

Scrutiny Interim Statement

Procurement of the Grounds Maintenance Contract for 2011

Scrutiny Board
(Environment and Neighbourhoods)

11th January 2010



Introduction and Scope

Introduction

1. An extensive inquiry into the process of handing over the Streetscene Grounds Maintenance service to an external contractor was conducted by the former Environment and Community Safety Scrutiny Board during 2005 following public and Member concerns about the delivery and standard of the service.
2. This inquiry had identified a number of factors that had prevented a smooth transition of the Streetscene Grounds Maintenance service to the external contractor, Glendale Grounds Maintenance Ltd, and consequently led to the problems encountered during the first year of the new contract. There were 21 recommendations made as a result of this inquiry that aimed to improve the procurement process and develop a more robust risk management approach to similar projects in the future.
3. The initial grounds maintenance contract period was three years with the option to expand by up to a further three years. Since the Scrutiny inquiry in 2005, service delivery improvements had been reported in years two and three of the contract. As a result, a decision was made to extend the contract into year four. However, this extension was on the understanding that rough cut, sight line and 'In Bloom' judging route grass be worked out of the main contract. This led to a smaller contract being awarded through a competitive process to ATM which commenced on 1st March 2008 for one year with the option to extend up to a further two years in order to allow for a co-terminus end to both contracts.
4. Both contracts were extended again for a further year and are now expected to run into their final year, meaning that both contracts will end on 28th February 2011.
5. Grounds maintenance continues to be a service area that generates high public interest and often is an issue raised by local residents with Members of the Council. It therefore remains an area of priority for Scrutiny.
6. In February 2009, the Environment and Neighbourhoods Scrutiny Board was formally consulted on the Streetscene Grounds Maintenance draft Service Improvement Plan. This Plan summarised the actions agreed between Leeds City Council, the ALMO's and Glendale Managed Services Ltd for improvements to the contract to be implemented in 2009/10, many of which aimed to build upon the lessons learned during 2008.
7. At that time, Members had requested that Scrutiny be given a proactive role in considering the specification for the new 2011 grounds maintenance contract to ensure that lessons learned from the existing contract are reflected within it.
8. In June 2009, it was brought to our attention by the Executive Member for Environmental Services that the procurement process for the new contract had commenced and it was agreed that Scrutiny had an important role in this process.
9. A working group of the Board was established to oversee the procurement process for the new contract, ensuring that the recommendations from the 2005 inquiry had been taken forward



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and that lessons learned from the existing contract were also being reflected in the new specification. The membership of this working group includes Councillors Barry Anderson (Chair), Ann Blackburn and Ann Castle.

10. The working group met initially in August with the Area Development Manager to clarify the procurement timetable in place to deliver the new contract from 1st March 2011. At this stage, it was noted that a client and stakeholder consultation process around the future content of the new contract, which was being undertaken by the main clients (the 3 ALMOs and Highways Services), was due to be completed at the end of August. In view of this, the working group agreed to meet with the client groups at the beginning of September to get their feedback from the consultation.
11. In the meantime, a member of the Collingham with Linton Parish Council had approached a member of the working group expressing a wish to feed into the Scrutiny Board's review. This was welcomed and prompted an invitation to all 31 Parish and Town Councils to attend a meeting of the working group to discuss the future content of the grounds maintenance service contract or alternatively to submit their views in writing.
12. Whilst we were very surprised that only 6 out of the 31 Parish and Town Councils¹ had responded to this invitation, this does not detract from the level of frustration that was shared by these local councils about the existing grounds maintenance service and lack of consideration given to those local councils that have continuously attempted to negotiate with the Council for an opportunity to manage the grounds maintenance service within their own boundary area.
13. The contribution of these local councils has also led Scrutiny to identify a fundamental omission within the existing contract procurement exercise as we learned that none of the Parish and Town Councils had been formally consulted as part of the client and stakeholder consultation process despite being acknowledged within the procurement implementation plan as one of the stakeholder groups.
14. The issues and concerns raised by the local councils during our review are valid and we believe that many of these could have been addressed much earlier if given the opportunity to engage effectively. Our review has also raised issues around the level of engagement with Elected Members throughout the procurement process.
15. This interim statement sets out our initial findings and recommendations relating to the procurement of the new contract for the attention of the Executive Board and the Grounds Maintenance Programme Board at this particular stage of the procurement process.

