

ENVIRONMENT AND TRANSPORT SELECT COMMITTEE

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LANDSCAPE MAINTENANCE AND ASSOCIATED SERVICES CONTRACT**Report Authors:**

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Service Group: Public Realm Service Group

Executive Summary

Cabinet approved the award of contract on 16 April 2014 for the landscape maintenance and associated services. The contract includes:

- Grass cutting, hedge and shrub maintenance (including planting), weed control within parks, open spaces (including lake areas) and highways, bedding, and sports grounds;
- Grave digging and landscape maintenance of graveyards, cemeteries and the crematorium; and
- Arboriculture services.

The contract is currently being mobilised and will commence on 3 November 2014, at the end of the grass cutting season. The contract term is for 5 years 3 months, which has the provision to be extended by up to 5 years until 28 February 2025.

Currently this service is managed in-house. It was considered on 30 January 2013 within the Cabinet report that there was a need to carry out market testing, as this had not been done for a number of years. The tender aimed to procure a 'value for money' contract or contracts, where the Council is able to maintain an agreed service level within the agreed budget and with an appropriate transference of risk to the contractor.

The contracted services will affect the whole borough area, except where the Council has devolved the service to the local parish or town council. The contract includes all open space owned or managed by the Council including cemeteries, parks, housing and leisure and also includes works for Milton Keynes Development Partnership (MKDP).

1. Content

1.1 The report links to the following:

Corporate Plan

- 1.2 The services contribute to the delivery of the following themes and outcomes of the Corporate Plan.

Themes:

- Visiting MK
- Working in MK
- Living in MK
- World class MK
- Cleaner, greener, safer and healthier MK

Outcomes:

- Be satisfied with their area as a place to live
- High levels of inward investment and business growth
- A strong reputation as a visitor destination, nationally and internationally
- Be healthy and have a sense of well-being
- Is safe and with a low fear of crime
- Is clean and has high quality open, green public space and buildings

Strategic Policies and Strategies

- 1.3 The tender was in accordance with the Public Open Space Management Framework adopted by Cabinet on 13 March 2013 (Decision C146).

Cluster Reporting

- 1.4 Cluster 3: Public Realm Service Group

Performance indicators

- 1.5 Percentage of customers satisfied with the service.
Number of hectares of maintained open space per 1,000 head of the population.

2. Key issues

Procurement Strategy

- 2.1 The procurement strategy was approved by the Delegated Decision Report on 28 May 2013. It included the contract lots; TUPE; length of the contract; use of Bleak Hall depot; Most Economically Advantageous Tender (MEAT) split between quality and price; existing assets; specification; novation; value for money; Play areas; and approval of the shortlist and specification.

Contract Lots

- 2.2 An Industry Day to engage the market was held on 14 February 2013. This was part of a pre-tender consultation to present the requirements for the contract and obtain feedback from participants and to refine our procurement approach. It was recommended from the Industry Day, that the contract should be split in the following lots:

- Landscape maintenance into area and specialist lots;
- Arboriculture; and
- Grave digging and landscape maintenance of graveyards, cemeteries and crematorium;

2.3 A procurement strategy was approved on 28 May 2013 by Delegated Decision. Part of this report approved a number of lots to enable Small and Medium Enterprises (SMEs) to potentially tender for the contract. Additionally, so as not to lose any potential economies of scale, bidders for these services were able to bid for more than one lot or all lots (Lot 8). The Lots were also designed to maximise the potential for TUPE transfers (and conversely minimise the potential for redundancies; together with associated costs) and to ensure the commercial viability of each lot the following packages/lots were identified.

- Five landscape maintenance area based lots:
 1. North
 2. Rural including Newport Pagnell
 3. South and Sports Grounds and playing fields (specialist)
 4. CMK, Rights of Way and Bedding (specialist)
 5. Bletchley and Grid Roads (specialist)
- Two specialist lots
 6. Cemeteries, Graveyards and Crematorium,
 7. Arboriculture
- 8. All Lots (1-7)

2.4 The restricted procedure was used to procure the contract. The Official Journal of the European Union (OJEU) Notice was published on 28 August 2013. The Pre-Qualification (PQQ) return date was 1 October 2013. The PQQ return is the first level short listing of interested bidders based on financial, technical and company policies (including health and safety and equal opportunities). The OJEU Notice stated that the number of operators who would be invited to tender would be a minimum of 5 and a maximum number of 7 for each Lot. 34 companies returned PQQs over a number of Lots. In total this was 108 returns. Unsuccessful companies failed due to a combination of the following: failing to achieve 60% of the technical score; no previous contract experience; references not relevant to the Lot bid for; and minimum scores not reached. 17 companies were shortlisted over Lots 1-8 by Officer Report on 27 November 2013. This equated to 53 bids plus an option for bidders to offer discounts should they win multiple lots.

2.5 The invitation to tender was published on the Council's E-Tendering system on 24 December 2013 and 26 tenders were returned from 11 companies on 10 March 2014. Based on the PQQ response and shortlisting, the Council received 22 tender responses for Lots 1 to 7 and 4 tender responses for Lot 8.

Number of Responses per Lot (Invitation to Tender Stage)

Lot Number	Number of tenders
1	3
2	4
3	2
4	4
5	3
6	2
7	4
8	4

2.6 Tenders were evaluated using the Most Economically Advantageous Tender (MEAT) scoring system, where factors such as price and quality are scored. When comparing the results of the best of Lots 1-7 with the best of Lot 8, the highest MEAT score was Company 7 (Serco) in Lot 8. Company 7 was the second lowest price (The Price differential is marginal to the lowest Price) with a Price score close to the lowest Price. Company 7 had the best Quality score. Company 7 achieved the highest MEAT score.

