

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/06/2020

Subject: Procurement Strategy for the Grounds Maintenance of Parks, Public Open Spaces and Housing Estates

Report of: Cabinet Member for the Environment, Councillor Wesley Harcourt

Report authors: Stephen Hollingworth, Assistant Director, Leisure, Sports and Culture

Responsible Director: Sharon Lea, Strategic Director of Environment

Summary

The Council's original contract for the care and maintenance of Parks and Open Spaces with Quadron Services (trading as Idverde), expired in April 2022. The end date was previously varied to April 2021 to facilitate Bi-borough management of parks and open spaces with Kensington and Chelsea. This need to tie in the end date is no longer required following the return to sovereign services. A new procurement strategy is now required to be agreed in order to meet the timescale for re-procurement and allow enough time to negotiate best value, and de-risk the contract. It is therefore proposed to extend the existing contract date by 10 months until 31 January 2022, which is within the original contract timeframe.

The Council welcomes and thanks the Parks Commission for the ongoing hard work and receipt of its interim report to inform the Procurement Strategy.

This report sets out the broad principles of the strategy informed by the Parks Commission and recommends that authority to finalise the detail is delegated to the Strategic Director for the Environment and the relevant Cabinet Member following receipt of the Parks Commissions Final Report in the autumn.

A new contract is required that:

- Contributes to the Council's priority of being the greenest borough in the UK,
- Provides a high-quality service within the budget available.

Context

Open space includes; parks, playing fields and outdoor sports facilities, cemeteries and churchyards, amenity space for housing and highways, allotments, nature conservation areas and play areas. Parks and open spaces are important in many ways; making a significant impact in improving people's health, wellbeing and quality of life, contributing to maintaining clean air, reducing urban heat and enhancing biodiversity in the borough. The care of our parks and open spaces is an essential

service, cross cutting all the Councils' priorities. A strategy and contract that works across all green space is crucial.

Our strategy to manage parks and open spaces will set out goals in line with the Council's priorities and have a high-quality Grounds Maintenance (GM) contract built in, not bolted on. The GM Contract will be an essential tool to use alongside our policy documents, client-side managers, friends groups, Tenants and Residents Associations (TRA) and other stakeholders to care for and improve our parks and open spaces.

Recommendations

1. To note that Appendix 3 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the outline procurement strategy set out in Appendix 1 for the tendering of grounds maintenance operations in parks and public open spaces (including Wormwood Scrubs and council housing sites. The latter to be subject to the outcome of consultation with Tenants and Residents Associations).
3. To delegate to the Strategic Director of Environment, in consultation with the relevant Cabinet Member, the ability to modify the procurement strategy in Appendix 1 (including any amendments to the evaluation criteria) following; receipt of the Parks Commission's Final Report, consultation with the Wormwood Scrubs Charitable Trust Committee, consultation with Residents and Tenants Associations in relation to the maintenance of Housing land.
4. To approve that the existing contract with Quadron Services Ltd (trading as Idverde Ltd) be extended within the original contract time frame, by ten months until 31 January 2022, after which the new contract will commence.
5. To approve the use of £150k invest to save funding from one-off council resources, to fund the site mapping of parks and open spaces to inform the contract specification. The associated savings (£3.7m) will be included in the Council's medium-term financial plans (payback period of less than one year).
6. To take note and give full consideration of the ongoing work of the Parks Commission in developing the Parks and Open Spaces Strategy.

Wards Affected: All

H&F Priorities



Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> Building shared prosperity 	<p><i>The procurement strategy for this contract will allow access to council contracts for local businesses and supply chain, leading to local expenditure in the borough.</i></p> <p><i>The contract specification will introduce a quality performance expectation for residents and tenants.</i></p> <p><i>Continued access to high quality green space for residents is a goal for both Parks and Economy Strategies for the wellbeing of our residents.</i></p>
<ul style="list-style-type: none"> Creating a compassionate council 	<p><i>Contractors or any proposed in-house offer must consider social value in their bid including opportunities for apprenticeships, training and work placements for young people and disabled people.</i></p> <p><i>Having open space that provides a range of opportunities and fits the needs of our community is a goal of the Parks Strategy.</i></p>
<ul style="list-style-type: none"> Doing things with local residents, not to them 	<p><i>The procurement strategy rewards suppliers who engage with the community and resident-led commissions and aims to introduce a Key Performance Indicator (KPI) based on resident satisfaction.</i></p> <p><i>Community engagement ownership and co-production is a goal of the parks Strategy.</i></p> <p><i>Consultation and engagement with TRA's to design the service.</i></p>
<ul style="list-style-type: none"> Being ruthlessly financially 	<p><i>The procurement strategy will provide the best value for this service and develop improved ways to; do business, budget and identify opportunities to increase commercial income for</i></p>

efficient	<p><i>investment in the service.</i></p> <p><i>Ensuring our parks and estates provide the highest quality possible within the budgets and opportunities available is a goal of both the Parks and Economy Strategies.</i></p>
<ul style="list-style-type: none"> • Taking pride in H&F 	<p><i>The contract specification will require improvements to parks and open spaces e.g. improvements in biodiversity, play provision and facilities such as toilets, cafes and sports pitches.</i></p> <p><i>Continued investment and improving the aesthetics of our estates and parks are goals of both the Parks and Economy Strategies.</i></p>

Financial Impact

The existing grounds maintenance contract provides for grounds maintenance services across parks and cemeteries, housing estates and Wormwood Scrubs. Accordingly, the existing contract is funded from a combination of council general fund revenue budgets, the Housing Revenue Account (HRA) and a recharge to Wormwood Scrubs Charitable Trust.

