

Grounds Maintenance Contract for Leeds from January 2027

Date: 23rd October 2024

Report of: Chief Officer Climate Energy and Green Spaces

Report to: Environment, Housing and Communities Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report sets out the background and progress for delivery of a replacement contracted arrangement for street-scene grounds maintenance following the end of the current contracted arrangements.

The report gives Scrutiny Board the opportunity to comment on and provide scrutiny of the approach to secure a replacement Grounds Maintenance Contract for Leeds from January 2027.

Recommendations

- a) That Scrutiny Board considers the information in the attached report.

What is this report about?

- 1 This report seeks to set out the background and progress for delivery of a replacement contracted arrangement for street-scene grounds maintenance from 1st January 2027 following the end of the current contracted arrangements.
- 2 From January 2027 suitable provision will need to be in place to continue service delivery at acceptable standards as well as being affordable in the context of known budget pressures and the medium-term financial plan (MTFP).

What impact will this proposal have?

- 3 This report gives Scrutiny Board the opportunity to comment on and provide scrutiny of the approach underway to secure a replacement Grounds Maintenance Contract for Leeds from January 2027. All available options to extend the current contract have been exercised on the basis that contractor performance was high and value for money was being achieved when compared to other tendered rates for the work.
- 4 The current contract arrangements were established in 2012 by the then Housing ALMO organisations and Highways and Transportation. The contract is managed on behalf of stakeholders by Climate Energy and Green Spaces (CEGS) as officers within this service have the technical knowledge and experience to direct and instruct horticultural maintenance operations.
- 5 The majority land holding within the contract bill of quantities (BoQ) is associated with Housing Leeds properties and residential areas (Including those areas identified as 'retirement life'). However, highway verges and arrangements for the maintenance of sight lines form an important part of the schedule.
- 6 Over the life of the contract several changes to specification and activity have been introduced to reflect the changing requirements of the council and to respond to community aspirations, for example responses to the Big Climate Conversation conducted in 2019. Notable examples of changes introduced include:
 - i. Increasing the frequency of shrub maintenance visits from 2 to 4 per annum.
 - ii. Increasing the frequency of mowing for Amenity Grass (majority of mown areas) from 13 to 14 per annum
 - iii. Introduction of Premium Amenity mowing in areas around 'retirement life' properties with a frequency of 28 per annum
 - iv. Introduction of relaxed mowing areas adjacent to higher speed highways to support biodiversity and respond to the climate emergency.
 - v. The removal of sight line mowing to in-house delivery

- 7 The current typology and frequency over-view is set out in the following table:

Typology	Description	Frequency
Amenity Grass	The majority of grass within the contract, typically located within housing estate communal areas or roadside verges	14 visits between March and Oct. Visit intervals reflect seasonal growth patterns and are longer in early and late season weeks

Premium Amenity Grass	Typically located in communal areas around 'Retirement Life' properties	28 visits between March and Oct. Visit intervals reflect seasonal growth patterns and are longer in early and late season weeks
Primary Network (relaxed mowing)	Verge land adjacent to higher speed highways that require lane closures to undertake maintenance	1 visit per annum conducted late summer to support biodiversity
Planted Borders	Shrub and rose beds located within housing areas or adjacent to the public highway	3 visits April to Oct to address problematic growth (impacting footpaths or access) or weeds. 1 visit Nov to March to undertake pruning and weeding
Hedges	Hedges located in communal space around dwellings or adjacent to the highway. Hedges around individual residential properties are not included and are the responsibility of tenants.	3 visits annually. Late winter, spring and 1 late summer. Visits are conducted outside of bird nesting season (Mar – Sept) unless compelling safety risks are present

- 8 The existing contractor notifies CEGS via electronic data of daily activity against instruction. This allows contract managers to assign inspection tasks for performance monitoring purposes using real time data. Random sample inspections are undertaken with spatial distribution across the city to examine performance and this is supplemented by targeted sampling informed by previous performance, complaints to the council, elected member observations and resident enquiries. This balance of approach gives high levels of assurance and ensures that payment is only made for work successfully completed at first visit or where corrective action is taken by the contractor following instruction for rework.
- 9 The revised contract will provide an opportunity to adjust the specification of work to balance the council's aspirations for quality of provision, mitigation for climate change, supporting biodiversity as well as recognising the significant pressures in the MTFP.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 10 It would be possible to include provision in the new arrangements for local employment, training standards and apprenticeship minimums; to seek a commitment to paying the Real Living Wage or parity with the Leeds Living Wage; alongside targets for carbon reduction to support actions to address the climate emergency and support biodiversity.
- 11 Local employment, minimum standards on training and development, and reducing the use of temporary and seasonal employment contracts are areas that the existing contractor has proven open to engagement on. It is anticipated that tender evaluation models could encourage high standards in these areas from any new provider, however, any conditions imposed as part of the specification would of course be reflected in tendered rates.
- 12 The Big Leeds Climate Conversation (2019) engaged with over 7000 Leeds residents from across the city with over 97% saying they worry about the effects of climate change, biodiversity loss and the frequency of extreme weather events. A similar proportion of respondents supported council actions to change its land management approach to address these concerns.

