

Birmingham City Council

Report to Cabinet Member for Finance and Resources and the Acting Director for Neighbourhoods in conjunction with the Assistant Director of Development and Commercial



26 March 2019

Subject: Procurement Strategy and Contract Award for Mowing Equipment and Tractors (P0546) and Procurement Strategy for Vehicles (P0545) both to support the grounds maintenance service

Report of: Steve Hollingworth, Service Director (Sport, Events, Open Space and Wellbeing)

Relevant Cabinet Member: Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Relevant O &S Chair(s): Councillor Sir Albert Bore, Resources

Report author: Andrea Webster, Strategic Contracts Manager, Strategic Services, 07827 367138
andrea.webster@birmingham.gov.uk
Kevin Haynes, Edgbaston & Northfield Contracts Manager
Birmingham Parks & Nurseries 0121 675-7613
kevin.haynes@birmingham.gov.uk

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 Paragraph 11.6 of the Procurement Governance Arrangements provides for a combined procurement strategy and contract award report for the purchase and ongoing maintenance of grounds maintenance mowing machinery and tractors using Eastern Shires Purchasing Organisations Framework Agreement (274_18).
- 1.2 The duration of the contracts will be five years commencing on or around 25th March 2019 for the approximate total value of £3.400m including one off Capital Purchase costs of £2.900m and revenue costs of £0.500m over a five year period. Although orders will be placed in financial year 2018/19 to maintain the service commencement date of 28th March 2019, payments for the capital purchases will be made during financial year 2019/2020.
- 1.3 This report also set out the procurement strategy for the purchase of the remaining vehicles not covered by this report to be used by Birmingham Parks and Nurseries.

2 Recommendations

That the Cabinet Member for Finance and Resources jointly with the Acting Director, Neighbourhoods in conjunction with the Assistant Director of Development and Commercial (or their delegate).

- 2.1 Approves the procurement strategy for the remaining vehicles referred to in 1.3 and delegates the award of contract(s) to the Acting Director, Neighbourhoods in conjunction with Assistant Director of Development and Commercial.
- 2.2 Delegates authority to approve the award of contracts for vehicles to the successful provider(s) to the Acting Director, Neighbourhoods in conjunction with the Assistant Director, Development and Commercial.

3 Background

- 3.1 Cabinet approved the transfer of the current externalised Grounds Maintenance (GM) service back to the Council from 28th March 2019 on 31st July 2018. Along with approving the transfer Cabinet noted that the additional investment in vehicles, machinery and equipment to deliver this service would be the subject of a separate Cabinet report (along with the replacement of BPN's existing equipment and vehicles).
- 3.2 Cabinet approved, on 11th December 2018, the prudential borrowing of £12.800m in order to purchase the equipment and vehicles needed to deliver a citywide GM service and delegated approval of the procurement strategy for vehicles and equipment needed to deliver this service to Cabinet Member for Finance and Resources jointly with the Acting Director, Neighbourhoods in conjunction with the Assistant Director of Development and Commercial. The vehicles will be a mixture of vans, pickups and trailers. The GM equipment in the main, is mowing equipment.

- 3.3 This report relates to the procurement and maintenance of the main mowing equipment and sets out the procurement strategy and seeks approval to award contract(s). This report also includes the proposed procurement strategy for the remaining vehicles (Appendix 1).
- 3.4 The Full Business Case (FBC) that was appended to the 11 December 2018 Cabinet report included an indicative list of equipment based on possible future need. This was based on information available at the time.
- 3.5 More information is now available and some changes to the type of equipment have been made, although the budget remains unchanged. Appendix 2 of this report includes the equipment list from the FBC together with the equipment now identified as being needed.

4 Options considered and Recommended Proposal

- 4.1 These are set out in section 7.4 below.

5 Consultation

- 5.1 Officers from City Finance, Corporate Procurement and Legal and Governance have been involved in the preparation of this report.
- 5.2 Cabinet Member for Homes and Neighbourhoods has been consulted and supports the recommendations.

6 Risk Management

- 6.1 The Council's Risk Management Methodology has been applied covering all GM insourcing activity. A risk register for this project has been produced and is owned by Neighbourhoods Directorate with arrangements being put in place to ensure that operational risks are mitigated.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 **Outcome 4: Birmingham is a great city to live in** and **Priority 4** : We will improve the environment and tackle air pollution through;

- The provision of, and improved access to, outdoor recreational facilities and the creation of clean, green and safe open spaces and by;
- Providing access to safe and green environments in parks, housing, school grounds, cemeteries and crematoria and other public open spaces, contributes to improving the health of our residents. The green waste is recycled contributing to the Council's sustainability agenda.

