

Item No. 18.	Classification: Open	Date: 17 March 2015	Meeting Name: Cabinet
Report title:		Gateway 1 – Procurement Strategy: Parks Grounds Maintenance Contract	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Barrie Hargrove, Public Health, Parks and Leisure	

FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR PUBLIC HEALTH, PARKS AND LEISURE

This report asks the cabinet to approve the procurement strategy for the parks grounds maintenance contract. I am satisfied that in agreeing this report cabinet will be making provision for the council to secure a contract which will continue to deliver high standards of maintenance for our parks and open spaces.

RECOMMENDATIONS

1. That cabinet approves the procurement strategy outlined in this report for the long term parks grounds maintenance contract commencing October 2016 at an estimated annual value of £2,795,000 for a period of seven years with an option to extend by a further seven years making a total contract value of £39,130,000.
2. That cabinet approves use of the extension of the parks grounds maintenance contract to Quadron Services Limited (Quadron) for a period of 18 months for the reasons detailed in paragraphs 52 to 60 at a total cost of £4,192,500. This term will comprise the following:
 - i) a six month extension from 1 April 2015 to 30 September 2015 at a cost of £1,397,500 and
 - ii) a further 12 months from 1 October 2015 to 30 September 2016 via a single supplier negotiation at a cost of £2,795,000 by way of an exemption from Contract Standing Orders as provided in CSO 4.4.3.

BACKGROUND INFORMATION

3. The parks grounds maintenance contract was originally awarded to Quadron, for a period of four years and eleven months from 3 May 2004 with an option to extend the contract term for a further five years. The contract was subsequently extended until 31 March 2014.
4. Officers recommended that prior to a decision on the procurement of a longer term contract a full strategic assessment of the future of these services and the role of the grounds maintenance contract in delivering some or all of them be completed.
5. In order to allow sufficient time for this review to be completed the cabinet member for Transport, Environment and Recycling approved the award of the integrated parks grounds maintenance contract to Quadron for a period of one year to 31 March 2015 with the option to extend by a further six months.

6. The current contract is borough-wide covering some 97 sites including five major parks, 33 local parks, 15 gardens and squares, two sports grounds, three cemeteries and 39 other open spaces.
7. The contract is based on six operational areas centred on the major parks; Burgess, Dulwich, Geraldine Mary Harmsworth, Peckham Rye and Southwark, and cemeteries. The scope of the services within the contract include:
 - Grass, shrub and rose bed maintenance
 - Maintenance of hedges and young trees
 - Seasonal bedding supply and maintenance
 - Litter management, sweeping and cleaning including
 - Leaf clearance
 - Litter and dog waste bins
 - Dog waste removal service
 - Sports pitch maintenance including
 - Football pitches
 - Cricket squares
 - Bowling greens
 - Artificial surfaces
 - Maintenance of water features
 - Park attendants
 - Gate opening and locking service
 - Sports pitch booking service.
8. The contract is largely output based. However it sets out minimum inputs and frequencies that the council believes are required to achieve the specified standards. The contract is priced on an annual unit basis for each type of work (e.g. grass cutting) and full quantities of work for each site are provided within the bills of quantities.
9. The contract sets high standards across all parks and has added value with the required provision of e.g. head gardeners and apprentices.

Summary of the business case/justification for the procurement

10. Not procuring the parks grounds maintenance service is neither desirable nor practicable as it would leave the council unable to maintain the quality and provision of its parks and open spaces, a strategic assessment of the role of the grounds maintenance contract in delivering a range of services and how these are delivered has now been undertaken.
11. A number of options for the scope of the grounds maintenance service and options for delivering it have been developed in order to best meet the following key objectives:
 - Council plan targets
 - Reducing costs
 - Maintaining the quality of parks and open spaces
 - Improving Customer service
 - Coherence
 - Accessibility
 - Sustainable Asset management.
12. The assessment process included the following:
 - A workshop with senior officers from a range of council services working with parks considered options for the parks grounds maintenance service
 - A procurement board established to oversee the procurement process of the new service and determine the extent of any additional resources required once the procurement strategy is approved

- A soft market testing exercise with five leading grounds maintenance companies to gauge their views on issues such as contract packaging, term, innovation and efficiencies
 - A survey, conducted via the London Parks Benchmarking Group, to determine the status of existing grounds maintenance contract arrangements across London
 - Review of two neighbouring authorities to understand their future plans to determine any potential joint procurement opportunities.
13. The review included consideration of the emergence of a number of key factors including:
- Expansion of interest in managing parks from voluntary sector and social enterprise groups with questions as to what the balance should be between council and third party/sector managed sites
 - Who is best placed to maintain sports facilities provision in parks
 - What role the leisure services provider should play in parks.
 - The benefits of internalising the parks grounds maintenance service
 - A review of all sites contained within the various grounds maintenance service arrangements
 - Who is best placed to provide a universal sports booking service across parks and leisure services
 - Potential benefits of including any park concessions, e.g. Cafes within the grounds maintenance service.
14. The service areas were then reviewed further during the workshop and the market testing exercise to determine whether they should form part of the full options appraisal. The results of this review are shown in paragraphs 18-35.