The procurement process for the new contract commencing in February 2022 will target a minimum of 10% reduction in the overall contract. Delivery of this cost reduction will likely depend on what services are included in the new contract (this will depend on the outcome of the housing estates grounds maintenance consultation). Exclusion of the housing element (estimated at 30% of the total grounds maintenance contract) would reduce the economies of scale overall and would make the delivery of the targeted section 105 Housing Act saving unlikely. Removing sports bookings would further reduce the contract value but may result in more income being retained by the Council. It is proposed that the existing health and safety budget for all tree maintenance is included within the contract.

The estimated cost of a new contract from February 2022, assuming a 10-year (5+5 year) contract and a 10% reduction on current cost is £33.3m. Note this is based on 2019/20 contract rates and excludes annual contract inflation. Given that most of the contract costs relates to staffing (more than 80%), inflation will be required each year on this contract. Inflation will be requested as part of the Council's annual budget setting cycle. A 10% cost reduction over the 10-year period is £3.7m (£370,000 per annum) - note that not all of this cost reduction would relate to the general fund (some may flow to the HRA and Wormwood Scrubs Charitable Trust). The general fund proportion of any saving will be factored into the Council's medium-term financial plans.

Contract costs for the 10-month extension of the current contract (from 1 April 2021 to 31 January 2022) are expected to remain static, aside from the annual contractual inflationary uplift (to be funded through the Council's annual budget setting process). The cost of the extended contract will therefore be met from current budgets.

The procurement of the new contract is being managed by existing members of staff. Professional fees (such as legal fees) will be accommodated within existing budgets, but there will be a one-off cost of approximately £150,000 relating to the audit of all site assets and mapping of parks and open spaces (including Wormwood Scrubs) to inform the contract specification (this will be payable over 2 years). It is proposed that this is funded as an invest to save initiative, to deliver the targeted 10% cost reduction described above (payback period of less than one year).

Legal Implications

This report is recommending approval of the Procurement Strategy set out in Appendix 1 for Grounds Maintenance in relation to parks and open spaces.

This service is classified as a public services contract for the purpose of the Public Contracts Regulations 2015 and is in excess of the threshold, such that it will need to be procured in full compliance with those 2015 Regulations. The recommended procedure will be the **competitive procedure with negotiation**, as described in the 2015 Regulations and the service department will need to ensure that these requirements are complied with. There are currently no changes in the pipeline to the 2015 Regulations post -Brexit that will affect this procurement.

Provision of parks and similar facilities is generally non-statutory, being in the main, set out as a discretionary service for the provision of recreational facilities as per the Local Government (Miscellaneous Provisions) Act 1976. That said, where such parks and open spaces are in council ownership, the Council as landowner needs to secure appropriate maintenance.

There is the potential for elements of the Procurement Strategy to vary. This may occur depending on the outcome of the final Parks Commission's report and further consultation with the Tenants and Residents Associations. This change may mean there will not be a lot 2 for housing open space but will allow for more detailed consultation with the Wormwood Scrubs Trust Committee. Delegations are being sought to allow modifications to the Cabinet-approved Strategy as a result of this consultation.

It should be noted that housing consultation may need to be carried out in accordance with the formal requirements of section 105 of the Housing Act 1985. Furthermore, if it is decided that lot 2 will remain in the contract, then there are formal consultation requirements with leaseholders to follow at various stages of the procurement, as set out in the Landlord and Tenant Act 1985.

It is a requirement of Contract Standing Order 25 concerning Contract extensions that any proposed extension of a Contract that exceeds the applicable EU threshold must be subject to legal advice on the permissibility of the extension. This is because the 2015 Regulations restrict modifications of contracts to where one of 6 permitted exemptions apply. While there appears to be some ambiguity around the exact basis on which the contract extension was to operate, provision was made for a contract period of up to 14 years, expiring in March 2022. Accordingly, the proposed

extension is within one of the 6 permitted exemptions, as one of these is where a review clause is being exercised in accordance with the contract terms.

Cabinet need to be satisfied that approval of the recommended decision is in the best interests of the Council and following consultation with residents and the Wormwood Scrubs Charitable Trust (WSCT) and feedback from the Parks Commission, will ensure best value in accordance with the Council's best value duty.

Covid-19 Implications

Parks have played an important role in the current Covid-19 crisis, demonstrating the importance placed on access to open space for ensuring the physical and mental wellbeing of residents and tenants. The use of a grounds maintenance contractor has allowed the Council to be flexible and resilient in keeping this service open and proactive in supporting efforts to mitigate the impact of the emergency – supporting social distancing of the population and providing additional support where needed with vitally important and sensitive bereavement services. Financial pressures post Covid-19 will mean the need for a best value and cost-effective solution for the delivery of this service is even more important if we are to maximise this resource for the enjoyment and benefit of residents and tenants.

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Background Papers Used in Preparing This Report: none.

DETAILED ANALYSIS

Proposals

Existing contract

1. The existing Grounds Maintenance (GM) contract with Idverde was advertised for up to 14 years (7 plus 7 years) commencing 1 May 2008 and therefore expiring 30 April 2022. The end date was previously varied to April 2021 to facilitate Bi-borough management of parks and open spaces with Kensington and Chelsea. This need to tie in the end date is no longer required following the return to sovereign services.
2. The contract was previously varied to realise savings. Originally a performance-based contract, it is now an open book contract based on available resources. Although this has the advantages of flexibility and a good working relationship, a major review of how the service is delivered is required as part of this tender process and to tie in with our developing Parks and Open Spaces Strategy (Parks Strategy).
3. To allow enough time to negotiate best value, it is proposed to extend the existing contract date by 10 months until 31 January 2022, which is within the original contract timeframe of 14 years. This will enable enough time to design a suitable contract and specification, based on the Council's priorities and considering the market consultation, to ensure a range of competitive bids are received.

