

Report of: Parking Manager

Report to Director of Environments & Housing

Date: 8 May 2015

Subject: Extension of Pest Control contract

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The current contract for Pest Control services with Mitie expires on 31st May 2015.
2. The Council has the right to extend this contract for a further period of 12 months.
3. Renewing the contract in June is not ideal because this is during the busy period for Pests and changing supplier will inevitably impact on workloads. As it is an income generating area any disruption could impact on revenue.
4. Therefore it is proposed to extend the contract for 7 months rather than 12 so that the new arrangements will begin in January when work levels are low.

Recommendations

5. The Director of Environment and Housing is requested to authorise the extension of the existing contract with Mitie until 31st December 2015.

1 Purpose of this report

- 1.1 This report is to gain authorisation for the extension of a pest control contract with Mitie from 1.6.15 – 31.12.15.

2 Background information

- 2.1 The Council provides domestic pest control services for various pests. The administration of the service is carried out internally but the actual pest control work itself is outsourced. The current provider is Mitie. The amount paid varies according to the amount of jobs undertaken and the amount paid last year was £210,000. This is offset by income from the customer booking the treatment. However about 35% of jobs are not charged to the customer and as a result the Council makes a loss on the service. This is balanced by commercial pest control work which generates a surplus.
- 2.2 Although it is not statutory, the Council maintains a domestic pest control service for reasons of public health. For example rats in privately owned accommodation are treated for free so that people do not ignore the problem. Although work in Council owned properties is chargeable, this is not passed on to the resident so it is also Council funded. The service is generally offered at a lower cost than private providers for the same reason. If the Council was to withdraw from offering domestic pest control services it is likely that prices would rise which would discourage people from seeking treatment and allow pests to flourish.
- 2.3 The Council has currently only 2 directly employed pest control operatives and they are fully employed on commercial contracts. There is no spare capacity to carry out domestic work.
- 2.4 The cost of a seven month extension is estimated at £120,000. There is budget provision for the whole amount.

3 Main issues

Reason for Contracts Procedure Rules Waiver / Invocation

- 3.1 Pest control is seasonal as many pests only become a problem during the warmer months. For example Wasps, who make up about a third of all pest control jobs are only active in Spring and Summer. In 2014 there were 343 wasp reports in August and 3 in January. Therefore it is not ideal to re-tender and potentially change suppliers in June. It is therefore recommended that the extension is for 7 months rather than the full 12 so that the renewal will be in January. This will allow new arrangements to be implemented and tested in the quieter months.
- 3.2 Mitie have indicated that they will be happy to agree to a 7 month arrangement.
- 3.3 Procurement advice is that this is a permitted contract amendment under CPR 21.3.

4 Consequences if the proposed action is not approved

- 4.1 If a new arrangement is not made the Council will be out of contract for Pest Control services. If the service is longer offered this means that an estimated 4000 reports annually would not be dealt with. Although there are alternative providers for the chargeable work there would be no provision for the estimated 1200 rat jobs that are currently carried out.

4. Advertising

- 4.1 No advertising has been undertaken. Mitie have been contacted direct.

5 Corporate Considerations

5.1 Consultation and Engagement

- 5.1.1 No consultation has been carried out.

5.2 Equality and Diversity / Cohesion and Integration

- 5.2.1 No issues have been identified.

5.3 Council Policies and City Priorities

- 5.3.1 No issues have been identified.

5.4 Resources and Value for Money

- 5.4.1 The estimated cost of the extension is £120,000. On current trends about £80,000 income will be received with the balance being met from Pest Control revenue budgets.

5.5 Legal Implications, Access to Information and Call In

- 5.5.1 The procurement unit has advised that it is lawful for the Council to extend this contract under Contracts Procedure Rule No 21.3 in these circumstances..

5.6 Risk Management

- 5.6.1 The performance of the contractor and the associated costs will be monitored as part of the usual management arrangements in pest control. No additional risks have been identified.

6 Conclusions

- 6.1 The extension of this contract represents best value for the Council and allows the service to continue to offer domestic pest control services.

7 Recommendation

- 7.1 The Director of Environment and Housing is requested to authorise the extension of the of the existing contract with Mitie until 31st December 2015. .