

## **Committee: Overview and Scrutiny Commission – Financial Monitoring Task Group**

**Date: 25<sup>th</sup> February 2019**

Wards: All

**Subject: Financial Mechanisms within the Waste and Street Cleaning and the Grounds Maintenance Contracts**

**Lead officer:** Anita Cacchioli, Assistant Director Public Space

**Lead member:**

Cllr Mike Brunt, Cabinet Member for Environment and Street Cleanliness

Cllr Nick Draper, Cabinet Member for Community and Culture

**Contact officer:** Charles Baker, Doug Napier

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### **Recommendations:**

- A. That the task group discuss and comment on the contractual and financial mechanisms in place to manage the two environmental contracts for ground maintenance (idverde), waste and street cleaning (Veolia).

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To inform the Task Group about the contractual and financial mechanisms in place to manage the contract for waste and street cleaning and the contract for grounds maintenance.
- 1.2. The report covers the financial elements of the waste and street cleaning and grounds maintenance contracts. This includes contract price, guaranteed income (revenue) and performance deductions. The report summarises how we measure the performance of the contractors and the financial mechanisms used within the contract to withhold money following reported service failures.

## **2 DETAILS**

### **2.1. Background**

- 2.2. In July 2016, Cabinet agreed to award two environmental services contracts. The contract for waste collection, street cleansing, winter maintenance, gully cleansing and fleet maintenance was awarded to Veolia and is referred to as Lot 1. The second contract covers ground maintenance of the Council's parks, open spaces, and highway verges together with the maintenance and management of allotments, playgrounds and sports pitches and other open space assets. This was awarded to idverde and is referred to in this report as Lot 2.

- 2.3. **Performance Monitoring**
- 2.4. A team of three Neighbourhood Client Officers (NCOs) forms part of the Public Space division. The NCOs are responsible for monitoring and managing the two contracts on a daily basis. Each NCO is responsible for monitoring performance and resolving issues in their allocated wards. The NCO team are familiar with their wards and the local issues within them. They know their ward Members, resident's groups and other stakeholders through regular communication and site visits. They have also built strong relationships with their counterparts within Veolia and idverde so they can resolve issues in partnership.
- 2.5. In addition, the NCOs are supported by two technical officers within the Greenspaces client team, who provide support and input on specialist areas within the idverde contract such as children's playgrounds.
- 2.6. Two temporary, additional Neighbourhood Client Officers were added to the team for the mobilisation of the new waste collection service in October 2018. In addition, as part of a pilot scheme, we are introducing additional resource in the form of three temporary Public Space Inspectors. This is a new role, created to undertake additional inspection, recording and reporting of street scene standards relating to the public realm including green spaces.
- 2.7. **Contract and Performance Management**
- 2.8. Good levels of communication between officers and managers in the client and contractor teams with a focus on continuous improvement drives the contractor/client relationship. Regular contract meetings take place, at operational and strategic levels, in addition to the daily liaison between the client teams and our contractors to resolve specific issues and continually improve working practices.
- 2.9. Effective contract management requires a good understanding of the contract and, in particular, the expected service standards and the incentives and disincentives for the contractor and client. Examples of those with a financial impact include -  
a) profit share once income guaranteed to the council is achieved, for example, from the commercial waste service.  
b) the potential for step-in and ultimately termination in some circumstances where contractual obligations are not met.  
c) monthly monitoring of an agreed set of service performance indicators, where deductions are applied to specified elements of service performance that fail to meet requirements, for example, missed bins and fly-tips not cleared on time.
- 2.10. It is important to note that not all service contracts will include performance related deductions and in any contract, punitive financial penalties are not lawful. The Lot 1 and 2 contracts we have in place provide for financial deductions up to a maximum of 10% of the contract sum per annum in recognition of some of the additional costs that incurred

by boroughs in response to specified events, for example, a missed collection or overflowing litterbins. Thus deductions are by no means the sole driver of performance improvement; other mechanisms include the issuing of improvement notices, rights under the contract to step in and offset costs, potential termination.

