

Director of Highways, Transport and Planning	Ref No: OKD03 (20/21)
April 2020	Key Decision: Yes
Award of contracts for Highway Maintenance Specialist Services	Part I
Report by Executive Director Place Services and the Project Manager	Electoral Division(s): All
<p>Summary</p> <p>West Sussex County Council (WSSCC) is a designated Highways Authority under the Highways Act 1980 and has a duty to maintain highways maintainable at public expense.</p> <p>In December 2018, the Cabinet Member for Highways and Infrastructure agreed to undertake the procurement process and delegated authority to award the contract for highway maintenance specialist services to the Director of Highways, Transport and Planning.</p> <p>A competitive procurement exercise was undertaken in accordance with the Public Contracts Regulation 2015 to award contracts for the Highway Maintenance Specialist Services.</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The delivery of critical maintenance and infrastructure build of the highway network assets fundamentally underpin the ability of the Council to meet its vision and strategic aims set out in the "West Sussex Plan".</p> <p>Delivery of the procured services will tie directly to three of the five stated aims:-</p> <p>A strong, safe and sustainable place: By ensuring the highway network across the county is safe for all users and provides for safe, efficient and effect transportation of people and goods.</p> <p>A prosperous place: Maintaining an infrastructure that supports the economy in the movement and access for residents and commerce.</p> <p>A council that works for the community: Working to improve the efficiency of the network, reducing delay and providing West Sussex with a safe highways network.</p>	
<p>Financial Impact</p> <p>Funding the delivery of the highway services to meet the obligations of a Highways Authority is made through a combination of Capital block funding from Department for Transport and the County Council's approved annual revenue budget.</p> <p>The initial contract period will be for 5 years with the ability to extend for a further 5 years subject to a satisfactory review of performance of the service.</p>	

Recommendations

It is recommended that the Director of Highways, Transport and Planning awards the following single supplier contracts for Highway Specialist Services of five years with options to extend to a maximum of ten years, to commence in April 2020:

- Underwater Structure Inspections: BDS Technology Limited
- Mechanical & Engineering Pump System Maintenance: Xylem Water Solutions UK Limited
- Mechanical & Engineering Bridge System Maintenance: Qualter Hall & Company Limited
- Conservation Stone Masonry: Goodens Masonry Limited

Proposal

1. Background and Context

- 1.1 In December 2018, the Cabinet Member for Highways and Infrastructure agreed to undertake the procurement process and [delegated authority to award the contract](#) for highway maintenance specialist services to the Director of Highways, Transport and Planning.
- 1.2 The [decision](#) made by the Director of Highways, Transport and Planning in November 2019 referred to the procurement for the provision of a range of specialist services to start in April 2020 and is for:
- Structures Underwater Inspections – Professional Divers
 - Bespoke Fencing (Timber & Metal) for conservation
 - Stonemasonry for conservation
 - Mechanical & Engineering maintenance for Pumps and Pump Stations
 - Mechanical & Engineering maintenance for Bridge Systems

2. Proposal details

- 2.1 Two procurement processes were undertaken and run concurrently as the Specialist Services were split into two categories in compliance with the Public Contract Regulations 2015:
- (i) Services –
- Structures Underwater Inspections – Professional Divers
 - M&E maintenance for Pumps and Pump Stations
 - M&E maintenance for Bridge Systems
- (ii) Works –
- Bespoke Fencing (Timber & Metal) for conservation
 - Stonemasonry for conservation
- 2.2 A Contract Notice was issued in the Official Journal of the European Union (OJEU) on 22 January 2020 (ref 2020/S 015-031198) in relation to the Services procurement process. Further promotion of the requirement was made for both procurements through the West Sussex e-Sourcing Portal and Contracts Finder.

- 2.3 A total of 19 organisations expressed interest in the opportunity for the 3 Specialist Highway Services and 21 organisations expressed interest in the opportunity for the two Specialist Highway Works on the e-Sourcing Portal.
- 2.4 The following tenders were received which included a mix of locally-based Small Medium Enterprises (SME's) keen to work directly for WSCC

Type	Specialist Area	Number of Bids Received
Services	Structures Underwater Inspections – Professional Divers	5
	M&E maintenance for Pumps and Pump Stations	4
	M&E maintenance for Bridge Systems	1
Works	Bespoke Fencing (Timber & Metal) for conservation	2
	Stonemasonry for conservation	3