7.1.2 The Suppliers recommended for acceptance are certified signatories to the BBC4SR and have produced an action plan with commitments

proportionate to the value of this contract. These actions will be monitored and managed during the period of the contract. The combined Social Value Outcomes that the contracts will deliver are as follows:

- All suppliers will be paid in line with the terms of the primary contract
- Compliance with the Council's Birmingham Living Wage Policy
- Local Employment – all suppliers are located within 30 miles of Birmingham and employ staff from the local area
- A reduction in carbon footprint by 10% in the next year by purchasing hybrid car fleet.
- Where available a commitment to continue to purchase goods and service locally.

7.2 Legal Implications

- 7.2.1 Section 1 of the Local Government Act 2003 gives the City Council the power to borrow money for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs.
- 7.2.2 The powers for the provision of parks and leisure facilities are contained in the Public Health Acts 1875 and 1890, the Public Health Acts Amendments Act 1890, the Public Health Act 1925 and Section 19, Local Government (Miscellaneous Provisions) Act 1976. The powers for the maintenance of the public highway are contained within the Highways Act 1980.

7.3 Financial Implications

- 7.3.1 The value of this contract is £3.380m, comprising £2.900m of the £12.800m capital expenditure approved as per the 11 December 2018 Cabinet Report, and £0.500m revenue costs for the maintenance of the equipment over a five year period.
- 7.3.2 The capital spend will be funded from prudential borrowing as approved in the 11 December 2018 Cabinet Report.
- 7.3.3 The annual revenue cost of maintenance activities will be an estimated total value of £0.100m per annum over five years coming from Parks approved budget as identified in 31st July Cabinet report.
- 7.3.4 The purchase of the remaining vehicles which are not covered in this report will be purchased within the remaining financial envelope approved as per the 11th December 2018 cabinet report. The 11th December 2018 Cabinet report included an estimate of 125 vehicles. It is now estimated that 148 vehicles are required. The increased amount is still within the approved budget.
- 7.3.5 It is anticipated that the costs of the spares connected with mowing equipment we will buy, repairs and servicing will be covered within the Revenue approved budget as per the 11th December 2018 Cabinet report.

7.4 Procurement Implications (if required)

Procurement Strategy

7.4.1 **Scope & Specification** - the scope of the proposed contracts included the following goods and services that were split into three tender lots each including the following requirements:

- The purchase of mowing equipment and tractors (see table below)
Some changes to the list of mowing equipment that was appended to the FBC in the 11th December 2018 Cabinet report were made. The changes are detailed in Appendix 2;
- Provision of service maintenance/repair; and
- Supply of spare parts (where required)

	Item description	Indicative purchase QTY*
	LOT 1	
1	Triple Unit Ride-on Fine Flail Mower. Suitable for cutting highways and roadside verges	22
2	Out Front Rotary Mower. Suitable for cutting grass on highway verges and housing estates	9
	LOT 2	
1	3 Unit Ride-on Rotary Mower. Suitable for cutting grass on highway verges and housing estates	26
2	Out Front Rotary Mower. Suitable for cutting grass on verges and Cemeteries	6
3	Fine Turf Flail Mower. Suitable for cutting and collecting on fine turf grass areas	11
4	Three Unit Tractor-Trailed Rotary Mower. Suitable for large open spaces, being towed by a tractor	6
5	Side Arm Mower. Suitable for Hedges and verges through 360 degrees	1
6	Tractors suitable for towing 3 unit trailed gang mowers and working on open parkland.	6
7	Tractors suitable for Side Arm mowers and working on open parkland.	3
	LOT 3	
1	Utility vehicle	Unknown

* Although the indicative purchase quantities above were provided in the tender as a best estimate and for evaluation purposes the actual quantities are yet to be confirmed pending confirmation of final TUPE transfer staffing numbers and GM programme of work.

7.4.2 **Market analysis** - The market for supply of mowing equipment and associated services is well developed and there are a number of suppliers that can deliver large mowing equipment suitable for use on large properties and for park/landscape maintenance. The Council's specification of requirements was written to deliver the grass cutting efficiencies as set out in the 31st July 2018 Cabinet report and reflects the results of the grass cutting trials that have been undertaken by BPN in order to deliver these efficiencies. This meant that not all suppliers could meet all of the Council's requirements particularly around the height and width of the cut.

