

## Wiltshire Council

### Environment Select Committee

3<sup>rd</sup> September 2024

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**Subject:**                    **Streetscene and Grounds Maintenance Contract Update**

**Cabinet Member:**    **Nick Holder – Highways, Street Scene and Flooding**

**Key Decision:**            **No**

#### **Executive summary**

The scope of the 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.

The contract, which was awarded to IdVerde is mainly an outcome requirement. This means the council states the standards to be achieved and the contractor delivers the outcomes in the most effective way and is incentivised by the contract terms to ensure this occurs.

The 2023/24 baseline budget was £4,96m, the spend was £4.61m as at year end with a £0.35m efficiency retention for reinvestment in 2024/25.

In 2023/24 savings of £1.078m (£0.4m from full year efficiency savings and £0.678 from service amendments) were delivered.

The Streetscene function was given additional funding to deliver extra litter related and cleansing services to the value of £0.37m. These services were delivered via the contract.

The Performance and Outcomes Group (POG) and Place Performance and Outcome Board (POB) receive regular updates on performance and the Key Performance Indicators (KPIs) are recording good performance.

The monthly contract operational Key Performance Indicator score (KPI) is 6 out of 10, which is considered adequate to good performance.

The annual contract deliverable KPI score (including environmental impact/ programme/quality/staff) is good at 7.5 out of 10.

Idverde achieved a score for their contract undertakings of 7.8 out of 10, which is good.

The performance outcome for 2023/24 resulted in a 9 month extension to the contract, as adequate to good delivery. The maximum possible extension was 14 months for exceeding expectations and requirements. The contract period is currently 5 years and 9 months from November 2022.

Idverde's Carbon Commitment will be primarily using Hydronated Vegetable Oil (HVO) to meet their contract carbon requirements.

Idverde are using 3 Wiltshire Council depots. A fourth was vacated following a water leak to which they did not return, resulting in a loss of £0.034m in rent.

Monthly Service Delivery Team meetings and an annual review have been established to manage the contract, with an escalation process in place for contract failures or challenges. No issues have been escalated.

## **Proposal**

That the committee:

- a) Note the contents of the report and performance of the StreetScene and Grounds maintenance contract in 2023/24.
- b) Request a further update on service provision to this Committee at a future meeting.

**Reason for proposal**

To update the Committee on the Streetscene and Grounds Maintenance contract performance for 2023/24.

**Samantha Howell**  
**Director of Highways and Transport**

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**Wiltshire Council**

**Environment Select Committee**

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**Subject: Streetscene and Grounds Maintenance Contract Update**

**Cabinet Member: Nick Holder – Highways, Street Scene and Flooding**

**Key Decision: No**

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### **Purpose of report**

1. To provide an update on the Streetscene and Grounds Maintenance contract performance for 2023/24.

### **Background**

2. The scope of the Streetscene and Grounds contract covers a wide range of services including grounds maintenance, grass cutting, street cleansing, election material deliveries and play area provision.
3. The contract, which was awarded to IdVerde 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.
4. An Option C New Engineering Contract (NEC) 4 is being operated. 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, the full costs are not paid by the council.

5. Performance is further incentivised by the extension of the contract being based on trigger points (Appendix A), with up to a possible five year extension being based on outcomes.
6. Monthly performance reports are captured for the Place Performance and Outcome Board/ Group (Appendix B).
7. There are monthly operational and service review meetings, with an annual review. The results of these review meetings are used to score idverde's performance and allow issues to be identified and quickly resolved.
8. The financial budgetary position in 2023/ 24 was:

Detail	Finances	Comments
Original recurring contract saving	£0.4m	Full Year retender savings assumption
Recurring service amendment savings	£0.678m	Appendix C  Service Delegation to Trowbridge Town Council, changes to town centre cleaning etc.
Baseline Budget	£4.96m	Includes recurring savings above
One off carry over budget 22/ 23 to 23/ 24	£0.353m	Committed funding for carry over works due to delayed commencement of contract.
2 Year funding (per year funding) increase for local priority street scene improvements	£0.370m	Appendix D  Scheduled main road litter, car park cleaning etc.
Total Available Spend 2023/ 24	£5.68m	

Table 1

9. The 2023/ 24 Streetscene policy commitments were used as the contract baseline service levels (Appendix E) and used as the measure for the baseline contractor deliverable outcomes. All additional service funding was linked to the local priorities identified by the council to ensure measurable and performance was managed.