- 2.11. Within the SPI frame work there is a refresh period, which is applied, for a service failure not rectified within the agreed timeframe. It will have incurred a deduction as a consequence. A further period to rectify the failure is applied, should the service failure again not be addressed within the timeframe required further deductions are applied.
- 2.12. The total value of financial deductions that apply in the event of failure to achieve SPIs within the appropriate rectification period, are subject to an annual cap of 10% of the annual contract payment.

2.13. **Contract and Performance Management – Veolia**

- 2.14. The contract covers the provision of waste collection and street cleaning services within the London Boroughs of Merton, Croydon and Sutton and shortly Kingston. The contract is managed by the South London Waste Partnership (SLWP) in conjunction with each of the boroughs, with a centralised client function sitting in the SLWP team and a borough-led client team located in each borough. The key objective is to ensure a consistent approach to contract management across the partnership area whilst appreciating the diverse requirements of individual boroughs.
- 2.15. The contract requires Veolia to maintain a consistent standard of cleanliness across the whole borough in line with Defra's Code of Practice on Litter and Refuse. In order to achieve the required standard, the contractor is required to apply whatever resources, at whatever frequency is required to maintain the necessary contractual standards. By way of an example in relation to street cleansing, this means, the contractor will apply more resources to town centres than residential areas even though the contract requires the streets in both areas to be maintained to the same standard.
- 2.16. The performance of the contractor is measured against a Service Performance Framework with a robust set of Service Performance Indicators (SPIs).
- 2.17. Within the SPI framework, 29 separate indicators are used to drive the performance and if necessary ensure that the contractor rectifies areas of under performance in the required timescale.
- 2.18. A full list of the SPIs and an explanation on how each of these are calculated is attached as Appendix A.
- 2.19. Financial deductions are calculated in the event of failure to achieve an SPI with the specified rectification period. The contract provides a 3-month grace period at the start of the new contract and any subsequent

- service change. As such, no deductions were applied between April – June 2017 (across all areas of performance) and Oct – Dec 2018 for waste collection following the roll out of the new waste collection service.
- 2.20. The examples below illustrate how in practice the deductions are applied
- 2.21. Missed collections - A missed collection is any missed collection that is reported by the resident and failed to be rectified within one working day.
- 2.22. Fly Tip - Failure to remove 100% of reported incidents of Fly Tipped Material within 24 hours of notification excluding fly tips on private land.
- 2.23. Litter Bins - Failure to empty 100% of all street litter receptacles, to ensure that no litter receptacle is ever full or overflowing. This SPI covers all litterbins reported as overflowing, which are not rectified within 2 hours of the reported date and time.
- 2.24. Street Below Grade - Failure to maintain cleanliness of residential roads to grade B standard. This SPI is for streets below grade, which are not listed within a town centre boundary and not rectified within 24 hours of reported date and time.
- It is important to note that the performance management and deduction system relies upon reports of failure and in many instances the deductions are automatic if the contractor fails to rectify the failure within a specified time period e.g. within 24 hours for a missed bin. For street cleanliness, it requires a ‘qualified person’ (i.e. a Neighbourhood Client Officer) to inspect the street and re-inspect after giving Veolia time to rectify before a deduction applies.
- 2.25. This reinforces the need for residents to report service requests online or through our call centre utilising the Council’s CRM system to report service failure, since only through proper evidence can performance failure be rectified and any deductions calculated.
- 2.26. **Contract and Performance Management idverde**
- 2.27. The contract covers ground maintenance of the Council’s parks, open spaces, and highway verges together with the maintenance and management of allotments, playgrounds and sports pitches and other open space assets within the London Boroughs of Merton and Sutton.
- 2.28. The contract requires idverde to maintain a consistent standard of cleanliness in line with Defra’s Code of Practice on Litter and Refuse and maintain its parks and green spaces so as to achieve or exceed the standard required in the Performance Quality Management System (PQMS) in place. (see paras 2.32 and 2.33 below). This approach measures the contractor based on their output rather than the resources they invest or the frequency at which they attend sites. In order to achieve the required standard, the contractor is required to apply whatever resources, at whatever frequency, are required to maintain the necessary contractual standards.

