

## **Environment, Communities and Fire Select Committee**

**7 November 2019**

### **Highway Maintenance Service Procurement**

#### **Report by Acting Chief Executive and Director of Highways and Transport**

#### **Summary**

West Sussex County Council (WSCC) is a designated Highways Authority under the Highways Act 1980. Under the Act WSCC has duty to maintain highways maintainable at public expense.

A procurement exercise to put in place contracts for delivery of key highway maintenance services required was initiated under the Cabinet Member Key Decision [HI22 18.19](#) made on 14 January 2019.

As part of this decision the Cabinet Member delegated authority to the Director of Highways, Transport and Planning to *"finalise the terms of and award the Highway Maintenance Term Contract, or set of contracts at the conclusion of the procurement process."*

In May 2019 the Full Business Case was presented to the Environment, Communities and Fire Select Committee setting out the procurement strategy.

Under a model derived from the Options Appraisal report, contained as Appendix A of the select committee report of 9 May 2019, and further market insight engagement, WSCC published the requisite OJEU notice, and commenced formal procurement, on 22 July 2019.

The services have been procured in six separate lots;

1. Core Maintenance
2. Drainage Cleansing
3. Hedge Maintenance and Grass Cutting
4. Carriageway & Footway Resurfacing
5. Carriageway Micro and Carriageway & Footway Treatments
6. Highway Improvements

Compliant tenders have been received against all lots and a full and detailed evaluation and moderation process is currently nearing completion.

At this stage moderation has been concluded on 5 of the Lot evaluations and provisional "Preferred Bidders" have been identified.

Following moderation of the final Lot evaluation the formal process of announcing Preferred Bidders will begin with the publishing of an Officer Key Decision report.

Contract Awards remain on target for conclusion on 16 December 2019.

## Focus for Scrutiny

The Committee is asked to consider the progress of the procurement process to date, and identify any problems which might delay the objective to award contracts in December 2019.

The Committee is further asked to consider how it wishes to undertake scrutiny of performance under the new contracts.

## Proposal

### 1. Background and Context

- 1.1 Following the model and recommendations of an independent options appraisal report commissioned by the Director, Highways, Transport & Planning a procurement exercise was initiated on 14 January 2019.
- 1.2 Building upon the recommendations of this study a Prior Information Notice was issued to market on 18 January 2019 and further detailed market engagement was conducted over three days.
- 1.3 Market engagement and consideration of the current economic pressures in the operating environment informed the adoption of a single procurement for service and works contracts for six independent lots.

### 2. Proposal

- 2.1 The full business case set out an approach to disaggregated services in multiple lots to fit the needs of the council.
- 2.2 The proposal adopted from the full business case is illustrated below;

<b>Option 3</b>	
<b>Disaggregated Services Multiple Lots Approach</b>	
Advantages	<ul style="list-style-type: none"><li>• Offers service resilience through flexible supply chain</li><li>• Likely to reduce application of costs – Fee on fee</li><li>• Provides flexibility for change</li><li>• Provides closer framework for collaborative working and innovation development</li><li>• Stimulates local economy – accessible to local SME market</li></ul>
Disadvantages	<ul style="list-style-type: none"><li>• Multiple points of contract management</li></ul>

	<ul style="list-style-type: none"> <li>Additional activity running mini competitive tenders in contract</li> </ul>
Conclusion	Deemed manageable with existing internal resource and offers potential financial and improved social value benefits

2.3 The independent service lots will be awarded as:-

Single supplier contracts for maintenance services defined in Lots 1, 2 and 3;

1. Core Maintenance
2. Drainage Cleansing
3. Hedge Maintenance and Grass Cutting

A framework agreement for capital works, established to cover Lots 4, 5 and 6 with up to five contractors appointed to each Lot;

4. Carriageway & Footway Resurfacing
5. Carriageway Micro and Carriageway & Footway Treatments
6. Highway Improvements

Future programmes and schemes let under the framework lots will be subject to mini-tender competitions.

2.4 The timetable to close out the procurement exercise is set out below;

- |                                  |             |                  |
|----------------------------------|-------------|------------------|
| • Tender evaluation              | - Completed | 18 Oct           |
| • Scoring consolidation          | - Completed | 25 Oct           |
| • Moderation                     | - Ongoing   | 29 Oct – 11 Nov  |
| • ECFSC Select Committee         |             | 7 Nov            |
| • Preferred Bidders identified   |             | 11 Nov           |
| • Project Board Ratification     |             | 14 Nov           |
| • Officer Key Decision published |             | 29 Nov           |
| • Bidder Notifications           |             | 29 Nov           |
| • Standstill Period              |             | 30 Nov – 10 Dec  |
| • CONTRACT AWARDS                |             | 16 December 2019 |

### 3. Resources

- 3.1 The Director of Highways, Transport & Planning (HT & P) initiated a full procurement led by a dedicated project manager and assistant project manager supported by a project team of key staff from WSCC and Hampshire CC procurement specialists, a commercial and contracts legal specialist, a senior finance lead and service leads from H, T & P.

- 3.2 Further levels of governance and oversight were established to guide and provide senior officer decision making capacity relating to procurement, legal and commercial matters.
- 3.3 Evaluation of the tender submissions has been undertaken by 12 subject matter experts from across the highway operations teams. Each Lot was assigned 3 officer evaluators from within the related service area.
- 3.4 A moderation panel led by the WSCC Procurement Category Lead also consisted of the Director and Heads of Service from H, T & P. The panel have reviewed and tested the scoring by the evaluators to help in the determination and agreement of final tender scores.

## **Factors taken into account**

### **4. Issues for consideration by the Select Committee**

- 4.1 The Committee is asked to consider the progress of the procurement process to date, and identify any problems which might delay the objective to award contracts in December 2019.
- 4.2 The Committee is further asked to consider how it wishes to undertake scrutiny of performance under the new contracts.

### **5. Consultation**

- 5.1 The Options Appraisal report was submitted to Environment, Communities and Fire Select Committee on 14 January 2019 for consideration.
- 5.2 Requirements of service specifications have been informed by internal operational forums and options shaped through detailed market engagement.
- 5.3 The full business case was presented to the Select Committee for consideration on 9 May 2019.
- 5.4 The committee considered the Highway Maintenance Plan in June 2019.

### **6. Risk Management Implications**

- 6.1 Existing corporate arrangements for risk management are in place and a full Risk, Assumptions, Issues and Dependencies log is being run by the Project Manager.

### **7. Equality Duty**

- 7.1 An Equality Impact report (EIR) is not required.

### **8. Social Value**

- 8.1 The new highway services contracts are being procured to provide added social value. This reflects the Council's duty under the Public Services (Social Value) Act 2012.
- 8.2 The contract design considers the wider social, environmental and economic benefits, which are set out in the County Council's Sustainability Strategy 2015-2019.
- 8.3 The new contracts also include a commitment to the West Sussex Community Covenant.

8.4 **Crime and Disorder Implications**

- 9.1 There are no implications.

**9. Human Rights Implications**

- 10.1 There are no implications.

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Director of Highways, Transport &  
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