## Main considerations for the Committee

10. The 2023/ 24 completed works undertaken were (Appendix F gives more details):

Details	Volumes
Code of Practice for Litter and Refuse (COPLAR) Reactive Works (per litter pick)	1,115.00
Number of empties of public litter bins	291,639
Number of fly tip removals	1,346
Meter squared of town centre areas cleaned	16.8 mil
Meter squared of Amenity Grass cut	2,412,022
Meter squared of Low Amenity Grass cut. (Scoped as an Environmental Cut)	425,851
Meter squared of Wildflower/Conservation Grass cut. (Scoped as an Environmental Cut)	396,948

Table 2

11. The Option C contract management processes have been successful, delivering services to an acceptable level, within budget with additional efficiency savings and have allowed immediate corrective action to be taken to mitigate issues when problems occur.

12. However, the officers have identified a number of consideration with using an NEC 4 Option C contract for other services to note:

- The client resource requirement for an Option C agreement is far greater when compared to a schedule of rates contract. This is due to the need to audit actual costs (labour, materials, tools and equipment etc.) rather than merely pay an agreed rate. Whilst the increased cost is justified with large contracts as the management of spend ensures savings are greater than the client costs, such as the Streetscene contract, smaller contracts would not justify the additional auditing required.

- The council's selected incentive payment mechanism would better maximise efficiencies with an escalating payment system, rather than the current decreasing arrangement. This could mean that if the contract is delivered below the target price savings are not as great, but if the spend is above the target price the lost income to the contractor would greater encourage spend mitigation. As an Example. If a 75% incentive payment was applied if the costs were below the target price the council would only retain 25% of the saving achieved below the target price, but if the spend was above the target price the contractor would only be paid 25% of their costs above the target price.

13. The 2023/24 allocated budget was £5.68m (see table 1) and the actual spend was £5.33m as the NEC 4 efficiency savings return at the end of the year deducted £0.35m from the scheduled payments for rollover to the 2024/25 works.

14. The contract has delivered the £1.078m savings required in the Streetscene spend (£0.4m efficiency savings and £0.678m in service amendments). This included the Service Delegation to Trowbridge Town Council saving, which was completed and Idverde actively supported.

15. The contract KPIs all found the service to be achieving adequate and above for delivery.

- The monthly operational KPI scores delivered was 6 out of 10 (Appendix A) which is considered an adequate to good performance.
- The annual contract deliverable KPI scores (environmental impact/ programme/ quality/ staff etc.) were good at 7.5 out of 10.
- Idverde's score against their contract undertakings attained a good 7.8 out of 10.

16. The scoring reflected some major contractor community successes, these included:

- 154 community cleansing events.
- 16 local community amenity projects.
- Community group activities providing 1540 volunteer hours on Streetscene activities
- 9876kgs of litter waste collected from community groups.

- Overseeing the operational change following the Streetscene Service to Trowbridge Town Council and supporting the Westbury Town Council Service Delegation for January 2025.

17. Aspects which resulted in restricting higher scoring included:

- Delay in the transition to sustainable fuel (HVO), but this was achieved in March 2024
- The difficulty with providing an annual forecast, this was due to the commercial discussions, but a forecast was provided.
- Usual mobilisation issues in delivering a new contract.

18. The performance outcome for 2023/ 24 resulted in a 9 month extension to the contract, as adequate to good delivery. The maximum possible extension was 14 months for exceeding expectations and requirements. The contract period is currently 5 years and 9 months from November 2022.

19. The Place Performance and Outcome Board/ Group measures are recording high performance:

- The annual biodiversity target for increasing environmentally managed land is 289,375 m<sup>2</sup> with the actual area converted was 396,506.
- Community Support Events 12 month average was 154.
- Litter reports down 30% from 1,604 in 2022/23 to 1,115 in 2023/24;
- With circa 92.9% of litter reports cleared within 7 days.

20. While the council's depot infrastructure is currently 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 in the short term. However, this incurs 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 through the Depot Strategy Programme.

21. 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 to the Streetscene Service.



22. Monthly Service Delivery Team meetings are 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. Currently no issues have needed to be escalated.

23. A review was undertaken in January to consider Idverde's performance and potential contract extensions as detailed above.

### **Environmental impact of the proposal**

24. 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.

25. The performance against these targets are part of the Key Performance Indicator assessment for the extension of the contract (as detailed in Appendix A). Failure to meet the KPI targets impacts on any extension award.