- 2.29. The performance of the contractor is measured against a Service Performance Framework with a robust set of Service Performance Indicators (SPIs).
- 2.30. Within the SPI framework, 21 separate indicators are used to drive the performance.
- 2.31. A full list of the SPIs and an explanation on how each of these are calculated is attached as Appendix B.
- 2.32. The PQMS is a telephone app-based Performance Quality Management System. This system has been developed by idverde as part of its wider portfolio of grounds maintenance contracts and tailored to ensure that green space sites in Merton are continually reviewed. It generates sites at random to be formally inspected on a weekly basis.
- 2.33. The PQMS tool provides Merton's client officers with the opportunity to assess and score the condition of parks and other open space assets and features in the field on a scale of 1 to 7, where a score of 5 represents the contract standard and 6+ exceeds it. When generating sites for inspection the app draws upon the entire list of open space assets, including cemeteries and highway verges. In an ordinary week, the Neighbourhood Client Officers would each be assigned up to four sites each to inspect, 12 inspections in total, in addition to their own proactive and reactive ad hoc inspections of green space locations. The PQMS Grading system is attached as Appendix C.
- 2.34. It is important to note that the drive in the client-contractor relationship is to improve performance across all services, with the sanction of financial deductions for poor performance being a last resort.
- 2.35. Regular contract and operational meetings are held, together with daily liaison between the client teams and the contractor to resolve specific issues and continually improve working practices. There is a strong ethos of partnership working between these teams to deliver high quality services for our residents. Financial deductions can be applied in the event of a service failure in relation to any of the established SPIs, subject to any rectification period that may apply.
- 2.36. Financial deductions equally apply for any failure to achieve the contractual expectations enshrined within the PQMS, which is, to achieve an average score of five or above, measured across the course of a 12-month period, currently February to January. The confidential report alongside this public version provides detail of the financial values of deductions associated with the SPI's. That report also provides some detail on the calculation of the deductions to date for both contracts. Members will know that until such matters are resolved, they remain commercially sensitive and are not made public.

### **3**

### **ALTERNATIVE OPTIONS**

- 3.1. No decisions are required as a result of this report.

## **4 CONSULTATION UNDERTAKEN OR PROPOSED**

4.1. No formal consultation was undertaken to produce this report.

## **5 TIMETABLE**

- 5.1. The contract with Veolia commenced in April 2017 and expires in March 2025 with an option to extend twice, in each case, for a further 8 years totalling a maximum contract of 24 years.
- 5.2. The contract with idverde commenced in February 2017 and expires in January 2025 with an option to similarly extend to a maximum total of 24 years.

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

### **Contract Cost - Lot 1 Veolia**

6.2. The core cost of the contract in 2017/18 was £6.25m. For 2018/19, the cost is £5.83m.

### **Capital - Lot 1 Veolia**

- 6.4. All capital assets remain the property of the council. Assets, such as depots and buildings are leased to Veolia, who are responsible for the rent and rates along with the maintenance cost of the buildings.
- 6.5. All vehicles are registered by Veolia and are operated under licence from the council. At the end of the contract, ownership reverts to the council.

### **Guaranteed Income - Lot 1 Veolia**

6.7. The core cost of the contract is reduced by the commitment of guaranteed income from four commercial activities managed on our behalf by the contractor. As shown below:

- Garden waste (fee set by Council)
- Sale of recyclable material
- Commercial waste collection
- 3<sup>rd</sup> party vehicle maintenance

6.8. This incentivises the contractor to ensure effective utilisation of the assets and the business developed by the London Borough of Merton.

6.9. It is important to note that the contractor is acting as an agent on behalf of the council and as such, the commercial services provided are exempt from VAT.

### **Revenue share - Lot 1 Veolia**

6.11. Within the contract, there are three separate annual revenue share payments due from the contractor. These are for garden waste income, recycled material income and commercial waste income. The revenue share is only applicable if the contractor exceeds the guaranteed income from each of the three commercial services. If excess revenue is

