

# Arun District Council

<b>REPORT TO:</b>	<b>Environment Committee – 31 January 2025</b>
<b>SUBJECT:</b>	<b>Greenspace Management Contract (GMC) Contract Extension Proposal 2027 - 2032</b>
<b>LEAD OFFICERS:</b>	<b>Oliver Handson – Environmental Services &amp; Strategy Manager James Jones-McFarland – Parks &amp; Cemeteries Manager</b>
<b>LEAD MEMBER:</b>	<b>Councillor Sue Wallsgrove</b>
<b>WARDS:</b>	<b>All</b>

**CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:**

**COUNCIL VISION**

**‘Improving the wellbeing of Arun’**

Overall aims:

- A) Promote and support a multi-agency response to tackle the causes of health inequality in Arun's areas of greatest deprivation
- B) Champion leisure, culture and the Arts in Arun and encourage our community to embrace healthy and active lifestyles
- C) Work with partners to provide advice, support and activities that promote community wellbeing where it will have the greatest impact

How we will achieve this:

- 6) Provide infrastructure that supports wellbeing, e.g. more opportunities for cycling and walking and easily accessible and safe greenspace.

**‘Supporting our environment to support us’**

Overall aims:

- A) To consider climate change, sustainability, biodiversity and the environment in everything the council is responsible for and encourage its community and local businesses to do the same
- B) Protect and enhance our natural environment

How we will achieve this:

- 2) Ensure that climate change and sustainability is at the heart of all council services

**‘Fulfilling Arun's economic potential’**

Overall aims:

- A) Increase opportunities for more high-quality, well-paid employment, encouraging more people to live, work, study and visit Arun

B) Encourage the development of the district as a key tourist destination, supporting and enabling improvements and activities to increase visitor spend

C) Make best use of our natural assets to help drive the economy

How we will achieve this:

3) Encourage an economy that will promote and support both active leisure activities and cultural opportunities that meet the needs of local people and visitors.

6) Positive and focused promotion of Arun's tourist destinations as more than a 'day trip'

**DIRECTORATE POLICY CONTEXT:**

Robust and effective contract management and monitoring is essential to ensure quality, effectiveness, and value for money of services delivered to the public.

**FINANCIAL SUMMARY:**

See below in 5.1

**1. PURPOSE OF REPORT**

1.1 To inform the Committee of the Greenspace Management Contract (GMC) five year extension proposal to extend the current contract to 2032.

**2. RECOMMENDATIONS**

That the Environment Committee:

2.1. Considers the report and notes officers intention to extend the GMC from 1st April 2027 to 31 March 2032 in accordance with the information outlined in this report.

**3. EXECUTIVE SUMMARY**

3.1 This report sets out a proposal to extend the GMC with Tivoli Group Limited (Tivoli) for a further five years. It provides detail concerning improvements and initiatives to achieve best value and support delivery of the Council Vision objectives detailed above.

**4. BACKGROUND**

4.1. Following a competitive tender process, Arun District Council awarded its ten-year GMC to ISS Facility Services Landscaping (ISS FSL). The contract commenced on the 1 January 2017.

4.2. The contract was novated to a new provider - Tivoli - whose holding company Amistha Holdings Limited purchased the trade and assets of ISS FSL in the summer 2018.

4.3. In November 2024 The Nurture Group Limited acquired Tivoli from Amistha Holdings Limited.

4.4. The contract was tendered on the basis of an initial term lasting ten-years and 3 months, with an optional extension of up to 5 years. The annual value of the contract is approximately £1.4 million. The tender delivered a saving to the council of approximately £250k per annum on the previous contract, therefore contributing to the councils medium-term financial strategy at the time.

