
Meeting	Cabinet Resources Committee
Date	16 December 2013
Subject	Arboricultural Contracts - Extension
Report of	Cabinet Member for Environment
Summary	The report seeks approval to take up the option of two year extensions from 1 April 2014 for the three arboricultural contracts, with City Suburban Tree Surgeons Ltd, when the initial five year terms conclude on 31 March 2014.

Officer Contributors	Andy Tipping, Principal Arboricultural Officer
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Not Applicable
Function of	Executive
Enclosures	None
Contact for Further Information:	Contact for further information: Andy Tipping, Principal Arboricultural Officer. Environment, Planning and Regeneration: 020 8359 7838

1. RECOMMENDATIONS

- 1.1 **That the option of taking up two year extensions, when the five year initial term concludes for the three Arboricultural Contracts;**
- **Area A 50179 (Hendon & Edgware)**
 - **Area B 50180 (Finchley & Golders Green)**
 - **Area C 50181 (Chipping Barnet)**
- are approved with the extension period to commence on 1 April 2014.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Delegated Powers Report of Director for Environment and Transport. 10 October 2007. Extension for Arboricultural Contracts, Contract Area B and Contract Area C. That the contracts for Area's B and C are extended for a period of one year from October 2007.
- 2.2 Cabinet Resources Committee 22 July 2008. Arboricultural Contracts Extension. That the Arboricultural Contracts (Area Contracts B and C let in 2003, and Area Contract A let in 2004) are extended for a period of 6 months until 31 March 2009.
- 2.3 Cabinet Resources Committee, 19 January 2009, agenda Item 13 – the Committee agreed to award the contracts, **50179, 50180 and 50181** to City Suburban Tree Surgeons Ltd (CSL).

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The contracts meet with the Council's corporate priority; Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study. The Council's Procurement Strategy aims to support the delivery of the Corporate Plan 2013 – 2016 by enabling the procurement of value for money goods and services; the tendering and extension process undertaken for the Arboricultural contracts supports this aim.

In particular, this contract directly contributes in maintaining and improving the borough's parks, green spaces and street trees for residents to enjoy, improving quality of life and the local environment and creating conditions for a vibrant economy.

4. RISK MANAGEMENT ISSUES

- 4.1 The award of the contracts will allow for the continuing provision of high quality, cost contained Arboricultural services for both programmed maintenance and emergency works e.g. the effects of storms.
- 4.2 The contracts were tendered in compliance with EU public procurement rules, delivering a quality assured, health and safety compliant tendering process, reducing risk to the Council.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The tender processes undertaken included an equalities and diversity assessment. All contractors were able to demonstrate that equalities processes and procedures were in place and embedded in their respective organisations.
- 5.2 Trees benefit all sectors of the community by improving the local environment. Maintenance is carried out according to an approved maintenance specification and takes into account requests from residents and Members.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The costs of the three extended Contracts will be contained within 2014/15 budgets.
- 6.2 The three contracts are highlighted in the Procurement Forward Plan for extension or to initiate new contracts.
- 6.3 Part of the original contract award criteria requested bidding contractors to submit a financial incentive to the council. Although operating costs have increased due to price rises affecting diesel and insurance, CSL have over the life of the contract demonstrated partnership working by planting trees and supplying woodchip free of charge which have a total value of over £50,000.
- 6.4 CSL have also agreed to 0% Annual Percentage Increase for the two year extension, estimated at compound saving of £76,464 based on estimated annual percentage interest increase of 3.5%

Table showing estimated value of uplift for extension					
Year	Annual Spend	Annual Uplift	Accumulative	Comment	Saving
2014-15	£720,000.00	3.50%	3.50%	Estimated	£25,200.00
2015-16	£720,000.00	3.50%	7.12%	Estimated	£51,264.00
Total value that can be saved					£76,464.00

- 6.5 The supply of woodchip is being added to the variation agreed on the contract and the Council can request up to 1,400 cubic metres annually.
- 6.6 CSL have offered to pay as a one-off arrangement fee of £3,500 for RA Information Systems (suppliers of the Council's tree management database, Ezytreev) to set up Cloud system for both CSL and Council's Tree Section to access to improve the efficiency of the contract.

