie Muscroft - 29.02.16 |
| Cabinet member portfolio | Cllr S Hall - Place Planning, Highways & Open Spaces |

Electoral [wards](#) affected: ALL
Ward councillors consulted:

Public or private: Public

1. Purpose of report

- 1.1 This report seeks to inform and update Cabinet on the market testing and best value exercise that has been undertaken on the supply of seasonal plants (summer and winter bedding, and summer hanging baskets) to supply parks and greenspace requirements.
- 1.2 This report also seeks approval of the recommendation to outsource the supply of seasonal bedding and hanging baskets in the future.

2. Key points

2.1 Background

2.1.1 Following due process there were recommendations made to and accepted by Cabinet of the decision reached by the Overview and Scrutiny Management Committee on 20th August 2015, following their consideration of the Call-In in respect of the decision made by Cabinet on 28th July 2015 on 'Parks and Open Spaces Maintenance Standards'.

2.1.2 Although the Assistant Director (Physical Resources and Procurement) has the delegated responsibility to find the most cost effective solution to the future provision of seasonal plants in order to achieve best value, the Overview and Scrutiny Committee recommendation was the options should be reported back to Cabinet.

2.1.3 A review of current provision of services has been completed and an additional market testing exercise carried out to look at alternative business models and future sustainability.

2.2 Current provision

2.2.1 Currently the Council supplies seasonal plants for displays across Kirklees for both summer and winter bedding and hanging baskets. This requirement is in-house and is provided by the Councils plant nursery at Bradley off Leeds Road in Huddersfield. This is undertaken with temporary seasonal staffing and a single part time management role.

2.2.2 The Bradley Plant Nursery currently supplies flower and plant arrangements to Council offices, town halls and for events, it also sells bedding and hanging baskets direct to District Committees and business.

2.2.3 The current provision has been evaluated with a review of both annual costs and income received. In order to evaluate the effectiveness of current provision a market testing exercise was undertaken, inviting tenders for the supply of the councils bedding and hanging basket requirements.

2.2.4 A procurement process was carried out and a request for quotation was published on Yortender portal. Two procurement activities were therefore undertaken relating to Bradley Nursery; a) Annual Bedding Planting and b) Hanging Baskets.

2.2.5 The evaluation criteria used included both a cost and a quality assessment to ensure that the supplied plants would be of a comparable standard to those that are currently grown in-house. This was to ensure that the supply at point of display would be the same as if we produced plants in-house.

Tender assessment criteria weighting:

| | | |
|---------------|----------------------------|------------|
| Part 1 | Pricing Information | 60% |
| Part 2 | Technical / Quality | 40% |

A number of responses were received:

- Hanging Baskets - 4 responses - Highest tender submission score - 90.2%
- Annual Bedding Planting - 6 responses- Highest tender submission score - 91%

2.2.6 Summary of Potential Future options

| | Advantages | Disadvantages | Cost implications |
|--|---|---|---|
| Option 1 Status Quo | <ul style="list-style-type: none"> • Retention of in-house provision • Provides flexibility of response of plant provision | <ul style="list-style-type: none"> • Not a cost effective business model • Reducing demand | £424,000 p/year |
| Option 2 Outsource current provision | <ul style="list-style-type: none"> • Reduce revenue costs to the authority • Responsive approach to meet demand • Sustainable approach • Scalable and more reactive response to meet need | <ul style="list-style-type: none"> • New operating model • No further enhancement of civic spaces | Bedding Plants £31,420 Hanging Baskets £10,600 |
| Option 3 Business Diversification | <ul style="list-style-type: none"> • Enhance current provision • Income generation | <ul style="list-style-type: none"> • Limited market • Direct competition with commercial growers • Not a viable business model • Business model does not offset cost implications • Would need a larger site and significant capital expenditure • Increase in resourcing costs • Impact on economic welfare of the district | Limited income generation opportunities Increase in resourcing costs Additional capital investment required |

2.3 Financial Implications

| Supply of seasonal plants | Annual £ |
|---|-----------------|
| Total operating budget to meet current in-house demand for seasonal plants for displays. Cost of nursery and bedding provision including £86K depreciation of equipment and nursery building | £424,000 |
| Income from Internal Services | £143,000 |
| Income from External Services | £44,000 |
| Total Income | £187,000 |
| Total Net Cost of in-house provision | £204,000 |
| Cost of outsourcing Including contract management/resources @ £21k | £64,000 |
| Potential annual saving through outsourcing | £169,000 |

2.4 Business Diversification

Alternative or increased income streams were investigated to see if there would be an opportunity to offset costs by increased income generation.