#### 4.5. **Contract Scope**

- 4.5.1. The GMC covers approximately 250 hectares (the equivalent of 500 football pitches) of diverse public open space, spread across approximately 500 sites which range from small garage compounds to large nature reserves.
- 4.5.2. Grounds maintenance operations include but are not limited to; grass mowing, litter picking, bin emptying, hedge trimming, shrub maintenance, bedding plant supply and maintenance, wildflower meadow maintenance, cemeteries maintenance and grave digging.
- 4.5.3. The contract includes the grounds maintenance, management & marketing of the councils outdoor recreation service which is styled as 'Tivoli Lifestyle'. It includes bookings for and use of sport facilities, which includes, football pitches, bowling greens, tennis courts, par 3 golf, adventure golf etc. These services are accessed by approximately 80,000 customers annually.

#### 4.6. **Achievements and Added Value to Date**

- 4.6.1. High-quality service – the measure of this is through the councils performance monitoring system, an update on which was provided at the November meeting of this committee. Tivoli are required to achieve a minimum score of 66% (this was increased from 61% in 2021/22). Tivoli have achieved an average performance monitoring score of 70.44% since the contract commenced.
- 4.6.2. Award-winning service
  - Tivoli have been an important partner for the council in supporting our shared achievement under the Green Flag Award scheme. At the start of the contract the council had three Green Flag Award winning parks. With Tivoli's support the council has been able to double this to six in 2020 and maintain thereafter. Plans are in place to attain more in future years.
  - Tivoli have achieved four International Organization for Standardization (ISO) standards and are a British Association of Landscape Industries accredited member and award winner.
  - In 2024 Tivoli have received a fifth RoSPA (The Royal Society for the Prevention of Accidents) President's award recognising 14 consecutive gold medals demonstrating their sustained excellence in occupational health & safety.
- 4.6.3. Supporting our environment – The contract has been adaptable to change over the past eight years particularly with respect to biodiversity and climate strategies and policies. Much has been achieved in diversifying operational inputs to meet the outputs required. For example, wildflower/grassland meadow creation and management, young tree maintenance, reduced emissions, reduced chemical use, and eradicating peat.
- 4.6.4. Supporting the local economy – Tivoli wherever possible seek to support the local economy by using local businesses to supply what is required to deliver the contract. From using local growers for our plants to specialist tradespeople for specialist tasks.
- 4.6.5. Committed to growth – Tivoli have invested large capital sums in a regional hub based at Ford. The hub enables Tivoli to grow within the local area, delivering more services,

which benefit local people through increased employment, and the contract with Arun through increased resilience. Tivoli have developed and modernised the Lifestyle service through the development of online booking platforms and capital investments in some of their popular adventure golf courses with the promise of more to follow.

- 4.6.6. Committed to the local community - Tivoli provide jobs for local people which helps instil a sense of pride-of-place. This sense among the workforce leads to better outcomes when workers live in the areas they work. Tivoli provide in-depth training and pathways to progression through the Royal Horticultural Society and Lantra courses as well as apprenticeships. There are award recognitions schemes in place which is supported by the council which recognises exceptional work. Since 2017 Tivoli have invested £16,000 in greenspace community groups and projects, 1600 hours have also been volunteered, tools and equipment gifted, and machinery serviced.

#### 4.7. **Extension Discussion**

- 4.7.1. Discussions and negotiations concerning a potential extension to the GMC have taken place between the parties over the course of the past 12 months. The proposal for the extension period is detailed in this report.
- 4.7.2. Due diligence has been undertaken by seeking informal advice from the Parks Management Association who have provided the council with a high level of assurance that the proposal is reasonable and achievable in the context of what the council would otherwise expect from the sector.

