

Report to the Cabinet

Report reference: C-068-2010/11

Date of meeting: 7 March 2011



Portfolio: Environment

Subject: Pest Control Contract

Responsible Officer: J Gilbert (01992 564062)

Democratic Services Officer: G Woodhall (01992 564470)

Recommendations/Decisions Required:

(1) To consider the following options for the pest control service when the existing contract ends at the end of June 2011:

(a) cease the treatment service in its entirety; or

(b) provide a treatment service through a normal service contract or an alternative approach such as "a preferred contractor", service sharing with another Council or the re-provision of an in-house service;

(2) To impose a charge for all treatments;

(3) To note that Santia has been taken into administration and that the business has been acquired by Rentokil plc;

(4) To novate the existing contract to Rentokill plc for the remaining contract period;

(5) To waive contract standing orders in order to enable a short term contract with Santia/Rentokil (or another provider if necessary) beyond the end of June 2011 and if necessary with differing contract terms to the existing, to facilitate the completion of a EU procurement exercise;

(6) To waive contract standing orders C3(4) and C4 until the 30th June 2011 in order to allow, subject to continued satisfactory performance, orders to be placed for pest control services on a monthly basis with Rentokill plc on the same terms as the current contract; and

(7) To receive a further report at a future Cabinet on the outcome of the procurement exercise along with options for the setting of fees and concessions and any matters arising from the administration.

Text to support additional/revised recommendations:

1. Since the preparation of the original report to Cabinet, Santia, the company providing the pest control service to the Council has gone into administration. As part of that process the business was purchased by Rentokil plc. Since being made aware of that situation, officers have been in discussions with Rentokil and the Administrator regarding the future of the existing contract. The position is broadly as follows:

(a) Rentokil has stated that it intends to continue with the contract in its present format until it expires at the end of June 2011. Staff from Santia have moved over to Rentokil and are continuing to provide a service to the Council's residents;

(b) Rentokil in purchasing Santia did so with no encumbrances, and therefore any credits or debits existing between the Council and Santia are now held by the Administrator. The outcome of this is that the Council will be required to pay money to the Administrator but this would in any event have been paid in due course to Santia; and

(c) officers are working to novate the contract from Santia/the Administrator to Rentokil but in the meantime services are being provided and paid for through the use of purchase orders.

2. This unfortunate event has added a layer of complication. Recommendation (1b) sets out some potential options for the future approach to the service, but some of these will take time to develop and then consider. It is therefore possible that the any procurement exercise may not be completed in time for the end of the current contract at the end of June 2011. Unless Cabinet is content for there to be a break in service, at what is a particularly busy time during the summer, consideration needs to be given to putting some temporary arrangements into place whilst the procurement exercise is concluded.

3. The main Cabinet report informs Members that there is no likelihood of being able to structure a new contract on the same terms as the existing one, especially given that the contract has gone into administration on the back of poor financial returns. Therefore, if the Council wishes to ensure continuity of service beyond the end of June, the only way this can be achieved is to enter into negotiations with Rentokil to extend the contractual arrangement, or with another provider but recognising that payment terms may have to change. New recommendations therefore suggests that contract standing orders be waived so that negotiations can take place with Rentokil or another provider in respect of an extension or interim replacement in order to enable service continuity whilst completing the procurement exercise.

4. In the intervening period and in order to have continuity of service, we need to formalise our arrangements with Rentokil. This can be achieved by firstly, having the authority to place orders with them on a monthly basis until the present contract has been novated and secondly novating the contact.