

Homes and Neighbourhoods
Town Hall, Upper Street, N1

Report Of: Executive Member for Environment, Air Quality and Transport

Meeting of: Executive

Date: 14.3 24

Ward(s): All

Procurement Strategy for an Arboricultural Framework Agreement

1. Synopsis

- 1.1. This report seeks pre-tender approval for the procurement strategy in respect of the supply of tree surgery and tree planting in accordance with Rule 2.8 of the council's Procurement Rules.
- 1.2. The procurement is needed to secure suitable contractors to undertake tree surgery, tree planting and associated arboricultural services for the council.

2. Recommendations

- 2.1. To approve the strategy for the procurement of an arboricultural services framework agreement, as outlined in this report.
- 2.2. To delegate authority to award the framework agreement to the Acting Corporate Director for Homes and Neighbourhoods following consultation with the Executive Member for Environment, Air Quality and Transport, on completion of the procurement exercise as an officer key decision.

3. Background

3.1. Nature of the service

- 3.2. Islington's 40,000 publicly managed trees provide a multitude of benefits to residents and visitors. They boost our health and wellbeing, increase biodiversity, provide habitat, contribute to essential ecosystems services, intercept pollution, capture and sequester carbon, increase property values, and retail sales.
- 3.3. Trees will significantly improve the boroughs resilience to climate change. Directly helping to mitigate the forecasted extreme summer heat and increased heavy rainfall. They will shade and cool our urban open spaces in Summer, cooling the areas below and intercept and slow the rainfall runoff to reduce flooding.
- 3.4. Viewed from above, 25% of Islington is covered by tree canopy, this asset is higher than the London average of 21% and the UK urban average of 17% canopy cover. As a further indication of our planting density, Islington has the highest number of street trees per kilometre of highway in London.
- 3.5. Islington council has a statutory duty of care to manage and maintain its trees for the safety of its residents. It does this with a robust inspection and maintenance programme, aiming to inspect every public tree at least once every three years.
- 3.6. The Tree Service undertakes the assessment of trees and issues appropriate works in line with the service standards documented in Islington's Tree Policy. The management of the trees is dictated by legislation, primarily the Health and Safety at Work Act (1974) and Highways Act (1980), which informs in the care and management of trees.
- 3.7. The Tree Service also organises the council's tree planting programmes. Our target is to plant 600 more trees than we lose annually. In the 2023 24 planting season we will plant 920 trees on public land. Tree planting is focused on equity and targeted in areas of high social deprivation and lower canopy cover.
- 3.8. Tree planting, protection and good management contribute to the delivery of the council target set within the Vision 2030 climate change response to increase canopy cover to 27% by 2030, and to 30% by 2050.
- 3.9. Increasing canopy cover and appropriate tree management delivers benefits to residents and to supports the council priority in creating a Greener, Healthier Islington.
- 3.10. As well as the duty of care owed to residents and visitors the council also manage the liability risk from trees, reputational and financial. Whether that be from storm damage, slips and trips, damage to property (subsidence) or person and nuisance.

- 3.11. We also are obliged to manage any nuisance caused by trees. As trees grow conflicts may arise due to proximity, encroachment, seasonal nuisance (leaf and twig litter) blocking gutters, light and access. The council manage all these with a cyclical 3 yearly, tree inspection and programmes of maintenance.
- 3.12. The council's policy approach to management of trees may be adapted during the life span of this procurement alongside contextual policy development for good neighbourhood management and liveable neighbourhoods so the proposed approach will need to be capable of responding to policy development across the framework period.
- 3.13. The councils Tree Service provide the inspection, management, and protection of our trees but the delivery of tree surgery, tree planting and other tree operations is fulfilled by external contractors.
- 3.14. The previous tree surgery contract ended on 30 June 2022. It was a tri-borough contract with a single contractor servicing three Boroughs: Islington, City of London, and Waltham Forest.
- 3.15. Islington sought to procure a replacement arboricultural contract using a third-party framework agreement prior to the end of tri-borough arrangement. There was limited response from the companies on the framework agreement and none were able to resource and service the contract.
- 3.16. To continue necessary tree works and fulfil our duty of care, we have since entered an emergency interim arrangement with packages of tree works being sourced from smaller, more local companies. This has been successful in delivering timely, professional, and decent quality tree surgery and tree planting. In effect, this arrangement has trailed the framework agreement we now intend to procure.
- 3.17. The purpose of the proposed framework agreement is to deliver the tree maintenance for Islington's publicly owned trees and the delivery of tree planting and young tree maintenance on public land. The agreement will enable the council to fulfil its duty of care, maintaining its tree stock in a well-managed, safe state and deliver the committed tree planting targets. In addition, the multi-supplier agreement will enable the council to secure a long-term relationship with experienced contractors to deliver these services for Islington council.

