



Report of the Director of Environment and Neighbourhoods

Executive Board 22nd June 2010

Subject: Grounds Maintenance Contract

Electoral Wards Affected: All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

Grounds Maintenance activities across the city (apart from in those areas maintained by Parks and Countryside) are currently carried out on behalf of four internal 'clients' by two external contractors. This report outlines the work done to date to renew the contractual arrangements and recommends that a procurement process be commenced for a new contract for five years with the option to extend this up to a maximum of a further five years. The revised contract start date has moved from 01-03-2011 to 01-01-2012.

1.0 PURPOSE OF THIS REPORT

- 1.1 To advise Executive Board of progress to date with the procurement of a new grounds maintenance contract and to recommend the proposed approach to contract packaging and procurement.
- 1.2 To advise Executive Board of the proposed revision to the contract start date from the 1st March 2011 to 1st January 2012.
- 1.3 To advise Executive Board of a number of key issues that have emerged to date that will influence the approach taken to procurement and the shape of the contract and how it is operated.

2.0 BACKGROUND INFORMATION

- 2.1 Existing contractual arrangements for grounds maintenance across the city have now been extended to their maximum points and are due to expire in February 2011. Currently two providers, Glendale and ATM, carry out grounds maintenance activities on behalf of four main clients – the 3 ALMOS, (Aire Valley Homes includes BITMO) and Highways and Transportation.
- 2.2 Members will be aware that shortly after the current contractual arrangements commenced in 2005 there were several numbers of concerns about performance. As a result, the Environments and Neighbourhoods Scrutiny Board took an interest in the current contractual arrangements. They are also engaged in a review of the current process to renew the current contract. Members will be aware that recent ALMO inspection reports have also made reference to grounds maintenance and in particular specification issues such as cut length and the collection of grass cuttings. The process followed to let a new contract has therefore sought to learn from previous experiences and in particular to introduce much stronger contract monitoring and management arrangements, better mapping of sites and ownership and allow for greater flexibility over specification to allow higher standards to be achieved subject to them being affordable by the various clients.
- 2.3 The procurement strategy approach adopted to date has sought to engage and incorporate the views of the various clients whilst at the same time promoting a consistent approach to grounds maintenance across the city. This will allow local flexibility including the facility to enhance standards (e.g. increased frequency of cuts, cut and collection of grass cuttings etc.) where individual clients feel it is appropriate and represents value for money.
- 2.4 Looking forward, the proposals to monitor the performance of the appointed contractor will also seek to engage and actively involve the various clients so that they can feedback to their various stakeholder groups in a positive way and reflect that their interests are being represented and upheld. ALMO tenants and Town and Parish Council representatives will be encouraged to have a far greater role in the monitoring of the grounds maintenance services.
- 2.5 In overall terms the new contract will deliver the following grounds maintenance functions:
- Amenity grass in residential areas including roadside verges, grass around sheltered areas and other areas some of which are on “In Bloom” judging routes.
 - Rough cut grass – this includes grass in urban or rural areas requiring less maintenance than amenity grass.
 - “Sight line” grass on highways – this is particularly in rural areas and at road junctions and bends, and is cut to maintain road safety standards.
 - Shrub and rose beds at various sites within the city.
 - Primary networks – typically grass verges and central reservations surrounding motorway and other key junctions.
 - Hedge maintenance

More detail of the specification proposals for the above functions can be found in Appendix 1. This specification is a draft document and may be subject to change.

- 2.6 In considering the way forward for the service the Project Team and Programme Board have considered the options of either a traditional ‘input’ based specification where works and frequencies are clearly specified or an ‘output’ based specification where less prescription is given and more emphasis is placed on desired outcomes – e.g. ‘maintain all grassed areas to a certain standard throughout the growing season’ with no reference to numbers of cuts to be carried out in a given period or frequency. An ‘input’ based specification is the strongly recommended option as this gives far greater certainty as to the works being carried out and when and also enables far greater clarity from a contractor performance management and payment perspective.

