

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

15 MARCH 2016

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

HIGHWAY & OPEN SPACE GRASS CUTTING ARRANGEMENTS 2016

1. Purpose of Report.

1.1 The purpose of the report is to seek Cabinet approval :

- i. for the preferred service level for highway and open space grass and hedge cutting, and
- ii. for the award of the contract for the provision of grass and hedge cutting services, as detailed in this report.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 The review and subsequent outsourcing of the highway and open space grass cutting service provided by the Council, formed part of the Communities Directorate response to reconciling operational levels of service with the financial settlement at the time and was in accordance with the improvement priorities detailed in the Corporate Plan under Priority 6 - (Working Together to Make Best Use of Our Resources). This report for the second award of contract for grass and hedge cutting also falls under Priority 6 – Best use of resources.

3. Background.

3.1 As part of the Medium Term Financial Strategy (MTFS) for 2015/16 the Grounds Maintenance and Bereavement Services had a savings target of £437,000 to achieve. In seeking to meet this target a comprehensive review of the staffing structures and management arrangements within the Parks and Playing Fields Service area was initiated. However, it was not possible to achieve all of the savings required from this structural review alone, and it was, therefore, necessary to also review operational practices and procedures. Part of this review identified the cutting of highway and open space grass across the County Borough as an area where savings could be made. Following a review of grass cutting arrangements, tenders were sought from selected contractors for a range of service level options.

3.2 The cutting of open space is to all intents and purposes driven by aesthetic considerations. In extreme circumstances i.e. little or no cutting taking place, health and safety concerns may arise i.e. fire risk in dry summers. The cutting

of grass alongside highways - high speed roads, is driven more by safety considerations - maintaining sight lines, vision splays etc., with aesthetics being a secondary consideration. There is no stipulation in highway legislation of minimum maintenance levels. The obligation is simply to implement a regime of maintenance. The level of maintenance adopted is, in principle, a decision for the Council. That said, best practice based on the general requirements of codes of practice are available and no doubt reference will be made to the relevant recommendations these contain should any incident occur which results in legal action against the Council.

- 3.3 Cabinet on the 3rd February 2015, made a decision to award the contract to the lowest priced tenderer and to reduce the service level from 9 annual urban cuts and 5 annual rural cuts to 7 and 4 cuts respectively – a number of areas were also identified where more ‘relaxed’ regimes of maintenance could be used ie meadow and herbaceous regimes. This change resulted in a net budget saving to the Council of approx. £132,000 – approximate contract value of £157,000. This along with other measures identified by the review would achieve the balance of the savings required to meet the saving target without undue impact on the remainder of the service area.
- 3.4 The performance of the contract on balance was acceptable, however, the contractor, whilst keen to continue providing the service for the Council, was of the opinion that he was unable to do this for a second year on the basis of the existing contract.
- 3.5 Based on the principle that tendering of this work resulted in a significant budgetary saving, repeating the process was viewed, on balance, as the best course of action to follow given the ongoing requirements of the MTFs, even though the outcomes of this last maintenance season would seem to suggest, that the scale of the savings achieved through the initial outsourcing exercise were unlikely to be realised again.
- 3.6 Based on the experience gained last year the following changes were made to the tendered contract : –
- an extended contract period – 2 year contract, with a possible extension for a further year
 - single swathe highway grass cutting (2 cut side arm flail work) and field hedge cutting added to the contract,
 - revised matrix of service levels – refer to **Appendix 1**

4. Current Situation

- 4.1 Working in conjunction with Procurement, an open procedure electronic tender exercise was conducted. An OJEU notice was placed in the European Journal and the tender opportunity was also advertised through Sell2Wales on the 30th December 2015. The closing date for tender submissions was the 4th February 2016. Five tenders were received via the electronic tendering portal (E-tenderWales) and subsequently evaluated.

