

Wiltshire Council

Environment Select Committee

19th September 2023

Subject: Streetscene and Grounds Maintenance Contract Update

Cabinet Member: Caroline Thomas - Highways and Transport, Street Scene and Flooding

Key Decision: No

Executive summary

1. The scope of Wiltshire Council's new Streetscene and Grounds Maintenance contract covers a wide range of services including grounds maintenance, grass cutting, street cleansing, election material deliveries and play area provision.
2. The contract is mainly an outcome requirement. This means the council states the service levels and the contractor delivers this in the most effective way and is incentivised by the contract terms to ensure this occurs.
3. The 2023/ 24 allocated budget is £5.066m, the forecasted spend is £5m.
4. Since the commencement of the contract, savings of £1.078m (£0.4m from efficiency savings and £0.678 from service amendments) have been agreed and are forecasted to be achieved.
5. The Streetscene function has been given additional funding to deliver extra litter related services and £0.37m of these will be delivered via the contract.
6. The Place Performance and Outcome Board Streetscene Key Performance Indicators are recording good performance.
7. The monthly contract operational Key Performance Indicator scores are averaging between 5 and 6 out of 10, which is considered an adequate performance during a mobilisation period.
8. Idverde's Carbon Commitment will be primarily using Hydronated Vegetable Oil (HVO) to meet their contract carbon requirements.
9. Idverde are using 3 Wiltshire Council depots. A 4th was vacated following a water leak and not returned to resulting in a loss of £0.034m in rent.
10. Monthly Service Delivery Team meetings and an annual review have been established, with an escalation process in place for contract failures or challenges.

Proposal

That the committee notes the Streetscene and Grounds Maintenance update.

Reason for proposal

As resolved at the Environment Select Committee meeting on 30 September 2022 the select committee will receive an update report on the Streetscene and Grounds Maintenance contract.

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Key Decision: No

Purpose of report

1. As resolved at the Environment Select Committee meeting on 30 September 2022, to provide an update on the Streetscene and Grounds Maintenance contract.

Background

2. The scope of the contract covers a wide range of services including grounds maintenance, grass cutting, street cleansing, election material deliveries and play area provision.
3. The 2022/ 23 Streetscene policy commitments were used as the contract baseline service levels. Examples of policies and contract specification at the time:

Grass Cutting:

Area	Expected mowing season	Expected frequency of cut	Type of mow
General grass areas Urban amenity areas for active play.	Second week March - end of October	Monthly	Cuttings to be as flown
Environmental cut Urban grass areas suitable for biodiversity mowing.	One cut during March, July and September	N/A	Cuttings to be as flown

Area	Expected mowing season	Expected frequency of cut	Type of mow
<p>Wildflower/ conservation areas</p> <p>Urban grass where mowing can encourage native fauna and flora.</p>	<p>A cut will take place the last fortnight of March and commence again in the last two weeks of September.</p>	<p>N/A</p>	<p>Cuttings to be collected and composted onsite</p>
<p>Rural grass cutting is undertaken by Local Highways through a number of different contracts.</p>			

Street litter and public litter bins

Area	Expected Standard
<p>Scheduled Litter Picking</p>	<p>All town centres will be at Grade A standard by 8am in accordance with the Code of Practice on Litter and Refuse standards.</p>
<p>Reactive Litter Picking</p>	<p>To the Code of practice for litter: GOV.UK: Statutory guidance Litter and refuse: code of practice</p>
<p>Litter Bins</p>	<p>Will be emptied to a frequency to prevent them overflowing and provided where there is a proven need.</p>
<p>Street and road sweeping is undertaken by Local Highways under the Milestone contract.</p>	

4. The contract is mainly an outcome delivered provision, this means the council sets the standards to be achieved and the contractor decides the most effective way to achieve the outcomes.
5. An Option C New Engineering Contract (NEC) 4 is being operated. The decision for an Option C contract followed a Procurement review of other council street scene contracts.
6. An NEC Option C contract pays the contractor defined operational costs (actual costs) rather than individual rates. However, to incentivise efficiencies the contractor at the time of tender provides a cost per activity. The number of activities the council uses is multiplied against the prices to set a Target Price. The Target Price is not the price paid, but the level at which incentivised payments can be made, or a reduction in sums occur. It is commonly known as a 'gain or pain' contract. This gives a considerable incentive for the most efficient delivery as once over the Target Price full costs are not paid by the council. The percentages are:

<i>Share range</i>	<i>Contractor's share percentage</i>
Less than 80%	25%
From 80% to 90%	35%
From 90% to 110%	50%
Greater than 110%	25%

7. The contract runs for five years with a possible extension of up to 5 years subject to performance against key outcomes.

