

**Agenda Item No:**

**Report to:** Overview and Scrutiny (Services)

**Date of Meeting:** 17th November 2011

**Report Title:** Scrutiny Review of Grounds Maintenance Specification

**Report By:** Review Team

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### **Purpose of Report**

To present to the Overview and Scrutiny (Services) Committee the final report of the Grounds Maintenance Scrutiny Review Group.

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### **Recommendation(s)**

- 1. That Overview and Scrutiny consider the report from the Scrutiny Review Group.**
- 2. That a report is submitted to Cabinet on 28th November 2011 seeking delegated authority to proceed to tender the new joint contracts for grounds maintenance and arboriculture with Rother District Council subject to the successful negotiations on legal and cost sharing arrangements.**

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### **Reasons for Recommendations**

A review group was established to assess potential changes to specifications for the retendering of a new grounds maintenance contract and report to Overview and Scrutiny before a report is forwarded to Cabinet for consideration.

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## Introduction

1. The grounds maintenance contract and arboriculture contracts are due to be retendered and let in 2012. A full timetable of the procedure from beginning to end, starting with the OJEU Notice to contract award is attached as Appendix 1.
2. A Scrutiny Review Group was established in August 2011 with the following Terms of Reference;
  - a. To consider all areas under consideration for the new Grounds maintenance Contract
  - b. To assess joint working possibilities and implications regarding finance and resources
3. The Project Initiation Document which includes the Terms of Reference, the review team members and review objectives is attached as Appendix 2.

## Background

4. The current Grounds Maintenance contract with Quadron Services Ltd, annual value £1.2 million, has a 5 year term ending in November 2012. Smaller related contracts, Highways Grounds Maintenance (circa £50,000) with Kent County Council and two tree management contracts (up to £100,000), also expire in 2012.
5. The Highways verge contract which is funded by East Sussex County Council will be included within the Grounds Maintenance contract. The RDC/HBC combined tree contract will be a separate contract arrangement.
6. Rother District Council's Cabinet (17th. January 2011) and Hastings Borough Council's Cabinet (7th. February 2011) agreed that both Authorities align their Grounds Maintenance contract specifications in order to co-procure. Both Authorities have contracts that expire at the end of 2012 and currently have separate providers of this service.
7. A number of benefits are anticipated in a joint procurement between the two authorities, not least the need to find cost savings.

The scope of the joint tender exercise is to;

- a. Jointly retender a Grounds Maintenance Contract either as a combined contract or in lots to return joint savings
  - b. Develop a management structure, based at Hastings, to manage the awarded contract
  - c. Investigate the potential to merge the Parks and Open Spaces Management function for the two authorities
8. A Project Board was established, consisting of Directors and Heads of Service from both authorities to provide a strategic focus for the project. Hastings is lead

authority in developing the joint procurement. The Project Board agreed to focus on points a) and b) above and defer discussions over point c) until after the contract has been tendered. Both authorities feel there is merit in discussing a combined parks service and possible sports/events bookings with the Hastings being lead authority once the contract has been tendered.

9. The Project Board further agreed to integrate Rother's tree data with ours and proceed to a joint tender of the Arboriculture contracts. The Board agreed that the tree contract required specialist expertise which, if integrated into the grounds maintenance contract, would result in the work being sub-contracted, thereby adding to our fees. The Arboriculture contracts will be separate from the Grounds Maintenance Contract but procured at the same time and cover the same length of contract.
10. Amicus Horizon has indicated they also wish to be part of the joint procurement. Senior officers met their Directors on 31st October. At this meeting, Amicus confirmed that they will participate for both the Hastings and Rother district areas. Amicus will participate in a joint procurement exercise, led by Hastings Borough Council. We will be identifying areas where the performance specifications can be aligned to give a uniform service across adjoining areas of land. It is still to be determined whether the grounds contracts will be linked at a contract management level; Amicus will continue to monitor contract performance on their estate. The tree contract, however, will be available for all partners to use.
11. Officers will be in a position to update Scrutiny Committee further at the meeting.

