

REPORT TO:	Cabinet Member for Environment, Transport & Regeneration (Job Share)
SUBJECT:	Arboricultural Services Contract Variation
LEAD OFFICER:	Steve Iles, Director of Public Realm
CABINET MEMBER:	Cllr Stuart King, Cabinet Member for Environment, Transport & Regeneration (Job Share) Cllr Callton Young, Cabinet Member for Finance and Resources
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

Croydon Council Corporate Plan alignment:

- Growth ambition outcome: To create a place where people and businesses want to be.
- Liveability ambition outcomes: A place that is easy and safe for all to get to and move around in (where places, roads & streets are safe for all & navigable).
- Enabling function outcomes: openness and transparency with communities at the heart of decision-making.

Croydon Local Plan:

- Improve accessibility, connectivity, sustainability and ease of movement to, from and within the borough.

Theme 5. Where there is a cleaner and more sustainable environment

- *Outcome b. Improved air quality especially at or near schools*

Theme 6. Where we value the arts, culture and sports

- *Outcome a. Croydon's cultural offer enhances our town and creates places where people want to live, work and visit.*
- *Outcome b. Good, affordable and accessible sports and leisure facilities enable people to be as active and healthy as they want to be.*
- *Outcome c. Our parks and open spaces are safe, pleasant, thriving places where everyone can exercise and have fun.*

Theme 10. Where there is an excellent, modern, and efficient council, working closely with residents and communities

- *Outcome b. The Council provides value for money, using council assets more effectively, keeping more spend in Croydon and delivering more services with the voluntary sector and communities.*

FINANCIAL IMPACT

The existing arboricultural maintenance service contract has been delivered by a supply chain partner (City Suburban Tree Surgeons Limited) since 2008.

The existing contract including extensions ended on the 31st July 2019. The Council need to agree and then procure a new service delivery model, to allow sufficient time for the Council to facilitate the new service arrangement the Council need to extend its existing arrangement with City Suburban Tree Surgeons Limited for a period of 18 months from 1st Aug 2019 to 31st March 2021.

The annual revenue and capital budget for the arboricultural service since 2008 (financial year starting in April) has been summarised in the table in section 5 below.

An extension of the existing arboricultural maintenance service from 1st Aug 2019 to 31st March 2021 will equate to a spend of £1,560,000.

Total cost of Revenue and Capital inclusive of this amendment amounts to £10,831,000

FORWARD PLAN KEY DECISION REFERENCE NO.: 4820ETR

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

The Leader of the Council has delegated to the Cabinet Member for Environment, Transport & Regeneration (Job Share), in consultation with the Cabinet Member for Finance & Resources, the power to make the decisions set out in the recommendations below:

1. RECOMMENDATION

The Cabinet Member for Environment, Transport & Regeneration (Job Share) is recommended by the Contracts and Commissioning Board to:

- 1.1 Approve, in accordance with Regulation 30.3 of the Council's Contracts and Tenders Regulations, the extension by way of variation of the contract for Specialist Arboricultural works with City Suburban Tree Surgeons Limited for nineteen (19) months from 1st August 2019 to 31st March 2021 at a value of £1,560,000 (maximum contract value, including this proposed extension will be £10,831,000).

2. EXECUTIVE SUMMARY

- 2.1 On-highway arboricultural services within the borough has been delivered by a supply chain partner (City Suburban Tree Surgeons Limited) by a formal

contract since 2008. The last contract extension ended on the 31st July 2019. A further extension is therefore requested from 1st Aug 2019 to 31st March 2021. During this period the Council will formalise its future requirement for service delivery.

- 2.2 The works will consist of tree management works required for the Council to continue deliver against its three (3) to five (5) year tree management plan.
- 2.3 An extension of the existing arboricultural maintenance service from 1st Aug 2019 to 31st March 2021 will equate to a spend of £1,560,000.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1599/20-21	19/08/2020

3. BACKGROUND

- 3.1 The Councils approximated trees and woodlands asset management liability consists of on-street trees (C,35k), parks and open space areas (C,130), ancient woodlands (C, 500 hectares) and housing sites (C, unknown).
- 3.2 The Council has an established three (3) to five (5) year tree management plan for all trees within its portfolio. The focus is maintenance in the form of clearing and re-cutting of highway trees across the borough.
- 3.3 The maintenance and investment element of the service has been delivered by a supply chain partner (City Suburban Tree Surgeons Limited) formally engaged and contracted to deliver the service in 2008.
- 3.4 In July 2018 a one (1) year contract extension was applied by issue of a deed of variation, this started in August 2018 and ended in July 2019. The extended contract value (price) was not fixed, it was subject to agreed rates measured on a works instructed and completed basis (Deed of Variation Seal number 244739). The contract extension value was = £921,000.
- 3.5 The existing contract including extensions ended on the 31st July 2019. This Review Point report is proposing that the Council issue a deed of variation, for extension of the contract from August 2019 to March 2021. The extended contract value (price) by application of agreed rates measured on a works instructed and completed basis will be = £1,560,000. The proposed deed of variation extension to March 2021 equated to percentage increase measured against the value of the original contract of 30.8%.
- 3.6 The Council has prepared a business case which provides a full evaluation of the procurement and future delivery options available to the Council, this

document will form the content of the Review Point 1 (RP1) document for future service provision.