3.18. Estimated Value

3.18.1. It is proposed term of the new framework agreement will be for four (4) years.

3.18.2. Tree surgery and tree planting are funded by revenue budgets. Recharges are made to the relevant department's revenue budget to cover the cost of delivering safety inspections and maintenance of the council's trees.

3.18.3. The estimated value of the framework agreement is £10.7m over four years. The annual breakdown of the estimated spend on tree related services by the council is shown in Table 1.

| Year | Annual Tree Planting (900+ trees) and routine young tree maintenance (£m) | Tree surgery (£m) | Total cost (£m) |
|--------------|---|-------------------|-----------------|
| 2024/25 | 1.1 | 1.2 | 2.3 |
| 2025/26 | 1.4 | 1.25 | 2.65 |
| 2026/27 | 1.5 | 1.3 | 2.8 |
| 2027/28 | 1.6 | 1.35 | 2.95 |
| Total | 5.6 | 5.1 | 10.7 |

Table 1. The projected value of the framework agreement for tree planting and tree surgery

3.18.4. The forecasted figures after 2024 25 in table 1 have been adjusted annually to account for the projected increase in tree surgery costs due to inflation, the increased number of trees and the increased costs to meet the tree planting target.

3.18.5. The tree planting budget increases in line with the growing numbers of trees being planted by the council to achieve the council target to plant six hundred more trees than we lose annually. An approximate total of nine hundred trees to be planted annually. The costs compound as the new trees requires three years watering and maintenance after planting.

3.18.6. Tree maintenance costs are largely associated at the beginning and end of their life when they are planted and when they are felled. Some may require pruning in maturity to reduce conflict with property or in response to disease or structural defect but most young trees, once established require little maintenance until they are mature.

3.18.7. The spend on arboricultural service for the last two years and the estimated spend for 2023/24 is shown in the table below:

| Year | Tree Planting and young tree maintenance (£m) | Tree surgery (£m) |
|---------|---|-------------------|
| 2021/22 | 0.631 - (701 trees) | 0.794 |
| 2022/23 | 0.425 - (450 trees) | 0.914 |
| 2023/24 | 0.800 - (920 trees) | 1.1 |

Table 2. The costs of tree planting and tree surgery 2021 -24

3.18.8. The figures in table 1 are estimated at the higher end of the spectrum and have not considered potential savings made from bringing aspects of arboricultural services in-house.

3.18.9. Client departments that provide tree surgery budgets (Housing and Parks) are informed quarterly of the delivery, costs, and commitments so that they are aware of the financial implications and uplifts to future budgets and re-charges.

3.19. **Timetable**

3.19.1. The anticipated timetable for the completion of this procurement is:

14 March 2024 – Approval of procurement strategy

March 2024 – Publish Tender

May 2024 – Evaluate Tender

August 2024 – Approval to Award

November 2024 – Start of framework agreement.

3.20. **Consultation**

3.20.1. We have consulted with the following colleagues in the development of this strategy:

- Strategic Procurement
- Legal Service
- Finance
- Insurance
- Environment
- Social value Group

In addition, benchmarking and advice have been provided by the London Tree Officers Association and tree officer colleagues in various London Boroughs.

3.21. **Options appraisal**

We have considered the following procurement route options:

- Do nothing.
- Delivery inhouse
- Ad-hoc purchasing using a Dynamic Purchasing System
- Tender for a single contract
- Establish a Framework agreement, with options to bring in house.

3.21.1. **Do Nothing**

To do nothing, to stop tree maintenance and tree planting is not a viable option. The council have a legal duty of care duty to look after the public tree stock. Failure to manage and maintain our tree stock appropriately would leave the council open to unacceptable liability and an unacceptable health and safety risk to residents. For these reasons, this option is not recommended.

3.21.2. **Delivery In-house**

In line with council policy, the first option for consideration is to bring the works in house.

The capacity to host and manage all arboricultural services in house does not currently exist within the council.

Full inhouse delivery for arboricultural services would involve significant investment for equipment, infrastructure, yard and storage space and resources. We have been unable to identify synergies, existing sites, facilities, or management structures to host the arboricultural services.

Tree surgery is a dangerous and specialist profession. The industry is experiencing chronic staff shortages. There is a risk that the council would not be able to secure the suitable staff, we would struggle to compete with the increasing private sector wages offered for tree surgery operatives. The sector is seeing significant and ongoing cost increases in the current market to deliver tree surgery and tree planting. This makes predicting the potential overall cost and risk to the council unknown and difficult to forecast.