3.0 PROJECT STRUCTURE AND GOVERNANCE ARRANGEMENTS

3.1 The procurement strategy is currently being overseen by a Grounds Maintenance Programme Board chaired by the Chief Environmental Services Officer, Chief Executive Officers from the three ALMOs and BITMO, the Chief Officer for Highways and Transportation along with other key stakeholders including Strategic Landlord, Procurement Unit and Parks and Countryside. Additional specialist expertise has also been provided by other services including Risk Management and Project Assurance. In addition to the Programme Board, a Project Team, again with appropriate representation, has been meeting to work up the detail of the approach currently being taken. The Council's Delivering Successful Change methodology for key projects is being followed and the approach taken has recently received a helpful project assurance health check.

4.0 PROCUREMENT TIMETABLE

- 4.1 The current contract ends on 28-02-2011 however concern has been raised about the risks associated with having a new contract starting on the same day as the start of the grass cutting season.
- 4.2 In view of this, it is proposed to extend the current contract until 31-12-2011 with the contract award date around August 2011. This will allow a generous mobilisation period and a contractor handover at a point in the horticultural calendar when maintenance activity is reduced. The new contractor will have the opportunity to become established and fully resourced to start the grass cutting season on 01-03-2012.

The key dates and stages of the revised procurement timetable can be summarised as follows;

Sept 2010 - seek confirmation of Parish & Town Council's involvement
Oct 2010 - evaluation of returns
Oct/Nov - report findings to Programme Board
Dec 2010 - publication of OJEU (Official Journal of the European Union) advert inviting expressions of interest
Late January 2011 - return of completed PQQs (Pre Qualification Questionnaire) documentation
February 2011 - PQQ evaluation
Early March 2011 - tenders invited
Early June 2011 - tenders returned
June/July 2011 - tender evaluation
Mid August 2011- contract award
1st January 2012 - contract start

- 4.3 This approach allows a mobilisation period of 17-20 weeks and for any other contract handover issues (such as T.U.P.E) to be resolved before the start of the grass cutting season. Members will be aware that at the start of the current contract the mobilisation period was significantly shorter (only a matter of a few weeks) and that was one of the main reasons for the poor contract start up and performance in the early stages.
- 4.4 In terms of extending the current Glendale contract in to year 7 and the ATM contract in to year 3 there are two issues to consider.
- i. The existing contractor's agreement to extend and any increases on contract payments.
 - ii. The procurement rules governing extensions of a contract beyond contract term.

In terms of the first issue, the current contractors have been formally approached regarding the proposed 10 month contract extension. Both Glendale and ATM have agreed in

principle to the extension and understand that the Council would only proceed if contract price increases were affordable.

Regarding the second issue, discussions with the Chief Procurement Officer have been positive and extension of both contracts is achievable through a formal variation to both contracts. There is a risk associated with extending the main contract due to its value however the issue of a voluntary transparency notice will mitigate the possibility of challenge.

5.0 CONSULTATION ARRANGEMENTS AND FEEDBACK

5.1 In recent months the various clients have undertaken a range of customer consultation activities. These are summarized below with key findings:

ALMO and BITMO Boards

Consultation has taken place with customers through a variety of methods including newsletter articles, attendance at Resident and Tenant Group meetings, satisfaction surveys and a number of focus groups.

The issues that have been raised through the consultation process have been considered by the Project Team and include:

- Clarity on how customers could report problems
- Feedback when complaints are received
- Effective action when complaints are received
- Publish 'Service Standards' that are easy to obtain and understand
- Mapping of all sites needs to be up to date
- Monitoring needs to be consistent
- Financial penalties need to be imposed on the contractor
- Modern and suitable equipment needs to be used
- Litter picking needs to be undertaken prior to grass cutting

Area Committees

A report was presented to all ten Area Committees in September/October 2009 and in summary identified five key issues.

Mapping of Sites (see paragraph 5.3 below)

Throughout the life of the current contract work has been done to improve mapping information for all the sites covered by the specification. More work needs to be done to ensure that the mapping database is as up to date as possible and maintained throughout the life of the next contract.