### 5. **DETAIL**

#### 5.1. **Financial Summary**

- 5.1.1. Significant work has gone into the financial element of this extension proposal, recognising the budget pressure the council faces. Our due diligence work provides the council with a high level of assurance that the proposal offers best value when compared with the uncertainty a tender would otherwise bring.
- 5.1.2. Tivoli have committed to the existing financial arrangements which sees the contract inflate with CPI plus 1.5%. This is in the face of sector inflation running significantly higher than CPI and the recent budget implications relating to employer's national insurance contributions.
- 5.1.3. To enable the contract to continue for a further five years Tivoli are committing to significant capital investment in machinery and fleet. More efficient and diverse fleet and machinery (tractors, ride-on and battery powered machinery) and use of technology (digital reporting systems, route planning etc.) will lead to improved productivity and will better place Tivoli to meet the requirements of the Council Vision, particularly around our biodiversity and climate initiatives. Agreeing this now means this investment can be spread over the next seven years.
- 5.1.4. Tivoli's proposal includes the opportunity for savings to be made by adjusting the specifications and strengthening and enabling greenspace volunteering.
- 5.1.5. Tivoli are proposing to take maximum advantage of the opportunities represented by the outdoor recreation service (Tivoli Lifestyle) where asset sweating, empowering clubs to take control of their own affairs and bringing new outdoor recreation offers to our parks is firmly part of the overall proposal and is a driver of income generation and

increased social mobility. Examples of the opportunities identified so far include the proposed investment at Blake’s Road Leisure Gardens in Felpham to convert the underused putting green into a pop-up crazy golf course and entering into a lease arrangement with the Littlehampton Rugby Club concerning the changing facilities at Courtwick Recreation Ground, Kingley Gate. This level of aspiration is important for the council as the contract includes a profit share and Tivoli’s proposal sets out how this share could increase assuming the aspiration of growing the service is met.

**5.2. Tivoli’s Alignment to the Council Vision**

- 5.2.1. Improving the wellbeing of Arun – enable and boost community volunteering by partnering community groups more often, increasing the number of hours dedicated to their causes from 200 to 500 per year and introduce a reward scheme. They will help establish new volunteer pathways by engaging with NHS service providers and the councils Wellbeing Team.
- 5.2.2. Improving the wellbeing of Arun – Tivoli will increase community engagement through; ‘Townhall’ style meetings, engagement with schools and colleges, offering summer work placements and initiating a feedback system.
- 5.2.3. Improving the wellbeing of Arun – Tivoli will enhance and revitalise the Lifestyle service to ensure it reaches a wide audience, encouraging as many people as possible to become active and engage with outdoor activities. Tivoli will connect with the Wellbeing Team and Freedom to provide a joined up approach to outdoor leisure.
- 5.2.4. Supporting our environment to support us – Tivoli will fully align with the councils Carbon Neutral Strategy, ensuring all actions and initiatives contribute to achieving the councils goals.

Initiative	Impact	Timeframe
Conversion of purchased gas and electricity to certified green	Low	Short
Conversion of petrol/diesel machinery to electric	Very high	Medium/Long
Conversion of diesel vehicle fleet to electric	High	Short/Medium
Procurement of new waste supplier to reduce Scope 3 Part X	Medium	Short
Mandate electric vehicles for all company and staff cars	Low	Medium
Additional solar and power generation facilities at our depots	Medium/ high	Medium/Long
Procurement of subcontractors and supply chain with similar PPN06/21	Medium	Long
Flights and business travel	Low	Long

Impact Criteria		Time Frame Criteria	
Low	< 10% Emissions	Short	Two Years
Medium	<> 10-30% Emissions	Medium	Five Years
High	<> 30-60% Emissions	Long	Seven Years
Very High	> 60% Emissions		

- 5.2.5. Supporting our environment to support us – Tivoli will undertake ecological surveys at five parks each year to inform future maintenance/management and support the council in developing its Open Spaces Strategy.
- 5.2.6. Supporting our environment to support us – Tivoli will support the council deliver on its obligations to achieve biodiversity net gain (BNG) by being adaptable to changing practices in land management techniques and positioning themselves to support the creation and maintenance of habitat banks which may be required as a consequence of housing development.
- 5.2.7. Fulfilling Arun's economic potential – Tivoli will support development of the district as a key tourist destination, supporting and enabling improvements to its outdoor recreation offer to increase visitor spend through the development of the Lifestyle service.
- 5.2.8. Fulfilling Arun's economic potential – Tivoli will support the council in making best use of our parks and greenspace to help drive economic activity through the development of the Lifestyle service.
- 5.2.9. Fulfilling Arun's economic potential – Tivoli will further strengthen and enhance their presence in the local area. In doing so they will create new jobs and forge new relationships with local businesses. Tivoli will invest in a new team to undertake additional work for the councils other services.