¹ The 6 local councils included Arthington Parish Council, Boston Spa Parish Council, Clifford Parish Council, Collingham with Linton Parish Council, Scarcroft Parish Council and Thorner Parish Council.



Conclusions and Recommendations

Management of the current procurement project

16. Firstly, we do acknowledge that many of the recommendations arising from the 2005 Scrutiny inquiry have been taken forward into the current procurement strategy. In particular, we welcome that a more rigid risk management approach is now being applied in line with the Council's Delivering Successful Change methodology. As part of this approach, we noted that an initial health check of the procurement process by the Council's Project Assurance Section was conducted in April 2009. As a result, a number of recommendations were put forward to improve the procurement process and the project was given an overall RAG (red, amber or green) rating status of Amber. A copy of the health check report was considered as part of our review.
17. We are also pleased that governance arrangements are now in place to oversee the procurement process. Such arrangements include the appointment of a Project Manager and the establishment of a Grounds Maintenance Project Team and Project Board, which has senior representation from the various clients plus other Council services including Strategic Landlord, Procurement Unit and Parks and Countryside. However, we did raise a number of issues in relation to the Project Board, which we have addressed separately within our Statement.
18. We do note with concern that there are still a number of recommendations from the 2005 inquiry that have not yet been fully achieved and consequently this has had an impact on the management of the current procurement project. We have made reference to these particular recommendations where appropriate within our Statement.
19. As the current grounds maintenance contracts have been extended into their final year, there is now the urgency to procure a new contract to be implemented from 1st March 2011.
20. The 2005 Scrutiny inquiry identified a number of factors that had prevented a smooth transition of the service to an external contractor. However, the main problems encountered were associated with the lack of time allocated for a thorough induction process for the contractor and the reduced time available for the contractor to mobilise effectively.
21. We note that the current implementation timetable does factor in these key lessons by allowing for a longer lead-in period for contract mobilisation, which starts from November 2010. This lead-in time also responds to the earlier recommendation by Scrutiny for future contracts to be awarded well ahead of the growing season so as to ensure the contractor has sufficient time to mobilise.
22. However, whilst we acknowledge the amount of work and level of consultation carried out with stakeholders by the client groups to help inform the current procurement strategy, there does not appear to have been a great deal of engagement with Elected Members throughout this process. This is extremely disappointing given that issues around communication with Elected Members was also raised as a concern during the 2005 Scrutiny inquiry.



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23. Although we would not expect all Elected Members to be briefed on every aspect of a project, it is vital that Members are able to put forward their views in order to inform key stages of a procurement process, particularly for high profile projects.

24. It is clear that the recent consultation exercise conducted with Area Committees during October/November around the future content of the grounds maintenance contract should have been undertaken much earlier during the procurement process. This would have allowed more time for the Grounds Maintenance Project Board and the client groups to reflect and respond appropriately to the issues and concerns raised by Elected Members.

25. In relation to this particular project, we recommend that the Chair of the Grounds Maintenance Project Board ensures that the relevant client groups actively engage with all Elected Members at key stages of the procurement process and would advise that such engagement continues to be conducted through Area Committees.

Recommendation 1
That the Chair of the Grounds Maintenance Project Board ensures that the relevant client groups actively engage with all Elected Members at key stages of the current grounds maintenance procurement project. We would advise that such engagement continues to be conducted through Area Committees.

26. In future, it is vital that Area Committees are recognised as one of the key stakeholders and engaged from the start

of the procurement process in order to inform key decisions.

Recommendation 2
That Area Committees are recognised as key stakeholders during the procurement of future grounds maintenance contracts and are engaged from the start of the procurement process in order to inform key decisions.