There is a considerable financial and reputational risk and unproven cost savings or benefit to the council by bringing arboricultural services in-house. For these reasons, this option is not recommended. However, some aspects of lower risk activity could be brought in house, as set out in 3.21.5.

3.21.3. **Ad-hoc purchasing using a Dynamic Purchasing System (DPS)**

This option would involve placing individual packages of tree works on a DPS which acts as a reverse e-auctioning site where bidders compete to win the work by reducing their price until the auction closes. The benefit of this option is that it is

a quick route to market and new suppliers can apply to join the DPS at any time. The drawbacks are that the council would be unlikely to secure much if any added value from the significant spend using this route as works are split up into small batches. The council would find it difficult to build relationships with contractors due to the transactional nature of this option. There is the risk that contractors will decide not to join or bid via the purchasing system and leave the council without contractors or that a restricted number of contractors could increase their prices with the lack of competition. Due to the volume of work, there would be an administrative burden to routine publishing of work packages. For these reasons, this option is not recommended.

3.21.4. Tender for a single contract

The use of a single contractor to deliver arboricultural services has historically been the favoured option for most London councils. The benefits of this option are that the procurement process will be more straightforward than a multi-supplier option. There should be less management resource needed as the council only has to manage one contractor. The drawbacks of this option are that there is increased risk of service failure or mediocre performance due to the reliance on one contractor. Should this situation occur significant management time is required to oversee and enforce the contract. Higher risk of customer dissatisfaction in such circumstances. For these reasons, this option is not recommended.

3.21.5. Establish a framework agreement to be used in conjunction with in-house options.

A framework agreement of up to eight contractors tendering on thirteen lots. (See appendices) awarded seasonally.

Works will be awarded by mini competition for either a whole lot (call out / tree planting) or mini competition for packages within the lots (i.e., Highways / Parks and Housing lots) which are released as the tree inspections are completed by ward.

The benefits of this option are that the risk of breaks in service or mediocre performance is reduced as the council has access to more contractors. This option should also be more attractive to small and medium sized companies (SMEs) with the potential for interest from locally based contractors. The council will have more control over how works are allocated. The drawbacks of this option are that the procurement and legal arrangements will be more complex and similar administrative resource be needed as in the interim arrangement to manage the use of the framework. This is the recommended option.

The delivery of certain aspects of the arboricultural services by in-house teams are to be explored once the framework agreement is in place. These options will not

require the same level of investment or infrastructure as taking the full service in house and come with reduced risks to the council. Should in house options be viable then they can be phased during the life of the framework agreement. This will allow for the market rates, costs, and potential benefits to be understood.

The arboricultural services that have the best potential to produce savings if developed in house are the lower risk, less specialised ground-based works. These include ground-based pruning works, tree planting, young tree maintenance and watering. These options do not require extensive training or equipment and may be partially absorbed into existing council teams, the recommended framework of smaller suppliers enables this transition to take place on a more agile basis.

| Year | Arboricultural works | Cost (£m) |
|---------|---------------------------------|-----------|
| 2022/23 | Basal growth removal | 0.045 |
| 2022/23 | Planting and watering 450 trees | 0.425 |

Table 3. Current cost of provision for potential in house tree work and planting options.

3.22. Key Considerations

3.22.1. As part of this new framework agreement contractors will be required to deliver additional social value to benefit local people, businesses, and the wider community in Islington. The contractors will be encouraged to commit to and demonstrate how they will deliver, but not be limited to, the following:

- **Employment & Economy**
 - The plan is to look at working locally, moving from large national landscaping/ tree surgery companies to medium companies closer to Islington. Sub-contracting to small Islington based companies that will be encouraged.
 - By working with local supply chain and encouraging these companies to sub-contract to small local companies where appropriate we will support local business and employment opportunities.
 - As part of the commission, we will have a minimum requirement of an apprenticeship for tree surgery – this supports both workforce development and the sector itself in that there is a national shortage of tree surgeons currently. Potentially two over the course of the contract, a minimum of one full term apprenticeship.
 - We will be exploring the phasing of aspects of the service in house during the life of the contract. Ground-based pruning and young tree maintenance operations which will provide further opportunities for generalist employment.