## **How will a joint arrangement work?**

12. The grounds maintenance specifications for both authorities are being aligned as far as possible with areas specific to Rother or Hastings being clearly identified. All Rother's data on grounds maintenance and trees is being transferred to Hastings for uploading into the Hastings databases. Although the specifications will be ready for tender, the data transfer work will continue through 2012 but will be completed prior to the commencement of the contract.
13. Rother have identified two members of staff (1 and 3/5th) for transfer to HBC. Those staff have had meeting with Rother's personnel and will be subject to TUPE arrangements.
14. The Management hub for both trees and grounds maintenance contracts will be based at Aquila House in Hastings. The new staff will be part of the grounds maintenance client team within the Environmental Services Directorate.
15. The combined value of the grounds maintenance tender, based on current levels of expenditure is in the region of £2.6m (£1.4m Hastings, £1.2m Rother).
16. The combined value of the Arboriculture contract is approximately £138k (£88k Hastings and £50k Rother). This will be a stand alone contract separate from the Grounds Maintenance contract.
17. Negotiations have yet to be completed with Amicus on how a partnership will work for grounds maintenance. It is likely that the Amicus tree portfolio will be integrated

into the new Arboriculture contract and terms negotiated for professional arboriculture advice through HBC.

## **Tendering Arrangements**

18. The Scrutiny Review Group considered, in detail, both Restricted Procedure and Competitive Dialogue tendering arrangements.
19. The Restricted Procedure tender is one where only bidders who meet financial qualifications are permitted to tender. Interested contractors will be asked to complete a pre-qualification questionnaire which is designed to give us information on their financial stability, management structure and other qualifications. From an analysis of the completed questionnaires, we will arrive at a shortlist of qualified tenderers who will then be invited to bid for the contract.
20. In Competitive Dialogue, there is no pre-set specification and qualified contractors are invited to devise a specification in a process of negotiation. Under EU rules, Competitive Dialogue is only recommended for particularly complex contracts where the contracting parties are unable to define a specification. The rules specify that the contracting authorities must consider that they will be unable to award a contract under the Restricted Procedure before Competitive Dialogue will be allowed.
21. The Scrutiny Review Group, advised by procurement specialists, concluded that the Grounds/arboriculture contracts do not meet the Competitive Dialogue criteria and recommend the Restricted Procedure for the Grounds/arboriculture contracts as the most efficient and effective, minimising cost and timescales whilst still allowing for extensive debate with finalists on contract efficiencies.
22. The Group further considered an option to revert to an in-house arrangement. Potential cost analyses for a joint in-house and Hastings stand alone provisions are outlined in Appendix 3. There are three main reasons for concluding that this option should not be pursued:
  - a. The lack of in-house management expertise to prepare a business plan for such an arrangement and to operate in a specialist commercial environment;
  - b. The capital set-up costs required to make such an arrangement work, including vehicles, equipment and tools, and;
  - c. Possibly the most significant, the loss of the opportunity for a partnership with Rother District Council and Amicus Horizon.
23. Both potential partners assess the risk of this proposal as too great, given the lack of any track record for an in-house operation which last existed in 1996. The advantages of a public sector-managed partnership, particularly with the participation of Amicus Horizon across both local authority areas, offers greater opportunities for efficiency, consistent levels of service and satisfaction for residents, and the competitive advantages of a significant and long term contract offer.
24. Councillors from the Review Group have recommended they be involved in assessing tenders and interviewing finalists.

## Management Fee and Legal Agreement

25. Agreement on sharing the cost savings arising from a single authority management arrangement has yet to be reached, along with the split of any additional costs incurred in setting up the arrangement e.g. staff transfer, software licensing costs, etc.
26. Finance Officers from both authorities are currently working on an acceptable management fee and are expected to reach agreement very shortly.
27. The management fee will reflect an agreement on sharing the savings arising from a single authority management arrangement along with the sharing of any additional costs incurred in setting up the arrangement e.g. staff transfer, software licensing costs, etc.
28. Similar to the arrangement agreed for the joint provision of Building Control Services between the two authorities, the Borough Solicitor is constructing a similar legal agreement for the ground maintenance partnership. It is envisaged this will be completed by the end of the year.
29. We expect that Amicus Horizon is likely to remain outside of such agreements, retaining their in-house contract management and contract monitoring.