6.7 Section 14 of the Contract Procedure Rules details the process to be undertaken for contract extension. In accordance with 14.2:

- The initial contract was based on a Contract Procedure Rules compliant competitive tender or quotation process;
- the value of the extension added to the value of the original contract does not exceed the original Authorisation threshold as defined in Appendix 1, Table A;
- the extension has an approved budget allocation;
- the extension is in accordance with the terms and conditions of the existing contract;
- the contract has not been extended before.

7. LEGAL ISSUES

7.1 The original tender process complied with public procurement rules and the council's Contract Procedure Rules (CPR)..

7.2 The contract extensions and variations are permitted under CPR.

7.3 The contracts need to be formalised by a legal agreement that HB Public Law will draft and/or approve as appropriate as required under CPR 5.9.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

8.1 Council Constitution, Responsibility for Functions - paragraph 4.6 states the terms of reference of the Cabinet Resources Committee.

8.2 Council Constitution, Contract Procedure Rules, paragraph 14.6 states that the Acceptance thresholds for contract extensions and variations are set out in Table A, Appendix 1 of the Contract Procurement Rules. Section D of Table A requires authorisation from Cabinet Resources Committee for contracts of £500,000 and above

9. BACKGROUND INFORMATION

9.1 For the purpose of tree management, Barnet is split into three areas based on the political constituencies. Area A - Hendon and Edgware. Area B - Finchley and Golders Green. Area C - Chipping Barnet.

9.2 The Arboricultural contract was let for five years with effect from 1 April 2009, with an option to extend the contract once, for up to two years.

9.3 CSL scored the highest in the tender evaluation on Most Economically Advantageous Tender (MEAT) principles for each of the three Contracts and by a margin of 21% from the next nearest bidder on price.

- 9.4 To have awarded each contract to a separate contractor did not provide value for money and would have required an increase in the operating budget of approximately £100,000 per annum, a saving in excess of £500,000 over the term of the contract.
- 9.4 The Council currently employs CSL as a single external contractor to undertake scheduled maintenance work, ad-hoc and emergency works to manage the Council's tree stock in the residential streets, parks and open spaces and allotments.
- 9.5 The current contract arrangements use KPI's to assess the on-going performance of the contract. The contractor, CSL, has consistently performed in excess of five of the seven KPIs with two requiring contract management to deliver improvement. This improvement has been evident and consistent performance across all KPIs is a requirement of the extension period.
- 9.6 The specification for the Arboricultural contract includes a range of tree maintenance operations, ranging from tree planting and establishment, through to emergency procedures in storm conditions for the street tree stock of the borough. It is a Schedule of Rates contract with work generated following inspections and responsive works that arise. The contract also provides rates that can be applied across service areas for Barnet Homes, Parks and Allotments etc.
- 9.7 The contractor, CSL, has worked in the Borough over a nine year period and has an understanding of the overall demands that Barnet requires in the contract. This provides assurance of flexibility to demand peaks with the ability to resource new and demanding situations, for example the recent storm was accommodated without problems experienced. The contract has also support provision to the Mayor of London, Outer London Fund town centre planting of large scale trees requirements. This has involved new techniques and machinery within budget and to a high standard.
- 9.8 The extension of the three contracts is based on identified savings to enable commission of works based on current budget and removes annual increment during the extension period.

10. LIST OF BACKGROUND PAPERS

- 10.1 Arboricultural Contract 2003 to 2007.
- 10.2 Arboricultural Contract 2009 to 2014.
- 10.3 Any person wishing to view the background papers should telephone 020 8359 7838.

Cleared by Finance (Officer's initials)	JH
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