Main considerations for the Committee

8. Wiltshire Council's new Streetscene and Grounds Maintenance contract was due to commence on 1st December 2022. However, this was delayed to 1st February 2023, to allow Idverde time to consider their position as the contract indices (price list increases) were lower than they had assumed at the time of pricing their tender. This meant the Target Price was lower than they had predicted.
9. The matter was resolved amicably, and the council's indices' rates were applied as per the contract clauses.
10. In addition to the original saving of £0.4m for moving to an outcome-based contract, an additional saving of £0.678m was agreed in the 2023/ 24 council budget for the service amendments as detailed in Appendix A. Some have no material impact on service delivery, for example the Service Delegation to Trowbridge Town Council, which Idverde actively supported and was completed on time. Whilst service reductions were also identified, the Option C contract gives us a flexible approach. For example, during June there was a sustained dry spell of weather when the grass did not grow so the council was able to remove one scheduled grass cut, saving over £0.1m on the target price. A further example, is a reduction of cleansing in town centres during low use.

11. The Streetscene team has received additional funding of £0.370m as detailed in Appendix B to address business plan priorities. The extra funding will be used for additional monthly cleaning of Service Delegated multi-story car parks, and litter picking on the highway network. These services started in August 2023.
12. The idverde contract also supports the Highway Operation Enforcement Team. Additional funding has been awarded for the enforcement of fly tipping, with the enforcement outcomes and fly tip numbers monitored by the Place Performance and Outcome Board.
13. The 2023/24 allocated budget was £5.066m, and the forecasted spend is currently £5m.
14. Completed works between the 1st February and the 31st July were high and stand at (Appendix C gives more details)

Details	Volumes
Code of Practice for Litter and Refuse (COPLAR) Reactive Works (per litter pick)	171
Number of empties of public litter bins	145,626
Number of fly tip removals	638
Meter squared of town centre areas cleaned	83,553,240
Meter squared of Amenity Grass cut	11,835.370
Meter squared of Low Amenity Grass cut. (Scoped as an Environmental Cut)	305,458
Meter squared of Wildflower/Conservation Grass cut. (Scoped as an Environmental Cut)	267,315

15. The monthly Key Performance Indicator scores are averaging between 5 and 6 out of 10 (Appendix D) which is considered an adequate performance for the Streetscene Service. This is in line with expectations during the mobilisation period. The main issues have been:
 - a. Access to the telematics information of the vehicles which contains personal details and which the GDPR team took time to resolve;
 - b. The production of an annual budget forecast has been delayed due to discrepancies over allowed defined costs (not all costs can be claimed by idverde);
 - c. Some disruption in the commercial delivery of idverde's town and parish council support.
 - d. Conversion to HVO has yet to be undertaken.
16. The Place Performance and Outcome Board measures are recording high performance:

- a. The annual biodiversity target for increasing environmentally managed land is 289,375m² with the actual area forecasted to be converted is 420,044m²;
 - b. Community Support Events in June were up from 4 in 2022 to nine in 2023;
 - c. Litter reports for June are down from 75 in 2022 to 58 in 2023;
 - d. With circa 90% of litter reports cleared within 7 days.
17. While the council's depot infrastructure is unable to support contractor electric vehicles, Idverde (and all council depot occupying contractors) will primarily use Hydronated Vegetable Oil (HVO), or an alternative bio fuel, to meet their contract carbon requirements. Whilst this is not ideal, it is the next best option to electric to reduce vehicle carbon emissions. However, this will incur additional costs to the Streetscene Service as HVO is approximately 20% more expensive than fossil fuel. Further carbon reductions and revenue savings will only be possible if the electric charging infrastructure is provided.
18. Idverde are using three Wiltshire Council depots. A fourth was vacated following a water leak and not returned to resulting in a loss of £0.034m in rent.
19. Monthly Service Delivery Team meetings have been established, with an escalation process in place for contract failures or challenges. The Director of Highways and Transport is the appointed escalation officer for the council, should this be required.
20. An annual review has been scheduled for each January to consider Idverde's performance and potential contract extensions.

Environmental impact of the proposal

21. The contract has a number of required environment outcomes:
- a. Year on year carbon reductions with carbon neutrality by 2030. The carbon outcomes are being delivered by the electrification of small equipment and moving to alternative fuels such as sustainable Hydrotreated Vegetable Oil (HVO).
 - b. A 5% increase in environmentally managed land areas. The move to more sustainable land management is incorporated into the contract with a target to move to increase areas which will support fauna and flora, such as wildflower and Meadow areas.
22. The performance against these targets are part of the Key Performance Indicator assessment for the extension of the contract (as detailed in Appendix D). Failure to meet the Key Performance Indicator targets impacts on any extension award.

Equality and diversity impact of the proposal

23. There are no equality and diversity impacts resulting from the update report.

Risk assessment

24. There are no risk assessment requirements resulting from this update report.

Financial implications

25. The 2023/ 24 allocated Budget was £5.066m, the budgeted forecasted spend is £5m.

26. The contract has a requirement for an annual contract saving of £1.078m (See Appendix A).

Legal implications

27. Wiltshire Council carried out the procurement in accordance with Section B of Part 10 of its Constitution and in accordance with the Public Contracts Regulations 2015.

Conclusion

28. The contract has delivered high performance levels on the council's strategic priorities, with quicker litter collection times, a greater number of community support activities and supporting the council's Enforcement Team with the management of fly tipping removals.