Market research

4. A GM Service Review Team (SRT) was set up and identified that a market engagement exercise was a necessary, useful tool to help design a suitable procurement strategy and a fit for purpose specification. One of the key risks of a procurement process is not receiving a positive response from the market. As a result of the market engagement, several factors have been identified to maximise the attractiveness of the contract around the quality and scope (see Appendix 2).
5. The GM of housing estates is paid for by residents and any approach should be subject to consultation with the TRA's. Early engagement indicated residents may prefer the contract to be provided in house. The procurement will be considered as a joint approach but may lead to separate outcomes for parks and housing estates.

The New Contract

6. The new contract must be within budget and be high quality. It must also provide a service that delivers against the strategic objectives of the Council as outlined in the Economy Department's strategy and the developing Parks Strategy.

Building shared prosperity – Providing access to high quality Parks and Open Spaces in the borough of H&F

7. The Parks Strategy will define the number and typology of Parks and open spaces. Not all our green spaces are the same and our residents do not have equal opportunity of access. The new contract will introduce a range of new Key Performance indicators (KPIs) which prescribe a quality performance expectation so that all residents can access a range of activities and habitats in their local green spaces. In addition, it will set out criteria that make certain parks of borough or metropolitan importance and how the features of these parks are maintained appropriately.
8. Quality is seen as a key issue both by residents and suppliers. As a 10% reduction in budget is required to meet the future budget envelope, this would normally assume a reduction in quality. However, by opting for a performance-based specification, market engagement suggests that submissions will be high in quality, rather than cost driven.
9. A performance-based specification, such as keeping grass cut between 24 and 36mm, allows some of the risk of unforeseen work to be passed to the contractor since they must allow for all cuts required. Although performance-based specification might increase price, quality will be higher, client and residents monitoring will be easier and a better model of partnership working may be developed.
10. Improving the aesthetics of our parks and estates and the wellbeing of our residents is key to both the Parks and The Economy department strategies. Any enhanced service offer, by contractor or insourced DLO would be coproduced with the TRA's on estates and with the Parks Client in parks.

Creating a compassionate council - Providing opportunities and facilities in Parks and Open Spaces that meet the needs of our community

11. The market consultation confirmed that a long-term contract would provide the best opportunities for investment in staff, innovation in social value and potential investment in infrastructure. It is proposed to advertise a 5-year contract with an option to extend for a further 5 years. The contract evaluation of any chosen model will include consideration for social value with specific KPIs for apprenticeships, training and work placements for young people and disabled people. It will also give suppliers the opportunity to demonstrate, innovation, working with volunteer and Friends groups, TRA's and opportunities to invest in Parks or Estates infrastructure

Doing things with local residents not to them - Fostering engagement, ownership and co-production of activities in Parks and Open Spaces with the Parks Commission.

12. A key driver of the Parks Strategy is the aspiration for a Green Flag standard in our parks. This requires the engagement of a Friends group and the adoption of a management plan that sets out how all stakeholders work

together. It is also important to have good interpretation boards on site that provide relevant information for residents and park users, including a named contact for the park and how to contact them. This will be a requirement from our contractor in the next contract.

13. Additional income is valuable, but no park should be overwhelmed community events. In addition, Housing are obliged to consult with their TRA's on whether to insource this service in line with the Housing Direct Labour Organisation's (DLO) Business Plan or continue with the procurement as outlined within this report.

Being ruthlessly financially efficient - identifying budget efficiencies and financial opportunities for investment in Parks and Open Spaces

14. The major expenditure for Parks is the GM contract. To achieve best value, the procurement strategy (Appendix 1) proposes the use of the Competitive Procedure with negotiation, to procure a suitable supplier for the GM contract for Hammersmith & Fulham's (H&F) parks and open spaces
15. The EU Regulations are incorporated into UK Law and will continue to be in place until revoked or amended. GM is not the major expenditure for Housing Estates. Insourcing appraisals have been undertaken and some advantages and economies of scale might be realised for Housing under this delivery model.
16. Removing the housing element, estimated at 30% of the total GM of parks and open spaces, would reduce the economies of scale overall and would make the delivery of the targeted 10% saving on the overall contract unlikely.

Quality

17. The aim of the Parks Strategy, to maximise service quality within the fixed budget, will be achieved by stating a maximum budget within the tender documents and evaluating bids on an 70/30% quality/price basis. This strategy has been successfully adopted by other local authorities and will allow bidders the flexibility to use their expertise to offer the highest quality bid within the available budget, rather than driving down quality through price.

Value

18. The aim of the Parks Strategy, to maximise value, will be achieved by including all Parks, Cemeteries, Housing and Highways sites within the procurement scope. Market research demonstrates this secures benefits from economies of scale and provide advantages to the management of the contract.
19. The contract requirements will be split into lots; however, suppliers will be invited to bid for all lots and make innovative proposals how savings could be achieved by winning more than one lot.