- achieved, then this profit margin is split between the contractor and the council.
- 6.12 It is important to note that the profit share is calculated on the total service area income and is not borough specific. The net position needs to exceed the combined guaranteed income before each borough receives their proportion of any revenue.
- 6.13 **Contract Cost - Lot 2 idverde**
- 6.14 The core cost of the Lot 2 contract (including Merton & Sutton Joint Cemetery) in contract year one, 2017/18, was £1.69 million. In the second contract year, 2018/19, the contract core cost (including Merton & Sutton Joint Cemetery costs) is £1.73 million.
- Capital - Lot 2 idverde**
- 6.15 idverde operates its own fleet of vehicles, plant and equipment on the Lot 2 contract, save for some existing operational items that transferred to the contractor at the commencement of the contract that will revert to the council on a like-for-like basis at the end of the contract.
- 6.16 **Guaranteed Income - Lot 2 idverde**
- As in the case of Lot 1, the core cost of the contract for Lot 2 services is reduced by the commitment of guaranteed income from commercial activities managed on our behalf by the contractor.
- 6.17 **Revenue Share - Lot 2 idverde**
- 6.18 There are two annual revenue share payment formulas for Lot 2 where income levels exceed the guaranteed annual income figure: general services (mainly sport) and cemeteries services.
- For Lot 2, in order for both boroughs to achieve their share of any excess revenue, the income in both boroughs must exceed their individual guaranteed income targets.
- In the case that the overall, combined guaranteed income target is achieved but the individual income target is not met in one borough, then only the borough that exceeded its individual target would receive a share of the excess revenue.

## 7

### **LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The London Borough of Croydon as the procuring authority awarded the contracts.
- 7.2. In order to safe guard the interest of the council, each of the Partnership boroughs have signed an inter authority agreement (IAA). The main principles remain consistent with existing agreements. The main elements of the IAA agreement include:

- 7.3. No savings achieved during the life of the contract shall lead to increased costs for any of the other partnership boroughs;
- 7.4. No changes to the scope of the contract shall add to any borough's costs without that borough's agreement;
- 7.5. The split of costs and income by borough was agreed with the contractors and are the basis for the individual borough charges. These are the starting point for negotiations in how any changes to payments are to be apportioned through the life of the contract.

**8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. There are no human rights or equalities considerations as part of this report.

**9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. There are no crime or disorder considerations as part of this report

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. There are no risk management or health and safety considerations as part of this report.

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix A - Service Performance Indicators Veolia, Lot 1
- Appendix B - Service Performance Indicators idverde, Lot 2
- Appendix C - Performance Quality Management System - idverde

**12 BACKGROUND PAPERS**

Performance Monitoring: Grounds Maintenance, Report  
to Sustainable Communities Overview and Scrutiny Panel,  
1 November 2018.

## APPENDIX A – SERVICE PERFORMANCE INDICATORS VEOLIA, LOT 1

SPI Number	Service	Indicator	Definition	Financial Deduction Applicable
1	Waste Collection Services - All Waste collections	Failure to rectify Missed Collections within 1 working day All waste streams	A missed collection is any reported missed that is reported within two working days of the scheduled collection date. This SPI calculates all reported missed kerbside collections not rectified within 1 working day of the reported date and time. Includes all waste streams. Excludes communal and assisted collections. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. Working days are Monday to Saturday and non-working days have been excluded.	YES
2	Waste Collection Services – any waste collections service	Missed Collection 30 per 100,000	Reported missed collections within 2 days of the scheduled collection date for communal, standard kerbside and assisted collection types broken down by waste stream. The missed per 100,000 figures are calculated against the total amount of scheduled collections for the appropriate month which is sourced from Veolia.	YES
3	Waste Collection Services - Communal Collections of Recyclate (including communal food waste)	Emptying of Communal Recyclate Receptacles to the required service standard Failure to achieve 100% of service standard	This SPI is measured as a missed collection. A missed collection is any reported missed that is reported within two working days of the scheduled collection date. This SPI calculates all reported missed communal recycling collections (food, container mix and paper card waste streams) not rectified within 24 hours of the reported date and time. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. Working days are Monday to Saturday and non-working days have been excluded.	YES
4	Waste Collection Services – Communal Collections for residual waste	Emptying of communal residual receptacles to the required service standard	Failure to empty 100% of all communal residual receptacles at the scheduled frequency  A missed collection is any reported missed that is reported within two working days of the scheduled collection date. This SPI calculates all reported missed communal refuse collections not	YES

