

REPORT FOR: **CABINET**

Date of Meeting:	16 October 2014
Subject:	Arboricultural Services
Key Decision:	Yes
Responsible Officer:	Caroline Bruce, Corporate Director of Environment and Enterprise
Portfolio Holder:	Councillor Varsha Parmar, Portfolio Holder for Environment, Crime and Community Safety
Exempt:	No, except for appendix 1 which is exempt under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 - Arboricultural Contract Part II - (Exempt) Appendix 2 - Equality Impact Assessment

Section 1 – Summary and Recommendations

This report seeks Cabinet approval to enter into a new 4 year (3 year +1) Arboricultural Services Contract for the maintenance of the borough's tree stock.

Recommendations:

Cabinet is requested to grant authority to the Corporate Director of Environment and Enterprise, following consultation with the Portfolio Holder for Environment, Crime and Community Safety, to enter into a new Arboricultural Services Contract with the provider Glendale.

Reason: (For recommendation)

To ensure the Council fulfils its statutory responsibilities to maintain trees across the borough.

Section 2 – Report

Introductory paragraph

On a national level the Government recognises the value of trees and the need to plan for a sustainable future, particularly in an urban context. It encourages local authorities to produce long term plans for the care of their trees. Harrow Council has a legal responsibility for the management of all trees on Council owned land including trees on the public highway and trees in parks and open spaces.

The Council is committed to the high quality and proactive management of its tree stock. A new Arboricultural Services Contract is required to meet the developing Trees Strategy, which now includes a pruning regime as a key aspect of a preventative planned maintenance programme

Trees make a significant contribution to the quality of life and they provide character and many environmental benefits. As such this contract will benefit all sections of Harrow's community and help meet the Council's vision of making a difference for the identified groups (the vulnerable; communities; local businesses and families).

Options considered

Continuation with the current access arrangement of the Brent Council Arboricultural Contract was considered. However this option was not pursued as the arrangement is not tailored to the Council's needs and does not include the pruning regime that is being introduced and does not incorporate the suite of performance indicators that is required. The options appraisal done to

inform the procurement business case showed that better value for money would be achieved by approaching the open market.

Background

Harrow is a green borough with a considerable tree stock of over 300,000 trees including woodland areas. However the managed tree stock (highways, parks, open spaces, housing estates and schools grounds) comprises approximately 60,000.

The maintenance regime to date has primarily been one of responsive works and some tree planting. This regime has not been the most effective in the management of the Council's tree stock. The emerging Tree Strategy incorporates a pruning programme and it is this change that has driven a review of the contractual maintenance arrangements.

Current situation

The tree maintenance service is currently delivered via access to an Arboriculture Framework contract procured by Brent Council. The framework agreement provides services on a call-off basis from the contractor, Gristwood and Toms. The works are restricted to targeted essential, emergency and safety works together with a planting programme to replace dead or dying trees.

Why a change is needed

Although the framework is available until 2016, it has not delivered the best value in terms of rates and contract performance management. The Council has tested the rates on the open market and in 2013 ran a procurement exercise for the planting element of the service. At that time the planting contract was awarded to a different company, Gingko as they offered better rates than those available on the Brent framework. That procurement exercise helped to reinforce the view that , it was prudent to test the rates on the open market, where any changes were been made to the service specification. With the objective of gaining better value for money by economies of scale, the full maintenance contract, including planting was included in this tender.

Implications of the recommendation

Following the procurement exercise a new contract will be awarded to Glendale to provide arboricultural maintenance services for a period of 3 years from October 2014 with an option to extend for an additional year from October 2017. This recommendation is being made as Glendale scored the highest in the overall evaluation.

Tender process

The tender was conducted under an OJEU restricted tender process. The OJEU notice was posted in February using the London Tenders e-tendering portal. At the Pre-qualification Questionnaire (PQQ) stage there were 48 expressions of interest but only 8 submissions were received. From the PQQ evaluation, 5 suppliers were shortlisted because they were all well-established companies, with the appropriate experience and the financial stability required to deliver the service.

