

PART 1 - PUBLIC

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**Decision Maker:** Executive

**For pre-decision scrutiny by Environment PDS (1st March 2011) and Executive & Resources PDS (prior to the Executive meeting)**

**Date:** 21st March 2011

**Decision Type:** Non-Urgent Executive Key

**Title:** **SERVICE PROPOSALS AND PROCUREMENT STRATEGY - STREET CLEANSING CONTRACT 2012/2019**

**Contact Officer:** Dan Jones, Assistant Director, Streetscene and Greenspace  
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**Chief Officer:** Nigel Davies, Director Environmental Services

**Ward:** All Wards

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**1. Reason for report**

- 1.1 The Council's current contract for Street Cleansing, with Kier Services, was let on the 29<sup>th</sup> March 2005 and is due to expire on the 28<sup>th</sup> March 2012, following the maximum permitted extension.
- 1.2 In line with the London Borough of Bromley procurement procedures, this report thus outlines the procurement requirements and strategies involved in the letting of a new contract, or contracts, to carry out a Street Cleansing Environmental function through an external provider/s.
- 1.3 The proposed contract value has a budgeted cost of £4.9m per annum and therefore is required to follow European Union regulation and place an advertisement in the OJEU seeking expressions of interest from organisations wishing to tender.

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**2. RECOMMENDATION(S) That the Executive:**

- 2.1 Agrees to the re-letting of a contract for the provision of a Street Cleansing Service and to the placement of an advertisement in the OJEU, seeking expressions of interest from organisations wishing to tender.

### Corporate Policy

1. Policy Status: Existing policy. Bromley 2020 Vision, Building a Better Bromley. Environment Portfolio
  2. BBB Priority: Quality Environment.
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### Financial

1. Cost of proposal: Estimated cost £4.9m
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: Streetscene and Greenspace
  4. Total current budget for this head: ££4.9m
  5. Source of funding: Existing Revenue Budget 2010/11
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### Staff

1. Number of staff (current and additional): 2 FTE
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory requirement. Environment Protection Act 1980
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Borough wide impact on residents, businesses and visitors
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: n/a

### 3. COMMENTARY

#### Estimated Contract Value

3.1 The estimated value of the Street Cleansing Contract is £4.9m

#### Proposed Contract Period (including extension options)

3.2 29 March 2012 – 28 March 2019

3.3 The Council has responsibility for delivering a wide range of frontline environmental services including Street Cleansing, Highway Maintenance, Waste Management and Grounds Maintenance.

3.4 The London Borough of Bromley, as the principal litter authority, is responsible for keeping clean public highways and to maintain such land within acceptable cleanliness standards.

3.5 The street cleansing environmental contract deals with the day-to-day routine cleansing needed to keep the public highway network in a safe and clean condition for all pedestrians and road users. The existing contract includes the mechanical and manual sweeping of carriageways and pavements, graffiti removal, weed control, fly tipping and fly posting removal, emptying and replacement of street litter bins, cleansing of public conveniences, and in the event of severe winter weather snow clearance of pavements.

3.6 The current Street Cleansing Contract, let to Kier Services in 2005, is due to expire on 28 March 2012, following the maximum permitted extensions.

3.7 The Executive Committee meeting on 3<sup>rd</sup> February 2010 (Item 165) it was resolved that the contract be retendered in March 2011 due to the size of the contract falling within the European Union Regulations thresholds, and it being subject to long publication periods and contract lead-in times. The Environment Portfolio Holder also agreed that an Environment PDS Working Group be set up to review the contract arrangements to facilitate the re-letting of this contract.

3.8 The Working Group of the Street Cleansing Contract concentrated on the Council provided services that deliver frontline aspects of the street cleansing environmental contract, currently provided by Kier Street Services.

3.9 Monitoring the performance of the contractor's operations is recognised to be of vital importance in determining service delivery and customer satisfaction levels. The current contractor, Kier Street Services, is performing well across a wide range of indicators and the most recent borough wide survey (Place Survey October 2008) showed 63% of residents fairly or very satisfied with street cleansing standards.

3.10 To ensure continuous improvement in service delivery and the need to achieve value for money, the Working Group considered key areas for improvement as part of the retendering process, due to commence in March 2011. In particular the operational methodology of street cleaning adopted by the contractor was examined.