## Scrutiny Group Review

30. The Scrutiny Review Group reviewed the current specifications and concluded the following points be incorporated into the new contract;
  - The new contract tenure be for ten years
  - The high standard of maintenance at Hastings Cemetery will remain
  - The high standard of maintenance of waterways will remain
  - The high standard of maintenance at Industrial Estates will remain
  - Reduce the frequency of playground inspections subject to risk assessments being undertaken and signage being erected with contact information for reporting potential hazards
  - Consolidate and rationalise litter and dog bins into one bin thereby implementing one daily collection. Consideration will be given to transferring the collection to the waste contract subject to further detailed investigations.
  - Devolve the responsibility for erecting and removing nets to clubs with the nets being supplied by the contractor. Consideration could be given to charging a deposit for nets.
  - Not to subsidise the number of cuts in the Highways Verge contract should funding from ESCC reduce
  - Not to reduce the Arboriculture budget on health and safety grounds
  - Not to reduce the number of hanging baskets in the town centre but requested officers investigate options for sponsorship
  - Not to reduce the number of bowling or putting greens

- Consider removing playgrounds at Hare Way and Mare Bay Close after consultation with residents. Alternative land uses would be investigated, including retaining the area as green open space for play
- Not reduce the standard of grass cutting for Seafront areas, sites with a high visitor profile, Historic parks and formal Gardens. The grass cutting specifications are outlined in Appendix 4
- Reduce the standard of grass cutting at the East Hill, sports grounds, recreation grounds and other lower profile general open space. (Appendix 4)
- Review the way in which path sweeping operations are undertaken whilst ensuring the park entrances and steps are swept regularly and that any changes will not affect the health & safety of park users
- Explore the use of annual seed mixes in bedding areas such as Gensing Gardens rockery, West Marina Gardens bed at junction of Seaside Rd, Alexandra Park former fountain bed, whilst also exploring options around reducing bed sizes and permanent planting where appropriate, for example Pelham Place Car Park, Italian Garden on seafront opposite Queen Victoria Hotel, bed adjacent to crazy golf
- Not to radically reduce the numbers of seasonal beds in Parks and the seafront

31. The Review Group invited members of the community to contribute to the review through the website and by news items in local newspapers. The overwhelming feedback on the standard of maintenance of parks and open spaces was extremely positive.

## Conclusions

32. The Scrutiny Review Group;

- a. Is satisfied it has undertaken a thorough review of the current grounds maintenance specifications and advised on changes that will potentially deliver savings in the new contract.
- b. Recommends its agreed changes to specifications, joint management arrangements and tendering arrangements be incorporated into the new specifications document.
- c. Concludes the contract procurement be subject to the Restricted Procedure for the joint Grounds/arboriculture contracts according to the timetable set out in Appendix 1.
- d. Recommends officers proceed to Cabinet to request authority to tender on a joint basis with Rother District Council subject to the successful completion of a management fee and legal agreement and review of the tender documentation.

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## Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

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### Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

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### Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	Yes
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	Yes
Organisational Consequences	Yes

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### Background Information

- Appendix 1    Grounds Maintenance Contract Procurement Timetable  
Appendix 2    Project Initiation Document Grounds Maintenance Specification  
Appendix 3    Approximate costs for a joint HBC/RDC in house provision  
Appendix 4    Specifications for Grass Cutting

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### Officer to Contact

Officer Name Murray Davidson  
Officer Email Address [mdavidson@hastings.gov.uk](mailto:mdavidson@hastings.gov.uk)  
Officer Telephone Number 451107

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## Appendix 1      Grounds Maintenance Contract Procurement Timetable

