

	London Borough of Hammersmith & Fulham CABINET 11 NOVEMBER 2013
EXTENSION AND RE-ALIGNMENT OF THE QUADRON GROUND MAINTENANCE CONTRACT	
Report of the Cabinet Member for Residents Services - Councillor Greg Smith; and of the Cabinet Member for Housing - Councillor Andrew Johnson	
Open Report	
Classification - For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Lyn Carpenter, Environment, Leisure and Resident Services, together with Melbourne Barrett, Housing and Regeneration	
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1. EXECUTIVE SUMMARY

- 1.1 The Council's existing arrangement with Quadron Services Limited (QSL) whereby QSL manages the grounds maintenance in parks, open spaces (such as Wormwood Scrubs) and amenity land on housing estates within the Housing Revenue Account, runs until 30 April 2015. There exists the ability to extend the contract for a further seven years until 30 April 2022.
- 1.2 Lead Cabinet Members have previously endorsed the recommendations of the Parks Service Review which included aligning the contract end date for LBHF with that of the RBKC end date, 31 March 2021.
- 1.3 Approval is therefore sought to extend the end date for the ground maintenance contract with QSL to 31 March 2021 so that it aligns with the ending of RBK&C's grounds maintenance contract to facilitate an even more efficient Bi-borough procurement in the future.
- 1.4 In the interim, officers will examine opportunities for combining the two ground maintenance contracts in LBHF and RBKC into a single contract, together with a review of the Housing Estate element in LBHF. This will result in some economies and efficiencies and these will be tested under normal contract procurement procedures.

2. RECOMMENDATIONS

- 2.1 That the recommendation in the Parks Service Review to align the ground maintenance contract with the RBKC ground maintenance contract end date of 31 March 2021 be agreed.
- 2.2 To note that the Cabinet Member for Housing is in agreement with this approach on the basis that extending the existing contract will enable the Council's tenants and leaseholders to benefit from continuing improvement in the service delivered, at a reduced cost; and that continuation of the existing combined parks and housing service will assist the Council in achieving its aspirations for achieving a seamless service across all land, ensuring that a high 'tenure neutral' standard is achieved which delivers value for money.
- 2.3 That officers investigate and report back to the Cabinet Member for Residents Services and the Cabinet Member for Housing any further identifiable opportunities for efficiencies through a combined bi-borough ground maintenance contract and/ or possible future efficiencies with the recently market tested housing services contracts.

3. REASONS FOR DECISION

- 3.1 ELRS has now conducted a Bi-Borough review of parks services. Aligning the two grounds maintenance contracts following closer working between the two boroughs will allow the findings of the review to inform a new single bi-borough ground maintenance contract and deliver economic efficiencies where appropriate or possible.

4. INTRODUCTION AND BACKGROUND

4.1 Background

- 4.1.1 In theory as it is non-statutory, the Parks service could cease completely. However, the current administrations in both boroughs highly value parks and green spaces, and recognise the wider benefits from good-quality open spaces. 80% of LBHF residents and 78% of RBKC residents are currently satisfied with the parks and open spaces provided in their boroughs. Economic benefits include the increase in neighbouring house prices and investment in the local area.
- 4.1.2 Both boroughs currently have a mixed delivery model for their Parks services. Small internal client teams manage Grounds Maintenance (GM) activity by Quadron Services Limited, as well as work by other contractors. A significant proportion of the annual contract spend is funded by the Housing Revenue Account (HRA) in respect of amenity land on housing estates. This situation can be contrasted with the situation in Kensington & Chelsea where

the Arms Length Tenant Management Organisation (TMO) procures its own grounds maintenance separately from RBKC and has different service providers.

4.1.3 There are further significant differences between the two boroughs. These include:

- A greater number of sites in LBHF (approximately 230 designated sites, including schools and HRA land) than RBKC (110);
- The specifications for the Grounds Maintenance contracts are performance-based in RBKC and frequency-based in LBHF;
- There is a partnership approach to contract monitoring and management in RBKC, compared to a more traditional client-contractor relationship in LBHF.

5. THE PARKS SERVICE REVIEW OPTIONS AND ANALYSIS OF OPTIONS

A. Service delivery

5.1 The service review considered three options for service delivery:

- **Option A: Two separate operational Parks teams;**
- **Option B: One integrated Parks team with a view to co-location;**
- **Option C: One integrated and co-located Parks team delivered in all or part by a single Contractor.**

5.2 **Option B** was recommended by the Project Board, as it allows for the progressive development of Bi-borough working while also providing the appropriate level of operational resource and site knowledge required to deliver the service priorities specific to each borough.

5.3 A version of Option B was trialled through an interim Bi-borough Parks Manager between July and December 2012. Learning during this period suggests that the following areas should be further developed to support the effective implementation of Option B:

- a) Closer working and supporting staffing structure with GM contractor, Quadron Services Limited.
- b) Improved alignment in GM contracts and specifications in order to develop a common approach to contract management and monitoring in both boroughs;
- c) Clearer & more streamlined reporting lines;
- d) More consistent working practices in both boroughs.

5.4 The option of not extending the current LBHF contract with Quadron and procuring for a single contract was also considered. However Officers have concluded that this would not realise the efficiencies of a larger joint contract,

the cost involved would be significant, and it would not deliver the other major benefits of a joint up service.

