

Cabinet Meeting		Agenda Item: 10
Meeting Date	7 December 2016	
Report Title	Extension of Grounds Maintenance contract	
Cabinet Member	Cllr David Simmons, Cabinet Member for Environmental and Rural Affairs	
SMT Lead	Dave Thomas, Head of Commissioning & Customer Contact	
Head of Service	Dave Thomas, Head of Commissioning & Customer Contact	
Lead Officer	Dave Thomas, Head of Commissioning & Customer Contact	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To approve the extension of the Grounds Maintenance contract with Blenwood Limited for a period of five years. 2. To remove the Kent Highways component of the contract, and continue to negotiate on other items to deliver financial savings for the Council. 3. To delegate authority for agreeing and signing the final terms of the contract extension to the Head of Commissioning and Customer Contact in consultation with the Cabinet Member for the Environment and Rural Affairs and the Cabinet Member for Finance. 	

1. Purpose of Report and Executive Summary

- 1.1. The current Grounds Maintenance contract was awarded to Blenwood Limited in 2006. The contract was for a ten-year period, effective from 15 January 2007, so ending on 14 January 2017.
- 1.2. The contract states that, provided the contractor performance is satisfactory, an extension of a further five years will be awarded.
- 1.3. In accordance with the Council's Financial Standing Orders, an extension of a contract of this value requires Cabinet approval.

2. Background

- 2.1. Blenwood has provided a level of service in accordance with the contract specification and terms and, whilst there have been some operational issues and challenges (as with any major contract), the contractor has always worked with the Council in a flexible and supportive manner to address them.

- 2.2. The Council also receives very few complaints from members of the public in respect of the service provided through this contract, in comparison with other high value, high volume contracts.
- 2.3. The Local Area Perception Survey also provides insight into the service via the performance indicators about parks and open spaces. The 2015 survey showed that residents felt that parks and open spaces were slightly less in need of improvement when compared with 2014 and 2013. However, satisfaction with parks and open spaces did drop very slightly in 2015 compared with 2014, but remained broadly in line with figures reported in previous years.
- 2.4. In 2011, a review of all of the Council's major contracts was undertaken. Significant cost reductions relating to this contract were agreed with Blenwood's co-operation at the time, to meet the Council's cost reduction programme. The initial contract value at January 2005 was £1,056,061 per annum, rising to £1,274,934 p.a. by 2011 due to growth, indexation, new developments, and infrastructure levy agreements coming on line. However, this sum has been reduced; initially by £156,000 p.a. At 12.5% of the contract value this reduction exceeded the stated contract variance maximum of 10%, but was agreeable to Blenwood. This represented a saving of £780,000 over the remaining life of the contract at the time, i.e. 2011-2016.
- 2.5. In light of the Council's ongoing need to reduce overall expenditure levels, including contract savings, this extension has provided the opportunity to review the specification and to consider opportunities to reduce the contract value further, however options need to be considered and balanced with the Council's wider priorities. It should however be noted that the threshold for contract reductions has already been exceeded, and the contractor therefore has the right, under the terms of the contract, to decline any further requests for reductions if there is no benefit to themselves in doing so.
- 2.6. An independent consultant has therefore been appointed to advise both parties where opportunities for mutual efficiency and cost savings might be identified, and this dialogue is ongoing. It is accepted, however, that there is limited headroom remaining in the contract for further savings without potential reductions to the current contract standards.
- 2.7. During the ongoing negotiations, Blenwood have agreed to take the opportunity to revisit the specification and re-price accordingly, within the boundaries of what is permitted under procurement law. Again, this reflects the flexible approach of the contractor who, given the previous contract value reductions, might have insisted on retaining the current specification and pricing.
- 2.8. Currently, the Council undertakes grass-cutting and other soft landscaping works on behalf of Kent County Council, and this forms part of the contract with Blenwood. However, KCC have served notice that they wish to take this work

back and commission their own contractor to undertake the works, almost certainly to a reduced standard in order to reduce their own costs.

- 2.9. This component of the contract will therefore be removed, thus reducing the contract value by £121,000 p.a., though this will be cost neutral to Swale, as the KCC payment to the same value will also cease.
- 2.10. Officers are exploring opportunities to generate income which would be used to offset part of the contract costs, including roundabout and floral bedding sponsorship, though these are unlikely to be significant.

3. Proposal

- 3.1. That Cabinet approves the extension of the current contract for a period of five years, ending in January 2021.
- 3.2. To remove the Kent Highways component of the contract, and continue to negotiate on other items to deliver financial savings for the Council.
- 3.3. To delegate authority for agreeing and signing the final terms of the contract extension to the Head of Commissioning and Customer Contact in consultation with the Cabinet Member for the Environment and Rural Affairs and the Cabinet Member for Finance.

4. Alternative action and why not recommended

- 4.1. To not award the contract extension would place the Council at a high level of risk of legal challenge by the incumbent contractor.
- 4.2. As the KCC payment for highways verge maintenance will cease in January 2017, it is proposed that this component of the contract be removed accordingly. However, components of this work which might cease once KCC manage the works themselves could be retained within the contract, though this would be at full cost to SBC. No budget provision has been made for this.

5. Consultation Undertaken or Proposed

- 5.1. No external consultation has been undertaken.

6. Implications

Issue	Implications
Corporate Plan Implications	The Grounds Maintenance contract directly supports the Council's ambitions to be "a borough to be proud of" and "a council to be proud of".
Financial, Resource	Financial implications are covered in the body of the report. The

and Property Implications	removal of the Kent Highways component will result in a reduction in the contract value, but would be cost neutral to the Council given the corresponding reduction in income from Kent Highways.
Legal and Statutory Implications	Legal advice has confirmed that the Council is obliged to award the extension to the contract, as the contractor has provided a level of service in accordance with the contract specification and terms.
Crime and Disorder Implications	No implications.
Sustainability Implications	No implications.
Health and Wellbeing Implications	No implications.
Risk Management and Health and Safety Implications	No reductions to the contract specification or terms and conditions will be made which compromise risk or Health and Safety.
Equality and Diversity Implications	No implications.
Social Value implications	As the recommendation is to extend the current contract, these do not alter, though the current contractor is a Swale based company, and the majority of its employees are Swale residents.
Commissioning and Procurement implications	This process has been led by the Commissioning and Procurement Teams and the various aspects and considerations have been covered within the report.

7. Appendices

7.1 None.

8. Background Papers

8.1 Reference to original tender award:

Please see the attached link – minute no. 569:

<http://services.swale.gov.uk/meetings/CeListDocuments.aspx?MID=228&RD=Minutes&DF=14%2f12%2f2005&A=1&R=0>