

6.3 Financial Reports

6.3.1 Contract 12/51 - Proposed Extension of Environmental Health

File Reference: Nil.
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Recommendation(s)

That Council resolve to extend the current contract with Kernow Environmental Health Services P/L (Contract 12/51) for a further 2 years, from 1 July 2020.

Attachments

Nil

Executive Summary

On the 2 November 2013, Kernow Environmental Health Services P/L (Kernow) commence the Environmental Health Services Contract to deliver Environmental Health, Domestic Waste Water, Immunisation and Other Services throughout the municipality. This contract was awarded to the end of the 2018 financial year and included an addition 2 x 2-year extension period option. In 2018, Council honoured the first extension of 2 years, resulting in the contract ending June 30th 2020.

Background

The contract for Environmental Health, which is currently provided by Kernow Environmental Services P/L (Kernow) expires 30 June 2020. Kernow has provided an excellent service to the community and has worked with Council Officers to improve the level of service for our municipality. Over the past two years, the Kernow team have provided significant community engagement, assisting the residents and businesses of Cardinia.

The key activities undertaken as part of the contract include:

- Maintaining all Food Act and Public Health premises registrations, and completing all inspections and compliance and complaints
- Regulation of prescribed accommodation and caravan parks
- Delivery of all aspects of the national Immunisation program
- Domestic Wastewater Management advocacy, audits and approvals
- Responding to nuisance, noise and other public health complaints
- Tobacco test purchasing

Kernow staff are well integrated into the organisation, and provide a high level of support and cross-functional collaboration. Council benefits from the expertise of Kernow staff, which derives from their exposure across the industry.

Benefits arising for the Council (and by extension rate-payers) include:

- Capacity of Kernow to access additional staff to attend Relief and Recovery Centres and participate in public health inspections following the 2019 Bunyip Complex Bushfires
- Swift mobilisation for increased public immunisation sessions during the COVID-19 pandemic, including the use of online booking systems modelled on other Kernow Council clients
- the incentive program within schools resulting in increased uptake of immunisations, and
- the continued advocacy and support to Guys Hill residents to address wastewater management issues.

There have been no recent customer surveys conducted in respect of the environmental health service, however dissatisfaction or complaints with the service are very low.

Policy Implications

This contract will meet the requirements of the Liveability Plan in relation to Health and Tobacco harm.

This contract will allow Council to meet its statutory requirements across all of the service areas.

Relevance to Council Plan

1.4 Our People - Improved health and wellbeing for all

1.4.3 Routinely investigate community health and wellbeing issues to inform Council's planning and activities.

Climate Emergency Consideration

The provision of Environmental Health Services is in line with Council Plan Action 1.4 – Improve Health and Wellbeing for All.

Consultation/Communication

The Environmental Health Services contract was advertised for public tender 30 March 2013 and closed for submissions 6 May 2013. There were a number of enquiries regarding the contract; however, Kernow Environmental Health Services were the only provider to submit a tender. The extension to this contract does not require further consultation.

Councils Procurement team has reviewed the original contract and the proposed extension, commenting that despite Kernow's pricing of first few years being increased significantly (Year 2 = 49%, Year 3 = 10%, Year 4 = 11%) this trend stopped from Year 2016 onwards (limited to less than 2%). The Procurement team has supported extending this contract for another two years.

Financial and Resource Implications

Provided below is a table outlining the annual lump sum price. The breakdown of the total price is based on each service provided, represented as a percentage of the total workload. This breakdown was used during the initial contract period and continues to reflect the current workload balance.

The price for services will increase marginally over the extension period (2.0% p.a. in line with the CPI increase for Melbourne Dec Qtr 2018 to Dec Qtr 2019).

Key Performance Areas	Year One 2020/21	Year Two 2021/22
Food & Health (65%)	\$1,071,055	\$1,092,476
Other Services (5%)	\$82,389	\$84,037
Domestic Wastewater Management (18%)	\$296,600	\$302,532
Immunisation (12%)	\$197,733	\$201,688
Total Price (ex GST)	\$1,647,777	\$1,680,733

Conclusion

The Environmental Health Service contract expires 30 June 2020. Kernow has provided excellent environmental health services to Cardinia over many years, meeting the needs of our community and providing a high level of service. Kernow always searches for opportunities to improve their services to the Cardinia community and have initiated improvement processes to deliver great customer service.

Through the implementation of new technology, changes to workload management and improved processes, the price for services will increase marginally over the extension period (2.0% p.a. in line with the CPI increase for Melbourne Dec Qtr 2018 to Dec Qtr 2019).

It is recommended that Council support the two year extension, in line with Contract 12/51 dated 4/10/2013, to bring the current contract to June 30th 2022.