7.4.3 **Procurement options**

- i) **Birmingham City Council Framework Agreement** - the option to tender this opportunity as a Council framework agreement was considered and discounted on the basis that there was insufficient time to do this. A Council framework would take 6-9 months to procure. The detailed specification of requirements for the machinery was not confirmed until December 2018 (after the deadline for signed reports for 11th December 2018 Cabinet) following consultation on the reduced grass cutting regime that would deliver the saving in the 31st July 2018 Cabinet report. In addition approval for prudential borrowing in order to purchase the equipment was not achieved until 11th December 2018.
- ii) **Further competition under Eastern Shires Purchasing Organisation (ESPO) framework agreement (FA) 274_18 - Grounds Maintenance Machinery** - This FA commenced 01 Oct 2018 for 3 years with an option to extend for 1 year and is fully compliant with EU regulations. This is the preferred option as it meets the Council's requirements and the process can be undertaken within the timescales. Consultation with parties to this FA indicated that the pricing that would be offered would be no worse than if this were run as a Council FA (option 1).

7.4.4 **Contract duration** – the contract duration will be five years with the capital purchases taking place during year 1 with the remaining term being required for repair and maintenance services and spare parts. In terms of product lifecycle the industry standard for this type of equipment is a replacement every five years. The duration of individual contracts based on a framework agreement can extend beyond the term of the framework agreement. The length of an individual contract can be set by a contracting authority taking into account such as the time needed for their performance, where maintenance of equipment with an expected useful life of more than four years is included etc.

ESPO framework agreement (FA) 274_18 - Grounds Maintenance Machinery

7.4.5 The ESPO FA consists of 11 lots and a total of 22 suppliers across these lots (not all suppliers are on all lots). The Council's requirements, as set out above are sourced from four of these lots as follows:

- Lot 2 - Mowers (ride on) & associated equipment
- Lot 3 - Mowers (trailed) & associated equipment
- Lot 6 – Tractors
- Lot 8 - Utility vehicles

7.4.6 Due to the large quantities of equipment required and the need to keep the number of suppliers to a minimum from an economies of scale and servicing/maintenance perspective the requirements were aggregated into three BCC specific contract lots (as indicated in the table above) for the purposes of this further competition exercise. For BCC lot 1 and 2 only those suppliers that are a party to ESPO lot 2, 3 and 6 were invited to participate. This was a total of 15 suppliers. For BCC lot 3 only those suppliers that are a party to ESPO lot 8 were invited to participate. This was a total of 12 suppliers.

7.4.7 The protocol of the ESPO Framework Agreement is for either a direct award or for a further competition exercise to be undertaken. Given the size of the Council's requirements a further competition was undertaken to drive best value.

Structure of the further competition

7.4.8 Tenders were evaluated against the specification in accordance with a pre-determined evaluation model using a quality / social value / price split of 30% quality, 10% social value and 60% price.

7.4.9 The evaluation of tenders for each lot was divided into four assessment areas as detailed below:

7.4.10 **General information** – assessed on a pass /fail basis or for information only as follows

GENERAL INFORMATION		Scoring Assessment
SECTION F	Potential Supplier Information, insurance & lots	Information only
SECTION G	Birmingham Business Charter for Social Responsibility	Pass / Fail
SECTION H	Additional Terms	Pass / Fail
SECTION I	Compliance with the Council's Requirements	Pass / Fail
SECTION J	Declaration	Pass / Fail

7.4.11 **Quality Assessment (scored questions)** – Quality criteria and weightings are as follows:

Quality Criteria 30%		Sub-Weighting
a	Detailed specifications	20%
b	Emergency Call-out service	10%
c	Training	10%
d	Winter / periodic servicing	10%
e	Delivery lead time	20%
f	Warranty	10%
g	Spares	10%
h	In warranty repairs	10%
	TOTAL	100%

7.4.12 **Social value (scored questions)** – the social value criteria and weightings are as follows:

Social Value Criteria 10%	Sub-Weighting
Green and Sustainable	50%
Good Employer	30%
Ethical procurement	20%
Total	100%

7.4.13 **Price (60%)** - After rejecting bids which in the opinion of the Council are unrealistically high or low (in terms of Price), the lowest price will be given 100%. Other prices will then be expressed as a proportion of the lowest price.

7.4.14 **Overall evaluation** - The evaluation process resulted in comparative quality, social value and price scores for each supplier. For each element (quality, social value, price), the tender obtaining the highest marks will be awarded the maximum score for that element, with other tenders being allocated scores on a pro-rata basis

Evaluation

7.4.15 The evaluation of tenders was undertaken by officers from Birmingham Parks and Nurseries supported by Corporate Procurement Services.

7.4.16 Confidential information relating to the evaluation is set out in the Private report as it relates the commercial interests of companies.

