

Matt Davey, Director of Highways, Transport and Planning	Ref No: OKD22 (20-21)
July 2020	Key Decision: Yes
Award of contracts for Highway Maintenance Services schemes – Lots 4 & 6 (Phase 2)	Part I
Report by Executive Director Place Services	Electoral Divisions: All
<p>Summary</p> <p>West Sussex County Council is a designated Highways Authority under the Highways Act 1980 and has a duty to maintain highways maintainable at public expense.</p> <p>In January 2019, the Cabinet Member for Highways and Infrastructure approved the commencement of a procurement process for a new Highways Maintenance Term Contract or set of contracts and delegated authority to the Director of Highways and Transport to finalise the terms of and award the Highway Maintenance Term Contract or set of contracts, at the conclusion of the procurement process.</p> <p>In November 2019, the Director of Highways, Transport and Planning awarded framework agreements under Lots 4, 5 & 6 under Key Decision OKD03 (20/21).</p> <p>A formal procurement process of mini competitions from the awarded frameworks has been completed for the phase 2 delivery of highways improvements under Lots 4 and 6 (carriageways, structures works) to be undertaken during the 2020-21 financial year.</p> <p>The Director of Highways, Transport and Planning is now asked to approve the award of the contract to the preferred contractors to deliver phase 2 of the highways improvements during the 2020-21 financial year.</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> <ul style="list-style-type: none"> • A strong, safe and sustainable place: By ensuring the highway network across the county is safe for all users and provides for efficient and effective transportation of people and goods. • A prosperous place: Maintaining an infrastructure that supports the economy in the movement and access for residents and commerce. • 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. 	

Financial Impact

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 the Department for Transport and the Council's approved annual revenue budget.

The value of the core capital funding that supports the delivery of infrastructure renewal and build is derived of the following elements:

- Integrated Transport Block - £3,734,000
- Local Highways Maintenance Block - £11,043,000
- Incentive Fund Element - £2,300,000 (Band 3 status)

The capital funding as set out above, provides sufficient funding to meet tenders received for the frameworks in Lots 4, 5 and 6, and therefore will be let within the annual capital funding allocated.

Recommendations

That the Director of Highways, Transport and Planning approves the awards as set out at paragraph 2.1 and 2.5 to deliver phase 2 works programmes for Lots 4 and 6 for highways works during 2020-21.

Proposal

1. Background and Context

- 1.1 West Sussex County Council (WSCC) is a designated Highways Authority under the Highways Act 1980 and has duty to maintain highways maintainable at public expense.
- 1.2 The decision made by the [Director of Highways, Transport and Planning in December 2019](#) referred to the procurement for the provision of a range of highway services utilising a range of contractual arrangements within six lots.
- 1.3 Single supplier contracts for 5 years with options to extend to a maximum of 10 years, commenced 1 April 2020:
 - Lot 1: Core Services
 - Lot 2: Drainage Cleansing
 - Lot 3: Hedge Maintenance & Grass Cutting
- 1.4 Four-year Framework Agreements commenced 1 April 2020 for capital works for highways:
 - Lot 4: Resurfacing
 - Lot 5: Footway and Carriageway Microasphalt
 - Lot 6: Improvement Schemes
- 1.5 For the procurement of services within Lots 4 and 6, WSCC published the requisite OJEU notice and commenced formal procurement (mini tenders) on 13 May 2020 for the delivery of works within Lots 4 and 6.

2. Proposal Details

2.1 Compliant tenders were received and evaluated against Lots as set out below:

Lot No.	Detail	Schemes	Bids received
4.4	Phase 2 Resurfacing schemes	44	04
4.5	Phase 2 Patching schemes	09	05
6.4	Highways Structures	03	03

2.2 The published evaluation criteria for each Lot stated that the most economically advantageous tender (MEAT) would be recommended for award of the contract. Scoring was originally split 40% Commercial and 60% Technical. Subsequently, 20% of the successful contractors non-price score carried through to the mini competitions process which is weighted as 70% Commercial and 30% Technical – 20% carried forward + 10% project specific criteria.

2.3 Each Lot was evaluated by a minimum of three subject matter experts from within the service. Following independent evaluation, the evaluators and their scoring were subject to scrutiny and moderation by a senior management panel.

2.4 The Head of Procurement appointed the procurement Category Lead (Place) to ensure the procurement process was compliant and in accordance with regulations, overseeing the evaluation and moderation process.

2.5 It is proposed to award the winning bidders single supplier contracts for Lots 4 and 6 for the delivery of the phase 2 highways works delivery programmes 2020-21 as follows:

Lot No.	Detail	Successful Bidders
4.4	Phase 2 Resurfacing schemes	Aggregate Industries UK Ltd
4.5	Phase 2 Patching schemes	Tarmac Trading Ltd
6.4	Highways Structures	Landbuild Ltd

Factors taken into account

3. Consultation

3.1 The Highway and Transport Delivery Programme engaged all asset owners, local transport improvement managers and public rights of way officers within WSCC Highways and Transport.

3.2 The procurement process for the delivery of the Delivery Programme has enabled full engagement and consultation through corporate governance.

4. Financial (revenue and capital) and Resource Implications

4.1 Revenue consequences

It is anticipated that the new model for procuring highways delivery will improve the value for money the service obtains and thus help to reduce maintenance demands and increase on improvement works.

4.2 Capital consequences

The Capital Programme 2020/21 – 2024/25 approved by [Full Council in February 2020](#) includes £77.385m allocated over 5 years for the Highway and Transport Delivery Programme.

The value of the capital funding required to support the delivery of the 2020/21 programme is £22.391m.

[Highways and Transport Delivery Programme 2020/21](#) as approved, sets out in detail planned works for which Lots 4-6 are being utilised.

The capital funding as set out above provides sufficient funding to meet tenders received for the frameworks in Lots 4 and 6 and will be let within the annual capital funding allocated.

4.3 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.

4.4 Future transformation, savings/efficiencies being delivered

It is anticipated that the new contract model will provide improved value for money with regard to the delivery of highways works. The way of working and the engagement with contractors within the framework will mature during the life of the contracts and provide an opportunity to explore efficiencies and innovations that will benefit the county council, residents and visitors to the county.

4.5 Human Resources, IT and Assets Impact

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

4.5.2 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 a call off from the NEC4 Framework Agreement: Engineering Construction Contracts.
- 5.2 The contractors have accepted the Terms of Offer and Conditions of Contract issued with the Invitation to Tender.
- 5.3 All framework agreements were effective as of 1 April 2020 and subsequent call offs will be effective upon award of contract.

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. In some cases, contracting directly with a number of these sub-contractors will present new challenges including monitoring contractor performance.
- 6.2 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.
- 6.3 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.
- 6.4 It should be noted that during the current pandemic, potential additional operating costs are likely. These will be managed through standard contractual arrangements. The costed risk is constantly under review alongside the current pandemic situation and resulting restrictions.

7. Other Options Considered (and reasons for not proposing)

Options for delivery of highways schemes were explored during the holistic Options Appraisal Study and throughout the procurement process that resulted in the Framework Agreements.

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

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.

10. Crime and Disorder Reduction Assessment

Crime and Disorder implications are considered in the social, economic and environmental prioritisation of the Highway and Transport Delivery Programme and alongside the design of each maintenance or improvement scheme within the Delivery Programme.

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Background papers

None