

## **Residents play a leading role in selecting new grounds maintenance contractors**

When Dorset based Signpost Housing Association needed to tender its grounds maintenance service saving money was not its only consideration; getting a standard of service that met residents' needs was also of great importance. Working with specialist social housing consultant Peter Bird from Primary Business Support the association formed a project working group from staff and residents who undertook the process.

### **The previous grounds maintenance arrangements**

SHA was a large scale voluntary transfer from North Dorset District Council in 1990. The majority of the grounds maintenance work had been undertaken by the contractor who had undertaken the work for the district council. Periodic checks had been made to ensure that value for money was being achieved but the service had not been subjected to tender.

In Devon and Somerset, where the association had developed, grounds maintenance was undertaken by a number of small (and some large) contractors.

### **The working group**

The association already had a residents group known as the PARRR group (the Programmed Repairs and Responsive Repairs group) and it was decided to create a sub group from the PARRR group to oversee the tendering arrangements. There were 18 residents who joined the sub-group (one was a resident Board member) and three members of staff. The staff were the Divisional Director and the two members of Signpost's sister organisation, Signpost Services, who manage the landscape maintenance contract on SHA's behalf.

It was important to include the working group in all issues concerned with the tendering so as to avoid the residents' involvement being a 'token contribution'. Some of the discussion was around technical issues such as TUPE, training requirements and contractual terminology. The group was led through these subjects with background information and explanations so that all group members properly understood the issues and could make an informed contribution.

The Association's consultant was able to liaise with lawyers and interpret the technical legal aspects for the group; using a specialist housing consultant also meant that much of the technical work could be undertaken with reduced use of lawyers and with only specific issues being referred to them rather than lawyers leading the process. This proved to be a very cost effective use of resources.

### **Wider consultation**

There were around 3900 residents who benefited from the grounds maintenance service; these included those who paid service charges – both variable and fixed – and those who benefited without a specific charge. The situation was further complicated because stock rationalisation was underway and some properties were being transferred to another association and yet others were being acquired. Finally, there were residents who were living in new properties that were currently having their grounds maintenance undertaken by the builder but which would be transferring to SHA before the new contract came into place.

All these various groups were consulted by letters that were tailored to their circumstances. They were surveyed, through a questionnaire, about current grounds maintenance standards and issues that they wanted to see addressed. They were also given the opportunity to say whether they wanted to be involved further in the tendering process. There was a lot of interest in being involved and it was decided to involve all the various parties through further written consultation due to the complexity of face to face meetings over a wide area and also due to time constraints – the new contract was to be in place by April 2010.

If undertaking the process again greater time would be allowed to permit regional meetings.

### **Setting the specification**

The association's consultant drafted a specification for consideration by the working group. The residents had expressed a strong desire in the survey for grass clippings to be removed from communal schemes. Experience elsewhere had indicated that to remove all grass clippings could almost double the cost of grass cutting and so the collection from communal schemes was considered as an option for which a separate price might be sought. The frequency of hedge cutting was also seen to be an area where improvement could be made. In the event the increased hedge cutting and removal of cuttings from communal schemes were put together to create an 'Enhanced Standard' for which tenderers were asked to submit a separate price. A 'Reduced Standard' was also established so that potential cost savings could be identified. The specification therefore had three possible standards: Reduced, Middle and Enhanced.

The working group had other input to the specification including the requirement to sweep paths following grass cutting, use of trimmers rather than weed killer (used as grass killer) around posts and other immovable objects and they added details about when hedges may be cut to avoid disturbing nesting birds.

In view of the size of the area covered by the Association the working group considered tendering smaller contract areas and decided to have three lots covering Dorset, north Devon and Somerset and south Devon and Somerset respectively.

### **First round of resident consultation**

Having formulated a proposed specification it was time to consult the wider circle of residents who benefit from the service. As explained above, these included residents in a range of circumstances. Those with variable service charges were required to be formally consulted under S20 of the Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002. Recognised resident associations also had to be consulted under these arrangements.