Service Delivery Management

7.4.17 **Contract & Performance Management** - The Contracts will be managed in accordance with the Council's contract management methodology by Birmingham Parks & Nurseries with support from Corporate Procurement Services.

7.5 Human Resources Implications (if required)

7.5.1 None.

7.6 Public Sector Equality Duty

7.6.1 The requirements of Standing Order No. 9 in respect of the Council's Equal Opportunities Policy will be incorporated into the Contract.

7.6.2 The requirements of the Equality Act 2010 will be specifically included in the Contract to comply with, the Act.

8 Background Documents

8.1 Report to Cabinet dated 11 December 2018, Prudential borrowing for the purchase of grounds maintenance equipment.

8.2 Report to Cabinet dated 31 July 2018, the Insourcing of the City wide Grounds Maintenance Services

List of Appendices accompanying this Report (if any):

- Appendix 1 – Procurement Strategy for the purchase of the remaining vehicles not covered by this report.
- FBC Equipment List

Appendix 1 – Procurement Strategy for remaining vehicles

1. **Scope and Specification** - the scope of the proposed contracts included the following goods and services:

- The purchase of vehicles (see table below);
- Provision of annual service maintenance/repair;

Item description	Indicative purchase QTY *
Pickups	23
35 CWT Tippers – single cab & crew cab	20
35 CWT Beaver Tail Car Transporter	37
35 CWT Beaver Tail Car Transporter	23
35 Cwt Enclosed vans	32
Small vans	13

* Although the indicative purchase quantities above were provided in the tender as a best estimate & for evaluation purposes the actual quantities are yet to be confirmed pending confirmation of final TUPE transfer staffing numbers and GM programme of work The 11th December 2018 Cabinet included an estimate of 125 vehicles. It is now estimated that a 148 vehicles are required. The increased amount is still within the approved budget. Grey highlighted row shows the change from the FBC.

2. **Market analysis** - The market for supply of the above vehicles and associated services is well developed and there are a number of suppliers that can deliver the Council's requirements.

3. **Procurement options**

- i) **Birmingham City Council Framework Agreement** - the option to tender this opportunity as a Council framework agreement was considered and discounted on the basis that there was insufficient time to do this. A Council framework would take 6-9 months to procure. Actual specification of vehicles was not confirmed until December following consultation on the reduced grass cutting regime that would deliver the saving in the 31st July Cabinet report. In addition approval for prudential borrowing in order to purchase this was not achieved until 11th December 2018.
- ii) **Further competition under Crown Commercial Services (CCS) Framework Agreement (FA) RM6060 - Vehicle Purchase Framework Agreement (Lot 2 - Light to medium commercial vehicles up to but not including 7.5 tonnes)**. This FA commenced

02 Dec 2018 for 4 years and is fully compliant to EU regulations. This is the preferred option as it meets the Council's requirements and the process can be undertaken within the timescales.

- iii) **Contract duration** – the contract duration will be five years with the capital purchases taking place during the financial year 2018/19 with the remaining term being required for annual maintenance. In terms of product lifecycle the industry standard for this type of equipment is a replacement every five years.

4. CCS FA RM6060 - Vehicle Purchase Framework Agreement (Lot 2 - Light to medium commercial vehicles up to but not including 7.5 tonnes)

- The CCS FA (Lot 2) includes a total of 22 suppliers.
- The protocol of the framework agreement is for either a direct award or for a further competition exercise to be undertaken. Given the size of the Council's requirements a further competition will be undertaken to drive best value.

5. Structure of the further competition

- a. Tenders will be evaluated against the specification in accordance with a pre-determined evaluation model using a quality / social value / price split of 30% quality, 10% social value and 60% price.
- b. The evaluation of tenders for each lot will be divided into four assessment areas as detailed below:
- c. General information – assessed on a pass /fail basis or for information only as follows:

GENERAL INFORMATION		Scoring Assessment
SECTION F	Potential Supplier Information, insurance & lots	Information only
SECTION G	Birmingham Business Charter for Social Responsibility	Pass / Fail
SECTION H	Additional Terms	Pass / Fail
SECTION I	Compliance with the Council's Requirements	Pass / Fail
SECTION J	Declaration	Pass / Fail

- d. **Quality Assessment (scored questions)** – Quality criteria and weightings are as follows:

Quality Criteria 30%		Sub-Weighting
a	Detailed specifications	50%
b	Delivery lead time	25%
C	Process from order placement through to after sales support.	25%
	TOTAL	100%

- e. **Social value (scored questions)** – the social value criteria and weightings are as follows:

Social Value Criteria 10%	Sub-Weighting
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Green and Sustainable	50%
Good Employer	30%
Ethical procurement	20%
Total	100%

- f. **Price (60%)** - After rejecting bids which in the opinion of the Council are unrealistically high or low (in terms of Price), the lowest price will be given 100%. Other prices will then be expressed as a proportion of the lowest price.
- g. **Overall evaluation** - The evaluation process will result in comparative quality, social value and price scores for each supplier. For each element (quality, social value, price), the tender obtaining the highest marks will be awarded the maximum score for that element, with other tenders being allocated scores on a pro-rata basis.

