

Decision Maker: Environment Portfolio Holder

For Pre-Decision Scrutiny by the Environment PDS Committee on

Date: 29th January 2014

Decision Type: Non-Urgent Executive Non-Key

Title: **PROCUREMENT STRATEGY FOR NON-PROGRAMMED
PARKS WORKS EXPENDITURE**

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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: All

1. Reason for report

This Gateway Report seeks approval for the proposed procurement strategy for Parks Works Expenditure not already captured in the Term Contracts.

2. **RECOMMENDATION(S)**

That the Environment Portfolio Holder:

2.1 Approves the Procurement strategy for the different elements of Parks Non-Term Contract Works expenditure, as set out below:

1. Approve the strategy for Play works expenditure as set out in Paras 3.15 to 3.16.
2. Approve the strategy for Hard Landscaping as set out in Para 3.17
3. Approve the Strategy for Parks Furniture procurement as set out in Paras 3.21 to 3.22
4. Approve the strategy for Soft Landscape Works as set out in Paras 3.27 to 3.28.
5. Approve the strategy for Plants Shrubs and bedding as set out in Para 3.31

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council Quality Environment :
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Financial

1. Cost of proposal: Estimated Cost £509k per annum
 2. Ongoing costs: Recurring Cost £509k per annum
 3. Budget head/performance centre: Parks and Greenspace
 4. Total current budget for this head: £509k
 5. Source of funding: Existing revenue budget 2013/14
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Staff

1. Number of staff (current and additional): 2
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Number of users unknown but LBB Parks and open spaces are available to be used by all residents and visitors
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 In 2012 an Internal Audit review of Parks & Greenspace division's procurement of non-programmed works highlighted a number of issues that needed to be addressed to ensure compliance with: the Council's Standing Orders and Financial regulations; best practice in procurement; and to demonstrate value for money.
- 3.2 This report outlines the work undertaken since that time to address these concerns, and proposes a long-term strategy for the commissioning of work in this area. This aligns with the overall strategy for procurement of Grounds Maintenance services, to provide maximum flexibility over future contracting options at the conclusion in 2017 of the current contract with The Landscape Group.

Commissioning Strategy for Works Expenditure outside Term Contracts

- 3.3 An exercise was undertaken to examine non-programmed works expenditure over a 23 month period (1 April 2011 – 22 March 2013). This sought to identify opportunities to rationalise expenditure, identify common elements across different sections, and consequently draw together a targeted spend profile, highlighting those areas which would lend themselves to a common procurement approach.
- 3.4 The spend analysis identified a number of areas that appeared to share common themes, which through consolidation would make a more attractive package to the market and reduce the workload in commissioning separate contracts.
- 3.5 These areas were then examined to see how the work could be packaged, whether there were already external framework arrangements in place which could meet LB Bromley's needs, and explore with other authorities their experience in procuring similar works.
- 3.6 From this work, a strategy has been drawn up by the Procurement Project Board. Its objectives are: ensuring compliance with corporate procurement requirements; rationalising management and contracting arrangements; and coordinating these budget areas with the remainder of Works Expenditure in Parks; to ultimately demonstrate better value for money through improved procurement. The aim is to maximise procurement options prior to the end of the current Term Contract for Grounds Maintenance in December 2017.
- 3.7 The intention is that the contracts will not guarantee a set value of works, thereby providing the flexibility to reduce budgets in future if this becomes necessary.

Playground Maintenance

- 3.8 The 2013/14 annual revenue budget for the three elements of Playground Maintenance is:

	£k
Playground refurbishment & design	86
Playground spares	25
Safeplay maintenance contract	<u>75</u>
	<u>£186k</u>

- 3.9 There are significant budget pressures as the cost of maintaining existing play areas now takes up the bulk of the budget. In the next few years there may need to be a rationalisation of the existing stock as it depreciates and repair & refurbishment costs begin to exceed the current budget.