	ACTIVITY	DATES	DURATION
1.	OJEU Notice	13 January 2012	37 days
2.	Deadline for return of PQQ	20 February 2012	
3.	Issue of Invitation to Tender	19 March 2012	
4.	Open Day for Tenderers	4-6 April 2012	3 days
5.	Deadline for Tenderers to submit final written questions	20 April 2012	5 weeks (from issue of Invitation to Tenderers)
6.	Return deadline	1 May 2012	6 weeks (from issue of invitation to Tenderers)
7.	Tenderers Presentations	4-8 June 2012	2 hours each presentation
8.	Further interviews/presentations if required	27-29 June 2012	To be advised after w/c 11 June 2012
9.	Intention to Award Contract	19 July 2012	
10.	Start of Alcatel period	19 July 2012	10 days +
11.	Contract Award	1 August 2012	
12.	90 Day TUPE, Notice from existing contractors to new Contractor	1 August 2012	
13.	Commencement of Grounds Maintenance Contract	6 November 2012	



## Project Initiation Document   Grounds Maintenance Specification

Date	August 2011
Scrutiny Review	Grounds Maintenance Specification
Project Team	<p>Tom Davies            (Chief Auditor)</p> <p>Virginia Gilbert      (Head of Amenities and Leisure)</p> <p>Murray Davidson    (Lead Officer on Grounds Mtce Procurement)</p> <p>Katrina Silverson    (Scrutiny and Electoral Services Officer)</p>
Project Leader	Tom Davies
<b>Scrutiny Review Team Members</b>	Cllrs Dowling, Gurney, Turner, Waite and Wilson
<b>Officer(s) to Contact</b>	Tom Davies (01424) 451524, <a href="mailto:tdavies@hastings.gov.uk">tdavies@hastings.gov.uk</a>
Review Terms of Reference	<p>1. Consider all areas under consideration for new Grounds Maintenance Contract (GMC):</p> <p>a) Parks</p> <p>b) Playgrounds</p> <p>c) Trees</p> <p>d) Sports Pitches</p> <p>e) Cemetery</p> <p>f) Seafront</p> <p>g) Highways</p> <p>2. Awareness of joint working possibilities and implications regarding finance and resources</p>
Community Strategy Target	No.20: Increase the percentage of households within 300m of an accessible open space that meets the Council's quality standard.
Objectives	<p>Outcome: List of service priorities and a steer of service provision for a new GMC.</p> <p>This to be achieved via the following sub-objectives:</p>

		<p>Service provision with the GMC</p> <p>List of services provided by current GMC Costs associated with those services View as to the provision of those services to the future</p> <p>Level of Service within the GMC</p> <p>Scope of current service provided Costs associated with those levels of service View as to the future level of service to be provided</p> <p>Highways Verge Maintenance</p> <p>Current scope and level of service Current cost View of service provision for the future</p>	
Indicators of Success (how will we know if the project is achieving its purpose)		That the existing situation and information is documented to show resources, processes and procedures. Present arrangements are documented to include any suggested proposed improvements.	
Methods of Inquiry		<p>Meetings</p> <p>Desktop Research</p> <p>1 x visit to another local council t.b.a.</p>	
Key Stakeholders		Parks and Open Spaces users	
Documents		Sealed Contract	
Site Visits		A round the Borough tour visiting particularly open spaces, Alexandra Park (Green Flag Status) play areas and the seafront.	
Publicity Requirements		Press releases and internal communications	
Resource Requirements (Staffing and expenditure)		Utilise existing resources in Internal Audit, Investigations and Procurement, Amenities and Leisure and Scrutiny and Democratic Services	
Projected start date	August 2011	Reporting deadlines	To quarterly meetings of the Services O&S Committee.
Meeting Frequency	Given the tight timescales, there will need to be heavy reliance on email distribution of information. The aim is to hold	Projected completion date	Report to Services O&S Committee 17.11.2011

	a minimum of 3 meetings between 30/08/11 and 09/11/11 and probably more if practicable.		
Evaluation date		Six monthly reviews by the Services O&S Committee of the implementation of the agreed recommendations.	
Evaluation tracking methods		Report from Officers/Lead Members advising the Committee on progress.	