Market considerations

15. There is an existing, mature and competitive market for grounds maintenance services from a range of specialist contractors currently providing services for London authorities.
16. The recent soft market testing exercise demonstrated strong contractor interest in the grounds maintenance market and further supported by the information gathered from the London Parks benchmarking survey.
17. The soft market testing exercise also identified some key areas of potential savings including:
- Capitalisation of vehicles and machinery and investment in infrastructure
 - Use of volunteers
 - Income generation – sweating assets e.g. tennis charging
 - Contract type and length
 - Early contract payments and/or in advance
 - Risk sharing; Inflation, LLW costs and agreed profit levels.

KEY ISSUES FOR CONSIDERATION

Options for the Scope of services to be procured

18. In addition to the services procured within the existing contract the following services have been considered for inclusion in the new contract from October 2016:
- Leisure management
 - Bookings
 - Highways and housing estates
 - Cemeteries Grave digging
 - Volunteering and third sector involvement

- Cafe concessions.

Leisure management

19. The current leisure management contract is due to complete in June 2016 and a report on the future delivery options for the service is scheduled for cabinet in March 2015. The contract currently includes the management and maintenance of all leisure centres.
20. Parks manage outdoor sports facilities located within Burgess Park.
21. There are many instances where grounds maintenance contractors manage outdoor sports and related facilities. Some leisure management contracts require the contractor to ensure the maintenance of grounds surrounding a leisure facility though this is usually limited to a small area with low level horticultural features.
22. There is an option to include the outdoor leisure facilities as part of the parks grounds maintenance contract as there is a greater link between the two services and the management of a range of other outdoor sports areas is already included within the contract. Moreover, there is benefit in having all facilities within a park managed by a single provider.
23. It is proposed that any grounds maintenance of these sites is included within the core grounds maintenance service arrangement and that future management and attendant functions are considered as part of a separate priced option as shown in Table 1.

Bookings

24. The booking of sports pitches within parks and the Burgess Park sports facilities is currently undertaken as part of the parks grounds maintenance contract.
25. Any bookings associated with facilities managed by leisure i.e. leisure centres and outdoor facilities are undertaken via the leisure services contract and there is no integration with the parks bookings service.
26. There is a strong desire for improved customer access to a universal sports booking system that includes provision for online booking and a single point of contact for all sports and leisure facilities within Southwark. It is therefore proposed that the single booking management service is operated by the leisure service provider and linked to the 'My Southwark' web site.

Highways and Housing Estates

27. Grounds maintenance on housing estates, highways, and other non-park sites is undertaken by Southwark Cleaning.
28. A review of all sites requiring grounds maintenance services in 2004 led to parks and open spaces being separated from other amenity land, e.g. housing and highways. Parks and open spaces provide sites that allow full access and are used for leisure and sports activities. Typically amenity land, e.g. housing and highways is not fully accessible but provides aesthetic value and softening of the surrounding built environment.
29. As part of this current exercise a review of all sites contained within the various grounds maintenance service arrangements has been carried out. As a result of this exercise a number of sites have been identified that due to their nature and/or location are proposed to transfer between Parks and Southwark Cleaning to be maintained accordingly.

Cemeteries

30. The grounds maintenance of cemeteries is currently undertaken via the Quadron contract. Grave digging is undertaken by directly employed staff. Merging the two functions into a single workforce could use resources more efficiently and reduce costs. It is therefore proposed that grave digging is priced as an additional priced option to the grounds maintenance contract to allow for further review.

Third sector and volunteer arrangements

31. A number of third sector organisations are already engaged via the environment and ecology contracts programme. Three contracts have been awarded to the following organisations and are due to expire in March 2016; these will be procured separately and are outside the scope of this contract.
- Bankside Open Spaces Trust (BOST) – for maintenance contribution to five sites and the management and maintenance of Redcross Gardens and Marlborough open space.
 - London Wildlife Trust (LWT) – for the management and maintenance of Sydenham Hill Wood and Cox’s Walk.
 - Trust for Conservation Volunteers (TCV) – for the management and maintenance of Dulwich Upper Wood, Lavender Pond and Stave Hill Ecological Park.
32. Approximately 10,000 volunteer hours have been given to parks to date this year. Currently the work delivered provides ‘added value’ rather than core service provision. Volunteer hours have been provided from a range of sources including friends groups, corporate volunteers and community pay back.
33. Contractors will be asked to work in partnership with volunteers and third sector providers in order to maximize the potential benefits of these services.