- 3.10 An exercise is currently under way to produce a comprehensive database of the current stock, setting out its age, repair history, likely future costs, and potential date of redundancy. This will indicate the potential costs of maintaining the current 65 play areas across the Borough in future years, so that an informed strategy can be developed to manage costs and maintain this service for its users.
- 3.11 Currently the majority of new and refurbish playground schemes have been undertaken by specialist designers. For new play projects equipment is currently bought direct from manufacturers, with two separate tenders sought for (i) the installation and groundwork and (ii) safety surfacing. These are normally packaged to aggregate sites together. All equipment is procured with a minimum of three quotes, except where equipment is of a specialist nature with only a single supplier available. However, landscape businesses and play equipment manufacturers do offer a complete service – from design and consultation through to installation.
- 3.12 The Maintenance of Play Sites contract was let in 2007 through a term contract for 6 years. This has been extended to cover the period up to December 2014.
- 3.13 The recent market intelligence exercise undertaken by officers concluded that there was interest from the market in providing a complete service from design through to installation and ongoing maintenance.
- 3.14 Other boroughs have taken different procurement routes for these services - see Appendix A.
- 3.15 Given that there is no consensus on best practice in this service area, it is proposed that the whole programme for January 2015 to December 2017 is put to the market in one package, including Design, Equipment Supply, Equipment Installation, Safe Surface Installation and Playground Maintenance, to test the market.
- 3.16 Pending award of the contract, play equipment will be obtained using the National ESPO Framework for Play Equipment. Existing procedures will be used for installation.

Hard Landscaping

- 3.17 At present hard landscaping work is let as individual schemes. The current budget for Hard Landscaping is £63k, including Public Rights of Way works. The Council's Highways contractor, O'Rourke's, has priced for Hard Landscaping as part of its submission for the main Highways contract. It is intended that in future O'Rourke's will also be used for Parks and Greenspace Hard Landscaping at the rates submitted.

Parks Furniture

- 3.18 The budget for Parks Furniture is £7k. There is also an annual spend of £5k on Gates and Bollards etc. for Public Rights of Way.
- 3.19 A number of Local Authorities were contacted to determine how they addressed this area of expenditure. Their responses are set out in Appendix B.
- 3.20 There is a National Framework for the supply of these items. An assessment was made to determine if the technical standards set by the Council for these items could be met by the suppliers on the Framework. The responses indicated that the framework would not offer the standard of equipment that the Council is seeking at a sufficiently competitive price.

- 3.21 It is therefore proposed that the rates submitted in the O'Rourke's contract for installation will be used with the current suppliers of the specified item of furniture being nominated to them on an agreed price per unit.
- 3.22 There is a current Signs framework agreement that meets our requirements. This will now be used, to ensure consistency in procurement and demonstrate value for money.

Soft Landscape Works

- 3.23 The current work areas (including budgets) that it is proposed be drawn together are:

	£'000s
1. Woodland works	25
2. Rural grass cutting	52
3. Rural hedgerows pruning	27
4. Public Rights of Way - cut back of vegetation	38
5. Non-programmed landscape work	21
6. Japanese Knotweed/invasive species treatment	20
Total	<u>183</u>

- 3.24 Woodland works also attract grant funding. A number of smaller, locally based contractors currently undertake this work. It is important that this is considered when deciding which procurement route to take as part of the overall procurement strategy.
- 3.25 The majority of authorities include all or significant parts of the work identified in paragraph 3.23 above in their contracts for grounds maintenance. These works were not included in Bromley's Main Term Contract let in 2007, but Rural Grass Cutting was offered to the contractor subsequently. This work was withdrawn from the contractor in 2009 due to poor performance.
- 3.26 A market intelligence exercise was conducted with key contractors and local authorities. In particular discussions were held with the current Grounds Maintenance contractor (The Landscape Group) to determine if they would be able to offer a competitive solution for the Council, and as a consequence increase the available resources in the contract. However no alternative solution arose.
- 3.27 It is therefore proposed to tender all these works using a generic schedule of rates that addresses all elements. The contract term would be from May 2014 to the end of December 2017, so that when letting the main Grounds Maintenance contract at that time any of these elements of works may be included.
- 3.28 This would be a tender of six lots with a contract term up to December 2017, providing the opportunity to let a single whole contract or split it into up to six smaller lots.
- 3.29 These services are viewed as a residual service, covered by Part B of the Public Contracts Regulations 2006 (as amended). The procurement process would be carried out in accordance with these regulations.
- 3.30 The Council will evaluate Tender Submissions using the Council's standard approach with a weighting of 60% financial and 40% non-financial information.

Timetable

- 3.31 In order to meet the start date of May 2014, it is proposed to start the procurement process during the first week in February. Appendix C illustrates the timetable for each phase of the procurement process.

Contract management

- 3.32 New contracts will be managed using existing arrangements but may be subject to future rationalisation as part of any changes to organisational structures.