Contract Specification

A number of issues were raised including the possibility of collecting grass cuttings, the ability to vary the number of cuts in certain areas, the removal of cuttings from highways and footways after works have been carried out.

Contract Structure

The report to Area Committees recommended that one city wide integrated contract represents the opportunity to get best value. In the main this was agreed to but some comments were made on the role of Town and Parish Councils (see para 6.3).

Contract Monitoring

Various comments were made including the need to ensure more consistent monitoring and the deduction of payment for unsatisfactory or uncompleted work.

Contract Mobilisation

A general desire to ensure a longer lead in period than was allowed for the current contract.

Devolution of some Functions to Parish Councils

A number of areas commented on the potential role of Town and Parish Councils either as deliverers of service or to assist in the contract monitoring.

Leeds Citizens' Panel

1,000 members of Leeds Citizen's Panel were consulted by Highways and Transportation to gather views from a range of residents in relation to grounds maintenance and grass cutting across Leeds. Questions were asked about the quality and frequency of services. 542 responses were received. The key areas for consideration from the consultation and the actions taken in preparation for the new contract are as follows:

	Summary	Response:
i	Consider clearing of footpaths after work has been done and/or collecting grass clippings.	The revised contract will test the market capability and the impact on affordability of collecting grass clippings during the mowing operation. The value of this operation will be assessed during contract evaluation.
ii	Verges adjacent to rural roads require more attention.	The grass verges of rural roads have been reviewed and remapped. The revised contract will include the trimming of a minimum 1m wide verge on all rural roads
iii	Overall respondents disagreed to an increase in Council Tax to provide an enhanced service	This suggests that respondents recognise the financial implications of improving the service and value for money will continue to be a key consideration during the tender process.

The Project Team have considered all the consultation findings and will seek to incorporate as many of them as possible into the procurement process going forward.

5.2 Environment and Neighbourhoods Scrutiny Board

Over recent months the Environment and Neighbourhoods Scrutiny Board have been undertaking a review of the procurement process currently being followed and a report outlining the Board's recommendations along with the response of the Executive Board Member for Environmental was presented to Executive Board on the 10th March 2010.

In addition one other common point that has been raised throughout the consultation process has been that of accuracy of mapping of all sites across the city and the approach taken to deal with 'orphan' sites - that is to say sites where ownership either within or outside the Council cannot be readily or easily determined. Over the past year or so major improvements have been made to ensure that up to date maps exist for all sites within the scope of the Grounds Maintenance Contract, yet at the same time orphan sites continue to be discovered albeit at a reducing rate. The continuing addition of such sites to the schedule of works within the Grounds Maintenance Contract continues to provide additional financial pressure to the various client services. In the current financial year 'orphan' sites identified have added an additional £60k to the contract cost.

The current Grounds Maintenance mapping database has been developed over the life of this contract and now accurately records the areas of land assigned to the individual ALMOs and Highway and Transportation Services that they have authorised to be serviced. Land will only be varied in or out of the contract with the approval of the appropriate client. Current systems allow the contract monitoring team to determine whether any other identified areas of land are in Council or private ownership and will ensure that the mapping database used for the new contract is up to date.

Where land is in private ownership every effort is made to identify the owner and encourage them to maintain the land. Where ownership is not clear and maintaining the land is within the public interest the proposed approach is to treat them as orphan sites.

6.0 PROPOSED CONTRACT STRUCTURE

6.1 As part of the current procurement exercise an option appraisal process was carried out to assess the contract packages available to deliver the grounds maintenance services from March 1st 2011. Two option appraisal workshops were held, facilitated by the Corporate Risk Management team; representatives from the four main clients were involved in the workshops along with representatives from Parks and Countryside, the procurement unit and Environmental Services.