- **Community and schools**
 - Working with local schools and neighbourhoods to provide tree planting events x 2 per annum.
 - Providing work experience x 4 youth per annum for 2 days per session.
 - Helping forest schools x 4.
 - Tree planting workshops x 8

- **Environmental factors**
 - Delivery of wood chip to friend's groups and allotments throughout the borough -prioritising those closest to the works that produced the reusable waste.
 - Support CNZ commitments by delivering and recycling more green waste to the WRC.
 - Re use of local timber via companies/ charities such as *We Make or Felled and fallen*.

3.22.2. The London Living wage will apply. See appendices.

3.22.3. Transfer of Undertakings Protection of Employment rights (TUPE), Pensions and Staffing Implications may apply.

3.23. **Evaluation**

3.24. The tender will be conducted in one stage, known as the open procedure, as the tender is 'open' to all organisations who express an interest. The open procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

3.25. **Proposed evaluation award criteria.**

3.26. Our proposed evaluation award criteria for providers to be appointed to the framework agreement are:

- 20% Social value
- 30% Cost
- 50% Quality

3.27. The breakdown of award criteria for quality

- Service Delivery = 20%
 - Demonstration of works completion rates within scheduled time limits.
 - Alignment with Islington carbon net zero commitments

- Customer Care/Communications = 5%
 - Data security
 - Communications and response procedure

- Efficiencies/savings = 5%
 - Continuous improvement and efficiency plan

- Mobilisation/Implementation = 10%
 - Resource plan
 - Depot and facility provision
- Policy & Procedures = 10%
 - Service performance
 - Health and Safety policy
 - Commitment to Public Sector Equality Duty, as outlined in section 149 of the Equality Act 2010
 - Environmental management system

3.28. **Business risks**

3.28.1. The business risks:

- Lack of interest from contractors
- Contractors pull out during the contract.
- A shortage of qualified and experienced tree surgeons
- The increasing cost of fuel, equipment, and wages.

3.29. **Mitigation of business risks and business opportunities.**

3.29.1. If we have insufficient companies bid or companies pull out of the contract, we can continue or revert to the current interim arrangement.

3.29.2. To address the shortage of qualified contractors we would encourage the development of apprentices within the social value delivered and promote the use of subcontracting works to small Islington based tree surgery companies.

3.29.3. We would look to manage cost increases during the life of the contract by the following:

Tree surgery spend:

- Investigate bringing ground-based works in-house over the life of the contract.
- Running mini competitions between contractors within the framework agreement to deliver reduced unit costs.
- Review of the tree inspection regime and tree risk management.
- Review of the tree surgery and planting service specification.

Tree planting spend:

- Investigate bringing planting and young tree maintenance aspects in-house.
- Monitor and react to mortality rates of newly planted trees and adjust species, size, and maintenance accordingly.

- Running mini competitions between contractors within the framework agreement to deliver reduced unit costs.
- Continue to explore and seek external funding streams with alternative funding streams such as grant applications, CIL (Community Infrastructure Levy) and donations to subsidise the tree planting budget.
- Develop further the community contribution scheme for tree planting and community assistance for tree watering.

3.30. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale, or supply of blacklists containing details of trade union members and their activities. Following a motion to full council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

3.31. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

| Relevant information | Information/section in report |
|--------------------------|---|
| 1. Nature of the service | <p>The service is the provision of tree surgery, tree planting and associated arboricultural services.</p> <p>See paragraph 3.</p> |
| 2. Estimated value | <p>The estimated value is £10.7m.</p> <p>The agreement is proposed to run for a period of 48 months.</p> <p>See paragraph 3.18</p> |
| 3. Timetable | <ul style="list-style-type: none"> • 14 March 2024 – Approval of procurement strategy • March 2024 – Publish Tender • May 2024 – Evaluate Tender • August 2024 – Approval to Award • November 2024 – Start of framework agreement. • See paragraph 3.19.1 |

| | |
|---|---|
| <p>4. Options appraisal for tender procedure including consideration of collaboration opportunities</p> | <p>Options:</p> <ul style="list-style-type: none"> • Do nothing. • Delivery inhouse • Ad-hoc purchasing using a Dynamic Purchasing System • Tender for a single contract • Establish a Framework agreement, with options to bring in house. <p>See paragraph 3.20.</p> |
| <p>5. Consideration of:</p> | <p>Social benefit clauses.</p> <p>London Living Wage.</p> <p>TUPE, pensions, and other staffing implications</p> <p>See paragraph 3.22.</p> |
| <p>6. Award criteria</p> | <ul style="list-style-type: none"> • 20% Social value • 30% Cost • 50% Quality <p>The award criteria price/quality breakdown is more particularly described within the report.</p> <p>See paragraph 3.25.</p> |
| <p>7. Any business risks associated with entering the contract</p> | <p>See paragraph 3.28.</p> |
| <p>8. Any other relevant financial, legal, or other considerations.</p> | <p>See paragraphs 4.1, 4.2, 4.3, 4.4.</p> |