## Appendix 3 Approximate costs for a joint HBC/RDC in house provision

### Grounds Maintenance in-house start-up costs

	£	£
Plant & Machinery		
Tractors		
Compact Tractors		
Transits		
Vans		
SCAMP		
Ride on mowers		
JAVELIN		
Dumper		
Grave Digger		
Set Gangs and rotary flail and side arm head		
Cylinder mowers		
Rotary mowers		
Strimmers		
Blowers		
Work shop equipment		
Trailers		
Bowsers		
Miscellaneous tools		
Mechanical roller		
Various tractor implements		
Snow equipment		
Boat		
	1,207,500	1,207,500
Professional Services		
Legal costs and advice		
Personnel & Accountancy		
Management		
	99,750	99,750
<b>Grand Total</b>		<b>1,307,250</b>

## Grounds Maintenance Annual Running Costs (in-house)

	£	£
Staffing		
1 manager G3	35,000	
4 team leaders G6	102,000	
60 staff G10	1,020,000	
Salary oncost	289,250	
	1,446,250	1,446,250
Operating costs		
Business Rates/Council Tax	165,272	165,272
Contract Hire - Employee Cars		
Bedding, flowers		
Travel Allowances		
Office sundries		
Fuel		
Stationery		
Photocopying Charges		
Insurance		
Tooling / maintenance		
Professional Services	394,389	394,389
Conferences		
Telephones		
Mobile Phones		
Personal Protective Equipment		
Computer Supplies		
Membership fees		
Re-Allocated Charges		
Apportionment of Admin Bldgs	394,389	394,389
Information Technology		
Personnel & Organisational Devt		
Corporate Planning		
Chief Executives Division		
Accountancy & Exchequer Svcs		
Corp.POD Rec.Reloc. & Training		
IT Computer Hardware		
<b>Grand Total</b>		<b>2,005,911</b>

Notes:

The projected costs shown are for Hastings BC and Rother DC combined.

A scale between the lowest and maximum spinal column point has been used for pay calculations for each grade.

The remaining figures have been obtained from Accountancy Services where they are known for Hastings BC and then pro-rata for Rother DC and included.

Similarly, the quantities of equipment are accurately known for Hastings BC and have been scaled up to account for Rother DC.

Given the low interest rates at the moment, the cost of financing has been ignored for this exercise.

Summary:

Taking the contract values from both councils' websites under 'doing business with the Council', the combined contract value is shown as £2.1m. The annual costs of running the contract in-house are projected as slightly less than this at £2,005,911 but the start-up costs at £1.31m are prohibitive.

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## Grounds Maintenance in-house start-up costs (Hastings BC alone)

|                                              | £       | £              |
|----------------------------------------------|---------|----------------|
| Plant & Machinery                            |         |                |
| Tractors                                     |         |                |
| Compact Tractors                             |         |                |
| Transits                                     |         |                |
| Vans                                         |         |                |
| SCAMP                                        |         |                |
| Ride on mowers                               |         |                |
| JAVELIN                                      |         |                |
| Dumper                                       |         |                |
| Grave Digger                                 |         |                |
| Set Gangs and rotary flail and side arm head |         |                |
| Cylinder mowers                              | 690,000 | 690,000        |
| Rotary mowers                                |         |                |
| Strimmers                                    |         |                |
| Blowers                                      |         |                |
| Work shop equipment                          |         |                |
| Trailers                                     |         |                |
| Bowsers                                      |         |                |
| Miscellaneous tools                          |         |                |
| Mechanical roller                            |         |                |
| Various tractor implements                   |         |                |
| Snow equipment                               |         |                |
| Boat                                         |         |                |
| Professional Services                        |         |                |
| Legal costs and advice                       | 57,000  | 57,000         |
| Personnel and Accountancy                    |         |                |
| Management                                   |         |                |
| <b>Grand Total</b>                           |         | <b>747,000</b> |