3.11 The Working Group considered the performance of the Street Cleansing service across a number of different benchmarking indicators. Appendix A provides detail of this information. In summary London Borough of Bromley street cleansing service is considered to provide 'high value for money' when compared with similar boroughs in London and has relatively high customer satisfaction (63%).

3.12 The Working Group made a number of recommendations as to how services should be improved together with areas for further action including: enforcement activity, voluntary support

from residents and businesses and how the successful contractor would embrace responsibility for the impact of its activities on the environment, customers, residents, visitors, employees, communities and stakeholders.

- 3.13 The Working Group also considered the impact of the Council's financial position and the vulnerability of many services which may result in reduced budgets in future years.

#### Summary of the Working Group Recommendations

- 3.14 The contract packaging and procurement options of the new street cleansing environmental contract should attract companies with appropriate experience in environmental maintenance and have the necessary resources for the value and continuity of work offered by the authority, providing fair competition and value for money.
- 3.15 The Council's standards of street sweeping and cleaning need to more readily take account of public expectation. The future contract for the service needs to include for high visibility of the services, the frequency of cleaning, appropriate method of operation and flexibility to take account of changing local circumstances.
- 3.16 The Council should review the mechanisms and proactively enforce the various regulations relating to the street environment and develop a programme of publicity, education and promotion to raise awareness which would be supported by the new contract.
- 3.17 The Street Friends concept is gathering momentum with good examples in other Boroughs of the use of volunteer's in assisting with monitoring contractor's performance and reporting problems. Tackling anti-social behaviour and changing attitudes of young people is also an issue and in this respect consideration should be made jointly with the Public Protection and Children and Young People PDS. The new contract should include contractual obligations towards developing Corporate Social Responsibility as part of this community engagement process.
- 3.18 In addition to the Working Group recommendations it is proposed to build on the existing use of technology with the Street Cleansing service to improve effectiveness and realise further efficiencies. Prospective contractors will be requested to identify their commitment to the use of Personal Digital Assistants (PDAs), route optimisation software and vehicle tracking to maximise the efficient deployment of their resources to meet demand. It is expected that the successful contractor will be able to react in 'real time', i.e. immediate transfer of service requests and data from the customer to the frontline operatives, therefore reducing the need for back office overheads and management supervision.
- 3.19 It is expected that any ICT software or hardware required by the Contractor will be supplied directly by them.
- 3.20 The London Borough of Bromley Area Management Team will also be equipped with PDAs allowing the transfer of information in 'real time', assisting them in the monitoring of the contract. The effectiveness of the contractor's service is monitored by client inspectors who record all unsatisfactory work. The results provided by routine monitoring will be analysed to provide management information relating to the performance of the contract as a whole and on individual contract areas. All public enquiries and complaints regarding the service will be logged electronically utilising the Council's 'Confirm' system and shared with the contractor in order to resolve issues and improve service requirements.
- 3.22 The new contract will be drafted on a relational contracting basis, using the 'New Engineering Council' (NEC) contract documents, providing for a collaborative working agreement between the Council and a contractor. Whilst the contract will be based on certain productivity levels required of an "input" contract, typical of a frequency based specification, it will have the

versatility to cope with changing circumstances throughout the contract period without the need for renegotiation.

#### **4. POLICY IMPLICATIONS**

- 4.1 Improved street scene services are a key outcome for the Environment Portfolio and link with the Council's policy and priorities to provide a quality environment, vibrant thriving town centres, and supporting independence and safer communities.
- 4.2 Local environmental quality has several dimensions, including how places look and are perceived; how safe and happy people feel about living in an area; and how attractive areas are to workers, visitors and new business investors. Residents have consistently cited Street Cleansing as a high priority in the IPSOS MORI Place Survey.
- 4.3 Achieving and sustaining a high local environmental quality is important to the Council and the provision of street cleansing supports a number of ambitions expressed in Building a Better Bromley: *"A quality environment - we aim to maintain and enhance the local environment in which people live and work, and provide a high quality of life for all."*
- 4.4 The Council has a policy of supporting local business and SME's. The procurement strategy outlined in paragraph 13 directly encourages this support.
- 4.5 To support a more efficient and effective Street Cleansing operation it is proposed to relocate the operational base of the new contractor from Beaverwood Depot, Chislehurst to the former Chartwell site, part of Central Depot (The Avenue, Bromley) adjacent to the Council's Waste Transfer Station. Planning permission should not be required to facilitate this move but local residents will be consulted and informed of the likely increase in vehicle movements arising as a result of the relocation of the Street Cleansing service. The proposed relocation will tie in with the start of the new contract in March 2012.
- 4.6 The current financial climate presents a challenge to continue to deliver high standards of service with fewer resources. It is expected that in tendering a new contract current standards will not be adversely affected and that innovative approaches to delivering the services will be expected from the contractors. However, there is a need to acknowledge that future reductions in budgets affecting the Street Cleansing contract may adversely affect the standards delivered and therefore the satisfaction of customers and may require some flexibility in the methods used to undertake the service to obtain optimum results. This will need to be reflected in the tender documentation issued which will provide the opportunity for alternative proposals to be made, in terms of cost and/or service, to enable contract discussions around affordability issues.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 There is provision in the 2010/11 revenue budget for £4.9m for street cleansing, toilet and drainage cleaning as shown below: -