Concessions

34. Cafes in parks are currently provided via individual licences – a number of grounds maintenance companies manage cafes/catering concessions though in practice this is either provided by another part of their organisation or on a sub-contracted basis.
35. There are no clear synergies or efficiencies in relation to cafes. With this in mind it is proposed to continue to procure cafe providers as a separate contract and outside the scope of this contract.

Option appraisal of scope of services

36. In light of the above, a summary of the advantages and disadvantages of each of the areas and whether they should be a core or priced option are presented in Table 1 below.

Service area	Advantages	Disadvantages	Core	Priced option
Leisure Management Outdoor Facilities (Located within Parks)	<ul style="list-style-type: none"> • Single point of contact – Park • Improved customer experience • Market interest and market trend • Holistic approach to contract and site management • Addresses ‘boundary’ issues • Improved integration and synergy – pooling of staff 	<ul style="list-style-type: none"> • Loss of technical LM expertise • Ignores strong LM market • Reduced link to wider LM policy and strategy • Additional transfer complexity e.g. Harmonisation of terms and new specifications • Loss of synergy with wider LM service 	Yes	Yes

Service area	Advantages	Disadvantages	Core	Priced option
Bookings All sports bookings in scope	<ul style="list-style-type: none"> All parks pitch bookings in one place Link to maintenance and availability of facilities Some market interest 	<ul style="list-style-type: none"> Does not deliver universal sports booking service Limited technical expertise, e.g. on line bookings Lack of market expertise and outside core business 	No	No
Southwark Cleaning/Parks (Review of Boundaries)	<ul style="list-style-type: none"> Addresses any historical anomalies Seeks to ensure sites in appropriate contract Identifies clearer boundaries No negative impact 	<ul style="list-style-type: none"> Minimal changes and impact Does not address wider issue of all GM in one basket 	Yes	No
Cemeteries (Grave Digging)	<ul style="list-style-type: none"> Synergies and efficiencies Market interest Potential savings 	<ul style="list-style-type: none"> Unknown costs 	No	Yes
Third Sector (Environment & Ecology Contracts)	<ul style="list-style-type: none"> Single provider of Park maintenance service Sharing of resources GM Market interest 	<ul style="list-style-type: none"> Current low price Unlikely to realise savings Loss of technical expertise Reduced access to wider volunteer resource 	No	No
Park Concessions (Cafes)	<ul style="list-style-type: none"> Single point of contact for services within Parks Some GM market interest 	<ul style="list-style-type: none"> No synergies or efficiencies Likely to be sub-contracted Limited technical expertise 	No	No

37. The resulting options for the scope of services to be included in the full evaluation were as follows:

Option 1 – Status Quo continue with current contract scope

Option 2 – Status Quo plus outdoor sports facilities within scope

Option 3 – Status Quo plus outdoor sports facilities with leisure management

38. These options were assessed against a set of key criteria based on an evaluation model developed by the European Services Strategy Unit (ESSU).

39. A summary of the evaluated scores of each option are shown in Table 2 below.

Options for Scope	Score
Option 1 – Status Quo	101/130
Option 2 – Status Quo plus outdoor sports facilities within scope and boundary review	106/130
Option 3 – Status Quo plus outdoor sports facilities with leisure management	80/130

Preferred Option for Service Scope

40. The preferred option resulting from the analysis is option 2. The status quo plus the inclusion of outdoor sports facilities in scope was considered to provide the best overall option to deliver the objectives identified in paragraph 11 for the following key reasons:

- Adds to a proven delivery model
- Market interest
- Reflects market trend
- Resolves boundary issues
- Provides a coherent, holistic approach to overall site management
- Improved customer experience – single point of contact
- Improves opportunities for income generation
- Provides opportunities for pooling of staff
- Opportunities for cost sharing and economies of scale.

41. It is also felt that this option provides a more coherent approach to whole site management and the inclusion of outdoor sports facilities in scope will focus on any

grounds maintenance activities. In order to review this service area further an attendant and management function will be included as a priced option.

Options for procurement route including procurement approach

42. Officers identified a number of potential procurement approach options to deliver the long term grounds maintenance service:
- Option 1 – External Contract – the council to procure its own stand-alone contract core, revised core or core plus options.
 - Option 2 – Shared Service –The council to align with one or more neighbouring boroughs to undertake a joint procurement process.
 - Option 3 – Internal Service – The council to internalise the grounds maintenance service.
 - Option 4 – Community/Third sector organisation –The council to consider a community or third sector led delivery model for the grounds maintenance service.
43. These options were assessed against a set of key criteria based on an evaluation model developed by the European Services Strategy Unit (ESSU).
44. A summary of the evaluated scores of each procurement option are shown in Table 3 below:

Options for Procurement Approach	Score
Option 1 – External Contract	184/220
Option 2 – Shared Service	111/220
Option 3 – In house	168/220
Option 4 – Community/Third sector organisation	110/220

