

Subject: Request to waive CPR 8.1 and 8.2 and award a 3-month contract to Terminix UK Ltd for 57572: Domestic Pest Control

Date: 11<sup>th</sup> August 2022

Report of: Pest Control Manager

Report to: Chief Officer Elections and Regulatory

Will the decision be open for call in?

☐ Yes ☒ No

Does the report contain confidential or exempt information?

☐ Yes ☒ No

## What is this report about?

### Including how it contributes to the city's and council's ambitions

- Leeds City Council provides a domestic pest control service to owner occupiers and both social and private tenants. The administration of the service is carried out internally, but the actual pest control work is outsourced to a contractor.  
The current contract was awarded to Terminix UK Ltd, and is due to expire on 31<sup>st</sup> August 2022. When this contract expires the domestic pest control service will be carried out, in-house, by Leeds City Council pest control technicians.  
It is proposed to award a new short-term contract to Terminix UK Ltd for a further 3 months from 1<sup>st</sup> September up to 30<sup>th</sup> November 2022 to assist with the transition of the new in-house domestic pest control service and ensure service continuity.
- Domestic pests carry a wide range of disease-causing organisms. Research has shown that living in pest infested premises is likely to have an adverse effect on physical and mental wellbeing. The provision of a sustainable and affordable domestic pest control service contributes towards the Best Council Plan priority of keeping people safe from harm and the Plan's outcome that everyone should live in good quality homes with clean and cared for places. The eradication and prevention of pest infestations will also contribute towards the Council priority to reduce health inequalities.
- This report aims to seek approval by the Chief Officer Elections & Regulatory to waive Contracts Procedure Rules (CPR) No 8.1 and 8.2 for a new 3-month domestic pest control contract to ensure service continuity to help with the transition to a full functioning, in-house service provided by Leeds City Council. CPR 27 requires that a decision to waive the CPR is made by the relevant Chief Officer through the delegated decision process. The purpose of this report is to brief the relevant Chief Officer on the waiver that has been recommended so that they may be satisfied it represents the best course of action for the Council.

## **Recommendations**

- a) The Chief Officer Elections & Regulatory is recommended to approve the waiver of CPR No. 8.1 and 8.2 and award a new 3-month domestic pest control contract to Terminix UK Ltd in the sum of approx. £41,500. The contract shall commence on 1<sup>st</sup> September 2022 and expire on 30<sup>th</sup> November 2022.

## Why is the proposal being put forward?

- 1 The implementation of a pest control treatment service is discretionary. It is a service provided by a number of local authorities, particularly targeting those pests considered a public health risk, such as rats, mice, cockroaches, and bed bugs. Treatment is a separate issue to enforcement of statutory pest control legislation that remains a duty on the Council and is undertaken by the relevant enforcement officers.
- 2 The Council provides domestic pest control services to deal with a range of pests. The administration of the service is carried out internally, but the actual pest control work itself is outsourced to a contractor. The Council charges customers directly and pays the contractor their agreed fee per job.
- 3 The current contract was awarded to Terminix UK Ltd, to run from the 1<sup>st</sup> September 2020 until the 31<sup>st</sup> August 2021, and was extended for a further year until 31<sup>st</sup> August 2022. At the end of the current contract period, the domestic pest control service will be provided, in-house by Leeds City Council pest control officers.
- 4 The current contract employs 4 full time and 1 part time pest control technicians. All 5 of these technicians will be eligible to transfer over to the Council under TUPE legislation. This will take place at the end of the current contract period with Terminix, from 1<sup>st</sup> September 2022.
- 5 It is anticipated that there will be a period of transition, where the pest control technicians, transferring to Leeds City Council under TUPE legislation, will need to have inductions and training with the Council before they can continue working as Leeds City Council Pest Control Officers.
- 6 Therefore, it is proposed to offer Terminix a new 3-month contract, to ensure service continuity during the transitional period between the end of the current Terminix contract and having new pest control officers fully inducted and trained within the Council.

## What impact will this proposal have?

### Wards Affected:

Have ward members been consulted? ☐ Yes ☒ No

- 7 Although it is not statutory, the Council maintains a domestic pest control service for reasons of public health. The service is generally offered at a lower cost than most private providers and the customer has the added benefit of the Council monitoring contractor performance and the quality of work.
- 8 The approval of a new 3-month contract will allow the current provision of service to continue during the transition from Terminix to the new in-house domestic service.
- 9 The cost of the contract with Terminix for the same months in 2021 was:

September 2021	October 2021	November 2021
£26,478	£21,226	£16,858

- 10 It is envisaged that Terminix will take 100% of the domestic service workload for the month of September, with the workload then reducing to between 30-50% in October and 0-20% in November as the new officers will be able to carry full caseloads after induction training.
- 11 The performance of Terminix on the domestic contract at this moment is good and we are confident they will provide a good level of service during this transitional period.
- 12 The contractor has confirmed that they will accept a new 3-month contract under the following terms and pricing schedule:

Pest	Terminix Price	LCC price
Rats/Mice	£35 per visit	£125
Cockroaches	£28 per visit	£150
Squirrels	£93.60 to eradication	£110
Silverfish, Woodlice Moths Flies Ants, Beetles	£40.80 to eradication	£60
Fleas/Wasps	£54 to eradication	£90
Call out fees only	£36	£30
Bedbugs	No treatment	n/a

- 13 It is noted above rats, mice and cockroaches will be charged per visit. This is because these are complex pests, and they can require 3-4 visits to treat. However, it is envisaged that the new LCC domestic service shall be able to take over these cases after 1-2 visits.
- 14 The domestic pricing charged by the council will increase in line with the plans for the new domestic service on 1<sup>st</sup> September. Therefore, the Council will be able to cover the above costs and ensure service provision.
- 15 There will be no guarantee of works given to Terminix on the new 3-month contract.