4. CONSULTATION

- 4.1 There are no statutory consultation requirements for this type of system. Internal consultation has taken place with Finance, Legal, ICT and HR departments.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 No risk to the Authority if extension is agreed as existing terms have been agreed with the current provider. Revenue budget will continue on the same level as previous year so no additional costs or savings are assumed.

Revenue and Capital consequences of report recommendations

	Current year 2020/21	Medium Term Financial Strategy – 3yr forecast 2021/22	2022/23	2023/24
Revenue available	£'000	£'000	£'000	£'000
Expenditure	£781 k	£781 k	£0 k	£0 k
Income	£0 k	£0 k	£0 k	£0 k
Effect of decision from report				
Expenditure	£640 k	£0 k	£0 k	£0 k
Income	£0 k	£0 k	£0 k	£0 k
Remaining budget	£141 k	£781 k	£0 k	£0 k
Capital Budget available				
Expenditure	£179 k	£179 k	£0 k	£0 k
Effect of decision from report				
Expenditure	£0 k	£0 k	£0 k	£0 k
Remaining budget	£179 k	£179 k	£0 k	£0 k

5.2 The effect of the decision

The effect of the decision is £1,560,000 from 1st August 2019 to 31st March 2021. The contract extension will be implemented by issue of a deed of variation, the existing supplier has already agreed to accept this proposal.

The approval of this recommendation will provide continuity of the services delivered and further allow the Council to formalise its long term contracted requirement.

5.3 Risks

Although an extension of the existing arboricultural services provision will not have any additional or altered impact on the risk profile of the service there is a requirement for the Council to formalise its contracted requirement for service delivery in the short, medium and long term.

The Council has prepared a business case which will identify future risks and appropriate mitigation measures.

Contract Extension, - As with any variation to extend, there is a potential risk of challenge however under Regulation 72 (b) modifications are permitted during their term for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor (i) cannot be made for economic or technical reasons, and (ii) would cause significant inconvenience or substantial duplication of costs, provided that any increase in price does not exceed 50% of the value of the original contract. This section applies to this extension because changing the contractor cannot be made for economic reasons, would significant inconvenience or substantial duplication of costs for the Council and this modification is a 31% increase in price. Therefore, the Council considers that this is a permitted modification under the PCR.

5.4 Options

See Section 12 below.

5.5 Future savings/efficiencies

The short / medium term cost of continued engagement with the existing supplier will be low when compared with current industry practice and rates, primarily because:

- The measured rates included within the existing contract have been reviewed / adjusted for inflation (indexed) annually since 2008.
- The specification and delivery requirements included within the existing contract have not changed since 2008.

Although the costs will remain lower in the short to medium term continued engagement with the existing supplier cannot be considered as an acceptable long-term solution, the key reasons being:

- The existing specification and contract terms and conditions are outdated in terms of quality, performance and the latest health and safety requirements.

- At contract term end (March 2021), extended by issue of deed of variation, the contract will have been extended 2.5 years beyond the original ten (10) year contract provision (ie, seven (7) contract plus year (2.5) extension).

The Council has therefore prepared a business case which provides a full evaluation of the procurement and future delivery options available to the Council, this document will form the content of the Review Point 1 (RP1) document for future service provision.

Approved by: Darrell Jones Finance Manager Public Realm and VRN (on behalf of Felicia Wright Head of Finance Place Department).

6. LEGAL CONSIDERATIONS

- 6.1 The legal considerations are as set out within this report.

Approved by Kiri Bailey, on behalf of Sean Murphy, Director of Law and Governance

7. HUMAN RESOURCES IMPACT

- 7.1 An extension of the existing arboricultural services provision will not have any additional or altered impact on human resources.
- 7.2 The Councils business case which outlines the options for future arboricultural services provision and makes recommendation on the preferred long-term solution for the Council will consider the impact on human resource.

Approved by Jennifer Sankar, Head of HR Place for and on behalf of Sue Moorman, HR Director.

8. EQUALITIES IMPACT

- 8.1 An Equality Analysis has not been undertaken because the practice is not relevant to equality. There are no known equalities matters arising from the recommendation to continue with this model of delivery.

Approved by Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 The current supplier recycles 100% of the waste arising's with much of the woodchip going to energy from waste.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder reduction impacts arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 A two (2.5) year extension of the existing arboricultural services contract is required so the Council can continue to deliver its statutory duty to maintain the public highway by application of the established three (3) to five (5) year tree management plan for all trees within its portfolio, whilst allowing time to consider the future delivery options available.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Do Nothing (rejected) – Cannot be considered as a viable option because the Council has a statutory obligation to maintain the highway.
- 12.2 Procure Alternative Service (rejected) – Cannot be considered as a viable option within the given timescales. However -

The Council has prepared a business case which provides a full evaluation of the procurement and future delivery options available to the Council, this document will form the content of the Review Point 1 (RP1) document for future service provision.

A number of options have been identified within the Councils business case but they cannot be procured within the timescales available, it was therefore decided that a contract extension would be requested and a new service provision would then be implemented by 1st April 2021.

- 12.3 Contract Extension (preferred option) – This is the preferred option because procurement of an alternative service provision within the given timescales is impractical.

13. DATA PROTECTION IMPLICATIONS

- 13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

- 13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

Approved by: Steve Iles, Director of Public Realm

CONTACT OFFICER: Tom Lawrence, Head of Environmental Services
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BACKGROUND DOCUMENTS: None