

6.4 Financial Reports

6.4.1 Contract 21-032 Environmental Health Services

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Recommendation(s)

That Council:

1. Accept the tender submitted by Kernow Environmental Services Pty Ltd to perform Environmental Health Services (across the municipal districts of Cardinia, Casey and Bass Coast) for the contract sum of \$3,539,383 (excl. GST).

Attachments

Nil

Executive Summary

Cardinia Shire Council has statutory responsibilities arising under the Food Act 1984, the Public Health and Wellbeing Act 2008, the Environmental Protection Act 2017, the Residential Tenancies Act 1997 , and the Tobacco Act 1987.

This report describes the outcome of Bass Coast Shire Tender 21015, whereby Cardinia Shire Council, Bass Coast Shire Council and Casey City Council jointly tendered for provision of environmental health services in a shared service model.

It is recommended that Contract 21-015 be awarded to Kernow Environmental Services Pty Ltd accordingly.

Background

Cardinia Shire Council has statutory responsibilities arising under the Food Act 1984, the Public Health and Wellbeing Act 2008, the Environmental Protection Act 2017, the Residential Tenancies Act 1997 , and the Tobacco Act 1987. These obligations are collectively described as “Environmental Health” responsibilities.

During 2020, representatives of Casey City Council, Cardinia Shire Council and Bass Coast Shire Council formed a working group to procure service providers who would provide environmental health services across all three municipal districts. The Councils executed a Memorandum of Understanding to govern the preparation and running of the tender, and any subsequent management arrangements resulting from the tender.

A public tender was called by Bass Coast Shire Council on 24 April 2021, and publicly advertised in The Age and electronic portals (Bass Coast Tender reference 21015). During the open period, an information session was held for interested tenderers, with 4 questions asked and a tender addendum created. The tender closed on 26 May 2021, with 1 submission received from Kernow Environmental Services Pty Ltd (“Kernow”).

The tender was evaluated by a panel of service managers from each Council and observed by OCM Probity Advisors. All members completed and signed the required Conflict of Interest forms (COIs), with no conflicts identified.

Evaluation Plan/Criteria

An Evaluation consisting of the criteria as shown in the table below, was scored against the tender received for both weighted and non-weighted criteria to ensure the viability of the submissions and to ensure that value for money results were achieved.

	Criteria weighting	Sub-weighting	Returnable Schedule reference	Schedule description
Operational Service Delivery	45%	20%	Schedule 9	Shared Services Operational Delivery Plan
		15%	Schedule 10	Innovation and Service Optimisation
		10%	Schedule 11	Relevant Experience
Personnel and Qualifications	25%	15%	Schedule 12	Capacity and Experience of personnel
		10%	Schedule 13	Capacity and experience of sub-contractors
Quantitative (Price criteria)	30%	30%	Management Fee and Service Costs	
Best Value	100%			

Tender Assessment

The tender was assessed and scored using the above criteria by each panel member independently, with a subsequent meeting held to discuss submissions and determine a final consensus score.

Notwithstanding the single tender received, the panel assessed the tender very highly, especially in respect of the proven capacity of Kernow to provide the services tendered. The tender also demonstrated a level of sophistication and practicality in their proposed plans to delivery shared services across multiple municipalities. It should be noted that a shared service structure for regulatory work is believed to be novel in Victoria.

Kernow have provided environmental health services for over 20 years in the Victorian legislative context, including at Brimbank CC, Mitchell SC, Baw Baw SC, Pyrenees SC, Moira SC and Wangaratta Rural City Council, as well as Casey City Council and Cardinia Shire Council. These Councils consistently report a high quality of service and benefit from the technical expertise of their staff cohort which individual Councils could not reasonably expect to retain if providing the services at a single-Council level.

Importantly, the tender demonstrated a very high level of sophistication in respect of providing a joint service, including a well developed appreciation of the unique legal limitations that effect regulatory services when conducted across municipal boundaries. That level of understanding by the tenderer provided all of the participating Councils with confidence in the capacity of the tenderer to provide the service across all three Councils, while retaining the individual decision-making and liabilities for each participating Council.

The contract price outcome was consistent with an independent service review carried out by Cardinia and Casey prior to the tender being carried out.

Following the close of the tender, Cardinia and Casey have negotiated with Kernow to align the contract commencement dates, to maximise the benefits of the Shared Service model. In Cardinia's case, this will involve the variation of an existing contract with Kernow (contract number 12/51).

Upon acceptance of this tender, all three participating Councils will operate under consistent contract arrangements, overseen by a Steering Committee representing each Council. This arrangement will operate from 1 Jan 2022, until the expiry of the contract term in June 2024. The contract provides for two potential extension periods of two years each.

The Panel agrees that Kernow Environmental Services be recommended to be considered as the preferred tenderer.

Policy Implications

This procurement will not impact any significant policy position of Council. The amalgamation of services across Councils will still preserve all delegated decision making within Cardinia as currently exists.

Relevance to Council Plan

5.1 We practise responsible leadership

5.1.2 Manage our finances responsibly and leave a positive legacy for future generations.

Climate Emergency Consideration

There are no Climate Emergency considerations in respect of this procurement.

Consultation/Communication

Adoption of this tender outcome will not result in any change to Cardinia residents or businesses.

Financial and Resource Implications

The recommended tender has a final price of \$3,539,383 excl GST, which is consistent with the expected tender range and has already been included in current budgets.

The shared service model represents particular value to residents, as the shared service model (once the full benefits are realised) represents savings to Council of approx. 12% per annum on the cost of the service

Conclusion

It is recommended that the tender submitted by Kernow Environmental Services be accepted for Contract 21-032 Environmental Health Services.

The contract completion date is 30 June 2024, with two optional extensions at the discretion of council.

The evaluation panel is confident in this Company's ability to complete the contract in the manner described in the tender.