Plants, Shrubs & Bedding

- 3.29 Horticultural matter is currently procured by officers, through separate individual orders with differing specialist nurseries and hanging basket providers. Whilst the bulk of the winter and summer floral bedding is included in the existing Grounds Maintenance contract, continuing historic practice has meant additional shrubs, plants and bulbs for both internal and external customers (i.e. Town Centre Management and Friends Groups) is invariably purchased outside of this arrangement.
- 3.30 It is proposed that all future purchases of shrubs, plants and additional floral bedding be through The Landscape Group. This will be made on the premise that quality standards (particularly for Hanging Baskets) continue to be met or exceeded. This would add an additional £65k to the value of Grounds Maintenance Contract for 2014/15 but treated as a variable item, so it could in future be reduced without risk of contractual penalties.

		Value pa £
Shrubs & Bedding	Spot purchase	£20k
Hanging Baskets	Annual Contract	<u>£45k</u>
	Total	<u>£65k</u>

4. POLICY IMPLICATIONS

- 4.1 The proposed strategy is in line with LB Bromley's aim to drive increased efficiencies through improved procurement. The aim is to put in place a coherent strategy for Grounds Maintenance that will maximise options at the end of the current term contract, to achieve the most economically advantageous solution.
- 4.2 The Environment Portfolio Plan 2013-16 includes the aim "Ensure that good value for money is provided when work is commissioned to maintain and improve Bromley's parks".

5. FINANCIAL IMPLICATIONS

- 5.1 A summary of the various work areas, current budgets and the proposed procurement strategy is shown in the table below: -

Work Area	2013/14 Budget £'000	Proposed Procurement Strategy
Playground maintenance	186	Whole programme tendered as one package for period Jan 2015 to Dec 2017
Hard landscaping	63	To use the existing Highways contractor O'Rourke's.
Parks furniture	12	Continue with current method of procurement
Soft landscape works	183	Tendered in six lots so that contract could be split up to six smaller lots or as one contract, for period May 2014 to Dec 17.
Plants, shrubs & bedding	65	Added to existing Grounds Maintenance Contract as a variable item.
	509	

5.2 Taking account of the financial position of the Council, the contracts will not guarantee a set value of works to ensure that there will be flexibility to reduce future spend if required.

6. MARKET CONSIDERATIONS

6.1 The strategy of aligning contracts with the Main Term Contract for Grounds Maintenance in 2017, together with reviewing the process for tendering landscape works, should ensure that local contractors are encouraged. The interim strategy would therefore facilitate a competitive process with both national and local contractors tendering.

7. LEGAL IMPLICATIONS

7.1 The procurement options detailed in this report have been reviewed to ensure that they are compliant with the Council's Standing Orders, Financial regulations, current EU public procurement legislation and directives. In order to meet some of the timeframes for putting contractual arrangements in place tender process will need to commence as soon possible.

8. PERSONNEL IMPLICATIONS

8.1 At this stage the proposed strategy does not affect any staff. If, as a result of market testing any staff are affected they will be consulted in accordance with the Council's policies.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	Report No: E/CK – 31/10/07 – Grounds Maintenance Contract Award – PART 2

Appendix A

Playground Maintenance

The table below sets out how this has been addressed in some nearby authorities:

Borough	Design	Supply	Install	Maintain
Bexley	Use design and build competitions with suppliers	Department writes specification with corporate procurement carried out centrally. Use of approved list on an individual site/scheme basis	Use design/build contractor as above	GM contractor does daily checks. Annual inspection for safety done by term contractor Safeplay
Croydon	Use design and build competitions with suppliers	Department writes specification with corporate procurement carried out centrally. Use of approved list on an individual site/scheme basis	Use design/build contractor as above	Highways contractor does daily checks. (Currently Enterprise Mouchelle)
Lewisham	Use consultants for large schemes or play companies for both design and public consultation. The in-house team undertake design work for small scale/replacement projects	Corporate procurement	Either by the procured contractor or Glendale	Glendale
City of London	Very few play areas			
Sutton		Own Framework Feb14-Jan 18		

Appendix B

Parks Furniture

The table below sets out how this has been addressed in some nearby authorities:

Borough	Procurement	Install
Bexley	Each Item purchased individually	Each item individually quoted/tendered using select list
Croydon	In-house purchasing. Standardised products related to existing site furniture. Procured from named suppliers of products to ensure uniformity	Undertaken by Highways Contractor (Currently Enterprise Mouchelle)
Lewisham	Glendale (grounds maintenance contractor)	Glendale (grounds maintenance contractor)

Appendix C

Procurement Timetable

Task	Milestone (week beginning)
Develop tender list	20 January 2014
Send out PQQ	03 February
PQQ Analysis	24 February
Send out contract documents	3 March
Tender response period	10 March
Analysis of submissions	7 April
Award contract/s	14 April
Contract start date	05 May