13 The Environment Act 2021 (and subsequent regulations) have set legally binding biodiversity targets for England and nature recovery is one of five priorities for the Department for Environment, Food and Rural Affairs (Defra) as the responsible government department.

- i. to reduce the risk of species going extinct in 2042, compared with 2022
- ii. to create or restore 500,000 hectares of wildlife-rich habitats by 2042
- iii. to ensure overall species abundance is increasing rather than decreasing by 2030, and increases by 10% by 2042, compared with 2030

14 Previous adjustments to the contract specification introducing relaxed mowing have supported other council actions in this area such as the city-wide woodland creation programme. These changes have created areas of species supportive habitats distributed across the city including in areas of high urban development. Consideration of further opportunities to support this important area of work will be included as part of specification design.

What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted? Yes No

15 Consultation proposals are being developed that will seek to gather a broad range of views to inform specification design for future services. It is anticipated that a range of consultation approaches will be utilised including face to face, via existing forum such as Community Committees and tenant and residents groups, as well as using the online portal common place. This latter mechanism allows for responses from the public at their convenience via the internet and has a mapping function supporting a 'dropped pin' feature whereby respondents can easily suggest areas of land for changed management approaches.

16 The requirements of the Social Housing Regulation Act will in future require increased engagement by service providers in reporting resident satisfaction for any service that impacts social housing properties. Whilst the level and frequency of ongoing consultation required by the act remains unclear at this time, it is anticipated that as a minimum annual data gathering and reporting on satisfaction and performance will be required.

What are the resource implications?

17 The annual value of the current contract is £3.7m with a split 70/30 Housing Revenue Account / General Fund respectively. It is recognised that when the existing contract was established it secured favourable terms for the council and these have been realised over the life of the contract and via the extension options exercised. It is anticipated that market rates available currently will see increased pressures on revenue budgets from this base position.

18 The contract management team, officers within Housing Leeds, Highways and Transportation and the council's procurement team will take forward the work to develop revised arrangements.

19 Any changes to operations such as mowing frequency or land areas included in the BoQ will have a direct impact on the overall costs of the contract. Proposals will have to be considered in the context of the current significant resource pressures facing the council and those future pressures identified in the MTFP. It is therefore highly unlikely that the new arrangements will be able to include increases in activity without equivalent value reductions elsewhere.

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

- 20 There is a risk that no suitable provider is available to undertake the work for the council or that tendered bids are unaffordable within the context of the MTFP. However, there is an existing mature market of providers available in the UK and once specification standards for future provision are better known, soft market price testing will be conducted with the sector to establish the likely financial liabilities and inform future decision making.
- 21 The current specification has a large seasonal imbalance with the majority of hours required during the spring and summer mowing periods. This type of operation tends to require the use of seasonal labour resources that does not foster a sense of pride and ownership in output standards and encourages a high turnover of staff resource that impacts on the quality of provision. The UK is currently experiencing a very 'tight' labour market and seasonal work contracts are challenging to recruit to as there is choice available to potential employees. To mitigate for these issues the council will need to consider what opportunities exist to provide sufficient work, at the required point in the calendar (November to January), to enable continuity of employment and a reduction in the use of seasonal staff. Some mitigation is currently provided by utilising the contractor's labour resource to support leaf fall operations within Cleaner Neighbourhoods and by operating a 'winter works' programme that addresses site restoration tasks within residential estates. Putting these or similar activities into more secure contractual arrangements would reduce the need for contractors to utilise seasonal staff with consequential improvements to quality, security of employment and training and development.
- 22 There are also structural problems with regards to the approach taken to managing litter on contract assets. The responsibility for litter removal is retained by the council with the contractor responsible for addressing incidental litter removal immediately prior to their operations. An informal 'rule of thumb' has been established with the current contractor that defines incidental litter by the time needed to remove it. Where that time exceeds that required to mow the grass (or where waste is clearly fly tipping, is contained within bags etc, or forms heavy soiling with animal waste) this is reported to the council using existing daily task reports and the individual plot involved is either part mown or bypassed. These reports are circulated across internal teams as required. This approach has previously created tension between the council and its provider particularly where elected members and residents do not fully appreciate the nuances and contractor performance is called into question where the initial problem lies with council or resident activity.

