CABINET
28 OCTOBER 2010

AWARD OF GROUNDS MAINTENANCE CONTRACT

1. Summary

1.1 This is a Key Decision as the Council will incur expenditure or savings beyond the threshold agreed by the Council (currently £350,000).

1.2 This report summarises the outcome of the competitive tendering process for the grounds maintenance contract and makes recommendations for the award of the contract.

2. RECOMMENDATIONS

2.1 That the outcome of the tendering process for the grounds maintenance contract as set out in this report and Exempt Appendix A be noted;

2.2 That a contract be awarded to Company E for the maintenance of housing estate grounds (Lot 1) and parks and amenity areas (Lot 2) for the price tendered, on detailed terms and conditions to be agreed by the Head of Legal Service, for a period of five years commencing on 1 January 2011, with the option to extend for a further two years subject to satisfactory performance;

2.3 That, subject to confirmation from Kent Highways Services that it will reimburse the Council for the cost of maintaining highway verges at the tendered price, and to agreement of an administration charge for the contract, a contract be awarded to Company C for the maintenance of highway verges (Lot 3) for the price tendered, on detailed terms and conditions to be agreed by the Head of Legal Services for a period of five years commencing on 1 January 2011, with the option to extend for a further two years subject to satisfactory performance;

2.4 That the contract be kept under review throughout its term in order to identify opportunities to achieve efficiencies, as provided for in the contract specification;

2.5 That the Cabinet agree the proposals of the Deed, Trust and Obligations Committee for reimbursement of the Council's costs in relation to the maintenance of grounds held under charitable trust, as set out in paragraph 3.17 of this report.

3. Background and Discussion

3.1 At its meeting on 24 June 2010 Cabinet authorised the process for renewing the grounds maintenance contract. It was agreed (min. no. 25) that Cabinet receive a further report to agree the award of the contract based on the recommendation of the Regeneration Director in consultation with the Selection Panel.

3.2 The 24 June report discussed the factors affecting the specification of the contract, in particular the need to achieve the most cost-effective
specification consistent with maintaining the standard of service. For parks and amenity areas and housing estates, the report suggested a general grass cutting frequency and number of visits to shrub beds of up to 15 a year, which it was suggested would not result in a reduced standard of appearance in these areas.

3.3. Authority to approve other detailed adjustments to the specification was delegated to the Regeneration Director in consultation with the Selection Panel. In the event, having taken the advice of the Council’s consultant for the contract renewal, no other substantive adjustments to the specification for housing estates and parks and amenity areas were proposed.

3.4. The 24 June report set out the position in respect of discussions with Kent Highways Services (KHS) over the specification for highway verges. At that time, KHS had not set a specific budget for verge maintenance, but had indicated a need to achieve service efficiencies, and had suggested a grass cutting frequency of 10 cuts a year. It was expected at that time, as reported to Cabinet, that a budget envelope could be agreed before tendering that part of the service, which would allow a greater frequency of cuts than 10 a year.

3.5. However, as this was not possible, the highway verges were tendered on the basis of 10 cuts a year, with the option of additional cuts at tendered rates. This was in order to secure a basic tender price while leaving the option open for KHS to agree further grass cuts if it was able to fund them. Paragraph 3.11 of this report sets out KHS’ current position in respect of funding highway verge maintenance.

3.6. The specification has also been agreed with the Deed, Trusts and Obligations Committee in respect of lands held in trust by the Council, and in relation to the Residents Forum in respect of Housing Estates, and consultation continues with leaseholders in accordance with the provisions of the Commonhold and Leasehold Reform Act for those areas where the Council recovers its grounds maintenance costs via service charges.

3.7. Tenders were invited on the basis of the specification levels described in paragraphs 3.2 and 3.5 of this report. Tenders were invited for all or any combination of the three contract lots (Lot 1 housing estates, Lot 2 parks and amenity areas, Lot 3 highway verges). Tender prices were also invited for optional extras, including a “Green Team for responsive maintenance, and additional areas of “cut and collect” mowing over and above the core specification.

3.8. Six tenders were received. One contractor subsequently withdrew its tender for Lot 3. The tenders were evaluated on the basis of the tender price and non-financial criteria. The latter included an assessment of each contractor’s method statement, and an evaluation by a Selection Panel on the basis of criteria agreed by the panel and used to award points for a presentation and interview.
3.9. The results of the tender assessment are set out in Exempt Appendix A. It can be seen that the most economically advantageous offer for all three Lots combined is that of Company E. However, since Lot 3 (highway verges) is being procured on behalf of KHS and administered by the Council on KHS’s behalf, it is necessary to consider separately the economic advantage to KHS for this part of the contract.

3.10. Appendix A shows that for Lot 3 the most economically advantageous offer is that of Company C. KHS has been consulted about the award of Lot 3 to Company C. At the time of writing, KHS has not yet confirmed its intention to reimburse the Council for the tendered amount and for the Council’s contract administration costs.

3.11. Recommendation 2.3 of this report therefore proposes that the award of Lot 3 to Company C be conditional on KHS confirming the funding of the contract. It has been made clear to KHS that such confirmation needs to be forthcoming by the end of October at the latest, to avoid the risk of service delivery failure if insufficient time is allowed for the mobilisation of the contract. Members will be provided with a verbal update at the meeting.

3.12. The most economically advantageous tender for Lots 1 and 2 is that of Company E, which submitted the most competitive price and the best technical submission. It is recommended that the contract for Lots 1 and 2 be awarded to Company E.

3.13. The effect of these proposals for the award of the contracts is that there will be two contractors whose work schedules will need to be co-ordinated in order to deliver a seamless service to the customer. This will require effective contract management.