### **Equality and diversity impact of the proposal**

26. There are no equality and diversity impacts resulting from this update report.

### **Risk assessment**

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

## **Financial implications**

28. The 2023/24 allocated Budget was £5.68m, the budgeted spend was £5.33m as there was an efficiency incentive retention at year end of £0.35m for reinvestment.
29. The contract delivered recurring annual contract saving of £1.078m (See Appendix C).

## **Legal implications**

30. 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**

31. The contract has delivered good performance levels on the council's strategic priorities, with quicker litter collection times and a greater number of community supported activities.
32. The contract operational performance through the mobilisation period has been adequate, this improved as Idverde's back office systems (including budget forecasting) and infrastructure plans (relating to HVO and vehicles) were delivered.
33. The performance outcome for 2023/24 resulted in a 9 month extension to the contract, as adequate to good delivery. The maximum possible extension was 14 months for exceeding expectations and requirements. The contract period is currently 5 years and 9 months from November 2022.
34. The commitment £0.4m of savings was achieved in 2023/ 24 through the move to an outcome based provision with the contractor delivering service efficiencies.
35. A further saving of £0.678m was achieved through Wiltshire Council service amendments, this was attained by a mix of alterations including: a service delegation to Trowbridge Town Council and data led decisions on changes in service levels.

36. The 2023/24 allocated budget was £5.68m with a full year spend of £5.33m. A £0.35m efficiency incentive retention was made for reinvestment in 2024/ 25.
37. The Streetscene contract received additional litter collection and cleansing funding of £0.370m to address local priorities and these were all delivered, with performance recorded through the Place Performance Outcome Board..
38. The first year impact of the NEC Option C contract with a Target Price has been reviewed and possible improvements noted.
39. Monthly Service Delivery Team meetings and an annual review have been established, with an escalation process in place for contract failures or challenges. No escalations have been required to date.

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## **Background papers**

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

None

## **Appendices**

- Appendix A – Contract Scoring
- Appendix B – Performance Outcome Group Scoring
- Appendix C – Contract Savings
- Appendix D – Additional Funding
- Appendix E – Service Commitments
- Appendix F – Streetscene Outcome Quantities

### 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.

**Place Performance and Outcome Board/ Group**

The Place Performance and Outcome Board/ Group measures are recording high performance:

- The annual biodiversity target for increasing environmentally managed land is 289,375 m<sup>2</sup> with the actual area converted was 396,506.
- Community Support Events 12 month average was 154.
- Litter reports down 30% from 1,604 in 2022/23 to 1,115 in 2023/24;
- With circa 92.9% of litter reports cleared within 7 days.

**Budgeted savings and service implications - 2023/24**

<b>Street Scene budgeted savings £0.678m</b>
<b>Description</b>
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)**

<b>Street Scene budgeted savings £0.4m</b>
<b>Description</b>
<p>Contract efficiencies introduced by the contractor to deliver to the budget. This would include:</p> <ul style="list-style-type: none"> <li>• Only emptying litter bins when full.</li> <li>• 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.</li> </ul>

- Sharing specialised equipment over several contracts, rather than allocating equipment just to Wiltshire Council.

## Appendix D

### 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	



**Streetscene Policy Commitments**

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

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
Wildflower/ conservation areas  Urban grass where mowing can encourage native fauna and flora.	A cut will take place the last fortnight of March and commence again in the last two weeks of September.	N/A	Cuttings to be collected and composted onsite

## Appendix F

### 2023/ 24 Quantities Of Completed Works

Code of Practice for Litter and Refuse (COPLAR) Reactive Works (per litter pick)	1,115.00
Miles of Wiltshire Council rural roads and verges litter picked	2,837
Miles of National Highways trunk roads and verges litter picked (A303 and A36)	315
Number of empties of public litter bins	291,639
Number of fly tip removals	1,346
Meter squared of town centre areas cleaned	16.8 mil
Number of enhanced (scheduled not reactive) cleaning of National Highways laybys ( <u>A303/A36</u> )	4,264
Hedges and shrubs - meter squared	226,697
Meter squared of Amenity Grass cut	2,412,022
Meter squared of Low Amenity Grass cut (Scoped as an Environmental Cut)	425,851
Meter squared of Wildflower/Conservation Grass cut (Scoped as an Environmental Cut)	396,948
Meter squared of Cemetery Grass cut	109,712
Number of community events supported	110