What are the legal implications?

- 23 The new contract will be offered to the market using established procedures supported by specialist officers within the Procurement and Commercial Services team. Given the scale of the contract and the anticipated spend levels, this contract will be rated as '*strategic*' within the definition of the Procurement Act that becomes operational from April 2025.
- 24 To meet the obligations of the Procurement Act, the council has developed a new Contract Management Framework using sector best practice that seeks to:
- Support contract managers with contract management duties
 - Improves the council's contract management activities
 - Provide assurance to the public that we are using public money well
 - Achieve better outcomes for the council and the communities we serve

25 The framework will introduce:

- Proportionate contract tiering where contracts are rated on value and complexity / risk.
- Balanced scorecard templates will be issued to contract managers quarterly, allowing reporting on the performance of the contract
- Through a Contract Management Assurance Board the council will have oversight of contract performance

Options, timescales and measuring success

What other options were considered?

26 All available options to extend the current contract arrangements have been exercised and a new arrangement is therefore required.

27 There is no capacity within existing council resources to undertake this work in house. To do so would require addressing a number of significant problems.

- i. There is insufficient capacity within council depots to accommodate the additional staff and equipment required to deliver these works. A minimum of two depot facilities (east/west or north/south) to accommodate staff welfare facilities would be required for a peak workforce of around 148 in addition to secure storage, parking for machinery and vehicles and fuel storage capacity. Due to the slow road speed of self-propelled equipment utilised for mowing a single location 'super depot' would not be sufficient.
- ii. Management and support structures would be required to organise work delivery and undertake employment related tasks (annual appraisal, attendance management etc.) for a large expansion of workforce.
- iii. There would be a requirement to procure large numbers of mowers, tractors and vehicles along with smaller powered equipment necessitating a review of the capital programme for machinery replacement focussing more on equipment suited to verge mowing. An expansion in machine numbers on this scale will also require a suitable location and workshop capacity which is not currently planned for. In addition, more workshop technicians (who are specialist and difficult to recruit) will be required to undertake routine servicing and timely repairs.
- iv. The seasonal imbalance of works within the current contract schedules can only efficiently be undertaken using a proportion of temporary staff and council's recruitment processes are not geared towards for this type of recruitment meaning a higher proportion of permanent staff would need to be retained under an in-source model reducing financial efficiency.
- v. Finally, there is a risk that integrating street scene grounds maintenance within CEGS operations will increase pressure to divert resources from parks at the seasonal peak period and thus negatively affect park quality. During the period 2004 to date when these works have been externalised the 63 community parks have seen an increase in those achieving Leeds Quality Parks standard from 23% in 2006 to 77% following the most recent assessment. This could also have associated negative consequences on recruitment and retention of skilled horticultural staff and attracting apprentice gardeners (who do not see cyclical grass cutting as attractive employment).

How will success be measured?

28 New contract will be secured by May 2026 to allow sufficient time for incoming contractor mobilisation ahead of a go live date of 1st January 2027. This mobilisation period meets the recommendations of Scrutiny Board activity that have previously examined these contract arrangements.

What is the timetable and who will be responsible for implementation?

29 The Head of Bereavement Services and Workshop has contract management responsibilities for this area and will be responsible for project management.

30 The following table sets out the interim key milestones.

Milestone / Gateway	Commencement Date	Completion Date	Commentary
Establish project team and project lead, process design and resource planning	Apr 2024	Oct 2024	Commenced
Stakeholder engagement (Highways, Housing, BITMO, Community Committees, Scrutiny, public, contractor)	Oct 2024	Jan 2025	Commenced
Service design or specification changes and draft tender documents	Jan 2025	March 2025	Planned
Soft market test	April 2025	May 2025	Planned
Tender Document Revision	May 2025	July 2025	Planned
Tenders out to market (including bidder days)	July 2025	Oct 2025	Planned
Tender Return		Nov 2025	Planned
Evaluation (including presentations and interviews)	Dec 2025	March 2026	Planned
Decision to award		May 2026	Key milestone to commit to future pathway
Award of contract		June 2026	Fixed deadline for start date of 1st January 2027
Contractor mobilisation	July 2026	Dec 2026	Reflects previous Scrutiny Inquiry finding
Contract live	1 st Jan 2027		

Appendices

- None

Background papers

- None