

# REPORT TO CABINET

REPORT OF: CORPORATE DIRECTOR (COMMUNITY SERVICES)

REPORT NO: DCS35

DATE: 5<sup>TH</sup> DECEMBER 2005

<b>TITLE</b>	<b>GROUNDS MAINTENANCE CONTRACT 2006 – 2013</b>
<b>FORWARD PLAN ITEM:</b>	NO
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	KEY DECISION

<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	CLLR RAY AUGER HEALTHY ENVIRONMENT PORTFOLIO
<b>CORPORATE PRIORITY:</b>	CATEGORY "Y"
<b>CRIME AND DISORDER IMPLICATIONS:</b>	YES – PUBLIC PARKS - ATTENDANT/SECURITY ARRANGEMENTS
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	This report is publicly available via the Local Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>
<b>BACKGROUND PAPERS:</b>	DPM 215 Grounds Maintenance Contract – Negotiation.

## 1.0 INTRODUCTION

- 1.1 After a period of 10 years of the service being delivered by the same contractor, there was a legal obligation on the Council to offer the grounds maintenance service to tender on the open market. The current contract with a value of £850,000 per annum (including extra over items, apportioned - Housing £120,000 - Amenity £60,000) attracted considerable interest from the industry. After a process of evaluation, 7 contractors were invited to tender with 3 eventually proceeding to submit tenders to contract with the District Council.

- 1.2 This report considers the value of the tenders submitted by the 3 contractors: Cleanaway Ltd (Serviceteam), Glendale Managed Services Limited and Continental Landscapes Ltd, makes recommendations regarding the selection/appointment of a contractor and provides the reasoning behind the selection.

## **2.0 RECOMMENDATIONS**

- 2.1 The Cabinet are recommended to accept the tender from Cleanaway Ltd to the value of £836,527.09 (per annum) for a contract term of 7 years with an option, subject to satisfactory performance, to extend by a further 3 years.

## **3.0 DETAILS OF REPORT**

- 3.1 The current contract is delivered by Cleanaway Limited (formerly Serviceteam Ltd) and will expire on the 28 February 2006.
- 3.2 In preparation for the end of the existing contract, new contract documents have been prepared and the service offered for open tender in accordance with European Directives and the Council's contract procedure rules.
- 3.3 Whilst the contract specification has changed to allow for a more robust default system, current methods of working, legislative requirements, best practice etc the basic outputs (specified standards) have been retained.
- 3.4 Specified standards have been retained as a result of consultation with both the general public, Housing Services, Town Centre Management Partnership (TCMP), Environmental Task Group, Healthy Environment DSP and after consideration of statistical information from our Contract Monitoring Unit (which indicated that most rectification notices were issued after contractors failed to perform/provide the specified standard). In addition, we were keen to avoid any cost implication attached to any improvements in the "specified standards".
- 3.5 The contract has been designed to drive performance via a robust default system, self-monitoring systems and requirement that contractors work to their own (industry recognised) "quality assurance" system.
- 3.6 The evaluation of tenders considers both price and non price factors at a ratio of 80:20.
- 3.7 The form of tender presents the figures in a format which allows us to see if there are any cost implications associated with any future need to vary the contract in the light of "housing stock transfer" or changes in the Council's commitment to participate in the Lincolnshire County Council grass cutting agency agreement. It also demonstrates the amount of additional cost associated with recycling of waste produced by this service (circa 200 tonnes per annum) and park attendant/security requirements.
- 3.8 The Contract requires the establishment of a partnership board (Contractor and SKDC) to look at year on year efficiency gains and how such gains could

be used to provide either shared financial return or improvement to the service.

#### **4.0 SELECTION PROCESS AND SELECTION OF PREFERRED CONTRACTOR**

4.1 **Appendix 1, 2 and 3** shows the evaluation process, Price and Non-price factors, relevant to each of the short-listed contractors.

4.2 The evaluation process also measures the cost relative to a sample of prices selected from the Schedule of Rates considered appropriate as these prices are used to value variations to the contract and the majority of extra over works.