In parallel the remainder of the 3900 residents were also consulted using bespoke letters based on their individual circumstances. Residents were asked to telephone the association's consultant, write in or email through a dedicated link on the association's website.

The comments received during this consultation were reported to the working group but it was necessary to have particular regard to those comments received from variable service charge payers since this group met the full cost of the grounds maintenance service whilst others met the cost through either fixed service charges or through their rent payments and the costs of these were

controlled by the Tenant Services Authority's Rent Restructuring Regime. In the event the number of relevant comments received was small.

Having taken the comments received from residents into account the specification was amended and finalised.

### **The tendering process**

The size of the contract meant that the tendering came within the EU procurement rules, however it was considered to be a 'Part B' service and so the requirements were not as demanding as would have been for a 'Part A' contract.

The working group appointed a 'tendering group' that comprised six residents and three members of staff to undertake the detailed tendering and evaluation.

Before advertising the contract the tendering group agreed the Pre-Qualification Questionnaire (PQQ) and the PQQ evaluation model. The group decided the subject of the method statements to be included in the PQQ technical and professional questions and these related to training, quality assurance and health and safety. They also decided which of the discretionary questions in the Statement of Good Standing to be used.

It was important that all evaluation criteria be agreed before the tender was issued. This was so that the criteria could be established before any discussions took place with potential providers and the process could not be accused of having been tailored to benefit any particular party. It was also important that the potential providers could be told what the evaluation criteria were so that they could ensure that they gave the very best information to allow their bid to be properly evaluated. Transparency was important throughout the process – both with bidders and with residents.

The tender was advertised in the Official Journal of the European Union (OJEU) and also in Horticulture Week and on the magazine's website. There were 50 enquiries and 28 returned PQQs.

The tendering group underwent a full day of PQQ evaluation in an atmosphere described as 'exam-like'. All tender evaluation at both PQQ and ITT stages was undertaken 'blind'. Method statements and references were anonymised in advance of the evaluation meetings and, so far as possible, neither the staff nor the residents were aware of which tenderers' papers they were assessing.

The intention was to invite six contractors to bid at the Invitation to Tender (ITT) stage but the PQQ evaluation led to five clear leaders and three companies tying for sixth place. Having taken legal advice it was decided to invite eight contractors to bid (this was a decision the group was to be thankful for later).

The ITT documentation was agreed by the tendering group and this included the ITT evaluation methodology. Again this was based on a document prepared by the Association's consultant but it was modified and approved by the working group. In particular the tendering group decided the method statements to be used and the weighting to be applied to these and the elements of price and references. The method statements asked for details about added value, staff training, customer service and on-site procedures, each in 500 words or less.

Eight companies were invited to tender, ranging from small specialist grounds maintenance companies through to international facilities management companies. In the event three companies withdrew at the ITT stage and these were all in the first five selected at the PQQ stage – the working group was therefore relieved that the three companies tying for sixth position were invited to bid, otherwise there would have been just two companies bidding.

Following return of the tenders the Association's consultant undertook 'sense' testing, arithmetic testing and assembled the references. There were around 300 sites specified with three prices for each site and five tenders received – a total of around 4500 prices!

References were taken up using a reference questionnaire that sought to elicit information in a uniform manner about the topics selected by the tendering group for the method statements. It was therefore possible to assess the customer's perspective as well as the company's statements.

The working group met again to undertake the ITT evaluation, again based on anonymised documents, and the group was led through the process by the consultant. The evaluation results were built up on a series of flip-chart sheets. At the end of another long day the leading contractors in each contract area, at each standard of grounds maintenance, were established.

### **Second round of resident consultation**

It was then necessary to consult the variable service charge payers as the group did not necessarily want to appoint the contractors at the lowest cost proposal. As well as the variable charge payers all of those other residents earlier consulted were again invited to comment on the proposals from the two leading contractors in Dorset, and the three leading contractors in the two Devon and Somerset contract areas. The legislation around variable service charges does not explain how residents who move in during the S20 consultation should be consulted but it was felt that these people should be advised of the process during the property offer stage and they should be included in all formal consultation after they had moved in.