- 2.5 The County Council undertook compliance checks on the tender submissions to ensure all schedules that were required were duly submitted and that the tenders were correct.
- 2.6 The tender evaluation criteria and evaluation model, as detailed below, was included in the tender documentation for each procurement:

Element	Services Weighting (%)	Works Weighting (%)
Technical	30%	70%
Commercial	70%	30%
	100%	100%

- 2.7 The tenders were evaluated by the evaluation panel between 20 February and 27 February 2020 and a moderation meeting was held on 28 February 2020 to discuss and agree final scores.
- 2.8 On conclusion of the procurement process it was not possible to award a contract for the Bespoke Fencing (Timber & Metal) for conservation. Options will be considered on how this can be taken forward.
- 2.9 It is proposed to award single supplier contracts to the winning tenderers for the duration of five years plus extensions, to a maximum contract period of ten years.

Factors taken into account

3. Consultation

Following the publication of the Options Appraisal study, a series of industry insight days were conducted to offer input and feedback from potential bidders and to evaluate the level of interest for different models of contracting.

4. Financial (revenue and capital) and Resource Implications

4.1 Revenue consequences of proposal

The services contracts had an annual value of £127k and the tendered amounts have realised a small saving of £13k per annum. This saving will contribute to the delivery of the wider savings anticipated from the retendering of the Highways Contracts.

The works contract (Stonemasonry) will be delivered on a scheme by scheme basis and the value of works will be contained within the available budget of £70k.

	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Year 5 2024/25
	£m	£m	£m	£m	£m
Revenue Budget - Services	0.127	0.127	0.127	0.127	0.127
Tendered costs					
Underwater Inspections	0.039	0.039	0.039	0.039	0.039
Pump maintenance	0.026	0.026	0.026	0.026	0.026
Bridge maintenance	0.049	0.049	0.049	0.049	0.049
Saving Achieved	0.013	0.013	0.013	0.013	0.013

4.2 The effect of the proposal

The implementation of this model of contracting will ensure greater control and visibility in the delivery of critical maintenance operations. This model allows for a direct contractual arrangement with the contractors which has resulted in lower costs as there are no third-party costs included.

4.3 Human Resources, IT and Assets Impact

The disaggregation of the services, while ensuring a closer direct management of the delivery of services on the ground, will be managed within the existing levels of staff resource.

Existing systems and established contract management tools will continue to underpin the delivery governance and data collation for all services provided under the new contracts.

5. Legal Implications

5.1 The form of contract adopted for each Lot will be:

- For Services Contracts: NEC4 Professional Services Short Contract
- For the Works Contract: NEC4 Engineering and Construction Services Short Contract

- 5.2 The contractors have accepted the Terms of Offer and Conditions of Contract issued with the invitation to Tender.
- 5.3 Capita Procurement Services conducted the procurement exercise on behalf of the Council and as such are required to ensure the process was in compliance with the Public Contracts Regulations 2015 and the Council's Standing Orders on Procurement and Contracts.

6. Risk Implications and Mitigations

- 6.1 The authority has moved away from a traditional Highways Term Maintenance contract which would have previously sub-contracted these specialist areas of works.
- 6.2 In some cases, contracting directly with a number of these sub-contractors will present new challenges including monitoring of contractor performance.
- 6.3 To mitigate most of the risk the evaluation panel included subject matter experts who would also be monitoring performance of the contractors from the start.
- 6.4 This project applies techniques and strategies to manage and mitigate risk. The status of current identified risks are summarised in a risk register, where they remain until the risk has either been removed entirely or moderated to an acceptable level. The risk register is a live document which is regularly updated and reviewed. There are currently no 'red risks' on this project.

7. Other Options Considered

Alternative procurement options were considered as part of the Key Decision Report (ref OKD 24 19-20).

8. Equality and Human Rights Assessment

- 8.1 The public sector equality duty will apply to the delivery of the services which fall within the contract, and the terms of the contract will ensure that they enable the County Council to fulfil its obligations through the delivery of the contract, and provide sufficient assurance that the duty will be complied with.
- 8.2. The proposal has no implications under the Human Rights Act 1998.

9. Social Value and Sustainability Assessment

- 9.1 The new set of contracts has been tendered with consideration as to how contractors will provide added social value, reflecting the County Council's duty under the Public Services (Social Value) Act 2012.
- 9.2. The design of the contract landscape considers the wider social, environmental and economic benefits and aims to support the County Council's goals in relation to combatting climate change, working more efficiently, driving down costs and improving resilience.

10. Crime and Disorder Reduction Assessment

None.

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