<b>Service area</b>	<b>Latest Approved Budget 2010/11 £'000</b>
Graffiti Cleaning	336
Street Cleansing	3,780
Community Clean-ups	25
Autumn Leafing and Weed Control	166
Litter Bin Provision and Maintenance	55
Fly Tipping	34
Removal of Dead Animals	16
Public Toilet Cleaning (on street and in parks)	<u>321</u>
	4,733
Drainage Cleaning	<u>168</u>
<b>Total current budget available</b>	<b><u>4,901</u></b>

- 5.2 The tender documentation will provide various options within the schedule of rates to enable different pricing options to be submitted, which may be affordable within the current budget constraints.

## **6. LEGAL IMPLICATIONS**

- 6.1 Street Cleaning services fall within Schedule 3A of the Public Contracts Regulations and, as such, will be subject to the full EU compliant tendering regime. It is proposed that the restricted procedure be followed whereby a short list of suitable tenderers be made up following evaluation of businesses who express an interest in the service and who meet our minimum financial and technical requirements. The ITT will be sent out to the shortlisted firms and bids will be evaluated against specified criteria based around 60/40 price/quality.
- 6.2 A further report will be submitted in due course once the evaluation has been completed and a commendation around the award can be made

## **7. PERSONNEL IMPLICATIONS**

None

## **8. PROCUREMENT IMPLICATIONS**

The Procurement Strategy identified is designed to give the optimum level of flexibility in terms on the need to ensure the delivery of a cost efficient service while providing for the Council's policy aims around SME and community engagement and similar sustainability issues.

In line with the Councils reduced funding provision, the contract is being offered on a fixed price basis for 3 years and then linked to appropriate basket of increased cost indices to reflect the labour and equipment used its provision rather than RPIX. This should provide a level of price certainty in the short to medium term and also link more closely future increases to actual cost incurred in delivery of the service.

The "Gate Report", which is provided in line with the Council's Contract Procedure Requirements, accurately reflects the procurement strategy resulting from discussions between

the services area and other “interested “corporate” parties, including Procurement, Legal and Finance.

## **9. CUSTOMER PROFILE**

- 9.1 The Street Cleansing contract provides a universal service across the borough. However, in the event of the Street Cleansing service being suspended due to a major snow event then resources will be deployed to clear snow from key priority areas such as shopping centres. Resources are also deployed to clear leaves from the roads and footways in the autumn time in areas most affected.

## **10. STAKEHOLDER CONSULTATION**

- 10.1 The Environment PDS Working Group considered the operations of 3 other local authorities during the review of the Street Cleansing contract. Benchmarking information was also analysed and the results considered.
- 10.2 In addition the Area Management team regularly conduct Customer Surveys to gauge the performance of the contract. The results of these localised surveys are used in the monitoring of the contract and the ongoing development of the service.
- 10.3 Reports via the Customer Contact Centre, emails and letters are also rich sources of information that give valuable feedback on the performance of the contract and provide indicators on where improvements can be made.