## **6. SUMMARY**

- 6.1. Tivoli's financial offer provides the council with best value. At this time it is unlikely that a better offer will be obtained through a competitive tendering process.
- 6.2. Tivoli has demonstrated a strong willingness to adapt and innovate, as evidenced by this proposal. Officers believe that the relationship with Tivoli over the past eight years (or thirty-two years, considering previous incarnations) has been both positive and successful. With the planned investment and projected profit share commitments over the next seven years, there is every reason to expect that the partnership will continue to thrive. This will be supported by renewed commitment, effective communication, and the substantial assurance of high contract management standards, as recently independently verified.
- 6.3. The council will be continuing with a high performing incumbent contractor. With The Nurture Group's recent acquisition of Tivoli there comes further operational assurances, resilience and opportunity.
- 6.4. Tivoli's social value offer is comprehensive and covers a broad range of initiatives.
- 6.5. Tivoli's commitment to the councils climate and biodiversity net gain objectives is substantial and demonstrates a strong alignment with sustainability goals.

## **7. CONSULTATION**

### **7.1. Arun Residents Survey 2023**

Satisfaction levels for parks, open spaces and play areas is high with 75% of respondents being either fairly satisfied or very satisfied 90% are satisfied overall with the grounds maintenance service. The closest Local Government Association (LGA)

comparison satisfaction with grounds maintenance services for parks and greenspaces 73%, putting the service higher than the national average. Tivoli have consistently achieved high scores in these surveys over the years.

7.2. Additional consultation may necessary as various proposal commitments are delivered.

## **8. OPTIONS / ALTERNATIVES CONSIDERED**

8.1. The option of going out to tender and analysing the open market was considered, with the associated risks weighed against the possibility of a contract extension. Retendering the contract introduces risks to the council, especially when compared to a known entity that has been independently assessed as offering substantial assurance in terms of governance, risk management, and overall management control.

8.2. It is important to highlight that, without an extension, officers would need to start scoping, preparing, and procuring a new contract immediately. Given the significant volume of work involved in this process, it would incur additional costs.

## **9. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

9.1. The GMC inflates annually by CPI (October's figure) + 1.5%. The proposal retains this existing annual inflation mechanism.

9.2. The regeared contract extension proposal requires no additional growth from the general fund beyond the long term existing contractual arrangement.

9.3. The extension proposal includes opportunities for future savings and income generation which could enhance the council's financial position. There is however no risk to the council if these opportunities are not realised.

## **10. RISK ASSESSMENT CONSIDERATIONS**

10.1. Not extending this contract - the main risk of not extending this contract and opting for an open procurement is that bids may significantly exceed the estimated Year 10 (2026/27) contract sum. In light of advice from the Parks Management Association it is estimated that bids could be as much as £200,000 per year more than the estimated Year 10 figure. Given the councils current financial position, such an outcome would likely require significant savings, which could lead to a noticeable decline in the maintenance standards of our parks and greenspaces. It is also possible that another contractor may not demonstrate the same level of interest in the outdoor recreation service, which could increase the risk to service delivery for the council, especially at a time when resources are limited.

10.2. An audit undertaken by the councils external auditors at Hampshire County Council in September 2024 determined that there was a substantial assurance of governance, risk management and control in place for the contract. The highest level of assurance possible from this audit. This demonstrates that all necessary safeguards are currently in place and that the relationship between the council and Tivoli is robust.

10.3. Hampshire County Council Procurement have been consulted concerning the recommendation to extend this contract. They have responded positively stating the extension is permissible under the terms and conditions of contract.