4.3 A reason for the points awarded in the assessment of the Non price Factors is provided.

4.4 The assessment is made in terms of a percentage with 100% being the maximum award.

4.5 On the basis of the points/percentages the following points were awarded:-

<b>CONTRACTOR</b>	<b>PERCENTAGE AWARD</b>	<b>CONTRACT VALUE</b>	<b>NOTES</b>
<b>Cleanaway Ltd</b>	<b>95.5%</b>	<b>£836,527.09</b>	<b>Preferred contractor</b>
Continental Landscapes Ltd	68.83%	£844,410.64	Substitute Contractor
Glendale Managed Services Ltd	41.67%	£998,664.70	

#### **5.0 ADDITIONAL CONSIDERATIONS - CLEANAWAY**

5.1 Cleanaway have committed, at their own cost, to complete a comprehensive, professional inspection and report on the condition of all the Council's mature tree stock. This in its own right is a large project, which on the basis of two people working wintertime only, will take 3 years to complete. The estimated value of this service would be in the region of £43,200.

5.2 The results of the tree survey will provide invaluable data to assist the Council with future maintenance strategies and to pre-empt the possibility of third party claims regarding negligence.

5.3 The contractor has not indicated penalty for removing elements of the work (LCC grass verge maintenance / Housing stock transfer) from the contract.

5.4 The adaptation of buildings to bring about a suitable standard for habitation (by attendants) is included within the tender price.

5.5 There is NO additional cost for recycling the waste generated by this contract.

5.6 The selection of Cleanaway as the preferred Contractor satisfies the principles of Best Value.

## **6.0 ADDITIONAL CONSIDERATIONS – GENERAL**

6.1 That there will be a start up cost of £28,000 for the provision recycling bays at our principal sites in Grantham and Stamford.

6.2 The Housing Services section is currently reviewing the “Council house garden maintenance schedule”, in anticipation that we may be able to reduce the associated and significant cost.

6.3 The Contract Price submitted by the contractors does not allow for extra over work (reactive maintenance).

## **7.0 BUDGET/TENDER COMPARISON**

### **General Fund**

<b>Service Area</b>	<b>05/06 Projected Expenditure (Planned maintenance)</b>	<b>Anticipated costs 06/07 #</b>	<b>Tender *</b>	<b>Variance over projection for 06/07</b>	<b>% Additional Cost</b>
LCC Grass Cutting agency agreement	£64,200	£69,400	£101,900	£32,500	46.7
Amenity	£451,300	£487,600	£493,300	£5,700	1.2
Amenity Reactive Maintenance	£60,000	£60,000	Extra over Costs – not included in tender price		

### **Housing Revenue Account**

<b>Service Area</b>	<b>05/06 Projected expenditure (Planned maintenance)</b>	<b>Anticipated Costs 06/07 #</b>	<b>Tender *</b>	<b>Variance over projection for 06/07</b>	<b>% Additional Cost</b>
Housing	£150,700	£162,800	£241,300	£78,500	48.2
Housing Reactive Maintenance	£130,000	£130,000	Extra over costs - not included in tender price		

7.1 The increase in the maintenance of LCC verge, will be partly offset against an increase in income as a result of the new contract rates being applied (the

LCC currently refund SKDC the value equivalent to maintaining the grass verge areas 7 times per year).

\* Comparison with preferred contractors tender (Cleanaway Limited).

# Comparison with existing Contractor – at anticipated 5% increase (based on building trades index – 5% would be the minimum increase).

**7.2 The Medium Term Financial Strategy approved by Cabinet on 8<sup>th</sup> August 2005 made reference to the requirement to increase the base line for Grounds Maintenance Activity, in relation to the General fund by £400,000.**

## **8.0 COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES**

8.1 I have been consulted about the proposals contained in this report and support the recommendations.

## **9.0 COMMENTS OF OTHER RELEVANT SERVICE MANAGER**

9.1 Steve Frisby - Amenities Manager

Whilst the tender from Cleanaway is higher than our current contract baseline figure of £670,000, due to the length of time since the service was offered to tender, an increase in cost was anticipated. However, the increase is well within the parameters used to set the budget.

9.2 Applying the principles of Best Value the tender from Cleanaway offers a competitive price and added value -measured by way of the evaluation process.

## **10.0 CONCLUSIONS**

10.1 The Grounds Maintenance service has been offered to tender on the open market in accordance with the Council's contract procedure. The tender submitted by Cleanaway Limited offers both best price, added value (non price factors) and best value, hence the recommendation to consider this contractor as the preferred choice.

## **11.0 CONTACT OFFICERS**

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