On receipt of the tender responses, a team of 5 officers including the Arboriculture Officer, Procurement and Finance evaluated the supplier submissions. The evaluation criteria were based on 70% quality /technical assessment and a 30% price/commercial assessment.

As part of the Quality/technical assessment a threshold score of 50% was set and suppliers who did not meet this threshold score were not carried forward for price/commercial evaluation. Two of the suppliers were eliminated at this stage as they did not pass the quality/technical threshold.

Although the three remaining suppliers all scored well on quality/technical aspects Glendale scored the highest because not only did they address all the technical elements, their offer on sustainable community benefits including apprentices was significantly superior.

The commercial element was evaluated based on the affordability target set for the procurement exercise.. Suppliers were asked to submit fixed prices for the cyclical maintenance of the trees over 4 years (factoring the likelihood of the one year extension) as well as schedule of rates for ad-hoc requirements i.e. emergency call outs etc. The three suppliers submitted their fixed prices, which were evaluated but only two of the bidders met the target affordability threshold of £1.6 million over the possible contract term of 4 years. The third supplier submitted prices that was above affordability target in keeping with the evaluation mechanism received no score for this element. Of the two remaining suppliers who met the affordability target, Glendale was 11% cheaper than the second supplier.

Suppliers were also requested to submit schedule of rate prices for various ad-hoc requirements covering emergency call outs, crown reductions etc. Glendale provided the most competitive schedule of rate ..

The commercial aspect also required bidders to submit prices for the purchase of tree stock. Glendale's prices for this element were over 46% cheaper than any the suppliers.

The combination of a superior technical offer and a value for money commercial pricing that has led to recommending the award of the arboricultural contract to Glendale.

Legal Implications

The procurement process has been conducted in accordance with the Public Contracts Regulations 2006 (the "Regulations") and the Council's Contract Procedure Rules. The services fall within Part B of Schedule 3 of the Regulations under Category 27 (Other Services).

Part B tenders must comply with the EU Procurement law of equality of treatment, transparency and non-discrimination. As the total value of the contract exceeds the threshold in the sum of £172,514 officers elected to

advertise the contract in the Official Journal of the European Union using a restricted process in accordance with the Council's Contract Procedure Rules.

The contract has been awarded to the supplier with the highest score. Officers are satisfied that Glendale's submission represents the tender which offers the best value for money for the Council.

Financial Implications

There is a revenue budget for arboricultural services and this will cover the cost of pruning, responsive and emergency works. Over the potential 4 years of the contract the revenue budget totals £1.6m i.e. £400k per year. The procurement has yielded value for money in that the cost of the cyclical maintenance over the potential 4 years is £1.256m. This value for money result was made possible by the inclusion of an evaluation mechanism that awards financial points on the basis of a price that incorporated a reduction against current budgets and continuous improvement, given the financial challenges faced by the Council.

Performance Issues

The current contract has no performance indicators barring one that relates to tree surveys and inspections. This lack of performance indicators makes contract management challenging. The new contract incorporates a detailed Performance Management regime that is underpinned by a suite of Key Performance Indicators aimed at measuring the responsiveness of the contractor as well as the quality of the service including customer service aspects. These KPIs have been linked to financial penalties that vary in severity to match the severity of any failure. The new contract includes performance indicators that measures and/or sets targets around:

- Number of Trees Planted per annum;
- Percentage of Trees (Highways, Parks, Allotments & Cemeteries) surveyed;
- Proportion of works orders carried out in accordance with specification;
- Volume of waste diverted for landfill recycled etc.;
- Works orders completed on time;
- Quality of inspections.

The above performance management regime and the resultant improvement in the overall tree stock quality will generate numerous benefits:

- Increased public safety by reducing the risk of injury from branch and tree falls;
- Increased perception of safety due to fewer obstructions / shadows;
- Fewer insurance claims due to poor levels of tree maintenance;
- Lower annual costs for medium and long term tree maintenance;

- Reduction in footway damage due to root growth.