- Lot 1 will include all parks, except Wormwood Scrubs, all cemeteries and all highways sites with a GM element to maximise the economy of scale.
- As outlined above, Housing have proposals to expand their DLO. The cost of insourcing all or part of the service will be offset through enhanced service delivery (See appendix 3) Housing may still wish the option of a separate contract and so Housing will be offered as a separate lot (Lot 2).
- The responsibility for Wormwood Scrubs Park (the Scrubs) is with a Trust. The Council is authorised by the Trust to manage GM for the Scrubs as part of the borough wide GM Contract. The cost is recharged to the Trust. Although the Trust would benefit from economies of scale by continuing this arrangement, it may wish the option of a separate contract, so there will also be a separate lot (Lot 3) for the Scrubs.
- The GM SRT identified that a single term contractor to manage tree works across highways and parks would be preferred. Due to the specialist nature of these works, this will be offered as a separate lot (Lot 4) to secure any advantage offered by a specialist or local contractor. Lot 4 will include the management of trees on all H&F sites apart from; Housing Trees which are included in Lot 2 and Wormwood Scrubs trees in Lot 3.

Taking Pride in H&F - *striving for continuous improvement in Parks and Open Spaces*

20. The Parks and Economy's Strategies aim to build continuous improvement in parks and open spaces. This is achieved primarily in individual management plans. As outlined in 1.7 the length of the contract will encourage suppliers to invest more into the service however there will also be an evaluation of any social value aspects that a supplier could add to the contract. E.g. making and increasing improvements to biodiversity including the installation of bat boxes, loggeries, new trees, areas of long grass, green roofs and green walls or the introduction of an electric or hybrid fleet to reduce emissions. Value might demonstrate educational benefits or to combat climate change or other objectives such as making H&F the greenest borough.

Reasons for Decision

21. To comply with the requirements contained in Contract Standing Orders, which requires approval of a Procurement Strategy before a regulated procurement exercise is commenced.
22. To achieve best value for the Council.
23. To abide by the statutory requirement to consult tenants and leaseholders.

24. To procure a holistic GM service that can help deliver the strategic objectives of the Council and the care and improvement of its parks and open spaces in line with the Parks and Economies Strategies.

Equality Implications

25. There are no direct negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of this Procurement Strategy.

Implications completed by: Fawad Bhatti, Policy & Strategy Officer, Public Services Reform, tel. 07500 103617.

Risk Management Implications

26. We want to continue to delight our residents with excellent services including those that are provided for in our Parks and Public Spaces. The procurement strategy sets out some of the risks that are being managed as part of the procurement route and options appraisal. Management of our contractor's performance will be a key aspect and contribute to the delivery of our Priority of Taking Pride in Hammersmith & Fulham. Additional risks of insourcing as expressed in the Strategy would be; the Insurable risk of any additional vehicles and fleet and the management and control of Health and Safety risks and liabilities for employees returning to the Council.

Implications completed by: Michael Sloniowski, Risk Manager, Tel. 020 8753 2587.

Procurement Implications

27. The procurement strategy is in line with the Contracts Standing Orders (CSOs). The use of competitive procedure with negotiation will allow the Council to negotiate on pricing and the tenders' submissions to ensure best value for money.
28. The CSOs define the contract as a high-value contract. As such, in line with CSO 18.1, the procurement strategy must be approved by full Cabinet.
29. The split between Quality-Price is 70%-30%. It is recommended that a cap on the commercial envelope is established to ensure the services are procured within the established budgets.
30. Social Value will be part of the awarding criteria and will represent 10% of the quality envelope.

Implications completed by: Andra Ulianov Head of Contracts and Procurement Tel. 07776672876

Commercial Implications

31. This procurement should consider the potential for income generation. In utilising an in-house service, the incremental income required to generate an equivalent cost saving of 10% of current cost budget, would be c£529K, assuming a gross margin of 30%. However, any income the chosen contractor generates through our contacts should be on a negotiated shared income basis.

Implications completed by: David Pearlman Head of Commercial Sales. Tel 07391731680

ICT Management Implications

32. There are no IT implications resulting from this report
33. IM Implications: To ensure GDPR compliance, a Privacy Impact Assessment should be completed to ensure all potential data protection risks resulting from this proposal are properly assessed with mitigating actions agreed and implemented

Implications completed by: Karen Barry, Strategic Relationship Manager, tel 020 8753 3481

Property Management Implications

34. A review of all H&F assets used by Idverde is being undertaken to ensure there are up to date property agreements in place, recognising the current contract is recommended for extension. This will ensure assets occupied by Idverde as part of the service delivery are being fully utilised. It allows the Corporate landlord project to undertake some analysis with key stakeholders to ensure future operational bases are needed and terms of occupation to a new provider are clearly outlined in a new procurement strategy.

Implications completed by: Nigel Brown Head of asset strategy and portfolio management Tel. 07773 281039

Local Business Implications

35. The new Social Value Policy will require this procurement to include consideration of local procurement in the tender documentation and the use of local businesses where appropriate.

Implications to be completed by: Albena Karameros Programme Manager Earls Court Tel 07739316957

Personnel Implications

36. This report concerns the procurement of a contract for the care and maintenance of Parks and Open Spaces. The current contract is outsourced

to an external provider and therefore if a new contract is procured, it is proposed that it will be with an outsourced provider, and the staff employed under the current contract may transfer under TUPE regulations to the new provider. It is therefore considered that there are no implications for Hammersmith & Fulham staff.

Implications completed by Dave Rogers, Deputy Head of HR Operations
Telephone 07717 423441.