6. Evaluation

- a. The evaluation of tenders will be undertaken by officers from Birmingham Parks and Nurseries supported by Corporate Procurement Services.

7. Service Delivery Management

- a. **Contract and Performance Management** - The Contracts will be managed in accordance with the Council's contract management methodology by Birmingham Parks and Nurseries with support from Corporate Procurement Services.

Appendix 2 – FBC Equipment list

Those items shaded grey were included in the Contract Award reported here.

Item as per the FBC	Proposed use as per the FBC	Indicative quantity (as per the FBC)	Update on the FBC	Indicative Quantity (tender)
Transits	People carriers, Rubbish removal, Machinery and tool moving	173	Procurement strategy proposed as part of this report	89
Pickups	Supervisory, Monitoring, Resource Transport,(materials) Heavy Plant and trailer recovery equipment, Off road,	30	Procurement strategy proposed as part of this report	23
Vans	Supervisory and servicing the contract with tools, supplies etc	14	Procurement strategy proposed as part of this report	13
Trailers	Transport Kit around, large plant, and pedestrian Machines	88	Need/quantity currently unknown	n/a
Bowser	For watering Bedding, Hanging Baskets Flower towers, Trees, and Woodland Fires.	18	Need will be dependent on confirmation of the 2019 hanging basket programme	n/a
Mule	Utility Vehicle off road around large parks, transport for materials, rubbish tools and staff,	23	Lot 3 – item 1. Need to be confirmed	Unknown
Commander	Mowing machine for sports areas 21 cut sites, schools, large areas 5 Unit machine. (10, cuts and above)	9	3 Unit Ride-on Rotary Mower. Suitable for cutting grass on highway verges and housing estates and Out Front Rotary Mower. Suitable for cutting grass on highway verges and	26

Item as per the FBC	Proposed use as per the FBC	Indicative quantity (as per the FBC)	Update on the FBC	Indicative Quantity (tender)
			housing estates	9
Ride on Rotary	Amenity mowing small and large areas, for 10 cuts and less as budget restraints apply.	85	Triple Unit Ride-on Fine Flail Mower. Suitable for cutting highways and roadside verges	22
Ferris Rotary	small ride on rotary easy manoeuvrable for cemetery work between graves etc 21 cuts down to 6 cuts.	5	Out Front Rotary Mower. Suitable for cutting grass on verges and Cemeteries	6
Profi Hopper	Flail machine used for enhanced cut and collect ornamental machine also leaf collection and fine turf maintenance.	11	Fine Turf Flail Mower. Suitable for cutting and collecting on fine turf grass areas	11
Chippers	Used for shrub maintenance minimise travel and reductions of shrub material to be transported	17	Need currently unknown. As a winter activity a decision will be made later in 2019	n/a
Tractor/Trail Gang	Large parkland, playing fields, recs, also utilise tractor through winter on other tasks.	10	Three Unit Tractor-Trailed Rotary Mower. Suitable for large open spaces, being towed by a tractor & Tractors suitable for towing 3 unit trailed gang mowers and working on open parkland.	6 6

Item as per the FBC	Proposed use as per the FBC	Indicative quantity (as per the FBC)	Update on the FBC	Indicative Quantity (tender)
Tractor / Bucket	Small compact tractor used, for sports maintenance implements, loading and removing rubbish, leaf collecting attachments, and loading skips.	16	Need/quantity currently unknown	n/a
Dennis	Fine turf machinery for Bowling greens, cricket square maintenance, wicket prep, and also ornamental mowing.	18	Need/quantity currently unknown	n/a
Fertiliser Spreader	Sports fertilising.	6	Need/quantity currently unknown	n/a
Spiker	Implements for sports maintenance	12	Need/quantity currently unknown	n/a
Side Arm Flail	For Hedge Cutting of agricultural hedges. Country lane verges, Banks, inaccessible areas, (Tractor and Side Arm Flail).	7	Side Arm Mower. Suitable for Hedges and verges through 360 degrees and Tractors suitable for Side Arm mowers and working on open parkland.	1 3
Pedestrian Flail	Small lawn areas, overgrown areas, 12 cut down to 1 cut.	6	Need/quantity currently unknown	n/a