45. Recommendations on procurement including a summary of key points are identified below.

Preferred Procurement Approach (Option 1 – External contract)

46. The proposed procurement approach has been identified as the best option following the outcome of the options appraisal and evaluation based on the ESSU model.
47. The option of procuring a stand-alone external contract is considered to provide the best overall option to deliver the objectives identified in paragraph 11 for the following key reasons:
- Established and proven delivery model, externalised service since 1990
 - Consistently delivering high performance and success, customer satisfaction and external awards
 - Established stakeholder e.g. Friends groups and voluntary sector engagement
 - Contract already delivering local employment and LLW
 - Established performance monitoring and review mechanisms in place
 - Existing mature market and significant market interest
 - Market capacity to deliver wider linked services
 - Provides genuine competition and ability to achieve best price
 - Provides full breakdown of costs allowing positive and negative variations to be considered
 - Provides technical expertise and retention of staff
 - Apprenticeship and Head Gardener programme in place
 - Minimal risk and impact on authority
 - Minimal change management required.

48. The review took into account the principles of the recent Overview and Scrutiny report on procurement and gave serious consideration to bringing the service in-house. Although this option may provide some scope to take advantage of synergies and improved integration of services the review found that this option would be very difficult to provide given the lack of capacity of the in-house provider and would result in significantly higher costs, greater change and more risk to the council.
49. The survey conducted via the London Parks Benchmarking Group identified that 68 per cent of existing contracts are operated externally with the remainder being operated in-house.

Proposed procurement route

Long term arrangements

50. In order to deliver the proposed approach the council will need to carry out a competitive tendering exercise by way of an EU compliant procedure to seek a minimum of five tenders.
51. The new EU procurement regulations (the Public Contracts Regulations 2015) came into force on 26 February and will apply to this procurement. The new regulations introduce a number of substantive changes to the previous requirements including an obligation to publish the contract documents from the date of publication in the OJEU of a contract notice.

Interim arrangements

52. In order to implement the proposed procurement strategy, sufficient time will be required for a full tender process to be undertaken in accordance with the new EU procurement regulations. A short term solution is therefore needed for the continuation of the current parks grounds maintenance service until a new contract can be let for 1 October 2016. A single supplier negotiation with the incumbent contractor represents the only practical short term solution to ensure continuous service provision.
53. As the current parks grounds maintenance contract with Quadron will expire on the 31 March 2015 with an option to extend by a further six months until the 30 September 2015, an additional period of 12 months is required.
54. This term will comprise a six month extension from 1 April 2015 to 30 September 2015 and a further 12 months from 1 October 2015 to 30 September 2016 via a single supplier negotiation.
55. Quadron's contract performance has regularly exceeded the agreed performance target with an average score of 93 per cent over the past two years. Park stakeholders including 'friends of' groups are also happy with Quadron's performance and parks customer satisfaction scores are high.
56. The company's strong performance has assisted the council in gaining 19 Green Flags for parks in 2014. Quadron has also won three national BALI (British Association of Landscape Industries) awards for landscape maintenance at Dulwich Park, Burgess Park and Southwark Park and two principal BALI awards for Burgess Park and Southwark Park.
57. As part of the new contract awarded in January 2014, Quadron agreed efficiency savings with the council.

58. A price testing exercise has been conducted via two neighbouring authorities to confirm the competitiveness of Quadron Service Limited's current pricing on the two principal areas of the contract i.e. grass cutting and litter management. Although it is difficult to compare rates and costs without full consideration of the specifications and quality standards, the findings support officers' view that the contract represents excellent value for money.
59. Based on their known performance, stakeholder and customer satisfaction and the ease of transition it is recommended that Quadron are engaged to deliver the grounds maintenance contract for a further 18 months.
60. A decision on the identified interim contract arrangements is normally a matter reserved for the Strategic Director of Finance and Corporate Services in accordance with Contract Standing Orders. A variation to the executive scheme of delegation has been requested from the Leader in order for cabinet to decide this matter at the same time as the longer term procurement strategy.

identified risks and how they were/will be managed

61. The table below identifies a number of risks associated with this procurement strategy and controls to mitigate the risks.

Risk No.	Risk identification	Risk level	Mitigating action
R1	Sub-standard delivery by contractor	Low	Key performance indicators and robust monitoring included in the current contract. The provider's performance has exceeded targets
R2	Failure to provide value for money	Low	Negotiations on proposed savings to current contract costs
R3	Under resourcing of the contract	Low	All existing resources will continue to be provided for the new contract period and included in contract costs
R4	No contract in place on 01/04/2015	Low	An extension of the existing contract will ensure a contract is in place
R5	Contract fails to perform to specification standard	Low	Default and termination clauses included within existing documentation

Key/Non-key decisions

62. This is a strategic procurement exercise and as such is a key decision.

Policy implications

63. Following engagement with local people through the council's budget process, the council plan identified a number of principles that would underpin the Fairer Future for all vision and guide the promises and objectives that were agreed through the council plan. The Fairer Future principles were updated in 2012/13 to include five core principles, two of which are relevant to the procurement of grounds maintenance services:
- Spending money as if it were coming from our own pocket
 - Making Southwark a place to be proud of.
64. The short and long term procurement strategies identified in this report will secure a contract which will continue to deliver high standards of grounds maintenance in parks

and open spaces and assist the council in maintaining the customer satisfaction target for parks.