Environmental Impact

The environmental impact of the proposal will be overwhelmingly positive. The pruning and the accelerated planting programme will ensure that trees are healthier and will play a crucial role in mitigating climate change by absorbing carbon dioxide. Trees are essential for improving air quality. Leaves absorb air pollutants such as ozone, carbon monoxide, and sulphur dioxide. Dust and other particulates are collected by leaves and washed to the ground by rain, rather than remaining in the air. Trees produce oxygen. Their role in reducing runoff during flash floods (providing an alternative to engineering solutions) is also being recognised. Vegetation also intercepts more rain thereby reducing the likelihood of flash flooding. The numerous leaves of plants and trees provide a greater area for water to evaporate from than flat surfaces

Environmental Legislation

In addition to statutory environmental legislation requirements, the appointed contractor is accredited to ISO 14001 (Environmental Management System)

Water and flooding

The expected increase in tree numbers will have a marginally beneficial impact on flood protection.

Traffic and transport

No direct impact on Traffic and Transportation.

Air quality and pollution

A healthy and expanding tree stock will have a beneficial impact in air quality and noise pollution.

Waste

Negligible amounts arising from tree works are taken to land fill. The vast majority is recycled – on site wherever possible.

Biodiversity

An increased tree stock will provide increased habitat for insects and birds. Felled trunks / logs will be placed wherever practicable in suitable open spaces to create valuable habitats.

Tree species selection will take into account the need to provide a suitable mix appropriate to each planting location.

Procurement

There is no specific requirement in the contract for the contractor to purchase trees in line with the Mayor's Green Procurement Code or to use Fair Trade goods. The trees will be purchased from approved, sustainable suppliers.

Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? Yes -

The identified key risks are:

- Deterioration in the Client / Contractor relationship
- Service delivery failure
- Contractor insolvency
- Fatality or serious injury

Causes, consequences and control measures are detailed in the risk register.

Equalities implications

Was an Equality Impact Assessment carried out? **Yes** – Please see **Appendix 2**. In summary the assessment concluded that the proposal is fully inclusive and has no disproportionate impact on any of the protected groups.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families.

The contractor has agreed the contractual obligations to provide a range of social benefits that will make a difference to the groups above. These social benefits include:

Glendale will commence an apprentice programme on the contract signing with a minimum of two arboriculture apprentices during the contract period. As well as offering two apprenticeship places Glendale will also work with local schools to offer a minimum of 4 work placements each year throughout the contract duration.

Glendale has successfully been running schemes on a range of contracts affording employment opportunities for local residents with learning difficulties.

Glendale will work with Harrow to put in place new ways of increasing local spend such as 'meet the buyer' events so that smaller local businesses have

the opportunity to supply Glendale with goods and services required that benefits the local economy and assists to deliver the contract effectively.

In addition to the above social benefits the contract will provide an improved level of maintenance and result in less overhanging vegetation and areas of darkness. This will lead to an improved feeling of safety and will therefore be particularly beneficial to families', communities and vulnerable people.

Businesses will also benefit from the general improvement in the street scene and attractiveness of the borough as Glendale will support a flower planting scheme across the Borough.

Section 3 - Statutory Officer Clearance

Name: Jessie Mann	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 16 September 2014		
Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 16 September 2014		

Section 4 – Performance Officer Clearance

Name: Jonathan Kilworth	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 19 September 2014		

Section 5 – Environmental Impact Officer Clearance

Name: Venetia Reid-Baptiste	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 26 August 2014		

Ward Councillors notified:	NO
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Section 6 - Contact Details and Background Papers

Contact: Tony Donetti, Infrastructure Team Leader, Traffic Highways & Asset Management, Commissioning Services

Tel: 020 8416 8347

Background Papers: None

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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