The options considered were divided into the following broad categories:

- (i) Re-tender the grounds maintenance contract dividing it geographically e.g. by ALMO area – this option was judged to create difficulties around increased and more complex contract monitoring and administration and created the potential for differential levels of service in each geographical area; in addition the desire on the part of Highways and Transportation to deliver equal standards city wide would be difficult to achieve; it would be difficult for individual contractors to achieve the economies of scale associated with larger contracts therefore increasing costs overall.
- (ii) Re-tender the grounds maintenance contract dividing it by work type e.g. amenity grass, rough cut grass, shrub bed maintenance etc. – this option was judged to create the potential for numerous contractors operating across the city at any one time and would create significant difficulties in monitoring; probably of more importance would be the issue of co-ordination of works within geographical areas so that specific areas such as housing estates were maintained in a logical and efficient way; increased costs were also anticipated due to the loss of economy of scale and also lack of flexibility that a larger and more varied contract package allows.
- (iii) Provide the grounds maintenance service in-house – this option was judged to require major changes within Parks and Countryside who are currently focussed on delivering high quality services within formal parks and gardens across the city.
- (iv) Provide the grounds maintenance service through a 'central hub' contract with several smaller sub-contractors – this was judged to be more difficult to monitor and administer as it would require working with a number of contractors and sub-contractors; contract costs are also likely to be higher due to loss of economy of scale; achieving consistent service standards across the city would also be made much more difficult.
- (v) Re-tender the contract city wide covering all aspects of grounds maintenance – this option was judged to be the one that offers the greatest economy of scale and therefore the best value for money; it would allow for more efficient and clearer monitoring due to the ability to work with one contractor rather than many; contract administration would be clearer and simpler; any TUPE issues would be simpler and easier to implement; contract mobilisation would also be easier to achieve.

6.2 The outcome of the workshops was to recommend the procurement of a city wide contract covering all aspects of grounds maintenance being delivered by one contractor across the city. This was felt to represent not only the most cost effective approach to providing grounds maintenance services but also the one that gives the greatest clarity and accountability in terms of performance from a contractor perspective and ease and ability of monitoring from a client/stakeholder perspective.

6.3 Throughout the life of the current contract a small number of Town and Parish Councils have expressed interest in becoming more closely involved in the delivery of grounds maintenance services within their areas. Where requested these local councils have been provided with detailed unit rate cost of work currently undertaken by the current contractors.

In response to the report to Area Committees (mentioned in para 5.1) and as part of the Environments and Neighbourhoods Scrutiny review this issue has again been raised as to the practicality of allowing separate “parcels” of land to be separately identified that would then give interested Town and Parish Councils the ability to bid to carry out works within their area. As part of the Scrutiny inquiry into Grounds Maintenance held between August and December 2009 all 31 Parish and Town Councils were invited to attend to put forward their views about the future delivery of the grounds maintenance service. Nine Parish Councils responded to the invite and three attended the inquiry meetings.

6.4 Although the initial option appraisal exercise recommended a city wide contract, subsequent consultation with Parish and Town Councils and Area Committees has suggested that Parish and Town Councils should have the opportunity to bid for grounds maintenance work within their areas.

6.5 Advice has been taken from Democratic Services on the ability of Town or Parish Councils to discharge functions on behalf of the City Council. The advice is that this is possible where it provides best value and is practical. Given that advice, three options were considered,

- (i) Allocate an annual budget to those Parish and Town Councils that declared an interest to deliver the service themselves. The annual budget would be based on the overall tendered unit rates.

Risks

- The annual budget is based on citywide tendered unit rates that may not be deliverable at a local level.
- Parish or Town Council may not be capable of delivering the full range of grounds maintenance services
- The service will not be awarded through a competitive process therefore it is difficult to demonstrate value for money
- Complicated to monitor and may have additional monitoring costs
- TUPE may apply

- (ii) Identify parish and Town Council areas as separate parcels of land and through the tendering process invite the local councils to bid for the work through a the competitive process.