Social Value Implications

37. The Social value matrix being developed by the Council will be used in the evaluation of bids. This has been explored with the market and is well established in many areas it will include:
- Apprenticeships and working with local people and involvement of local schools in training schemes.
 - the integration of disabled people.
 - Community participation, volunteering and work taster sessions for people out of work as well as working with voluntary sector partners.
 - Mental wellbeing initiatives such as gardening schemes for Dementia, Elderly people.
 - Environmental projects such as Tree planting and community gardens.
 - Measuring carbon reduction and energy consumption against an agreed baseline with improvements to working practices and fleet management.
 - Measures to combat climate change and improve biodiversity.

PREVENT Implications

38. The inclusion of community cohesion proposals is in line with the Prevent team's community engagement and support priorities for LBHF. There are no other Prevent related implications in the proposal

Implications completed by: Tina Bencik Prevent Co-ordinator 07977470316

Consultation

39. Consultation has been held with potential suppliers in the form of market engagement event and with the Parks Commission and the Wormwood Scrubs Charitable Trust Committee. Internal consultation has been through the SRT with Parks, Highways, Housing, legal finance and procurement.

List of Appendices:

Appendix 1 - Procurement strategy for parks and open spaces grounds maintenance contract.

Appendix 2 Results of Market research and Questionnaire

Exempt Appendix 3 - Financial implications of an in-house grounds maintenance service

Appendix 1

Outline Procurement Strategy for Parks and Open Spaces Grounds Maintenance contract

1. PROCUREMENT SCOPE – WHY THE PROCUREMENT IS NEEDED

LBHF need to retender the grounds maintenance (GM) contract for Parks and Open Spaces within the Borough. The current GM contract with Idverde expires in April 2021. Although originally, it was set to run until April 2022. However, with the aggregation of Hammersmith & Fulham (H&F) parks department with Kensington and Chelsea (K&C) parks department there was an opportunity to have both H&F and K&C Idverde contracts co-terminus and an end date of April 2021 was agreed.

Council expenditure is currently under pressure and the renewal of this contract gives an opportunity to revise the specification in order to make a saving. The target saving for the Council from this contract is 10% of the current annual value of £3.7Million.

At the same time, the H&F Parks Commission formed this year, and other stakeholders will be exploring quality standards in parks. The revised specification will address quality standards through KPI's and improve training through the new contract requirements both important aspects of the developing parks strategy.

This procurement has a significant strategic overlap with other services and can significantly deliver and contribute towards all council objectives. There is an opportunity to make the GM Contract a key tool in the Parks strategy driving improvements and innovation in the service as well as caring for and maintaining the infrastructure. The current contract is delivered across Parks, Cemeteries, Housing and Highways sites. There is an opportunity to review how the service is delivered, introduce new Key Performance indicators (KPI's) and for suppliers to demonstrate, innovation, community engagement and social value. There is also an opportunity to have greater clarity of cost in each area and for the new contract to offer services to schools and look at other income opportunities.

2. MARKET ANALYSIS

The market for procurement of GM operations in parks and open spaces is mature and well developed, but the number of local contractors delivering GM operations for London Local authorities are few. Currently of the 33 London boroughs, 15 manage their GM operations using an in-house DSO or arms-length company and, of the remaining 18, half have a contract with Idverde. The remaining 9 boroughs have contracts with 8 other providers.

A Public Information Notice (PIN) was published on 11th October 2019 for the opportunity of a new GM contract in H&F. It invited potential bidders to attend a market engagement event with council officers to discuss how to design an appropriate contract together, to meet council priorities whilst achieving best value through a reduced budget. A questionnaire was designed for potential bidders to

complete and discuss at the workshop.

7 suppliers initially expressed an interest and 6 attended workshop sessions. These were held individually with each supplier using the questionnaire to frame the discussion. The questionnaire and workshop have provided valuable market information for the procurement strategy included as a summary in appendix 2.

The report process will also take advice from the Council's Local Economic Development Team on the state of the local supply market.

3. PROCUREMENT ROUTE OPTIONS AND CONSIDERATIONS

The following sets out the proposals of the GM SRT having taken account of the recommendations by the Parks Commission in its interim report. Any further recommendations included in the Parks Commission's final report in the Autumn, relating to the procurement strategy, can be included in the final tender specification, as outlined in the competition process timetable in point 6 below. The SRT was set up with the parks service as the lead commissioner for the Council, taking advice from; Procurement, Legal and Finance. Highways, Housing and Property have also been invited to attend these meetings at which the following procurement routes were considered:

3.1 Extension of existing contract. The existing contract uses open book accounting and there is a good relationship with the current provider. However, the savings required could only be made under the current arrangement by reducing resources and quality and a further extension beyond what was originally advertised could place the Council in breach of EU procurement rules. The current contract was designed over 12 years ago, the market has changed, and many significant variations have been put in place to make savings and aid its Bi borough delivery. A revised specification is now required to ensure best value and put in place KPI's that reflect a quality-based service and the Council's priorities.

A short extension to the existing contract is proposed, so that there is enough time to meet the procurement strategy timescale, to design the specification and carry out a negotiated procurement process.

3.2 Bringing service in house is an option recently taken by some local authorities, However, an in-house option would have a significant cost implication. The estimated additional cost of insourcing this contract is outlined in the exempt Appendix 3.

The reason for the additional cost of insourcing is that LBHF offer more generous terms and conditions to staff than do external suppliers. (e.g. LBHF pension contribution rates are 21.5% which is considerably higher than contractor market rates.) This would be offset through enhanced service delivery in line with resident's expectation and needs.