27. As a result of the 2005 Scrutiny inquiry, a recommendation was made which stated '*That where a high profile project is experiencing any difficulties or risks that might influence the awarding of a contract or the delivery of new service arrangements, the relevant Executive Board Member is briefed by the chair of the project board at the earliest possible stage. To complement this we recommend that guidelines are drawn up outlining the appropriate stages at which Members should be briefed*'.

28. Whilst we acknowledge that communication with the Executive Member has improved, we are unaware of any guidelines being drawn up in relation to holding general briefings with Elected Members, as recommended.

29. In view of this, we further recommend that clear guidelines be drawn up immediately in relation to Elected Member engagement throughout all stages of the procurement process and particularly for high profile projects. We would like such guidelines to be brought back to Scrutiny for consideration.



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Recommendation 3

That clear guidelines be drawn up immediately in relation to Elected Member engagement throughout all stages of the procurement process and particularly for high profile projects. That these guidelines be brought back to Scrutiny for consideration.

30. As we have already highlighted in our introduction, there has also been a fundamental omission within the existing contract procurement exercise as none of the Parish and Town Councils had been formally consulted as part of the client and stakeholder consultation process despite being acknowledged within the procurement implementation plan as one of the stakeholder groups.
31. We believe that many of the issues and concerns that have been raised by the local council representatives during our own review could have been addressed much earlier if given the opportunity to engage effectively. In view of this, we further recommend that the Chair of the Grounds Maintenance Project Board ensures that all local Parish and Town Councils are also actively engaged at key stages of the current grounds maintenance procurement project.

Recommendation 4

That the Chair of the Grounds Maintenance Project Board ensures that all local Parish and Town Councils are actively engaged at key stages of the current grounds maintenance procurement project.

The benefits and limitations of a city-wide contract

32. One of the key issues we have debated during our review and particularly with the local council representatives, has been around the benefits and limitations of pursuing with a city-wide contract for the grounds maintenance service in line with the principle of achieving value for money.
33. Value for money is about ensuring that services are delivered to the agreed quality, perform effectively and generate outcomes which meet the needs of service users for the agreed price. With proposed changes already being identified for the new contract specification, we recognise that a like for like comparison with the existing service would now be very difficult.
34. We are aware that some Parish and Town Councils have continuously attempted to negotiate with the Council for an opportunity to manage the grounds maintenance service within their own boundary area.
35. In doing so it was felt that local councils would be able to specify the level of standard required in line with local expectations and could incorporate more robust local monitoring mechanisms. Also, as some Parish and Town Councils already employ a local contractor to provide grounds maintenance services in addition to that provided by Glendale, this would remove this added cost and duplication of effort.
36. However, during our review the local council representatives were advised



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that by taking on that responsibility, local councils would need to ensure that a complete grounds maintenance service was being provided within their area, which includes a wider range of horticultural duties than just cutting grass. It was also noted that legally, local councils are not insured to work on the highway and therefore any local contractor would need the appropriate accreditation and insurance for this work.

37. It was also acknowledged that any Parish and Town Council interested in tendering for such a contract would be required to take part in the statutory competitive tendering process in order to demonstrate value for money for delivering that service, which was also considered to be a major obstacle.
38. Whilst recognising the potential challenges to this approach, a suggestion was put forward by the local council representatives to have a pilot scheme running alongside the new contract as this would provide an opportunity to test whether smaller local contracts could provide better value for money.
39. We understand that the Risk Management Unit (RMU) facilitated two Options Appraisal Workshops (the first was completed April 2008 with a follow-up in June 2008). Of the 9 options considered, it had emerged that the preferred option was to continue with a city-wide contract. Whilst we understand that some reservations about this option were initially expressed by two of the ALMOs at that time, which was reported within the initial health check report and prompted a request for a further risk assessment to be undertaken, it had emerged that this was still the preferred option put forward

by the Grounds Maintenance Project Board.