The supply of plug grown vegetables for allotments was examined through carrying out informal market testing. This option was shown not to be viable, for two reasons; the market for plug grown vegetables was not large enough and would be in direct competition with commercial growers, which would have an impact on the economic welfare of the district.

Having discussed the use of the existing facility for the supply of planting with our neighbours it became clear the majority had already reduced their own demand and provided this internally. However, there are a number of neighbouring authorities who do currently outsource their plant requirements through the use of a competitive tendering process including:

- Oldham 30,000 plants
- Bradford 40,000 plants
- Barnsley 25,000 plants

To attract this business the Council would be required to tender alongside other commercial operators. The current nursery infrastructure also limits additional capacity above Kirklees needs to 35,000 plants. Taking the highest scoring market tested rates into account and applying them to these numbers would result in a gross income in the region of £12,250 per annum and net income of £5,250 per annum. This is significantly short of the £169,000 saving identified in outsourcing, even when taking into account the gross income and not the net income.

3. Implications for the Council

There would be a saving to the Council on the cost of supply of seasonal bedding and hanging baskets, if the activity is outsourced, resulting in the nursery provision being closed completely and plants supplied direct to our depots.

This does reduce the council's capacity to meet other plant needs in-house such as decorative features and office planters for civic events. The Nursery was also involved in the supply of plants to the transformation of St Georges Square during the Tour de France event; this capacity would also be lost.

4. Consultees and their opinions

Cllr Steve Hall, Portfolio Holder for Planning, Highways & Open Spaces, accepts that whilst this is a difficult decision and is proud of what the nursery has achieved to date there is a significant saving to be made in outsourcing the supply. During these challenging times this cannot unfortunately be ignored, but does welcome the fact no substantive staff will be lost as a result of the change and the quality of seasonal bedding will remain high.

5. Next steps

This report and its findings to be shared with Cabinet Portfolio Holder and shared with both Cabinet and Overview and Scrutiny Management Committee.

6. Officer recommendations and reasons

That Cabinet members acknowledge the findings of the best value exercise and support the officer delegated decision to outsource the supply of seasonal bedding and hanging baskets. In order to continue future supply internally we would need to plan and implement any decision from August 2016.

Officers to identify other supply methods for office planters if Council services consider them suitable to continue in the future. This internal spend amounts to £44,000 per annum currently.

Officers will ensure any available over capacity/supply is available for public sale.

Officers are currently recruiting to a volunteer co-ordination post to assist individuals and groups to undertake voluntary activity in our parks and open spaces, for example planting

7. Cabinet portfolio holder recommendation

The Portfolio holder, Cllr Steve Hall, recommends this report be approved to outsource the supply of seasonal bedding and hanging baskets in the future.

8. Contact officer and relevant papers

Rob Dalby - Parks and Greenspace Manager

Tel: 01484 221000

rob.dalby@kirklees.gov.uk

9. Assistant Director responsible

Joanne Bartholomew

Assistant Director - Place

Tel: 01484 221000

joanne.bartholomew@kirklees.gov.uk

Background Papers:

- Cabinet report: 28 July 2015 - Parks and Open Spaces Maintenance Standards
- Cabinet report: 22nd September 2015 -Overview and Scrutiny Management Committee – Recommendation from Call-In Hearing – Parks and Open Spaces Maintenance Standards
- Cabinet report – 22 September 2015 - Parks and open Spaces Maintenance Standards - Part 1