3. Progress to date

3.1 The timetable:

- Prior Information Notice published 17 December 2012
- Cabinet Approval to Tender 30 January 2013
- Industry Day held 14 February 2013
- Delegated Decision Report to approve the procurement strategy 28 May 2013
- Budget Review Group 8 July 2013
- Publish OJEU 28 August 2013
- Pre-qualification questionnaire return 1 October 2013
- Delegated Decision Report Town and Parish Council Devolution of Services 12 November 2013
- Approval shortlist 27 November 2013
- Invitation to Tender 24 December 2013
- Tender Return 10 March 2014
- Evaluation March/April 2014
- Cabinet Approval of award of contract 16 April 2014
- Mobilisation April – November 2014

- Contract commencement 3 November 2014

4. Points to highlight

Parish and Town Councils

- 4.1 As part of the preparation for the procurement, Parish and Town Councils were approached to establish their interest in service devolution to the first tier of local government at a community level and whether, in line with the Parishes Protocol, this would represent best value. As a result of this process, a delegated decision was taken on 12 November 2013, agreeing the devolution of landscape services to a number of Parish/Town Councils. To date Stony Stratford Town Council, West Bletchley Council, Olney Town Council, Ravenstone Parish Council and Weston Underwood Parish Council (a long-standing arrangement) are now currently managing the service. Woughton Community Council, Loughton and Great Holm Parish Council are in discussion about taking the service from 3 November 2014.

Contract Management

- 4.2 The Senior Client Officer for this contract is the Head of Environment and Waste, supported by the new roles of Landscape Contracts Manager, two Landscape Services Officers, an Arboriculture Officer and one Contract Support Officer. The contract adheres to the Council's standard terms and conditions as maintained by the Council's Legal Services team.
- 4.3 The key governance processes include:
- Review frequency – weekly operational meetings, monthly performance reviews and quarterly contract board meetings (chaired by the Head of Environment and Waste)
 - Performance measurement (including key contract performance measures) – the contract includes a range of outcome and output performance measures backed by management information. This includes customer satisfaction as a key performance indicator
 - The contract also includes remedial measures in the case of persistent or significant poor performance such as recovery plans and financial deductions
 - The Council is providing at a peppercorn rent a depot for the contract and a limited supply of vehicles and plant for approximately one year of the five year contract period
 - Social Value Act - skills and employment will be supported by the successful Bidder by sub-contracting to specialist local SMEs.

Resources and Risk

- 4.4 The costs of the contract are already contained within the revenue budget. There are likely to be savings against the revenue budget, however the final value of savings need to be assessed against the awarded contract cost and the services that are being devolved to parishes. Should the contract be awarded to the proposed contractor, savings in the region of £100k per annum will be

realised. There will be a part year saving in 2014/15, as the contract commences in November 2014. However, before savings can be taken in budgetary terms the impact of devolution of services to the parishes needs to be fully considered.

4.5 The key opportunity secured by this contract is an improved service level within the existing budget. It is assessed that the delivery of this contract provides a high likelihood that a medium impact will secure the opportunity defined.

4.6 The key threats for this contract have been assessed as:

Risk	Likelihood	Mitigation
Contract does not deliver the outcomes expected	L	Well prepared contract documents, thorough evaluation process and contract management structure already established
Insufficient resource in contract management	L	Structure in place which will be regularly reviewed

5. Lessons learnt

5.1 Early involvement of the market with the industry Day has proved to be beneficial. Lessons learned from previous procurement projects such as the Waste Services procurement projects have been incorporated within the approach to this contract. An example was that the draft specification and conditions of contract will be shared for consultation with prospective tenderers at the pre-qualification questionnaire stage. A lesson learned workshop has taken place and will be incorporated in the End Report for the project.

6. Timetable of activities

6.1 Further meetings with Serco have taken place regarding fine tuning of the contract. A page turn of the Specification has taken place between Milton Keynes Contract Officers and Serco to reinforce and have mutual understanding for future contract management. Mobilising the contract will continue until contract commencement on 3 November 2014.

Play Areas

6.2 Following the receipt of an Expression of Interest to 'Take Over', under the Community Right to Challenge, it is recommended that play areas become a separate tender. The Expression of Interest is currently being assessed and may mean the tender process for this service has been delayed.

7. Background Papers/useful Links

Cabinet Report 30 January 2013 - Review of Landscape Maintenance and Associated Services: Approval to Tender
<http://cmis.milton-keynes.gov.uk/CmisWebPublic/Binary.ashx?Document=38051>

Delegated Decision Report 28 May 2013 - To approve the procurement strategy
<http://cmis.milton-keynes.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=10375>

Budget Review Group 8 July 2014 – Landscape and Maintenance and Associated Services Contract
<http://cmis.milton-keynes.gov.uk/CmisWebPublic/Binary.ashx?Document=39519>

Delegated Decision Report 12 November 2013 - Devolution of Landscape Maintenance and Associated Services
<http://cmis.milton-keynes.gov.uk/CmisWebPublic/Binary.ashx?Document=40802>

Cabinet Report 16 April 2014 - Award of Contract for the Landscape Maintenance and Associated Services Contract
<http://cmis.milton-keynes.gov.uk/CmisWebPublic/Binary.ashx?Document=42472>