65. The second Southwark spending challenge took place over the summer and early autumn 2013 and enabled residents to influence council spending priorities for 2014/15 and 2015/16. The results of this spending challenge will be used as a guide to budget setting for these two financial years. Positive feedback was received for parks budgets in the areas of 'protect' and 'increase'. Feedback included:
- "Keep up standards at parks, they are so good"
 - "Parks and open spaces are important in densely populated areas and good parks can help make savings elsewhere"
 - "Increase budget for open spaces"
 - "Protect parks and open spaces"
 - "More open spaces and parks".
66. The grounds maintenance service contributes to the Biodiversity Action Plan through protecting and maintaining open space and the delivery of the Open Spaces Strategy through the effective management of high quality open space and improving access to nature.

Timetable of procurement process followed

Activity	Complete/Completed by:
Forward Plan	March 2015
DCRB Review Gateway 1 Procurement strategy	18/2/2015
CCRB Review Gateway 1 Procurement strategy	19/2/2015
Notification of forthcoming decision - cabinet	6/3/2015
Approval of Gateway 1: Procurement strategy report	17/3/2015
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	31/3/2015
Completion of tender documentation	July 2015
Publication of OJEU Notice	September 2015
Publication of public advertisement	September 2015
Closing date for receipt of expressions of interest	October 2015
Completion of short-listing of applicants	November 2015
Invitation to tender	December 2015
Closing date for return of tenders	February 2016
Completion of any clarification meetings/presentations/evaluation interviews	February 2016
Completion of evaluation of tenders	March 2016
Forward Plan – Gateway 2	March 2016
DCRB Review – Gateway 2	April 2016
CCRB Review – Gateway 2	May 2016
Notification of forthcoming decision – despatch of cabinet agenda papers	May 2016
Approval of Gateway 2: Contract Award Report	June 2016
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	June 2016
Alcatel Standstill Period (if applicable)	June 2016

Activity	Complete/Completed by:
Contract Award	June 2016
Add to Contract Register	July 2016
TUPE Consultation period (minimum 3 months)	July – September 2016
Place award notice in Official Journal of European (OJEU) – Part A/B Services	February 2016 September 2016
Contract start	1/10/2016
Initial Contract completion date	30/9/2023
Contract completion date – if extension exercised	30/9/2030

TUPE/Pensions implications

Interim arrangements

67. TUPE will not apply as the award of the extension and single supplier negotiation of this contract is to the incumbent contractor.

Long term arrangements

68. TUPE will apply if the incumbent contractor is unsuccessful in winning the new contract. This may result in the transfer of existing staff to the new contractor.
69. As part of the procurement process and before the invitation to tender stage, the incumbent contractor will be required to supply relevant TUPE details listing those staff eligible for transfer. This information will be updated on a regular basis throughout the procurement period. Legal Services/pensions will be asked to provide any necessary advice and assistance.

DEVELOPMENT OF THE TENDER DOCUMENTATION

Contract period

Interim arrangements

70. The proposed interim contract term is 18 months as detailed in paragraph 54 above.

Long term arrangements

71. The proposed contract period is seven years with an option to extend by a further seven years. This period will allow contractors to identify potential savings and link to the maximum life span of vehicles and major plant required for this contract. The proposed term will also aid Southwark in receiving optimum rates for these services.
72. The seven year extension period will give the contractor the incentive to double the contract length and to re-invest in new vehicles, plant and equipment to carry out the contract.
73. There appears to be a trend towards awarding longer contracts. The soft market exercise identified that longer contracts are more attractive to contractors and may yield potential savings. The average length suggested by potential bidders was 11-17 years.
74. The benchmarking survey identified that the average contract term of existing contracts is 11 years in various combinations, e.g. extensions.

Contract form

75. The interim contract will be given effect by means of a variation to the existing contract and therefore its form will remain the same, i.e. predominantly performance or output based with minimum frequencies identified to achieve the specified standards. All existing contract terms and conditions will be included in this contract.
76. The long term contract will include the current content and will be expanded to include additional agreed core items and priced options.
77. The contract will be predominantly performance or output based. However the specification will set out minimum inputs and frequencies that the council believes are required to achieve the specified standards. However if more inputs are required the contractor has to perform these at their own costs.
78. A performance based specification places greater responsibility on the contractor to manage the service and work programme to meet the desired outcomes. Client monitoring is reduced and the contractor is given greater flexibility as to how they achieve this end result.
79. During the soft market testing exercise contractors confirmed that greater value for money could be achieved from a more performance based specification whilst protecting the quality of the current service.
80. The survey conducted via the London Parks Benchmarking Group identified that 79 per cent of existing contract specifications are performance based with the remainder being either frequency or a mix of frequency and performance.
81. The contract will be priced on an annual unit basis for each type of work (e.g. grass cutting) and full quantities of work for each site will be provided within the bills of quantities.
82. The contract will include an annual inflation increase based on the appropriate prevailing inflation index.
83. The contract will include a set of provisional items to be priced on a schedule of rates basis for items not covered by the term contract.