## **11. SERVICE PROFILE / DATA ANALYSIS**

- 11.1 During 2009, The London's Environment Directors' Network, with support from 'Rse Tribal Consulting', undertook a review of street cleaning in London. The original exercise involved eight boroughs, including Bromley, and was subsequently extended to a further seventeen London authorities.
- 11.2 The premise of the review was to develop practical ideas, improve performance and efficiency and demonstrate what 'good value for money' street cleaning services look like.
- 11.3 Bromley emerged from the review with a high value for money rating in its group of comparative 'shape' boroughs, taking into account the profile of the population, litter generation and road network.
- 11.4 The 2008 Place Survey asked residents '*how satisfied or dissatisfied are you with... keeping land clear of litter and refuse*'.
- 11.5 Out of those who responded, 62% answered that they were satisfied, ranking Bromley 9<sup>th</sup> in the Tribal review and 7% above the average Outer London response to this question.
- 11.6 By relocating the operational business of the new street cleansing contractor to the Central (Chartwell) Depot site, the new contractor will reduce the number of unproductive vehicle journeys experienced by the current contractor following the tipping of waste at the Waste Transfer Station and the subsequent return journey to Beaverwood Depot. This will have the benefit of reducing the contractor's fuel costs and saving lost working time whilst travelling between depots; costs which would have been included as part of the existing contractor's original tender submission.
- 11.7 As a result of relocating to the Central Depot the new contractor will be required to optimise the efficiency of the street cleansing 'beats', the pattern of daily cleaning tasks, and utilise time more effectively whilst taking into account the Council's refuse collection 'beats' to ensure where possible cleaning takes place after refuse and recycling collections has been completed.

## 12. MARKET CONSIDERATIONS

- 12.1 There are a number of contractors providing Street Cleansing services to Local Authorities across the country. It is recognised that there are 3 large contractors likely to tender for London Borough of Bromley Street Cleansing contract, however as stated in paragraph 13 the procurement strategy directly encourages the support of SME's and local businesses.
- 12.2 Soft Market Testing will be carried out prior to the issuing of the EU notice to inform various aspects of the tender documentation and service specification.

## 13. OUTLINE CONTRACTING PROPOSALS & PROCUREMENT STRATEGY

- 13.1 The Environment PDS Working Group considered 3 different Contract Packaging and Procurement Options. Details of the packaging and procurement options can be found in paragraph 5 of the report of the Working Group of the Street Cleansing Contract.
- 13.2 In summary the 3 options were:
- Option 1 – Single Contract
  - Option 2 – Separate Contracts
  - Option 3 – Combined Contract with 'Lots'
- 13.3 Having considered the procurement options available for environmental contracts, it is proposed that value for money will best be achieved by letting a new contract based upon **Option 3** - a combined contract with five lots.
- 13.4 The recent highway maintenance works contract was tendered as a combined contract with four 'lots'; major refurbishment works, minor reactive repairs, mastic surfacing, and road markings. This allowed contractors to bid for those areas of work that were of interest, with discounts being offered should all or some of the lots being awarded to the same contractor. The tender appraisals process enabled the potential appointment of between one and four contractors, depending on a financial and quality assessment. However, separate lots were not awarded for the smaller contracts as part of this packaging option due to insufficient SME's interested in applying for such works. The contracts were awarded as two main contracts – as a major refurbishment works contract, and a minor reactive repair contract incorporating the other two lots.
- 13.5 The existing street cleansing contractor employs specialist sub-contractors to undertake graffiti removal, cleansing of public conveniences and weed control. Employing these specialist contractors directly would encourage local businesses and SME's to tender for these works, and may provide other financial benefits. However, with this approach the Council may have additional contract management requirements which have financial implications.
- 13.6 The highway drainage cleaning contract is also due to be retendered in 2011, however there are synergies between street cleaning and drainage cleansing, particularly when programming 'deep cleaning' schedules and organising clean-ups following flooding incidents involving both service areas. Street cleansing also requires co-ordination with seasonal weed control operations and is considered integral with the overall performance of the service. A deterioration in the level of weed control generally leads to an increase in litter, particularly in built up areas. A high level of weed control is therefore necessary. Dead vegetation as a result of weed control operations can itself become litter. Whilst the PDS Working Group considered letting the weed control element as a separate lot it is important that litter removal operations



have to be co-ordinated with weed control operations and managed as part of the same service to ensure the contractor has ownership of all levels of cleanliness.

13.7 Following the Working Group's research involving other local authority environmental contracts; it is clear that certain efficiencies can be achieved and that street cleaning, weed control and drainage cleaning services can form part of the same contract. It is therefore considered appropriate that this form of work should become amalgamated with other environmental contracts. A period of service will need to be maintained during the expiry of the existing drainage cleaning contract (August 2011) and the proposed commencement of a new combined contract (March 2012). This will be provided by the existing contractor subject to meeting the requirements of standing orders and financial regulations.