40. Whilst we recognise that the restrictions now placed upon the current procurement timetable could be a potential barrier for revisiting the option appraisal process, we do believe there would be merit in giving further consideration to awarding smaller contracts for the grounds maintenance service and for local Parish and Town Councils to be engaged in this process.
41. In view of this, we recommend that the Executive Board consider an immediate risk assessment for conducting a further option appraisal as part of the current procurement process so that the option of awarding smaller contracts for the grounds maintenance service is considered again and involves engagement from local Parish and Town Councils.

Recommendation 5

That the Executive Board considers an immediate risk assessment for conducting a further option appraisal as part of the current procurement process so that the option of awarding smaller contracts for the grounds maintenance service is considered again and involves the engagement of local Parish and Town Councils.

Key principles surrounding the new contract specification

42. Separate to the debate around contract packaging, we discussed the key principles surrounding the new contract



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specification, as it is clear that the specification will be key to measuring the quality delivered through the new contract.

43. In consideration of the proposed changes to the specification we acknowledge that the main principle behind the new contract will be around providing a consistent service across the city and guaranteeing a minimum specification standard, but also incorporating more flexibility within the specification to give clients the option to purchase an enhanced service if required.

44. As an example, we noted that a significant change will be around the frequency of cuts for enhanced grass as this will be reduced from 32 cuts and replaced with a more general standard, 13 cuts at 25mm. However, this will be variable by clients with appropriate formal notice.

45. In welcoming this flexibility within the contract, we also recognise the need to ensure that rigorous contract monitoring is also completed in order to measure quality consistently. We have therefore addressed this matter separately within our statement.

46. Whilst acknowledging that the proposed changes put forward by the client groups reflect the continuation of an input based specification, we did question whether an output specification would have been more appropriate.

47. The principle of an output specification means that the onus is put on the contractor to manage the contract accordingly in order to achieve the specified level of standard. In view of the problems often presented by the unpredictability of the weather, such an

approach would allow the contractor more flexibility to conduct maintenance works when appropriate and not be restricted to a rigid schedule of cuts.

48. Whilst we understand that the Grounds Maintenance Project Board has already analysed the benefits and limitations of having an output specification, we would recommend that the details of this analysis be shared with Elected Members, particularly as this was also an issue raised during the consultation with Area Committees. We would also recommend that such analysis is brought to the attention of the Executive Board and Scrutiny for consideration.

Recommendation 6

(i) That details of the analysis conducted by the Grounds Maintenance Project Board in relation to the benefits and limitations of having an output specification for the new grounds maintenance contract is shared with Elected Members.

(ii) We further recommend that such analysis is brought to the attention of the Executive Board and Scrutiny for consideration.

49. During our review, we also recognised the need to ensure that the data used to map site locations within the tender documentation is as current as possible in order to provide bidders with a comprehensive pricing document. In doing so, potential bidders will be able to submit as accurate as possible tendered price for evaluation purposes. It will also help minimise the scope for site variations in and out of the contract. We noted that this was another key recommendation arising from the 2005



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inquiry which has not been fully achieved.

50. However, it was acknowledged by the client groups and also the local council representatives that a lot of work has been undertaken to help identify all pieces of 'orphan' land still remaining across the city in order to vary this into the contract where necessary.
51. We debated the likelihood of ever achieving 100% accuracy at all times and concluded that there is very much a need to continue to have a clear mechanism included within the new specification to effectively manage the incorporation of any new site locations.
52. Whilst we appreciate that the existing client groups have budget provisions in place to vary any additional pieces of land into the contract, we recognise that many of the problems arise in dealing with unregistered land where the ownership is not clear and requires investigation by officers. We therefore recommend that further work is carried out to quantify the size of the problem in dealing with unregistered land and its financial impact on the Council. We also recommend that consideration is given to the feasibility of setting aside a separate budget for maintaining such pieces of orphan land until ownership matters are resolved.