TUPE is likely to apply both to a transfer from the current contractor to a different contractor or if the service was brought back in house. This is because the activities undertaken and the staff providing the activities before and after the transfer are likely to be fundamentally the same. Under TUPE regulations employees retain their existing terms and conditions of employment. In 2008, 65 employees transferred from the Council to the current contractor under LBHF terms and conditions,

however only 30 remain. The balance of workers making up the 80 FTE required for the service, were provided at the time of transfer by agencies. These agency workers did not transfer. TUPE only requires staff stay on existing terms but council policy may include reinstating to LGPS if staff are not already on this by way of an admission agreement.

The cost to the current contractor to employ staff under LBHF terms and conditions is known to be more than their own conditions of employment. Staff costs account for the major part of the contract's value, which includes direct labor, plus administration and management. Other contract costs; for vehicles, fuel, machinery and materials are likely to be similar in either case.

The estimated additional cost of insourcing this contract is outlined in the exempt Appendix 3.

However, in house can offer more control and flexibility to enhance the service offer and deliver a more holistic service.

Housing Services have a statutory requirement to consult their TRA's on in sourcing.

3.3 Use of a Framework: Frameworks are often recommended as a simpler, quicker process than a full procurement. However, the number of frameworks including GM services are limited and GM contracts are usually too complicated for a framework to be used.

- ESPO 245 is a typical framework that includes for GM services. Although the terms, conditions and pricing are all pre-agreed, making procurement easier, there is no opportunity for negotiation and contracts should not be longer than four years. This would mean evaluation on quality would be difficult and the building of partnership opportunities with the supplier would be limited. Although a request for further competition from those suppliers on the framework could be evaluated against a LBHF specification, not all the suppliers currently serving the London Authorities are on frameworks. Using a framework with limited suppliers would give insufficient competition and may exclude local suppliers. The Council priority for building shared prosperity means we should allow access to council contracts for local businesses.

3.4 External procurement: This will allow us to demonstrate the most economically advantaged tender, a combination of; cost and quality to match our specification. Three Options of tender are available, 'Open' 'Restricted' or Negotiated'.

(a) open procedure: This process allows any supplier to bid for the contract. This maximises the size of the market. This means that the Council cannot limit the number of bids it receives for evaluation which could be numerous.

(b) restricted procedure: This is a two-stage process which allows a short-list of interested parties undertaking a pre-qualification stage prior to the invitation to tender documents.

(c) Competitive Procedure with Negotiation: This process was considered to offer a significant advantage over an open or restricted tender, allowing an opportunity to negotiate the design of the contract before suppliers offer a final tender. After pre-qualification, initial tenders are invited which are negotiated before inviting final tenders. Market engagement evidenced support for this process and demonstrated benefits including:

- Negotiation was thought in our market research to be essential. It's a good way of ironing out details, an opportunity to de-risk and value engineer to achieve the best value and quality.
- It allows proper evaluation of low bids. Generally, suppliers' price on the same basis and a low price usually means a contractor has not included something. Bids need to be able to be easily evaluated against each other on a quality basis.
- Allows time to consider scope, resources, and tasks after submission of an initial tender.

The main consideration with the recommended negotiated process, is that enough time is allocated to explore bids and allow for the consultation and approval processes within the Council, including the duties on the incoming and outgoing employer to consult with staff under TUPE

3.5 The option of Collaboration: Collaborative procurement is working with other similar agencies to deliver greater efficiencies through a combined purchasing power. Since the decision has been taken to have sovereign parks services another Bi Borough arrangement is not thought to be suitable.

4. RISK ASSESSMENT AND PROPOSED MITIGATIONS

4.1 A key risk is a poor response from the market. This might result in no suitable contract to put in place or only low-quality bids. The Council's market consultation exercise suggests this can be mitigated by maximising the attractiveness of the contract as follows:

- Length of Contract. A longer contract would allow more opportunities for a supplier to invest in machinery, training and partnership opportunities such as environmental, social and commercial innovations.
- High Value Contract. Adding more services to the scope of a contract makes it more attractive and easier to offer an economy of scale. Suppliers were keen to show that there would be economies of scale by including all possible services in the contract; i.e. Housing, Highways, Tree care, playground repairs and small works.
- Quality of Service. Specification of a high-quality service with good employment practices, would discourage low quality bids and the risk that a contract is priced too low.
- Risk to supplier. Perceived risk will discourage bids and increase prices of bids submitted. Clear contract terms are required e.g. indexation linked to a blend of earnings and RPI to minimize risks for the supplier over the duration of the contract.
- Sufficient time to bid. The overall timescale to give a start in February 2022 was considered by all to be reasonable and would avoid starting a new contract in the busy March/April period.
- An early opportunity to comment on the specification by suppliers at pre-qualification stage would be valued by suppliers. It would also help the client understand the main cost and quality drivers and if the stakeholder's quality assumptions are to be met within the budget envelope.

4.2 A secondary risk is that the procurement will reveal differences between the

perceived and real cost of the service in different client areas. The GM service is of strategic importance and can offer significant economies of scale if it operates across client departments. In mitigation: -

- All client departments have been invited to the GM Procurement Board meetings to discuss the new GM contract. Service requirements for Highways and Housing can be identified within the Parks and Open Spaces GM contract, so that the cost of the service is clear to the individual client. Clarification over the level of service and funding can be made during the negotiation stage, provided this is clear at the time of the initial tender.
- The revised specification will be based on an updated mapping of the client's contract areas.

5. FINANCIAL INFORMATION

5.1 The budget for the **core GM contract** is held within the Parks and Open Spaces Revenue account, with recharges made to the HRA and Wormwood Scrubs Charitable Trust for their portions of the contract.