			rectified within 24 hours of the reported date and time. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. Working days are Monday to Saturday and non-working days have been excluded	
5	Waste Collection Services - Assisted Collections	Missed Collections – Assisted Collections (Residual Waste, Recyclate, Food Waste and Garden Waste)	Failure to achieve target of 100% of all Assisted Collections (with no Missed Collections) for Residual Waste, Recyclate, Food Waste and Garden Waste. A missed collection is any reported missed that is reported within two working days of the scheduled collection date. This SPI calculated all reported missed collections for assisted kerbside properties not rectified within 24 hours of the reported date and time. Includes all waste streams. Excludes mono-assisted kerbside and communal properties. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. Working days are Monday to Saturday and non-working days have been excluded.	YES
6	Waste Collection Services – Missed Collections	Repeated Missed Collections (Residual Waste, Recyclate, Food Waste and Garden Waste)	Repeated Missed Collections (within a rolling 6 week period) as notified to Contractor	YES
7	Waste Collection Services – Bulky Waste	Missed collections – Bulky waste	Failure to achieve 100% of all scheduled Bulky Waste collections	YES
8	Waste Collection Services – delivery of Receptacles	Failure to deliver Receptacles within the required service response times	Failure to achieve 100% delivery of all Receptacles within agreed service response times	YES
9	Waste Collection Services – removal of Fly Tipped Material	Removal of reported Fly Tipped Material	Failure to remove 100% of reported incidents of Fly Tipped Material within 24 hours of notification excluding fly tips on private land. This SPI covers all reported fly tips on public land which are not rectified within 24 hours of the	YES

			reported date and time. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. A refresh is applied for every 24 hours that the issue is not rectified. The street cleansing service runs 7 days a week and non-working hours (10pm-6am) have been excluded.	
10	Waste Collection Services -- Bulky Waste	Service response time	Failure to offer 100% of appointments for Bulky Waste collection within agreed number of days	YES
11	Waste Collection Services	Collection of Recyclate, Food, Garden and Reuse items separately from Residual waste	Failure to collect material which is Reusable, Recyclable or Compostable, separately from Residual Waste	YES
12	Waste Collection Services – Recyclates	Appropriate Storage and Segregation of Recyclates	Failure to keep material collected as Recyclate appropriately stored and segregated prior to being received at a suitable re-processor (as detailed within Schedule 4 (Service Delivery Plan)).	YES
13	Waste Collection Services	Delivery of Contract Waste to the appropriate delivery point	Failure to send Contract Waste to the Nominated Delivery Point or Contingency Delivery Point (as detailed within Schedule 4 (Service delivery plan))	YES
14	Street Cleaning Services - emptying of street litter Receptacles	Emptying of street litter Receptacles to required service standard	Failure to empty 100% of all street litter Receptacles to ensure that no litter Receptacle is ever full or overflowing This SPI covers all litterbins reported as overflowing which are not rectified within 2 hours of the reported date and time. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. A refresh is applied for every 2 hours that the issue is not rectified. The street cleansing service runs 7 days a week and non-working hours (10pm-6am) have been excluded.	YES
15	Street Cleaning Services -- 'Town & District Centres	Failure to maintain cleanliness of Town & District Centres as defined at paragraph 1.1 of the Contract Definitions to	Failure to maintain cleanliness of Town & District Centres to grade B standard. This SPI is for streets below grade within town centre boundaries and not rectified within 2 hours of reported time and date. Town centres streets are measured as those fully or approx. 75% within a town centre boundary (any streets that start within but finish beyond the boundary	YES

		the required service standard	are not included in SPI 15). Excludes 'Leaf Clearance' reports. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. A refresh is applied for every 2 hours that the issue is not rectified. The street cleansing service runs 7 days a week and non-working hours (10pm-6am) have been excluded	
16	Street Cleaning Services - residential roads	Failure to maintain cleanliness of residential roads to the required service standard	Failure to maintain cleanliness of residential roads to grade B standard This SPI is for streets below grade which are not listed within a town centre boundary and not rectified within 24 hours of reported date and time. Excludes 'Leaf Clearance' reports. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. A refresh is applied for every 24 hours that the issue is not rectified. The street cleansing service runs 7 days a week and non-working hours (10pm-6am) have been excluded	YES
17	Street Cleaning Services – all relevant land (as set out in paragraph 10.2.1 of this Specification)	Cleaning of relevant land (as set out in paragraph 10.2.1 of this Specification)	Failure to achieve grade A standard at the time of cleaning	YES
18	Street Cleaning Services – cleaning of drainage systems	Cleaning of drainage systems	Failure to carry out ad-hoc cleaning of drainage systems within 72 hours of instruction by the Authorised Officer	YES
19	Street Cleaning - Graffiti	Failure to remove offensive or racist graffiti within 24 hours of notification	Removal of offensive or racist graffiti within 24 hours of notification SPI 19 is all reported offensive or racist graffiti events which are not resolved within 24 hours. A refresh is applied for every 24 hours that the issue is not rectified. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. The street cleansing service runs 7 days a week and non-working hours (10pm-6am) have been excluded.	YES