Risks

- Parish and Town Councils bidding for small quantities of work against city wide bids
- Cost to the local councils of submitting bid
- Need to satisfy evaluation criteria i.e. experience, financial standing, and competent staff. Health and Safety, insurance/liability cover, range of machinery
- Monitoring is potentially costly and more involved
- TUPE may apply

- (iii) Deliver the grounds maintenance service to all Parish and Town Council areas through a city wide contract as now, however each local council could have the option to enhance the frequency of services to areas where they feel that there would be tangible benefits e.g. ‘In Bloom’ judging routes. This could be achieved through a menu pricing system at agreed contract rates determined through the competitive process with the citywide contract.

Risks

- The Parish and Town Councils would have to have robust monitoring processes in place to identify quality and service failure issues.
- Without the above contract payments may become an issue

- 6.6 The Programme Board feels that option (iii) provides a solution that delivers a city wide contract and allows Parish and Town Council involvement in monitoring, delivering quality of service and providing the economies of scale associated with a city wide contract. However, in recognition of the interest shown by some Parish Councils to provide grounds maintenance services within their areas option (ii) is proposed as part of the revised procurement process giving Parish and Town Councils the opportunity to be included in the tendering process. This will be on the basis of delivering the full range of grounds maintenance services within their defined geographic areas.

7 CONTRACT MONITORING AND ADMINISTRATION

- 7.1 Over the life of the current contract, monitoring and administration arrangements have improved through the commitment of the various clients. The Project Team and Programme Board have agreed that contract monitoring arrangements for the new contract need to build on the work already done to ensure a consistent approach that holds the successful contractor to account and achieves the standards of service that is required. In response to the consultation exercises mentioned in paragraph 5.1 above, there is also a strong desire to look at how key stakeholders such as ALMO/BITMO tenants and representatives from interested Town and Parish Councils can contribute to the contract monitoring and contractor feedback arrangements.
- 7.2 The proposed contract monitoring arrangements have been agreed by all Clients at the Programme Board and will involve a team approach with all Clients taking part in monitoring to ensure that they can see at first hand the performance levels in their area. In response to experience in the early part of the current contract and following stakeholder feedback the proposed monitoring arrangements will be robust and aimed at holding a future contractor for any areas of under-performance that are identified. Strong client involvement in the monitoring arrangements will also allow direct and un-ambiguous feedback to be given to key groups such as ALMO/BITMO boards.

8.0 CONTRACT DURATION

- 8.1 The current contract was originally let as a three year contract with the option to extend by an additional three years in one year increments. A soft market testing exercise has recently been undertaken that suggests a longer term contract with the ability to extend again by one year increments provides the potential to receive lower unit cost quotes and therefore better value in the long term. It is recommended that a five year contract package be advertised with the opportunity to extend for a further five years in one year increments. The soft market testing exercise has also revealed a significant level of market interest with a good number of experienced providers who are clearly interested in bidding for the work. This provides re-assurance that a genuine, robust level of market interest exists which will generate real competition and lead to a competitive price being achieved. In the event however that the procurement does not produce bids that are either of sufficient quality or are deemed un-affordable the alternative course of action would be to look to take the work back in house. Discussions have already taken place with Parks and Countryside with regard to doing this should that eventuality arise.

9.0 RECOMMENDATIONS

- 9.1 Executive Board are asked to note the progress to date with the procurement of a new grounds maintenance contract and to approve the following:
- i. The contract administration and monitoring arrangements as set out in the report.
 - ii. That the contract be advertised on the basis of one, single city-wide contract with the option to require a variant bid to allow interested Parish or Town Councils to tender for work within their areas..
 - iii. That a contract be advertised for five years with the option to extend for up to a further five years.

- iv. That Executive Board agree to extend the contract with Glendale and ATM until 31-12-2011 subject to the issue of a transparency notice.
- v. That a contingency sum of £60K in year 1 (financial year 2012/2013), £20K year 2 onwards, be allocated to enable any future orphan sites identified to be properly maintained.

10.0 BACKGROUND PAPERS

10.1 Report to Area Committees

10.2 Leeds Citizens' Panel - Highways and Transportation Grounds Maintenance Survey