13.8 The street cleansing contract could follow the highway maintenance contract model, by tendering a single contract with separate 'lots' for:

Lot 1 – Street Cleansing & Weed Control

Lot 2 – Graffiti Removal

Lot 3 – Cleansing of Public Conveniences

Lot 4 – Cleaning of Highway Drainage

Lot 5 – All environmental contract services

13.9 This would result in contracts being awarded to between one and four contractors, or any potential combinations while ensuring that all works were undertaken by the contractor offering the most benefits to the authority

13.10 It is proposed that the Street Cleansing contract is let for either a five plus two year extension period or for the option of a straight seven year period providing a facility for the contractor to include a discount for the full term. The other environmental contract lots having a term of three, five or seven years, with contractors providing rates for each term/lot and consideration being given at tender evaluation as to the preferred option. With an initial term of three or five years, the Council would retain the option to extend the contract service in two year increments.

13.11 It is anticipated that the new contractor will assess the available automotive technology and innovation in low carbon vehicles, electric, hybrid and fuel-cell vehicle development and manufacture when determining the contract requirements. Other innovations will include vehicle tracking and real-time information to assist with contract monitoring, providing visibility of the work force. The contractor will make use of real-time remote working solutions in order to improve the efficiency of his work force and respond quickly to customer enquiries.

13.12 The volume and complexity of work to be covered in the environmental street cleansing contract should allow for flexibility and alternative service provision to benefit both local residents and the Council.

13.13 The contract will also allow for the potential introduction of other environmental services at staggered intervals during the term of the contract and for collaborative working with other local authorities.

#### **Procurement timescales**

13.14 An outline procurement timetable is provided in Appendix A. An advertisement Notice will be posted in OJEU for Select List of Contractors in March 2011. The new street cleansing contract will commence from March 2012.

## Evaluation

13.15 The evaluation criteria will follow standard LBB model adjusting to a 60/40 (Price/Quality) split because of the high level of service quality provided. It will be a 2 stage restricted process following the issue of the OJEU notice. The evaluation process used will also cover the identification of and allowance for any differences in costs resulting from the combinations of bids received, including differential management and resourcing costs.

### 14. SUSTAINABILITY IMPACT ASSESSMENTS

14.1 In formulating the service and contracting strategies the Project Board has considered their impact on a number of issues, collectively referred to as 'Sustainability' matters. These matters are associated with Economic, Social and Environmental considerations. They are also addressed in the Council's 'Building a Better Bromley' policy statement which has been agreed with its Local Strategic Partners and its own Sustainability Policy.

14.2 Consideration has been given to optimising the opportunities around this contract for SME's. Paragraph 13 highlights how the option to bid for 1 or a combination of a number of lots or all lots, will allow SME's the opportunity to bid for a contract that reflects their size and resource capabilities.

14.3 Officers are investigating the feasibility of integrating an apprenticeship condition in the contract, so that the successful contractor will provide local young people with work opportunities. The contract is of an appropriate size and scope and advice is being sought from the National Apprenticeship Service on how it could be implemented. Such requirements are becoming increasingly common; it was part of the tender process for the new 'Barclays Cycle Hire' scheme in central London; other London boroughs have used apprentices in landscaping contracts and it would complement Bromley's already successful 'Thyme Out' project (which provides work opportunities for adults with learning disabilities). By providing apprenticeships and sub contracting opportunities for SMEs the contract will deliver additional benefits for the community over and above the service being contracted, and in doing so, provide maximum value for money.

14.4 All successful contractors will be asked to support the use of sustainable arrangements in the delivery of the service. This will in turn contribute to the reduction of the Council's Carbon footprint.

<b>Non-Applicable Sections:</b>	Personnel Implications
Background Documents: (Access via Contact Officer)	Contract for Street Cleansing – Contract Extension Option – report to Executive 3 February 2010  Working Group Review of Street Cleansing Contract – report to Environment PDS 29 November 2010

### Indicative Timeline :

Feb/March 2011	Gateway Review Report to Executive Committee
March 2011	Advertisement Notice Posted in OJEU for Select List of Contractors
April 2011	Response for PQQ
June/July 2011	Tender Period (minimum 40 days)
Sept/October 2011	Recommendations to Appoint Contractor(s) to Environment PDS/Portfolio Holder, Tender Acceptance by Executive Committee
November 2011	Successful Contractor(s) informed of award subject to Alcatel and call in
March 2012	New contract commences