- Current Budget for GM in parks and open spaces in 2019/20 is £3,007,100. This budget includes for GM works at identified sites for Housing, Highways and Wormwood Scrubs and a small reactive maintenance budget.
- Current Budget for GM in Cemeteries in 2019/20 is £690,000 including a small reactive maintenance budget.
- Currently the cost for Foam stream, the Councils chosen method of weed control, is included within the above budgets. If this is to be continued it must be expressly identified as it is expensive. Currently the Council has purchased all Foam stream machines and vehicles at a 2017 capital cost of £205,000 These would need to be replaced at some point during the contract period.

5.2 **Non-Core GM services** currently managed by Idverde include:

- Parks and Open spaces sports facilities lettings, except the Linford Christie Stadium, are managed within the contract. The Council receives a guaranteed income of £520,000 per annum from sports lettings, with any net income above this figure, after agreed expenditure, being shared on a 50/50 basis. The contractor's agreed expenditure includes a management fee, staff costs and associated fleet and equipment. In addition, the contractor receives 6.5% of the gross income. It is proposed that this arrangement is not continued in the new contract and this function is retained in house, to maximise the income received by the Council.
- Cemeteries management, the bereavement service, is managed by Idverde. A budget for this service is held within the Parks and Open Spaces Revenue account. It is proposed this continues to be within the Parks and open spaces GM contract.

5.3 Currently separate revenue budgets are held by parks and highways for works to trees,

- The budget for parks trees is included within the core GM budget above.
- The budget for Highways trees is currently £250,000.

Pre-Tender Estimate

5.4 The current value of the Core GM contract is £3,697,100. The mandated saving of this procurement through a redesign of the specification is 10% providing a pre-tender estimate of £3,327,390.

6. COMPETITION PROCESS

Publish PIN/questionnaire (Market research)	October 2019
Invite Supplier for engagement exercise on an individual basis	November 2019
Market Engagement complete	January 2020
Cabinet Approval of Procurement Strategy, based on market consultation	1st June 2020
OJEU Contract Opportunity	June 2020
advertise contract opportunity (SSQ)	June 2020
Deadline for receipt of SQ Submissions	July 2020
Evaluation period and Post-submission clarification(s)	By end July 2020
Notification to Suppliers and Anticipated issue of Invitation to Submit Initial Tender (ISIT) to short listed suppliers	August 2020
Deadline for receipt of ISIT Submissions	October 2020
Evaluation period and clarification(s)	October 2020
Negotiation with shortlisted suppliers	November 2020
Anticipated issue of Invitation to Submit Final Tender (ISFT) to short listed suppliers	December 2020
Deadline for receipt of Final Tender	End January 2021
Evaluation of Final Tender concluded	End February 2021
Cabinet Member approval	March 2021
Notification of Intention to Award to suppliers -	1 st April 2021
EU Standstill period	1 st -10 th April 2021
Letter of Acceptance	11 th April 2021
Anticipated contract award (signed)	July 2021

Contractor prepare to commence	Aug 2021 –January 2022
Contract commencement	1 February 2022

7. SELECTION AND AWARD CRITERIA

7.1 The headline Quality/price ratio being recommended is 70/30% Quality/price. Market research showed that a low-quality ratio encourages bids with fewer resources, little flexibility, contingency, partnership working or social value. Since the budget is already known by the Council, we should seek to maximise the quality of bids within this envelope.

Breakdown of Evaluation Criteria and Weightings

7.2 In relation to Commercial, (cost/Price) the submissions will be evaluated in relation to the lowest priced submission. The lowest priced submission will score a maximum allocation and other bidders will be expressed as a % of that price. i.e. a bid of twice the price will score 50%

7.3 In relation to Technical, (Quality) the weightings will be assessed through a series of relevant method statements as set out in draft below. The total of which will be 100% of the evaluation.

Technical	Award criteria	Weighting
1	Staff resources	20%
2	Service delivery	25%
3	Understanding of the Council's requirements and delivery improvements	20%
4	Management resources	20%
5	Social value (10% of the total score)	15%
	Total	100%

7.4 We will be using the Councils 'Social Value Framework' to evaluate quantitative social value outcomes against question 5. It is now Council policy that all tendered contracts above £100,000 (including those procured from frameworks where permitted by the framework rules) have a minimum of 10% of the total score allocated to Social Value. All suppliers at the workshop saw Social Value

including; community participation, volunteering, environmental projects and measuring carbon reduction as valuable. Most also identified the need to upskill the workforce and use apprentices. One supplier also suggested that a small part of the contract should be reserved under Section 20 of the Public Contracts Regulations 2015 to help disadvantaged groups find work. This is a key mechanism to tie the contract into park management plans and the Parks Strategy and will be explored further as part of the tender process.

8. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

8.1 The current GM contract provides a range of services and operates across client departments as shown below:

Current GM contract by function and Client	Parks	Housing	Highway
The core GM service: care of plants, grass, shrubs and trees and keeping planted areas free of litter and weeds.	✓	✓	✓
Weed control of hard surfaces	✓	✓	X
Sweeping and litter collection from hard surfaces.	✓	X	X
Collection of waste from bins	(✓)	X	X
Fly tipping and Graffiti	(✓)	X	X
General daily visual inspection	✓	X	X
Formal inspection and repair of play equipment	X	X	N/a
Repairs to infrastructure; benches, paths, railings etc.	X	X	X
Tree planting and care from ground level included in core GM service.	✓	X	X
Tree Inspection and arboricultural works	X	X	X
The care of sports pitches and letting function	✓	N/a	N/a
Cleaning Changing rooms and toilets	X	N/a	N/a
Facilities Management (FM)	X	X	X
FM Management of Depots and mess facilities	X	X	X
Burial and bereavement service	✓	N/a	N/a

Contract Package

8.2 Market research has indicated that dividing the contract into lots would increase the cost of some services. Some lots might be less attractive to bidders. Indeed, there is a presumption in the Public Contracts Regulation 2015 that contracts be divided into lots, because there is a requirement to indicate in the procurement documents or the award report why a contract was not split into lots. If bidders take on larger areas of work, they will be able to offer shared resources and economies of scale. Discounts on their price would be expected to be offered by a bidder if they were to win two, three, or four lots. Subject to the ongoing work, and final findings and recommendations of the Parks Commission, the four lots proposed are:

- **Lot 1: GM services for parks and open spaces including Cemeteries and Highways areas.**

A summary of services in scope is outlined below: -

- a) GM for parks including the maintenance of associated depots on full repairing lease and peppercorn rent for the duration of the contract. The cleaning, inspection and repair of all other park buildings will remain with the Council, as will sports bookings and event management.
 - b) Composting and recycling schemes within the parks.
 - c) Inspection and maintenance of play areas.
 - d) GM for cemeteries including a burial service and the maintenance of associated depots
 - e) Management of the cemetery service
 - f) Testing and safety of memorials
 - g) GM on highways land including raised beds, green walls etc
- **Lot 2 GM services for Housing.** Housing may decide to pursue an insourcing option, as a result it is considered prudent for this service to be offered as a separate lot, so if required it can be removed from the tender process without impacting on procurement of the wider service. This lot must include the management of all Housing trees as well as for core GM services and weed control of hard surfaces. Sweeping and litter collection are currently separately managed.
 - **Lot 3 Wormwood Scrubs.** The WSCT Committee has indicated it would prefer procurement as a separate lot. This smaller lot could be attractive to local contractors and will require a distinct management from general GM services, since large areas need to be managed specifically for the increase of biodiversity. It could equally be managed within Lot 1 with economies of scale demonstrated. This lot must include the management of all trees on Wormwood Scrubs as well as for core GM services outlined in a-c of Lot1.
 - **Lot 4 Trees** It is proposed to include the arboricultural care of all council trees in the borough, apart from Lot 2 and 3, including planned and emergency tree works, tree planting, day to day visual inspections, clearing fallen limbs and tree care from ground level. (a) Arboricultural advice and inspections will continue to be provided by council officers within the Highways Department,

8.3 Other GM services proposed within the contract:

The collection of waste from all park bins is proposed to be included in the core GM service. Currently a separate waste contractor collects waste from bins in some parks, housing areas and highways. The opportunity to work together to achieve economies of scale and improve our rates of recycling is being explored.

Currently separate budgets are held to address fly tipping, graffiti, repairs to cemetery memorials, park infrastructure and play equipment. Works are carried out by independent contractors. The procurement may be able to explore if suppliers could offer a good value service in these areas.

Length of the contract

8.4 The recommended contract length is 5 years with an option to extend up to a further 5 years, with appropriate review and break clauses to meet the Council's changing requirements. Although market research showed some suppliers preferred multiples of 5 years, to tie in with the general leasing options for machinery (5 years) and vehicles (10 years), all suppliers agreed the longer the contract the better as it would allow more investment opportunities in staff, community, innovations and improvements to sites and facilities. This should give an advantage to the Council using a longer contract length.

General Specification

8.5 A bespoke 'council' contract will be used, as off the peg contracts are too generic. There is no industry-specific standard form of contract as there is with sports and leisure centres. Risk and reward need to be balanced as unfair risk will increase the cost.

8.6 An output (performance) rather than input based (frequency) specification is recommended. As the risk of unforeseen work is with the contractor, the price is likely to be higher, quality will be higher; client monitoring is easier, and it will provide a better model for partnership working. Suppliers can use their expertise and flexibility to be more competitive, although the specification must be correctly defined.

8.7 The use of indicative frequencies should be used to benchmark all contractors and a hybrid specification, resource-based contract, or open book partnership approach, could be options discussed in the negotiation stage, to ensure best value for residents and flexibility for the Council.

9. CONTRACT MANAGEMENT

KPI's to cover the technical requirements in Section 7 will be developed to measure performance and outcomes. The workshop identified that a few objective, unambiguous and relevant KPI's would work better than trying to develop too many. The contract should be seen as a key tool to develop objectives within the overall park strategy such as KPI's, partnership working and improvements to park infrastructure.

Some KPI's might be linked to payments. The workshop identified some methods of

partnership working where the contract could still benefit if a KPI was not met. For example, an innovation fund where penalties are directed towards improvements in the park, or satisfaction-based enhanced payments are linked to a resident's survey. These opportunities will be explored.

The current contract is managed by a formal quarterly board meeting, at which performance and payment is assessed based on monthly monitoring meetings. This will be proposed as the minimum since the appointed contract manager will be expected to have a daily relationship with the supplier.

A contract which looks forward 10 years, will need to have agreed methods of change control. These must be transparent and will probably require negotiation. Options such as open book accounting should be explored to foster a good partnership approach.

In addition, there will be opportunities for innovation, capital investment, spend to save, social value, environmental benefit or to showcase new technologies. It would be difficult to build these into a contract, but the contract must be sufficiently flexible to allow them to be explored should they arise.