

Environment, Communities and Fire Select Committee
9 May 2019
Highway Maintenance Service Procurement
Report by Executive Director Economy, Infrastructure and Environment and Director of Highways and Transport

<p>Summary</p> <p>Following the abandonment of a procurement process seeking to award a next generation Term Maintenance Contract, West Sussex County Council retained Balfour Beatty Living Places to continue to provide the necessary services under an interim arrangement pending a new, full procurement. This arrangement has been extended to end on 31 March 2020.</p> <p>In response to the abandonment of service procurement, the Director for Highways, Transport & Planning commissioned an independent options appraisal study. The Options Appraisal report, as submitted to Environment, Communities and Fire Select Committee on 14 January 2019, underpins the business case for a new procurement strategy. It explored available routes to procure and alternate models for consideration for the future provision of highway maintenance services.</p> <p>In part the driver for this study was the output from a lessons-learned exercise following withdrawal of the earlier procurement.</p> <p>The Full Business Case is now presented setting out the procurement strategy.</p> <p>The focus for scrutiny</p> <p>It is suggested that Members consider the procurement strategy and disaggregation of services in line with the strategy.</p>
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Proposal

1. Background and Context

- 1.1 In response to the abandonment of the previous Highway Service procurement, the Director for Highways & Transport commissioned an independent options appraisal study. The report arising from the study underpins the business case for a new procurement strategy, and sets out available routes to procure and alternate models to be considered for the future provision of highway maintenance services.
- 1.2 Building upon the options appraisal and recommendations of this study a Prior Information Notice was issued to market on 18 January 2019 and further detailed market engagement through face-to-face supplier meetings was conducted over three days. From this engagement and subsequent analysis the recommendation of the initial options appraisal report was further developed.

1.3 The market engagement alongside consideration of the current economic pressures in the operating environment has resulted in a proposed procurement route of presenting the services as six independent service lots under a single procurement. The details of each Lot are set out within the full business case.

2. Proposal

2.1 The full business case recommends a Disaggregated Services in Multiple Lots as the most appropriate approach to fit the needs of the council.

2.2

Option 3	Disaggregated Services Multiple Lots Approach
Advantages	<ul style="list-style-type: none"> • Offers service resilience through flexible supply chain • Likely to reduce application of costs – Fee on fee • Provides flexibility for change • Provides closer framework for collaborative working and innovation development • Stimulates local economy – accessible to local SME market
Disadvantages	<ul style="list-style-type: none"> • Multiple points of contract management • Additional activity running mini competitive tenders in contract
Conclusion	Deemed manageable with existing internal resource and offers potential financial and improved social value benefits

3. Resources

3.1 The Director of Highways, Transport & Planning has committed sufficient resource to manage the procurement exercise in support of WSCC Procurement.

3.2 Further resource has been put in place to support this procurement by WSCC Commercial & Finance and the Commercial & Procurement Legal team.

Factors taken into account

4. Issues for consideration by the Select Committee

4.1 The Select Committee is asked to consider the procurement strategy and rationale for disaggregation of the services.

5. Consultation

5.1 The Options Appraisal report was submitted to Environment, Communities and Fire Select Committee on 14 January 2019 for consideration. The committee is also due to scrutinise the Highway Maintenance Plan in June 2019.

5.2 Requirements of service specifications have been informed by internal operational forums and options shaped through detailed market engagement.

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. Other Options Considered

7.1

Option 1		Do Nothing – N/A	
Advantages			
Disadvantages		<ul style="list-style-type: none">• With legislative and regulatory obligations for maintaining the highway, WSCC must have in place provisions to deliver maintenance services.• Failure to put in place suitable arrangements will leave WSCC in breach of its statutory obligations.	
Conclusion		Option discounted	
Option 2		Repeat procurement – Single Service Provider	
Advantages		Alignment with current service provision	
Disadvantages		<ul style="list-style-type: none">• Delay to realising potential benefits• May be in breach of OJEU• Lacks flexibility and resilience in current market• Incurs higher level of management fee and multi-tiered margins attributed• Volatility of current Tier 1 suppliers	
Conclusion		This is a low risk option that will incur management fees plus fee-on-fee for works	

8. Equality Duty

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

9. Social Value

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

10. Crime and Disorder Implications

- 10.1 There are no implications.

11. Human Rights Implications

11.1 There are no implications.

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Appendix: Full Business Case - HIGHWAY MAINTENANCE SERVICES PROCUREMENT

With;

- WSCC Highways Procurement Strategy
- WSCC Highway Services Proposed Procurement Lots
- Project Initiation Document
- Indicative High Level Milestones Plan
- Risk Register

No background papers