

<b>TITLE</b>	<b>Award of Street Cleansing Contract to VolkerHighways</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 25 July 2019
<b>WARD</b>	None specific
<b>LEAD OFFICER</b>	Director of Locality and Customer Services - Sarah Hollamby
<b>LEAD MEMBER</b>	Executive Member for Environment and Leisure - Parry Batth

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

Agreeing to include the street cleansing contract as part of the Highways maintenance contract with Volker Highways this would offer value for money, good quality and an opportunity for continued service development. This new contract would help to improve the safety, environmental and aesthetic qualities of the area, benefitting the borough's residents and businesses.

## **RECOMMENDATION**

That the Executive agree to:

- 1) a growth item of £111k per annum be approved from 2020/21, as detailed in Part 2 of the report in order to provide a new Street Cleansing Contract; and
- 2) the inclusion of the Street Cleansing Contract as part of the Highways Maintenance Contract with Volker Highways. This would be for a period of six years from April 2020 with an option to extend for a further three years.

## **EXECUTIVE SUMMARY**

The current street cleansing contract was let in April 2011 on a five-year period with the option to extend for two plus two years. The two extension options have now been utilised resulting in the contract finishing on 31<sup>st</sup> March 2020 (there is no possibility of extending this contract further).

In the past two years, Members have felt that this contract no longer gives good value for money and provides a poor-quality service on proactive scheduled cleansing. Officers in the Localities Team carried out monitoring during January and February and this perception was borne out in relation to detritus with little or no improvement after cleansing. The proposed option is to include street cleansing within the Highways Maintenance Contract from April 2020 which was enabled by the OJEU notice for the Highways Maintenance Contract. This notice included the street cleaning service and VolkerHighways subsequently bid for the street cleansing as part of the wider bidding process. Details of this bid and the growth item required to cover this cost is detailed in Part 2 of this report.

Edge Public Consultancy were asked to benchmark and to carry out some market research/testing on the bid provided by Volker Highways and concluded that See Appendix 1;

*“The award of a six-year contract to Volker Highways with the option of a three-year extension offers good value for money without any realistic chance of a legal challenge. It also offers a realistic opportunity for service development and the opportunity to take advantage of synergies”*

The most feasible and preferred option is to conjoin the highways and street cleansing contract under Volker Highways. Street cleansing staff currently working under the existing contract provider would retain TUPE rights.

Whilst, the new Contract will require a growth item for an initial three years, it would still offer value for money, good quality and an opportunity for continued service development, as well as saving on procurement costs and maximising contract management and would also help to improve the safety, environmental and aesthetic qualities of the area, benefitting the borough’s residents and businesses. See Appendices 2 & 3.

In 2011 the Council elected to tender the street cleansing contract based on a weighting of 50% given to price. Whilst this drove costs down it resulted in an adverse impact on quality. Current policy recognises this risk and reduces the price criteria to 40% thereby driving up quality. This in turn makes it much more likely that if a new tender process had been a preferred option, a growth item in 2020 would have been likely.

#### Performance

The Place Clienting Team are currently in the process of setting up a robust “contract management framework” to make performance monitoring more accessible to Senior Management and Members. The following performance measures will be included in the Contract with VolkerHighways. Within this mechanism a complaints and default measure will be agreed

- Justified complaints to be monitored and remain below 100 per annum
- Percentage completion of scheduled sweeping routes to be maintained and above 95% completion
- Litter bin emptying to be maintained at a 99% completion rate
- The roads and footways will be at grade A for litter and detritus immediately after the sweep and if not a return with 24 hours must be achieved
- The removal of flytips within 3 working days of the report

## **BACKGROUND**

Street cleansing is fundamental to impressions and perceptions of the borough. It helps to improve the safety, environmental and aesthetic qualities of the area, benefitting the borough's residents and businesses. Conjoining the highways and street cleansing service into a "street scene" service is a good way of providing a quality service offering value for money.

The current street cleansing contract was let in April 2011 on a five-year period with the option to extend for two plus two years. The two extension options have now been utilised resulting in the contract finishing on 31<sup>st</sup> March 2020 (there is no possibility of extending this contract further).

The preferred route for the street cleansing service has been to include it within the Highways Maintenance Contract from April 2020. The OJEU notice for the Highways Maintenance Service therefore contained an option to include the street cleansing service as part of the contract. The Council's procurement specialists have reviewed this process and agree that as street cleansing has been included in the scope of the procurement of the Highway Maintenance contract, this approach is compliant with procurement legislation in order that there are no procurement or legal issues affecting the proposed approach. This was included in the Award Reports to Executive and Full Council in September 2018.

Street cleansing staff currently working under the existing contract provider would retain TUPE rights.

## **BUSINESS CASE**

Financial information on the business case is provided in Part 2 of this report.

Volker Highways have indicated that whilst the price stated in Part 2 of this report for year three shows a growth, they would be willing to negotiate in year two of the contract to deliver savings on an output based approach to some elements of the contract in year three.

The following elements would be part of a new "street scene" service contract:

- A new fleet of vehicles
- An extension to the Highways IT System (HIMS) to include a customer facing mapping system
- Maintenance of the current cleansing frequencies and negotiation around an output based approach
- Guaranteed grade A standard after sweeping litter and detritus on all adopted roads, footways, traffic islands and cycleways
- Ensured that all litter bins are emptied on time and flytipping is removed within set timescales

To enable Clienting and Localities to monitor the contract efficiently Volker Highways would help the Council develop HIMS (Highways Integrated Management System), which is currently deployed on the Highways contract, to enable the Council to manage street cleansing functions including sweeping schedules, litter bin emptying, weed spraying and fly tipping.

- No internal costs for procurement estimated at around £100k
- Efficiencies to staff resource from using HIMS for complaints and works orders
- Single contract to manage and monitor through Localities
- Reduced IT costs by removing Mayrise/MS Dynamics and moving to HIMS
- Better contract management by combining them into one contract with Volker Highways having a greater incentive to deliver a quality service

Edge Public Consultancy were asked to benchmark and to carry out some market research/testing on the bid provided by Volker Highways and concluded that See Appendices 2 & 3.

*“The award of a six-year contract to Volker Highways with the option of a three-year extension offers good value for money without any realistic chance of a legal challenge. It also offers a realistic opportunity for service development and the opportunity to take advantage of synergies”*

### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue
Current Financial Year (Year 1)	£0	Yes	£0
Next Financial Year (Year 2 – 2020/21)	£111,000	No	£111,000
Following Financial Year (Year 3 - 2021/22)	£111,000	No	£111,000

#### **Other Financial Information**

The above is the expected growth to deliver this service under the new Contract arrangements and for the as is service. Negotiations will take place during year 2 (2021/22) to consider the way we deliver this service which would include potential savings form year 3 to 6 which the Executive will be updated on.

#### **Stakeholder Considerations and Consultation**

The outcomes of this this decision deliver statutory targets.

#### **Reasons for considering the report in Part 2**

Confidential information in relation to Contract negotiations.

#### **List of Background Papers**

None that are not in the Report.

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