Contract specification

Interim arrangements

84. The interim contract award will be given effect by means of a variation to the existing contract terms and conditions and therefore the specification will remain the same.

Long term arrangements

85. The specification is such that it allows delivery of the following key requirements:
 - Ability to deliver pre-identified standards and continuous improvement
 - Ability to deliver efficient and effective services while demonstrating value for money
 - Ability to deliver best practice and innovation
 - Able to provide flexibility to manage change and emerging priorities.

Advertising the contract

86. The contract will be advertised through OJEU and local publications or web sites where appropriate.

Evaluation

87. Evaluation will be undertaken in two stages which will inform the final award recommendation as follows:
- Evaluation of the returned Pre-Qualification Questionnaire(s)
 - Tender evaluation.

Pre-Qualifying Questionnaire

88. In response to the advert, organisations expressing an interest in tendering for these services will receive a Pre-Qualification Questionnaire (PQQ) designed to provide the council with the information necessary to assess their suitability to become a prospective service provider.
89. The selection process will consist of an evaluation of the following:
- Financial standing
 - Technical knowledge
 - Experience
 - Capacity and ability
 - References
 - Health and safety
 - Equalities
 - Environmental considerations.
90. An evaluation team will review the information provided for compliance and eligibility. All those that successfully pass the short-listing stage will be invited to tender.
91. Tenders will be evaluated on both price and quality.
92. Returned tenders will be reviewed by an evaluation panel comprising suitably qualified officers reflecting the nature of the contract and representation from friends groups. The panel will initially review for completeness and correctness of each of the bids and then proceed with the detailed evaluation.
93. The council standard price-quality ratio for evaluating tenders is 70-30. In order to ensure that standards of quality and delivery are maintained and to protect the council from potential 'rogue' bids, it is proposed to evaluate tenders using a minimum 60-40 price-quality ratio with quality thresholds set for all key service statements.
94. The evaluation panel will evaluate the tender submissions on the basis of both price and quality against a pre-determined model to be finalised by the evaluation panel. Quality will be assessed using the submitted service statements which will be assigned a weighting to reflect their relative importance and will include:
- Resource Proposals
 - Vehicles, machinery and equipment
 - Training and development
 - Health and safety
 - Depot arrangements
 - Stakeholder consultation
 - Continuous improvement/innovation

- Income generation
 - Partnership working
 - Quality Management Systems
 - Waste disposal and recycling
 - Volunteer management
 - Lead-in plan
 - Risk management.
95. Tenderers will be advised of the price- quality ratio and the service statement weightings in the invitation to tender and contract documents.
96. The criterion will follow the most economic advantageous tender protocol.
97. Post tender clarification meetings will be arranged for those tenderers who are deemed to be potentially suitable providers, as determined by the evaluation process. Prior to contract award, a pre-contract meeting will be arranged with the successful contractor.
98. A detailed evaluation report will be prepared and the officer recommendation included in the Gateway 2 report.

Equalities and community impact statement

99. The contract is borough-wide and covers the majority of parks and open spaces. The contract specification will seek to maintain and improve the quality of the service and customer satisfaction level, currently 93 per cent.
100. The impact of the grounds maintenance service will affect all communities/groups, residents, businesses, visitors and those that pass through the borough and will in turn improve the quality of life for all. Direct benefits are well maintained parks and open spaces that make an important contribution to the enjoyment of all. Continued emphasis on maintenance will especially benefit the most vulnerable members of the community i.e. the elderly, the disabled and young children. People in all areas of the borough are affected by the quality of the parks and their assets.
101. The Public Sector Equality Duty imposed by the Equality Act 2010 states that public authorities must give 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic (including disability) and those who do not. The procurement of this contract is not considered to have any detrimental impact on local people and communities.
102. A stage one Equalities Assessment has been carried out and no significant impacts were identified in relation to any protected characteristics. Any impacts are likely to be beneficial in terms of the active use of parks and open spaces and the promotion of general wellbeing. Should any specific issues be identified at the PQQ stage further analysis will then be carried out.

Sustainability considerations

103. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations.