## **11. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

11.1. The Contract commenced on 1<sup>st</sup> January 2017 and will remain in effect until the 31<sup>st</sup> March 2027, for an initial period of 10 years and 3 months, with the option to extend for a further 5 years. The 5-year extension is therefore permitted within the provisions of the Contract as set out in clause 3.1 of the Contract. Should the extension be agreed between the parties, the Contract would expire on the 31<sup>st</sup> March 2032.

11.2. The Council should give the Supplier at least six month's written notice of its intention to extend the contract before the expiry of the initial term.

11.3. Legal advice should be sought as and when required.

## **12. HUMAN RESOURCES IMPACT**

12.1. None – Tivoli's staff are subject to TUPE legislation. Should a retender be undertaken then staff are protected. As an extension to the existing contract is recommended there are no staff implications.

## **13. HEALTH & SAFETY IMPACT**

13.1. The management of Health Safety is in accordance with the contract specification.

13.2. An external audit has found that there is substantial assurance that systems are in place to manage health and safety appropriately.

## **14. PROPERTY & ESTATES IMPACT**

14.1. Tivoli undertake grounds maintenance at a number of corporate premises where the Property, Estates, and Facilities (PEF) team has principal responsibility, this will continue under the recommended extension.

14.2. The Lifestyle service occupies a number of council premises under lease and license to Tivoli. These leases and licenses will need reviewing if the extension is approved. Tivoli are responsible for a number of statutory compliance matters including fire and electrical safety however there are a number of maintenance liabilities retained by the council.

14.3. During the contract extension period a number of council premises under lease and/or license to Tivoli may be repurposed (subject to further consultation as necessary). PEF will provide as much support as needed to complete this work successfully as part of the councils asset review.

## **15. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

15.1. The delivery of this contract plays a large role in ensuring parks are welcoming and accessible places to visit.

15.2. Tivoli have committed to continue to adhere to the Equalities Act and Arun's equality policy in all their undertakings.

15.3. Tivoli's commitment to greenspace volunteering and enhancing the opportunities for outdoor recreation provides considerable social value to our communities.



## **16. CLIMATE CHANGE & ENVIRONMENTAL IMPACT**

- 16.1. For the 23-24 financial year Tivoli was the 9th largest supplier, being responsible for 208 tonnes of carbon dioxide equivalent (tCo2e), therefore engagement has occurred to include emission reporting and sustainability actions into the contract extension. Tivoli also have a 2030 net zero target and have produced a carbon reduction plan. The following have been raised as requirements to the contract extension:
- 16.1.1. To help support improved data collection Tivoli have been asked to provide Arun specific emissions. As they already monitor their Scope 1 and 2 emissions this should be easy for them to implement. Updates will be requested at the end of each financial year, to ensure that it can be incorporated into the council's annual carbon audit. The methodology used to calculate this will also be required.
- 16.1.2. To help support emission reduction Tivoli will be a requirement to provide annual updates to their action plan to showcase what specifically they have done within the District and Arun's contract. We have noted that they are already doing a great deal, including the incorporation of electric handheld machinery and vehicles and fuel control measures.
- 16.1.3. They are also helping with biodiversity throughout our parks and greenspaces by supporting wildflower meadows, grassland management, tree planting, as well as transitioning to 21st century biodiversity parks and maintenance regimes.
- 16.2. To help make emissions more tangible 1 tCo2e is equal to: using 5,171 kWh of electricity which could power the average mid-terrace house or flat for roughly a year and 10 months, 500 CO2 fire extinguishers or driving a small petrol car for 9,234km. In turn to remove just 1 tCo2e you would need 50 trees growing for a year

## **17. CRIME AND DISORDER REDUCTION IMPACT**

- 17.1. No impact identified

## **18. HUMAN RIGHTS IMPACT**

- 18.1. No impact identified

## **19. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

- 19.1. Sensitive data will be handled in accordance with GDPR.

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**BACKGROUND DOCUMENTS:** N/A