Recommendation 7

- (i) That the Chair of the Grounds Maintenance Project Board ensures that further work is carried out to quantify the size of the problem in dealing with unregistered land and its financial impact on the Council.**
- (ii) We further recommend that consideration is given to the feasibility of setting aside a separate budget for maintaining such pieces of orphan land until ownership matters are resolved.**

53. We understand that the introduction of more localised grounds maintenance teams has been a contributing factor in improving the existing grounds maintenance service. Where staff are given responsibility for a particular area, we believe that this encourages greater ownership and pride in the quality of service delivered. We would therefore like to see such an approach being encouraged as part of the tendering process for the new contract, and particularly if the service is to be packaged as one city-wide contract.

Recommendation 8

That the tendering process for the new grounds maintenance contract encourages a localised approach towards the delivery of the new service, and particularly if the service is to be packaged as one city-wide contract.

54. During our review, we also identified a need to introduce more stringent penalties/measures to address quality of service issues.



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55. As part of the existing contract, we noted that the Council monitors highway land by taking a 10% random sample after each cut. Where a quality of service issue is raised, the contractor is given 5 working days to rectify the issue. However, should the issue not be rectified then a percentage of the payment made against the random sample is deducted accordingly.

56. We would recommend that the Grounds Maintenance Project Board gives further consideration to strengthening existing arrangements for dealing with adverse performance issues, including the introduction of more stringent penalties, and for this to be fed back to Scrutiny as part of our ongoing review.

Recommendation 9
That the Grounds Maintenance Project Board gives further consideration to strengthening existing arrangements for dealing with adverse performance issues, including the introduction of more stringent penalties, and for this to be fed back to the Scrutiny Board as part of its ongoing review into the procurement of the new grounds maintenance contract .

The need for robust contract monitoring arrangements

57. There was a consensus view that a fundamental part of the procurement process will be to ensure that robust and consistent contract monitoring arrangements are written into the new specification to ensure that the quality of work is of the required standard. Such

robust monitoring will also be needed to demonstrate to the contractor where adverse performance has been recorded in order to action any penalties/ reductions in payment as a result.

58. The Council currently monitors highway land by taking a 10% random sample after each cut, whilst each of the ALMOs have adopted their own monitoring arrangements. In delivering the existing city-wide contract, this inconsistent approach towards monitoring has often generated confusion and difficulties with the current contractor.

59. We would like to see Elected Members engaged in developing more robust monitoring arrangements and understand that some Parish and Town Councils have also expressed an interest to be part of the monitoring process on a voluntary basis providing they receive the appropriate training.

60. In recognising the benefits of utilising this valuable resource, it was felt that each of the ALMOs and Highways Services should also be working in partnership with the local councils to develop a framework for delivering more robust and consistent monitoring arrangements. We therefore recommend that the Grounds Maintenance Project Board ensures that this is fed into the current procurement project.

Recommendation 10
That the Grounds Maintenance Project Board ensures that each of the ALMOs and Highways Services works in partnership with Elected Members and local Parish and Town Councils to develop a framework for delivering more robust and consistent monitoring arrangements for grounds maintenance as part of the current procurement project.



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Project Board commitment and partnership working

61. Finally, in acknowledging that the current procurement timescale for awarding the new contract is challenging, it will require effective decision making from the Project Board to successfully deliver on this project.

62. However, as part of the initial health check report in April 2009, we noted that attendance at Project Board meetings was reported as being inconsistent and often delegated, which impacts on the timeliness of the decision making process.

63. It is essential that the Project Board demonstrates a commitment to partnership working and provides their full engagement with the project. We therefore recommend that the Chair of the Project Board ensures that attendance from senior representatives is consistent and that a full commitment is given by the Project Board to work in partnership to successfully deliver on the procurement timetable.

64. As a Scrutiny Board, we will continue to oversee and feed into the key stages of the current procurement process and look forward to continue working closely with the client groups and also the Project Board to ensure that the future grounds maintenance service delivers value for money and best meets the needs of residents across the city.

Recommendation 11
That the Chair of the Grounds Maintenance Project Board ensures that attendance from all senior representatives on the Project Board is consistent.

Recommendation 12
That the Chair of the Grounds Maintenance Project Board ensures that a full commitment is given by the Project Board to work in partnership to successfully deliver on the procurement timetable for awarding the 2011 grounds maintenance contract.

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