20	Street Cleaning Services – Graffiti	Failure to Remove of non-offensive graffiti	Removal of non-offensive Graffiti within 48 hours of notification SPI 20 is all reported non-offensive graffiti events which are not resolved within 48 hours. A refresh is applied for every 48 hours that the issue is not rectified. Excludes any 'Cancelled' cases and any 'Completed' cases where a resolved date has manually been added by a member of Merton staff. Also excludes cases without a Veolia Event ID as these cases have not been transferred into ECHO to be addressed by Veolia. The street cleansing service runs 7 days a week and non-working hours (10pm-6am) have been excluded	YES
21	Winter Maintenance Services – gritting	Priority routes gritting	Failure to grit agreed priority routes in accordance with prescribed timescales as set out within each Borough's Winter Maintenance Plan	YES
22	Winter Maintenance – salt bins	Salt Bin Replenishment	Failure to maintain all salt bins at 50% full during winter maintenance season	YES
23	Non-Service Vehicle Maintenance Services - fleet management	Non-Service Vehicle availability	Failure to provide a suitable replacement Non-Service Vehicle in accordance with paragraph 14.3.3 of this Specification.	YES
24	Service and Non-Service Vehicle Maintenance Services - fleet management	Number of O Licence vehicle missed inspections, MOTs and other activities as set out within Schedule 4 (Services Delivery Plan)	Failure to ensure 100% of Service and Non-Service Vehicle inspections, MOTs and other activities are undertaken for O Licence vehicles in accordance with agreed schedule as set out within Schedule 4 (Services Delivery Plan)	YES
25	Service and Non-Service Vehicle Maintenance Services - fleet management	Number of Non-O Licence vehicle missed inspections, MOTs and other activities as set out within Schedule 4 (Services Delivery Plan)	Failure to ensure 100% of Service and Non-Service Vehicle inspections, MOTs and other activities are undertaken for Non-O Licence vehicles in accordance with agreed schedule as set out within Schedule 4 (Services Delivery Plan)	YES
26	Service and Non-Service Vehicle Maintenance Services - fleet management	Regulatory compliance	Serving of PG9 Prohibition Notice (Delayed or Immediate) by DVSA	YES
27	All Services	Reporting Requirements	Failure to comply with Schedule 6 (Reporting Requirements) and provide accurate reporting	YES

28	All Services	Service Users	Failure to adhere to complaints handling process as set out within Schedule 15 (Service User Procedure)	YES
29	Communications	Accurate delivery of communication materials	Failure to deliver accurate and appropriate communications in accordance with the specification or as set out in Schedule 4 (Services Delivery Plan), or as otherwise agreed with the Authorised Officer.	YES

## APPENDIX B - SERVICE PERFORMANCE INDICATORS, IDVERDE, LOT 2

Service Performance Indicators		Rectification Period
<b>1. Customer Satisfaction and Complaints</b>		
a	The Contractor shall achieve a score in the London Borough of Merton's Customer Satisfaction Survey that is higher than or equal to the baseline Customer Satisfaction Survey score of 72%	N/A
b	<p>The Contractor shall achieve a score in London Borough of Sutton's Customer Satisfaction Survey that is higher than, equal to, the baseline scores which are as follows:</p> <p>Parks – All Residents Satisfaction (82%)</p> <p>Parks – Service Users Satisfaction (88%)</p> <p>Playgrounds – All Residents Satisfaction (71%)</p> <p>Playgrounds – Service Users Satisfaction (88%)</p>	N/A
c	<p>The Contractor shall achieve an average PQMS score of 5 or above in each PQMS Year, in accordance with the process as set out in Appendix D to this Specification. The Council shall retain a sum each month as a retention amount in respect of the PQMS, and shall make an annual PQMS bonus payment to the Contractor, the amount of which shall be calculated in accordance with the average PQMS score achieved. No bonus payment shall be made if a score of 4 or below is achieved.</p> <p>Payments in relation to the PQMS shall be made in accordance with paragraph 17 of <b>Schedule 5</b> (Payment Mechanism)</p>	N/A