Economic considerations

104. The contract will require contractors to continue to develop the following:
- Apprenticeship scheme. The current contract includes provision for six horticultural apprentices per annum who are trained to NVQ2/3 level and retained within the contract work force on completion of their training.
 - Advertising opportunities in local press, and a range of publications to reach small businesses, ethnic minority owned business and social enterprises
 - Engaging with borough-wide employment programmes such as Southwark Works and Building London Creating Futures to support unemployed residents' access to training, skills and sustainable employment
 - Using local companies in their sub-contracting and supply chain arrangements.

Social considerations

105. The London Living Wage was included in the contract from April 2015 and this requirement will be included in the new contract arrangement.
106. The inclusion of the London Living Wage has enabled the contract to achieve the following benefits:
- Continue to deliver a high quality service
 - Continue to deliver high customer satisfaction levels
 - Retain suitably qualified staff that are employed on this contract
 - Attract high quality and suitably qualified staff when required
 - Retain and attract staff domiciled within the London area.
107. Compliance with the London Living Wage initiative is in line with the council's commitment to extend this additional payment to contractors and agency staff.
108. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:
- (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
109. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above.
110. The aims and objectives of this proposed procurement are intended to provide benefits for all sections of the community and it is not anticipated that any individual or group will be disadvantaged.

Environmental considerations

111. The contract requires that vehicles used by the contractor are 'clean and green' with classification specified as, i.e. Euro Class III or equivalent as a minimum. Vehicles are required to be regularly emission tested and well maintained.
112. The contract specification sets out requirements relating to the recycling and reuse of all green waste.

113. The scheduled use of pesticides is not permitted within this contract.

Plans for monitoring and management of the contract

114. This contract will to be monitored and administered by the area parks operations team within the parks and open spaces business unit.

115. The contract will be measured on a monthly basis. Performance will be analysed and both the contractor and client work together to bring about continuous improvement. Customer satisfaction scores will continue to be monitored via resident surveys which will be undertaken on a quarterly basis.

116. The contract includes provisions for defaulting for poor performance and the ability to terminate the contract early.

Staffing/Procurement implications

117. The interim contract and the subsequent management of the service will be managed within existing resources and there will be no changes to the existing parks and open spaces structure.

118. Additional external legal costs will be incurred to support the procurement process and in the production of contract documentation.

Financial implications

Interim arrangements

119. The report seeks approval for a short term contract from 1 April 2015 to 30 September 2016. This term will comprise a six month extension from 1 April 2015 to 30 September 2015 at a cost of £1,397,500 and a further 12 months from 1 October 2015 to 30 September 2016 via a single supplier negotiation at a cost of £2,795,000 making a total cost of £4,192,500.

120. The contract includes payment of the London Living Wage (LLW). LLW will increase from 1 April 2015 by £65,000. These costs are included in the figures above and will be covered by the existing revenue budgets within the Parks business unit.

121. The proposed 2015/16 contract budget for this service is £2,826,253. The proposed budget is therefore sufficient to cover the costs set out for this contract.

Long term arrangements

122. The report also seeks approval for a long term contract from 1 October 2016 at an estimated annual value of £2,795,000 for a period of seven years with an option to extend by a further seven years making a total contract value of £39,130,000.

123. There is no certainty that in future years the contract budget will remain at the current level. Savings of up to 15 per cent may have to be found from this service area.

124. Full evaluations of the priced options will be carried out at the tender award stage to ensure value for money.

125. The report identifies the need for additional external legal support for the procurement process which is estimated at £50,000. This cost will be covered by the existing revenue budgets within the Parks business unit.

126. In addition to the term contract value there is a separate budget provision of £199,000 for ad hoc improvements and items not covered by the contract, e.g. sports pitch renovation, turfing and seeding, replacement planting and other horticultural improvements. This budget is allocated to a range of contractors and suppliers.

Investment implications

127. Not applicable.

Legal implications

128. Please see concurrent from the director of legal services

Consultation

129. Senior officers from a range of council services working with parks were consulted on their views regarding options for the parks grounds maintenance service
130. Council staff and stakeholder groups are familiar with the operation of the current contract.
131. Consultation on the future specification will be undertaken with stakeholder groups and other interested parties prior to finalisation of the contract documentation.
132. Ward Councillors and other stakeholders including 'friends of' park groups are updated via stakeholder meetings, newsletters and general correspondence. An annual parks conference is held with all key stakeholders and positive feedback was received on the performance of Quadron at the last conference held in June 2014. All parties are happy with the contract performance and the standards being achieved.
133. The council arranges for customer satisfaction surveys to be undertaken with residents to test public confidence in our service provider. Surveys are undertaken on a quarterly basis and the latest customer satisfaction score for parks is 93 per cent.
134. The cabinet member for public health, parks and leisure is regularly updated on performance and other contract issues.

