



23. 11. 2000

**REPORT OF THE ESTABLISHMENT UNIT REGARDING THE
TRANSFER OF CITY MAINTENANCE SERVICES TO CITY CARE LIMITED**

PART A - MATTERS REQUIRING A COUNCIL DECISION

**1. ESTABLISHMENT PLAN FOR THE TRANSFER OF CITY MAINTENANCE SERVICES
TO CITY CARE LIMITED**

The Establishment Unit formed by the Christchurch City Council pursuant to Section 594I of the Local Government Act has pleasure in presenting for your consideration and adoption the Establishment Plan (attached) for the transfer of the remaining maintenance operations of the Waste and Water Service Units, maintenance operations of the Leisure Unit at QEII and the Building Services activities of the Plant and Building Services Unit to City Care Limited.

The Establishment Plan has been developed and agreed by the Establishment Unit and Directors of City Care Limited and follows on from the work undertaken earlier this year by Council staff and presented to the Council in August 2000 as part of wide ranging change proposals. The Establishment Unit comprised the following members:

Councillor Alister James (Chairman)
Councillor David Close
Councillor Barbara Stewart
Councillor Graham Condon
Mr Mike Richardson
Mr Ian Hay

The Establishment Plan addresses the issues identified under Section 594J of the Local Government Act and develops the preferred option of transferring these maintenance operations to the company as determined by the Council pursuant to Section 247D along with the expected timetable for implementation.

As part of the Establishment Unit process the value of the business has to be discussed. Subject to confirmation of values of workshop plant the gross value of the business to transfer is estimated at \$650,000 to \$750,000 from which the value of staff liabilities transferred will be deducted. Ongoing work arrangements have been categorised using the same definitions as those used for the transfer of Works Operations to City Care Limited last year.

As discussed in the October report adopted by the Council, the Council is preparing to enter into a number of contracts with City Care Ltd to deliver maintenance services currently provided by teams within the asset management units. It is recommended that these proposed contracts not be tendered at this time for the following reasons:

1. Certainty of base workload required to ensure Council objective of transferring staff to sustainable jobs met.
2. Time required for policy units to fully document work schedules.
3. The view developed during the last establishment process and confirmed by the Council that the maintenance of intellectual capital of value to the city infrastructure was an associated element of the process.
4. Savings made as part of the negotiation and transfer process.
5. The Council's obligation and ability to provide Civil Defence emergency and trained Rural Fire Fighting early response team

The terms of the contractual arrangements relating to specific activities have been agreed to match the maintenance contracts put in place last year to ensure a consistent expiry date. All savings identified in the change proposal document have been incorporated into the contract values for the 2001/02 financial year.

1 Cont'd

- Recommendation:**
1. That the Council adopt the Establishment Plan relating to future maintenance works service delivery by City Care Limited and recommendations of the Establishment Unit relating to matters specified in Section 594J of the Local Government Act.
 2. That the Chairman of the Establishment Unit, Chairman of Strategy and Resources Committee and Director of Business Projects be delegated authority to approve the sale and purchase agreement documentation and final price for the business within the figures quoted above.
 3. That as required under Section 247E of the Local Government Act, and in accordance with the Establishment Plan, the Council resolve not to tender the work for the reasons above and to delegate authority to the Chairman of the Establishment Unit, the Chairman of the Strategy and Resources Committee and the Director of Business Projects to finalise the negotiated contracts with City Care Limited with expiry terms consistent with the similar maintenance contracts already in place and incorporating savings identified in the change proposal.

CONSIDERED THIS 23RD DAY OF NOVEMBER 2000

MAYOR