Service Performance Indicators		Rectification Period
<b>Customer Satisfaction and Complaints continued</b>		
d	The Contractor shall achieve the baseline target score in the Perpetual Customer Survey, which shall be carried out in accordance with the specification at Appendix E to this Specification. The Council shall retain a sum each month as a retention amount in respect of the Perpetual Customer Survey score, and shall make an annual bonus payment to the Contractor, the amount of which shall be calculated in accordance with the score achieved. If the actual bonus score is 50% or less of the minimum bonus score then no payment shall be made to the Contractor. Payments in relation to the Perpetual Customer Survey shall be made in accordance with paragraph 18 of Schedule 5 (Payment Mechanism)	N/A
c	The Contractor shall respond to a service request, complaint, enquiry or Request for Information as set out within Schedule 15 (Service User Procedure)	N/A
<b>2.Safety</b>		
a	In the event of an emergency the Contractor shall redeploy all necessary resources as directed by the Authorised Officer in accordance with paragraphs 3.3.17 and 3.3.18 of this Specification	N/A
b	The Contractor shall carry out a risk assessment in accordance with the Contractor's working procedures as set out in Schedule 4 (Services Delivery Plan)	N/A
c	The Contractor shall carry out tasks in line with the applicable risk assessment as set out in Schedule 4 (Services Delivery Plan)	N/A
d	The Contractor shall address (to the Council's reasonable satisfaction) any of the issues highlighted in any health and safety audit in accordance with the recommendations and rectification set out within the audit.	N/A
<b>3.Environment</b>		
a	The Contractor shall use only those fertilisers, products and materials as set out in Schedule 4 (Services Delivery Plan) or as agreed with Authorised Officer	N/A

Service Performance Indicators	Rectification Period
<b>4. Availability of Parks/Services</b>	
The Contractor shall ensure that all gates at a Site which (in accordance with Appendix C) is to be locked overnight are Open by the Allocated Opening Time.	N/A
The Contractor shall close a Site which (in accordance with Appendix C) is to be locked overnight within two (2) hours of the agreed time.	N/A
The Contractor shall ensure that a pitch or facility is available for use by a Service User by the agreed time (or the pre-booked time, in the event of booked pitches or facilities)	N/A
<b>5. Availability of equipment/play features</b>	
The Contractor shall ensure that an item of equipment or a play feature (for example, a slide or set of swings) is available for use by Service Users during the specified parks operational times (In exceptional circumstances, where an item of equipment cannot be made available due to unavailability of a non-consumable part, a suitable rectification period will be agreed with the Authorised Officer	1 working day
The Contractor shall ensure that an entire facility (for example, a water play facility or playground) is available for use by Service Users during the time periods agreed with the Authorised Officer	1 working day
<b>6. Records and reporting</b>	
The Contractor shall comply fully with its obligations set out in paragraphs 1, 2, 3, 7, 8 and 9 of Schedule 6 (Reporting Requirements)	1 working day
The Contractor shall provide the Weekly Report in accordance with paragraph 4 of Schedule 6 (Reporting Requirements)	1 working day