B. Service procurement

- 5.5 Grounds Maintenance (GM) is currently provided by Quadron in both boroughs. However, RBKC uses a performance-based specification whereas LBHF uses a frequency-based specification.
- 5.6 Within the current LBHF contract, there is an option to extend by seven years in 2015, so the review investigated the viability of a joint contract with advice from Corporate Procurement.
- 5.7 Legal Services advise that it is possible, by negotiation with Quadron, to extend the LBHF contract by six years, rather than the contractually stated seven, in 2015. This would ensure the end dates of both contracts would align to March 2021 and a natural milestone to implement a joint Grounds Maintenance contract would be established.
- 5.8 Alternatively, in order to pursue a joint GM contract from 2015, a termination of contract in RBKC would be required. The current contract runs until 31 March 2021, with termination possible at 31 March 2015 following 12 months' notice. However, Officers do not think that termination is appropriate, as there are no performance issues with the current contract and there are no further benefits in implementing a joint contract from 2015.
- 5.9 As part of phase one, greater alignment between the contracts can be sought without implementing a joint contract because Quadron are keen to pursue the opportunities presented by Bi-borough.
- 5.10 Areas proposed for further investigation include:
 - A Bi-borough management structure and enhanced staffing structure within the contract;
 - Quadron take responsibility for sports bookings across both boroughs;
 - Further investment in operational staff skills and horticulture by Quadron.
- 5.11 In order for the alignment of contracts to achieve maximum efficiency and effectiveness, the following differences will need to be considered and addressed:
 - a) The current input (frequency-based) specification in LBHF. Quadron strongly advocates changing LBHF to an output specification to be supported by open book accounting and an agreed level of assets. This will ensure a common approach to monitoring and operational cultures, which will assist the flexibility of resource in the contract;
 - b) The current locations of client teams and contractors. It is advised that both client teams and the contract management are co-located, in order to improve communication and the resolution of issues on a day-to-day basis;
 - c) The varying terms and conditions of employment of contract staff in both boroughs.

- 5.12 The benefits from pursuing increased contract alignment and collaboration include:
- a) Total cashable savings of at least £300k (£200k LBHF, £100k RBKC) on the current value of the contracts;
 - b) Improved operational synergies through an integrated management and staffing structure;
 - c) Other areas of added value such as increasing the number of permanently staffed static sites in LBHF and contractor investment in assets and management systems.

C. HRA Comments

- 5.13 In place of a full market test, HRD officers have negotiated service enhancements to the existing and extended contract that will benefit residents. These are:

- Joint client monitoring of the contract with the operators QSL
 - Clearer accounting processes to inform resident service charges
 - Training of resident inspectors
 - Sustained improvements through delivery of a seamless service across both RSD and HRD managed sites.
 - A proportional share of the savings achieved across the contract for the benefit of service charge payers.
- 5.14 ELRS officers will be invited to attend the next round of Area Housing Forums (September 2013) to inform residents of the council's proposal and our future aims. In addition, housing will advertise the extended and improved service to HRD residents in the next scheduled 'Your Home' magazine.

6. CONCLUSION

- 6.1 It is recommended that the Procurement Options previously agreed by Members under the Service Review are ratified and in order to achieve the possible financial savings and efficiencies, the LBHF contract is extended by six years, rather than the contractually stated seven, in 2015. This would ensure the end dates of both contracts would align to March 2021 and a natural milestone to implement a joint grounds maintenance contract would be established.

7. EQUALITY IMPLICATIONS

- 7.1 There are no Equalities Implications.

- 7.2 Implications completed by : Carly Fry Opportunities Manager Telephone 020 8753 3430

8. LEGAL IMPLICATIONS

- 8.1 An extension of contract for 6 rather than 7 years in order to align the termination dates of the two boroughs GM contracts is permissible in law and may be agreed between the parties.
- 8.2 Implications completed by Andre Jaskowiak, Senior Solicitor (RBKC) 020 7361 2756.

9. FINANCIAL AND RESOURCES IMPLICATIONS

- 9.1 There are no additional costs as a result of extending the current LBHF grounds maintenance contract by six years, as opposed to the originally expected seven years. Aligning the contract end dates across both boroughs would allow for a joint bi-borough contract to be considered.
- 9.2 The expected saving from a joint bi-borough grounds maintenance contract, as set out in this report is £200k for LBHF. Without a joint bi-borough grounds maintenance contract these savings will likely be at risk.
- 9.3 As such, the recommendations set out in this report are supported from a financial perspective.
- 9.4 Implications completed by Kellie Gooch, Head of Finance - ELRS, 020 8753 2203.

10. RISK MANAGEMENT

- 10.1 There are no specific risks identifiable with this project.
- 10.2 Comments approved/verified by the BiBorough Risk Manager Michael Sloniowski, ext.2587

11. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 11.1 The report seeks Cabinet approval to vary the Council's grounds maintenance contract with Quadron Services Limited (QSL) so that Officers can negotiate a contract extension for 6 years, rather than the 7-year period suggested in the current contract with QSL.
- 11.2 The Director for Procurement and IT Strategy supports this approach.
- 11.3 The opportunity to align H&F and RBK&C contract-end dates should further enhance service delivery and value for money in both boroughs via a future joint procurement.
- 11.4 Implications completed by: John Francis, Principal Consultant, H&F Corporate Procurement: 020 8753 2582.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		