3.14. Both of the contractors being considered for the award of these contracts set out robust proposals in their submissions for contract monitoring, utilising real time IT based systems whose information can be accessed by the client. It is considered that this will allow the Council to maintain close monitoring and control of the contracts so that effective co-ordination and a high standard of service delivery can be achieved. Particular attention will be paid to the initial briefings which are given to the incoming contractors, so that potential problems and challenges are anticipated and planned for from the outset.

3.15. The need to co-ordinate contractors will have an implication for the administration charge which needs to be recovered from KHS in respect of its part of the contract. The administration charge is currently the subject of negotiation with KHS, and the award of Lot 3 will be conditional upon this being agreed.

3.16. Lot 2 includes the maintenance of lands held in charitable trust by the Council. The Deed, Trusts and Obligations Committee considered the award of the contract at its meeting on 14 October 2010. A copy of the report to that committee is attached at Appendix B.
3.17. It can be seen from paragraphs 3.8 to 3.12 of Appendix B that for each of the Trust lands, different funding arrangements are proposed for the reimbursement of the cost incurred by the Council for carrying out grounds maintenance on the Trusts’ behalf. This reflects the different financial circumstances of each Trust. At the time of writing, the Deed, Trust and Obligations Committee had not met. Assuming that the recommendations are accepted, the Committee is expected to decide as follows:

i) to reimburse the Council’s costs for maintaining the Kidd Legacy land, from the Kidd Legacy Trust, for the duration of the contract;

ii) to propose to Cabinet a contribution by the Children’s Playing Field and Recreation Ground, Savoy Road Trust, of £715 per annum, from 2010/2011, for the duration of the contract, with the annual shortfall of £2,000.25 plus indexation to be funded by the Council in its corporate capacity, for the duration of the contract;

iii) to propose to Cabinet, that the Council in its corporate capacity continues to fund the grounds maintenance of Hesketh Park, until such time as the Scheme of Management is approved by the Charity Commission.

3.18. It is recommended that these proposals in relation to the Trust lands are accepted.

3.19. An optional component of the tender is the “Green Team”. The Green Team was incorporated into the existing contract in order to provide a permanently-available team for responsive maintenance and ad hoc work for a fixed price. Although a permanent presence is desirable, it is arguable whether the Green Team is cost-effective. The fixed price is determined by the cost of having a vehicle, equipment and staff fully dedicated to the contract at all times, and is therefore not necessarily closely related to the volume of responsive work needed at any one time.

3.20. It is therefore not recommended that the Green Team be included in the contract specification. Allowance can still be made in budgets for a degree of responsive maintenance to be drawn down as the demand arises, and this approach allows more flexibility in regulating expenditure on responsive maintenance according to the budget available.

4. Relationship to the Corporate Plan

PS1 Deliver high quality services, offering value for money and demonstrating customer satisfaction and a culture of continuous improvement.
## 5. Financial, legal, staffing and other administrative implications and risk assessments

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| **Financial Implications** | The Council’s costs in respect of highway verge maintenance will be fully recovered from Kent County Council.  
                             The Council’s costs in relation to lands held in Trust will be partially recovered from charitable funds, as set out in paragraph 3.17 of this report.  
                             The contract sums for scheduled grounds maintenance works represent a full year saving on current budgets of £78,568 on the Housing Revenue Account and £48,979 on the General Fund Account.  
                             Further savings may be achieved through replacement of the Green Team with a responsive maintenance budget. This will be decided as part of the budget setting process.  
                             The 2011/12 budget will be adjusted to reflect the final agreed level of service.  
                             There will be a saving on budget in the current financial year because the contract starts in January 2011. |
| **Legal Implications** | None                                                                                                                                  |
| **Staffing Implications** | The provisions of TUPE will apply to the transfer of the service to a new operator.                                                      |
| **Administrative Implications** | None                                                                                                                                  |
| **Risk Assessment** | There is a risk that if the award of the contract for Lot 3 (highway verges) is delayed as a result of continuing budget uncertainty, it will be too late to mobilise the contractor for this part of the service to ensure a smooth handover. Officers have urged KHS to confirm its budget by the end of October 2010 so that this eventuality does not arise.  
                             If KCC budgets are not confirmed by the end of October, the options are:  
                             i) to hand back the service to KHS so that it can make its own arrangements;  
                             ii) to make a temporary, short term award of the contract on the basis of the most expedient option available.  
                             Given the uncertainties, and the short timescale in which to resolve this situation, it may be |

necessary to waive Standing Orders and/or to take action under the Council’s urgency provisions in order to maintain the highway verge maintenance service in the short term. Any such action will be reported to Cabinet as soon as practically possible.

6. **Details of Exempt Information Category**

Appendix A has been placed on the closed part of the agenda because it contains exempt information within Standing Order 46(1) (b) and Annex 1, para 3, namely: Information relating to the financial or business affairs of any particular person (including the authority holding the information) and in all the circumstances of the case, the public interest in not disclosing the information outweighs the public interest in disclosing the information.

7. **Appendices**

Appendix A – Exempt - Tender Evaluation
Appendix B – Report to Deed, Trusts and Obligations Committee 14 October 2010

**BACKGROUND PAPERS**

<table>
<thead>
<tr>
<th>Documents consulted</th>
<th>Date / File Ref</th>
<th>Report Author</th>
<th>Section and Directorate</th>
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<tbody>
<tr>
<td>C/EC/280</td>
<td></td>
<td>Frank Brown (01322) 343471</td>
<td>Leisure Services, Regen</td>
<td>Appendix A - SO 46 (1) (b) annex 1, para 3.</td>
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