The position was further complicated by the fact that one contractor had taken the association up on its invitation to bidders to offer a discount if all three contract areas were appointed to a single contractor.

Comments were received from residents during this second stage of consultation and these were considered by the tendering group.

### **Considering the second stage of consultation and deciding on contract awards**

A further meeting of the tendering group was necessary to consider the responses to the second stage of resident consultation and to determine which standard to select and therefore which contractors to appoint. This meeting compared the existing contract costs against the costs at the three standards, Reduced, Middle and Enhanced. It was found that within the existing costs the Enhanced Standard was affordable. The group considered the position of residents with variable service charges and whether they would prefer to make savings rather than maintain costs and achieve higher standards. The responses to the second stage of consultation did not indicate any great desire to select the Reduced Standard over the other standards (there was equal support for all three standards and the number of respondents was small).

The tendering group agreed to adopt the Enhanced Standard across all three contract areas. Despite the evaluation being undertaken by a Most Economically Advantageous Tender (MEAT) method all three highest scoring tenderers were also the lowest priced for the Enhanced Standard in their areas. However, the Enhanced Standard was not the lowest priced option and so it was felt necessary to write again to those residents on variable service charges to advise them of the contractors selected and the reasons for the selection of the Enhanced Standard. This is a formal notification required under the service charge legislation. Other residents were advised of the outcome of the process through the association's regular newsletter and the outcome was posted on the association's website.

### **The working group view**

The residents involved found the process stimulating and enjoyable. John Pearson, a resident from Winterborne Whitechurch, said 'I have found the whole process interesting and I feel that the residents have had a very real role to play in determining the standards to be agreed and the selection of the best contractors for the work'.

### **Future arrangements**

Residents continue to be involved in the management of the contract and are now involved in the regular contract monitoring meetings.

To ensure wider resident satisfaction the residents' satisfaction survey carried out at the start of the tendering project will be repeated once the new arrangements have bedded down and the findings will be shared with the contractors and residents.

### **Issues identified during the process**

There were a number of issues identified during the process that are worthy of note:

- The timescale for such a project across a wide geographical area is long. This project was active for a period of ten months. To provide better, face to face, consultation a further three months would be required and the staff resources would increase.
- The work required in getting a wide range of resident involvement cannot be underestimated.
- For a contract such as grounds maintenance it is important that bidders can view the sites. This particular project was extended at the ITT stage by two weeks due to snow coverage which made sites impossible to see on the ground.
- It is important to have up to date maps and specifications of the areas to be maintained. Preparing these, which happened in advance of the start on this project, had taken a number of months. If possible, it will be beneficial if these sites can be mapped on a GIS system.
- Details of residents who benefit from such services can be usefully maintained on the property and tenancy databases used by the landlord. This eases the burden of extracting relevant tenant details for letter merges.

- Although landlords are required to consult residents the responses received are not numerous and many responses will not be relevant to the tendering process, but must be acted upon nevertheless. A variety of consultation methods will increase involvement but will require significant resources to be available.
- If the work is to be undertaken in-house it will be beneficial to have a dedicated lead officer to pull together elements such as the technical details, the resident involvement issues and the tendering requirements. Alternatively, an external consultant can usefully be employed to provide this role and ensure that sufficient time is given to the project needs.
- Many of the processes involved are legal requirements or have legal implications. For example EU tendering requirements, TUPE issues, S20 Consultation requirements and tender terms and conditions. It is therefore beneficial to have good legal advice and a key member of staff/consultant who can draw the various requirements together.

Further details about the process can be obtained from Julie-Ann Foster, Divisional Manager for Signpost Housing Association, on 01258 484829 or from Peter Bird, at Primary Business Support, on 01264 324403.