- 4.2 The evaluation process used consisted of two stages. Stage 1 - an assessment of the tenderer's responses to mandatory/compliance criteria and supporting information. Tenderers not meeting these requirements were eliminated at this stage. Stage 2 - An assessment of price alone, i.e. this being the basis of identifying and evaluating the most economically advantageous tender.
- 4.3 Two companies failed to meet the minimum mandatory/compliance criteria and were eliminated at Stage 1. The details of the Stage 2 assessment of the remaining three tender submissions are provided in **Appendix 2**.
- 4.4 Contractor 5 provided the most economically advantageous tender, with three service level options being priced. Service Level 2 is equivalent to the level of service used last year, albeit that this year's tender includes additional work - single swathe grass cutting and hedge cutting. Whilst the cost of this additional work is budgeted for, there is an underlying increase in cost for the remaining grass cutting work (the urban and rural grass cutting). This will manifest itself as a budget pressure. For Service Level 2 this underlying increase in cost is £80,000 per annum.
- 4.5 For an improved level of service ie Service Level 1 – refer to **Appendix 1**, the budget pressure would increase to £142,000 per annum.
- 4.6 The option is available to reduce the scope of the new contract to Service Level 3. This change would still result in an increased contract value, however, the underlying increase – budget pressure, would be reduced to £35,000 per annum. Cabinet is requested to note that Service Level 3 would be a much reduced service. The main changes being the reduction in the frequency of urban verge and open space grass cutting from the current 7 four weekly cuts per season to 5 six weekly cuts, and the reduction of single swathe grass cutting from twice a year to once only. The cutting of grass along the strategic highway network would remain at 4 nine weekly cuts on the grounds of Health and Safety. Hedge cutting would remain at one cut per season.
- 4.7 As part of the tendering exercise for the initial 2015 contract, an in-house bid was submitted which, as well as being a bona fide bid to secure the delivery of the service, was also used as the 'cost comparison benchmark' for the assessment of the other submitted tenders. The Parks and Playing Fields Service, the Cemeteries Service and the Coychurch Crematorium have recently been restructured into a combined Green Space and Bereavement Service Area. The structure adopted for the Green Space element of the service area, reflected the arrangement whereby the urban and rural grass cutting was delivered through an outsourced contract. Operating areas have been reduced from four to two, with supervision reduced to reflect this set up. In addition depot provision is being rationalised, with all operational areas of the service area (grounds maintenance, cemeteries and play area inspection/maintenance), planned to be accommodated in the one depot at Bryncethin. Historically, these services have been delivered out of four area depots. These changes contribute significantly to the achievement of the

service area savings targets identified in the MTFs. In light of this background an in-house bid was not submitted for this tender. However, simply from the point of view of an operational price comparator/price check, the most economically advantageous tender is much closer to the in-house valuation of the services covered by this contract than was the case last year, now approximately £ 36,000 lower than an in-house operational service provision estimate for Service Level 2. This saving is in addition to the facilitation of the savings to the management structure and review of depots mentioned.

- 4.8 Cabinet are therefore asked to approve in the context of the ongoing challenging financial position, and the need to achieve set levels of savings, a level of service i.e. frequency of grass cutting/number of grass cuts per season, to be adopted by the Council for the new contract. This needs to strike a balance between achieving the necessary financial savings but preserving a level of service that continues to allow grass cutting to be preserved at an acceptable level. On balance this is best achieved by awarding the work to the contractor who submitted the most economically advantageous tender to deliver the service at Service Level 2 as described earlier in the report.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 This report has no effect on Policy Framework and Procedural Rules.

6. Equality Impact Assessment

- 6.1 The Council's Equalities Impact Assessment Toolkit has been utilised which indicates that the proposal would have no impact on specific equality groups.

7. Financial Implications.

- 7.1 Selection of Contractor 5 to deliver Service Level 2 would result in an 'underlying' increase in cost of £80,000. However, this increase can be met from within existing budgets by savings generated through the restructure of the service area in 15/16 and 16/17, together with overtime reductions. Despite the increase in cost there is still a net saving in outsourcing this element.

8. Recommendations.

- 8.1 Cabinet is recommended to approve the award of contract to Contractor 5 (Total Ground Care Ltd.) for the delivery of Service Level 2 as detailed in this report.

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March 2016

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Background Papers: Cabinet report 3rd February 2015 Highway and Open Space
Grass Cutting None

Appendix 1

Service Level Options

Type of Grass	Service Level		
	1	2	3
Urban Grass (Open Space)	9 cuts at three weekly intervals Ht of cut 25mm Ht of grass prior to cutting 100mm to 150mm	7 cuts at four weekly intervals Ht of cut 50mm Ht of grass prior to cutting 150mm to 200mm	5 cuts at six weekly intervals Ht of cut Ht of grass prior to cutting 200mm +
Rural Grass (Highway Grass)	Vision Splays 6 cuts at four weekly intervals All other Areas 4 cuts at four weekly intervals (late start and early finish to cutting cycle) Ht of cut 50mm Ht of grass prior to cutting 200mm +	Vision Splays 5 cuts at six weekly intervals All other Areas 3 cuts at six weekly intervals (late start and early finish to cutting cycle) Ht of cut 50mm Ht of grass prior to cutting 250mm +	Vision Splays 4 cuts at 8 weekly intervals All other Areas 2 cuts – one early and one late season cut Ht of cut 50mm Ht of grass prior to cutting 300mm +
Naturalised Areas	The maintenance regime for all naturalised areas will be one early and one late season cut (2 cuts per season)		

Stage 2 Price Assessment

Service Level	Contractor 1	Contractor 2	Contractor 3	Contractor 4	Contractor 5
Service Level 1	Failed Stage 1 Assessment	£354,601.26	Failed Stage 1 Assessment	£1,235,762.00	£325,003.20
Service Level 2		£288,566.73		£1,003,731.00	£263,309.89
Service Level 3		£251,148.68		£725,835.40	£218,085.49