4. Implications

4.1. Financial Implications

- 4.1.1. The contract has an estimated value for the council of up to £10.7 million over the 4-year period from 2024/25 - 2027/28 as detailed in paragraph 3.9.3 for tree planting and surgery and is financed from budgets within the tree service and across the council who commission the tree service work. The service also generates external income from services to third parties.
- 4.1.2. A growth bid has been submitted as part of the Medium-Term Financial Budget process for 2024/25. This will increase the budget by £0.65m in 2024/25 to finance backlog maintenance. This will then reduce by £0.41m from 2025/26 increasing the base budget for highways trees maintenance from the current £0.2m budget to £0.44m on an on-going basis.
- 4.1.3. A further growth bid has also been submitted to cover the council's tree planting policy commitments. This was originally budgeted within the capital programme but has since been required to be accounted for within revenue. The 3-year programme going forward commits £1.676m profiled £1.055m // £0.371m // £0.25m over the 2024-2027 period.

4.2. Legal Implications

- 4.2.1. The council has powers to maintain open spaces and burial grounds under section 10 of the Open Spaces Act 1906 and a general power to improve highways under section 62 of the Highways Act 1980. Both these powers may involve the planting of trees. Maintenance of trees may be conducted under s111 of the Local Government Act 1972. The council has power to enter into framework agreements with providers of arboricultural services under section 1 of the Local Government (Contracts) Act 1997.
- 4.2.2. The Executive may provide Corporate Directors with responsibility to award framework agreements with a value over £2 million using revenue money (council's Procurement Rule 18.1.3).
- 4.2.3. The proposed framework agreements are contracts for services. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £213,477 for service contracts. Contracts above this threshold must be procured with advertisement on the Find a Tender Service (FTS) and Contracts Finder and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £213,477 to be subject to competitive tender. The proposed Procurement Strategy of procuring a Framework Agreement via the

Open Procedure is compliant with the Regulations and the council's Procurement Rules.

4.2.4. On completion of the procurement process framework agreements may be awarded to the highest scoring tenderers subject to the tenders providing value for money for the council.

4.3. **Environmental Implications and contribution to achieving a net Zero carbon Islington by 2030.**

4.3.1. Arboriculture services are elevated risk in terms of environmental implications due to the nature of the works, which may cause considerable damage to the trees and protected species that live in them (e.g., bats, or nesting birds) if conducted incorrectly. The contractor will be required to submit and adhere to method statements detailing how they will conduct and manage any works, and ensure their staff are appropriately trained.

4.3.2. More minor aspects of the contract involve travel around the borough, which will be mitigated by the contractor scheduling works to minimise travel. Other aspects include those associated with the use of offices and tools by the contractor – e.g., energy and water use and waste generation. All bidders are expected to have an environmental management system in place to address these and will also be legally required to comply with the waste hierarchy, prioritising recycling over landfill.

4.3.3. The nature of the works means that there may be minor local disruption (e.g., noise pollution, traffic diversion, footpath closure) during planting and tree surgery operations, these will be minimised by adherence to best practice guidance and health and safety legislation, method statements, risk assessments and contract specification.

4.3.4. The framework agreement will enable the delivery of council climate resilience objectives to plant 600 more trees than we lose annually and to increase the borough canopy cover from 25% to 30% by 2050.

4.3.5. Tree planting and canopy cover will be targeted to have maximum effect for climate resilience considering local pollution, urban heat island effect, social circumstances, and existing canopy cover.

4.3.6. The appropriate management of trees by effective tree surgery will maximise the canopy cover and increase the benefits that the existing trees provide to the amenity, environment, and climate change resilience. Providing increased stormwater/ pollution interception and carbon sequestration and capture.

4.4. **Equalities Impact Assessment**

4.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.4.2. An Equalities Impact Assessment is not required in relation to this report, the screening tool identified the proposal as either neutral or positive with regards to equalities.

5. **Conclusion and reasons for recommendations**

5.1. The procurement of an inhouse framework agreement with up to 8 contractors and option to bring works in-house is the best option for the council as this provides opportunities for smaller contractors to deliver this service, reduces the risk of breaks in service delivery due to mediocre performance and allows the council to explore the potential savings of in-house delivery.

Appendices: none

Final report clearance:

Authorised by:

Rowena Champion, Executive Member for Environment, Air Quality and Transport

Date: 26.2.24

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