29. The contract operational performance through the mobilisation period has been adequate, this is predicted to improve as idverde's back office systems (budget forecasting etc.) and infrastructure (HVO and vehicles) plans are delivered.

30. The commitment £0.4m of savings is forecasted to be achieved this year through the move to an outcome based provision with the contractor delivering the efficiencies.

31. A further saving of £0.678m is forecasted to be achieved through Wiltshire Council service amendments, this will be a mix of alterations, including: a service delegation to Trowbridge Town Council and data led decisions on changes in service levels.

32. The 2023/ 24 allocated budget is £5.066m with a forecasted spend of £5m for idverde showing a small underspend.

33. The Streetscene contract has received additional litter collection funding of £0.370m to address local priorities and there is a high degree of confidence the new contract can deliver this.

34. The impact of the NEC Option C contract with a Target Price will be reviewed over the long term to ensure it delivers the best service within budget.

35. Monthly Service Delivery Team meetings and an annual review have been established, with an escalation process in place for contract failures or challenges.

Background papers

The following documents have been relied on in the preparation of this report:

None

Appendices

Appendix A – 2023/24 Budgeted Savings and Service Implications

Appendix B – Additional Funding

Appendix C - Contract Quantities

Appendix D – Extension Quantities

Appendix A

Budgeted savings and service implications - 2023/24

Street Scene budgeted savings £0.678m
Description
Allotment Maintenance Delegation to Parish and Town Councils
Reduce cemetery grass cutting frequency (to three weekly or monthly as required)
Reductions in pavement sweeping
Conversion of identified urban verge to wildflower
Review Play Areas without S106 funding (Policy for Service Delegation or Asset Transfer already in place)
Increased income from Developer Adoption
Cease external funding for streetscene works
Reduction in litter bin emptying, statutory litter picking service, reduction in layby litter picking etc.
Trowbridge Service Delegation completed

Previous Contract Savings (First Year Of Operation)

Street Scene budgeted savings £0.4m
Description
Contract efficiencies introduced by the contractor to deliver to the budget. This would include: <ul style="list-style-type: none">• Only emptying litter bins when full.• Allocating staff to a task, rather than a time. For example once the town centre is clean, relocate the cleaning to other areas, rather than stay onsite.• Sharing specialised equipment over several contracts, rather than allocating equipment just to Wiltshire Council.

Additional Funding (Per Year)

Description	Measure	Value
Biannual rural road and verge litter picking - Outside of High and Medium Intensity Areas (Unmapped Areas)	2,200 km of verge	£0.370m
Idverde Community Support	52 events (funded by Idverde)	
Biannual Litter pick - National Highways Trunk Roads (Including Slip Roads) - A303/A36	150 km verge	
Clean Multi-Story Car Park Stair Wells (regularly cleaning beyond service delegation which is in accordance with Code of Practice)	1 visit per month dependent on work requirements	

1st February – 31st July Quantities Of Completed Works

Code of Practice for Litter and Refuse (COPLAR) Reactive Works (per litter pick)	171
Kilometres of Wiltshire Council rural roads and verges litter picked	597.78
Kilometres of National Highways trunk roads and verges litter picked (A303 and A36)	212
Number of empties of public litter bins	145,626
Number of fly tip removals	638
Meter squared of town centre areas cleaned	83,553,240
Number of enhanced (scheduled not reactive) cleaning of National Highways laybys (<u>A303/A36</u>)	1,008
Hedges and shrubs - area footprint width x length	Winter Work
Meter squared of Amenity Grass cut	11,835.370
Meter squared of Low Amenity Grass cut (Scoped as an Environmental Cut)	305,458
Meter squared of Wildflower/Conservation Grass cut (Scoped as an Environmental Cut)	267,315
Meter squared of Cemetery Grass cut	1,316,544
Number of community events supported	96

Contract Extension Scoring

1. Extensions to the Initial Contract term (5 Years) may be awarded each year, to take effect at the end of the initial 5 year Contract term. Any extensions to the Contract term will be conditional on the acceptable performance of the Contractor during remaining part of the contract term. In the event of non-performance, or performance below the minimum acceptable standards, entitlement to any previously awarded extensions would be withdrawn.
2. The award of any extension to the Initial Contract term (5 Years) will be at the discretion of the Council. Events may take place that prevent the Contract term being extended due to political, economic or other reasons.
3. If an average score of less than 4.9 out of 10 is achieved, serious consideration would be given to terminating the Contract, or taking other corrective actions. In the event of poor performance in particular areas the selected Contractor may be required to prepare an Action Plan showing how services would be improved to meet the required standard. The selected Contractor's subsequent performance would be monitored and reviewed at the contract management meetings.
4. For average scores of 5.0 to 7.9 the selected Contractor would typically be awarded a nine-month extension to the Initial Contract term (5 Years), but the total extension period will not exceed five years.
5. For average scores of 8.0 and over the selected Contractor would typically be awarded a fourteen-month extension to the Initial Contract term (5 Years), but the total extension period would not exceed five years.
6. The scores will be reported to the relevant Council Committee or Panel in the Annual Review of Service.