<b>Service Performance Indicators</b>		<b>Rectification Period</b>
c	The Contractor shall provide the Monthly Report in accordance with paragraph 5 of Schedule 6 (Reporting Requirements)	1 working day
d	The Contractor shall provide the Annual Report in accordance with paragraph 6 of Schedule 6 (Reporting Requirements)	1 week
<b>7.Cemeteries</b>		
a	The Contractor shall ensure that a burial plot is prepared and available at the booked burial time in line with the Specification and Schedule 4 (Services Delivery Plan)	N/A
<b>8.Maintaining appropriate training</b>		
a	The Contractor shall implement an annual appraisal process for all staff. This will identify individual training needs to ensure staff are appropriately trained to deliver the service. The Contractor will arrange suitable training to address training needs identified in accordance with paragraph 3.3.3 of this Specification.	1 month
<b>9.Stakeholders and Communication</b>		
a	The Contractor shall adhere to the provisions and principles of Schedule 4 (Services Delivery Plan) and <b>Schedule 16</b> (Communications Strategy) with regard to working with Organised Groups and stakeholders	

## APPENDIX C – PERFORMANCE QUALITY MANAGEMENT SYSTEM, IDVERDE, LOT 2

### KEY

GM = GROUNDS MAINTENANCE

SC = STREET CLEANING

FM = FACILITIES MANAGEMENT

CE = CIVIL ENGINEERING

[OFFICIAL]		PQMS Grading
<b>Aim:</b> The use of a performance management system which provides the council and the contractor with an overall assessment of the contractor's performance. It will be assessed across the full range of features within the contract specification.		
<b>Classification of Standards:</b> For the council to achieve a standard overall, all of the criteria within that standard must have been met or exceeded.		
<b>A</b>	<b>7</b>	<p>GM: Feature is maintained above contract standard in all aspects (Grade A will not be achieved in most circumstances)</p> <p>SC: Absence of all litter, detritus, excreta, leaf fall, weeds etc.</p> <p>FM: Absence of all dirt, waste, cobwebs, dead insects/vermin and the facility or area is fully stocked</p> <p>CE: All clear no litter/debris in channel or against grille, no overhanging vegetation.</p>
<b>A-</b>	<b>6</b>	<p>GM: Feature is maintained above contract standard in most aspects. (Grade A- will not be achieved in most circumstances)</p> <p>SC: Absence of almost all litter, detritus, excreta, leaffall etc. Substantially weed free</p> <p>FM: Absence of almost all dirt, waste, cobwebs, dead insects/vermin and the facility or area is fully stocked</p> <p>CE: Minor debris, recent deposits with no compromise in efficiency.</p>
<b>B</b>	<b>5</b>	<p>GM: Feature is maintained to contract standard in all aspects</p> <p>SC: Predominately free of litter, detritus, excreta, leaffall etc. Predominantly weed free</p> <p>FM: Predominately free of all dirt, waste, cobwebs, dead insects or vermin and the facility or area is fully stocked</p> <p>CE: Minor debris, slight effect on efficiency.</p>
<b>B-</b>	<b>4</b>	<p>GM: The feature is maintained to contract standard in the majority of aspects</p> <p>SC: Some distribution of litter, detritus, excreta, leaffall, etc. Some weed growth</p> <p>FM: Some distribution of dirt, waste, cobwebs, dead insects or vermin and the facility or area is adequately stocked.</p> <p>CE: Moderate debris, still working effectively</p>
<b>C</b>	<b>3</b>	<p>GM: The feature is maintained slightly below contract standard in some aspects</p> <p>SC: Widespread distribution of litter, detritus, excreta, leaf fall etc. Significant weed growth</p> <p>FM: Widespread distribution of dirt, waste, cobwebs, dead insects /vermin and the facility or area is inadequately stocked</p> <p>CE: Moderate debris, efficiency compromised</p>
<b>C-</b>	<b>2</b>	<p>GM: The feature is maintained but below contract standard in most aspects</p> <p>SC: Widespread distribution and accumulation of litter, detritus, excreta, leaffall etc. Considerable weed growth</p> <p>FM: Widespread distribution and accumulation of dirt,waste,cobwebs,dead insects or vermin and the facility or area is inadequately stocked</p> <p>CE: Chocked and ineffective</p>
<b>D</b>	<b>1</b>	<p>GM: The feature is unmaintained and considerably below contract standard in all aspect</p> <p>SC: Heavy distribution of litter, detritus, excreta, leaf fall etc. Heavy, widespread weed growth.</p> <p>FM: Heavy distribution of dirt, waste, cobwebs, dead insects or vermin and the facility or area is inadequately stocked</p> <p>CE: Channel/grille in filled and unidentifiable</p>

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