### **What consultation and engagement has taken place?**

- 16 A meeting with the Terminix area manager to discuss the proposal for a new 3-month contract.
- 17 A meeting with the Council's Procurement and Commercial Services (PACS) for advice on any proposed contract award.
- 18 Consultation with HR to confirm this does not affect the TUPE process or breach any TUPE legislation.
- 19 The Chief Officer for Elections & Regulatory Services and the Executive Member for Environment and Housing have been consulted.

### **What are the resource implications?**

- 20 The estimated contractor charges, compared to the similar number of jobs in the previous year (see para 9), for the new 3-month contract (September, October & November 2022) to the Council is approx. £41,500. There is budget provision for this amount.
- 21 The new 3-month contract will ensure service delivery during the transitional period between the current contract with Terminix UK LTD ending and the new in-house service launching on 1<sup>st</sup> September 2022. This offers the Council value for money as the service will still be able to function, providing an income stream for the Council.

### **What are the legal implications?**

- 22 The waiving of any CPR is a Significant Operational Decision as a minimum and a report is required to meet the Council's obligations of transparency, openness and to show that the matter referred for consideration properly falls within CPRs. This report does not contain any exempt or confidential information under the Access to Information rules detailed in the Council's constitution. The decision pertaining to this report is not subject to call in.

- 23 PACS has advised that it is lawful for the Council to award this contract. The value of the direct award detailed within this report is below the threshold for the application of the Public Contracts Regulations 2015 for the procurement of public services contracts and therefore it is not subject to the full procurement rules. However, the Council's CPR 8.1 and 8.2 require competition for procurements valued between £25K and £100K and the invitation of at least three written tenders. A waiver of these CPRs is required to award a contract direct to Terminix UK Ltd. Awarding a contract direct to Terminix UK Ltd without competition could leave the Council open to a potential claim from other providers, to whom this contract could be of interest, that it has not been wholly transparent. In terms of transparency, it should be noted that case law suggests that contracting authorities should always consider whether contracts of this value should be subject to a degree of advertising. It is up to the Council to decide what degree of advertising is appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices etc.) and the geographical location of the place of performance. The relevant Chief Officer has considered this and, due to the nature of the services being delivered, and the relatively low value and short length of the interim contract, is of the view that the scope and nature of the services is such that it would not be of interest to other contractors if the opportunity was published. In awarding the contract to Terminix UK Ltd without competition, there is a potential risk of challenge from other providers who have not been given the chance to tender for this opportunity, although this risk is considered low due to the reasons set out in this report. Although there is no overriding legal obstacle preventing the waiver of CPR 8.1 and 8.2, in making their final decision, the relevant Chief Officer should be aware of the risks of challenge to the Council identified above and be satisfied that on balance, the course of action chosen represents Best Value for the Council.

### **What are the key risks and how are they being managed?**

- 24 The performance of the contractor and the associated costs will be routinely monitored as part of the usual contract and financial management arrangements by the Environmental Health Management Team.
- 25 If a new 3-month contract is not awarded to Terminix UK Ltd, there is a risk of service failure due to the new staff for the domestic pest control team being unavailable to undertake any pest control jobs, whilst they are inducted and undergoing necessary council training. Causing a loss of income to the council and damage to the reputation of the council's new domestic pest control service and potentially leaving families within Leeds at risk of health issues caused by pest infestations.

### **Does this proposal support the council's 3 Key Pillars?**

☐ Inclusive Growth      ☒ Health and Wellbeing      ☐ Climate Emergency

- 26 Domestic pests carry a wide range of disease-causing organisms. Research has shown that living in pest infested premises is likely to have an adverse effect on physical and mental wellbeing. The provision of a sustainable and affordable domestic pest control service contributes towards the Best Council Plan priority of keeping people safe from harm and the Plan's outcome that everyone should live in good quality homes with clean and cared for places. The eradication and prevention of pest infestations will also contribute towards the Council priority to reduce health inequalities.

### **Options, timescales and measuring success**

#### **a) What other options were considered?**

- 27 No other options have been considered. Due to the short timescale until the in-house service launches on 1<sup>st</sup> September 2022 and potential disruption to the service in the transitional period, a new short contract with our current provider, Terminix UK Ltd, is the only viable option to ensure service continuity.

## b) How will success be measured?

- 28 If a new short-term contract can be agreed within the necessary timescale and the domestic pest control service continues to operate fully to assist the transitional period for the commencement of the new in-house domestic pest control service.
- 29 The existing contractual key performance indicators will remain in place and be monitored to ensure acceptable service delivery.

## c) What is the timetable for implementation?

- 30 The current domestic pest control contract ends on 31<sup>st</sup> August 2022. Any new short-term contract would need to be agreed by this date.

## Appendices

See Appendix 1: Reasons for waiving CPRs – below.

## Background papers

- 31 None

## Appendix 1

### What is your reason for waiving CPRs?

There is a genuine, unforeseeable emergency meaning there is no time to go through a procurement process e.g. to deal with the consequences of extreme weather.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
To purchase supplies or services on particularly advantageous terms due to liquidation/administration.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Requirement to put a contract in place with a current provider whilst a review of the services is completed.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Ran out of time to undertake a new procurement exercise	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other (please provide summary here)  To avoid service failure during a transitional period to a new domestic pest control service to be delivered by in-house technicians.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No