Other implications or issues

135. Not applicable

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

136. This report seeks cabinet's approval to:
- Use the existing provision in the current grounds maintenance contract with Quadron to extend it by six months to 30 September 2015
 - Approve a single supplier negotiation with Quadron to let an interim grounds maintenance contract from October 2015 to March 2016
 - Approve the procurement strategy for a long term parks grounds maintenance contract from April 2016 with a proposed contract period of seven years with an option to extend by a further seven years.
137. The report identifies the local context to the service noting the significant successes of the parks service as well as emphasising the importance of parks to the council's wider

ambitions and establishes the business case to show how the proposed contract will build upon current practice.

138. The report confirms that the performance on the current contract has been satisfactory and there appears to be no reason why the council would not wish to continue contracting with the existing provider for the extension and interim contract. It would appear that there is no reason why the council should not continue with these arrangements for the extension periods recommended.
139. The report describes the comprehensive processes that have been considered for both the scope and the delivery options for the long term contract. It confirms that the recommended procurement route is to carry out a competitive tender process following an OJEU notice.
140. The report confirms that there is a range of providers able to deliver the service and that these are likely to number both national and local organisations. The companies involved in the soft market testing exercise indicated a strong interest in the contract.
141. The report confirms that a restricted process will be followed which is in line with the council's contract standing orders and EU regulations.
142. The evaluation methodology for this procurement will be on the basis of the most economically advantageous tender and in determining this a price/quality ratio of 60:40 will be used. A justification for using this weighted model is set out in the evaluation section of the report.
143. The report identifies a number of risks associated with this procurement strategy and controls to mitigate those risks.
144. The report sets out the management and monitoring arrangements that will be established for the long term contract and describes an approach that is intended to deliver continuous improvement.

Director of Legal Services

145. This report seeks approval of the procurement strategy relating to a new long-term contract for parks grounds maintenance, including approval of extensions of the existing service contract in order to allow sufficient time for the tendering of the new contract to be undertaken and completed. The decision to approve the recommendation contained in paragraph 1 is one which is required to be taken by the cabinet under the council's Contract Standing Orders ("CSOs"). The recommendation set out in paragraph 2 may also be approved by the cabinet following a formal variation of the executive scheme of delegation by the Leader of the council.
146. As noted in paragraphs 51 and 52 the procurement of the proposed new contract is subject to the application of the Public Contracts Regulations ("PCR") which came into force on 26 February 2015. The proposed procurement timetable set out under paragraph 65 will enable officers to document the council's technical requirements for the new service and to provide "unrestricted and full direct access free of charge" to all of the procurement documents from the date of publication of the call for competition/contract notice in the Official Journal of the European Union, in line with the requirements of the PCR.
147. CSOs provide for an exemption from tendering to be granted in exceptional circumstances. Paragraphs 52 and 53 explain the need and reason for seeking approval of a further extension of the existing contract from 1 October 2015.

148. Paragraphs 66 to 68 summarise the effect and impact of TUPE on both the extension of the existing contract and the award of the proposed new contract.
149. Paragraphs 100 and 101 of this report note and acknowledge the council's obligation to comply with the Public Sector Equality Duty contained within the Equality Act 2010, both in relation to the making of decisions about procurement and the operation and management of any contracts arising from such decisions. To that end officers have conducted an equality assessment in order to examine the impact of the service on individuals and groups within the local community (in particular, those having a "protected characteristic" under the Act) and the report notes that further analysis will be carried out at regular intervals during the lifetime of the existing and new contracts.
150. The Director of Legal Services (corporate team) will advise and assist officers as required throughout the procurement process.

Strategic Director of Finance and Corporate Services

151. The strategic director of finance and corporate services notes the recommendations in this report to:
- Use the existing extension provision of six months to 30 September 2015
 - Approve a single supplier negotiation with the incumbent supplier from October 2015 to September 2016
 - Approve the procurement strategy for the long term parks grounds maintenance contract commencing October 2016.
152. The costs of the service are met from the council's general fund budget, which for 2015/16 was agreed by council assembly on 25 February 2015. This will cover the period of the extension provision, and the start of the one year single supplier negotiated contract. It is important that all expenditure and budgets are monitored carefully to ensure the budget is not exceeded.
153. The estimated costs of the contract from 2016/17 onwards are to be met from the council's general fund budget, which is subject to annual agreement by council assembly in February 2016. Given the timing of the contract award decision, planned for June 2016, any new contract must be agreed within the budget agreed in February 2016. The implications of this should be fully explained in the gateway two contract award report.
154. The contract is anticipated to run for at least seven years, therefore impacting on all financial years up to and including 2023/24. The council faces a decline in government grant funding over the short to medium term and the proposed contract should be constructed and managed to ensure it is delivered within the funds available.

BACKGROUND DOCUMENTS

Background documents	Held at	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Public Health, Parks and Leisure	
Lead Officer	Des Waters, Head of Public Realm	
Report Author	Rebecca Towers, Parks and Open Spaces Manager	
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Dated	5 March 2015	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer title	Comments sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 March 2015