## Grounds Maintenance Annual Running Costs (in-house)

|                                 | £       | £                |
|---------------------------------|---------|------------------|
| Staffing                        |         |                  |
| 1 manager G3                    | 35,000  |                  |
| 2 team leaders G6               | 51,000  |                  |
| 36 staff G10                    | 612,000 |                  |
| Salary oncost                   | 174,500 |                  |
|                                 | 872,500 | 872,500          |
| Operating costs                 |         |                  |
| Business Rates/Council Tax      | 114,441 | 114,441          |
| Contract Hire - Employee Cars   |         |                  |
| Bedding, flowers                |         |                  |
| Travel Allowances               |         |                  |
| Office sundries                 |         |                  |
| Fuel                            |         |                  |
| Stationery                      |         |                  |
| Photocopying Charges            |         |                  |
| Insurance                       |         |                  |
| Tooling / maintenance           |         |                  |
| Professional Services           | 225,365 | 225,365          |
| Conferences                     |         |                  |
| Telephones                      |         |                  |
| Mobile Phones                   |         |                  |
| Personal Protective Equipment   |         |                  |
| Computer Supplies               |         |                  |
| Membership fees                 |         |                  |
| Re-Allocated Charges            | 225,365 | 225,365          |
| Apportionment of Admin Bldgs    |         |                  |
| Information Technology          |         |                  |
| Personnel & Organisational Devt |         |                  |
| Corporate Planning              |         |                  |
| Chief Executives Division       |         |                  |
| Accountancy & Exchequer Svcs    |         |                  |
| Corp.POD Rec.Reloc. & Training  |         |                  |
| IT Computer Hardware            |         |                  |
| <b>Grand Total</b>              |         | <b>1,212,306</b> |



Notes:

The projected costs shown are for Hastings BC alone.

A scale between the lowest and maximum spinal column point has been used for pay calculations for each grade.

The remaining figures have been obtained from Accountancy Services where they are known for Hastings BC.

Given the low interest rates at the moment, the cost of financing has been ignored for this exercise.

Summary:

Taking the contract values from the councils' websites under 'doing business with the Council', the annual contract value is shown as £1.2m. The annual costs of running the contract in-house are projected as £1.21m. Given the start-up costs at £747k, the most economic advantageous solution is to contract out.

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## Appendix 4 Specifications for Grass Cutting

33. There are a number of grass cutting standards specified in the contract; Ornamental, High Amenity, Amenity and Environmental. The main categories which account for the majority of the contract costs are;

### Ornamental Grass

34. Ornamental grass is the highest quality specification. It requires the contractor to cut the grass with a cylinder mower to a height of 12mm and remove the cuttings. The height of the grass must not exceed 25mm throughout the year.

### High Amenity Grass

35. High amenity grass is cut to a height of 25mm with cuttings left on the ground. Height of grass must not exceed 50mm during April to September and 75mm during March to October.

### Amenity Grass

36. Amenity grass is cut to a height of 50mm with cuttings left on the ground. Height of grass must not exceed 100mm throughout the year.

### Environmental

37. EA1 Cut once a year in September to a height of 75mm and leave cuttings
38. EA2 Cut twice a year during April and August to a height of 75mm and leave cuttings
39. EA3 Cut to a height of 50mm during March & April. Stop cutting until after wild flowers have set seed in July then cut regularly to reduce the height of the grass gradually to 50mm by September and leave all cuttings.

### Maintain current standard at:-

All Seafront Sites - Frontline Gardens

West Marina Gardens - Gardens and sites with high visitor impact  
Warrior Square Gardens  
Robertson Terrace/Sunken Garden  
Wellington Square

Castle and Ladies Parlour  
West Hill

Alexandra Park\*  
St Leonards Gardens\*  
Gensing Gardens  
The Green, Old London Road  
Amherst Gardens  
Leisure Centre and Museum

\*Formal Gardens/Green Flag Sites

Linton Gardens/Crescent  
Duke Green  
Cornwallis Gardens  
White Rock Gardens (not Oval)

Close Churchyards/memorial gardens  
All Saints  
St Clements  
St Leonards and Burton Memorial  
Halton  
Wallinger's  
St Mary's Chapel  
Ore  
Ore Place/Old St Helens Church

**Areas to Review:**

East Hill – reduce area of grass cut and reduce frequency of cut to around Beacon and Lift.

Sports Grounds – Bexhill Road, Harrow, Sandhurst, Tilekiln

Recreation Grounds and General Open Space - Hollington Recreation, Wishing Tree, BOS Field, Archery Field, The Oval, Sandrock.